



December 31, 2003

## **IVANHOE MINES PURCHASES \$50 MILLION IN GOVERNMENT SECURITIES AS PART OF MONGOLIA'S RETIREMENT OF SOVIET-ERA DEBT**

ULAANBAATAR, MONGOLIA – Ivanhoe Mines' Chairman Robert Friedland announced today that the company has purchased US\$50 million of treasury bills issued by the Government of Mongolia as part of the government's successful effort to entirely retire its substantial Soviet-era debt to the Russian Federation.

"This is a very significant step by Mongolia in its transformation to a dynamic, modern economy," Mr. Friedland said. "Ivanhoe was asked by the government if we would be interested in helping with this historic achievement. We are proud that we can fulfill a role that also demonstrates our ongoing commitment to the people of Mongolia to be a responsible corporate citizen supporting the development of this free, democratic and increasingly prosperous country."

Mr. Friedland noted that Ivanhoe has invested more than US\$60 million in its Oyu Tolgoi (Turquoise Hill) copper and gold discovery and other South Gobi projects during the past two and a half years. "The government recognizes that we are in the vanguard of private foreign investment in Mongolia. We intend to continue working with the government to attract new investment to Mongolia to develop the Oyu Tolgoi Project and, ultimately, to help Mongolians realize what we believe is their country's enormous potential to become one of the world's key copper and gold mining regions."

The government securities purchased by Ivanhoe consist of one-year treasury bills denominated in U.S. dollars, bearing interest at 3% per year and maturing on December 31, 2004. The government issued the treasury bills as part of its successful action to retire, on very favourable terms, Mongolia's pre-1991 convertible rouble sovereign debt obligations. Welcoming Ivanhoe's participation, Finance and Economy Minister H.E. Chultem Ulaan said in a letter to the company that the settlement of the Russian debt "will contribute enormously to the economic and social development of Mongolia."

Ivanhoe recently announced that the Mongolian government had approved the conversion of its Oyu Tolgoi exploration licence to a long-term mining licence, with an initial term of 60 years and the right of a 40-year extension. The company now is in discussions with the Mongolian authorities on a long-term global stability agreement establishing the terms and conditions that will apply to the project during its operational phase. Ivanhoe has a 100% interest in the Oyu Tolgoi copper and gold project and holds or controls exploration rights covering approximately 111,000 square kilometres in central and southern Mongolia, where additional copper and gold discoveries have been made. Ivanhoe produces LME grade A copper from its Monywa joint venture in Myanmar and iron ore products from ABM Mining's Savage River mine in Australia.

Ivanhoe shares are listed on the Toronto and Australian stock exchanges under the symbol IVN. The shares also are listed on NASDAQ under the symbol HUGO.

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**Forward-Looking Statements:** Statements in this release that are forward-looking statements are subject to various risks and uncertainties concerning the specific factors disclosed under the heading “Risk Factors” and elsewhere in the corporation’s periodic filings with Canadian and Australian securities regulators. Such information contained herein represents management’s best judgment as of the date hereof based on information currently available. The company does not assume the obligation to update any forward-looking statement.