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AUSTRALIAN COPPER-GOLD PROJECT TO BE ACQUIRED BY IVANHOE MINES' SUBSIDIARY

SYDNEY — Gordon Toll, Chairman of Ivanhoe Australia Pty. Ltd., a wholly-owned subsidiary company of Ivanhoe Mines, and Douglas Kirwin, Ivanhoe Mines' Executive Vice-President, Exploration announced today that a newly formed subsidiary of Ivanhoe Australia has purchased all of the Selwyn copper-gold project's mining and exploration leases in Australia. An Asset Purchase Agreement has been signed, with the closing subject to the finalization of various Government formalities in connection with the transfer of the mining tenements and environmental permits. The Selwyn leases cover an area of more than 1,450 square kilometres, approximately 160 kilometres southeast of Mount Isa in northwestern Queensland.

Ivanhoe Australia is the holding company of Goldamere Pty. Ltd., the operator of the Savage River iron ore mine and Port Latta pellet plant in Tasmania. Goldamere has been producing iron ore pellets and concentrate at its Savage River integrated mining, pelletizing and shipping facilities in Tasmania, Australia, since 1997.

Ivanhoe Australia's acquisition of the Selwyn mineral leases is the initial step in the company's strategy to expand its Australian mining operations through the acquisition of advanced gold and copper projects with superior exploration potential. This strategy will provide the platform for Ivanhoe Australia to become an independent, diversified mining entity with direct access to capital markets in Australia and Canada.

Ivanhoe Australia plans to begin an extensive exploration program on the Selwyn property to test for extensions of the known high-grade mineralization and to test new targets already identified by Ivanhoe's geologists that have the potential to host large, near-surface oxide copper deposits amenable to low-cost, heap-leach, SX/EW operations. Ivanhoe Australia also believes the area has the geological potential to host a large-scale, high-grade iron oxide copper and gold deposit similar to the Olympic Dam Mine in South Australia.

"The Selwyn district has been an important copper and gold producer for many years and this acquisition offers Ivanhoe Australia an excellent strategic exploration landholding in a large, highly mineralized copper and gold district," said Mr. Toll. "We believe that there is good potential to make significant new discoveries and to expand the known mineralization."

In addition to the Selwyn copper and gold deposits, the mineral belt hosts the Ernest Henry, Osborne and Eloise copper-gold mines.

“The tenement package acquired by Ivanhoe Australia covers some of the best mineralized Proterozoic terrains in northern Australia,” said Mr. Kirwin. “The region is very under-explored and this opportunity is an excellent entry into the Australia exploration scene.”

Ivanhoe Mines is an international mining company developing a major new discovery of copper and gold at its 100%-owned Turquoise Hill (Oyu Tolgoi) Project in southern Mongolia. Ivanhoe also has a large exploration program targeting gold and copper in Mongolia and China. Ivanhoe produces copper, gold and iron ore products from various mines in the Asia Pacific region.

Strategic Review of Assets Ongoing

From time to time, Ivanhoe Mines reviews its international assets to ensure that their present and potential values can receive full and fair consideration to the benefit of shareholders. Ivanhoe’s Turquoise Hill copper-gold discovery and its principal exploration properties in Mongolia, and in the neighbouring Inner Mongolia region of northern China, now constitute Ivanhoe’s core holding and management’s primary focus.

Ivanhoe will continue to explore opportunities to rationalize assets, which could include spin-offs in the form of partial sales or joint ventures, to ensure that they receive the market recognition that they deserve.

Ivanhoe shares are listed on the Toronto and Australian stock exchanges under the symbol IVN. The company’s shares also trade in the U.S. on the Over the Counter Bulletin Board under the symbol IVHMF.

Information contacts

Ivanhoe Australia: Gordon Toll: + 65.9118.0979

Ivanhoe Mines: Bill Trenaman: +1.604.688.5755

Media: Bob Williamson: +1.604.688.5755

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.

