IVANHOE MINES
NEW HORIZONS

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SIGNIFICANT NEW STYLE OF BORNITE-RICH PORPHYRY DISCOVERED IN EXTENSION OF FAR NORTH ZONE IN MONGOLIA AS DRILLING ENCOUNTERS RICHEST MINERALIZATION TO DATE

FAR NORTH ZONE RENAMED THE 'HUGO DUMMETT DEPOSIT'
IN HONOUR OF IVANHOE EXECUTIVE'S EXPLORATION WORK

ULAANBAATAR, MONGOLIA — Ivanhoe Mines' Chairman Robert Friedland and Executive Vice-President, Exploration, Douglas Kirwin announced today that drilling in the northwesterly extension of the Far North Zone at the Turquoise Hill (Oyu Tolgoi) Project in Mongolia is continuing to intersect thick intercepts of high-grade copper and gold mineralization. The latest discoveries have revealed a new style of bornite-rich porphyry mineralization, with high associated gold values, within a highly mineralized quartz monzodiorite intrusion that appears to be one of the primary sources of mineralization for the entire Far North deposit.

Several of the new drill holes have intercepted zones of mineralization more than 200 metres thick that average greater than 3% copper, with gold grades ranging up to 1.88 grams per tonne (g/t).

The latest discoveries have extended the Far North deposit a minimum of 150 metres beyond the northern limit of the resource estimate that was prepared by AMEC E&C Services in July 2003, and expanded the total strike length of the zone to more than 2.6 kilometres. (AMEC's independent estimate in July confirmed that the inferred resources at the Far North deposit at that time totalled 642.8 million tonnes grading 1.19% copper and 0.10 gram of gold per tonne, at a 0.60% copper equivalent cut-off, containing 7.6 million tonnes of copper and 2.1 million ounces of gold).

Mr. Kirwin said that Ivanhoe's exploration program at Turquoise Hill now has drilled more than 500 holes totalling 215,000 metres. "After two and a half years of intensive exploration, it is remarkable that our drilling during the past two months just on the Far North portion of the project has produced the best intersections of copper and gold mineralization that we have ever encountered on the property. We are told by Pollard and Taylor, our internationally recognized consultants, that we are drilling the highest hypogene copper grades ever reported by any large-scale porphyry deposit in the world — and we are very confident these results will provide the basis for a significant increase in the size and grade of the overall Turquoise Hill deposit."

Ivanhoe has retained Pollard & Taylor Geological Services, of Australia, to assist with the study and exploration of the mineralizing systems at Turquoise Hill. Pollard & Taylor already has confirmed that no other porphyry system has similar, sustained long intervals of high-grade, hypogene copper-gold mineralization. The partners, Dr. Roger Taylor and Dr. Peter Pollard, have more than 60 years of combined experience in the field, including work on porphyry copper and gold systems in Southeast Asia, Australia and South America, notably Grasberg and Escondida Norte.

Deposit renamed to honour Hugo Dummett

Far North is the largest of four deposits discovered by Ivanhoe at Turquoise Hill and the company now has fulfilled its earlier undertaking to rename the Far North portion of the project to give special recognition to the work of Hugo Dummett, Ivanhoe's former Executive Vice-President, Project Development. Mr. Dummett, who died in a highway accident in South Africa a year ago, was one of the best-known geologists in international mining and a leading authority on large-scale porphyry copper deposits.

Mr. Dummett also was Deputy Chairman and Executive Vice-President, Exploration, of African Minerals, an Ivanhoe Capital Corporation affiliate that has a major nickel and platinum-group metals project in South Africa. He was previously Vice-President, Minerals Discovery, for BHP Minerals and was a leading figure in the discoveries that led to the creation of Canada's diamond industry. He also was President of the Society of Economic Geologists.

Ivanhoe's Far North discovery in Mongolia now is known as the Hugo Dummett Deposit. As Ivanhoe advances the Turquoise Hill project toward production, the underground development of the Hugo Dummett Deposit will be known as the Hugo Mine.

"Based on our early geological work in Mongolia, Hugo was convinced that Oyu Tolgoi eventually would develop into a world-class copper and gold mine," Mr. Friedland said. "Now that we have indeed discovered a giant deposit, it is appropriate that we salute Hugo's contribution and bestow upon it the name of a giant of a man who was a giant in our industry."

Hugo Dummett
1940 — 2002

(A profile of Mr. Dummett's career accomplishments is posted on Ivanhoe's website at www.ivanhoemines.com).

Unique mineralization in northwesterly extension

Seven of the sixteen rigs presently on site are delineating the high-grade core of the Hugo Dummett Deposit, which is being expanded in width and depth. Unlike the deposit's southerly portion that is characterized by chalcocite mineralization, the northwesterly extension is dominated by bornite and is hosted by basalt that stratigraphically underlies the majority of the ignimbrite-hosted high-grade mineralization in the southern half. Intense quartz stockwork, which replaces up to 90% of the basalt, carries the bulk of the coarse-grained bornite. **Underlying the basalt, a highly mineralized quartz monzodiorite has been intersected in several of the holes, including OTD367G, OTD449, OTD449A and OTD383D. Within this quartz monzodiorite (QMD), a new style of very fine grained bornite mineralization has been recognized on the northwest end of the newly discovered extension that is partially foliated and cross-cut by the quartz stockwork. Unlike the coarse grained bornite and chalcopyrite that infills fractures in the quartz stockwork in the basalt-hosted mineralization, the fine-grained bornite represents the earliest phase of mineralization, which Ivanhoe's Turquoise Hill geological team believes to be the top of a highly mineralized intrusive body. The importance**

of this discovery lies in the fact that QMD may extend to significant depths, with the potential for increasing gold/copper ratios as was the case in Southwest Oyu and Central Oyu.

The estimated width of the defined high-grade mineralization at the Hugo Deposit currently ranges between 600 and 800 metres. However, the known width of the deposit at this time is constrained by a lack of drill holes along the eastern and western flanks. The deposit remains open for significant expansion as Ivanhoe's ongoing results indicate the open-ended nature of the deposit along strike to the south and north, and laterally. At depth, the primary bornite-hosted mineralization has been traced to intersections of porphyry-hosted gold and copper mineralization that may represent one of the primary sources of the giant system. A plan map and associated long section showing the new drill holes at the Hugo Deposit will be posted on Ivanhoe's website.

The Hugo Deposit is one of four co-genetic copper and gold zones delineated to date along a five-kilometre-long chain of deposits at Turquoise Hill. In a report released July 21, AMEC estimated that the overall project contained an inferred resource totalling 2.45 billion tonnes grading 0.61% copper and 0.14 g/t gold, at a 0.30% copper equivalent cut-off, containing approximately 15.1 million tonnes (33.2 billion pounds) of copper and 11.4 million ounces of gold. **In addition to the inferred resources**, the project also contains 509 million tonnes of indicated resources grading 0.40% copper and 0.59 g/t gold, containing approximately 2.1 million tonnes (4.5 billion pounds) of copper and 9.7 million ounces of gold, at the 0.30% cut-off grade.

Gold-rich high-grade core expanding

The rapidly expanding, gold-rich, high-grade core of the Hugo Deposit is now at least 1,000 metres long by 600 metres wide and more than 200 metres thick on average, based on the latest intersections in drill hole OTD455A that intersected **244 metres grading 3.42% copper and 0.89 g/t gold**, starting at 934 metres down the -85 degree hole. This high-grade intersection is roughly 100 metres north of the gold-rich intersection in OTD367A (**144 metres grading 4.41% copper and 1.61 g/t gold**). OTD449, drilled to test the northwesterly projection of the zone encountered in OTD409 (**108.4 metres grading 2.68% copper and 1.34 g/t gold**), intersected multiple zones of copper mineralization grading >1% to 1.7% copper, with the hole ending at a down-hole depth of 1,439 metres in **27 metres of bornite-rich QMD grading 2.03% copper and 0.38 g/t gold**. Sitting on the northwest flank of the Hugo Deposit, this intersection, together with the deep intersection in OTD383D, 600 metres to the east and southeast, illustrates the potential width of the deposit along its northwest extension. Hole 383D, the fourth attempt to penetrate a fault zone on the east side, intersected **84 metres grading 2.75% copper and 0.45 g/t gold** followed by 170 metres grading 1.10% copper and 0.21 g/t gold at a depth of 1276 metres. Hole 367G intersected **844 metres grading 1.52% copper and 0.23 g/t gold**, inclusive of post-mineral dykes.

The potential northerly strike extent of the high-grade core of the Hugo Deposit is approximately one kilometre beyond Hole 367A, where it ultimately is cut off by a major cross-structure near the northern boundary of the concession.

OTD449A, a daughter hole drilled off OTD 449, intersected **189.4 metres grading 2.98% copper and 1.15 g/t gold**, including **124 metres grading 3.36% copper and 1.60 g/t gold**. The hole was stopped at 1337.4 metres while drilling the final **21 metres in QMD grading 1.89% copper and 0.74 g/t gold**. OTD465A has intersected high-grade, bornite-rich mineralization hosted by basalt starting at a downhole depth of approximately 1050 metres. OTD465A, the first in a series of holes to be drilled from the east-west 465 section, was collared 150 metres north of the 449 series of holes. OTD465A already has intersected more than **200 metres grading 3.22% copper and 0.74 g/t** gold beginning at a downhole depth of 1080 metres, including **64 metres grading 2.57% copper and 1.69 g/t gold and 22 metres grading 4.09% copper and 3.11 g/t gold**. OTD465A, which is the most northerly intersection in the

Hugo Deposit**,** will extend the high-grade, greater than 2% copper grade shell at least 150 metres northwest from the boundary used by AMEC to constrain its mineral resource model in July, 2003. At that time, AMEC estimated that the Hugo Deposit's high-grade core had inferred resources totalling 70.8 million tonnes grading 2.92 % copper and 0.30 g/t gold, at a 0.6% copper equivalent cut-off.

The following table illustrates the grades and thickness of recent intercepts that presently define the northern high-grade core of the Hugo Deposit.

Drill Hole	From	To	Interval	Copper	Gold	Copper Equivalent *
OTD367F	892 metres	1094 metres	202 metres	2.30%	0.18 g/t	2.41%
including	964 metres	1032 metres	68 metres	2.96%	0.31 g/t	3.16%
	1370 metres	1508 metres	138 metres	1.31%	0.26 g/t	1.48%
OTD367G	920 metres	1764 metres	844 metres	1.52%	0.23 g/t	1.67%
including	920 metres	966 metres	46 metres	2.69%	0.21 g/t	2.82%
including	994 metres	1184 metres	190 metres	2.36%	0.37 g/t	2.60%
including	1504 metres	1764 metres	260 metres	1.73%	0.23 g/t	1.88%
OTD449A	1094 metres	1148 metres	54 metres	1.27%	0.03 g/t	1.29%
	1148 metres	1337.4 metres	189.4 metres	2.98%	1.15 g/t	3.71%
including	1148 metres	1184 metres	36 metres	2.98%	0.12 g/t	3.06%
including	1184 metres	1308 metres	124 metres	3.36%	1.60 g/t	4.38%
			Hole 449A terminated in strong mineralization when the drill rig reached its maximum depth capability.			
OTD455	866 metres	999 metres	133 metres	1.34%	0.10 g/t	1.40%
	866 metres	968 metres	102 metres	0.72%	0.02 g/t	0.73%
	968 metres	999 metres	31 metres	3.31%	0.34 g/t	3.53%
			Hole 455 terminated in strong mineralization when the drill rig reached its maximum depth capability.			
OTD455A	906 metres	924 metres	18 metres	1.54%	0.09 g/t	1.60%
	934 metres	1178 metres	244 metres	3.42%	0.89 g/t	3.99%
including	952 metres	1056 metres	104 metres	4.17%	0.76 g/t	4.65%
including	1088 metres	1172 metres	84 metres	3.52%	1.43 g/t	4.43%
	1206 metres	1292 metres	86 metres	1.31%	0.25 g/t	1.47%
	1292 metres	1428 metres	136 metres	Additional assays pending.		
OTD383D	1276 metres	1360 metres	84 metres	2.75%	0.45 g/t	3.04%

	1360 metres	**1580 metres**	**220 metres**	**0.99%**	**0.18 g/t**	**1.10%**
OTD463	**848 metres**	**918 metres**	**70 metres**	**1.49%**	**0.06 g/t**	**1.53%**
	918 metres	**1024 metres**	**106 metres**	**3.45%**	**0.13 g/t**	**3.53%**
	1024 metres	**1064 metres**	**40 metres**	**1.09%**	**0.13 g/t**	**1.17%**
OTD465A	**1080 metres**	**1280 metres**	**200 metres**	**3.22%**	**0.74 g/t**	**3.69%**
including	**1216 metres**	**1280 metres**	**64 metres**	**2.57%**	**1.69 g/t**	**3.65%**
including	**1216 metres**	**1238 metres**	**22 metres**	**4.09%**	**3.11 g/t**	**6.07%**
	1280 metres	**pending**	**Hole 465A still drilling. Additional assays pending.**			

*Copper equivalent grades have been calculated using assumed metal prices (US$0.80/lb. for copper and US$350/oz. for gold); %Cu eq. = %Cu + Au (g/t) x (11.25/17.64). A complete list of assays from all recently drilled holes will be posted on the company's website.

Deep drilling is being concentrated on defining the lateral, strike extent and depth limits of the high-grade, gold-rich bornite mineralization encountered in the series of daughter holes drilled from OTD367.

Results expected to enhance mining economics

The new high-grade mineralization encountered in the northern portion of the Hugo Deposit is expected to have a very significant positive effect on the projected economics of various mining scenarios being evaluated at Turquoise Hill. An independent scoping study is scheduled for release in October. The study, evaluating the potential for the development of the project by both surface and underground mining, is being conducted by an alliance of AMEC, Ausenco Limited, GRD Minproc and SRK Consultants. The scoping study will form the basis for a pre-feasibility study that will establish the viability of a world-scale, long-life copper and gold mining operation at Turquoise Hill and determine a range of capital and operating costs alternatives.

Charles Forster, P.Geo., Ivanhoe Mines' Turquoise Hill Manager and a qualified person as defined by National Instrument 43-101, supervised the preparation of the information in this release. SGS Analabs Pty. Ltd. prepares the split core at the project site and assays all samples at its facility in Ulaanbaatar, Mongolia. Ivanhoe's QA/QC program is monitored by independent consultant, Dr Barry Smee, P.Geo., and managed on site by Dale Sketchley, M.Sc., P.Geo. Prepared standards and blanks are inserted at the sample preparation lab on the project site to monitor the quality control of the assay data.

Ivanhoe holds a 100% interest in the Turquoise Hill Project and holds or controls exploration rights covering approximately 100,000 square kilometres in central and southern Mongolia.

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.

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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.