



For immediate release
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LARGE GROUNDWATER SOURCES DISCOVERED NEAR TURQUOISE HILL GOLD AND COPPER PROJECT IN MONGOLIA

ULAANBAATAR, MONGOLIA — Ivanhoe Mines' Chairman Robert Friedland and Executive Vice-President, Exploration, Douglas Kirwin announced today that the company's groundwater supply investigation has discovered several large aquifers near Ivanhoe's Turquoise Hill (Oyu Tolgoi) gold and copper project in southern Mongolia. An independent assessment of the aquifers discovered to date suggests that they could provide sufficient water to meet the mine process requirements of at least a 50,000-tonne-per-day mining operation at Turquoise Hill.

Additional testing is underway to confirm the initial results and to test other groundwater targets near the project. Ivanhoe's goal is to locate sufficient, nearby water resources to support a production rate of at least 100,000 tonnes of ore per day. Aquaterra Consulting Pty. Ltd., of Perth, Australia, a leading international consultancy, is conducting the assessment of potential groundwater sources in the Turquoise Hill area for Ivanhoe.

"The preliminary results from our groundwater drilling program indicate that there is plenty of water within a reasonable distance of Turquoise Hill to support a large-scale mining operation," Mr. Friedland said. "While more work needs to be done to confirm the initial test results, Aquaterra's findings are an important step toward the development of a major gold and copper mine at Turquoise Hill."

Aquifers are porous, water-bearing underground formations capable of yielding large quantities of water. They are replenished by seasonal rains, which can be heavy in Mongolia's South Gobi region. Aquifers are the primary water supply source throughout most of southern Mongolia.

The largest of the aquifers identified to date by Aquaterra is in a broad regional drainage basin in the Galbyn Gobi and Javkhlant areas, between 30 to 50 kilometres south of Turquoise Hill. Based on results from six new exploration boreholes and results from boreholes drilled for the Mongolian government between 1976 and 1989, Aquaterra's preliminary assessment suggests that the aquifers have storage of approximately 362 million kilolitres (96 billion US gallons) and are capable of supporting a pumping rate of 460 litres/second (121 US gallons/second) for 25 years. Water quality is reasonably fresh, with reported groundwater salinities of less than 2,000 mg/L of total dissolved solids.

Another potential source of water for the mine has been discovered in an aquifer in the Gunii Hooloi area, a drainage basin approximately 30 kilometres north of Turquoise Hill that is approximately 90 kilometres long by 30 kilometres wide. Aquaterra's preliminary assessment shows that an aquifer located on the southern edge of the larger sedimentary basin has storage of approximately 40 million kilolitres (11 billion US gallons), capable of supporting a pumping rate of 50 litres/second (13 US gallons/second) for 25 years.

A map showing the Galbyn Gobi, Javkhlant and Gunii Hooloi areas, and other prospective areas near Turquoise Hill, accompanies this release.

More detailed drilling, test-bore installation, aquifer testing and numerical modelling will begin in mid-August to provide site-specific quantitative assessment of bore yields, aquifer properties and sustainable well-field production rates. The work confirming the supply for the 50,000-tonne-per-day option is expected to be completed before the end of the year. Assessment of additional sites already has started and further areas will be tested as part of Ivanhoe's groundwater exploration and resource evaluation work.

Water for the existing exploration camp at Turquoise Hill comes from two boreholes less than 80 metres deep. The shallowness of the holes suggests that they probably tap an aquifer hosted in weathered bedrock. Other boreholes within the mining area are capable of supplying the water needed for the exploration camp and for a future mine-construction phase.

Ivanhoe holds a 100% interest in the Turquoise Hill Project and has exploration rights covering approximately 96,000 square kilometres in central and southern Mongolia.

Ivanhoe shares trade on the Toronto and Australian stock exchanges under the symbol IVN.

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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.