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NEW INDEPENDENT SCOPING STUDY RECOMMENDS STAGED EXPANSION OF MONYWA PROJECT TO 129,000 TONNES OF LME GRADE A COPPER CATHODE PER YEAR

SINGAPORE — Edward Flood, Deputy Chairman of Ivanhoe Mines Ltd., announced today that the production of LME Grade A copper from the Monywa Copper Project in Myanmar could increase by 450% following the implementation of a proposed new, independent expansion plan developed by Ausenco Limited, of Perth, Australia.

The Ausenco plan calls for Monywa's current production rate of 28,000 tonnes a year to rise to 129,000 tonnes in stages spread over six years — a level that would establish Monywa as Asia's largest and lowest-cost copper producer using the advanced heap-leach, solvent extraction and electrowinning (SX/EW) copper recovery process.

Highlights of the proposed Monywa expansion plan include:

- ❖ **The generation of an after-tax net present value (NPV) of US\$440 million at a discount rate of 10%.**
- ❖ **An internal rate of return (IRR) of 70%.**
- ❖ **Estimated total production costs, including realization costs, of US\$0.46 per pound of copper produced.**
- ❖ **Capital costs of US\$315 million over six years, of which only US\$40.9 million in external funding will be required.**

The plan covers the Phase 2 development of the large Letpadaung deposit in conjunction with ongoing mining of the current Phase 1 Sabetaung, Sabetaung South and Kyisingtaung deposits. Ausenco estimates that the capital costs to progressively expand production to 129,000 tpa will be US\$315 million spread over six years. Due to the success of the current Phase 1 S&K mining operations at Monywa, Ausenco estimates that US\$275 million of the projected required capital for Phase 2 would be financed internally from the project's operating cash flow. Based on a copper price of 75 cents (US) a pound in the first two years and 80 cents (US) a pound thereafter, and a 10% discount factor, Ausenco calculates the net present value of the project after repayment of capital costs to be approximately US\$440 million — generating an internal rate of return of approximately 70%.

The Ausenco plan was prepared for Myanmar Ivanhoe Copper Company Limited (MICCL), which owns and operates the Monywa Copper Project. MICCL is a 50/50 joint venture between Ivanhoe Mines and No. 1 Mining Enterprise, a state-owned company. Implementation of the plan is contingent on the approval of the MICCL Board and the successful outcome of high-level financing meetings with Australian, Japanese, Korean and Chinese investors who have expressed interest in participating in the planned expansion.

Ausenco's work expands on the May, 2002, Final Development Plan by Minproc Limited, of Australia, which proposed the stand-alone development of the Letpadaung Deposit to produce 125,000 tpa of cathode with a capital investment of US\$389 million. Ausenco concluded that the same goal could be achieved by combining the current S&K Mine with the Letpadaung Project and implementing a largely self-funded expansion based on the Letpadaung resources. Significant reductions of financial requirements that were anticipated by earlier studies were made possible by MICCL's experience gained in operating the S&K Project since 1998.

Mr. Flood said that Ausenco's work confirms that the proposed expansion of the Monywa Copper deposit is financially robust. "The success of the low-cost copper recovery technology used at the S&K Mine is a major reason why Letpadaung is widely recognized as one of the best undeveloped copper projects in the world. With copper prices rising, we believe that the time is right to begin the long-planned expansion of this world-scale project."

The Letpadaung deposit, six kilometres southeast of the existing S&K operation, consists of hypogene chalcocite/diginite, covellite and supergene chalcocite as the dominant copper mineralization. This mineralization is associated with a subvolcanic breccia pipe complex and occurs as breccia matrix and peripheral sheeted veins.

Total measured and indicated resources at Letpadaung are 946 million tonnes grading 0.43% copper, using a cut-off grade of 0.15% copper. In addition, the deposit contains inferred resources of 332 tonnes grading 0.35% copper, using the same cut-off grade. The resources were independently estimated by Minproc in 1998, based on the resource classification criteria of the Australian code for reporting of mineral resources and ore reserves (JORC guidelines). Details of the parameters and modeling techniques used to calculate the Monywa mineral resources are in the company's 2002 Annual Information Form, available on SEDAR.

Letpadaung Resources (+0.15% Cu cut-off grade)	Tonnes (millions)	Copper (%)
Measured	519	0.47
Indicated	426	0.39
Total Measured and Indicated	946	0.43
Inferred	333	0.35

Optimized development, integrating the large Letpadaung deposit with the existing S&K Mine operations, will use conventional open-cut, truck-and-shovel mining, followed by heap leaching of crushed and uncrushed run-of-mine ore, and SX/EW copper recovery.

The S&K Mine has produced at an annual rate of approximately 28,000 tonnes of LME Grade A cathode copper from the Sabetaung and Kyisintaung deposits. Minegate production costs at S&K have averaged approximately 37 cents (US) a pound. The mine has repaid US\$52.5 million of its original US\$90 million project loan, with the balance scheduled to be repaid in five semi-annual installments. In March, 2001, the S&K Mine obtained ISO 14001 certification, the internationally recognized, independent standard for environmental management and protection. Listing of the "Monywa S&K" brand of Grade A Copper was approved by the LME effective December 13, 2001. The registration certifies that Monywa S&K cathode has a purity level exceeding 99.999% copper, the standard for LME Grade A copper.

A site map of the Monywa Copper Project showing the S&K Mine and the Letpadaung project is posted on Ivanhoe Mines' website at www.ivanhoemines.com.

Ivanhoe has spent approximately US\$23 million on exploration and development at Letpadaung since obtaining exploration rights to the deposit in 1994. The company drilled 533 holes totalling approximately 112,000 metres. Of these, 304 were exploration holes drilled within a grid of 3.3 kilometres by 2.3 kilometres to outline the deposit. The other 229 holes were drilled for hydrological, metallurgical and development purposes. Mineral Resource Development Inc. (MRDI), of California, acted as consultants to the exploration program, advising on geological interpretation, geostatistics and resource evaluation.

Malcolm Lake, P. Eng., of Ivanhoe Mines, a Qualified Person as defined by National Instrument 43-101 of the Canadian Securities Administrators, has prepared the technical information contained in this release.

Ivanhoe shares are listed 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.