



I V A N H O E
M I N E S

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Ivanhoe Mines' new Silver Hill gold and silver mine in South Korea begins commercial production

SEOUL, SOUTH KOREA — Ivanhoe Mines' President Daniel Kunz announced today that the Silver Hill (Eunsan) gold and silver mine in South Korea has successfully completed its start-up phase and now is in commercial production. As of July 31, the mine had sold the 2,300 ounces of gold and 107,000 ounces of silver that it had produced from development ore mined from the initial open-pit, and generated more than US\$1.0 million in sales revenue. The mine's output is scheduled to gradually increase during the next five months to an annual rate of up to 50,000 ounces of gold and 118,000 ounces of silver as development of the underground mining progresses to full production.

Ivanhoe's value-driven engineering and cost-effective sourcing and fabrication of key equipment in South Korea was instrumental in limiting the initial capital investment to develop the mine to less than US\$1.3 million.

To date, the mine has processed 9,800 tonnes of open-pit development ore with an average grade of 11.5 grams per tonne (gpt), or 0.37 ounces per tonne (opt), of gold and 586 gpt (18.8 opt) of silver. The mine's gold and silver doré bars are being sold to a consortium of Korean precious-metals wholesalers.

The main ore shoot at Eunsan contains an estimated inferred resource of 251,800 tonnes, grading 15.0 gpt (0.48 opt) of gold and 83.8 gpt (2.7 opt) of silver. Infill ore reserve definition drilling from underground is underway to better delineate the grade and extent of the deposit and to upgrade the inferred resources to the higher measured and indicated resources category. Ivanhoe believes that there is excellent potential to expand the extent of the main ore shoot, as well as to discover new high-grade zones. For example, a recent underground hole drilled in an area of limited previous drilling intersected six metres of 29.3 gpt (0.94 opt) of gold and 51 gpt (1.63 opt) of silver.

More than 850 metres of pre-production, underground development now have been completed in advance of full-scale mining later this year. The Silver Hill Mine is expected to process approximately 150 tonnes of ore per day for at least two years when underground operations reach full production. The estimated cash costs to mine and mill the underground ore are expected to be in the range of US\$125 to US\$150 per ounce of gold, net of silver byproduct revenue.

Photographs of the mine are available on Ivanhoe Mines' website at www.ivanhoemines.com.

Ivanhoe expects that the Silver Hill mill will provide a processing base for other nearby epithermal gold and silver prospects under development within Ivanhoe's Seongsan project area in southwestern Chollanam-Do Province. Delineation drilling is ongoing at Ivanhoe's neighboring prospects, Kunsan, Moisan, Moisan Extended and Gasado Island, to define the grade and quantity of gold and silver mineralization in similar high-grade systems that have been discovered by the company's reconnaissance exploration team.

Given the successful startup of the Silver Hill Mine, Ivanhoe plans to incorporate a similar development model at the high-grade Modi Taung gold prospect in central Myanmar. Modi Taung is in a mesothermal slate belt setting. The term 'mesothermal' refers to a class of gold deposits that are related to deep-seated, high-temperature fluid sources that elsewhere have been shown to contain economic gold grades over vertical extents of one to three kilometres.

Ivanhoe is a diversified mining company, producing LME Grade A copper from its Monywa joint venture in Myanmar, iron ore products from ABM Mining's Savage River Mine in Australia, and gold and silver from its Silver Hill Mine in South Korea. Ivanhoe also is actively exploring for gold, platinum group metals and base metals throughout Asia.

The inferred resource calculation at Silver Hill was prepared during March, 2002, by Ivanhoe Mines' geologists and reviewed by Douglas Kirwin, a Qualified Person as defined by National Instrument 43-101 of the Canadian Securities Administrators. The inferred resource was calculated using a Block Model applying a minimum two-metre mining width and no cut-off grade. Ivanhoe is unaware of any environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues that may adversely affect the resource estimate. An inferred resource is, by definition, mineralization that does not have demonstrated economic viability.

Ivanhoe has approximately US\$52 million in cash and US\$15 million in marketable securities. 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 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.