



# IVANHOE MINES

For Immediate Release

May 16, 2002

## IVANHOE MINES ANNOUNCES 2001 YEAR-END FINANCIAL RESULTS

TORONTO – Daniel Kunz, President, today released Ivanhoe Mines' financial results which reported an operating profit of US\$10.0 million, generally consistent with the operating performance of recent years. The results contain a net loss of US\$85.0 million for the year ended December 31, 2001, due primarily to write-downs totalling US\$59.2 million in the carrying value of the company's iron ore mine assets in Australia and Norway that reflect the weak, world markets for iron ore products. The writedowns were the major contributor to Ivanhoe's reported total loss per share of US\$0.66, compared to a loss of US\$0.24 per share for the financial year that ended December 31, 2000.

### Overview

- ❖ The 2001 results include:
  - A profit of US\$2.5 million from the S&K Mine copper operations in Myanmar. Ivanhoe's share of the mine's sales of cathode copper in 2001 was 12,933 tonnes (28.5 million pounds) at an average selling price of US\$0.73 a pound. Minegate cash costs were US\$0.37 a pound. Listing of the "Monywa S&K" brand of Grade A copper was approved by the LME on December 13, 2001. The LME premium increases revenues on sales of S&K copper by approximately US\$30 a tonne (\$0.014 a pound).
  - A loss of US\$66.2 million from the Savage River Mine iron ore operation in Australia, including a US\$53.8 million write-down of the mine's assets and a foreign exchange loss of US\$7.9 million. The revaluation of the mine assets was necessitated by the negative impact of deteriorating world iron ore markets on the economics of the mine. Sales of pellets in 2001 totalled 1.82 million tonnes at an average sales price of US\$31 a tonne. Operating cash costs were approximately US\$24 a tonne.
  - Exploration expenses, net after tax, of US\$6.3 million, including expenditures of US\$3.8 million in Mongolia.
  - Care-and-maintenance costs of US\$3.7 million for mining properties in Kazakhstan and Norway.
  - A write-down of US\$5.4 million on iron ore assets in Norway.
  - General and administrative expenses of US\$5.7 million.
- ❖ On the strength of exploration results on its Mongolian properties, the company raised US\$72.7 million in equity financings between August, 2001, and April, 2002, through the issuance of 44.6 million common shares. The company is continuing to advance its exploration and development projects through these successful financings.

- ❖ Long-term debt was reduced by US\$10.3 million during the year, to stand at US\$41.8 million at year-end. The debt is project-related and non-recourse to Ivanhoe.
- ❖ The Eunsan Gold and Silver Mine in South Korea started milling operations in March, 2002, and is scheduled to reach full commercial production of 150 tonnes of high-grade ore per day during the second quarter of 2002.
- ❖ In the third quarter of 2001, the company reinstated gold production at its Bakyrchik property in Kazakhstan. The economics of the project are being tested on oxidized ore material stockpiled on surface from previous operations. If successful, the company plans to start contract mining 500 tonnes of oxidized ore a day from shallow deposits, beginning in mid-2002.
- ❖ Ivanhoe is continuing project-financing negotiations for the proposed US\$389-million Letpadaung copper mine in Myanmar. Letpadaung, near the S&K Mine, is the second phase of the Monywa copper project.

“We have taken this opportunity in the current market cycle to reassess the economic impact of the depressed iron ore markets on ABM’s Savage River Mine and pellet plant in Australia, and the Bjørnevattn iron ore assets in Norway,” Mr. Kunz said. “In keeping with the company’s commitment to prudent and conservative accounting practices, the Board has decided to write-down US\$59.2 million in relation to these assets. We deem the residual value of US\$3.7 million, net of US\$33.2 million of project debt, to be reasonable and appropriate.”

Ivanhoe Mines is an international mining company developing an important new discovery of gold and copper at the Turquoise Hill Project in southern Mongolia. The company produces LME Grade A copper from its Monywa joint venture in Myanmar, iron ore products from ABM Mining’s Savage River Mine and Port Latta pellet plant in Australia, gold and silver from the Eunsan Mine in South Korea and gold from the Bakyrchik Gold Mine in Kazakhstan. Ivanhoe also is developing the high-grade Modi Taung gold project in Myanmar.

Ivanhoe’s Turquoise Hill Project is the first in a series of new porphyry gold and copper discoveries in Mongolia’s South Gobi region. Ivanhoe has started exploration at Kharmagtai and other priority targets, and has commenced a regional exploration program on the company’s 50,000 square kilometres (19,300 square miles) of tenements in the South Gobi. An exploration update with new drill results from Ivanhoe’s Turquoise Hill Project will be released shortly.

The Eunsan mill in South Korea is processing stockpiled open-pit ore. The mine will follow an orderly ramp-up schedule, blending the stockpiled ore with increasing proportions of higher-grade underground ore. When underground operations reach commercial scale later this year, Eunsan is expected to produce up to 50,000 ounces of gold and 118,000 ounces of silver on an annual basis, for at least two years.

The full financial statements will be available on Ivanhoe Mines’ website at [www.ivanhoemines.com](http://www.ivanhoemines.com).

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

Information contacts

North America: Investors: Bill Trenaman / 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 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. Douglas Kirwin, of Ivanhoe Mines, a "Qualified Person" as defined by National Instrument 43-101 of the Canadian Securities Administrators, has reviewed the technical information contained in this release.