



IVANHOE  
MINES

## IVANHOE MINES TO RESUME GOLD PRODUCTION AT BAKYRCHIK MINE, KAZAKHSTAN

For Immediate Release

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SINGAPORE — Ivanhoe Mines' Chairman Robert Friedland and President Daniel Kunz announced today that the company will resume limited operations at the Bakyrchik Gold Mine in Kazakhstan this summer.

Production is expected to begin at a rate of 20,000 ounces a year, with the potential to expand to between 40,000 and 50,000 ounces of gold a year. Gold recovery operations will use the existing facilities and a carbon-in-leach (CIL) plant, part of the mine complex that has been maintained on a production-ready basis since 1998.

Initial mining will focus on two million tonnes of outcropping oxide ore in the Globoki Log and Sarbas deposits that have an average gold grade of three grams per tonne. Using selective open-pit mining, the initial target head grade will be four grams per tonne. Grade and tonnage estimates were calculated by Lycopodium Engineers in a 1995 Oxide Project Feasibility Study and Minproc Engineers Limited in a 1996 Definitive Feasibility Study. Several oxide exploration targets have been outlined and there is good potential for finding more oxide ore. Mapping and trenching of the targets is underway.



*Operations will use existing mining and processing facilities at the Bakyrchik Mine.*

“We have always viewed Bakyrchik as one of the world’s largest, undeveloped gold deposits with the potential to become an important producer,” Mr. Friedland said. “This approach allows us to begin fulfilling Bakyrchik’s potential with a modest rate of production from the oxide deposits while we continue to explore options to place the large sulphide gold deposits into commercial production.”

Ivanhoe has a 70% interest in Bakyrchik Mining Venture, the company that owns the mine; the government of Kazakhstan holds the other 30%. Ivanhoe is entitled to 100% of all operating cash flows from the mine until it has recovered all of its previously invested capital in the project.

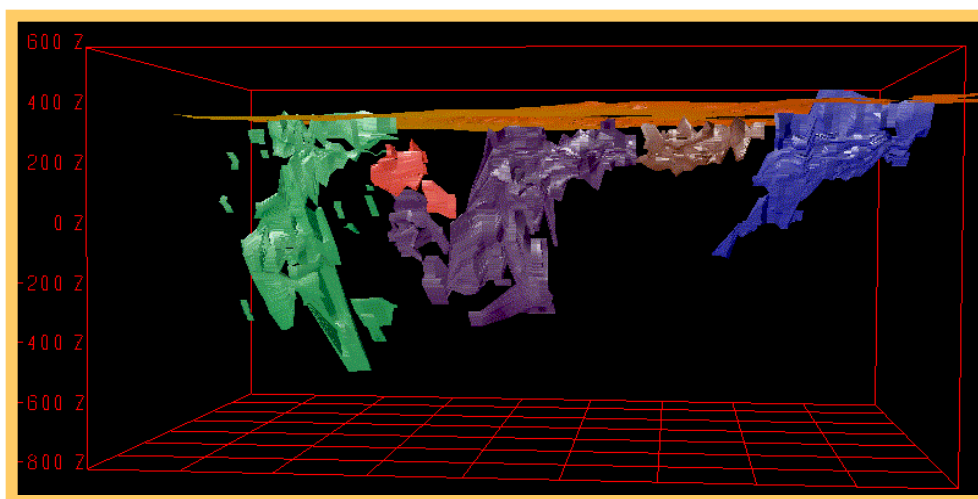
The mine began producing ore in 1956 to provide gold-bearing flux to a copper smelter at Ust-Kamenogorsk and later to smelting facilities in Russia. A total of five shafts were sunk on the Bakyrchik deposit, which has been explored and developed for mining from a series of underground drifts driven at 40-metre vertical intervals.



*The Bakyrchik mine is located in northeastern Kazakhstan, approximately 1,100 kilometres northeast of the former capital of Almaty.*

Ivanhoe’s engineering study calls for an initial production rate of 500 tonnes of oxide ore a day. The project can be placed into production quickly by initially treating existing stockpiles containing 117,000 tonnes of oxidized ore and then extending existing, shallow open pits. Permitting has been initiated and the final mine development plan is expected by mid-June. Start-up costs are estimated at US\$200,000, including US\$50,000 for local construction of four steel, milled-ore leaching tanks. The ore will be crushed, milled and processed at the mine’s existing facilities to produce gold doré on site. The company’s engineering staff estimates that the total cash cost to produce an ounce of gold will be approximately US\$110. At US\$280 gold, the cash margin of a 20,000-ounce-a-year oxide operation is estimated at US\$3.4 million, more than offsetting the current annual holding costs of US\$2.5 million.

The gold deposits at Bakyrchik consist of a series of mineralized lenses, or lodes, lying within a large shear zone which is 11.5 kilometres in length. Gold mineralization is hosted within sheared, carbonaceous sediments of the fault zones, and is contained within oxide and sulphide mineralization occurring in association with quartz stockworks. The sulphides and carbon in the deposits are oxidized to depths of 20 to 40 metres, with a sharp transition to unoxidized rocks.



*Three-dimensional view of Bakyrchik Mine, showing major mineralized lenses.*

The oxidized gold mineralization represents only a small portion of the total gold resources at the Bakyrchik Mine. In its 1996 study, Minproc estimated that the mine contains the following resources within the feasibility study area, based on a 3 grams/tonne gold cutoff and calculated in accordance with JORC requirements.

<b>Resource Category</b>	<b>Tonnage tonnes</b>	<b>Gold Grade (grams/tonne)</b>	<b>Contained Gold (ounces)</b>
Measured	4.5 million	8.26	1.21 million
Indicated	7.8 million	7.68	1.92 million
Inferred	35.0 million	6.56	7.38 million

Most of the gold is contained in disseminated arsenopyrite, which is highly refractory in nature. Ivanhoe continues to investigate new processing technology to treat the arsenopyrite ores, with the objective of improving the project's rate of gold recovery and reducing the cost of production to enable large-scale, commercial production from the sulphide deposits.

A study of the initiation of small-scale underground mining of Bakyrchik's sulphide ores, with an average grade of approximately 10 grams per tonne, has indicated that gold production of 40,000 ounces per year is feasible. The existing crushing, grinding and concentrator circuits could be used to produce a high-grade sulfide-ore concentrate. The study recommends the installation of a Waeltz rotary kiln to remove arsenic, sulphur and carbon from the concentrate prior to gold extraction in a CIL plant or in a smelter.

Ivanhoe Mines is an international mining company producing cathode copper from its Monywa joint venture in Myanmar and iron ore products from its Savage River mine and Port Latta pellet plant in Australia. Ivanhoe had pro forma revenues of US\$84.8 million in 2000 on net sales of 13,350 tonnes of copper and 2.21 million tonnes of iron ore pellets and concentrate.

Ivanhoe is developing a high-grade gold prospect in Myanmar, a gold-silver project in South Korea and a large copper-gold project in Mongolia.

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

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**FORWARD-LOOKING STATEMENTS:** This news release contains certain forward-looking statements. All statements, other than statements of historical fact, included herein, including, without limitation, statements regarding potential mineralization and reserves, exploration results and future plans and objectives of Ivanhoe Mines Ltd. (Ivanhoe), are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from Ivanhoe's expectations are disclosed under the heading "Risk Factors" and elsewhere in Ivanhoe's documents filed from time to time with the Toronto Stock Exchange and other regulatory authorities. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and Ivanhoe does not undertake any obligation to update forward-looking statements should conditions or management's estimates or opinions change. A "Qualified Person", as defined in National Instrument 43-101, within Ivanhoe Mines has reviewed the results contained within this release.