



IVANHOE
MINES



IVANHOE MINES AND ABM MINING AGREE TO MERGE TO CREATE AN INTERNATIONAL MINING ENTERPRISE WITH LOW-COST COPPER AND IRON ORE PRODUCTION

For Immediate Release

June 26, 2000

SINGAPORE and SYDNEY, AUSTRALIA — Daniel Kunz, Chief Operating Officer of Ivanhoe Mines Limited, is pleased to announce that Ivanhoe Mines and ABM Mining Limited have signed an agreement in principle to merge, forming an international mining company with rapidly expanding production of very low-cost copper and iron ore products.

Ivanhoe Mines and ABM had combined revenues of approximately US\$77.2 million (Cdn\$114.8 million) in 1999 on net sales of approximately 13,350 tonnes of copper, two million tonnes of iron ore pellets and 48,000 tonnes of iron ore concentrate.

ABM is a private Canadian company that has been producing iron ore pellets and concentrate at its integrated facilities at Savage River and Port Latta in Tasmania, Australia, since 1997. ABM's gross sales revenues in 1999 were US\$56.6 million. The Tasmanian operations are currently producing at an annual rate of approximately 2.4 million tonnes of iron ore pellets and concentrate, a 20% increase over the 1999 output. ABM also received a price increase of 6% for its pellets in the second quarter of this year, which will further boost the company's 2000 sales revenues. An expansion is underway that is intended to increase production at Savage River/Port Latta to up to 2.95 million tonnes a year. The expansion is scheduled to be completed by early 2002.

ABM also owns the production assets of the Bjørnevatn iron mine and the integrated pellet plant and shipping facilities at Kirkenes, in northern Norway. Behre Dolbear & Company Ltd., of Toronto, recently completed an independent feasibility study for ABM on the Norwegian assets, which are currently under care and maintenance. The feasibility study conservatively estimates that, at full production, the Norwegian operation would produce 2.25 million tonnes of pellets a year. (Photographs of ABM's Norwegian and Australian operations are posted on Ivanhoe Mines' website at www.ivanhoemines.com.)

SAVAGE RIVER MINE, AUSTRALIA

- Established operations acquired by ABM in March, 1997, for US\$8.5 million. U.S.-based Pickands Mather & Co. International operated the mine for 30 years.
- Replacement value of assets was estimated at approximately US\$336 million in February, 1997, by independent appraiser Edward Rushton Australia Pty. Limited.
- ABM investment in the mine, pipeline and processing facilities to December 31, 1999, was US\$84 million.
- ABM loaded its first shipment of iron ore pellets in December, 1997.

- 1999 production was two million tonnes of iron ore pellets and concentrate.
- 1999 gross revenues were US\$56.6 million.
- Resources of iron ore (magnetite), as reviewed by Behre Dolbear Australia Pty. Limited, were 195.1 million tonnes as at June 30, 1999, within which the proved reserves were 37.3 million tonnes at 54.8% magnetite and the probable reserves were 24.6 million tonnes at 53.2% magnetite.
- As at June 30, 1999, the measured resources were 64.3 million tonnes at 53.0% magnetite, the indicated resources were 64.3 million tonnes at 52.1% magnetite and the inferred resources were 66.5 million tonnes at 51.9% magnetite.
- 50% of current production is sold to BHP Ltd. in Australia. The balance is sold to some of the world's largest steel companies, including Pohang Iron & Steel Co. (POSCO) in South Korea and Baosteel in China.
- Current resources are sufficient for more than 15 years at the expanded rates of production of pellets and concentrate, based on a review by Behre Dolbear (Australia).

ABM owns an 83-kilometre pipeline which transports concentrate, in the form of slurry, from the Savage River Mine to Port Latta. At the Port Latta pelletizing plant, five shaft furnaces convert the concentrate into pellets. Stockpiled pellets are transferred to ships of up to 125,000 tonnes that dock at ABM's bulk-loading terminal.

BJØRNEVATN MINE, NORWAY

- ABM signed an option to purchase the established operations for US\$8.0 million in November, 1997.
- Assets were previously operated by Sydvaranger ASA, a company 87%-owned by the Norwegian Government.
- US\$470 million were spent on plant by former owners during the past 15 years.
- Resources are sufficient for more than 16 years of production at a rate of 2.25 million tonnes of pellets a year, based on a feasibility study by Behre Dolbear (Toronto).
- High-grade magnetite concentrate production is possible, depending on market conditions.

Mr. Kunz said that the proposed merger with ABM provides important benefits for Ivanhoe Mines in terms of significantly higher sales revenues, global and commodity diversification and operational synergies. "With precious metal prices still under pressure, ABM offers Ivanhoe shareholders a high-quality, low-cost iron ore producer with current resources for more than 15 years of production. We are also very excited about ABM's significant potential for production of vanadium and magnesium-oxide-based products. Addition of these high-value products would establish the Savage River complex as a leading, niche producer of export commodities."

The proposed transaction contemplates Ivanhoe Mines issuing common shares to ABM shareholders in a ratio that will result in ABM shareholders receiving shares representing approximately 40% of the merged entity. The proposed merger will be a "related party transaction" for the purposes of applicable securities laws. Robert M. Friedland, a major shareholder of both ABM and Ivanhoe Mines, will be the largest shareholder of the new entity. A committee of independent members of Ivanhoe Mines' board will commission an independent valuation of the merger as part of its preparation of a recommendation to Ivanhoe's shareholders. The transaction is targeted for completion in September, 2000. Completion is subject to regulatory approval and approval by a majority of Ivanhoe Mines' minority shareholders.

Ivanhoe Mines is a public Canadian mining company with diverse production, development and exploration projects in the Asia-Pacific region. The company's shares trade on the Toronto and Australian stock exchanges under the symbol IVN. Ivanhoe Mines had revenues of US\$20.6 million in 1999, representing its 50%-share of copper sales from the S&K Copper Mine in Myanmar. S&K, which began production in November, 1998, is producing about 64 million pounds of cathode copper a year, with an expansion to 77 million pounds a year currently under construction. Cash operating costs at S&K in 1999 were approximately US\$0.28 a pound, making S&K one of the lowest-cost primary copper mines in the world.

The S&K Mine is the first phase of the Monywa Copper Project, a 50/50 joint venture between Ivanhoe Mines and Mining Enterprise No. 1, a state-owned company. The second phase is the planned development of the Letpadaung deposit, located 10 kilometres south of the S&K Mine. The Letpadaung deposit is approximately five times larger than S&K. A recent Technical Development Study, prepared by Minproc Ltd., contemplates construction of an open-pit, heap-leach, SX/EW mine at Letpadaung, with a planned production rate of up to 275 million pounds of cathode copper a year and with a flow sheet, metallurgy and process design similar to the S&K Mine.

Ivanhoe Mines has a 70% interest in the Bakyrchik Gold Project in Kazakhstan, and is also the largest shareholder in Emperor Mines Limited, with an interest of 18.1%. Emperor owns and operates the Emperor Gold Mine in Fiji, which produced almost 125,000 ounces of gold last year. Ivanhoe is also exploring for gold and base metal deposits in Indonesia, South Korea, Myanmar and Mongolia.

Ivanhoe Mines has 74.4 million shares outstanding and had a cash balance of approximately US\$45.3 million at May 31, 2000.

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