



**IVANHOE
MINES**

For Immediate Release

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**IVANHOE MINES COMPLETES FINAL DEVELOPMENT PLAN
FOR MONYWA'S LETPADAUNG COPPER DEPOSIT**

SINGAPORE — Robert M. Friedland, Chairman of Ivanhoe Mines, is pleased to announce the completion of a final, comprehensive Development Plan commissioned for the Letpadaung copper deposit, the second phase of the large Monywa Project in Myanmar. The Plan, prepared by Minproc Limited, of Australia, estimates annual production of 125,000 tonnes (276 million pounds) of cathode copper beginning in April, 2003, with minegate cash operating costs of 35 cents (US) a pound over the projected 20-year mine plan.

The Development Plan was prepared for Myanmar Ivanhoe Copper Company Limited (MICCL), a 50/50 joint venture between Ivanhoe Mines and No. 1 Mining Enterprise, a state-owned company. The Plan expands on the March, 1997, Feasibility Study prepared by Minproc in collaboration with Mineral Resources Development Inc., of California, which also completed a resource estimate and open pit design.

The Development Plan incorporates the benefits of MICCL's experience obtained from the development, construction and operation of the S&K Mine. S&K, located 10 kilometres north of Letpadaung, has produced approximately 40,000 tonnes (88 million pounds) of cathode copper from the Sabetaung deposit since heap leach, solvent extraction and electrowinning (SX/EW) operations began there in November, 1998. To date, minegate production costs at the S&K Mine have averaged approximately 28 cents (US) a pound. (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).

Mr. Friedland said that Minproc's Development Plan confirms that Letpadaung is a very robust project. "Our success in implementing the low-cost, heap-leach, SX/EW technology that we employ at the nearby S&K mine explains why Letpadaung is widely recognized as one of the best undeveloped copper projects in the world. The development of Letpadaung is the logical next step at the Monywa Copper Project."

Ivanhoe Mines has spent approximately US\$23 million on exploration and development at Letpadaung since obtaining exploration rights to the deposit in 1994. The company has drilled a total of 533 holes totaling approximately 112,000 metres. Of these, 304 were

exploration holes drilled in 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.

The total resource at Letpadaung, as estimated by Minproc and based on the resource classification criteria of the Australian code for reporting of mineral resources and ore reserves (JORC 1999), is 1.478 billion tonnes at an average grade of 0.38% copper. Within this resource, Minproc estimates probable ore reserves at 804 million tonnes at an average grade of 0.43% copper using a 0.10% copper cut-off grade. The reserve pit also contains 111 million tonnes of inferred mineralization that is above the reporting cut-off, a portion of which could be upgraded to the reserve category if in-fill drilling confirms grade continuity.

Minproc estimates that the pre-production capital cost to develop Letpadaung will be US\$389 million. Based on a copper price of 85 cents (US) a pound, and a 10% discount factor, the net present value of the project after repayment of capital costs as calculated by Minproc is US\$258 million. At US\$1.00 a pound copper, Minproc estimates that the net present value rises to US\$501 million.

The optimized mine plan is based on conventional open-cut, truck-and-shovel mining, followed by heap leaching a combination of crushed and uncrushed run-of-mine ore, and SX/EW copper recovery. Australian environmental standards, among the most stringent in the world, have been adopted in the design of the project. At full production, Letpadaung is expected to produce LME Grade A cathode copper at a rate of 125,000 tonnes (277 million pounds) a year, bringing the total projected copper production at Monywa to 160,000 tonnes (353 million pounds) a year.

Ivanhoe Mines is responsible for arranging project financing for Letpadaung. Subject to financing and government approval, copper production from Letpadaung is expected to commence in April, 2003.

Ivanhoe Mines has 74.4 million shares outstanding and had a cash balance of approximately US\$45.8 million at April 30, 2000. The company's shares trade on the Toronto and Australian stock exchanges under the symbol IVN.

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