



IVANHOE MINES

FOR IMMEDIATE RELEASE

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IVANHOE MINES SIGNS EARN-IN AGREEMENT WITH BHP FOR TURQUOISE HILL COPPER/GOLD PROSPECT IN MONGOLIA

Singapore – Robert M. Friedland, Chairman of Ivanhoe Mines Ltd., is pleased to announce that the company has signed an agreement with The Broken Hill Proprietary Company Limited (BHP), which gives Ivanhoe the right to earn a 100% interest in the Turquoise Hill (Oyu Tolgoi) copper/gold discovery in the South Gobi area of Mongolia. Ivanhoe's earn-in rights are subject to BHP's limited back-in rights.

Ivanhoe Mines may assume all rights to the project by spending a total of US\$6 million on exploration over seven years and paying BHP US\$5 million.

The Turquoise Hill licence area covers 1,120 square kilometres in southern Mongolia. It is approximately 650 kilometres south of the capital city of Ulaan Bataar, 80 kilometres north of the Chinese border and accessible by road from the provincial centre of Dalandzadgad.

BHP, based in Melbourne, Australia, is one of the world's largest resources companies. BHP spent approximately US\$2 million from 1996 to 1998 on exploration at the Turquoise Hill property. The work included detailed geophysical, geochemical and geological mapping, as well as drilling 23 widely-spaced diamond holes within a five-square-kilometre area. Present indications are that the prospect contains copper and gold mineralization in three main zones, identified as Central Oyu, South Oyu and North Oyu. Douglas Kirwin, Ivanhoe Mines' Senior Vice-President, Exploration, believes there is excellent potential for the discovery of additional zones of both primary copper/gold and secondary copper mineralization.

Mr. Friedland said that Ivanhoe's initial exploration program at Turquoise Hill will consist of 4,000 metres of reverse circulation drilling to test the oxide copper potential, beginning this month. The program will focus on three principal objectives that can be readily assessed by drilling. They are 1) the project's potential to host a large, long-life secondary copper deposit amenable to open pit mining and the low-cost, high-efficiency SX-EW recovery process that Ivanhoe has successfully established at its 50%-owned Monywa Copper Project in Myanmar; 2) bulk mineable, heap-leachable gold resources in the leached cap zones; and 3) primary copper and gold mineralization associated with porphyry systems.

During the initial three-year earn-in period, Ivanhoe Mines will explore on the prospect using reconnaissance, diamond drilling and reverse circulation drilling to test the copper-gold mineralized anomalies in the North, South, and Central Oyu sections and extended target areas. Minimum exploration expenditures during each year of the initial earn-in period are projected to be:

- US\$500,000 in the first year;
- US\$1,000,000 in the second year; and
- US\$1,500,000 in the third year.

If Ivanhoe Mines decides to exercise its earn-in rights after completing the required exploration expenditures, it will be required to make cash payments to BHP of US\$1 million at the earn-in date and US\$4 million one year later. Ivanhoe also will be required to undertake a second-phase exploration program on the project, with expenditures totalling US\$3 million over a period of four years, of which US\$1.5 million will be applied to exploration outside the Central Oyu chalcocite resource area.

If, at any time prior to the completion of the second-phase exploration program, the parties believe, based on the exploration results obtained, that a significant mineralized occurrence has been identified at the project, BHP will have the right to re-purchase a participating interest in that portion of the project based on the nature and scope of the deposit, as follows:

- If the significant mineralized occurrence contains a potential resource of copper mineralization of at least 250 million tonnes grading 1.0% copper or more, which can be processed using the SX-EW leaching recovery method, BHP will have a right to re-purchase a participating interest of 40%.
- If the significant mineralized occurrence contains a potential resource of copper mineralization of at least 300 million tonnes grading 1.0% copper or more, which can be processed using conventional recovery methods, BHP will have a right to re-purchase a participating interest of 60%.

If BHP exercises its back-in rights, BHP will pay Ivanhoe Mines a cash sum equal to three times the total amount spent by Ivanhoe on the project to that date, including all amounts incurred by Ivanhoe to carry out the first-and second-phase exploration programs. BHP also will reimburse Ivanhoe for its purchase payment if the target is within the area of mineralization that was known to BHP when the earn-in agreement took effect. Ivanhoe and BHP will then form a joint venture to explore and, if warranted, develop and operate one or more mines at the project.

If BHP does not exercise its back-in rights, it will retain a 2% net-smelter-returns royalty on all future production from the project.

Ivanhoe Mines has extensive mining interests throughout Central and Southeast Asia. Ivanhoe's 50%-owned Monywa copper project in Myanmar is successfully producing LME Grade A cathode copper at a current, annual production rate of about 29,000 tonnes. Work is underway on a planned expansion to 35,000 tonnes. Cash operating costs at Monywa are approximately 28 cents (US) per pound of copper, making it one of the world's lowest-cost

copper mines. Ivanhoe is also conducting exploration on prospects in Indonesia, Myanmar and South Korea.

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

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