

IVANHOE MINES LTD.

For Immediate Release

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IVANHOE MINES REPORTS STRONG SECOND QUARTER PRODUCTION FROM S&K COPPER MINE

SINGAPORE – Robert M. Friedland, Chairman, and R. Edward Flood, Deputy Chairman, announced today that copper production from the S&K Mine in Myanmar totalled 6,603 tonnes in second quarter of 1999, an increase of seven percent over the mine's first quarter production of 6,181 tonnes. Production of LME Grade A cathode copper for the first six months of 1999 totalled 12,784 tonnes, for an annualized rate of more than 25,500 tonnes.

Financial results for the second quarter will be released within a month.

“The S&K Mine is performing very well.” Mr. Friedland said, “Copper production continues to exceed the design rate of 25,000 tonnes a year and the mine has already established itself as one of the lowest-cost copper producers in the world. Based on the early success of the project, we expect to soon begin the first of a series of planned expansions at the mine aimed at increasing copper production by an estimated 40%, to 35,000 tonnes a year.”

The S&K mine is operated by Myanmar Ivanhoe Copper Company Limited (MICCL), a 50/50 joint venture between Ivanhoe Mines and Mining Enterprise No. 1, a state-owned company. Current estimates indicate that the proposed initial 40% expansion in production can be achieved for an investment of approximately US\$7.5 million. The expansion is expected to be submitted to the board of directors of MICCL for approval within the next few months.

Ivanhoe Mines shares trade on the Toronto and Australian stock exchanges under the symbol IVN.

For further information, please contact:

Investors: Bill Trenaman

Media: Bob Williamson

North America: 604.688.5755

Web site: www.ivanhoemines.com

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 expected future production 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.