



August 14, 2008

Ivanhoe Mines issues financial results and review of operations for the second quarter of 2008

Subsidiaries SouthGobi Energy Resources and Ivanhoe Australia achieve notable milestones

SINGAPORE – Ivanhoe Mines Ltd. today announced its results for the second quarter that ended June 30, 2008.

Commenting on the results for the quarter, and subsequent events in recent weeks, Executive Chairman Robert Friedland said SouthGobi Energy Resources and Ivanhoe Australia had achieved notable milestones in the implementation of a strategy previously announced by Ivanhoe management to daylight value for shareholders from mineral resource projects that had been assembled within the Ivanhoe Mines corporate portfolio of assets and supported through direct investments.

“We have seen SouthGobi Energy Resources, our 79%-owned subsidiary, become the newest coal producer in Mongolia and report impressive, ongoing exploration success, greatly increasing its high-quality coal resources as it prepares to make its first export shipments to buyers in China,” Mr. Friedland said.

“It is a natural extension of our strategy to apply the SouthGobi Energy development model to our copper, gold and uranium assets in Australia, where we have just completed an initial public offering of our Australian assets on the Australian Stock Exchange. Investors have provided us with the capital that will advance the Swan-Mount Elliott, Mount Dore and Starra Line iron-oxide copper-gold discoveries and development projects in the historic Mount Isa-Cloncurry mineral district over the next two years. We believe that Ivanhoe Australia will become a significant copper and gold producer in a district that also has significant additional potential for uranium, zinc, silver and cobalt. Ivanhoe Australia shares now are trading on the Australian Stock Exchange under the symbol IVA. We are looking forward to the release of independent, JORC-compliant resource estimates in coming weeks.

“We set out to daylight asset value this year. The achievements during the second quarter and in subsequent weeks – including the sale of our interest in the Chinese gold producer Jinshan Gold Mines in May, which produced a gain of US\$201 million – have demonstrated our commitment to the strategy. Ivanhoe Australia and SouthGobi Energy Resources also have benefited by gaining access to global capital markets and investors focused on Asian coal and Australian assets. ”

OTHER HIGHLIGHTS

- Ivanhoe Mines completed sufficient exploration work to meet the US\$35 million threshold spending required to form an 80%-20% joint venture with Entrée Gold on mineralized ground adjoining Ivanhoe’s Oyu Tolgoi copper-gold discoveries in Mongolia.
- Ongoing exploration continued to expand the scope and scale of the Heruga copper-gold-molybdenum deposit that has been discovered on the Ivanhoe-Entrée JV ground south of Oyu

Tolgoi. Current exploration drilling is expanding the Heruga Deposit to the north, onto ground held 100% by Ivanhoe Mines.

- SouthGobi Energy Resources, Ivanhoe Mines' 79%-owned subsidiary, began mining high-quality coal at its new Ovoot Tolgoi open-pit mine in southern Mongolia and is preparing to make its first shipment to a customer in China. SouthGobi reported a major increase in its independently verified, 43-101-compliant, Mongolian coal resource on July 31.
- An initial public offering of shares in subsidiary Ivanhoe Australia was completed August 1, attracting investments totalling A\$125 million. Ivanhoe Australia's stock began trading on the Australian Stock Exchange on August 6.
- Ivanhoe Mines and its Kazakh partners are continuing their efforts to create a new mining and exploration company, Altynalmas Gold Ltd., to carry out ongoing development of the Bakyrchik Gold Project and acquire additional gold assets in Kazakhstan.

MONGOLIA: Ivanhoe Mines' Oyu Tolgoi Copper-Gold Project

Joint venture to develop adjoining ground to be formed with Entrée Gold

In June 2008, the US\$35 million earn-in amount was reached on the Entrée Gold-Ivanhoe Mines joint-venture agreement areas, which include the Heruga Deposit discoveries south of Ivanhoe Mines' Southern Oyu Deposits at Oyu Tolgoi. Ivanhoe Mines now has earned a participating interest of 80% in all minerals extracted below a sub-surface depth of 560 metres on the optioned property and a 70% participating interest in all minerals extracted from surface to a depth of 560 metres. An 80%-20% Ivanhoe-Entrée joint venture is being formed. Ivanhoe Mines directly held approximately 14.7% of the issued and outstanding share capital of Entrée Gold, in addition to the earn-in rights, at June 30, 2008.

During Q2'08, Ivanhoe Mines completed 6,820 metres of drilling on the Heruga Deposit. Heruga remains open at both ends, with the latest drilling extending the mineralization north to the southern border of the Ivanhoe Mines' Oyu Tolgoi mining licence. Possible extensions on Ivanhoe Mines' ground are being explored.

Oyu Tolgoi underground development proceeding

The current focus at Oyu Tolgoi is the underground mine development on the 1,300-metre level off Shaft No. 1. Mining advanced a total of 342 metres during the second quarter. The two parallel access tunnels being excavated have covered a distance of 250 metres, one-third of the way toward the Hugo Dummett North high-grade copper and gold ore body. The tunnels will provide miners, drillers and technicians with access to the ore body for further exploration and geotechnical work.

Safety performance was very good, with no lost-time injuries during the quarter. The focus continues to be on safety awareness and job training of the Mongolian underground crews.

During Q2'08, engineering and procurement activities for the concentrator, infrastructure and underground mine continued to progress. The engineering and equipment schedules support the planned construction schedule. Engineering for the coal-fired power plant is underway.

Completion of Oyu Tolgoi Investment Agreement expected to be priority for new Mongolian government

The negotiation of an acceptable Investment Agreement with the Government of Mongolia for the development of Oyu Tolgoi remains a continuing priority for the Company.

The June 29 national election in Mongolia resulted in a majority mandate for the governing Mongolian People's Revolutionary Party (MPRP). Ivanhoe Mines believes that negotiation of a long-sought Investment Agreement will resume after a new cabinet is appointed and the first session of the new Parliament begins.

Various proposed revisions to the Minerals Law were introduced in Parliament earlier this year, but no vote was held before the recess of the spring session of Parliament shortly before the June general election. Consideration of possible Minerals Law amendments is expected to be on the agenda for the new Parliament later this year. Ivanhoe Mines is optimistic that discussions that were held with the Prime Minister and members of the former cabinet before the election will continue once the new Government takes office and the review of the Minerals Law is completed.

Earlier this year, Ivanhoe Mines notified the Government of potential adverse impacts on the costs and schedule for the Oyu Tolgoi Project that would result from delays in securing an approved Investment Agreement. A final Investment Agreement also remains subject to approvals by the respective Boards of Directors of Ivanhoe Mines and Rio Tinto.

MONGOLIA & INDONESIA: SouthGobi Energy Resources' Coal Mining and Development Projects

SouthGobi ready to start deliveries from Ovoot Tolgoi open-pit coal mine in Mongolia

SouthGobi mined approximately 250,000 tonnes of coal at its new Ovoot Tolgoi mine in southern Mongolia during the second quarter. A truck transportation fleet has been assembled and is ready to start coal deliveries to customers in China during the current third quarter.

The Ovoot Tolgoi mine is 45 kilometres north of Mongolia's border with China. A Chinese consortium already has built a railway line to Ceke, on the Chinese side of the border, where a major, automated, railcar bulk-loading facility opened last year. The Mongolian Government is formally transforming the border point at Ceke into a full-time crossing, facilitating deliveries of Ovoot Tolgoi coal to customers in China. SouthGobi has purchased an automated, 150-tonne scale to be set up at the border to expedite coal-truck clearances.

Major increases in coal resources at SouthGobi's Ovoot Tolgoi Mine

On July 31, 2008, SouthGobi announced that an independent estimate compliant with National Instrument 43-101 had sharply increased resources at Ovoot Tolgoi. The new report shows that Ovoot Tolgoi's West Field now contains measured plus indicated coal resources of 193.2 million tonnes, with an additional inferred resource of approximately 138.8 million tonnes of coal. A similar exploration and development program will be applied to the South-East Field surface and underground areas at Ovoot Tolgoi in the 2009 exploration program.

The new resource estimate for the West Field resources, combined with the previously identified resources in the South-East Field, bring total Ovoot Tolgoi surface resources to 258.9 million tonnes of measured plus indicated coal resources, an increase of 73% over the 149.6 million tonnes previously reported, with an additional inferred coal resource of approximately 145.3 million tonnes, an increase of 399% over the 29.1 million tonnes previously reported.

Sumber Project a new coal discovery near Ovoot Tolgoi

In June 2008, SouthGobi announced that it had intersected significant thicknesses in near-surface seams of high-quality coking and thermal coal, including one intercept of 51.5 metres, at the new Sumber Coal Project. The Sumber Project is comprised of N, O and E Fields. Sumber starts 16 kilometres east of Ovoot Tolgoi and stretches for approximately 18 kilometres to the east. Eleven coal seams have been identified.

Open-pit coal mine planned for Mamahak Project in Indonesia

In April 2008, SouthGobi signed a joint venture agreement with Score Resources Ltd. to explore and develop the Mamahak coal project in East Kalimantan, Indonesia. Through its participation in the joint venture, SouthGobi has commenced the development of a "green fields" surface coal deposit in four concessions covering 26,065 hectares. SouthGobi has a 56% interest in Mamahak, with provisions to increase its interest to 100%. The Mamahak Project is ideally located to supply the Japanese, Korean, Indian and Chinese coastal markets.

The 2008 drilling program has identified direct shipping, semi-soft coking coal amenable to surface mining. While further drilling is ongoing, work to date on a 4,996-hectare portion of the MCM concession supports SouthGobi's objective to develop an open-pit mining operation.

The intent of the drilling program is to determine down-dip continuity, thickness variations, coal quality and structure. The close proximity of the Mahakam River, within 26 kilometres of the MCM concession, has established this area as the priority location for initial project development. Future exploration is still required on the remaining three concession areas to fully assess the ultimate potential for the entire project.

AUSTRALIA: Ivanhoe Australia successfully completed A\$125 million IPO

Financing to facilitate development of iron-oxide copper-gold discoveries in northwestern Queensland

On August 5, 2008, Ivanhoe Mines announced the completion of subsidiary Ivanhoe Australia's A\$125 million initial public offering (IPO). The offering, which was heavily supported by investors in the United States, Canada and Asia, raised capital for the ongoing exploration and development of Ivanhoe Australia's extensive tenements that cover 2,250 square kilometres in the Mount Isa-Cloncurry mineral district in northwest Queensland – one of the world's richest mineral-producing regions.

Ivanhoe Australia's current focus is on the preparation of development studies for its iron-oxide copper-gold (IOCG) discoveries at three key projects: Mount Elliott, Mount Dore and the Starra Line. A high-grade IOCG zone has been delineated at the Mount Elliott Project within a major copper-gold system. An infill-drilling program at the Mount Dore project is delineating a large oxide-copper resource and evaluating its suitability for heap-leach, solvent extraction-electrowinning processing – as well as testing deeper, polymetallic and copper-gold sulfide mineralization. Re-evaluation of the previous copper-gold mines on the Starra Line is underway. Independent, JORC-compliant estimates of the mineral resources identified to date at the three projects are expected to be completed during the current, third-quarter. Significant uranium potential also has been identified in the company's northern and central tenements, consistent with the results of previous operators, including Rio Tinto.

The IPO consisted of 62.5 million new shares at an offer price of A\$2.00 per share. A A\$38.4 million portion of the IPO proceeds will be used to partially repay Ivanhoe Australia's A\$91.0 million inter-company loan received from Ivanhoe Mines.

Ivanhoe Australia, now 82.9% owned by Ivanhoe Mines, commenced trading on the Australian Stock Exchange on August 6 under the symbol IVA.

KAZAKHSTAN: Construction advancing on Ivanhoe Mines' Bakyrchik Gold Project

Bakyrchik Gold Project to be vended into new gold company to be formed by Ivanhoe and Kazakh partners

Ivanhoe, which currently holds a 70% interest in the Bakyrchik Gold Project in northeastern Kazakhstan, has an agreement with several Kazakh strategic partners to consolidate 100% ownership of the project and other gold mining assets in Kazakhstan in a new mining and exploration company, Altynalmas Gold Ltd. Completion of the combination transaction is subject to various regulatory approvals in Kazakhstan.

Work is continuing on the construction of the demonstration plant, which is expected to be completed by the end of Q3'08. Commissioning is scheduled to start in Q4'08. This plant is expected to process 100,000 tonnes of ore per annum, using roasting to oxidize the ore, followed by conventional grinding and cyanidation.

CHINA: Gain of US\$201 million from sale of Ivanhoe Mines' stake in Jinshan Gold Mines

Ivanhoe Mines recorded a gain of US\$201.4 million on the sale of its interest in Jinshan Gold Mines in May 2008. Ivanhoe's entire 42% ownership stake in Jinshan, one of the largest foreign gold producers in China, was sold to China National Gold Group Corporation of Beijing, and its financial partners, at a price of C\$3.11 per share, and the Jinshan promissory note of C\$7.5 million, for proceeds of C\$217.7 million.

In Q2'08, Ivanhoe Mines exercised its remaining Jinshan warrants and purchased 1.5 million common shares of Jinshan at C\$2.50 for a total cost of C\$3.75 million.

FINANCIAL RESULTS (all figures are in U.S. dollars, unless specified in another currency)

Ivanhoe Mines is engaged primarily in exploration activities, although a significant portion of its expenditures relate directly to development work at its Oyu Tolgoi Project. Exploration costs are charged to operations in the period incurred and often constitute the bulk of Ivanhoe Mines' operating loss for that period. It is expected that Ivanhoe Mines will commence capitalizing Oyu Tolgoi development costs once an Investment Agreement is finalized with the Government of Mongolia.

In Q2'08, Ivanhoe Mines recorded net income of \$127.5 million (or \$0.34 per share (basic)), compared to a net loss of \$74.2 million (or \$0.20 per share (basic)) in Q2'07, representing a \$202.4 million increase. This increase was the result of the \$201.7 million gain on sale of long-term investments recognized by Ivanhoe Mines on the sale of its interest in Jinshan Gold Mines Inc. Offsetting this gain was \$67.3 million in exploration expenses, a decrease of \$11.9 million from Q2'07. Included in exploration expenses are shaft sinking and engineering and development costs for the Oyu Tolgoi Project that have been expensed and not capitalized. Results for Q2'08 also were affected by \$7.5 million in general and administrative expenses, \$2.5 million in accretion expense and \$4.2 million in interest expense on the convertible credit facility, and \$9.2 million in income from discontinued operations.

In Q2'08, Ivanhoe Mines expensed \$67.3 million in exploration and development activities, compared to \$79.1 million in Q2'07. In Q2'08, Ivanhoe Mines' exploration activities were focused on the Oyu Tolgoi Project and the Cloncurry Project in Queensland, Australia. The majority of the \$67.3 million was spent on the Mongolian projects (\$53.4 million), as well a significant amount at Cloncurry (\$10.8 million).

SELECTED QUARTERLY DATA

(\$ in millions of U.S. dollars, except per share information)

	Quarter Ended			
	Jun-30 2008	Mar-31 2008	Dec-31 2007	Sep-30 2007
Exploration expenses	(\$67.3)	(\$57.3)	(\$96.6)	(\$74.8)
General and administrative	(7.5)	(6.8)	(9.0)	(7.0)
Share of income from investment held for sale	-	-	-	-
Foreign exchange gains (losses)	(1.0)	(1.3)	2.3	2.1
Gain on sale of long-term investments	201.4	-	-	-
Net income (loss) from continuing operations	118.3	(69.6)	(265.5)	(90.0)
Income from discontinued operations	9.2	6.0	11.9	6.8
Net income (loss)	127.5	(63.6)	(253.6)	(83.1)
Net income (loss) per share - basic				
Continuing operations	\$0.32	(\$0.19)	(\$0.71)	(\$0.24)
Discontinued operations	\$0.02	\$0.02	\$0.04	\$0.02
Total	\$0.34	(\$0.17)	(\$0.67)	(\$0.22)
Net income (loss) per share - diluted				
Continuing operations	\$0.29	(\$0.19)	(\$0.71)	(\$0.24)
Discontinued operations	\$0.02	\$0.02	\$0.04	\$0.02
Total	\$0.31	(\$0.17)	(\$0.67)	(\$0.22)

	Quarter Ended			
	Jun-30 2007	Mar-31 2007	Dec-31 2006	Sep-30 2006
Exploration expenses	(\$79.1)	(\$53.5)	(\$70.4)	(\$67.3)
General and administrative	(5.9)	(5.2)	(8.9)	(6.9)
Share of income from investment held for sale	-	0.4	7.4	9.0
Foreign exchange gains (losses)	6.7	0.8	(3.7)	(0.4)
Gain on sale of long-term investments	-	1.0	2.7	-
Net (loss) from continuing operations	(78.7)	(55.4)	(73.5)	(68.0)
Income from discontinued operations	4.6	8.6	4.8	1.5
Net (loss)	(74.2)	(46.8)	(68.7)	(66.5)
Net (loss) income per share - basic				
Continuing operations	(\$0.21)	(\$0.15)	(\$0.21)	(\$0.20)
Discontinued operations	\$0.01	\$0.02	\$0.01	\$0.00
Total	(\$0.20)	(\$0.13)	(\$0.20)	(\$0.20)
Net (loss) income per share - diluted				
Continuing operations	(\$0.21)	(\$0.15)	(\$0.21)	(\$0.20)
Discontinued operations	\$0.01	\$0.02	\$0.01	\$0.00
Total	(\$0.20)	(\$0.13)	(\$0.20)	(\$0.20)

Ivanhoe Mines' results for the three and six months ended June 30, 2008, are contained in the Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations, available on the SEDAR website at www.sedar.com and Ivanhoe Mines' website at www.ivanhoemines.com.

Ivanhoe Mines' shares are listed on the Toronto, New York and NASDAQ stock exchanges under the symbol IVN.

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Forward-looking statements

Certain statements made herein, including statements relating to matters that are not historical facts and statements of our beliefs, intentions and expectations about developments, results and events which will or may occur in the future, which constitute "forward-looking information" within the meaning of applicable Canadian securities legislation and "forward-looking statements" within the meaning of the "safe harbor" provisions of the *United States Private Securities Litigation Reform Act of 1995*. Forward-looking information and statements are typically identified by words such as "anticipate," "could," "should," "expect," "seek," "may," "intend," "likely," "plan," "estimate," "believe" and similar expressions suggesting future outcomes or statements regarding an outlook. These include, but are not limited to, statements respecting anticipated business activities; planned expenditures; corporate strategies; proposed acquisitions and dispositions of assets; discussions with third parties respecting material agreements; the expected timing and outcome of Ivanhoe Mines' discussions with representatives of the Government of Mongolia for an Investment Agreement in respect of the Oyu Tolgoi Project; the commencement of coal deliveries from SouthGobi Energy's Ovoot Tolgoi coal mine, the development of an open-pit mining operation at SouthGobi Energy's Mamahak coal project, the construction of the rotary-kiln demonstration plant at the Bakyrchik Gold Project, the success of the resource delineation and exploration programs at Ivanhoe Australia's Cloncurry project, the impact of amendments to the laws of Mongolia and other countries in which Ivanhoe Mines carries on business; and other statements that are not historical facts.

All such forward-looking information and statements are based on certain assumptions and analyses made by Ivanhoe Mines' management in light of their experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. These statements, however, are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information or statements. Important factors that could cause actual results to differ from these forward-looking statements include those described under the heading "Risks and Uncertainties" elsewhere in this release. The reader is cautioned not to place undue reliance on forward-looking information or statements.

This release also contains references to estimates of mineral reserves and mineral resources. The estimation of reserves and resources is inherently uncertain and involves subjective judgments about many relevant factors. The accuracy of any such estimates is a function of the quantity and quality of available data, and of the assumptions made and judgments used in engineering and geological interpretation, which may prove to be unreliable. There can be no assurance that these estimates will be accurate or that such mineral reserves and mineral resources can be mined or processed profitably. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Except as required by law, the Company does not assume the obligation to revise or update these forward-looking statements after the date of this document or to revise them to reflect the occurrence of future unanticipated events.