

November 18, 2016

## **Ivanhoe Mines and Zijin Mining sign landmark agreement to transfer an additional 15% interest in the Kamo-Kakula Copper Project to the government of the Democratic Republic of Congo**

### **Agreement concludes four years of negotiation and confirms the support and the desire of the DRC to be a prominent partner in the building of the world-scale Kamo-Kakula Copper Project**

**KINSHASHA, DEMOCRATIC REPUBLIC OF CONGO —** Robert Friedland, Executive Chairman of Ivanhoe Mines (TSX: IVN; OTCQX: IVPAF), and Lars-Eric Johansson, Chief Executive Officer, announced today that Ivanhoe and its joint-venture partner, Zijin Mining Group Co., Ltd., have signed a landmark agreement that confirms the support and desire of the government of the Democratic Republic of Congo (DRC) to be a prominent partner in the development of the Kamo-Kakula Copper Project.

The agreement, which was signed in Kinshasa, DRC, by the Minister of Mines and Minister of Portfolio on November 11, 2016, transfers an additional 15% interest in the Kamo-Kakula Copper Project to the DRC government, increasing its total stake in the project to 20%. As a result of the transaction, Ivanhoe Mines and Zijin each hold an indirect 39.6% interest in the Kamo-Kakula Copper Project while Crystal River Global Limited holds an indirect 0.8% interest and the DRC Government holds a direct 20% interest in the Kamo-Kakula Copper Project.

“This is a historically significant event for the people of the Democratic Republic of Congo,” said Mr. Friedland. “We now are united as partners committed to working closely together toward our shared objective of ensuring that the major copper discoveries we have made at Kamo and Kakula during the past eight years can be predictably, efficiently and expeditiously developed into a world-scale mining venture with a lifespan of multiple generations.”

Mr. Johansson said the agreement “paves the way to fulfil Kamo-Kakula’s promise of decades of substantial, long-lasting, economic and social benefits for the Congolese people and the strengthening of the national government’s capacity to support the development of international trade and building of the country.”

**Agreement highlights include:**

- **Kamo Holding Limited (Kamo Holding) will transfer 300 Class A shares in the capital of Kamo Copper SA (Kamo Copper) – representing 15% of Kamo Copper’s share capital – to the DRC government, in consideration for a nominal cash payment and other guarantees from the DRC government summarized below. In addition, the DRC owns 100 non-dilutable Class B shares, representing 5% of Kamo Copper’s share capital.**

- The parties agreed that the 300 Class A shares shall be non-dilutable until the earlier of (i) five years from the date of the first commercial production and (ii) the date on which the DRC government ceases to hold all of its 300 Class A shares.
- Kamoia Holding undertakes to provide all shareholder loans to Kamoia Copper and/or procure financing from third parties for the development of the Kamoia-Kakula Copper Project. The interest on all shareholder loans will be LIBOR plus 7 percent.
- The parties acknowledge that they shall not be entitled to any dividends from Kamoia Copper prior to the repayment of 80% of all shareholder loans, currently totaling US\$452 million, and 100% of any financing provided by a third party.
- The Kamoia-Kakula Copper Project will be developed with the full support of the DRC government.
- The DRC government has reaffirmed Kamoia Copper's mineral tenements and has guaranteed that the Kamoia-Kakula Copper Project will not be subject to any taxes or duties other than those legally required by the applicable statutory and regulatory provisions for the life of the project.
- At Kamoia Copper's request and subject to the satisfaction of the applicable conditions, the DRC will provide its assistance in obtaining the advantages contemplated by the DRC's special law – No. 14/005, enacted to facilitate Sino-Congolese cooperation – relating to the tax, customs, parafiscal tax, non-tax revenues and currency exchange regime applicable to cooperation projects.
- Kamoia Holding will have a pre-emptive right, and right of first refusal, to purchase any or all of the DRC's shares in Kamoia Copper should the DRC wish to directly or indirectly sell, transfer or otherwise dispose of any or all of its shares.
- The agreement will be governed by the laws of the DRC. Any dispute will be subject to binding arbitration, conducted in the French language, in Paris, France, in full accordance with the Convention on the Settlement of Investment Disputes between States and Nationals of Other States. An arbitral decision will be subject to enforcement under the New York Convention of 1958, to which the DRC is a contracting party.

## About Ivanhoe Mines

Ivanhoe Mines is advancing its three principal projects in Sub-Saharan Africa: Mine development at the **Platreef** platinum-palladium-gold-nickel-copper discovery on the Northern Limb of South Africa's Bushveld Complex; mine development and exploration at the **Kamoia-Kakula** Copper Project on the Central African Copperbelt in the DRC; and upgrading at the historic, high-grade **Kipushi** zinc-copper-lead-germanium mine, also on the DRC's Copperbelt. For details, visit [www.ivanhoemines.com](http://www.ivanhoemines.com).

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## Cautionary statement on forward-looking information

Certain statements in this release constitute “forward-looking statements” or “forward-looking information” within the meaning of applicable securities laws, including without limitation: (i) the impact of the share transfer agreement on the development of the project and the partnership with the DRC going forward; (ii) the application of taxes and duties to the Kamoa-Kakula Copper Project; (iii) the support of the government of the DRC to the development of the Kamoa-Kakula Copper Project; (iv) the future application of law no. 14/005; and (v) the structure, terms and treatment of shareholder loans and dividends relating to Kamoa Copper. Such statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. Such statements can be identified by the use of words such as “may”, “would”, “could”, “will”, “intend”, “expect”, “believe”, “plan”, “anticipate”, “estimate”, “scheduled”, “forecast”, “predict” and other similar terminology, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. These statements reflect the company’s current expectations regarding future events, performance and results and speak only as of the date of this release.

With respect to this specific forward-looking information included in this release, the company has based its assumptions and analysis on certain factors that are inherently uncertain. Uncertainties include among others: (i) the adequacy of infrastructure; (ii) geological characteristics; (iii) metallurgical characteristics of the mineralization; (iv) the ability to develop adequate processing capacity; (v) the price of copper; (vi) the availability of equipment and facilities necessary to complete development; (vii) the cost of consumables and mining and processing equipment; (viii) unforeseen technological and engineering problems; (ix) accidents or acts of sabotage or terrorism; (x) currency fluctuations; (xi) changes in governments, and in laws, regulations or their application; (xii) the availability and productivity of skilled labour; (xiii) the regulation of the mining industry by various governmental agencies; and (xiv) political factors.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indicators of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed here, as well as unexpected changes in governments and laws, rules or regulations, and their enforcement by applicable authorities; the failure of parties to contracts with the company to perform as agreed; social or labour unrest; changes in commodity prices; and the failure of exploration programs or studies to deliver anticipated results (including the actual results of drilling and exploration activities,) or results that would justify and support continued exploration, studies, development or operations.

Although the forward-looking statements contained in this release are based upon what management of the company believes are reasonable assumptions, the company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this release and are expressly qualified in their entirety by this cautionary statement. Subject to applicable securities laws, the company does not assume any obligation to update or revise the forward-looking statements contained herein to reflect events or circumstances occurring after the date of this release.

The company’s actual results could differ materially from those anticipated in these forward-looking statements as a result of the factors set forth in the “Risk Factors” section and elsewhere in the company’s most recent Management’s Discussion and Analysis report and Annual Information Form, available at [www.sedar.com](http://www.sedar.com).