

September 13, 2016

Initiative launched by Ivanhoe Mines begins supplying electricity from the first of three hydropower plants being upgraded in the Democratic Republic of Congo to support mine development work at the Kamao Copper Project

Completed upgrading program could produce a combined 200 MW of long-term, clean electricity for the DRC's national grid – more than sufficient to launch copper production at Kamao and Kakula

KINSHASA, DEMOCRATIC REPUBLIC OF CONGO – Ivanhoe Mines' (TSX: IVN) Executive Chairman Robert Friedland and Chief Executive Officer Lars-Eric Johansson announced today that ongoing upgrading work financed by the company at the Mwadingusha hydropower plant has begun supplying an initial 11 megawatts (MW) of power to the national grid in the Democratic Republic of Congo (DRC).

The upgrading – part of a program planned to eventually overhaul and boost output from a total of three hydropower plants – is being conducted by Ivanhoe Mines and its joint-venture partner, Zijin Mining Group, in conjunction with the DRC's state-owned power company, La Société Nationale d'Electricité (SNEL).

At Mwadingusha, electricity now is being produced by the No. 1 turbine generator, the first of six installed at the dam's power plant that are being upgraded and modernized. It is the first step in a program based on an initial 2011 memorandum of understanding, and subsequent 2014 agreement, between Ivanhoe and SNEL.

The Mwadingusha plant originally was commissioned in 1930. Completion of the full upgrading and modernization of Mwadingusha's five other generating units that now is underway is expected to restore Mwadingusha to its installed output capacity of approximately 71 MW of power for the national grid. The upgrading work is being undertaken by a partnership between SNEL and Ivanhoe Mines Energy DRC, a subsidiary of Kamao Holding Limited.

A ceremony last week marking the resumption of output from the first generator was attended by prominent officials, including the Governor of Haut-Katanga Province, Jean-Claude Kazembe Musonda; Haut-Katanga's Minister of Mines, Professor Willy Kitobo Samsoni; and members of the senior managements of SNEL and Ivanhoe Mines.

Mr. Friedland said a dependable power supply is essential to planned production at Kamao.

"This first installation of modern power generating equipment at Mwadingusha is an important milestone in helping to secure long-term, sustainable and clean electricity for the Congolese people and for the development of our major, new copper mine at Kamao.

"Mining and the supply of reliable energy are inseparable and we are committed to implementing energy-efficiency measures and supporting cost-effective ways of generating clean energy. Hydropower, with the virtues of being clean and renewable, is among the best energy solutions for our industry living with the realities of climate change," Mr. Friedland added.

Governor Musonda said Mwadingusha will help to address the DRC's electricity-supply deficit.

"Today, thanks to the private-public partnership supported by the DRC government, Ivanhoe Mines and SNEL have added additional megawatts to the national electricity grid. I urge SNEL to make sure that these additional megawatts are distributed in an appropriate manner to the targeted end users."

Minister Samsoni also complimented Ivanhoe, suggesting its initiative could be a model for other businesses.

"The provincial government will continue to support Ivanhoe Mines in the work it is doing with SNEL to successfully implement all the other projects it has in the DRC. Ivanhoe must be supported in its effort and used as an example for other companies to join in partnering with SNEL to solve the existing electricity problem in the DRC."

The DRC Minister of Hydraulic Resources and Energy, Matadi Manga Gamanda, said that Ivanhoe Mines can count on the support of the Ministry to continue to address the deficit in electricity in the DRC.

"We are very pleased with the private-public partnership between SNEL and Ivanhoe Mines. The electricity sector here has been privatized and it opens the door for other investors and companies to produce, transport and sell electricity in the DRC."

Photo 1. Jean-Claude Kazembe Musonda, Governor of Haut-Katanga Province, cuts the ceremonial ribbon for the inauguration of the first generating unit at the Mwadingusha hydropower plant.



Photo 2. Minister of Hydraulic Resources and Energy, Matadi Manga Gamanda, (centre) and Vice-Minister of Hydraulic Resources and Energy, Maguy Rwakabuba Ribagiza (right), with Louis Watum, Managing Director, Ivanhoe DRC Operations (left).

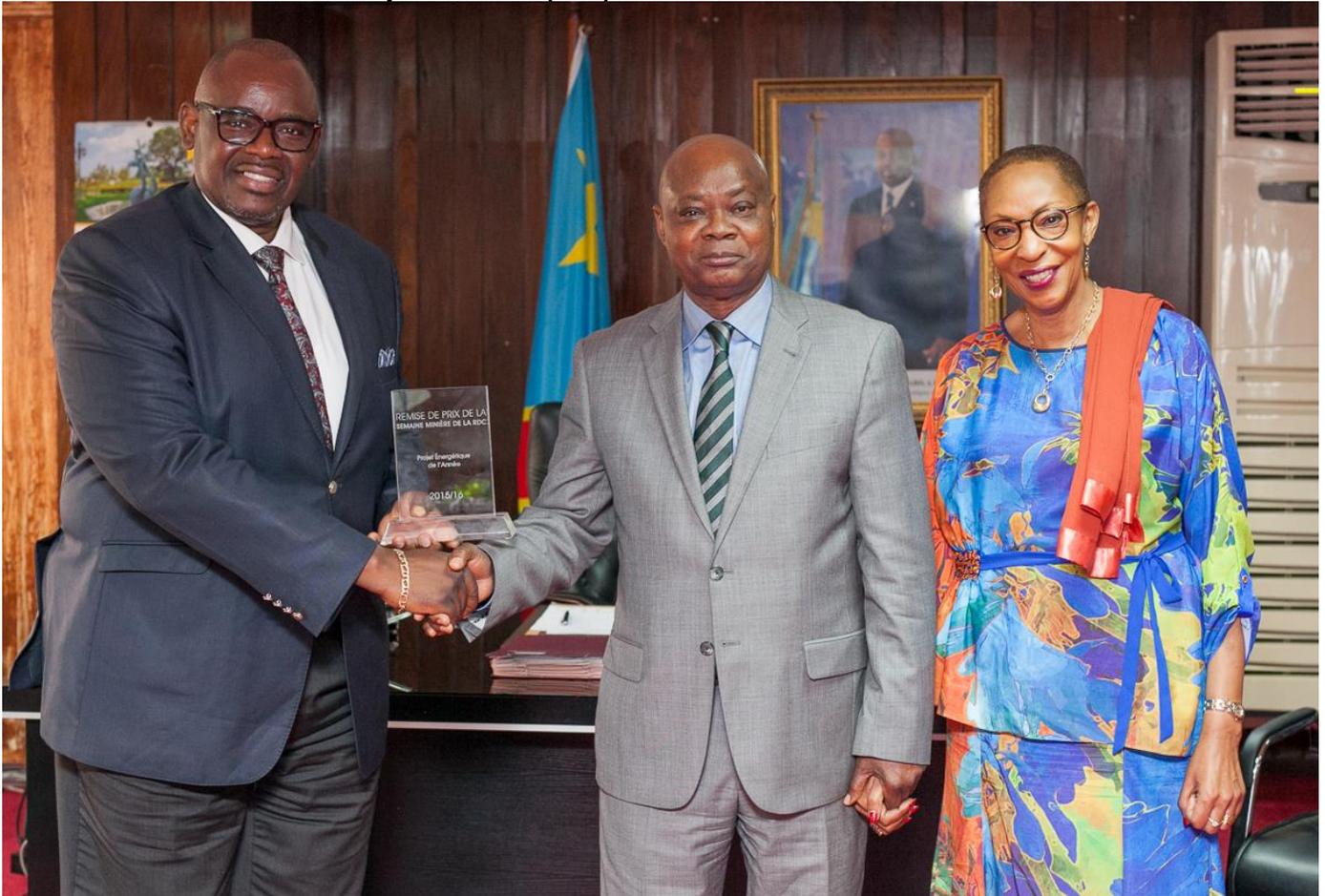
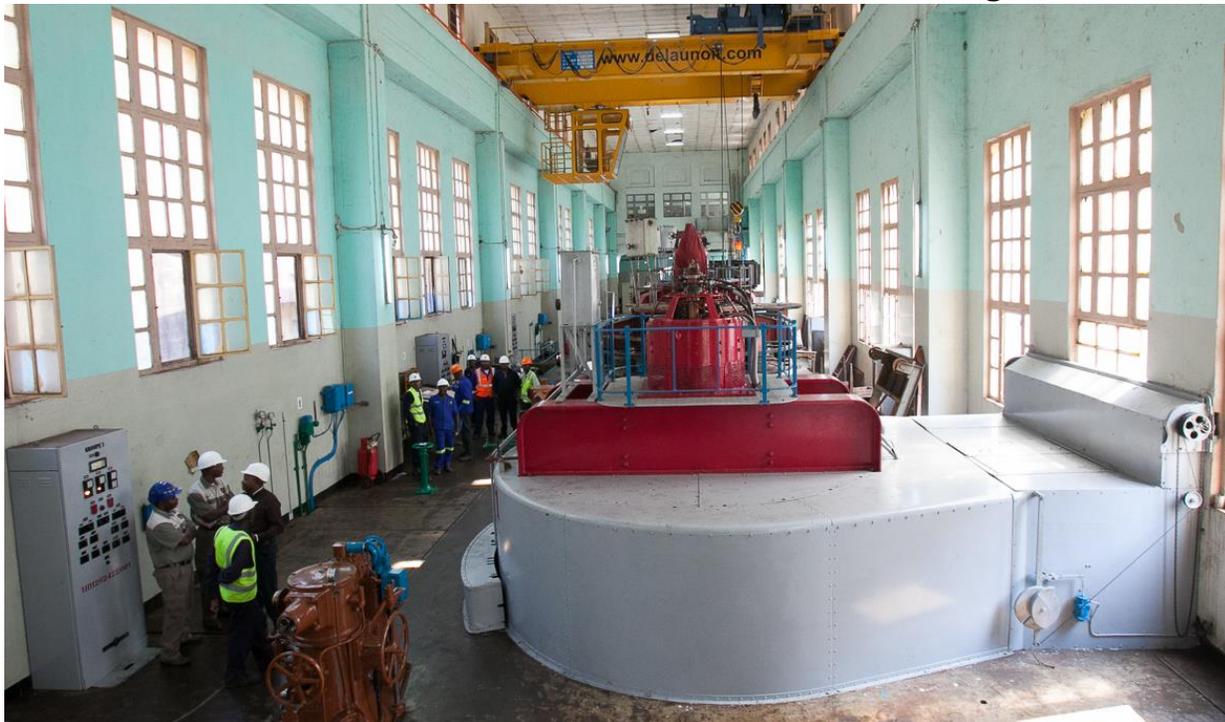


Photo 3. Mwadingusha's newly commissioned power-generating turbine No. 1.



Photo 4. Reconditioned crane and new alternator at Mwadingusha.



Mwadingusha dam

Mwadingusha is the first of three hydropower plants that Ivanhoe and Zijin plan to upgrade to secure a supply of clean, sustainable electricity for the Kamoia and Kakula copper discoveries in DRC's Lualaba province.

Upgrading of the other two existing hydroelectric power plants – Koni and Nzilo 1 – is expected to begin once upgrading work at Mwadingusha is completed.

The Mwadingusha and Koni plants are in cascade, with Koni directly downstream from Mwadingusha on the Lufira River at the mouth of Lake Tshangalele, north of Likasi and approximately 250 kilometres northeast of Kamoia. The Nzilo 1 plant, commissioned in 1952, is on the Lualaba River, downstream of Nzilo Lake and north of the city of Kolwezi, approximately 40 kilometres from the Kamoia mine development site.

The three plants, once fully reconditioned, could produce a combined 200 MW of long-term, electricity for the grid, which is expected to be more than sufficient to launch copper production at Kamoia.

Photo 5. Mwadingusha dam.



Photo 6. Mwadingusha hydropower plant and sub-station.



Construction and commissioning of a 120-kV power line to connect Kamoia to the national grid now completed

Construction of a 20-kilometre-long, 120-kV transmission line to supply construction power to the Kamoia site from the Kolwezi–Kisenge line, where it crosses the northern boundary of the Kamoia mining licence (see Figure 1), was completed in late August. In addition, a local company is constructing eight kilometres of 11-kV overhead power lines, cabling reticulation and five mini-substations for distributing 11-kV of electricity to the Kamoia mine development declines at Kansoko Sud, camps, offices and de-watering boreholes.

Power from the national grid is expected to be available to the Kamoia site in October 2016 after the final testing and commissioning of the 120-kV and 11-kV overhead powerlines and electrical substations at Kamoia.

Figure 1. Kamoia Project map shows the planned initial mining area at Kansoko Sud, the adjacent Kakula exploration area and existing and planned powerlines.

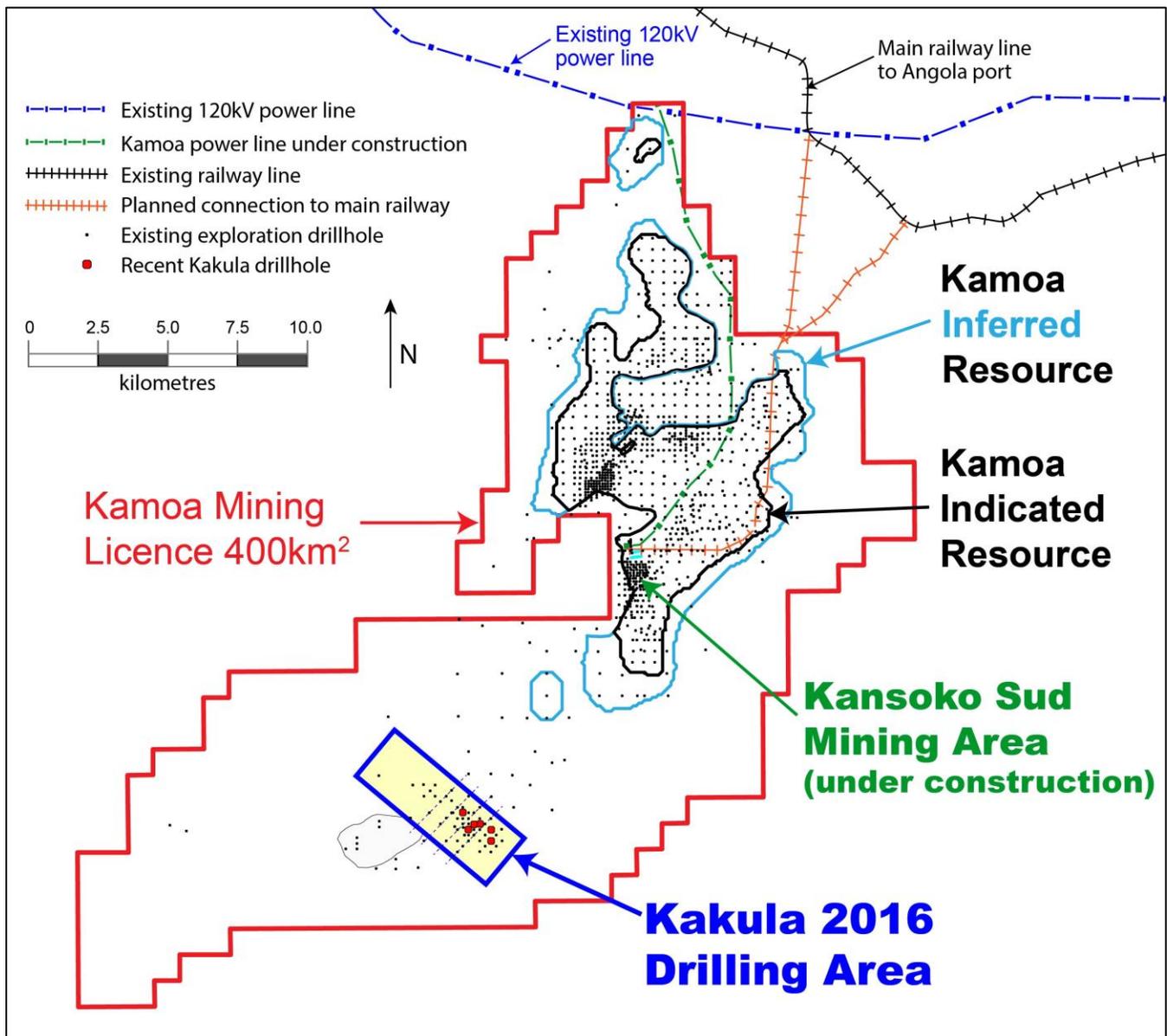


Photo 7. 120-kV power line connecting Kamoia to the national electrical grid.



Kamoia Copper Project summary

The Kamoia Copper Project is a very large, high-grade, stratiform copper deposit with adjacent prospective exploration areas within the Central African Copperbelt, approximately 25 kilometres west of the town of Kolwezi and about 270 kilometres west of Lubumbashi. The Kamoia mining licence covers approximately 400 square kilometres.

Kamoia is the world's largest, undeveloped, high-grade copper deposit. Kamoia's Indicated Mineral Resources presently total 752 million tonnes grading 2.67% copper and containing 44.3 billion pounds of copper at a 1% copper cut-off grade and minimum thickness of three metres. In addition to the Indicated Resources, the updated estimate included Inferred Mineral Resources of 185 million tonnes grading 2.08% copper and containing 8.5 billion pounds of copper, also at a 1.0% copper cut-off grade and a minimum thickness of three metres.

Ivanhoe expects to have an initial independent Mineral Resource estimate prepared for the new, high-grade Kakula discovery at the Kamoia Project around the end of September 2016.

In 2015, Ivanhoe sold a 49.5% share interest in Kamoia Holding Limited, the company that presently owns 95% of the Kamoia Project on an indirect basis, to Zijin Mining for an aggregate cash consideration of US\$412 million. In addition, Ivanhoe sold a 1% share interest in Kamoia

Holding to privately-owned Crystal River Global Limited for US\$8.32 million, which Crystal River will pay through a non-interest-bearing, 10-year promissory note.

The DRC government holds a 5%, non-dilutable interest in the Kamoia Project, which was transferred to the government in 2012 in accordance with the DRC Mining Code. Ivanhoe has offered to transfer an additional 15% interest to the DRC government on terms to be negotiated. Mr. Johansson said constructive and cordial negotiations between Ivanhoe Mines, Zijin Mining and senior DRC government officials are continuing on this matter.

Qualified Person

The scientific and technical information in this release has been reviewed and approved by Stephen Torr, P.Geo., Ivanhoe Mines' Vice President, Project Geology and Evaluation, and a Qualified Person under the terms of National Instrument 43-101. Mr. Torr has verified the technical data disclosed in this news release.

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](#) Copper Project — which includes the remarkable Kakula high-grade copper discovery — on the Central African Copperbelt in the DRC; and upgrading and exploration at the historic, high-grade [Kipushi](#) zinc-copper-lead-germanium mine, also on the DRC's Copperbelt. For details, visit www.ivanhoemines.com.

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FORWARD-LOOKING STATEMENTS

Statements in this release that are forward-looking statements are subject to various risks and uncertainties concerning the specific factors disclosed here and elsewhere in the company's periodic filings with Canadian securities regulators. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may," "potential," "should" and similar expressions, are forward-looking statements. Information provided in this document is necessarily summarized and may not contain all available material information.

Statements in this release that constitute forward-looking statements or information include, but are not limited to statements regarding: (1) the expectation that when fully upgraded Mwadingusha will have an installed capacity of approximately 71 MW; (2) the expectation that Mwadingusha will be the first of three hydroelectric power plants to secure a supply of electricity for Kamoia; (3) the expectation that upgrading of the Koni and Nzilo 1 plants will begin once upgrading work at Mwadingusha is completed; (4) the expectation that the three plants, once fully reconditioned, will be able to generate an estimated 200 MW of power; (5) the expectation that the initial supply of electric power from the national grid will be available to Kamoia in October 2016; (6) the expectation to have an initial independent Mineral Resource estimate for the Kakula discovery around the end of September 2016; (7) the expectation that a power purchase agreement between Kamoia Copper and SNEL will be finalized in the near future; and (8) the timing and terms of transfer of an additional 15% interest in the Kamoia Project to the DRC government.

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.

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 believe 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 including, but not limited to, unexpected changes in laws, rules or regulations, or their enforcement by applicable authorities; the failure of parties to contracts to perform as agreed; social or labour unrest; changes in commodity prices; unexpected failure or inadequacy of infrastructure, or delays in the development of infrastructure, and the failure of exploration programs or other studies to deliver anticipated results or results that would justify and support continued studies, development or operations. Other important factors that could cause actual results to differ from these forward-looking statements also include those described under the heading “Risk Factors” in the company’s most recently filed MD&A as well as in the most recent Annual Information Form filed by Ivanhoe Mines. Readers are cautioned not to place undue reliance on forward-looking information or statements. The factors and assumptions used to develop the forward-looking information and statements, and the risks that could cause the actual results to differ materially are 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.

This news release also contains references to estimates of Mineral Resources. The estimation of Mineral Resources is inherently uncertain and involves subjective judgments about many relevant factors. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. 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 and depend, to a certain extent, upon the analysis of drilling results and statistical inferences that may ultimately prove to be inaccurate. Mineral Resource estimates may have to be re-estimated based on, among other things: (i) fluctuations in copper; (ii) results of drilling; (iii) results of metallurgical testing and other studies; (iv) changes to proposed mining operations, including dilution; (v) the evaluation of mine plans subsequent to the date of any estimates; and (vi) the possible failure to receive required permits, approvals and licences.

Although the forward-looking statements contained in this news 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 news 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 news release.