

November 18, 2014

## **Activation of mining right for Platreef Project culminates 20-year focus on exploration and discovery of mineral resources in South Africa's Limpopo province by Ivanhoe group of companies**

### **Team assembled through commitment to transformative initiatives leading preparations for resumption of Platreef site work**

MOKOPANE, SOUTH AFRICA – Ivanhoe Mines Executive Chairman Robert Friedland and Chief Executive Officer Lars-Eric Johansson confirmed today that preparations have begun for a resumption of site work for the construction of the initial production shaft as part of the first phase of development of the planned underground mine at the company's Platreef Project on the Bushveld's Northern Limb, in Limpopo province.

Mr. Friedland, who founded the original Ivanhoe Mines in 1994 and uses his private holding company, Ivanhoe Capital Corporation, to help provide venture capital and project financing for international resources enterprises, said in a statement he was confident that Platreef would come to symbolize a new era in South Africa's third century of discovery and mine building.

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#### Mr. Friedland's statement

"For a long time now, the development of our Platreef Project has been a destiny waiting to be fulfilled. It is said that great mines are 'made', as much as they are 'found'. Now, thanks to the support of our partners – including the black economic empowerment beneficiaries representing the residents of 20 eligible Mokopane area communities, our eligible employees and South African entrepreneurs, plus our Japanese investors – Ivanhoe's Platreef team is ready to begin building another great mine.

"All of our stakeholders will share in the realization of the promise of our discovery on the Platreef.

"Our Platreef story began more than 20 years ago when Bill Hayden, the Australia-based international geologist who founded Platreef Resources in 1988, approached Ivanhoe Capital to discuss potential exploration financing. We first met in 1993, one year after he had lodged his second application in South Africa for prospecting rights to the Turfspruit and Macalacaskop properties north of Mokopane that, as we now know, hold the mother lode for our Platreef Project.

"Mr. Hayden's pitch coincided with preparations by one of Ivanhoe Capital's affiliated companies, African Minerals Corp., to organize its own reach for opportunities in southern Africa's mineral fields. We discovered we shared a keen interest in finding a door to South Africa's platinum club on the Bushveld.

"We agreed that an Ivanhoe holding company would acquire a 51 percent stake in Platreef Resources. Mr. Hayden, Platreef's managing director, also joined the African Minerals management team in 1993 and later became the company's president in 1996.

"While South Africa rolled out its peaceful liberation revolution, African Minerals combed through its portfolio of prospects, including extensive diamond-prospecting rights in the former Lebowa Homeland, which now is part of Limpopo province. At the same time, African Minerals also was monitoring the start of a new platinum mine on an adjacent property, on the Bushveld's then little understood Platreef, which bolstered African Minerals' resolve to pursue its own platinum opportunity.

"That opportunity was sealed in 1998 as part of a corporate amalgamation in which the 51% interest in Platreef Resources was transferred from the Ivanhoe holding company to a restructured African Minerals Ltd. – which became the trailblazer for today's Ivanhoe Mines. Mr. Hayden led the restructured company as its first president.

"In January 2000, the Platreef Resources subsidiary finally received its long-sought prospecting permit for Turfspruit and Macalacaskop, authorizing the company's search for base and precious metals. African Minerals exercised its option to acquire 100 percent ownership of Platreef Resources and quickly hit the ground with its initial exploration program.

"Early years of exploration identified a significant, shallow resource of platinum-group metals mineralization. But it was the company's decision to launch a deep exploration program in 2007, prompted by deep-drilling success reported elsewhere on the Platreef, which led to the breakthrough discovery of the Flatreef deposit three years later.

"Flatreef was a prize right out of a geologist's dream, in more ways than one. It particularly held special significance for our project manager, geologist Sello Kekana, who was born and raised on the very same Turfspruit farm in Limpopo where the discovery was made.

"The tremendous size and remarkable thickness of the Flatreef deposit is continuing to be revealed as a game-changing development for the platinum industry in South Africa. It also is a company-maker for Platreef Resources. Although recently renamed Ivanplats (Pty) Ltd., the company preserves its singular, 26-year quest firstly to discover the mineral trove and now to develop the Platreef Project.

"Flatreef has been independently confirmed as one of the world's major deposits of platinum-group minerals. An independent study has projected that our Platreef Project could become Africa's lowest-cost producer of platinum-group metals. The discovery merits the superlatives that it inspires.

## Platreef's exploration drilling on the Turfspruit farm, near Mokopane



"The company's 2010 discovery attracted the discriminating eye of ITOCHU Corporation, one of Japan's leading trading houses, which acquired an initial strategic, two-percentage-point interest in the Platreef Project. After meticulous assessment, ITOCHU followed up nine months later, on behalf of an influential Japanese trade consortium, expanding its key partnership stake to 10 percent. The other consortium members are Japan Oil, Gas and Metals National Corporation, a Japanese government agency; Japan Gas Corporation; and ITC Platinum Development Ltd., an ITOCHU affiliate.

"As Platreef partners, they know the science of mineral processing and refining. They also have an acute appreciation of just how much platinum and palladium this urbanizing planet is going to require to accommodate the growth of cities and to maintain a healthy global environment in coming decades.

"We have built a cohesive, supportive team that represents the aspirations of our new shareholder partners, in South Africa and internationally, and which has the knowledge and experience to transform our Platreef discoveries into a state-of-the-art, underground mine. In the process, team members will create potentially transformative opportunities for themselves, through added skills and advancement. But they also will create opportunities for hundreds of others, including the historically disadvantaged, to achieve more of their personal potential through meaningful jobs in a resource industry that will remain one of the principal drivers of the ongoing economic transformation of South Africa's economy for as far as any of us can see into the future.

## Some of the members of the Platreef team: Ivanhoe's true wealth



"We are committed to making Platreef an industry model of safety and productivity and an example of responsive leadership in providing jobs, skills training, new business opportunities, sustaining community benefits and effective environmental management.

"We are implementing Platreef's approved social and labour plan and also honouring the substance and spirit of South Africa's Mining Charter.

"At Ivanhoe Mines, and within the Ivanhoe group, we're proud of our 'people principle'. We know that it is our people who are our true wealth. They are the women and men who explore, build, operate, maintain, instruct and lead. They personify the ideals of black economic empowerment. Their right to pursue their ambitions is fundamental to our enterprise.

"Teamwork, and the commitment to this principle, also were instrumental in the earlier successes of the original Ivanhoe Mines during its initial mine-development work at the world-scale Oyu Tolgoi discovery in Mongolia. Today, 94 percent of the Oyu Tolgoi jobs are held by Mongolian nationals, many of whom the company also trained in qualifying mining skills.

### **Processing plant and ore storage, Oyu Tolgoi copper-gold mine, Mongolia**



"In South Africa, the parent company of our Platreef Project assumed the Ivanhoe Mines name in 2013. We are proud to have shared our 14 years of operating challenges and achievements in Limpopo with an expanding field of supportive stakeholders who see international investment and professionally managed development of natural resources as one key to future gains in opportunity, prosperity and sustainability for Mokopane area residents.

"Dr. Patricia Makheshha, who became managing director of our Platreef Project subsidiary, Ivanplats, last August, is a former transformation executive in South African industry who spent more than a year as an Ivanhoe consultant working cooperatively with Mokopane area communities and helping to develop Platreef's broad-based, black economic empowerment structure. She is assembling a senior management team, which already includes Mr. Kekana.

"Mr. Hayden remains a director of Ivanhoe Mines, contributing guidance informed by his career experience in Africa. Our chief geologist and discovery field leader, Dr. David Broughton, continues to head the company's exploration efforts.



Dr. Patricia Makheshha



Sello Kekana



Dr. David Broughton



Bill Hayden

"In Mokopane, our South African contractors are marshalling workers and equipment. The job of actually building our Platreef mine is about to get underway.

"And perhaps one day Ivanhoe Pictures will have the script and the cast to tell the whole, made-in-South Africa Platreef story."

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## **Construction of Platreef's first production-shaft complex an early priority**

Formal notifications of a return to work have been provided to provincial authorities and landowners, in accordance with established requirements. In a coordinated ramp-up of preparations, plant and earthmoving equipment is being moved back on to the site of Platreef's first planned shaft.

"We are committed to resuming site work as soon as is practically possible," said Mr. Johansson.

Work at the site was halted May 26 pending the receipt of an executed mining right, or licence, for the development and operation of the mine.

While the mining right was granted May 30, its formal activation by the Department of Mineral Resources was completed on November 4 following the company's satisfactory completion of a number of conditions, which included an approved, broad-based black economic empowerment structure, representing communities, employees and entrepreneurs, which now holds a combined 26% interest in the Platreef Project.

Mr. Johansson said that a principal priority continues to be the completion of the excavation at the box cut to establish access for the construction of the large concrete surface collar for Shaft #1. The collar also will serve as a base that will anchor the headframe structure and house the ventilation opening.

### **Platreef construction compound**



Work on the shaft and related mining-plant components will take place within the 20-hectare, fenced construction compound that has been designed to enhance worksite safety, to minimize impacts on residential areas and to contribute to the effectiveness of environmental management programs.

Shaft #1 will have an internal diameter of 7.25 metres, with an annual hoisting capacity of 2.5 million tonnes. It is projected to reach a total depth of 975 metres in 2018. In the interim, it is planned to be used in 2017 to collect a mineralized bulk sample for metallurgical testing from the 800-metre level of the project's Flatreef Deposit.

Upgrading work on the stage and hoist winders for the sinking phase of Shaft 1 has been completed and steel fabrication for the headgear has commenced.

Work also is proceeding on primary components for Shaft #2, the 10-metre-diameter main production shaft that will be capable of hoisting six million tonnes a year and be fitted with a 150-person equipment cage. South African contractor Murray & Roberts Cementation has begun the design and engineering of headgear and early works are expected to begin in the first quarter of 2015.

"The combined operation of shafts one and two is designed to give Platreef its phase-two, base-case production capacity of eight million tonnes per year, which we plan to follow with a third phase of expansion to reach a steady-state production rate of 12 million tonnes per year," Mr. Johansson said.

### **Phase one pre-feasibility study results expected later this year**

An independent preliminary economic assessment (PEA) released last March outlined a phased approach to Platreef's development, beginning with a first phase production of four million tonnes per year to establish an operating platform to support future expansions. Ivanhoe expects to receive results of a pre-feasibility study before the end of this year that will expand on the PEA's first-phase scenario. A feasibility study is scheduled to begin next year.

Ivanhoe presently expects to sell flotation concentrate that is projected to be produced during Platreef's first phase of operation, or contract for it to be toll-treated by a third-party smelter or refinery. Preliminary discussions have been held with a number of potentially interested South African and international parties.

Mark Farren, Ivanhoe's Executive Vice president of Operations, said the Platreef deposit is distinguished by its consistently wide, high-grade resources and is ideally suited to large-scale, mechanized underground mining.

Mr. Farren, who previously worked with Anglo Platinum for 23 years, believes that the Platreef deposit stands apart from other deposits in the Western and Eastern limbs of the Bushveld Igneous complex, where miners have to contend with narrow, tabular deposits that are difficult to mechanize.

"The height of an average 'long hole' mining stope at Platreef would be equivalent to a stack of 20 narrow Merensky Reefs that are being mined by other companies on the Bushveld. With proper planning and project execution, we're confident that this operation will establish itself as a safe, high-volume, low-cost operation for decades to come," he said.

## **Sufficient capital in hand for next year's planned development progress**

Mr. Friedland said that the Platreef Project presently has dedicated working capital of more than US\$100 million (R1.1 billion) that is expected to cover currently planned development work during 2015. The funds were provided by an investment of US\$280 million in 2011 by a Japanese consortium of ITOCHU Corporation; Japan Oil, Gas and Metals National Corporation; Japan Gas Corporation and ITC Platinum Development Ltd., an ITOCHU affiliate. The consortium holds a 10% interest in the project.

The cumulative investment by Ivanhoe Mines on the Platreef Project to date now totals approximately US\$236 million.

## **Major investment in skills training for mining and other jobs**

The planned Platreef mine is projected to require a workforce of approximately 2,200 within four years of the start of production operations.

Ivanhoe will invest a total of R160 million (C\$16 million) in the Platreef social and labour plan during the next five years. The approved plan includes R67.2 million (C\$6.7 million) for the development of job skills among local residents and R87.7 million (C\$8.7 million) for local economic development projects.

"In establishing our social and labour plan, Ivanhoe has been mindful of the South African government's National Development Plan and its priority of securing undertakings that create jobs and advance socio-economic development to alleviate poverty and unemployment," said Platreef Project Managing Director Dr. Patricia Makheshha.

"The programs, which we will be rolling out during the development of our Platreef underground mine, demonstrate Ivanhoe's commitment to ensuring that people in our host communities benefit from our operations, directly and indirectly, in ways that contribute to improving their quality of life and expanding their opportunities.

"We will, for example, run training programs to prepare young people to qualify for jobs in what will be a world-scale, mechanized mine. Our plan commits to giving priority to local people from Platreef's host communities for enrolment in training programs and in hiring to fill available jobs. We have created a comprehensive database, in partnership with the Department of Labour, to be used in selecting candidates for employment and skills training," Dr. Makheshha added.

## **Dedicated training centre to be built in Mokopane area**

The Platreef Project has committed to building a community skills development and training facility in the Mokopane area at a cost of R26 million (C\$2.6 million), within five years, as part of Ivanhoe's objective of helping to establish a roster of qualified, local candidates for jobs at the mine and its associated minerals processing plant. The facility would be accredited by the Mining Qualifications Authority.

Other goals include equipping people with portable skills to help enable them to become self-employed or to be productively employed in sectors other than mining, such as construction or agriculture.

In addition, Platreef plans to launch five local economic development projects under the social and labour plan that will result in the creation of at least 820 jobs, including 660 positions that will be open to unskilled or semi-skilled candidates.

As part of an approved environmental management plan covering Platreef's development and operational life, the project will comply with strict conditions for the conservation of the natural environment, including biodiversity, and the protection of surface water and groundwater resources.

### **Qualified Person**

Disclosures of a scientific or technical nature in this news release have been reviewed and approved by Stephen Torr, who is considered, by virtue of his education, experience and professional association, a Qualified Person under the terms of National Instrument 43-101. Mr. Torr has verified the technical data disclosed in this news release. Complete descriptions of data verification, exploration results and other technical and scientific information related to the Platreef Project are contained in NI 43-101 Technical Reports filed and available on [www.ivanhoeamines.com](http://www.ivanhoeamines.com) and [www.sedar.com](http://www.sedar.com).

### **About Platreef and Ivanhoe Mines**

Ivanhoe Mines is planning a multi-phased mine development on its 64%-owned Platreef discovery of platinum, palladium, nickel, copper, gold and rhodium in South Africa's Bushveld Complex.

A preliminary economic assessment released in March 2014 estimated that a base-case operation mining eight million tonnes per year could produce 785,000 ounces of platinum, palladium, rhodium and gold annually.

With offices in Canada, the United Kingdom and South Africa, Ivanhoe Mines also is advancing and developing two additional principal projects:

- The Kamoa copper discovery in a previously unknown extension of the Central African Copperbelt in the Democratic Republic of Congo's southern Katanga province.
- The historic, high-grade Kipushi zinc, copper and germanium mine, also on the Copperbelt in the D.R. Congo's Katanga province, which now is being drilled and upgraded by Ivanhoe following its acquisition of a majority interest in the mine in 2011. Kipushi was operated by previous owners between 1924 and 1993.

Ivanhoe Mines is evaluating other opportunities as part of its objective to become a broadly based, international mining company.

## **Information contacts**

IVN Investors  
Bill Trenaman +1.604.688.6630

IVN Media  
North America: Bob Williamson +1.604.512.4856  
South Africa: Jeremy Michaels +27.82.939.4812

Website [www.ivanhoemines.com](http://www.ivanhoemines.com)

## **Forward-looking statements**

Certain statements in this news release constitute “forward-looking statements” or “forward-looking information” within the meaning of applicable securities laws, including without limitation, the timing and results of: (i) the completion of a PFS at the Platreef Project by the end of 2014; (ii) a feasibility study is scheduled to begin next year; (iii) the commencement of development works of the main production shaft (Shaft #2) at the Platreef Project in Q1 2015; (iv) the collection of a mineralized bulk sample at the Platreef Project by the first half of 2017; (v) the operation should establish itself as a safe, high-volume, low-cost operation for decades to come; (v) mine is expected to require a projected workforce of approximately 2,200 within four years of the start of production operations; and (vi) statements regarding the timing for completion of drilling programs. Such statements involve known and unknown risks, uncertainties and other factors that 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 news release.

As well, the results of the preliminary economic assessments of the Platreef Project constitute forward-looking information, and include future estimates of internal rates of return, net present value, future production, estimates of cash cost, proposed mining plans and methods, mine life estimates, cash flow forecasts, metal recoveries, and estimates of capital and operating costs. Furthermore, with respect to this specific forward-looking information concerning the development of the Platreef Project, 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, nickel, platinum, palladium, rhodium and gold; (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 regulations; (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 below and under "Risk Factors", as well as unexpected changes in laws, rules or regulations, or 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 or results that would justify and support continued exploration, studies, development or operations.

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.

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 in the company's September 30, 2014, Management's Discussion and Analysis report available at [wwwivanhoemines.com](http://wwwivanhoemines.com) and at [www.sedar.com](http://www.sedar.com).