

December 19, 2022

## **Ivanhoe Mines responds to The Sentry report and Globe and Mail article impugning Ivanhoe's business conduct in the Democratic Republic of Congo**

**VANCOUVER, CANADA – Ivanhoe Mines (TSX: IVN; OTCQX: IVPAF) has issued this response today to a misleading and sensationalist “report” from an activist organization based in the United States, called The Sentry (Sentry), and an associated article in the Canadian Globe and Mail newspaper.**

**The Sentry report, and a subsequent story by Globe and Mail reporter Geoffrey York that was published on December 15, 2022, include incomplete, selective and speculative content pertaining to Ivanhoe Mines' business activities in the Democratic Republic of Congo (DRC), and mineral exploration investments on its Western Foreland Exploration Project. Both reports are irresponsibly framed to infer or theorize that some form of corporate malpractice involving Ivanhoe's Western Foreland Exploration Project took place. However, they lack any tangible evidence that misconduct occurred.**

**The Sentry report attempts to frame a series of corporate transactions in a way that could mislead readers into believing that Ivanhoe Mines participated in some form of corporate malfeasance. The Sentry report resorts to the use of qualifying phrases, including "it appears", and "concerns of corruption" while stating that it "could not conclusively indicate" that certain events did take place.**

**Publishing unsubstantiated “reporting”, or frankly misinformation, represents a broad risk to Canadian companies that have worked collaboratively with a variety of multinational partners to build industry-leading operations for the benefit of shareholders, host governments, employees and local communities. It is also of great disservice to the DRC and its citizens, who have made significant strides in recent years in increasing responsible, foreign direct investment and advancing the DRC's pivotal role in the development and production of strategic metals that benefit the global economy.**

**The Globe and Mail participated in publishing speculative claims giving Sentry's inconsistent research major, unwarranted amplification, despite clearly not conducting much of its own research on the validity of many elements of the Sentry report before publication. It should be noted that except for the Globe and Mail, most other news outlets have not covered the Sentry report up to this point in time.**

**The Globe and Mail's December 15 story included a headline declaring that the Ivanhoe Mines' office in Vancouver, British Columbia, had been searched by the Royal Canadian Mounted Police (RCMP), Canada's federal police force. But the story did not provide relevant context. After its introduction, the story does report that the police search took**

place more than one year ago and was publicly disclosed by Ivanhoe Mines on March 30, 2022.

Both the Sentry report and the Globe and Mail article are rife with misleading content that selectively discloses supposed facts. This tactic has the effect of impugning Ivanhoe Mines' reputation, adversely impacting its business and negatively impacting public Canadian corporations operating internationally.

Ivanhoe Mines is considering the impact on its share price correlated with the Globe and Mail's headline, given the sharp decline and subsequent sharp recovery in the company's share price over the two-day trading period that ended December 16, 2022.

Ivanhoe Mines conducts its business in alignment with national and international laws, including in its partnering with DRC shareholders where required by law.

In this public statement, Ivanhoe Mines will now clarify certain facts, correct misinterpretations of the Democratic Republic of Congo's mining code and provide vital context that is missing from the selected narrative published online by Sentry and then widely disseminated by the Globe and Mail.

### **Reports by Sentry and Globe and Mail are not focused on Ivanhoe's Kamo-Kakula joint venture or Kipushi project in the DRC**

Ivanhoe Mines has an interest in three projects in the DRC: 1) the Kamo-Kakula Mining Complex in a joint venture with Zijin Mining Group (Zijin) and the Government of the DRC (which owns a 20% interest); 2) the Kipushi Project, in a joint venture with state-owned Gécamines (which owns a 32% interest); and 3) the Western Foreland Exploration Project.

The Globe and Mail story refers only to the "mining project in Congo", presumably meaning Ivanhoe's flagship Kamo-Kakula Mining Complex, to date the company's most advanced project. Meanwhile, the Sentry report focuses on Ivanhoe's Western Foreland Exploration Project and related early-stage exploration work in the DRC pursuing mineral discovery. This could mislead readers into assuming that the Globe and Mail and Sentry reports cover all of Ivanhoe Mines' activities in the DRC.

The Globe and Mail's story fails to note that the search warrant obtained in 2021 by the RCMP, Canada's federal police force, was not related to Kamo-Kakula or any of Ivanhoe Mines' other mineral projects. Ivanhoe Mines is continuing its cooperation with the RCMP investigation, but because it is an ongoing matter Ivanhoe Mines is making only limited comments regarding the investigation in this public statement. Ivanhoe Mines re-iterates that no charges have been laid against the company, or any of its directors, officers, or employees, and no financial provision has been made in relation to this matter.

The RCMP search warrant relates to Stucky Ltd. (Stucky), Stucky Technologies and the DRC state-owned power company, Société Nationale d'Electricité (SNEL). Stucky is now a part of Gruner AG (<https://www.gruner.ch/en/home>), a century-old Switzerland-based engineering, planning and consulting company that operates in the infrastructure and energy sectors. Stucky itself has operated for more than 160 years.

Since 2015, Ivanhoe Mines and Zijin through the Kamo-Kakula joint venture, have financed improvements in power generation and transmission across the DRC. The upgrade of the Mwadingusha power station was completed in 2021 and the refurbishment of unit #5 at the Inga II facility is expected to be completed in late 2024. Over 250 megawatts (MW) of clean electricity generated from both facilities will be fed directly into the DRC grid, benefiting the DRC, its people as well as the Kamo-Kakula and Kipushi operations.

All six new turbines at the 78-MW Mwadingusha hydropower plant have been generating clean electricity since August 2021. The refurbishment of the facility, owned by SNEL, was funded by the Kamo-Kakula joint venture.



It is the Mwadingusha refurbishment that the Globe and Mail story fails to contextualize for the reader. Stucky (and the Gruner group, more broadly) have a long, successful history consulting on more than 1.5 gigawatts of hydroelectricity power projects in the DRC. In addition to Mwadingusha, Stucky was engaged in the ongoing rehabilitation and refurbishment of turbine #5 at Inga II. Stucky was first appointed by the World Bank to carry out a technical assessment of the Inga II dam in 2013. However, Stucky's history with DRC projects dates back 70 years, when it designed the 100 MW Nzilo dam commissioned in the early 1950s. Stucky is also the consulting engineer on Nzilo II, which is expected to enter commercial operation in 2025.

Ivanhoe Mines and its joint-venture partner Zijin do not own any of this electrical infrastructure, nor have they obtained any benefit aside from the increase of available power through the grid. In fact, for funding the refurbishment of the Mwadingusha facility, as well as unit #5 at Inga II, the Kamo-Kakula joint venture continues to incur a significant cost that will peak at more than US\$300 million. Ivanhoe Mines' share of the funding is repaid solely by receiving a partial rebate on electricity charges from SNEL, the DRC state owned electric power utility, which ceases when the loan funding is repaid.

In addition to funding the improved electrical infrastructure that has benefited Congolese livelihoods, the Kamo-Kakula Mining Complex is also a major local long-term employer and taxpayer. In Kamo-Kakula's short history, it has generated more than 12,000 direct jobs, approximately 95% of which are held by Congolese nationals.



Kamoa-Kakula has established a world-class training centre to provide opportunities for unskilled workers, including local community members, to become highly skilled and safe mining operators, and has actively promoted the inclusion of women in the workforce.

Since the first copper production, which only commenced in May 2021, Kamoa-Kakula has made tax and royalty payments to the Congolese government of more than US\$500 million, as of September 30, 2022. These payments are set to continue to increase as Kamoa-Kakula embarks upon its various expansion phases. Without the electrical power upgrades and associated infrastructure, none of those benefits would have been created.

### **The Sentry report demonstrates a fundamental misunderstanding of the DRC mining code, the mining industry, and Ivanhoe's Western Foreland Exploration Project**

The Sentry organization promotes itself as “an investigative and policy organization that seeks to disable multinational predatory networks that benefit from violent conflict, repression, and kleptocracy”. It is unclear how this relates in any way to Ivanhoe Mines' history of exploration activities, what expertise the organization has in terms of mineral exploration and development, or the DRC as a mining jurisdiction.

The Sentry report attempts to address title matters at Ivanhoe's Western Foreland Exploration Project in the DRC and implies improper corporate conduct across the rest of Ivanhoe Mines' portfolio in the country.

Early-stage exploration activities across Ivanhoe Mines' vast, 2,400-sq.km Western Foreland Exploration Project.



**The Western Foreland Exploration Project is an exploration-stage project in a remote part of the DRC with significant mineral potential, but no operating mines. It is in an area that lacks even basic infrastructure – including roads, electricity or communications. It experiences a long rainy season, making the exploration for valuable minerals seasonal, difficult and ultimately expensive. It is precisely these types of areas that the world needs to explore to find the minerals demanded by many governments and industries today.**

**Contrary to reality on the ground, the Sentry report leads readers to believe that the Western Foreland Exploration Project is a treasure trove of valuable copper deposits that Ivanhoe Mines has obtained through ill-gotten means by acquiring exploration licences through “high-level connections”. This statement betrays a fundamental misunderstanding of the exploration process and Ivanhoe Mines’ exploration activities in the DRC. The value of the Western Foreland Exploration Project results only from Ivanhoe Mines’ nearly 20 years of exploration activities and accumulated scientific understanding of the region and underlying geology.**

**Ivanhoe Mines and its shareholders have assumed the risks and expended the time, effort and money to explore for minerals, which may or may not be there. It is not the case that the company obtained ownership of an existing mine. The Sentry report omits this fundamental context as it would prefer readers believe that Ivanhoe Mines has been awarded a valuable mining asset through dubious means. That simply is not true.**

**There also is a fundamental misunderstanding by Sentry of the legislative framework under the DRC mining code and the process by which mineral licenses are granted. It is not clear whether any person qualified to practice law in the DRC, or with any experience in the country, assisted Sentry in understanding DRC mining and company law. Ivanhoe Mines employs experienced, qualified executives and local counsel to assure its understanding and compliance with the country’s laws and mining code.**

**For example, Sentry seem completely unaware that force majeure in the DRC extended the stated holding periods on mineral licenses on two occasions, which naturally extended the Western Foreland group of licence holdings. Sentry also fail to properly disclose that it is legal under the DRC mining code for companies to re-apply for expired licenses. Ivanhoe Mines has, on occasion, re-applied for permits that have expired, per this legal process.**

**The report relies heavily on a myriad of technical legalese intended to infer some nefarious “gaming” of the system. This concludes with “...the evidence suggests that, with a lot of money at stake, the law didn’t seem to apply to a top operator with high-level connections.” The law did apply. Sentry failed to understand the Congolese legal framework it now purports to have exposed.**

**As the Sentry report notes, Ivanhoe Mines has held various exploration and mining licences in the Western Foreland area since 2003 – almost 20 years ago. Although there are signatures of copper mineralization, on none of these licences has a highly significant mineral discovery been made, nor are there any operating mines. Not a single dollar in revenue has been generated from the vast Western Foreland exploration area. Rather, Ivanhoe Mines has invested more than US\$100 million in this area building**

roads and bridges, conducting drilling and other exploration activities, as well as training and employing Congolese in the effort. As a result, during the past two decades, Ivanhoe Mines has only incurred losses from its activities on the Western Foreland licences as it takes the risks necessary to try to find a new tier-one discovery.

Therefore, it is not clear on what basis the Sentry report suggests that there is “a lot of money at stake.” The only money at stake is exploration risk capital that Ivanhoe Mines and its shareholders have been using to search for copper, buried under a thick blanket of Kalahari sands, which no other company was prepared to explore for before Ivanhoe discovered Kamoakakula.

Sentry calls Ivanhoe Mines a “top operator”, which is an accurate characterization. Ivanhoe Mines has explored for, and identified, a world-class copper deposit at Kamoakakula which, through phased expansion, is projected to become the world’s third-largest copper-producing mining complex. This effort was recognized in 2015 when members of the Ivanhoe Mines exploration team received the prestigious Thayer Lindsley Award from the Prospectors & Developers Association of Canada for the discovery of the Kamoakakula copper deposit. This celebrated the experience and expertise of Ivanhoe Mines in mineral exploration – exactly what one expects from a “top operator”.

It is logical and advantageous for the DRC government to grant exploration licences to such a “top operator”. This is particularly true when the Western Foreland exploration licences are adjacent to a world-class copper mine discovered by that very same “top operator” with an unparalleled mining industry track record for discovery, development and job creation in the DRC (and internationally). That “top operator” also has nearly two decades of exploration experience on the Western Foreland and has invested more than US\$100 million in exploring unexplored geologic terrain. Ivanhoe Mines knows the geology of the Western Foreland better than any other company, given its history of exploration in the area. Accordingly, legal extensions and renewals of those licences per the DRC legal framework allow Ivanhoe Mines to continue to use that legal and exploration expertise in the search for the next Kamoakakula – an outcome that would be hugely beneficial to the DRC government, the Congolese people, and all of Ivanhoe Mines’ stakeholders.

But the Sentry report frames the facts for the conclusion that it intends – if Ivanhoe Mines was awarded an exploration licence, it must be because of “high-level connections”. Sentry seems to not contemplate that Ivanhoe Mines was granted exploration licences by the DRC government because it applied legally and followed the regulatory process as prescribed by the mining code and was potentially given credit for its distinguished track record of exploration success globally. That track record means that it is the best candidate (both technically and financially) to explore for, and hopefully again find, another world-class copper deposit, like the neighbouring Kamoakakula.

Instead, the Sentry report presents readers with a nearly impenetrable conspiracy theory-like web of legal transactions. Perhaps it hopes to convince readers that Ivanhoe Mines and the DRC government conspired and schemed to grant exploration or mining licences to Ivanhoe Mines because the alternative thesis – that Ivanhoe Mines is the most qualified candidate and mineral-title matters are legally complex affairs – would not support the conclusion that Sentry has predetermined.

Sentry’s activist approach to reporting on Ivanhoe Mines appears targeted, with the assumption being that activity in DRC must be the result of corrupt activities. Sentry then ignore, in this case, the qualification and experience of the applicant and the lawfulness of the process, to continue to hold its conclusion rather than considering that there are logical, rational and legal explanations for commercial events.

### **Ivanhoe Mines invites The Sentry to visit its operations and witness genuine partnership in the DRC first-hand**

Ivanhoe Founder & Executive Co-Chair Robert Friedland commented: “Ivanhoe Mines invites the contributors of the Sentry report to Lualaba province, in the DRC to see how we conduct our business... how we empower our Congolese stakeholders... how we seek to minimize the environmental effects of our activities... how we foster and support local social development... how we encourage women into the mining industry at all levels... how we pay our taxes and royalties... and how we are reinventing mining.

The mining industry is changing. Its critics need to acknowledge that. Its critics also must recognize that while there is always improvement to be had, pre-judging the entire mining industry at every turn and making pre-determined conclusions before looking at the facts neutrally and dispassionately does nothing to improve the industry, but only serves to reduce the credibility of its critics.”

We encourage readers to review our annual sustainability and ESG reports, which can be found here:



SUSTAINABILITY  
REPORT 2021

IVANHOEMINES  
A MINERALS COMPANY

<https://ivanhoemines.com/investors/sustainability-report/>

Ivanhoe Mines has also made statements in the past on these matters, and we encourage readers to review them again:

<https://ivanhoemines.com/news/2017/ivanhoe-mines-says-bloomberg-stories-on-ivanhoes-success-in-the-democratic-republic-of-congo-are-flawed-by-a-deceptive-headline/>

<https://ivanhoemines.com/news/2017/ivanhoe-mines-fact-based-response-issued-to-congo-research-group-june-15-2017/>

Ivanhoe Mines invites readers to review its responses provided to a series of questions from The Sentry, as well as from Mr. York of the Globe and Mail, received just ahead of publishing.

Responses to Globe and Mail: <https://bit.ly/3BKqoXA>

Responses to The Sentry: <https://bit.ly/3W6TQPF>

### **About Ivanhoe Mines**

Ivanhoe Mines is a Canadian mining company focused on advancing its three principal projects in Southern Africa: the major new, mechanized, underground mines at the Kamoakakula Mining Complex in the Democratic Republic of Congo, the development of the Platreef palladium-rhodium-platinum-nickel-copper-gold discovery in South Africa; and the restart of the historic Kipushi zinc-copper-germanium-silver mine, also in the Democratic Republic of Congo.

### **Information contact**

**Vancouver:** Matthew Keevil +1.604.558.1034

**London:** Tommy Horton +44 7866 913 207