

November 4, 2019

## **JOINT STATEMENT**

### **Ivanhoe Mines and Ivanhoe Capital address information shortcomings in Financial Times article focused on the Kamo-a-Kakula Project in the DRC**

**VANCOUVER, CANADA** – A story in the London-based Financial Times, headlined “Robert Friedland, China and the rush for copper in the DRC” and initially published online October 28, 2019, contained factual errors and omitted pertinent information that could be misleading or convey incorrect and incomplete impressions to readers.

The story focused on the Kamo-a-Kakula copper project in the Democratic Republic of Congo. Ivanhoe Mines and Ivanhoe Capital are issuing this public joint statement as an initiative to provide relevant details to supplement the Financial Times’ account of certain issues and developments likely to be of interest among investors, decision makers and others monitoring Ivanhoe’s three major mine development projects in southern Africa.

Unfortunately, and despite Ivanhoe Mines’ specific commitment to engage in fact checking, the Financial Times conducted pre-publication fact checking with Ivanhoe on only two of the many elements in the story. The Financial Times also resorted to publishing disparaging and misleading claims attributed to two anonymous sources – effectively concealing the critics’ identities and preventing full evaluation of any motives.

Following is a summary of the story’s significant errors and omissions that are of particular concern to Ivanhoe Mines:

- The story can be seen as apparently only reluctantly acknowledging the true significance of Ivanhoe Mines’ discovery of the enormous Kamo-a-Kakula copper deposit in the Democratic Republic of Congo. The story merely states that Mr. Friedland, Ivanhoe Mines’ founder and Co-Chairman, “believes he may have found” what will become another world-scale mine. The reality speaks for itself; the mine is well under construction – the Financial Times reporter saw it firsthand. Ivanhoe expects to begin production in 2021. The story contains a chart – attributed to information from two independent professional organizations, International Copper Study Group and Wood Mackenzie – projecting that Kamo-a-Kakula would become the world’s second-largest copper producer, assuming it reaches its potential peak annual production of more than 700,000 tonnes. It is a matter of public record that international mining consultant Wood Mackenzie, whose assessment was accepted by the Financial Times, separately has ranked Kamo-a-Kakula as the world’s largest, undeveloped, high-grade copper discovery. Period.
- The story ignores the overwhelmingly positive substance of the February 6, 2019, independent pre-feasibility study for the planned first stage of production at Kamo-a-Kakula – and also the accompanying, updated independent preliminary economic assessment for a planned tripling of production at Kamo-a-Kakula. The story does not even acknowledge the existence of the studies. ([February 6, 2019 news release](#)).

- The story presents estimates of future copper production at Kamoa-Kakula as merely a “claim” made by Mr. Friedland. The story also states that “doubts remain” about Mr. Friedland’s target for the start of production in 2021. The story quotes an unnamed “mining investor in London” as alleging that “it’s not clear what the actual economics of getting (ore) out of the ground will be”. The story bestows credibility on the anonymous, purported skeptic by making no reference whatsoever to the extensive assessments and scenarios published in the independent pre-feasibility study and preliminary economic assessment for Kamoa-Kakula summarized in Ivanhoe’s public news release on February 6. The preliminary economic assessment actually presented a development scenario with annual production hitting 740,000 tonnes of copper by year 12. The companion studies were prepared by six recognized industry experts: Amec Foster Wheeler E&C Services Inc. (a division of Wood PLC) of Reno, USA; DRA Global of Johannesburg, South Africa; KGHM Cuprum R&D Centre Ltd. of Wroclaw, Poland; OreWin Pty Ltd. of Adelaide, Australia; Stantec Consulting International LLC of Arizona, USA; and SRK Consulting Inc. of Johannesburg, South Africa.
- The story incorrectly asserts that “western mining companies have stayed away” from involvement in the Kamoa-Kakula copper mine now under construction. In addition, the story incorrectly states that “investors have also declined to become involved.” In fact, more than 40 companies – including some of the western world’s major international miners and financial institutions – have expressed interest in recent years about participating in the development of the mine. In announcing the initial Kamoa discovery in 2009 by Ivanplats (which assumed the Ivanhoe Mines name in 2013), Mr. Friedland also announced that funding discussions were being held with “some of the world’s leading, private and state-owned international mining companies”. Strategic financing was secured to cover ongoing exploration. Later, in 2015, Ivanhoe selected Zijin Mining Group, of China, as a partner in Kamoa-Kakula’s development. Today, Kamoa-Kakula is a joint venture between Ivanhoe Mines (39.6%), Zijin Mining Group (39.6%), Crystal River Global Limited (0.8%) and the Government of the Democratic Republic of Congo (20%).
- While again withholding the identity of another source, the Financial Times quotes a “London-based fund manager” as alleging that mining operators in the Democratic Republic of Congo “do things western shareholders do not allow their management teams to do”. Ivanhoe Mines was not given an opportunity to comment on this anonymous, blanket slur before it was published in this story. The insinuation is an insult to Ivanhoe’s professional management team. Ivanhoe Mines objects to the smear against the conduct of its operation and challenges the allegation. As Mr. Friedland stated in Ivanhoe’s February 6 news release this year, the initial Kakula Mine “is being built to international best practices that will be a showcase for responsible mine development”. He invited institutional investors and analysts to visit the DRC, meet the people and see the development in progress. The Financial Times reporter also visited the project.
- The story incorrectly states that the “first big success” in Mr. Friedland’s career in the international mining sector was the discovery of the large Voisey’s Bay nickel deposit on Canada’s east coast, which was announced in 1994. (Mr. Friedland was a co-founder and Co-Chairman of Diamond Fields Resources, which funded the exploration. The Financial Times recycled the myth that geologists “stumbled” upon the nickel while looking for diamonds, but in fact they also were looking for base metals.) However, the Voisey’s Bay success was preceded by a big gold deal. Mr. Friedland was principal shareholder of Fairbanks Gold, which discovered the Fort Knox gold deposit in Alaska in 1987 and subsequently sold its majority interest to Amax Gold in 1991. Fort Knox is Alaska’s largest gold mine and now has produced approximately 7.9 million ounces of gold.
- The story also incorrectly states that the Summitville gold mine in the U.S. state of Colorado – a venture led by Mr. Friedland through Canada-based Galactic Resources that began mining at the site in 1986 – was the source of heavy metals and effluent that leaked into a nearby river in 1992 and required a costly governmental cleanup. The story fails to report the fundamental fact that the Summitville Mine was not the sole cause of the water-quality problem. Other major media have correctly reported over most of the past 20 years that the sources of the heavy-metal contaminants

actually were past and current mining in the area and natural acidic runoff. In their December 2000 settlement with Mr. Friedland, the U.S. and Colorado governments agreed, in part, that “there has been substantial mining and construction at the Summitville mine, starting in the 1870s. No one person or entity is solely responsible for environmental problems or subsequent cleanup at the site.” The Financial Times stated that Mr. Friedland paid US\$20.7 million (the correct figure was US\$20.2 million) in 2001 to help restore natural resources in the affected watershed as part of a legal settlement with the U.S. government. But the story failed to provide a balanced account by ignoring the fact that the U.S., complying with the order of a Canadian court, also made a payment of US\$1.25 million to Mr. Friedland as substantial compensation for his costs incurred in defeating attempts by the U.S. government in 1996 to seize his financial assets in Canada. The lack of balance in this story’s account contrasts with a previous Financial Times story in 2003 that did acknowledge both of the payments made by the U.S. government and by Mr. Friedland. ([Summitville Fact File](#))

### **About Ivanhoe Mines**

**Ivanhoe Mines** is a Canadian mining company focused on advancing its three principal projects in Southern Africa: the development of new mines at the Kamoakakula copper discovery in the Democratic Republic of Congo (DRC) and the Platreef palladium-platinum-nickel-copper-gold discovery in South Africa; and the extensive redevelopment and upgrading of the historic Kipushi zinc-copper-germanium-silver mine, also in the DRC. The company is exploring for new copper discoveries on its wholly-owned Western Foreland exploration licences, adjacent to the Kamoakakula mining licence.

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### **About Ivanhoe Capital**

**Ivanhoe Capital Corporation** has specialized in the provision of venture capital, project financing and related financial services for a roster of international business enterprises since its founding in 1987. The company, with business bases in Singapore, Beijing, London and Vancouver, is owned and directed by its Chairman and founder, Robert M. Friedland, and his family.

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