

IVANHOE MINES

NEW HORIZONS

November 8, 2018

Ivanhoe Mines issues 2018 third-quarter financial results and review of exploration and development activities

CITIC Metal and Zijin Mining invested more than C\$800 million to advance Ivanhoe's three world-scale mine projects in Southern Africa

Ivanhoe announced the Makoko Discovery on its 100%-owned Western Foreland exploration licences near Kamoakakula – the company's third major copper discovery in the DRC

TORONTO, CANADA – Ivanhoe Mines (TSX: IVN; OTCQX: IVPAF) today announced its financial results for the third quarter ended September 30, 2018. All figures are in U.S. dollars unless otherwise stated. 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 platinum-palladium-nickel-copper-gold discovery in South Africa; and the extensive redevelopment and upgrading of the historic Kipushi zinc-copper-germanium-lead mine, also in the DRC.

Highlights

- On September 19, 2018, China-based CITIC Metal Co., Ltd. (CITIC Metal) completed a long-term, strategic cooperation and investment agreement that saw its direct subsidiary, CITIC Metal Africa Investments Limited (CITIC Metal Africa), invest C\$723 million (\$555 million) to advance Ivanhoe's three projects in Southern Africa. Under the terms of the investment agreement, CITIC Metal Africa acquired a 19.5% stake in Ivanhoe Mines through a private placement at a price of C\$3.68 per share.
- Also on September 19, 2018, Zijin Mining Group Co., Ltd. (Zijin Mining), Ivanhoe's joint-venture partner at the Kamoakakula Project, exercised its anti-dilution rights at a price of C\$3.68 per share, generating additional proceeds for Ivanhoe of C\$78 million (approximately US\$60 million). This resulted in Zijin retaining a 9.7% ownership stake in Ivanhoe Mines – its level of ownership prior to the completion of CITIC Metal Africa's strategic investment.
- Pursuant to the terms of the strategic cooperation and investment agreement with CITIC Metal, Yufeng "Miles" Sun, President of CITIC Metal Group Limited, and Tadeu Carneiro, former Chief Executive Officer of Brazil-based Companhia Brasileira de Metalurgia e Mineração (CBMM), have joined the Ivanhoe Mines Board of Directors. Mr. Sun and Mr. Carneiro were nominated by CITIC Metal. Mr. Carneiro is an independent director of Ivanhoe Mines.
- On October 1, 2018, Ivanhoe announced the Makoko Copper Discovery on its 100%-owned Western Foreland exploration licences, near Kamoakakula in the DRC. Makoko, Ivanhoe's

third major copper discovery in the DRC, shows geological characteristics identical to the tier-one Kamoia-Kakula Discoveries. Drilling is continuing on other Western Foreland targets.

- **Underground development at the planned initial mine at Kakula is making steady progress and is expected to reach the high-grade copper mineralization later this year. The service and conveyor declines each have been advanced more than 1,000 metres through underground development work. The 3,535-metre decline development contract is scheduled to be completed by the end of 2018.**
- **A pre-feasibility study (PFS) for phase 1 of the Kamoia-Kakula Project is underway and is expected to be completed early in 2019. The planned initial, six-million-tonne-per-annum (Mtpa) mine and concentrator at Kakula is estimated to have an initial capital cost of \$1.2 billion. Subsequent expansions and a smelter can be funded from cash flows or project finance. Ivanhoe and Zijin Mining are exploring options to accelerate building of the first two mines at Kamoia-Kakula, and the potential for expanding production to 18 Mtpa, and beyond.**
- **A total of 25,298 metres of drilling was completed at Kakula, Kakula West and Kamoia North and surrounding areas during Q3 2018, increasing the total drilling completed during the first nine months of 2018 to 62,224 metres.**
- **On July 30, 2018, Ivanhoe announced a new Mineral Resource estimate for the Kipushi Mine in the DRC that increased zinc-rich Measured and Indicated Mineral Resources by 16%, from 10.2 million tonnes to 11.8 million tonnes.**
- **The new estimate also increased Kipushi's zinc grade from 34.89% to 35.34%. In addition, the mine's copper-rich Measured and Indicated Resources have increased by 40% from 1.6 million tonnes to 2.3 million tonnes, with a slight increase in the copper grade from 4.01% to 4.03%.**
- **The updated Mineral Resource will be used in the preparation of the Kipushi definitive feasibility study (DFS), which is expected early in 2019. The DFS will update and refine the findings of the PFS issued last December. Similar to the PFS, the DFS will focus on the initial mining of Kipushi's Big Zinc Zone.**
- **The December 2017 PFS analyzed the plan to bring Kipushi's Big Zinc Zone into production in less than two years, with a life-of-mine, average annual production rate of 225,000 tonnes of zinc and cash costs of \$0.48 per pound of zinc. The planned return to production would establish Kipushi as the world's highest-grade, major zinc mine.**
- **On October 8, 2018, Ivanhoe announced that the sinking of Shaft 1 at the Platreef platinum-palladium-nickel-copper-gold discovery in South Africa reached the top of the Flatreef orebody, at a depth of approximately 780 metres. Sinking has reached a depth of 809 metres and will continue to its planned final depth of 982 metres. The Platreef mining team delivered the first ore from the underground mine development to surface stockpiles for metallurgical sampling.**
- **The estimated thickness of the mineralized reef (T1 & T2 mineralized zones) at Shaft 1 is 26 metres, with grades of platinum-group metals ranging up to 11 grams per tonne (g/t) 3PE (platinum, palladium and rhodium) plus gold, as well as significant quantities of nickel and copper. The 26-metre intersection will yield approximately 3,000 tonnes of ore, estimated to contain more than 400 ounces of platinum-group metals.**
- **Surface construction for Platreef's Shaft 2 is progressing. Blasting and excavation of a box cut to a depth of approximately 29 metres below surface is underway. Construction of a concrete hitch for the headframe is expected to be completed early in 2019.**
- **Based on the findings of an independent, DFS issued in July 2017, the Platreef Mine is projected to be Africa's lowest-cost producer of platinum-group metals, with a cash cost of**

\$351 per ounce of platinum, palladium, rhodium and gold, net of by-products, including sustaining capital costs.

- **At the end of Q3 2018, Kamoakakula had recorded 11.27 million work hours free of lost-time injuries, Kipushi 1.72 million work hours, and Platreef 666,009 work hours.**

Principal projects and review of activities

1. Platreef Project

64%-owned by Ivanhoe Mines

South Africa

The Platreef Project is owned by Ivanplats (Pty) Ltd (Ivanplats), which is 64%-owned by Ivanhoe Mines. A 26% interest is held by Ivanplats' historically-disadvantaged, broad-based, black economic empowerment (B-BBEE) partners, which include 20 local host communities with a total of approximately 150,000 people, project employees and local entrepreneurs. In April 2018, Ivanplats reconfirmed its Level 3 status in its fourth verification assessment on a B-BBEE scorecard. A Japanese consortium of ITOCHU Corporation, Japan Oil, Gas and Metals National Corporation and Japan Gas Corporation owns a 10% interest in Ivanplats, which it acquired in two tranches in 2010 and 2011 for a total investment of \$290 million.

The Platreef Project hosts an underground deposit of thick, platinum-group metals, nickel, copper and gold mineralization on the Northern Limb of the Bushveld Igneous Complex in Limpopo Province, approximately 280 kilometres northeast of Johannesburg and eight kilometres from the town of Mokopane.

On the Northern Limb, platinum-group metals mineralization is hosted primarily within the Platreef, a mineralized sequence that is traced more than 30 kilometres along strike. Ivanhoe's Platreef Project, within the Platreef's southern sector, is comprised of two contiguous properties: Turfspruit and Macalacaskop. Turfspruit, the northernmost property, is contiguous with, and along strike from, Anglo Platinum's Mogalakwena group of mining operations and properties.

Since 2007, Ivanhoe has focused its exploration and development activities on defining and advancing the down-dip extension of its original discovery at Platreef, now known as the Flatreef Deposit, which is amenable to highly mechanized, underground mining methods. The Flatreef area lies entirely on the Turfspruit and Macalacaskop properties, which form part of the company's mining right.

Health and safety at Platreef

At the end of Q3 2018, the Platreef Project reached a total of 666,009 lost-time, injury-free hours worked in terms of South Africa's Mine Health and Safety Act and Occupational Health and Safety Act. It has been four months since the last lost-time injury occurred at the Platreef Project, which continues to strive toward its workplace objective of an environment that causes zero harm to employees, contractors, sub-contractors and consultants.

Shaft 1 now extends to a depth of 800 metres below surface

Shaft 1 reached the top of the high-grade Flatreef Deposit (T1 mineralized zone) at a depth of 780.2 metres below surface in September 2018. The Platreef mining team has delivered the first ore from the underground mine development to surface stockpiles for metallurgical sampling. The estimated thickness of the mineralized reef (T1 & T2 mineralized zones) at Shaft 1 is 26 metres, with grades of platinum-group metals ranging up to 11 grams per tonne (g/t) 3PE (platinum, palladium and rhodium) plus gold, as well as significant quantities of nickel and copper. The 26-metre intersection will yield

approximately 3,000 tonnes of ore, estimated to contain more than 400 ounces of platinum-group metals.

Current shaft depth is 809 metres and sinking is continuing through the mineralized reef. The 750-metre-level station was successfully developed, with steelwork and concrete construction ongoing. The station will provide initial, underground access to the high-grade orebody, enabling mine development to proceed during the construction of Shaft 2. With a hoisting capacity of six million tonnes a year, Shaft 2 will become the mine's main production shaft and will allow access for the first raise-bore shaft that will provide ventilation to the underground workings during the mine's ramp-up phase.

As shaft sinking advances, two additional stations will be developed at mine-working depths of 850 metres and 950 metres. Shaft 1 is expected to reach its projected, final depth of 982 metres below surface in early 2020. Shaft 1 ultimately will become the primary ventilation intake shaft during the project's initial, four-Mtpa production case.

Photo: Members of the Platreef Project team and its South African sinking contractor, Aveng Mining, in Shaft 1 at the intersection of the Flatreef Deposit.



Shaft 2 early-works construction progressing

Shaft 2, to be located approximately 100 metres northeast of Shaft 1, will have an internal diameter of 10 metres. It will be lined with concrete and sunk to a planned, final depth of more than 1,104 metres below surface. It will be equipped with two, 40-tonne, rock-hoisting skips capable of hoisting a total of six million tonnes of ore a year – the single largest hoisting capacity at any mine in Africa.

The headgear for the permanent hoisting facility was designed by South Africa-based Murray & Roberts Cementation. The first seven blasts for Shaft 2's box cut were successfully completed, with the last two remaining blasts expected to take place before the end of 2018. The blasting will enable the excavation of the box cut to a depth of approximately 29 metres below surface and the construction of the concrete hitch (shaft collar foundation) for the 103-metre-tall concrete headgear that will house the shaft's permanent hoisting facilities and support the shaft collar. Excavation of the box cut and construction of the hitch foundation is expected to be completed in early 2019, enabling the beginning of the pre-sink that will extend 84 metres below surface.

Photo: Shaft 2 box-cut excavation in progress.



Underground mining to incorporate highly productive, mechanized methods

Ivanhoe plans to develop the Platreef Mine in phases. The initial annual production rate of four Mtpa is designed to establish an operating platform to support future expansions. This is expected to be followed by a potential doubling of production to eight Mtpa, and then a third expansion phase to a steady-state 12 Mtpa, which would establish Platreef among the largest platinum-group-metals mines in the world.

The mining zones in the current Platreef mine plan occur at depths ranging from approximately 700 metres to 1,200 metres below surface. Shaft 2 will provide primary access to the mining zones; secondary access will be via Shaft 1. During mine production, both shafts also will serve as ventilation intakes. Three additional ventilation exhaust raises are planned to achieve steady-state production.

Planned mining methods will use highly productive, mechanized methods, including long-hole stoping and drift-and-fill mining. Each method will utilize cemented backfill for maximum ore extraction. The ore will be hauled from the stopes to a series of internal ore passes and fed to the bottom of Shaft 2, where it will be crushed and hoisted to surface.

The current mine plan has been improved beyond earlier projections in the 2015 PFS mine plan by optimizing stope design, employing a declining Net Smelter Return (NSR) strategy and targeting higher-grade zones early in the mine's life. This strategy has increased the grade profile by 23% on a 3PE+Au basis in the first 10 years of operation and by 10% during the life of the mine.

Platreef project financing continuing to advance

Ivanhoe continues to advance the arrangement of project financing for the development of the Platreef Project. Negotiation of a term sheet is progressing well with the Initial Mandated Lead Arrangers (IMLAs), which are KfW IPEX-Bank, a 100% subsidiary of the German promotional bank KfW; Swedish Export Credit Corporation; Nedbank Limited (acting through its Nedbank Corporate and Investment Banking division); and Societe Generale Corporate & Investment Banking.

In October 2018, Export Development Canada (EDC) advised Ivanhoe that it would not renew its IMLA mandate, as it is currently reviewing its market position for South Africa. EDC informed Ivanhoe that its decision was not, based on the due diligence completed to date, related to any specific concern it had with the company or the Platreef Project. In addition preliminary discussions are underway with leading South African financial institutions regarding the financing of the black economic empowerment partners' contribution to the development capital which would thereby reduce the amount that would otherwise have to be contributed by Ivanhoe on their behalf.

Long-term supply of bulk water secured for the Platreef Mine

On May 7, 2018, Ivanhoe announced the signing of a new agreement to receive local, treated water to supply most of the bulk water needed for the first phase of production at Platreef. The Mogalakwena Local Municipality has agreed to supply a minimum of five million litres of treated water a day for 32 years, beginning in 2022, from the town of Mokopane's new Masodi Treatment Works. Initial supply will be used in Platreef's ongoing underground mine development and surface infrastructure construction.

Under terms of the agreement, which is subject to certain suspensive conditions, Ivanplats will provide financial assistance to the municipality for certified costs of up to a maximum of R248 million (approximately \$19.6 million) to complete the Masodi treatment plant. Ivanplats will purchase the treated wastewater at a reduced rate of R5 per thousand litres for the first 10 Ml/day to offset a portion of the initial capital contributed.

Development of human resources and job skills

Work progressed on the implementation of Ivanhoe's Social and Labour Plan (SLP). The company has pledged a total of R160 million (\$13 million) during the first five years, culminating in November 2019. The approved plan includes R67 million (\$6 million) for the development of job skills among local residents and R88 million (\$7 million) for local economic development projects.

2. Kipushi Project

68%-owned by Ivanhoe Mines
Democratic Republic of Congo

The Kipushi copper-zinc-germanium-lead mine, in the DRC, is adjacent to the town of Kipushi and approximately 30 kilometres southwest of Lubumbashi. It is located on the Central African Copperbelt, approximately 250 kilometres southeast of the Kamao-Kakula Project and less than one kilometre from the Zambian border. Ivanhoe acquired its 68% interest in the Kipushi Project in November 2011; the balance of 32% is held by the state-owned mining company, La Générale des Carrières et des Mines (Gécamines).

Health, safety and community development

At the end of Q3 2018, the Kipushi Project had achieved a total 1,724,816 work hours free of lost-time injuries. On September 16, 2018, it had been a year since a lost-time injury had occurred at the Kipushi Project.

The Kipushi Project operates a potable-water station to supply the municipality with water. This includes power supply, disinfectant chemicals, routine maintenance, security and emergency repair of leaks to the primary reticulation. The Kipushi Project also installed and commissioned new overhead powerlines to the pump station. Other community development projects continued during Q3 and included the Kipushi women's literacy project.

Kipushi Mineral Resources

The Kipushi Project's current Mineral Resource estimate was updated with an effective date of June 14, 2018, and was prepared by the MSA Group, of Johannesburg, South Africa, in compliance with 2014 CIM Definition Standards.

Zinc-rich Measured and Indicated Mineral Resources, primarily in the Big Zinc Zone, total 11.78 million tonnes at grades of 35.34% zinc, 0.80% copper, 23 g/t silver and 64 g/t germanium, at a 7% zinc cut-off – containing an estimated 9.2 billion pounds of zinc. Zinc-rich Inferred Mineral Resources total an additional 1.14 million tonnes at grades of 33.77% zinc, 1.24% copper, 12 g/t silver and 62 g/t germanium. The Inferred Mineral Resources are contained partly in the Big Zinc Zone and partly in the Southern Zinc Zone.

Copper-rich Measured and Indicated Mineral Resources contained in the adjacent Fault Zone, Fault Zone Splay and Série Récurrente Zone total an additional 2.29 million tonnes at grades of 4.03% copper, 2.85% zinc, 21 g/t silver and 19 g/t germanium, at a 1.5% copper cut-off – containing 144 million pounds of copper. Copper-rich Inferred Mineral Resources in these zones total an additional 0.44 million tonnes at grades of 3.89% copper, 10.77% zinc, 19 g/t silver and 55 g/t germanium.

The new Mineral Resource estimate incorporates Ivanhoe's second phase of underground drilling at Kipushi that was completed in 2017.

Pre-feasibility study for Kipushi completed in December 2017; definitive feasibility study underway

The Kipushi Project's PFS, announced by Ivanhoe Mines on December 13, 2017, anticipated annual production of an average of 381,000 tonnes of zinc concentrate over an 11-year, initial mine life at a total cash cost of approximately \$0.48 per pound of zinc.

Highlights of the PFS, based on a long-term zinc price of \$1.10 per pound, include:

- After-tax net present value (NPV) at an 8% real discount rate of \$683 million.
- After-tax real internal rate of return (IRR) of 35.3%.
- After-tax project payback period of 2.2 years.
- Pre-production capital costs, including contingency, estimated at \$337 million.
- Existing surface and underground infrastructure allows for significantly lower capital costs than comparable greenfield development projects.
- Life-of-mine average planned zinc concentrate production of 381,000 dry tonnes per annum, with a concentrate grade of 59% zinc, is expected to rank Kipushi, once in production, among the world's largest zinc mines.

Estimated life-of-mine average cash cost of \$0.48 per pound of zinc is expected to rank Kipushi, once in production, in the bottom quartile of the cash-cost curve for zinc producers internationally.

The planned primary mining method for the Big Zinc Deposit in the PFS is sublevel, long-hole, open stoping, with cemented backfill. The crown pillars are expected to be mined once adjacent stopes are backfilled using a pillar-retreat mining method. The Big Zinc Deposit is expected to be accessed via the existing decline and without any significant new development. The main levels are planned to be at 60-metre vertical intervals, with sublevels at 30-metre intervals.

Geology and exploration

Work is focused on additional information required for the ongoing feasibility study as well as planning the geological delineation drilling for the underground mine development. The design criteria targeted areas along the edge of the Big Zinc, which presently are inaccessible from the historic workings.

Photo: Bukasa Lengsha, a boilermaker at Kipushi, inspecting the recently installed ore-loading flask at the bottom of Shaft 5.



Project development and infrastructure

Significant progress has been made in modernizing the Kipushi Mine's underground infrastructure as part of preparations for the mine to resume commercial production. In Q3 2018, the Kipushi Project successfully completed initial, pre-production testing as part of the equipment commissioning process for the new, large-capacity rock crusher that has been installed 1,150 metres below surface. The Sandvik jaw crusher has a maximum capacity of 1,085 tonnes an hour. The 54-tonne machine was re-assembled and installed in the crusher chamber after it was disassembled on surface and its pieces were lowered down Shaft 5, which is the Kipushi Mine's main production shaft.

Ivanhoe completed the upgrading of a significant amount of underground infrastructure at the Kipushi Project, including a series of vertical mine shafts to various depths, with associated head frames, as well as underground mine excavations. A series of crosscuts and ventilation infrastructure still are in

working condition. The underground infrastructure also includes a series of pumps to manage the influx of water into the mine.

Photo: Kipushi's new primary rock crusher at the mine's 1,150-metre level. The crusher was successfully cold-commissioned in September.



Shaft 5 is eight metres in diameter and 1,240 metres deep. It now has been upgraded and re-commissioned. The main personnel and material winder has been upgraded and modernized to meet international industry standards and safety criteria. The Shaft 5 rock-hoisting winder now is fully operational, with new head- and tail-ropes also installed. The two newly manufactured rock conveyances (skips) and the supporting frames (bridles) have been installed in the shaft to facilitate the hoisting of rock from the main ore and waste storage silos feeding rock on the 1,200-metre level.

The main haulage way on the 1,150-metre level between the Big Zinc access decline and Shaft 5 rock load-out facilities has been resurfaced with concrete so the mine now can use modern, trackless, mobile machinery.

With the underground upgrading program nearing completion, the project's focus now will shift to modernizing and upgrading Kipushi's surface infrastructure to handle and process Kipushi's high-grade zinc and copper resources.

3. Kamo-Kakula Copper Project

39.6%-owned by Ivanhoe Mines

Democratic Republic of Congo

The Kamo-Kakula Copper Project, a joint venture between Ivanhoe Mines and Zijin Mining, has been independently ranked as the largest copper discovery ever made on the African continent – with adjacent prospective exploration areas within the Central African Copperbelt in the Democratic Republic of Congo. The project is approximately 25 kilometres west of the town of Kolwezi and about 270 kilometres west of Lubumbashi.

Ivanhoe sold a 49.5% share interest in Kamoa Holding Limited (Kamoa Holding) to Zijin Mining in December 2015 for an aggregate consideration of \$412 million. At the time, Kamoa Holding held a 95% interest in the Kamoa Project. In addition, Ivanhoe sold a 1% share interest in Kamoa Holding to privately-owned Crystal River Global Limited (Crystal River) for \$8.32 million – which Crystal River will pay through a non-interest-bearing, 10-year promissory note. Since the conclusion of the Zijin transaction in December 2015, each shareholder has been required to fund expenditures at the Kamoa-Kakula Project in an amount equivalent to its proportionate shareholding interest in Kamoa Holding.

A 5%, non-dilutable interest in the Kamoa-Kakula Project was transferred to the DRC government on September 11, 2012, for no consideration, pursuant to the 2002 DRC mining code. Following the signing of an agreement with the DRC government in November 2016, in which an additional 15% interest in the Kamoa-Kakula Project was transferred to the DRC government, Ivanhoe and Zijin Mining now each hold an indirect, 39.6% interest in the Kamoa-Kakula Project, Crystal River holds an indirect 0.8% interest and the DRC government holds a direct 20% interest. Kamoa Holding holds an 80% interest in the project.

Health and safety at Kamoa-Kakula

At the end of Q3 2018, the Kamoa-Kakula Project had achieved a total of 11,271,678 work hours free of lost-time injuries. It has been approximately seven years since the last lost-time injury occurred at the project. This outstanding achievement reflects the dedication and safety-focused culture of the entire Kamoa-Kakula exploration and development teams.

Kamoa-Kakula Mineral Resources

Ivanhoe issued an updated Mineral Resource estimate for the Kamoa-Kakula Project on February 26, 2018. It included an updated Kakula Mineral Resource estimate and was prepared by Ivanhoe Mines under the direction of Amec Foster Wheeler E&C Services Inc., of Reno, USA, in accordance with the 2014 CIM Definition Standards for Mineral Resources and Mineral Reserves. The Qualified Persons for the Kamoa-Kakula Mineral Resource estimate are Dr. Harry Parker, RM, SME, and Gordon Seibel, RM, SME, both of Amec Foster Wheeler E&C Services Inc.

Indicated Mineral Resources for the combined Kamoa-Kakula Project now total 1,340 million tonnes grading 2.72% copper, containing 80.7 billion pounds of copper at a 1.0% copper cut-off grade and a minimum thickness of three metres. Kamoa-Kakula also has Inferred Mineral Resources of 315 million tonnes grading 1.87% copper and containing 13.0 billion pounds of copper, also at a 1.0% copper cut-off grade and a minimum thickness of three metres.

The Kakula estimate covers a mineralized strike length of 13.3 kilometres and is based on results from approximately 151,000 metres of drilling in 271 holes completed by December 31, 2017. Indicated Mineral Resources total 585 million tonnes at a grade of 2.92% copper, containing 37.7 billion pounds of copper at a 1% copper cut-off. At a 2% copper cut-off, Indicated Mineral Resources total 330 million tonnes at a 4.07% copper grade, containing 29.6 billion pounds of copper. At a 3% copper cut-off, Indicated Mineral Resources total 174 million tonnes at a grade of 5.62% copper, containing 21.5 billion pounds of copper.

Inferred Mineral Resources total 113 million tonnes at a grade of 1.90% copper, containing 4.7 billion pounds of copper at a 1% copper cut-off. At a 2% copper cut-off, Inferred Mineral Resources total 44 million tonnes at a 2.59% copper grade, containing 2.5 billion pounds of copper. At a 3% copper cut-off, Inferred Mineral Resources total nine million tonnes at a grade of 3.66% copper, containing 0.7 billion pounds of copper.

The average true thickness of the selective mineralized zone (SMZ) at a 1% copper cut-off is 10.1 metres in the Indicated Mineral Resources area and 6.7 metres in the Inferred Mineral Resources area. At a higher 3% copper cut-off, the average true thickness of the SMZ is 4.7 metres in the Indicated Mineral Resources area and 3.3 metres in the Inferred Mineral Resources area.

The Kakula Mineral Resources are defined within a total area of 24.9 square kilometres at a 1% copper cut-off. At the same cut-off grade, the areal extent of Indicated Mineral Resources is 19.4 square kilometres and the areal extent of the Inferred Mineral Resources is 5.5 square kilometres. The Kakula Discovery remains open for significant expansion in multiple directions, while the remainder of the southern parts of the Kamo-a-Kakula mining-licence area is virtually untested.

Kakula PFS currently underway

A PFS for phase 1 of the Kamo-a-Kakula Project is underway. The study is considering a six-Mtpa mine and concentrator at Kakula, and is expected to be completed early in 2019.

Underground development progressing at the Kakula Deposit

Each of the twin declines at Kakula had been advanced more than 1,000 metres from the portal face toward the mineralized zone at the end of Q3 2018. Construction of the 1,050-metre-level dam has started and is planned to be commissioned by mid-2019. The next priority will be the drifts to the development tip and bottom of Ventilation Shaft 1, which will be developed via raise boring. The 3,535-metre decline development contract is scheduled to be completed by the end of 2018.

The detailed design and tenders for the conveyor system for the main decline, the development tip and west tip one are well advanced. The earthworks design for the surface conveyor drive station has been completed and construction is due to start shortly. All tenders for major conveyor components, including steelwork, drives, belting and pulleys, have been received and are being adjudicated. Tenders for the rock breaker and apron feeders have been adjudicated. Adjudication for the steelwork fabrication has been completed and the order will be placed shortly. Commissioning of the conveyor system is planned to be completed by September 2019.

Contract discussions have been concluded for construction of Ventilation Shaft 1 by raise boring. Bottom access to the shaft is expected via the Kakula declines by January 2019 and reaming of the shaft is expected to start in February 2019.

Exploration activities continue at Kakula and Kamo-a-North

Exploration drilling during Q3 2018 was split between Kakula and Kamo-a-North, with 25,298 metres drilled during the quarter in 66 holes. A total of 21 holes were completed in Kamo-a-North.

Drilling at Kamo-a-North focused on continued testing of previously identified, shallow, high-grade trends that were not fully evaluated in the 2017 program. The results of this program are due to be released when the final assays are returned. Exploration has continued at Kakula, with known mineralization remaining open and unconstrained to the north of Kakula West.

Regional geophysical surveys

The seismic survey to complete the final part of seismic transects toward the northern part of the area was completed early in Q3 2018. Vertical seismic profiles (VSPs), were completed down a number of boreholes during the quarter. VSPs are used to calibrate the seismic survey and facilitate a more accurate conversion of travel time of the seismic signal to depth below surface.

Ongoing upgrading work enables Mwadingusha power station to supply 32 megawatts of clean electricity to national grid

In January 2018, Ivanhoe announced that ongoing upgrading work at the Mwadingusha hydropower plant in the DRC had almost tripled the plant's interim power output from 11 to 32 megawatts (MW). This represents 45% of the plant's designed capacity. Three of Mwadingusha's six generators now have been modernized. The remaining three generators are due to be upgraded and fully operational by the end of 2019 – restoring the plant to its installed output capacity of approximately 71 MW of power.

The work at Mwadingusha, part of a program to eventually overhaul and boost output from three hydropower plants, is being conducted by engineering firm Stucky, of Lausanne, Switzerland, under the direction of Ivanhoe Mines and its joint-venture partner, Zijin Mining, in conjunction with the DRC's state-owned power company, La Société Nationale d'Electricité (SNEL). Once fully reconditioned, the three plants will have a combined installed capacity of approximately 200 MW of electricity for the national grid, which is expected to be more than sufficient for the Kamo-Kakula Project.

The Kansoko Mine, Kakula Mine and Kamo camp have been connected to the national hydroelectric power grid since the completion of a 12-kilometre, 120-kilovolt, dual-circuit power line between Kansoko and Kakula last December. The design of permanent, 11-kilovolt reticulation to the vent shafts and mine has started, which includes substations, overhead lines and surface cables.

Photo: Engineers inspecting pipes (penstocks) feeding water to turbines driving generators inside the Mwadingusha hydroelectric power plant



Continued focus on community and sustainability

The Kamo-Kakula Sustainable Livelihoods program is committed to sustainable development in the communities within the project's footprint.

The main objective of the livelihoods program is to enhance food security and the living standards of the people who reside within the project's footprint. The program is mainly implemented through fish farming and food crops, including farming of maize (corn) and vegetables, plus poultry production and beekeeping.

Additional, non-farming-related activities for Q3 2018 included education and literacy programs; the completion of a new school at the Muvunda village; a community water program; the continuation of the brick-making program; the creation of unskilled job opportunities; and the completion of the Kakula mine resettlement project.

Photo: Fabrice Mazeze with fresh tomatoes produced in the livelihoods vegetable garden.



Photo: Community adult literacy program at Kamo-Kakula, sponsored by Kamo Copper and Ivanhoe Mines and implemented in partnership with Alfa Congo, a non-profit, non-governmental organization based in Kinshasa.



4. Western Foreland Exploration Project

100%-owned by Ivanhoe Mines
Democratic Republic of Congo

Exploration continuing on Ivanhoe's 100%-owned Western Foreland exploration licences west of Kamo-Kakula

Ivanhoe's DRC exploration group is targeting Kamo-Kakula-style copper mineralization through a regional drilling program on its 100%-owned Western Foreland exploration licences, located to the north and west of the Kamo-Kakula Project.

During Q3 2018, the team commissioned two extra rigs for its dry-season exploration drilling campaign. Three rigs began drilling north and west of Kamo at the Kamilli, Mbali and Kiala targets, with one remaining at Makoko. A total of 8,895 metres in 17 diamond drill holes were completed during the quarter.

Four holes have been completed at Kiala and a further eight at Kamilli and Mbali. Detailed geological interpretation and assay results are pending. Drilling continued at Makoko throughout the quarter; 11 holes were completed.

Photo: Héritier Tshiminyi Katembo, a driller with Ivanhoe's contractor, Titan Drilling, examines a piece of drill core from the Makoko area on Ivanhoe's 100%-owned Western Foreland exploration licences.



Makoko Copper Discovery

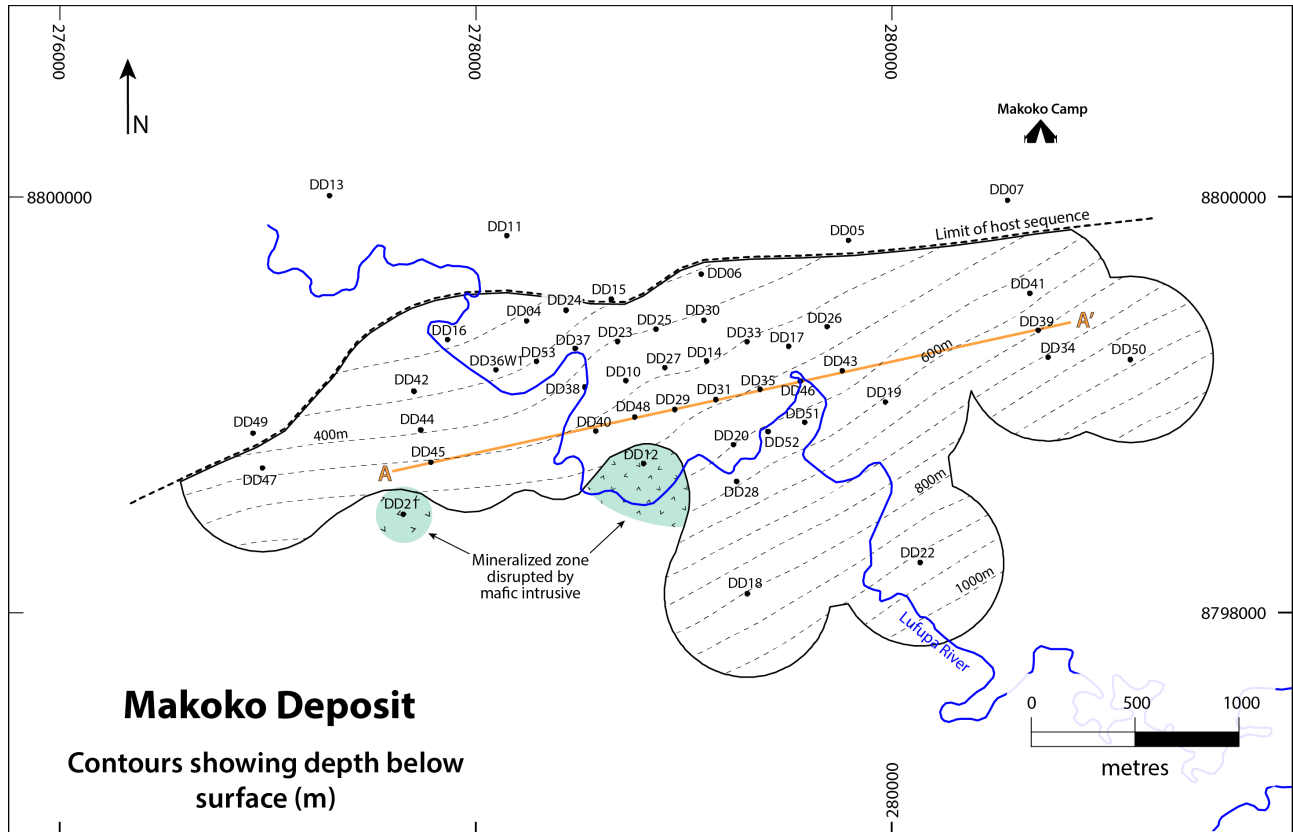
On October 1, 2018, Ivanhoe announced the Makoko Copper Discovery on its 100%-owned Western Foreland Exploration licences, near Kamoia-Kakula in the DRC. The Makoko Discovery is Ivanhoe's third major copper discovery in the DRC and shows characteristics identical to Ivanhoe's tier-one Kamoia-Kakula Discoveries.

Selected drill holes at the Makoko Discovery include:

- DD004 (the Makoko discovery hole) intersected 3.94 metres (true width) of 5.46% copper, at a 2.0% copper cut-off, and 3.94 metres (true width) of 5.46% copper at a 1.0% copper cut-off, from a downhole depth of 306 metres.
- DD010 intersected 3.21 metres (true width) of 6.78% copper, at a 2.0% copper cut-off, and 3.95 metres (true width) of 5.81% copper at a 1.0% copper cut-off, from a downhole depth of 441 metres.
- DD017 intersected 3.19 metres (true width) of 6.49% copper at a 2.0% copper cut-off, and 4.64 metres (true width) of 4.88% copper, at a 1.0% copper cut-off, from a downhole depth of 471.7 metres.
- DD025 intersected 3.00 metres (true width) of 7.61% copper at a 2.0% copper cut-off, and 3.00 metres (true width) of 7.61% copper, at a 1.0% copper cut-off, from a downhole depth of 406 metres.
- DD046 intersected 7.44 metres (true width) of 7.81% copper at a 2.0% copper cut-off, and 9.39 metres (true width) of 6.51% copper, at a 1.0% copper cut-off, from a downhole depth of 523.51 metres.

The initial discovery hole at Makoko, DD004, was drilled in September 2017; follow-up and infill drilling has been ongoing since then. Drilling to date at Makoko has defined a flat-lying, near-surface stratiform copper deposit, similar to the Kamoia and Kakula deposits. The structure contour map indicates that the mineralized formation in the Makoko area is within 1,000 metres of surface. The majority of the drilling to date at Makoko has intersected the copper-rich zone between 400 metres and 800 metres below surface. The mineralized zone at Makoko strikes approximately south-southeast. It has been tested over a strike length of 4.5 kilometres and a dip extent of between one and two kilometres. Copper mineralization remains open both along strike and down dip.

Figure: Drilling locations at Ivanhoe's Makoko Discovery.



The Grand Conglomerate unit (coarse-grained clastic sedimentary rock), the base of which hosts copper mineralization in the Western Foreland area, underlies the majority of the area covered by Ivanhoe's exploration licences, with the base of the unit interpreted to be generally within 600 metres of surface.

At the nearby Kakula Discovery, the highest copper grades are associated with a siltstone-sandstone unit occurring within the Grand Conglomerate, located approximately one metre above the top of the Mwashia sandstone unit. Mineralization at Kakula consistently is bottom loaded, with grades increasing down-hole toward the contact between the host Grand Conglomerate and the underlying sandstone unit.

Copper mineralization at the Makoko Discovery similarly is located at the base of the Grand Conglomerate, just above the contact with the underlying Roan footwall rocks. This location is consistent with copper mineralization seen in earlier drilling into the Kakula Discovery and elsewhere in the Western Foreland area.

High-grade copper intersections at Makoko are associated with a rhythmically-banded, fine-grained siltstone-sandstone unit similar to the siltstone-hosted mineralization at Kakula, although at Makoko the host package of rocks also includes zones of reworked diamictite. The siltstone-rich zones appear to have been controlled by the underlying basin architecture at the time of deposition.

Sulphide copper mineralization generally is fine-grained and shows typical downward vertical zonation of chalcopryite to bornite to chalcocite, similar to Kakula. The dominant copper sulphide mineral at Makoko tends to be bornite.

Selected quarterly financial information

The following table summarizes selected financial information for the prior eight quarters. Ivanhoe had no operating revenue in any financial reporting period and did not declare or pay any dividend or distribution in any financial reporting period.

	Three months ended			
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
	\$'000	\$'000	\$'000	\$'000
Exploration and project expenditure	2,368	2,773	1,436	10,986
Share of losses from joint venture	7,757	6,702	7,200	10,193
General administrative expenditure	980	6,269	5,254	3,316
Share-based payments	1,829	1,764	1,412	1,111
Reversal of impairment of mineral property and other items	-	-	-	(286,283)
Finance income	(12,146)	(10,875)	(10,357)	(8,986)
Finance costs	1,028	352	343	442
Total comprehensive loss (profit) attributable to:				
Owners of the Company	5,838	33,710	(4,916)	(207,991)
Non-controlling interest	2,046	4,263	1,064	(77,336)
Basic loss (profit) per share	0.00	0.01	0.01	(0.25)
Diluted loss (profit) per share	0.00	0.01	0.01	(0.24)

	Three months ended			
	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
	\$'000	\$'000	\$'000	\$'000
Exploration and project expenditure	11,595	9,626	8,296	9,507
Share of losses from joint venture	6,759	5,035	5,518	5,890
General administrative expenditure	6,039	4,952	4,953	7,272
Share-based payments	1,224	1,201	1,372	1,442
Finance income	(8,032)	(9,167)	(6,429)	(6,827)
Finance costs	434	355	479	471
Total comprehensive loss attributable to:				
Owners of the Company	15,893	7,477	1,749	14,101
Non-controlling interest	5,269	3,885	3,273	3,914
Loss per share (basic and diluted)	0.01	0.01	0.01	0.02

Discussion of results of operations

Review of the three months ended September 30, 2018, vs. September 30, 2017

The company recorded a total comprehensive loss of \$7.9 million for Q3 2018 compared to a total comprehensive loss of \$21.2 million for the same period in 2017. Exploration and project expenditure for Q3 2018 amounted to \$2.4 million and was \$9.2 million less than for the same period in 2017 (\$11.6 million). The decrease in exploration and project expenditure was the main reason for the decrease in the total comprehensive loss and is attributable to the capitalization of costs incurred at the Kipushi Project subsequent to the finalization of its PFS in December 2017.

With the focus at the Kipushi and Platreef projects being on development and the Kamoia-Kakula Project being accounted for as a joint venture, the total \$2.4 million exploration and project expenditure in the three months ended September 30, 2018, related to exploration at Ivanhoe's 100%-owned Western Foreland exploration licences. In Q3 2017, \$10.8 million of the total \$11.6 million exploration and project expenditure related to the Kipushi Project.

The company's share of losses from the Kamoia Holding joint venture increased from \$6.8 million in Q3 2017 to \$7.8 million in Q3 2018. The following table summarizes the company's share of the comprehensive loss from Kamoia Holding for the three months ended September 30, 2018, and for the same period in 2017:

	Three months ended	
	September 30,	
	2018	2017
	\$'000	\$'000
Interest expense	14,440	10,919
Exploration costs	5,435	6,884
Foreign exchange (gain) loss	(68)	21
Interest income	(988)	(515)
Loss for the period	18,819	17,309
Loss attributable to non-controlling interest	(3,148)	(3,655)
Loss for the period attributable to joint venture partners	15,671	13,654
Company's share of losses from joint venture (49.5%)	7,757	6,759

The costs associated with mine development are capitalized as development costs in Kamoia Holding, while the exploration expenditure is expensed. Capitalization of costs at Kakula commenced during Q2 2017, coinciding with the start of the Kakula box cut. Expenditure attributable to exploration at Kamoia North, Kakula West and in the saddle area between Kakula West and Kakula still is expensed.

The interest expense in the Kamoia Holding joint venture relates to shareholder loans where each shareholder is required to fund Kamoia Holding in an amount equivalent to its proportionate shareholding interest. The company is advancing Crystal River's portion on its behalf in return for an increase in the promissory note due to Ivanhoe.

Finance income for the three months ended September 30, 2018, amounted to \$12.1 million, and was \$4.1 million more than for the same period in 2017 (\$8.0 million). The increase mainly was due to interest earned on loans to the Kamoia Holding joint venture to fund operations that amounted to \$10.4 million in 2018, and increased by \$3.3 million as the accumulated loan balance increased.

Review of the nine months ended September 30, 2018, vs. September 30, 2017

The company's total comprehensive loss of \$42.0 million for the nine months ended September 30, 2018, was \$4.5 million higher than for the same period in 2017 (\$37.5 million). The increased loss mainly was due to an exchange loss on translation of foreign operations of \$23.9 million for the nine months ended September 30, 2018, resulting from the weakening of the South African Rand by 14% from December 31, 2017, to September 30, 2018, compared to an exchange gain on translation of foreign operations recognized in the same period of 2017 of \$1.4 million.

Exploration and project expenditure for the nine months ended September 30, 2018, amounted to \$6.6 million and was \$22.9 million less than for the same period in 2017 (\$29.5 million). Exploration and project expenditure for the nine months ended September 30, 2018, related to Ivanhoe's 100%-owned Western Foreland exploration licences, while \$28.4 million for the same period in 2017 related to the Kipushi Project.

Finance income for the nine months ended September 30, 2018, amounted to \$33.4 million, and was \$9.8 million more than for the same period in 2017 (\$23.6 million). The increase mainly was due to interest earned on loans to the Kamoia Holding joint venture to fund operations that amounted to \$28.7 million in 2018, and increased by \$9.4 million as the accumulated loan balance increased.

The company's share of losses from the Kamoia Holding joint venture increased to \$21.7 million for the nine months ended September 30, 2018, from \$17.3 million for the same period in 2017. The following table summarizes the company's share of the comprehensive loss of Kamoia Holding for the nine months ended September 30, 2018, and for the same period in 2017:

	Nine months ended	
	September 30,	
	2018	2017
	\$'000	\$'000
Interest expense	40,928	30,000
Exploration costs	14,303	16,642
Foreign exchange loss (gain)	23	(3)
Interest income	(2,597)	(1,159)
Loss for the period	52,657	45,480
Loss attributable to non-controlling interest	(8,901)	(10,507)
Loss for the period attributable to joint venture partners	43,756	34,973
Company's share of losses from joint venture (49.5%)	21,659	17,312

Financial position as at September 30, 2018 vs. December 31, 2017

The company's total assets increased by \$576.4 million, from \$1,271.3 million as at December 31, 2017, to \$1,847.7 million as at September 30, 2018. The increase mainly was due to the proceeds received on completion of the equity investment by CITIC Metal Africa Investments Limited (CITIC Metal Africa) and Zijin exercising its anti-dilution rights, for gross proceeds of \$555 million and \$60 million respectively.

Cash and cash equivalents and short-term deposits increased by \$358.1 million and \$116.2 million respectively. The company utilized \$8.3 million of its cash resources in its operations, which includes interest of \$2.9 million received during the nine months ended September 30, 2018.

The company's investment in the Kamoia Holding joint venture increased by \$44.5 million from \$552.4 million as at December 31, 2017, to \$596.9 million as at September 30, 2018, with each of the current

shareholders funding the operations equivalent to their proportionate shareholding interest. The company's portion of the Kamoia Holding joint venture cash calls amounted to \$37.4 million during the nine months ended September 30, 2018, while the company's share of comprehensive loss from the joint venture amounted to \$21.7 million.

The net increase of property, plant and equipment amounted to \$64.1 million, with a total of \$92.4 million being spent on project development and to acquire other property, plant and equipment. Of this total, \$40.6 million and \$50.9 million pertained to development costs and other acquisitions of property, plant and equipment at the Platreef Project and Kipushi Project respectively.

The main components of the additions to property, plant and equipment at the Platreef and Kipushi projects for the nine months ended September 30, 2018, and for the same period in 2017, are set out in the following table:

	Nine months ended	
	September 30,	
	2018	2017
	\$'000	\$'000
Platreef Project		
Shaft 1 construction	21,525	17,038
Salaries and benefits	6,023	5,316
Administrative and other expenditure	5,091	4,507
Shaft 2 early works	3,696	1,160
Social and environmental	1,977	1,946
Studies and contracting work	977	3,261
Site costs	838	640
Infrastructure	365	264
Total development costs	40,492	34,132
Other additions to property, plant and equipment	141	1,667
Total additions to property, plant and equipment for Platreef	40,633	35,799
Kipushi Project		
Salaries and benefits	11,024	5,671
Electricity	4,935	2,924
Studies and contracting work	5,364	1,744
Depreciation	2,388	1,681
Repair and maintenance	924	2,062
Other expenditure	9,983	3,545
	34,618	17,627
<i>Classified as:</i>		
Exploration and project expenditure in the loss from operating activities	-	17,627
Capitalized as development cost in property, plant and equipment	34,618	-
Other additions to property, plant and equipment	16,239	1,332
Total additions to property, plant and equipment for Kipushi	50,857	1,332

The company's total liabilities increased by \$1.3 million to \$61.1 million as at September 30, 2018, from \$59.8 million as at December 31, 2017.

Liquidity and capital resources

The company had \$539.5 million in cash and cash equivalents and \$116.2 million in short-term deposits as at September 30, 2018. At this date, the company had consolidated working capital of approximately \$646.7 million, compared to \$181.9 million at December 31, 2017.

On September 19, 2018, Ivanhoe announced the completion of a major strategic equity investment totalling C\$723 million (\$555 million) in Ivanhoe Mines by CITIC Metal Africa, a direct subsidiary of CITIC Metal Co., Ltd. (CITIC Metal), one of China's leading international resources companies. Ivanhoe Mines issued 196,602,037 common shares to CITIC Metal Africa through a private placement at a price of C\$3.68 per share. Zijin exercised its anti-dilution rights, generating additional proceeds for Ivanhoe of C\$78 million (\$60 million). The exercise by Zijin of its anti-dilution rights also was at a price of C\$3.68 per share.

The Platreef Project's restricted cash, which were funds of \$290 million invested by the Japanese consortium of ITOCHU Corporation, Japan Oil, Gas and Metals National Corporation and Japan Gas Corporation, has been fully utilized and the project's current expenditure is being funded solely by Ivanhoe as the Japanese consortium has elected not to contribute to current expenditures. Since the Platreef Project's restricted cash was fully utilized, the company has contributed a total of \$10.0 million on behalf of the Japanese consortium.

Since December 8, 2015, each shareholder in Kamo Holding has been required to fund Kamo Holding in an amount equivalent to its proportionate shareholding interest. The company is advancing Crystal River's portion on its behalf in return for an increase in the promissory note due to Ivanhoe.

The company's main objectives for 2018 at the Platreef Project are the continuation of Shaft 1 construction, securing a bulk-water supply and completion of early-works construction of Shaft 2. At Kipushi, the principal objectives are the completion of the feasibility study and continued upgrading of mining infrastructure. At the Kamo-Kakula Project, priorities are the continuation of decline construction at Kakula and the completion of a PFS for Kakula. The company has budgeted to spend \$13 million on further development at the Platreef Project; \$25 million at the Kipushi Project; \$3 million on regional exploration in the DRC; and \$5 million on corporate overheads for Q4 2018 – as well as its proportionate funding of the Kamo-Kakula Project, expected to be \$32 million for Q4 2018.

The company has a mortgage bond outstanding on its offices in London, United Kingdom, of £3.2 million (\$4.2 million). The bond is fully repayable on August 31, 2020, secured by the property and incurs interest at a rate of LIBOR plus 1.9% payable monthly in arrears. Only interest will be payable until maturity.

In 2013, the company became party to a loan payable to ITC Platinum Development Limited, which had a carrying value of \$26.6 million as at September 30, 2018, and a contractual amount due of \$32.2 million. The loan is repayable once the Platreef Project has residual cashflow, which is defined in the loan agreement as gross revenue generated by the Platreef Project, less all operating costs attributable thereto, including all mining development and operating costs. The loan attracts interest of LIBOR plus 2% calculated monthly in arrears. Interest is not capitalized. The difference of \$5.6 million between the contractual amount due and the fair value of the loan is the benefit derived from the low-interest loan.

This news release should be read in conjunction with Ivanhoe Mines' Q3 2018 Financial Statements and Management's Discussion and Analysis report available at www.ivanhoemines.com and at www.sedar.com.

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 NI 43-101. Mr. Torr is not considered independent under NI 43-101 as he is Ivanhoe Mines' Vice President, Project Geology and Evaluation. Mr. Torr has verified the technical data disclosed in this news release.

Ivanhoe has prepared a current, independent, NI 43-101-compliant technical report for the Platreef Project, the Kipushi Project and the Kamoakakula Project, which are available under the company's SEDAR profile at www.sedar.com:

- The Kamoakakula 2018 Resource Update dated March 23, 2018, prepared by OreWin, Amec Foster Wheeler, MDM (Technical) Africa, Stantec Consulting International and SRK Consulting (South Africa), covering the company's Kamoakakula Project.
- The Platreef 2017 Feasibility Study Technical Report dated September 4, 2017, prepared by DRA Global, OreWin, Amec Foster Wheeler, Stantec Consulting, Murray & Roberts Cementation, SRK Consulting, Golder Associates and Digby Wells Environmental, covering the company's Platreef Project.
- The Kipushi 2017 Prefeasibility Study Technical Report dated January 25, 2018, prepared by OreWin, The MSA Group, SRK Consulting (South Africa) and MDM (Technical) Africa, covering the company's Kipushi Project.

These technical reports include relevant information regarding the effective dates and the assumptions, parameters and methods of the mineral resource estimates on the Platreef Project, the Kipushi Project and the Kamoakakula Project cited in this news release, as well as information regarding data verification, exploration procedures and other matters relevant to the scientific and technical disclosure contained in this news release in respect of the Platreef Project, Kipushi Project and Kamoakakula Project.

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Forward-looking statements

Certain statements in this news release constitute "forward-looking statements" or "forward-looking information" within the meaning of applicable securities laws. Such statements and information involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the company, its projects, 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.

Such statements include without limitation, the timing and results of: (i) statements regarding Shaft 1 providing initial underground access to the high-grade orebody at the Flatreef Deposit; (ii) statements regarding Shaft 1 reaching the planned, final depth at 982 metres below surface in early 2020; (iii)

statements regarding the timing of Shaft 2 development, including that excavation of the box cut and construction of the tower hitch foundation are expected to be completed by early 2019 and that Shaft 2 will be sunk to a final depth of more than 1,104 metres; (iv) statements regarding the operational and technical capacity of Shaft 1; (v) statements regarding the internal diameter and hoisting capacity of Shaft 2; (vi) statements regarding the company's plans to develop the Platreef Mine in three phases: an initial annual rate of four million tonnes per annum (Mtpa) to establish an operating platform to support future expansions; followed by a doubling of production to eight Mtpa; and then a third expansion phase to a steady-state 12 Mtpa; (vii) statements regarding the planned underground mining methods of the Platreef Project, including long-hole stoping and drift-and-fill mining; (viii) statements regarding supply of treated water from the town of Mokopane's new Masodi treatment plant, including that it will supply five million litres of treated water a day for 32 years; (ix) statements regarding the timing and completion of a pre-feasibility study for a six Mtpa mine and concentrator at Kakula early in 2019; (x) statements regarding the timing, size and objectives of drilling and other exploration programs for 2018 and future periods; (xi) statements regarding exploration on the Western Foreland exploration licences; (xii) statements regarding completion of the twin declines at Kakula by the end of 2018; (xiii) statements regarding the timing and completion of a definitive feasibility study at the Kipushi Project; (xiv) statements regarding expected expenditure of \$13 million on further development at the Platreef Project; \$25 million at the Kipushi Project; \$3 million on regional exploration in the DRC; and \$5 million on corporate overheads for Q4 2018 – as well as its proportionate funding of the Kamoia-Kakula Project, expected to be \$32 million for Q4 2018; (xv) statements regarding Platreef projecting it to be Africa's lowest-cost producer of platinum-group metals; and (xvi) statements regarding the construction of a 1,050-metre-level-dam at the Kakula deposit to be commissioned in mid-2019.

As well, all of the results of the pre-feasibility study of the Kamoia-Kakula Project and preliminary economic assessment of development options for the Kakula deposit, the feasibility study of the Platreef Project and the pre-feasibility study of the Kipushi Project, constitute forward-looking statements or 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, estimates of capital and operating costs and the size and timing of phased development of the projects. Furthermore, with respect to this specific forward-looking information concerning the development of the Kamoia-Kakula, Platreef and Kipushi projects, the company has based its assumptions and analysis on certain factors that are inherently uncertain. Uncertainties include: (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, zinc, 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 compliance by joint-venture partners with terms of agreements; (xiii) the availability and productivity of skilled labour; (xiv) the regulation of the mining industry by various governmental agencies; and (xv) political factors.

This release also contains references to estimates of Mineral Resources and Mineral Reserves. The estimation of Mineral Resources is inherently uncertain and involves subjective judgments about many relevant factors. Estimates of Mineral Reserves provide more certainty but still involve similar subjective judgments. 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 (including estimated future production from the company's projects, the anticipated tonnages and grades that will be mined and the estimated level of recovery that will be realized), which may prove to be unreliable and depend, to a certain extent, upon the analysis of drilling results and statistical inferences that ultimately may prove to be inaccurate. Mineral Resource or Mineral Reserve estimates may have to be re-estimated based on: (i) fluctuations in copper, nickel, zinc, platinum group elements (PGE), gold or other mineral prices; (ii) results of drilling; (iii) metallurgical testing and other studies; (iv) proposed mining operations, including dilution; (v) the evaluation of mine plans subsequent to the date

of any estimates and/or changes in mine plans; (vi) the possible failure to receive required permits, approvals and licences; and (vii) changes in law or regulation.

Forward-looking statements and information 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 or information, including, but not limited to, the factors discussed below and under the “Risk Factors” section and elsewhere in the company’s Q3 2018 Financial Statements and Management’s Discussion and Analysis, 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 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 Q3 2018 Financial Statements and Management’s Discussion and Analysis.