

October 1, 2020

Kamoa-Kakula Copper Project sets fresh monthly record for underground development with 2,069 metres achieved in September; more than 22.6 kilometres now complete – 44% ahead of plan

Construction of the project's first 3.8 million-tonne-per-annum (Mtpa) processing plant and surface infrastructure at the high-grade Kakula Mine more than 52% complete, with first production less than a year away

Orders now being placed for the long-lead items for the project's second 3.8 Mtpa processing plant

Development from Kakula's southern decline nearing the centre of the orebody, where grades average between +5% and +8% copper

Pre-production surface stockpiles at Kakula North, Kakula South and Kansoko now contain an estimated 803,000 tonnes of ore

KOLWEZI, DEMOCRATIC REPUBLIC OF CONGO – Ivanhoe Mines (TSX: IVN; OTCQX: IVPF) Co-Chairs Robert Friedland and Yufeng “Miles” Sun announced today that underground development at the Kamoa-Kakula Copper Project totalled 2,069 metres in September, setting a new monthly record for the project and bringing the total underground development to more than 22.6 kilometres – approximately 7.0 kilometres, or 44% ahead of schedule.

The project's monthly total of 2,069 metres of underground development is comprised of 1,696 metres at the Kakula Mine and 373 metres at the Kansoko Mine, which is located at the Kamoa Deposit – approximately 10 kilometres north of the Kakula Mine.

Several underground development headings at the Kakula Mine now have transitioned into the higher-grade ore zones near the centre of the deposit, grading between approximately +5% copper and +8% copper. October will be the first month of mining in Kakula's high-grade ore from the southern access drives, and this ore will be stored on a separate high-grade surface stockpile near the southern decline. Mining on the northern side of the orebody also will soon intersect the higher grade ore.

The main access drives between northern and southern declines have less than 520 metres remaining before they connect in the high-grade centre of the deposit. The connection is expected to occur next month and will significantly increase ventilation to the centre of the orebody, allowing for additional mining crews to begin work in Kakula's high-grade ore zones.

In addition to driving the main connecting access drives, underground mining crews at Kakula are focused on preparation work for developing the high grade, drift-and-fill stoping blocks in the centre of the orebody, where the average grade is up to +8% copper. Opening up of the mining footprint for these high-grade stoping areas entails development work in areas of low-, medium- and high-grade ore, and is designed to coincide with the start-up of the processing plant next year. This will allow mining crews to deliver high-grade stoping ore directly from the underground to the processing plant.

Drift-and-fill stoping is a highly-efficient form of underground mechanized mining and will allow the operation to efficiently recover significantly more tonnes from the orebody. Once drift-and-fill stoping operations begin, mining at the Kakula Mine will produce a significantly higher proportion of high-grade stoping ore than lower-grade development ore.

Underground development at the Kansoko Mine currently is in low-to-medium-grade ore zones, grading between approximately +2% and +3% copper. Kansoko is being developed by training crews and will be a supplemental source of ore when the Kakula concentrator processing capacity doubles to 7.6 Mtpa – currently planned to be commissioned in Q2 2022.

Pre-production surface ore stockpiles now total more than 803,000 tonnes

In September, mining crews at the Kakula and Kansoko mines produced and transported to surface approximately 132,000 tonnes of ore, bringing the project's total pre-production ore stockpiles to an estimated 803,000 tonnes. September's ore production is approximately 24% higher than August.

The ore being mined from the northern portion of the Kakula Mine is transported to surface via the conveyor system and placed on a blended surface stockpile that now contains 540,000 tonnes grading an estimated 3.73% copper; comprised of 125,000 tonnes of high-grade ore grading 6.00% copper, and 415,000 tonnes of medium-grade ore grading 3.05% copper.

Two additional, pre-production ore stockpiles are located at the Kakula South decline (approximately 168,000 tonnes grading 2.73% copper) and the Kansoko decline (approximately 95,000 tonnes grading 2.34% copper).

“The new underground record achieved in September puts development progress months ahead of plan,” said Mark Farren, Kamo Copper's CEO. “With each passing month, our mining and engineering teams are increasingly confident that the forecasted mining productivity rates used in our engineering studies are conservative – a testament to the focus and dedication of the project's mining crews as well as the remarkable consistency of the Kakula and Kansoko orebodies.”

“The next major milestone in the mine’s development will be the joining of the northern and southern access drives, which is expected in November. Once this is achieved, the opening up and ledging of the drift-and-fill blocks can commence in the high-grade core of the deposit, where the average grade is up to +8% copper,” Mr. Farren added.

First copper production expected in less than a year

Initial production at the Kakula Mine processing plant is scheduled for Q3 2021. Kakula is projected to be the world’s highest-grade major copper mine, with an initial mining rate of 3.8 Mtpa at an estimated average feed grade of more than 6.0% copper over the first five years of operation. Kakula is the first of multiple, planned, high-grade mining areas on the 400-square-kilometre Kamo-Kakula mining licence.

The Kakula Mine will have one of the most favourable environmental footprints of any tier-one copper mine worldwide. The mine will be powered by clean, renewable hydroelectricity and be among the world’s lowest greenhouse gas emitters per unit of copper produced. Kakula also will have a relatively small surface footprint, as approximately 55% of the mine’s tailings will be pumped back into underground workings.

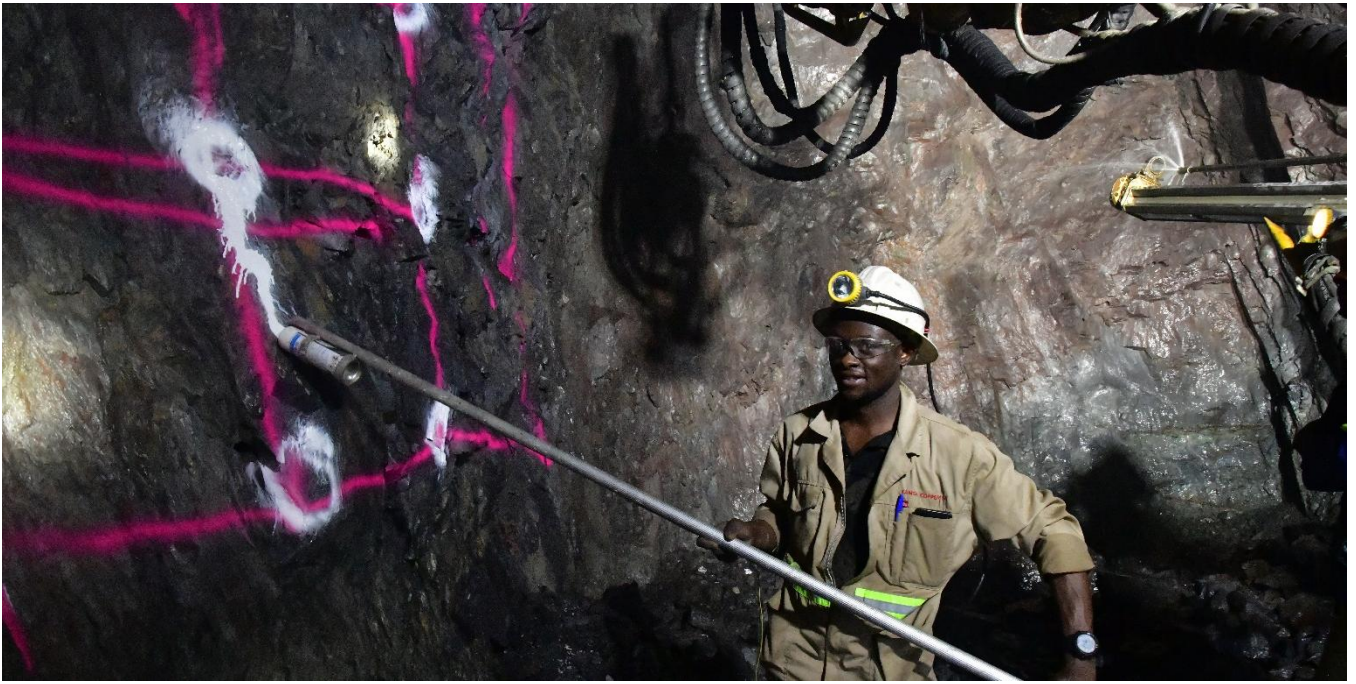
All long-lead items for Kakula’s initial 3.8-Mtpa processing plant now have been delivered to site with the exception of the transformers, which are currently en route and expected around the third week of October.



Aerial view of the Kakula Mine showing the tonnes and grade of the main pre-production stockpiles at the northern declines. The stockpile currently contains approximately **540,000 tonnes grading 3.73% copper**; comprised of approximately **125,000 tonnes at 6.00% copper** and **415,000 tonnes at 3.05% copper**.



Miner Fabrice Kasunka marking the face for drilling in the room-and-pillar mining area of the Kakula Mine.



Kakula southern decline medium-grade ore stockpile currently containing approximately **168,000 tonnes grading 2.73% copper**.



Miner Haliday Mujinga operating an Epiroc double-boom drilling rig at Kakula.



Kansoko decline medium-grade ore stockpile currently containing approximately **95,000 tonnes grading 2.34% copper**. Recently-erected transmission towers for the new 35-kilometre powerline that will carry high-voltage hydroelectricity from the national grid to Kamo-Kakula can be seen in the background.



Development work at the Kakula Mine now concentrated on accessing the high-grade stoping zones within the next six months

Underground development of the Kakula Mine – the first of multiple, near-surface copper deposits planned to be put into production on the 400-square-kilometre Kamoakakula mining licence – is significantly ahead of schedule. Mine connection drives (interconnected, parallel tunnels providing access to the ore zones) are being driven from both the north and the south to effect a holing in the centre of the high-grade zone.

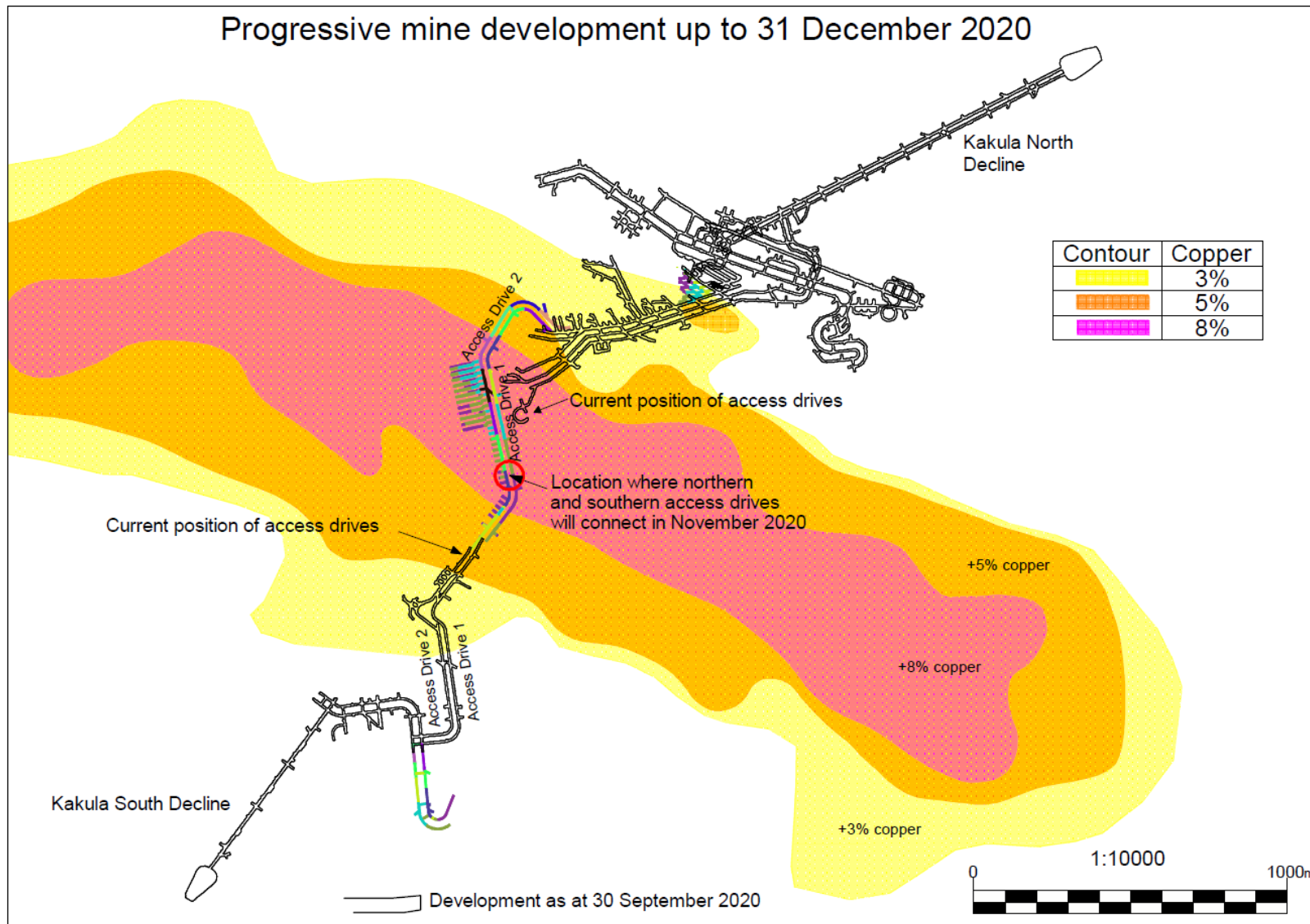
The connection drifts are expected to be joined in November. This will increase underground ventilation, allowing additional mining fleets to begin working in the high-grade ore zones.

Development of the eastern perimeter drives also is well advanced and a second set of connection drifts are being planned. Mining of medium-grade ore in the room-and-pillar block is progressing well.

Kakula's northern access drive #1, showing a high concentration of gray-coloured chalcocite ore. Chalcocite, which is almost 80% copper by weight, largely accounts for the mine's average feed grade of 6.6% copper over the first five years of operations, and 5.2% copper on average over a 21-year life.



Figure 2: Underground development completed to the end of September (in black) and scheduled mine development over the three months ending December 31, 2020. Majority of the development during this period will be in the initial drift-and-fill mining area within Kakula's high-grade zone (+8% copper).



Construction of the initial 3.8-Mtpa concentrator plant and other surface infrastructure rapidly progressing; orders for long-lead-time items now being placed for the second 3.8-Mtpa concentrator plant

Construction of Kakula's initial 3.8-Mtpa concentrator plant is progressing well. Civil works are now nearing completion, with approximately 24,000 cubic metres (of a total of 31,000 cubic metres) of concrete poured to date. Concrete bases for the bulk of the plant areas have been fully or partially handed over to the mechanical contractor, and mechanical erection and installation is underway in almost all plant areas.

Structural steel fabrication is complete, with the bulk of the structural steel already delivered to site. Fabrication of platework is complete, with a number of items already on site and installed. Piping is progressing according to schedule with around 15 kilometres (of a total of 81 kilometres) of piping already delivered.

Over 1,000 tonnes of steel now has been installed. All floor and sidewall plates for the concentrate thickener and the tailings thickener are in position, and welding is complete. Steel erection on the mill building is progressing well. Prefabrication and installation of the plant front-end conveyor gantries is well advanced. Steel erection of the concentrate storage shed and the reagent store house is underway.

Both ball mills have arrived on site and the shells, trunnions and motors have been lifted into position.

All long-lead items for the initial 3.8-Mtpa concentrator plant have been delivered to site with the exception of the transformers, which are currently en route and expected around the third week of October. The transformers are the heaviest single piece of project equipment, weighing 85 tonnes each.

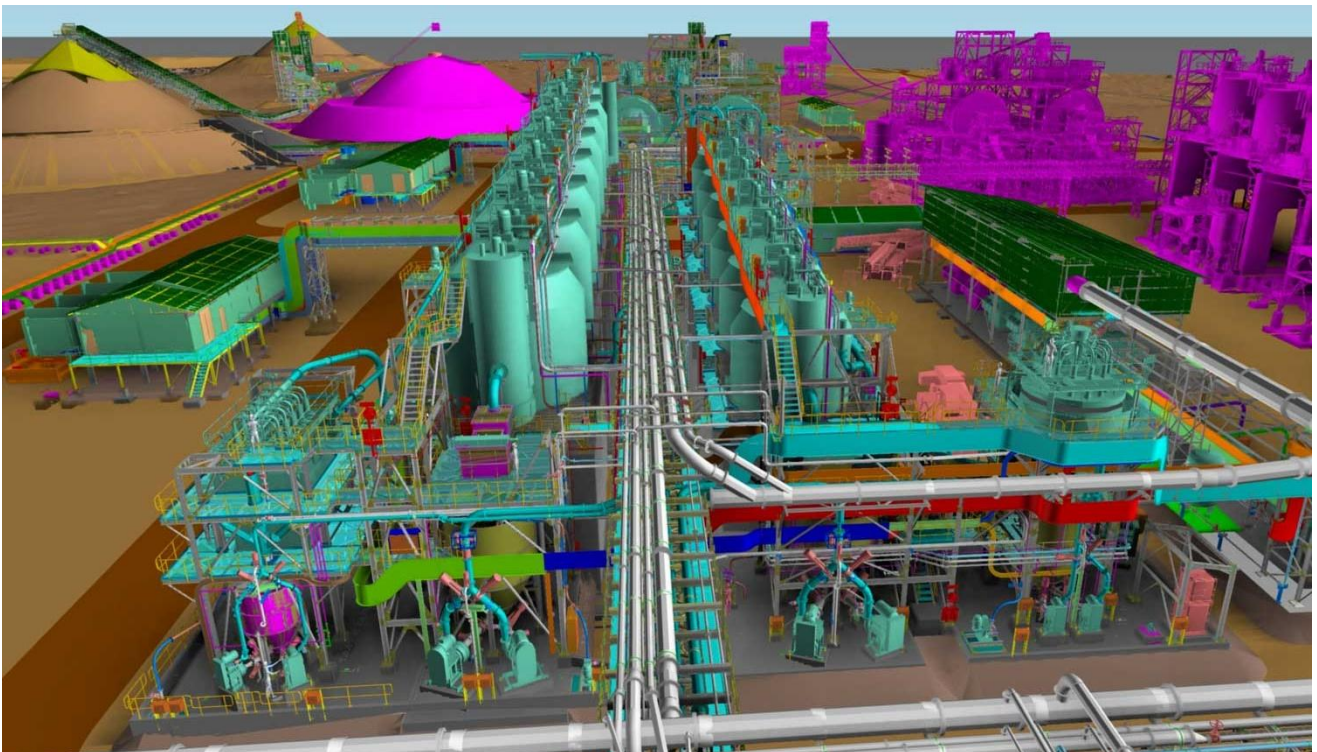
Beijing-based CITIC Construction is building Kakula's first phase, backfill paste plant. The backfill plant will be used to mix tailings from the processing plant with cement to produce paste backfill. The backfill will be pumped back into the mine and used to help support mined-out areas. Approximately one half of the mine's tailings will be sent back underground, significantly reducing the surface tailings storage. Construction of the backfill plant civil works is well advanced and erection of the two 2,000-tonne cement storage silos has started.

Construction of the tailings dam has commenced and is progressing well, with the aim to complete most of the earthworks before the rainy season starts in November.

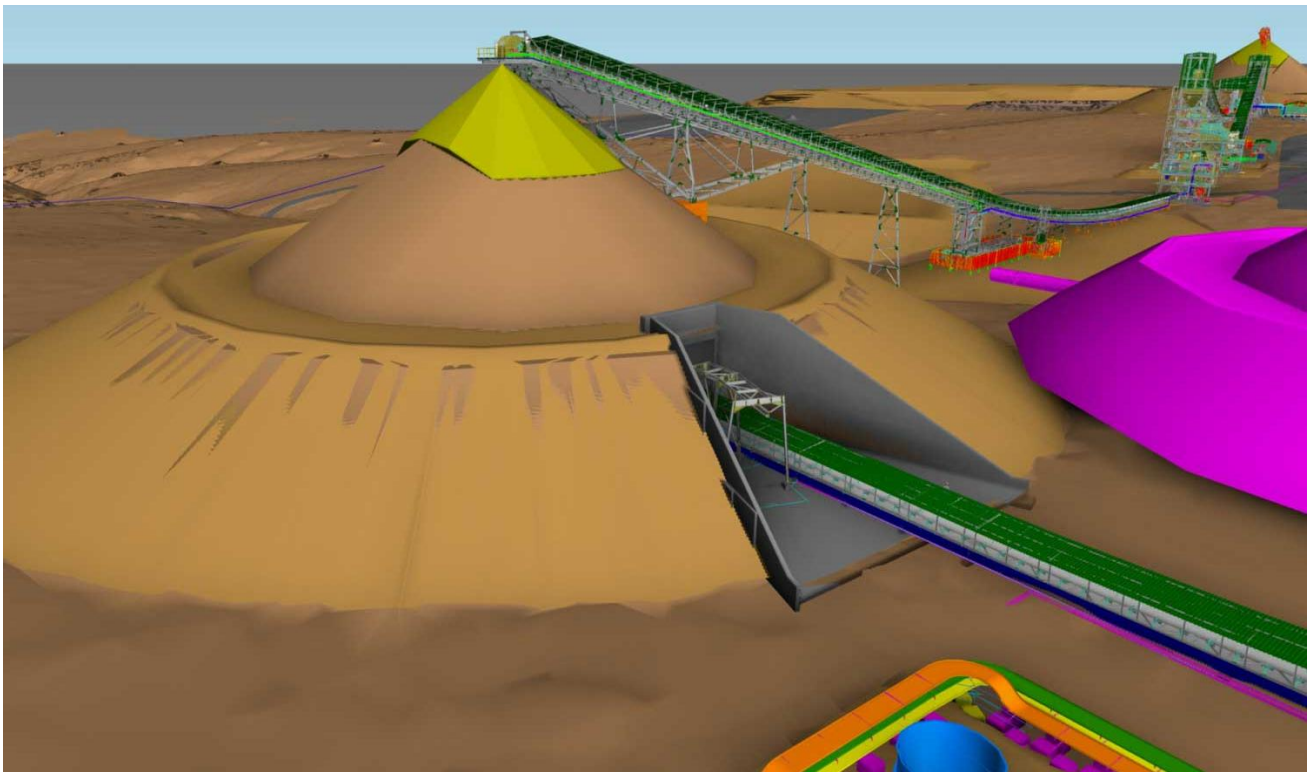
Cranes installing the shells and trunnions for the second of two identical ball mills that will be used to grind the copper ore at Kakula's initial 3.8-Mtpa processing plant. A 3D illustration of the finished ball mills (shown in green) is below, with the next two ball mills for the recently-initiated second processing plant shown in magenta.



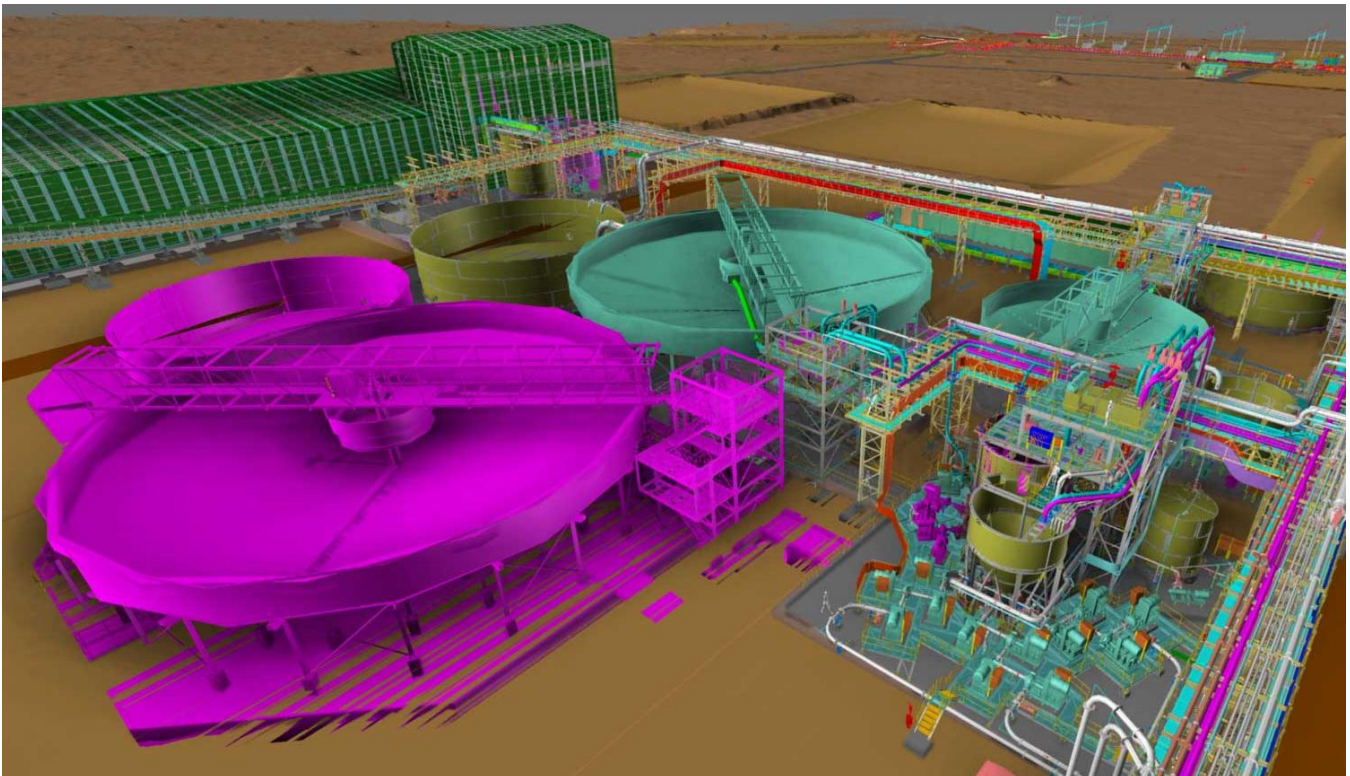
Kakula's initial 3.8-Mtpa processing plant under construction, showing the first four flotation cells (in green) and the two ball mills (yellow). A 3D illustration of the finished plant is below, with the recently-initiated second 3.8-Mtpa processing plant shown in magenta.



Kakula's high-pressure-grinding-rolls (HPGR) stockpile under construction. A 3D illustration of the finished HPGR stockpile is below, with the recently-initiated second HPGR stockpile shown in magenta.



Kakula's processing plant tailings thickener (larger one) and concentrate thickener (smaller one) under construction. A 3D illustration of the finished thickeners is below, with the concentrate bagging plant shown in green and recently-initiated second phase shown in magenta.



Click here to watch a short time-lapse video of crews installing the “bridge” on the tailings thickener: <https://vimeo.com/463611677>

Discussions underway for the marketing of Kakula’s copper concentrates

Kamoa-Kakula is in detailed discussions with a number of parties with respect to the marketing and smelting of its copper concentrates. Kakula is expected to produce an extremely high grade and clean copper concentrate that will be highly coveted by copper smelters around the world. Metallurgical test work indicates that the Kakula concentrates contain extremely low arsenic levels by world standards – approximately 0.01%.

The Kamoa-Kakula Copper Project is a joint venture between Ivanhoe Mines (39.6%), Zijin Mining Group (39.6%), Crystal River Global Limited (0.8%) and the DRC government (20%).

Clean, sustainable hydroelectric power for Kamoa-Kakula

Construction activities at the Mwadingusha hydroelectric power plant, where all six turbines are being replaced, is progressing well; as is the associated 220-kilovolt (kV) infrastructure to supply Kamoa-Kakula with clean hydropower. The mine is scheduled to be energized with permanent 220kV hydro-generated power in early 2021, well in time for first copper production.

The temporary construction power supply for the Kakula Mine was recently upgraded, including the commissioning of six 2-megawatt (MW) generators to provide back-up power, and the installation of an 18 MW/120-kilovolt (kV) mobile substation to increase the capacity of grid power available at the mine. This will provide sufficient power until the main 220kV power supply is energized. An additional six new 2-MW generators have arrived at the port of Durban from China, and are en route to site. The twelve generators will supply the full back-up power requirements for the mine.

Construction of the 220kV supply infrastructure is in progress, including a new 220kV distribution sub-station for SNEL, the power utility; a new 35-kilometre, 220kV power line; and a consumer substation at Kakula with two 80 MW/220kV transformers.

Construction activities at the Mwadingusha hydroelectric power plant are nearing completion and the plant will soon be generating 72 MW of clean, sustainable hydroelectricity for the national grid.



Kamo-Kakula's COVID-19 readiness initiatives focused on risk mitigation

In accordance with health guidelines from the DRC government, and in line with the country's lifting of restrictions, Kamo-Kakula's Congolese workforce have gone back to normal work rotations. Rigorous testing, physical distancing, wearing face masks, frequent hand washing and contact-tracing measures are still in place to protect the safety and health of the workforce and community members. All expatriate employees are still required to quarantine for two weeks upon arrival at Kamo-Kakula.

The project has established a COVID-19 isolation facility at the Kamo camp. Potential symptomatic patients are moved to this facility, where they will be isolated, tested and treated. Once patients have recovered and are deemed no longer infectious, they can return to work only after an additional quarantine period determined by the project's medical staff.

As the pandemic evolves, the medical team at Kamo-Kakula is reviewing and updating its risk mitigation protocols. The project's preventative measures are at the highest international standards and, if there was a case internally, the risk of spreading or cross-contamination is very low.

Kakula's backfill plant under construction in the foreground, with the initial 3.8 Mtpa processing plant in the background. Approximately one half of the mine's tailings will be mixed with cement in the backfill plant, then pumped back underground, significantly reducing the surface tailings storage.



Ongoing installation of Kakula's cone crushers and surface conveyor systems that will transport the ore from the run-of-mine stockpile to the HPGR stockpile.



Qualified Persons

Disclosures of a scientific or technical nature regarding development scenarios at the Kamoakakula Project in this news release have been reviewed and approved by Steve Amos, who is considered, by virtue of his education, experience and professional association, a Qualified Person under the terms of NI 43-101. Mr. Amos is not considered independent under NI 43-101 as he is the Head of the Kamoakakula Project. Mr. Amos has verified the technical data disclosed in this news release.

Other 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 the Vice President, Project Geology and Evaluation of Ivanhoe Mines. Mr. Torr has verified the other technical data disclosed in this news release.

The stockpile grade estimates contained in this release are based upon bulk ore sampling from underground headings. Sampling is done on each heading every second blast and three 5-kilogram samples are taken. The samples are pulverized at the project's onsite laboratory and analyzed using a portable XRF (pXRF) instrument. Kamoakakula Copper has routinely analyzed its exploration drill core for copper using pXRF, in addition to analysis at a commercial laboratory using four acid digest and ICP-OES. This data has demonstrated that pXRF results can be relied upon for grade control and run-of-mine sampling.

Ivanhoe has prepared an independent, NI 43-101-compliant technical report for the Kamoakakula Project, which is available on the company's website and under the company's SEDAR profile at www.sedar.com:

- The Kamoakakula 2020 Resource Update dated March 25, 2020, prepared by OreWin Pty Ltd., Wood plc, DRA Global, SRK Consulting (South Africa) (Pty) Ltd and Stantec Consulting International LLC.

The technical report includes relevant information regarding the assumptions, parameters and methods of the mineral resource estimates on 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.

As announced in Ivanhoe Mines' September 8, 2020, news release, an updated independent, NI 43-101-compliant technical report for the Kamoakakula Project is being prepared and will be issued later this month.

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Forward-looking statements

Certain statements in this 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 the northern and southern access drives at Kakula are expected to be joined in November 2020; (ii) statements regarding as Kakula’s underground development progresses over the next few months, the majority of the working areas are expected to transition into the higher-grade ore zones near the centre of the deposit that have copper grades approximately 5% to 8%; (iii) statements regarding initial production at the Kakula Mine is scheduled for Q3 2021; (iv) statements regarding Kakula is projected to be the world’s highest-grade major copper mine with an initial mining rate of 3.8 million tonnes per annum (Mtpa) at an estimated average feed grade of 6.6% copper over the first five years of operation and 5.2% copper over the 21-year mine life; (v) statements regarding the Kakula Mine will have one of the most favourable environmental footprints of any tier-one copper mine; (vi) statements regarding the Kakula Mine will be powered by clean, renewable hydroelectricity and be among the world’s lowest greenhouse gas emitters per unit of copper produced; (vii) statements regarding Kakula will have a relatively tiny surface footprint as approximately one half of the mine’s tailings will be pumped back into underground workings; (viii) statements regarding that once drift-and-fill stoping operations begin at Kakula, mining will produce a significantly higher proportion of high-grade stoping ore than lower-grade development ore; (ix) statements regarding access drives at Kakula are expected to be joined in November 2020; (x) statements regarding in roughly one year, the Kakula Mine will be producing extremely high-grade concentrate containing over 55% copper with essentially zero arsenic (xi) statements regarding the Kakula mine is scheduled to be energized with permanent 220kV hydro-generated power in early 2021; and (xii) statements regarding the timing when the Kakula concentrator processing capacity doubles to 7.6 Mtpa – currently planned to be commissioned in Q2 2022.

As well, all of the results of the pre-feasibility study for the Kakula copper mine and the updated and expanded Kamo-a-Kakula Project preliminary economic assessment 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 Kamo-a-Kakula Project, 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; (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; (xv) the ability to raise sufficient capital to develop such projects; (xiv) changes in project scope or design; and (xv) political factors.

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 “Risk Factors”, and elsewhere in this release, 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 below in the “Risk Factors” section in the company’s Q2 2020 MD&A and its current annual information form.