

September 21, 2020

Kamoa-Kakula joint venture to immediately order long-lead equipment to accelerate the expansion of the Kakula processing plant from 3.8 million tonnes per annum (Mtpa) to 7.6 Mtpa

Kamoa-Kakula joint-venture partners assessing project-level financing proposals to accelerate Phase 2 development

KAMOA-KAKULA, DEMOCRATIC REPUBLIC OF CONGO – Ivanhoe Mines (TSX: IVN; OTCQX:IVPAF) Co-Chairs Robert Friedland and Yufeng “Miles” Sun are pleased to announce today that the Kamoa-Kakula Copper joint venture has agreed to immediately proceed with orders for the long-lead equipment for the second, 3.8 million-tonne-per-annum (Mtpa) concentrator module at the Kakula Mine, which will double the mine’s processing capacity from 3.8 Mtpa to 7.6 Mtpa.

The earlier than planned placement of the orders for the concentrator’s long-lead equipment is expected to accelerate the completion of the Phase 2 mill expansion from Q1 2023 to Q2 2022.

“There are many smart people in the mining industry who strongly believe that copper is quickly approaching a supply and demand divergence; where the amount of copper being produced globally will be far outstripped by demand,” said Mr. Friedland. “As such, we want to ensure that the Kamoa-Kakula operation reaches its near-term production potential as expeditiously as possible, while also maintaining our strong balance sheet.”

“Getting into the queue now for the critical long-lead-time items, such as the ball mills, costs very little up-front money and enhances our flexibility to quickly move ahead on the first of multiple planned expansions.”

“The recent, independently-prepared pre-feasibility study for the expanded, 7.6 Mtpa mining operation – sourcing ore from both the Kakula and Kansoko mines – highlights the exceptional economic returns of this second phase development. Notably, the study outlines an after-tax NPV_{8%} of US\$6.6 billion and an IRR of 69% over a 37-year mine life, as well as payback of just 2.5 years,” Mr. Friedland added. “This economic model assumes a copper price of US\$3.10 per pound, although at least one major global investment bank is forecasting prices ranging from US\$3.20 to US\$3.60 per pound over the next six to twelve months based on its view that a supply deficit will form in 2021. The studies also assume that financing will be on the basis of 100%

equity, providing the opportunity to increase returns by leveraging commercial or other debt facilities.”

Construction of Kakula’s initial 3.8-Mtpa processing plant is well underway, with the remaining long-lead items already delivered to site, with the exception of the transformers, expected in October. The bulk of the structural steel has already been delivered to site. Ivanhoe Mines is fully-financed to Phase 1 copper production at the Kakula Mine, which is scheduled for Q3 2021, with consolidated cash of approximately US\$496 million at the end of June 2020 and no significant debt.

Aerial picture of Kakula's initial 3.8-Mtpa processing plant under construction.



Flotation cells, manufactured by Outotec, in Finland and South Africa, installed at Kakula's initial 3.8-Mtpa processing plant.



With first phase production less than a year away, Kamo-Kakula partners accelerate expansion plans and bring Phase 2 copper production forward

In order to bring forward the expansion of the Kakula processing plant from 3.8 million tonnes per annum (Mtpa) to 7.6 Mtpa from Q1 2023 to Q2 2022, the Kamo-Kakula joint venture will order long-lead items with a total commitment value of approximately US\$100 million within the coming weeks, of which an estimated US\$25 million is expected to be spent this year.

In parallel, Ivanhoe and Zijin are in advanced discussions with respect to various financing proposals at the joint-venture level, including an equipment-financing facility, a line of credit, and project financing. Ivanhoe expects that one, or more, of the financing facilities will be successfully concluded in the fourth quarter of this year. Ivanhoe will continue to fund its share of approximately 50% of the expansion costs until such a time that an alternative financing facility has been concluded.

Kakula is projected to be the world's highest-grade major copper mine with an estimated average ore feed grade of 6.6% copper over the first five years of operation, and 6.2% copper over the first 10 years.

At the end of August, the project's pre-production surface ore stockpiles totalled an estimated 671,000 tonnes grading 3.36% copper, including 116,000 tonnes of high-grade ore grading 6.08% copper. The stockpile grade should continue to increase as

the project approaches initial production; as beginning this month the majority of mining at Kakula is expected to be in the ore zone near the centre of the deposit that has copper grades of between 5% and 8%.

Given that the underground development completed to date is well ahead of schedule, the project's engineers are working to further optimize the mine plans outlined in the recent definitive feasibility study and pre-feasibility study in order to accelerate the ramp-up of the mine and increase the tonnes of ore in the stockpile which may be processed through the expanded processing plant.

Miner Jacques Kitobo, examines a piece of ore from an ultra-high-grade working face in the room-and-pillar section of Kakula Mine, near the northern declines. Kakula's high concentration of the gray-coloured, chalcocite ore (chalcocite is almost 80% copper by weight) accounts for the mine's estimated high 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.



Recently arrived transport trucks carrying structural steel and the mill shell in four pieces for the second of two identical ball mills to be installed at Kakula's initial 3.8-Mtpa processing plant.



In late August, the shells, discharge end and trunnion were installed for the plant's first, 9.75-metre-long and 6.1-metre-wide, ball mill, manufactured by CITIC Heavy Industries in Luoyang, China. The 7-megawatt, variable-speed-drive motor for the first ball mill, manufactured by WEG Industries in Brazil, was installed in early September. The second ball mill will be installed on the adjacent concrete foundation.



Phased expansion scenario to 19 Mtpa in the new Kamo-a-Kakula IDP 2020 would position Kamo-a-Kakula as the world's second largest copper mining complex, with peak annual copper production of more than 800,000 tonnes

On September 8th, Ivanhoe announced the outstanding economic results of the independent Integrated Development Plan (IDP) for the tier one Kamo-a-Kakula Copper Project. The IDP comprises three development scenarios: Kakula definitive feasibility study (DFS), Kakula-Kansoko pre-feasibility study (PFS), and Kamo-a-Kakula preliminary economic assessment (PEA).

The estimated remaining initial capital cost is approximately US\$0.7 billion, based on commissioning the Phase 2 mill expansion in Q1 2023. Ivanhoe's share is approximately 50%, with subsequent expansions funded by cash flows.

The new DFS evaluates the stage-one, 6-million-tonnes-per-annum (Mtpa) Kakula Mine currently being constructed. The PFS evaluates mining 1.6 Mtpa from the Kansoko Mine, in addition to 6 Mtpa from Kakula, to fill a 7.6-Mtpa processing plant at Kakula. The PEA evaluates an integrated, multi-stage development to achieve a 19-Mtpa production rate.

The full scope of the expanded facilities covered by the PFS includes: underground expansion at the Kakula Mine to reach an annual production rate of 6 Mtpa; the ramp-up of mining operations at the Kansoko Mine to a steady state 1.6 Mtpa; a second 3.8-Mtpa concentrator module at Kakula; and associated surface infrastructure to support the expansion at the various sites.

The Kamo-a-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%).

Qualified Persons

Disclosures of a scientific or technical nature regarding the Kamo-a-Kakula 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 Kamo-a-Kakula 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. Mr. Torr has verified the other technical data disclosed in this news release.

The stockpile grade estimates contained in this news 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. Kamoia 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 Mines has prepared a current, independent, NI 43-101-compliant technical report for the Kamoia-Kakula Project, which is available on the company's website and under the company's SEDAR profile at www.sedar.com:

- The Kamoia-Kakula 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 Kamoia-Kakula 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.

A new independent, NI 43-101-compliant technical report for the Kamoia-Kakula Project, is being prepared and will be filed on SEDAR at www.sedar.com and on the Ivanhoe Mines website at www.ivanhoemines.com within 45 days of the issuance of Ivanhoe's September 8, 2020, news release.

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 Kamoia-Kakula copper discoveries in the Democratic Republic of Congo (DRC) and the Platreef palladium-platinum-nickel-copper-rhodium-gold discovery in South Africa; and the extensive redevelopment and upgrading of the historic Kipushi zinc-copper-germanium-silver mine, also in the DRC. Ivanhoe also is exploring for new copper discoveries on its wholly-owned Western Foreland exploration licences in the DRC, near the Kamoia-Kakula 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.

Such statements include without limitation: (i) statements regarding Kamo Holding's use of the secured term loan funds; (ii) statements regarding first copper concentrate production at the Kakula Mine in Q3 2021; (iii) statements regarding doubling the mine's processing capacity from 3.8 Mtpa to 7.6 Mtpa; (iv) statements regarding the Kamo-Kakula joint venture will order long-lead items with a total commitment value of approximately US\$100 million within the coming weeks, of which an estimated US\$25 million is expected to be spent this year and Ivanhoe will fund its share of approximately 50% of the expansion costs until such a time that an alternative financing facility has been concluded; (v) statements regarding the estimated remaining initial capital cost for all three development scenarios is between US\$0.6 billion and US\$0.7 billion and Ivanhoe's share is approximately 50%, with subsequent expansions funded by cash flows; (vi) statements regarding the increase of both the grade and tonnages of the stockpiles in coming months; and (vii) statements regarding by placing orders now for the concentrator's long-lead items, the project accelerates the Phase 2 mill expansion from Q1 2023 to Q2 2022.

As well, all of the results of the pre-feasibility study for the Kakula copper mine and the updated and expanded Kamo-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-Kakula, 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; (xv) the ability to raise sufficient capital to develop such projects; (xiv) changes in project scope or design, (xv) political factors, and (xvi) the impact and effect of COVID-19.

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, unexpected changes in laws, rules or regulations, or their enforcement by applicable authorities; the failure of parties to contracts with the company to perform as agreed; social or labour unrest; changes in commodity prices; and the failure of exploration programs or studies to deliver anticipated results or results that would justify and support continued exploration, studies, development or operations.

Although the forward-looking statements contained in this news release are based upon what management of the company believes are reasonable assumptions, the company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this news release and are expressly qualified in their

entirety by this cautionary statement. Subject to applicable securities laws, the company does not assume any obligation to update or revise the forward-looking statements contained herein to reflect events or circumstances occurring after the date of this news release.