Kamoa Copper Project initiates major drilling program at the new Kakula copper discovery, five kilometres southwest of Kamoa’s currently defined resources

25,000 metres of drilling planned to target thick, flat-lying, shallow resources at grades materially higher than the presently known average grades at Kamoa

KOLWEZI, DEMOCRATIC REPUBLIC OF CONGO — Robert Friedland, Executive Chairman of Ivanhoe Mines (TSX: IVN), and Lars-Eric Johansson, Chief Executive Officer, announced today that the Kamoa Project’s exploration team has initiated a 25,000-metre, in-fill and exploration drilling program, using up to nine drill rigs, at the Kakula Discovery on the Kamoa Copper Mining Licence Area.

The Kamoa Project, in the Democratic Republic of Congo’s Lualaba Province on the Central African Copperbelt, is a joint venture between Ivanhoe Mines and Zijin Mining.

Kakula is a high-grade and flat-lying stratiform copper discovery, ideally situated for low-cost, mechanized mining. It represents a major extension of the Kamoa copper deposit, which Ivanhoe Mines discovered in 2008.

The new drilling program, which started after the end of the annual rainy season, will target and delineate areas of thick, high-grade copper mineralization intersected near surface at the Kakula Discovery. The discovery lies within the large, 60-square-kilometre Kakula exploration area, and is approximately 10 kilometres southwest of the Kamoa Project’s planned initial mining area, at Kansoko Sud.

The drilling program will focus on a 12-square-kilometre area along the projected trend of mineralization intersected in two high-grade holes — DD996 and DD997 — that were completed in 2015. Drilling will target shallow resources at grades materially higher than the average grades at Kamoa that potentially could be incorporated into Kamoa’s Phase One feasibility study, which now is underway. The program also includes follow-up infill drilling aimed at defining Indicated Resources in areas where the continuity of materially higher grade is confirmed. The 2016 drilling area and the initial drill sections are shown in figures 1 and 2.

DD996 intersected 24.16 metres (24.13 metres true width) of 3.48% copper, at a 1% copper cut off. At a higher cut-off of 2% copper, the intersection was 13.16 metres (13.14 metres true width) of 5.26% copper. DD997 intersected 18.75 metres (18.47 metres true width) of 4.64% copper at a 1% copper cut-off and 15.17 metres (14.94 metres true width) of 5.33% copper at a 2% copper cut-off.
Holes DD996 and DD997 were drilled into an area of thick, high-grade copper mineralization first identified in 2014 – now called the Kakula Discovery area. The two holes represent 400-metre step-outs north and east from the high-grade copper intersected in drill hole DD942 that recorded 13.50 metres (13.49 metres true width) of 4.15% copper, at a 2% copper cut-off.

Mineralization at Kakula appears to be consistent in nature with downward vertical zonation from chalcopyrite to bornite to chalcocite in every hole. Mineralization is consistently bottom-loaded, with grades increasing downhole toward the contact between the host Grand Conglomerate and the underlying Mwashia sandstone. The highest copper grades are associated with a siltstone/sandstone unit and the base of an overlying diamicite unit. These units overlie a less mineralized, thin, sandy clast-rich diamicite above the Mwashia sandstone contact. (See Figure 3 for a section across the Kakula Discovery Area).

The bottom-loaded nature of Kakula’s mineralization could support the definition of selective mineralized zones at cut-offs well above the 1% copper cut-off used to define resources at Kamoa. For example, the lower portion of the mineralized intercepts in drill holes DD996 and DD997 intersected 5.59 metres grading 9.16% copper and 7.06 metres grading 8.50% copper, respectively, both at a 3% copper cut-off. (See Figure 4 for a drill log of DD997).

Drilling at the Kakula Discovery area May 2016.
Figure 1: Kamo Project map showing the planned initial mining area at Kansoko Sud and the adjacent Kakula exploration area.
Figure 2: Kamao discovery drill holes and Kakula 2016 drilling area.
Figure 3: Drilling on initial discovery sections through Kakula (intercepts at a 2% copper cut-off).
Figure 4: DKMC_DD997 strip log showing bottom-loaded distribution of copper mineralization at 1%, 2% and 3% copper cut-offs.
**Kamoa Copper Project description**

The Kamoa Copper Project is a very large, stratiform copper deposit with adjacent prospective exploration areas within the Central African Copperbelt, approximately 25 kilometres west of the town of Kolwezi and about 270 kilometres west of Lubumbashi. The original Kamoa copper deposit was discovered by Ivanplats in 2008, which subsequently adopted the Ivanhoe Mines name as part of a corporate restructuring in 2013.

In August 2012, the government of the Democratic Republic of Congo (DRC) granted mining licences to Ivanhoe Mines for the Kamoa Copper Project that cover a total of 400 square kilometres. The licences are valid for 30 years and can be renewed at 15-year intervals. Mine development work at the Kamoa Copper Project began in July 2014 with construction of a box cut for the decline ramps that will provide underground access to the initial high-grade mining area in Kansoko Sud. Excavation for the decline ramps began earlier this month.

Ivanhoe Mines owns a 49.5% share interest in Kamoa Holding Limited (Kamoa Holding), an Ivanhoe subsidiary that presently owns 95% of the Kamoa Copper Project. Zijin Mining Group Co., Ltd. owns a 49.5% share interest in Kamoa Holding, which it acquired from Ivanhoe in December 2015 for an aggregate cash consideration of US$412 million. The remaining 1% interest in Kamoa Holding is held by privately-owned Crystal River Global Limited.

A 5%, non-dilutable interest in Kamoa Copper SA, the Ivanhoe Mines subsidiary that owns the Kamoa Project, was transferred to the DRC government on September 11, 2012, for no consideration, in accordance with the DRC Mining Code. Ivanhoe also has offered to transfer an additional 15% interest to the DRC government on commercial terms to be negotiated. Constructive and cordial negotiations between Ivanhoe Mines, Zijin and senior DRC government officials have been continuing in this regard.

**Qualified Person and Quality Control and Assurance**

The scientific and technical information in this release has been reviewed and approved by Stephen Torr, P.Geo., Ivanhoe Mines’ Vice President, Project Geology and Evaluation; a Qualified Person under the terms of National Instrument 43-101. Mr. Torr has verified the technical data disclosed in this news release.

Ivanhoe Mines maintains a comprehensive chain of custody and QA-QC program on assays from its Kamoa Project. Half-sawn core is processed at its on site preparation laboratory in Kamoa, prepared samples then are shipped by secure courier to Bureau Veritas Minerals (BVM) Laboratories in Australia, an ISO17025 accredited facility. Copper assays are determined at BVM by mixed-acid digestion with ICP finish. Industry-standard certified reference materials and blanks are inserted into the sample stream prior to dispatch to BVM. For detailed information about assay methods and data verification measures used to support the scientific and technical information, please refer to the current technical report on the Kamoa Copper Project on the SEDAR profile of Ivanhoe Mines at [www.sedar.com](http://www.sedar.com).
About Ivanhoe Mines

Ivanhoe Mines is advancing and developing its three principal projects:

- The Kamoa Copper Discovery in a previously unknown extension of the Central African Copperbelt in the DRC’s Lualaba Province.
- The Platreef Discovery of platinum, palladium, nickel, copper, gold and rhodium on the Northern Limb of the Bushveld Complex in South Africa.
- The historic, high-grade Kipushi zinc-copper mine, also on the Copperbelt in the DRC.

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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. Statements in this news release that are forward-looking statements or information are subject to various risks and uncertainties concerning the specific factors disclosed here and elsewhere in the company’s periodic filings with Canadian securities regulators. When used in this news release, the words such as “could,” “plan,” “estimate,” “expect,” “intend,” “may,” “potential,” “should” and similar expressions, are forward-looking statements.

Information provided in this document is necessarily summarized and may not contain all available material information.

The forward-looking information and statements in this news release include without limitation, the timing and results of: (i) the total number of metres of drilling to be conducted at Kakula in the current program; (ii) the number of drill rigs to be used; (iii) drilling will target shallow resources at grades materially higher than the average grades at Kamoa that potentially could be incorporated into Kamoa’s Phase One feasibility study; (iv) infill drilling to be aimed at defining Indicated Resources in areas where the continuity of materially higher grade is confirmed; and (v) the bottom-loaded nature of Kakula’s mineralization could support the definition of selective mineralized zones at cut-offs well above the 1% copper cut-off used to define resources at Kamoa. Readers are cautioned that actual results may vary from those presented.

All such forward-looking information and statements are based on certain assumptions and analyses made by Ivanhoe Mines’ management in light of their experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believe are appropriate in the circumstances. These statements, however, are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information or statements including, but not limited to, actual results of exploration and drilling activities; unexpected changes in laws, rules or regulations, or their enforcement by applicable authorities; the failure of parties to contracts to perform as agreed; social or labour unrest;
and the failure of exploration programs or other studies to deliver anticipated results or results that would justify and support continued studies, development or operations. Other important factors that could cause actual results to differ from these forward-looking statements also include those described under the heading “Risk Factors” in the company’s most recently filed MD&A as well as in the most recent Annual Information Form filed by Ivanhoe Mines. Readers are cautioned not to place undue reliance on forward-looking information or statements.

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.