

June 2, 2014

## **Long-term mining right for Ivanhoe Mines' Platreef Project approved by South Africa's Department of Mineral Resources**

**JOHANNESBURG, SOUTH AFRICA** – Robert Friedland, Executive Chairman, and Lars-Eric Johansson, Chief Executive Officer of Ivanhoe Mines (TSX: IVN), announced today that the South African government's Department of Mineral Resources has approved Ivanhoe's application for a long-term mining right covering the development of platinum-group elements, nickel, copper and gold resources at the company's Platreef Project on the Northern Limb of the Bushveld Igneous Complex in South Africa's Limpopo Province.

The Department of Mineral Resources notified Ivanhoe Mines on Friday, May 30, that Platreef's mining right had been granted. Ivanhoe now has the right to mine and process all platinum group metals, nickel, copper, gold and certain associated metals and minerals from the Platreef Project mining area, subject to the company complying with the terms on which the mining right was granted – including the requisite environmental management program becoming effective, which is expected in due course. It also is expected that the mining right, when executed, will be for an initial period of up to 30 years and will be renewable for an unlimited number of consecutive periods each of up to 30 years.

"The awarding of this mining right is hugely significant not only for Ivanhoe Mines but for South Africa's mining industry as a whole and is a culmination of Ivanhoe's exploration on the Bushveld for the past 16 years," said Mr. Friedland.

He noted that the company launched a deep-drilling program in 2007 that produced the "transformational" Flatreef Deposit, Platreef's most remarkable discovery, which is projected to become Africa's lowest-cost producer of platinum-group metals.

"Ivanhoe now has the green light from the South African government to build a pre-eminent mine that will create thousands of new direct and indirect jobs and contribute to socio-economic development in the Mokopane region and beyond.

"We are looking forward to building and bringing our Platreef mine into production in partnership with local communities, entrepreneurs, employees and the government – stakeholders that share our commitment to responsible and responsive mining."

Mr. Friedland hailed the cooperation between officials of the Department of Mineral Resources (DMR) and other national and provincial government offices, local community representatives and members of Ivanhoe's project team who helped shape the Broad-Based Black Economic Empowerment (B-BBEE) initiative that has been designed to deliver significant benefits for its participants, particularly the residents in the local communities.

"The thorough, year-long examination of our mining-right application provided opportunities for the Ivanhoe team to present firm details of our undertakings and to share expectations of the extent of the economic and social benefits to be realized through the development of our discoveries. Platreef's creation of jobs and attraction of new capital investment will help to enhance South Africa's role as one of the world's leading mineral producing and processing nations."

Mr. Johansson said Ivanhoe would pursue its phased approach to the development of the Platreef Project that was announced in the independent, preliminary economic assessment released in March 2014.

The approval of the mining-right application followed an intensive review and engagement between representatives of Ivanhoe and the DMR which finalized details of Ivanhoe's corporate programs covering the required social, labour, environmental management and mining commitments.

Mr. Johansson expressed Ivanhoe's appreciation for the hard work and dedication of officials at the DMR to ensure that the Platreef mining-right application was thoroughly reviewed and approved prior to the expiration of the company's prospecting right on May 31.

"This inspires confidence in South Africa's regulatory framework and shows the government's commitment to growing the South African mining industry," said Mr. Johansson.

Agreement also was reached on acceptable terms for a B-BBEE participation structure that were progressively refined and optimized to ensure that the resulting partnership would deliver long-term benefits to local communities and entrepreneurs, as well as to Platreef's employees. In terms of Platreef's mining right, the B-BBEE partners will own a combined 26% of the Platreef Project. Additional details of the B-BBEE participation structure will be released in the near future.

Ivanhoe's present 90% ownership of the Platreef Project will be reduced to 64% after the 26% stake in the project is conferred on the B-BBEE entity. The remaining 10% will continue to be owned by a Japanese consortium of Itochu Corporation; ITC Platinum Development Ltd., an Itochu affiliate; Japan Oil, Gas and Metals National Corporation; and Japan Gas Corporation. The Japanese consortium's 10% interest in the Platreef Project was acquired in two tranches for a total investment of \$290 million; the remaining proceeds of the investment are continuing to fund development work on the project.

The scientific and technical information in this news release has been reviewed and approved by Stephen Torr, P.Geol., 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.

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## **Cautionary statement on forward-looking information**

This news release contains "forward-looking statements" or "forward-looking information" within the meaning of applicable Canadian securities legislation. Such statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company 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 news release.

Specific statements contained in this news release that constitute forward-looking statements or information include, but are not limited to, the implementation of the Broad-Based Black Economic Empowerment structure for the Platreef Project; and the phased approach to the development of the Platreef Project.

With respect to forward-looking statements or information contained in this news release, in making such statements or providing such information, the company has made assumptions including upon the accuracy of the estimation of mineral resources; that studies of estimated mine life and production rates at the Platreef Project will provide results that support anticipated development and extraction activities; that the company will be able to obtain additional financing on satisfactory terms; that infrastructure anticipated to be developed or operated by third parties, including electrical generation and transmission capacity, will be developed and/or operated as currently anticipated; that laws, rules and regulations are fairly and impartially observed and enforced; that the market prices for relevant commodities remain at levels that justify development and/or operation of the Platreef Project; that parties to contracts perform as contracted, and that the company will be able to successfully negotiate land access with holders of surface rights.

A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including without limitation, the factors discussed in the company's Annual Information Form, as well as unexpected changes in laws, rules or regulations, or their enforcement by applicable authorities; changes in commodity prices; the failure of parties to contracts with the company to perform as agreed; social or labour unrest; or litigation or court or regulatory proceedings.

Although the forward-looking statements contained in this news release are based upon what management of the company believes are reasonable factors and assumptions, the company cannot assure readers that actual results will be consistent with these forward-looking statements. The company's actual results could differ materially from those anticipated in these forward-looking statements, as a result of, among others, those factors noted above and those listed in the Annual Information Form under the heading "Risk Factors". Accordingly, readers should not place undue reliance on forward-looking information. 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 Canadian securities laws, the company assumes no obligation to update or revise the forward-looking statements contained herein to reflect events or circumstances occurring after the date of this news release.