

October 30, 2017

Ivanhoe Mines reaches agreement to rebuild a railway spur line to support a new era of operation at the Kipushi zinc-copper mine in the Democratic Republic of Congo

KIPUSHI, DEMOCRATIC REPUBLIC OF CONGO (DRC) – Ivanhoe Mines (TSX: IVN; OTCQX: IVPAF) Executive Chairman Robert Friedland and Chief Executive Officer Lars-Eric Johansson announced today that the company has agreed to rebuild 34 kilometres of track to connect the Kipushi Mine with the DRC national railway at Munama, south of the mining capital of Lubumbashi.

The Kipushi-Munama spur line, which has been inactive since 2011, will be rebuilt under terms of a memorandum of understanding (MOU) signed by Ivanhoe Mines and the DRC's state-owned railway company, Société Nationale des Chemins de Fer du Congo (SNCC).

The DRC national railway is a key part of the international rail corridor that links the DRC Copperbelt to major seaports at Durban and Richards Bay in South Africa, Dar es Salaam in Tanzania and Lobito in Angola.

Daily trains for exports to international ports

Mr. Friedland said the resumption of rail service along the Kipushi spur line is the most economical and reliable solution for the transportation of Kipushi's projected annual output of approximately 530,000 tonnes of zinc concentrates.

The World Bank is overseeing and financing the rehabilitation and upgrading of large sections of the main DRC national railway between Lubumbashi and the Zambia border crossing at Sakania. The work has focused on replacing the ballast beneath the tracks and installing new concrete sleepers (crossties) and heavier-gauge steel rails. New signalling and telecommunications equipment also has been installed along the line.

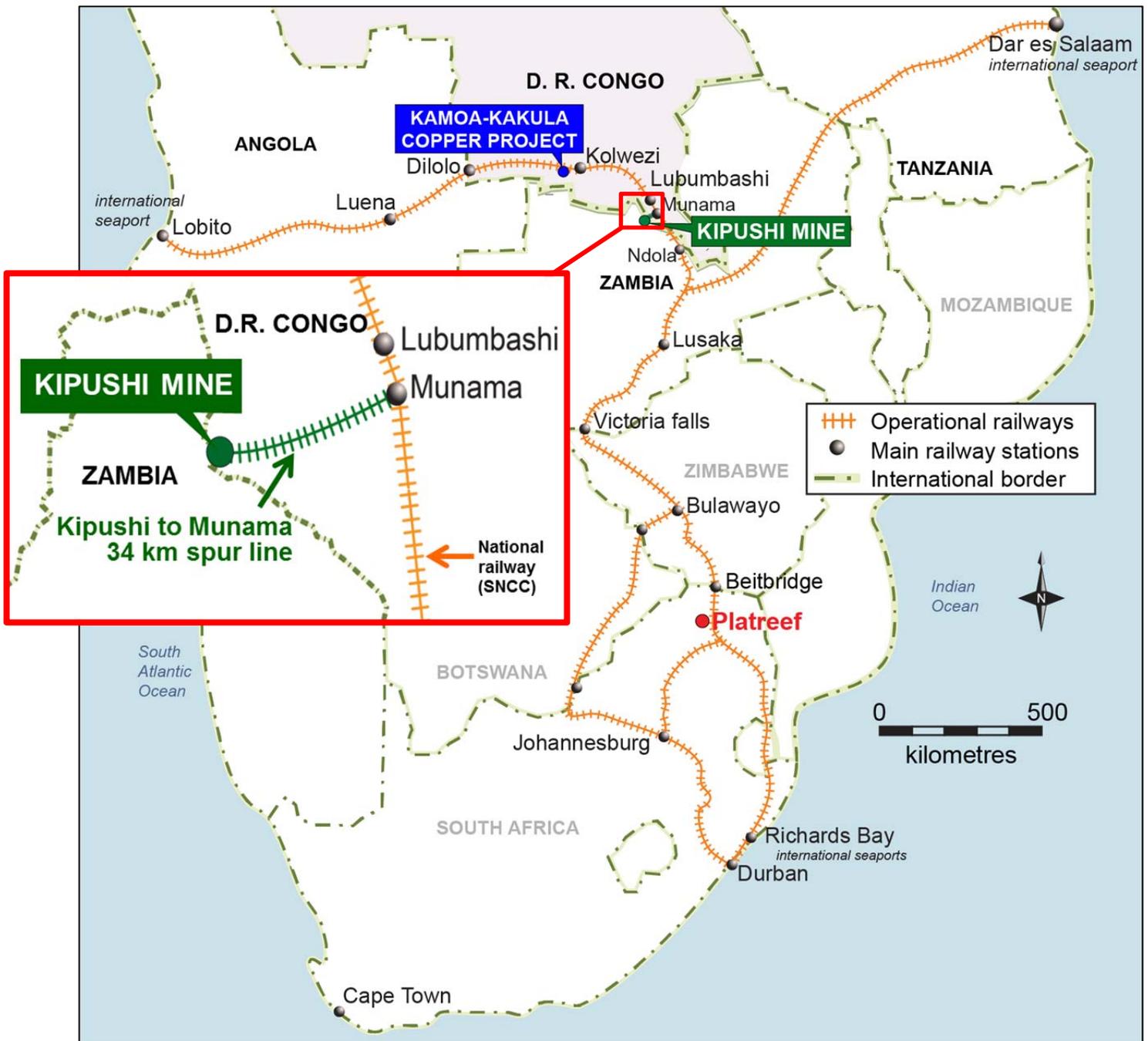
"A daily train from Kipushi will replace the equivalent of 50 road trucks, resulting in significant safety and environmental benefits to the DRC, Zambia, Zimbabwe and South Africa, reduced road and border congestion and decreased air pollution," Mr. Friedland added.

"The reactivated spur line also will provide significant economic and social benefits to residents of Kipushi and the southern DRC provinces of Haut-Katanga and Lualaba, allowing for efficient transportation of supplies to and from the area.

"Given Kipushi's incredible zinc grades of approximately 35% and current zinc prices of between US\$1.40 and \$1.50 a pound, we're confident that Kipushi is on track to become the world's highest-grade, major zinc mine. Discussions are ongoing with our partner, Gécamines, and prospective project financiers to fast-track completion of the remaining infrastructure development at the mine."

The Kipushi Mine is owned by Kipushi Corporation (KICO), a joint venture between Ivanhoe Mines (68%) and Gécamines (32%). Kipushi, on the Central African Copperbelt in the province of Haut-Katanga, is approximately 30 kilometres southwest of Lubumbashi and less than one kilometre from the international border with Zambia.

Maps show Ivanhoe's Kipushi and Kamoia-Kakula projects, the railway spur line to Kipushi, the national railway and the international rail corridor that links the DRC Copperbelt to major seaports at Durban and Richards Bay in South Africa, Dar es Salaam in Tanzania and Lobito in Angola. Inset shows the Kipushi to Munama spur line.



Front-end engineering design study to assess the scope and cost of rebuilding spur line

Under the terms of the MOU, Ivanhoe will appoint consultants to conduct a front-end engineering design study to assess the scope and cost of rebuilding the spur line from the Kipushi Mine to the main Lubumbashi-Sakania railway at Munama. The study is scheduled to begin before the end of this year and construction on the Kipushi-Munama spur line could start in late 2018. Ivanhoe will finance the rebuilding.

Mr. Johansson said that as with any mine development project, safe and reliable transportation is a key consideration in planning for production at Kipushi.

“This cooperation agreement on the railway project is similar to our successful, ongoing partnership with the DRC’s state-owned power company, La Société Nationale d’Electricité, for the rehabilitation of three hydropower plants to support our development of the Kamao-Kakula Copper Project.”

Mr. Johansson added: “During the past five years, the 3,000-kilometre, north-south rail corridor has experienced a revival in freight volumes between South Africa and the African Copperbelt. Our decision to opt for rail as our primary mode of export transport will further enhance the economic stability of the railway operators along this entire corridor. Given the large and increasing volumes of copper and cobalt being exported from DRC, we expect to see more private-public cooperation agreements to rebuild other sections of the DRC railway system.”

Heavy-gauge rails and concrete cross-ties (sleepers) being installed on a section of SNCC’s main line from Lubumbashi to Sakania, at the Zambian border. The upgrading, financed by the World Bank, utilized cross-ties produced at a Lubumbashi plant. Similar components will be used on the planned upgrading of the spur line to the Kipushi Mine.



Existing portion of track on the Kipushi-Munama spur line to be rebuilt as part of the planned upgrading.



Representatives of the SNCC national railway company and Ivanhoe's Kipushi team at Munama railway station.



Kipushi underground upgrading program nearing completion

KICO has made excellent progress in modernizing the Kipushi Mine's underground infrastructure as part of preparations for the resumption of commercial production. With the underground upgrading nearing completion, KICO's focus now will shift to modernizing and upgrading Kipushi's surface infrastructure to handle and process the mine's high-grade zinc and copper resources.

The current mine redevelopment plan, as outlined in the May 2016 independent, preliminary economic assessment (PEA), has a two-year construction period with quick ramp-up to a projected, steady-state, annual production of 530,000 tonnes of zinc concentrate.

A pre-feasibility study (PFS) is underway to refine the findings of the PEA and to optimize the mine's redevelopment schedule, life-of-mine operating costs and initial capital costs required to return the mine to production, taking into consideration the significant capital already invested to date on critical rehabilitation work. The PFS, which Ivanhoe expects to complete before the end of this year, will focus on the mining of Kipushi's Big Zinc Deposit, which has an estimated 10.2 million tonnes of Measured and Indicated Mineral Resources grading 34.9% zinc. This exceptional grade is more than twice as high as the Measured and Indicated Mineral Resources of the world's next-highest-grade, major zinc project, according to Wood Mackenzie, a leading, international industry research and consulting group.

In addition to the Big Zinc Deposit, Kipushi has several copper-rich zones that also contain silver, germanium and zinc. Measured and Indicated Mineral Resources contained in the copper-rich Série Récurrente Zone, Fault Zone, and Fault Zone Splay total 1.63 million tonnes at grades of 4.01% copper, 2.87% zinc and 22 g/t silver, at a 1.5% copper cut-off, containing 144 million pounds of copper. Inferred Mineral Resources in these zones total an additional 1.64 million tonnes at grades of 3.30% copper, 6.97% zinc and 19 g/t silver.

Qualified Person, Quality Control and Assurance

The scientific and technical information in this news 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 is not independent of Ivanhoe Mines.

Ivanhoe has prepared and filed a current, independent, NI 43-101-compliant technical report for the Kipushi Project, titled "Kipushi Zn-Cu Project, Kipushi 2016 Preliminary Economic Assessment", dated May 2016, which is available under the company's SEDAR profile at www.sedar.com and on the company's website at www.ivanhoemines.com. The technical report includes relevant information regarding the effective dates and the assumptions, parameters and methods of the mineral resource estimates on the Kipushi Project cited in this release, as well as information regarding data verification, exploration procedures, sample preparation, analysis and security, and other matters relevant to the scientific and technical disclosure contained in this release regarding the Kipushi Project.

About Ivanhoe Mines

Ivanhoe Mines is advancing its three principal projects in Southern Africa: 1) mine development at the **Platreef** platinum-palladium-gold-nickel-copper discovery on the Northern Limb of South Africa's Bushveld Complex; 2) mine development and exploration at the tier-one **Kamoa-Kakula** copper discovery on the Central African Copperbelt in the Democratic Republic of Congo; and 3) upgrading at the historic, high-grade **Kipushi** zinc-copper-silver-germanium mine, also on the Copperbelt in the DRC. For details, visit www.ivanhoemines.com.

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Cautionary statement on forward-looking information

Certain statements in this release constitute "forward-looking statements" or "forward-looking information" within the meaning of applicable securities laws, including without limitation: (1) statements regarding Ivanhoe Mines' commitment to rebuild 34 kilometres of track to connect the Kipushi Mine with the DRC national railway at Munama; (2) statements regarding Kipushi's projected annual output of approximately 530,000 tonnes of zinc concentrates; (3) statements regarding a daily train from Kipushi will replace the equivalent of 50 road trucks, resulting in significant safety and environmental benefits to the DRC; (4) statements regarding the reactivated spur line also will provide significant benefits to residents of Kipushi and the provinces of Lualaba and Haut-Katanga; (5) statements regarding Ivanhoe's expectations that Kipushi is on track to become the world's highest-grade, major zinc mine; (6) statements regarding the front-end engineering design study is scheduled to begin before the end of this year and construction on the Kipushi-Munama spur line could start in late 2018; (7) statements regarding Ivanhoe's expectation to see more private-public cooperation agreements to rebuild other sections of the DRC railway system; and (8) statements regarding Ivanhoe's expectation to complete the Kipushi pre-feasibility study before the end of this year.

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, 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; changes in commodity prices; unexpected failure or inadequacy of infrastructure, or delays in the development of infrastructure, 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. The factors and assumptions used to develop the forward-looking information and statements, and the risks that could cause the actual results to differ materially are set forth in the "Risk Factors" section and elsewhere in the company's most recent Management's Discussion and Analysis report and Annual Information Form, available at www.sedar.com.

This news release also contains references to estimates of Mineral Resources. The estimation of Mineral Resources is inherently uncertain and involves subjective judgments about many relevant factors. 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, which may prove to be unreliable and depend, to a certain extent, upon the analysis of drilling results and statistical inferences that may ultimately prove to be inaccurate. Mineral Resource estimates may have to be re-estimated based on, among other things: (1) fluctuations in zinc or other mineral prices; (2) results of drilling; (3) results of metallurgical testing and other studies; (4) changes to proposed mining operations, including dilution; (5) the evaluation of mine plans subsequent to the date of any estimates; and (6) the possible failure to receive required permits, approvals and licences.

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.