

June 11, 2018

## **Ivanhoe Mines and CITIC Metal sign long-term strategic cooperation and investment agreement**

**CITIC Metal to acquire a 19.9% stake in Ivanhoe Mines**

**CITIC Metal to invest approximately C\$723 million to help advance Ivanhoe's three world-scale mine-development projects in Southern Africa**

**CITIC Metal to provide US\$100 million interim loan facility**

**BEIJING, CHINA** – Robert Friedland, Executive Chairman of Ivanhoe Mines, and Lars-Eric Johansson, Chief Executive Officer, announced today that CITIC Metal Co., Ltd. (CITIC Metal), a wholly-owned subsidiary of CITIC Limited (CITIC), has agreed to make a major investment acquiring a significant 19.9% stake in Ivanhoe Mines.

**Under terms of the agreement signed in Beijing today, Ivanhoe Mines will issue 196,602,037 common shares to CITIC Metal (or its designated affiliate) through a private placement at a price of C\$3.68 per share, yielding gross proceeds to Ivanhoe of approximately C\$723 million (US\$560 million).**

**CITIC Metal will come to own 19.9% of Ivanhoe Mines' issued and outstanding common shares when the placement is completed, establishing CITIC Metal as Ivanhoe's largest single shareholder. Mr. Friedland will be Ivanhoe's second-largest shareholder, with over 17% shareholding.**

**Ivanhoe Mines intends to use the proceeds for the advancement of the company's world-scale mine development projects in Southern Africa – Kamoa-Kakula, Platreef and Kipushi – and also for working capital and general corporate purposes.**

**China's Zijin Mining Group, which acquired a 9.9% stake in Ivanhoe Mines in 2015 through a wholly-owned subsidiary, will be entitled to exercise its existing anti-dilution rights through a concurrent private placement, which could result in additional proceeds of C\$78 million (US\$60 million) if exercised in full. (In addition, Zijin and Ivanhoe each are equal 39.6% joint-venture partners in the ongoing development of Ivanhoe's flagship Kamoa-Kakula copper project.)**

**Mr. Friedland said the agreement with CITIC Metal is the culmination of a 15-year relationship between the leaderships of Ivanhoe Mines and CITIC. "In 2003, the original Ivanhoe Mines was grappling with the challenge of developing its vast copper-gold discoveries at the Oyu Tolgoi Project in southern Mongolia. Following extensive discussions, Ivanhoe and CITIC established a**

strategic alliance to cooperatively pursue a number of selected common interests in metals production and related technologies.

"For some time now, the board of directors and senior management of today's Ivanhoe Mines have been evaluating potential transactions that would combine the critical elements needed for Ivanhoe to advance the development of our exceptional assets that have been established in Southern Africa in recent years," Mr. Friedland added.

"A fundamental, qualifying condition has been that any new partner must be complementary to our established partners, Zijin and the Japanese consortium led by ITOCHU Corporation. We are confident that CITIC Metal shares our vision and has the experience and financial resources to help us advance our three projects to production, creating value for Ivanhoe's stakeholders in the Democratic Republic of Congo and South Africa, and our international shareholders."



**ABOVE:** April 23, 2003 – Ivanhoe Mines Chairman Robert Friedland and the then CITIC Group Chairman Wang Jun (left) announce the formation of a strategic alliance to pursue mutual mineral exploration, development and production interests.

Mr. Friedland said that the strategic investment arranged by CITIC Metal – a respected state-owned enterprise in China, which now is the world's largest consumer of base metals – is a critical validation of the quality of Ivanhoe's assets.

"CITIC Metal will be playing a significant role in Ivanhoe's emergence as one of the world's leading producers of copper, zinc and platinum-group metals. Today, with CITIC Metal's commitment to this investment, Ivanhoe is one step closer to becoming Canada's next important, diversified mining company."

Sun Yufeng, President of CITIC Metal Group Limited, said that CITIC and Ivanhoe have shared a long-standing relationship dating back more than 15 years. "Mr. Friedland is a respected friend of CITIC and through this strategic investment we are delighted to become a partner in Ivanhoe's projects with Mr. Friedland and his accomplished team of mine finders and developers.

**“CITIC Metal and Ivanhoe are truly complementary to one another. This cooperation will result in a win-win scenario. Together with existing shareholders and stakeholders, and by employing best international practice, we will achieve the gold standard for Sino-Canadian companies, resulting in a partnership that will benefit the people in the Democratic Republic of Congo, South Africa, China and Canada,” Mr. Sun added.**

**“Ivanhoe’s three projects are some of the world’s best undeveloped mining assets. We are looking forward to working closely with the Ivanhoe team to build innovative, environmentally- and socially-responsible mines that can contribute to the advancement of economic transformations in Africa and China.”**

**The Ivanhoe-CITIC Metal transaction is conditional upon completion of confirmatory due diligence and CITIC internal approval, which is expected in approximately 30 days. It also is subject to approval by the Toronto Stock Exchange, other customary closing conditions, and recordals and registration with certain Chinese regulatory agencies. Receipt of all necessary approvals and completion of the transaction is expected to take up to four months.**

### **CITIC Metal to make US\$100 million interim loan facility available to Ivanhoe Mines**

**While the required approvals are being obtained for the transaction, CITIC Metal has agreed to provide Ivanhoe with a nine-month, interim loan of US\$100 million in accordance with an agreed term-loan-facility agreement. The loan, which is expected to be available in approximately 35 days, will have an interest rate of 6%. It will be pre-payable, or will be repaid with part of the 19.9% private placement proceeds – or no later than nine months following draw-down. Mr. Friedland will provide a secured, limited-recourse guarantee and securities pledge securing of Ivanhoe Mines’ obligation in support of the interim loan facility.**

### **Investor rights and lock-up agreements**

**Upon closing of the private placement, CITIC Metal and Ivanhoe Mines will enter into an investor rights agreement. Among key provisions:**

- **CITIC Metal will have the right to nominate two directors – one of whom will be independent – to Ivanhoe’s expanded 11-member board.**
- **One CITIC Metal director nominee is expected to be Mr. Sun, who also would become a Co-Chairman of Ivanhoe Mines – a position he would share with Mr. Friedland.**
- **CITIC Metal will be granted anti-dilution rights to enable it to maintain its Ivanhoe ownership at 19.9%.**
- **CITIC Metal has agreed to use its reasonable commercial efforts to arrange project financing for the first phase of development for the Kamoak-Kakula Project.**

**As part of the private-placement agreement, CITIC Metal and Mr. Friedland have signed reciprocal standstill agreements that prevent either of them from increasing their ownership stake in Ivanhoe Mines to more than 19.9% until after closing and thereafter until January 8, 2022. In addition, upon closing CITIC Metal and Mr. Friedland will enter into a reciprocal disposition and tag-along agreement.**

## About CITIC Metal and CITIC Limited

**CITIC Metal Co., Ltd.** is a wholly-owned subsidiary of **CITIC Limited**. As **CITIC Limited's** arm in the business of resources and energy, **CITIC Metal** specializes in the import and distribution of copper, zinc, platinum-group metals, niobium products, iron ore, coal, and non-ferrous metals, export of silver, trading of steel products, and investments in metals and mining projects. **CITIC Metal's** major mining investments include a 15% ownership in the Las Bambas copper project in Peru and leading a Chinese consortium in acquiring a 15% ownership in the Brazil-based niobium producer CBMM.

**CITIC Limited (SEHK:267)** is China's largest conglomerate with total assets of more than US\$900 billion. Among its diverse global businesses, **CITIC Limited** focuses primarily on financial services, resources and energy, manufacturing, engineering contracting and real estate. **CITIC Limited** enjoys leading market positions in sectors well matched to China's economy. **CITIC's** rich history, diverse platform and strong corporate culture across all businesses ensure that **CITIC Limited** is unrivalled in capturing opportunities arising in China.

**CITIC Limited** is listed on the Stock Exchange of Hong Kong, where it is a constituent of the Hang Seng Index. **CITIC Group Corporation**, a Chinese state-owned enterprise, owns 58% of **CITIC Limited**.

## About Ivanhoe Mines

**Ivanhoe Mines** is advancing its three principal projects in Southern Africa: 1) Mine development at the **Platreef** platinum-palladium-nickel-copper-gold 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 DRC's Copperbelt. For details, visit [www.ivanhoemines.com](http://www.ivanhoemines.com).

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## Cautionary statement on forward-looking information

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) all statements regarding the timing and completion of the planned private placement of 196,602,037 common shares to CITIC Metal at a price of C\$3.68 per share for gross proceeds to Ivanhoe of approximately C\$723 million (US\$560 million); (ii) statements regarding Ivanhoe Mines intention to use the proceeds from the private placement for the advancement of the company’s mine development projects in Southern Africa — Kamoa-Kakula, Platreef and Kipushi — and also for working capital and general corporate purposes; (iii) statements regarding Zijin Mining exercising its anti-dilution rights in full for proceeds of up to C\$78 million; (iv) statements regarding the timing and completion of due diligence and CITIC internal approval and that is expected to take approximately 30 days; (v) statements regarding the timing and completion of regulatory approvals in China and that all such approvals may take up to four months; and (vi) statements regarding the expectation that the US\$100 million loan from CITIC Metal is expected to be available in approximately 35 days and that such loan will be utilized by Ivanhoe Mines.

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 under “Risk Factors” and elsewhere in the company’s MD&A, as well as the inability to obtain regulatory approvals in a timely manner; the potential for unknown or unexpected events to cause contractual conditions to not be satisfied; 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.

The company’s actual results could differ materially from those anticipated in these forward-looking statements as a result of the factors set forth in the “Risk Factors” section and elsewhere in the company’s MD&A for the year ended December 31, 2017 and its Annual Information Form.