

May 26, 2015

Ivanhoe Mines and China's Zijin Mining Group sign landmark agreement to co-develop the world-scale Kamo a copper discovery in the Democratic Republic of Congo

Zijin to acquire 49.5% of Ivanhoe's Kamo a stake for a total cash consideration of US\$412 million

Zijin holds option to acquire an additional 1% share upon successfully arranging project financing for 65% of the first phase of Kamo a's development costs

XIAMEN, CHINA – Robert Friedland, Executive Chairman of Ivanhoe Mines Ltd. (TSX: IVN), and Lars-Eric Johansson, Chief Executive Officer, announced today that Ivanhoe and Zijin Mining Group Co., Ltd. have agreed to a strategic co-development of the Kamo a copper discovery in the Democratic Republic of Congo.

Under terms of agreements signed in Xiamen, Zijin – through its subsidiary, Gold Mountains (H.K.) International Mining Company Limited – will buy a 49.5% share interest in Kamo a Holding Limited (Kamo a Holding), an Ivanhoe subsidiary that presently owns 95% of the Kamo a Project, for an aggregate consideration of US\$412 million (approximately C\$506 million).

The purchase price will be satisfied by an initial payment of US\$206 million in cash upon the closing of the transaction, which is expected on or about July 31, 2015, and is subject to Zijin's receipt of approvals by the government of the People's Republic of China, and certain other customary closing conditions.

The agreements specify that the remaining US\$206 million will be paid in five equal installments, payable every 3.5 months from closing and continuing through the remainder of 2015 and into 2016.

In addition, Ivanhoe has agreed to sell 1% of its share interest in Kamo a Holding to Crystal River Global Limited (Crystal River) for US\$8.32 million – which Crystal River will pay through a non-interest-bearing, 10-year promissory note. Crystal River is a private company incorporated in the British Virgin Islands but operated in Hong Kong and controlled by Mr. So Hon Chun. Mr. So is a Hong Kong permanent resident who had served in a number of senior capacities in natural resources development within the CITIC group for more than 10 years during the late 1990s to 2010/2011. Subsequent to his retirement, Mr. So set up his own consultancy and has been active in providing advice to large, international and People's Republic of China state-owned companies in the mining and oil and gas sectors. He also has had a long involvement with Ivanhoe Capital Corporation. In addition, Mr. So is also a long standing friend of Mr. Chen, the chairman of Zijin, and as a result, is the mutually agreeable and trusted choice of both parties to hold the 1% share interest.

Option to acquire an additional 1% share, project financing and offtake agreement

Zijin also has committed to use its best efforts to arrange or procure project financing for 65% of the capital required to develop the first phase of the Kamo a Project, as set out in the feasibility study,

without any recourse, and on terms acceptable to Ivanhoe. Zijin will provide any and all required completion guarantees relating to the securing of project financing for the Kamoia Project.

Upon the successful arrangement or procurement of project financing, Zijin will have the right to acquire Crystal River's 1% share interest (the 1% Option) in Kamoia Holding. If the 1% Option has not been exercised within seven years from the delivery of the feasibility study (because, for example, the project financing has not been arranged by that time), the option will expire and each of Ivanhoe and Zijin then will have the right to buy one-half of the 1% share from Crystal River, which would then result in an equivalent 50%/50% ownership split between the parties.

The agreements also provide that upon exercise of the 1% Option, for an amount to be determined by an independent expert valuator, Zijin will be required to arrange or procure project financing for all subsequent phases of the Kamoia Project, without any recourse, and on terms acceptable to Ivanhoe. In addition, Zijin will provide any and all required completion guarantees relating to the securing of the subsequent project financing for Kamoia's development.

Upon closing of the transaction, each shareholder is required to fund Kamoia Holding in an amount equivalent to its proportionate shareholding interest.

In addition, since 65% of the pre-production capital required to develop the first phase of the Kamoia Project – as described in the feasibility study – is to be funded through project financing, the balance of 35% of the required capital will be funded *pro rata* by the shareholders. Therefore, Zijin and Ivanhoe each effectively will be required to fund 17.5% of the remaining first phase development costs.

Following Zijin's exercise of the 1% Option, Zijin will be entitled to negotiate an offtake agreement, on commercial, arm's-length terms acceptable to Ivanhoe, to acquire up to that portion of the total production from the Kamoia Project attributable to Kamoia Holding for at least the term of the project financing.

“This agreement with Zijin, one of the world's most accomplished miners, is further confirmation of Kamoia's distinction as one of the most significant, undeveloped mineral discoveries of our age and charts a course for the realization of significant benefits for all of Ivanhoe's and Zijin's stakeholders as well as the Congolese people. Together with the Congolese government and Zijin, we aim to meet the expectations of the Congolese people and our stakeholders in Katanga as we proceed to build a world-class, new copper mine,” said Mr. Friedland.

“The strategic partnership with Ivanhoe announced today, through which we plan to jointly develop Kamoia, will turn our respective strengths into synergies that will create significant value for both Zijin and Ivanhoe shareholders, as well as the societies in which we operate,” Mr Chen added.

Key decisions governed by Shareholder, Governance and Option Agreement

The relationship between Ivanhoe Mines, Zijin and Crystal River will be governed by a Shareholder, Governance and Option Agreement (SGO). The SGO provides, among other things, that all key decisions regarding the development and operation of the Kamoia Project will be made by Kamoia Holding's Board of Directors, which initially will consist of five members: two designated by Ivanhoe, two designated by Zijin and one designated by Crystal River.

Upon Zijin's exercise of the 1% Option, Zijin will assume Crystal River's right to designate one director, meaning Zijin could designate a total of three directors. However, Kamoia Holding's Board of Directors will not be permitted to make certain decisions without certain approvals of Kamoia Holding's shareholders. For example:

- establishment of the Kamoia Project's long-term development plan and other typical minority shareholder rights will require approval of 80.01% of shareholders; and

- approval of the annual program and budget will require approval of 66.67% of shareholders.

Shareholder cash calls will be based on either an annual program and budget or an interim, sustaining annual program and budget.

Kamoa positioned to become one of the world's largest copper mines

The 2013 Kamoa preliminary economic assessment (PEA) reflects a two-phased approach to development of the Kamoa Project (<https://www.youtube.com/watch?v=Tb3v8OBHhs0>). The first phase of mining considered in the PEA would target high-grade copper mineralization from shallow, underground resources to produce approximately 100,000 tonnes of contained copper in a high-value concentrate. The Kamoa PEA estimated that the pre-production capital required for Kamoa's first phase of development would be approximately US\$1.4 billion. To date, Ivanhoe has invested approximately US\$337 million in equity capital in discovering and developing the Kamoa Project.

The proposed second phase would entail a major expansion of the mine and mill, and construction of a smelter to produce approximately 300,000 tonnes of blister copper each year.

“The Kamoa PEA highlights the rare combination of a very high copper grade and very large tonnage – qualities that position Kamoa to have the potential to become a substantial copper producer with one of the lowest cash costs anywhere in the world,” said Mr. Friedland.

“Together with our partner Zijin, we will examine the possibility of expanding the Kamoa Project beyond the currently contemplated second phase of production.”

Mr. Chen noted that “Kamoa is a great discovery in terms of size and grade. We believe that additional drilling will continue to expand the resources to support an even larger Kamoa Project.”

Kamoa investment follows Zijin's recent purchase of a 9.9% stake in Ivanhoe

The successful negotiation of the strategic co-development arrangement for Kamoa follows Zijin's acquisition of a 9.9% interest in Ivanhoe Mines for a US\$85 million investment on April 20 this year. Zijin also has agreed to the inclusion of a 10-year standstill provision in the Kamoa SGO, meaning that Zijin only will be permitted to acquire further shares of Ivanhoe on a consensual, negotiated basis.

The co-development transaction is the result of the strategic process that was announced by Ivanhoe in August 2014. The process continues with respect to the historic, high-grade Kipushi zinc, copper and germanium mine, which also is located in the DRC. Ivanhoe remains in discussions regarding potential transactions with Kipushi.

Conference call with Ivanhoe's senior management on Thursday, May 28

Ivanhoe Mines' senior management team will host a conference call on Thursday, May 28, at 9:00AM EDT (6:00AM PDT / 2:00PM GMT) to discuss details of the Kamoa strategic co-development agreement with Zijin. The call may be accessed by dialling 1-866-223-7781 or 1-416-340-2216 in Canada and the United States. Callers outside North America may refer to <https://www.conf solutions.ca/ILT?oss=1P29R8662237781> for their country-specific toll-free dial-in number.

Advisers to Ivanhoe and Zijin

BMO Capital Markets Limited and Morgan Stanley & Co. International plc are financial advisers to Ivanhoe and Stikeman Elliott LLP is legal counsel to Ivanhoe. GMP Securities is financial adviser to Zijin, and Fasken Martineau DuMoulin LLP is legal counsel to Zijin. Crystal River has been independently represented by ONC Lawyers, Hong Kong. On completion of the transaction, Crystal

River also will be entitled to a finder's fee from Ivanhoe equal to 5% of the total cash consideration payable.

About Ivanhoe Mines

Ivanhoe Mines, with offices in Canada, the United Kingdom and South Africa is advancing and developing its three principal projects:

- The Kamoa copper discovery in a previously unknown extension of the Central African Copperbelt in the Democratic Republic of Congo's southern Katanga province. In March this year, members of the Ivanhoe Mines exploration team received the prestigious Thayer Lindsley Award from the Prospectors & Developers Association of Canada for the Kamoa copper discovery, recognized as 2014's top international mineral discovery (<https://www.youtube.com/watch?v=dyfjnnY3L9U>). The government of the DRC has a 5%, non-dilutable interest in Kamoa and Ivanhoe has offered to sell an additional 15% interest to the DRC government on commercial terms to be negotiated.
- A multi-phased mine development on its 64%-owned Platreef discovery of platinum, palladium, nickel, copper, gold and rhodium in South Africa's Bushveld Complex. The South African beneficiaries of a broad-based, black economic empowerment structure have a 26% stake in the Platreef Project and the remaining 10% is owned by a Japanese consortium of ITOCHU Corporation; Japan Oil, Gas and Metals National Corporation; ITC Platinum Development Ltd., an ITOCHU affiliate; and Japan Gas Corporation.
- The historic, high-grade Kipushi zinc, copper and germanium mine, also on the Copperbelt in the D.R. Congo's Katanga province, which now is being drilled and upgraded by Ivanhoe following its acquisition of a majority interest in the mine in 2011. Kipushi was operated by previous owners between 1924 and 1993.

About Zijin Mining

Zijin is a large-scale mining group headquartered in Shanghang County, in China's Fujian Province. It is one of the largest gold producers, second largest mineral copper producer and a significant zinc, tungsten and iron ore producer in China. Zijin trades on the Shanghai and Hong Kong stock exchanges and has a market capitalization of more than US\$15 billion.

Qualified Persons

The independent qualified persons responsible for preparing the Kamoa PEA were Bernard Peters, B. Eng. (AMC); Dr. Harry Parker (AMEC); Gordon Seibel (AMEC); Jarek Jakubec, C. Eng., (SRK); Mel Lawson, B. Eng. (Stantec); and Arne Weissenberger, P.Eng., and Francois Marais, P.Eng. (Golder).

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

For detailed information about assay methods and data verification measures used to support the scientific and technical information in the Kamoa PEA, please refer to the current technical report on the Kamoa Copper Project on the SEDAR profile of Ivanhoe Mines at www.sedar.com.

Information contacts

Investors

Bill Trenaman +1.604.331.9834

Media

North America: Bob Williamson +1.604.512.4856

South Africa: Jeremy Michaels +27.82.939.4812

Website www.ivanhoemines.com**Forward-looking statements**

Certain statements in this news release may constitute "forward-looking statements" or "forward-looking information" within the meaning of applicable securities laws, including, without limitation, statements regarding obtaining project financing for phase 1 development of the Kamoia Project; the receipt of Chinese government approvals; closing of the transaction by July 31, 2015; the exercise of the 1% Option by Zijin and statements about future budgets, development and operations of the Kamoia Project. Such statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Ivanhoe Mines, 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. These statements reflect Ivanhoe's current expectations regarding future events, performance and results and speak only as of the date of this news release.

Forward-looking statements 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, including, but not limited to, the failure to receive required regulatory approvals, unexpected changes in laws, rules or regulations, or their enforcement by applicable authorities, the inability to obtain capital (including project funding) or to obtain capital on economically acceptable terms and conditions.

Although the forward-looking statements contained in this news release are based upon what management of Ivanhoe believes are reasonable assumptions, Ivanhoe 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, Ivanhoe 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.

Ivanhoe's actual results could also differ materially from those anticipated in these forward-looking statements as a result of the factors set forth in the "Risk Factors" section in Ivanhoe's Annual Information Form for the year ended December 31, 2014, which is available at www.ivanhoemines.com and at www.sedar.com.