

August 12, 2015

## **IVANHOE MINES ANNOUNCES FINANCIAL RESULTS AND REVIEW OF OPERATIONS FOR THE SECOND QUARTER OF 2015**

TORONTO, CANADA – Ivanhoe Mines (TSX: IVN) today announced its financial results for the second quarter ended June 30, 2015. All figures are in U.S. dollars unless otherwise stated.

### **HIGHLIGHTS**

- On May 26, 2015, Ivanhoe Mines and China-based Zijin Mining Group agreed to a strategic co-development of the Kamoa copper discovery in the Democratic Republic of Congo. Under terms of the agreement, Zijin – through its subsidiary, Gold Mountains (H.K.) International Mining Company Limited – will buy a 49.5% share interest in Kamoa Holding Limited (Kamoa Holding), an Ivanhoe subsidiary that presently owns 95% of the Kamoa Project, for an aggregate consideration of US\$412 million. Zijin has pledged to use its best efforts to arrange project financing for Kamoa's first phase. Ivanhoe and Zijin are working in a mutually co-operative and constructive manner to complete the Kamoa transaction as soon as possible. The closing date for the transaction will be the 15<sup>th</sup> business day following the satisfaction or waiver of all conditions precedent to the transaction.
- In June 2015, Ivanhoe Mines reconfirmed the company's commitment to finalize an agreement for the sale of a further interest of up to 15% in the Kamoa Project to the government of the Democratic Republic of Congo (DRC). Both Zijin and Ivanhoe would be diluted pro rata by any sale of a further interest of up to 15% in Kamoa Copper SA as their interests would be held through Kamoa Holding Limited (that currently owns 95% of Kamoa Copper SA) and, accordingly, Kamoa Holding's interest in Kamoa Copper SA would be reduced by an increased DRC State interest.
- In early August, Ivanhoe Mines began work on a feasibility study that will cover the first phase of mine development at the company's Platreef Project in South Africa. The study will build upon the findings of the pre-feasibility study completed in January 2015 that included construction of an underground mine, an initial four-million-tonne-per-year concentrator and associated infrastructure to support initial concentrate production by 2019. The pre-feasibility study estimated a planned initial, average annual production rate of 433,000 ounces of platinum, palladium, rhodium and gold (3PE+Au), plus 19 million pounds of nickel and 12 million pounds of copper per year, at an estimated \$322 per ounce of 3PE+Au, net of by-products. There will be opportunities to refine and modify the timing and capacities of subsequent phases of production to suit market conditions during the development and commissioning of the first phase.
- Commissioning is underway for the pre-sink winder that will be used to sink Platreef's Shaft 1 to a depth of approximately 60 metres below surface. Construction of the foundations for the large winding equipment needed to sink the shaft below 60 metres is almost completed. The sub-station and power lines to provide electricity for the sinking operation also are nearing completion. Shaft 1 will have an internal diameter of 7.25 metres and is projected to reach a total depth of 975 metres in 2018.

- **The three projects have achieved a combined 12 million hours of lost-time-injury-free work (LTIF), reflecting, in part, the company's continued efforts to prioritize the management of health and safety on its job sites. Ivanhoe recorded 4.4 million LTIF hours at Platreef, 4.2 million hours at Kamoa and 3.4 million hours at Kipushi by the end of Q2 2015.**

## Principal projects and review of activities

Ivanhoe Mines is advancing and developing its three principal projects in southern Africa.

- **Kamoa Copper Project.** Ivanhoe's plans include development of a planned mine on the company's Kamoa copper discovery in a previously unknown extension of the Central African Copperbelt in the Democratic Republic of Congo. 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. Kamoa is the world's largest, undeveloped, high-grade copper deposit. Ivanhoe presently has a 95% interest in the project and 5% is held by the DRC government.
- **Platreef Project.** Construction of a planned mine is underway on the Platreef Project, based on Ivanhoe's discovery of platinum, palladium, nickel, copper, gold and rhodium on the Northern Limb of 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; 10% is owned by a Japanese consortium of ITOCHU Corporation and its affiliate, ITC Platinum Development Ltd., plus Japan Oil, Gas and Metals Corporation and Japan Gas Corporation; and the remaining 64% is owned by Ivanhoe.
- **Kipushi Project.** Current upgrading work includes drilling to confirm and expand resources at the historic, high-grade Kipushi zinc, copper and germanium mine, also on the Copperbelt in the DRC. Ivanhoe acquired a majority interest in the Kipushi mine in 2011, which had been operated by previous owners between 1924 and 1993. Ivanhoe has a 68% interest in Kipushi and 32% is held by state-owned miner Gécamines.

### 1. Kamoa Project

95%-owned by Ivanhoe Mines

Democratic Republic of Congo (DRC)

The Kamoa 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. Ivanhoe holds its 95% interest in the Kamoa Project through a subsidiary company, Kamoa Copper SA (formerly African Minerals Barbados Limited SPRL). A 5%, non-dilutable interest in Kamoa Copper SA was transferred to the DRC government on September 11, 2012, for no consideration, pursuant to the DRC Mining Code. Ivanhoe also has offered to sell an additional 15% interest to the DRC government on commercial terms to be negotiated.

On January 17, 2013, an updated mineral resource estimate was issued that increased Kamoa's Indicated Mineral Resources to a total of 739 million tonnes grading 2.67% copper and containing 43.5 billion pounds of copper. This was an increase of 115% over the previous estimate, prepared in September 2011, of 348 million tonnes grading 2.64% copper and containing 20.2 billion pounds of copper. Both estimates used a 1.0% copper cut-off grade and a minimum vertical mining thickness of three metres.

In addition to the Indicated Resources, the updated estimate included Inferred Mineral Resources of 227 million tonnes grading 1.96% copper and containing 9.8 billion pounds of copper, also at a 1.0% copper cut-off grade and a minimum vertical mining thickness of three metres.

At a higher, 2.0% copper cut-off grade, Kamo'a's Indicated Resources total an estimated 550 million tonnes grading 3.04% copper and containing 36.9 billion pounds of copper. At the 2.0% cut-off, Kamo'a also has 93 million tonnes of Inferred Resources grading 2.64% copper, which contain an estimated 5.4 billion pounds of copper.

### **Diamond drilling progress**

Limited drilling occurred in Q2 2015, with an additional 891 metres completed in eight shallow holes. This brought the total metres drilled for the six months ending June 30, 2015, to 992 metres. Three geotechnical holes were drilled to test the ground conditions for the planned Kansoko Sud declines; three exploration holes were drilled to test the Kanzenze area, just north of the Kamo'a mining licence; and two resource holes were drilled to test for extension of the known resource in the Kansoko Nord area, east of the Kamo'a Dome.

Ivanhoe plans to continue drilling through the remainder of 2015 with two company-owned rigs and a recently purchased, new rig that is capable of drilling to a depth of 1,000 metres. The exploration program will focus on regional exploration targets and on the southern portion of the project area where the successful 2014 program highlighted the Kakula discovery, a promising target that is similar in style and stratigraphic position to the high-grade Kansoko trend. Exploration also will continue to look for shallow, high-grade zones in the Kamo'a North area.

### **Preparation for construction of first declines**

The construction of the box cut for the first access declines to the initial, planned underground mine was completed at the end of 2014. This will enable the construction of the twin declines that have been designed to intersect the high-grade copper mineralization in the Kansoko Sud area, approximately 150 metres below the surface.

**Figure 1: Completed box cut, with access roadway under construction.**



Ivanhoe's drilling program in this area has defined a thick, near-surface zone of high-grade copper mineralization, where a recent drill hole intercepted 15.7 metres (true width) of 7.04% copper, at a 1.5% total copper cut-off.

A tender for construction of the twin declines to the first mining area was issued at the end of November 2014. Tenders were received from five companies and, following adjudication, Byrncut Underground Congo SARL (BUCS) was selected as the preferred bidder. Contract negotiations are nearing completion and the contract is planned to be awarded during Q3 2015. The scope of the BUCS contract – which includes approximately 1.2 kilometres of development for each of the two declines – is expected to last 18 months, including a three-month mobilization period.

A local contractor, Tanga Logistics and Mining SA (TLM), has been appointed to complete a number of small civil works in the box cut, including the roadway, sump and drain. TLM is establishing its work site. Ivanhoe is preparing the box-cut site for the mobilization of the decline contractor; work includes upgrading of existing accommodation and the supply of power, diesel fuel, workshops and offices.

### **Pre-feasibility study progressing**

The Kamoa pre-feasibility study (PFS) is progressing and the completed report is expected to be finalized and delivered during Q4 2015. The PFS is based on the project's planned first phase and consistent with the phased approach to project development outlined in the 2013 Kamoa preliminary economic assessment. Phase one will see the construction of an underground operation producing three million tonnes a year and feeding an adjacent concentrator.

Given the relatively undeformed, continuous mineralization of the Kamoa resource, it is considered amenable to large-scale, mechanized, stepped-room-and-pillar mining, which will transition to drift-and-fill mining in deeper sections.

The PFS's geology and mining sections have been completed. The plant and infrastructure draft report and costing have been received and are being reviewed by the Kamoa owners' team. Costing for the tailings dam has been received and the draft report is expected shortly. Cost estimates are being inserted into the financial model. The backfill and environmental sections are expected to be completed early in Q3.

### **Continued focus on health, safety and community sustainability**

Safety, health, environmental management and community sustainability remain key priorities at the Kamoa site. By the end of Q2 2015, 4,203,853 hours had been worked without a lost-time injury.

During Q2 2015, three Kolwezi construction companies were short-listed for the construction of the community office for the Muvunda chiefdom. RBC Construction was selected and construction work has started. A community agreement was signed to establish applicable responsibilities.

Ivanhoe continued with its Livelihood sustainability program. During the quarter, the team focused on vegetable production, selecting and establishing new beehives, training residents in additional villages on poultry management and monitoring the 2014/2015 maize (corn) production program.

Health initiatives during the quarter included distribution of malaria nets and the donation of medicine to people living in the Luilu and Lufupa areas. A kick-off meeting on Ivanhoe's Fionet Program, utilizing mobile smart devices to rapidly diagnose infectious diseases in rural settings, was held with internal partners to complete the operating plan and align objectives. Chemonics International, an organization with extensive experience in managing development projects in the DRC and elsewhere in Africa, has been chosen to implement the initiative that is planned to be launched during Q3 2015.



**Figure 2: Mulching Irish potatoes.**



A social and environmental management system has been developed to monitor and record environmental and community statistics. The environment team continued with regular monitoring of water, noise and dust during Q2.

## **2. Platreef Project**

64%-owned by Ivanhoe Mines  
South Africa

The Platreef Project in South Africa's Limpopo province is 64%-owned by Ivanhoe through its subsidiary, Ivanplats (Pty.) Ltd. and 10%-owned by a Japanese consortium of ITOCHU Corporation and its affiliate, ITC Platinum; Japan Oil, Gas and Metals National Corporation; and Japan Gas Corporation. The consortium's interest in the Platreef Project was acquired in two tranches for a total investment of \$290 million. The remaining 26% interest is held by Ivanhoe's broad-based, black economic empowerment (B-BBEE) partners, which include communities, employees and entrepreneurs. Ivanplats announced in February that it had achieved Level 3 status in its first verification assessment on a B-BBEE scorecard, the highest-ranking platinum-sector mining company in compliance with South Africa's black empowerment laws.

The Platreef Project hosts an underground deposit of thick, platinum-group metals, nickel, copper and gold mineralization in the Northern Limb of the Bushveld Igneous Complex, approximately 280 kilometres northeast of Johannesburg.

On the Northern Limb, such mineralization is hosted primarily within the Platreef, a mineralized sequence that is traced more than 30 kilometres along strike. Ivanhoe's Platreef Project, within the Platreef's southern sector, is comprised of three contiguous properties: Turfspruit, Macalacaskop and Rietfontein. Turfspruit, the northernmost property, is contiguous with, and along strike from, Anglo Platinum's Mogalakwena group of properties and mining operations.

Since 2007, Ivanhoe has focused its exploration activities on defining and advancing the down-dip extension of its original Platreef discovery, now known as the Flatreef Deposit, which is viewed as being amenable to highly mechanized, underground mining methods. The Flatreef area lies entirely on the Turfspruit and Macalacaskop properties.

**Figure 3: Shaft 1 collar and ventilation plenum construction, July 2015.**



### **Shaft 1 construction**

The construction of the large, concrete shaft collar and plenum is well underway. Construction is nearing completion on the foundations for the large winding equipment required for deeper shaft sinking. The winding equipment has been refurbished and is being stored off-site. Commissioning is underway for the installed pre-sink winder that will be operated during initial sinking down to 60 metres. Work is 80% complete on the electricity sub-station, which will have a capacity of five-million volt-amperes (MVA), and power lines from Eskom, the South African public power utility, that will be used for the sinking of Shaft 1.

**Figure 4: Pre-sink winder installed.**





**Figure 5: 5MVA sub-station and lines to deliver Eskom power.**



**Figure 6: Construction of Shaft 1 ventilation plenum.**



**Figure 7: Construction of the lined storm-water pond.**



Other work on site includes the construction of the primary terraces for Shaft 1 and the storm-water pond. A total of 73% of the 611 permanent and contract workers presently employed by the company are from the local area.

### **Platreef implementing a phased approach to a large, underground, mechanized mine**

The company completed a pre-feasibility study (PFS) in January 2015 that covered the first phase of development that is expected to include construction of an underground mine, concentrator and other associated infrastructure to support initial concentrate production by 2019. There will be opportunities to refine and modify the timing and capacities of subsequent phases of production to suit market conditions during the development and commissioning of the first phase. The feasibility study, based on the first phase, began in August 2015.

#### **PFS highlights**

- Development of a large, mechanized, underground mine with an initial four-million-tonne-per-year concentrator and associated infrastructure.
- Planned initial average annual production rate of 433,000 ounces of platinum, palladium, rhodium and gold (3PE+Au), plus 19 million pounds of nickel and 12 million pounds of copper.
- Estimated pre-production capital requirement of approximately \$1.2 billion, including \$114 million in contingencies, at a ZAR:USD exchange rate of 11 to 1.
- Platreef would rank at the bottom of the cash-cost curve, at an estimated \$322 per ounce of 3PE+Au, net of by-products.
- The planned Platreef mine is projected to require a workforce of approximately 2,200 within four years of the start of production.
- After-tax Net Present Value (NPV) of \$972 million, at an 8% discount rate.
- After-tax Internal Rate of Return (IRR) of 13%.



The development scenarios describe a staged approach structured to provide opportunities to expand the operation based on demand, smelting and refining capacity and capital availability.

## **Contracts for Shafts 1 and 2**

Shaft 1 will have an internal diameter of 7.25 metres and is projected to reach a total depth of 975 metres in 2018. South Africa-based Aveng Mining, the shaft-sinking contractor, also is responsible for the excavation of the box-cut access for the shaft collar and vent plenum. The fabrication of the temporary, sinking head-frame and centre tower is well underway.

Shaft 1, including some initial lateral underground development work, is expected to be fully funded from dedicated funds remaining in Ivanhoe's treasury from the \$280 million received in 2011 for the sale of an 8% interest in the Platreef Project to the ITOCHU-led Japanese consortium.

Shaft 2 will have an internal diameter of 10.0 meters and will be capable of hoisting six million tonnes per year. Ivanhoe awarded the contract for the design and engineering of Shaft 2 to South Africa-based Murray & Roberts Cementation in June 2014. Ivanhoe expects to start Shaft 2 early works in 2015, including the box cut and hitch foundation civil works. The box cut designs are complete and the contract for the early engineering works for the winding equipment has been awarded to South Africa-based FLSmidth.

## **Bulk water and electricity supply**

The Olifants River Water Resource Development Project (ORWRDP) is designed to deliver water to the Eastern and Northern limbs of South Africa's Bushveld Igneous Complex. The project consists of the new De Hoop Dam, the raised wall of the Flag Boshielo Dam and related pipeline infrastructure that ultimately will deliver water to Pruissen, southeast of the Northern Limb. The Pruissen Pipeline Project will be developed to deliver water onward from Pruissen to the municipalities, communities and mining projects on the Northern Limb. Ivanhoe is a member of the ORWRDP's Joint Water Forum. The Minister of Water & Sanitation has directed that the Trans-Caledon Tunnel Authority will serve as the implementing agent for the outstanding phases of the ORWRDP scheme, which include the Phase 2B pipeline from Flag Boshielo Dam to Mokopane.

Participants in the water development scheme are required to indicate their water requirements so that the total water demand may be calculated relative to the scheme's capacity. The Platreef Project's water requirement for the first phase of development is projected to peak at approximately 10 million litres per day. Ivanhoe is continuing to investigate various alternative bulk water sources.

The Platreef Project's power requirement for a four-million-tonne per year underground mine, concentrator and associated infrastructure has been estimated at approximately 100 million volt amperes (MVA). As power is required for the initial mine development work, including shaft sinking, before the main power supply becomes available, an agreement with Eskom has been reached for the supply of 5MVA of temporary construction power.

## **Job-skills training and environmental management commitments**

As required under South African legislation, and in conjunction with the approval of the Platreef Project's mining right, an integrated water-use licence application was submitted to the Department of Water and Sanitation (DWS); a waste-management licence application was submitted to the National Department of Environmental Affairs; and an application for environmental authorization was submitted to the Limpopo Department of Economic Development, Environment and Tourism (LEDET). Extensive environmental, social and engineering baseline studies were conducted in 2013 in support of these applications.

The Platreef Project received environmental authorization in June 2014 from LEDET. Ivanhoe is working closely with LEDET to ensure continual compliance during the implementation of the approved environmental management plan and the conditions stipulated in the environmental authorization. Authorization also was received from the DWS for the extraction of specified quantities of water from groundwater resources.

Ivanhoe has engaged with the South African Heritage Resources Agency (SAHRA) to obtain input and guidance on the management of archaeological and heritage resources in the area. A heritage and grave relocation process is underway.

The Platreef Project recently achieved more than four million person hours worked without a lost-time injury. Through teamwork, and in partnership with employees, consultants and contractors, Ivanhoe is working to establish a sustainable culture of harm prevention to benefit workers, communities, other stakeholders and the environment through an effective health, safety and environmental management system that recognizes and utilizes best industry practices.

**Figure 8: Renovation of a community care centre in a host village.**



In addition to its SLP and B-BBEE commitments, Ivanhoe has spent approximately R11 million (\$1 million) on water harvesting, community sanitation and renovation of a community care centre in its host communities. The Platreef Project will provide internships to help university students complete practical components of their studies and, in the process, provide the mine with potential candidates for permanent employment.

### **3. Kipushi Project**

68%-owned by Ivanhoe Mines

Democratic Republic of Congo (DRC)

The Kipushi copper-zinc-germanium-lead mine, in the Democratic Republic of Congo, is adjacent to the town of Kipushi and approximately 30 kilometres southwest of Lubumbashi. It also is located on the Central African Copperbelt, southeast of Ivanhoe's Kamoa Project, and less than one kilometre from the Zambian border. Ivanhoe acquired its 68% interest in the Kipushi Project in November 2011;

the balance of 32% is held by the state-owned mining company, La Générale des Carrières et des Mines (Gécamines).

## Project development and infrastructure

Work began in early March 2014 on the planned underground diamond-drilling program at the Kipushi Project, a major advance made possible by the ongoing dewatering program directed by Ivanhoe during the previous three years following its acquisition of the historic mine in November 2011.

The mine, which had been placed on care and maintenance in 1993, flooded in early 2011 due to a lack of pump maintenance over an extended period. At its peak, water reached 851 metres below the surface level. A major milestone was reached in December 2013 when Ivanhoe restored access to the mine's principal haulage level at 1,150 metres below the surface.

Since then, crews have been upgrading underground infrastructure to permanently stabilize the water levels and support the drilling program. Recent improvements included emergency escape ladders in shafts P2, P2Bis and P15, fabrication of an emergency cage and a winch in Shaft P3, and refurbishment of the Shaft P5 friction-rope-reeler gearbox.

Water levels are stabilized below the 1,150-metre-level haulway and the 1,272-metre-level hanging-wall drift, enabling access for drilling that has targeted the Série Récurrente, Fault Zone and Big Zinc.

**Figure 9 (left): Fabrication of platforms and ladders for emergency escapes in shafts P2, P2Bis and P15.**

**Figure 10 (right): Shaft P5 rope take-up spool during testing of refurbished gearbox.**



## Environmental studies and sustainability

Golder Associates was engaged in early 2014 to conduct an IFC-compliant Environmental, Social and Health Impact Assessment (ESHIA) baseline study to determine the impact of previous mining activities by Gécamines and provide a baseline for the future.

Final sections of the report for the ESHIA baseline study are complete and air and water quality monitoring is ongoing to meet DRC regulatory requirements.



The water sanitation and health program initiated in collaboration with the Kipushi Territorial Administrator and local community residents started its first task of cleaning storm drains in the municipality to prevent flooding in the rainy season and remove breeding areas for malaria-carrying mosquitoes.

Ivanhoe also assisted with the logistics for the Kipushi Health Zone Oral Polio Vaccination (OPV) campaign, as well as the Mwaiseni Community Radio education initiative and the repair of hand-operated water pumps in Mimbulu village.

**Figure 11: Ivanhoe community relations officer Olivia Simamba (second from left) assisting the Kipushi Health Zone's polio-prevention campaign, which vaccinated approximately 40,000 children in Kipushi and surrounding villages.**



### **Confirmatory and exploration drilling**

Ivanhoe's underground drilling program at Kipushi is designed to confirm and update the mine's estimated historical mineral resources and to further expand the resources along strike and at depth. As a result of the success of the exploration program, a decision was made in Q2 to extend the program by an additional 2,500 to 3,000 metres of follow-up exploration on previously identified, promising holes on the fault zone south of the Big Zinc and at depth on the Nord Riche.

A total of 3,828 metres in 14 drill holes were completed in Q2 2015 in the Big Zinc, the southern exploration area and Nord Riche zones. By the end of Q2 2015, a total of 21,241 metres of drilling had been completed in 91 holes since Ivanhoe started its drilling program in March 2014. Ivanhoe expects to complete the remaining portion of the exploration drill program in early Q3.

Ivanhoe is working with MSA of Johannesburg to finalize an updated Mineral Resource Estimate for the Kipushi Project that will incorporate all of the drill results received to date. The independent estimate, which is being prepared in accordance with 2014 CIM definition standards, is expected to be completed and issued during Q3 2015.

## **Kipushi's 68 years of production history**

Following its start-up in 1924 as the Prince Léopold Mine, available records show that Kipushi produced a total of 6.6 million tonnes of zinc and 4.0 million tonnes of copper – from 60 million tonnes grading 11% zinc and approximately 7% copper – until political instability prompted the suspension of operations in 1993. The mine also produced 278 tonnes of germanium between 1956 and 1978.

In addition to the recorded production of copper, zinc, lead and germanium, Gécamines' mine-level plans for Kipushi also report the presence of precious metals, specifically silver and rhenium. There is no formal record of the production of precious metals on the property.

## SELECTED QUARTERLY FINANCIAL INFORMATION

The following table summarizes selected financial information for the prior eight quarters. Ivanhoe had no operating revenue in any financial reporting period and did not declare or pay any dividend or distribution in any financial reporting period.

	3 Months ended			
	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014
	\$'000	\$'000	\$'000	\$'000
Exploration and project expenditure	9,009	13,241	26,122	33,385
General administrative expenditure	1,323	5,775	8,976	8,045
Shared-based payments	1,736	1,986	2,245	7,060
Finance costs	48	34	382	377
Mark-to-market (gain) loss on revaluation of warrants	(1,334)	(4,212)	(2,316)	(12,360)
Deferred tax recovery	-	-	(46)	-
Total comprehensive loss attributable to:				
Owners of the Company	11,008	15,511	31,649	23,474
Non-controlling interest	3,564	3,498	5,434	15,092
Loss per share (basic and diluted)	0.01	0.02	0.05	0.03

	3 Months ended			
	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013
	\$'000	\$'000	\$'000	\$'000
Exploration and project expenditure	39,580	37,102	60,638	39,793
General administrative expenditure	4,913	9,318	11,567	6,259
Shared-based payments	85,428	2,561	2,029	1,898
Impairment of mineral property, goodwill and other	-	-	334,338	-
Legal settlement	-	-	-	10,000
Finance costs	1,124	358	559	543
Mark-to-market (gain) loss on revaluation of warrants	5,152	-	-	-
Deferred tax recovery	-	-	(75,701)	-
Total comprehensive loss attributable to:				
Owners of the Company	129,474	42,750	240,262	51,787
Non-controlling interest	6,280	6,057	92,606	6,248
Loss per share (basic and diluted)	0.21	0.07	0.41	0.10

### Review of the three months ended June 30, 2015 vs. June 30, 2014

The company's total comprehensive loss for Q2 2015 of \$14.6 million was \$121.2 million lower than for the same period in 2014 (\$135.8 million). The decrease mainly was due to the share-based payment expense arising from the company implementing its B-BBEE structure in June 2014 of \$84.4 million, as well as the capitalization of development costs in the current period on the Platreef and Kamoas projects of \$12.7 million and \$9.1 million respectively.



Exploration and project expenditures for the three months ending June 30, 2015, were \$17.7 million less than for the same period in 2014. With the focus during 2015 at the Kamoa and Platreef projects on development, \$8.9 million of the total \$9.0 million exploration and project expenditure related to Kipushi where the drilling program and upgrading of the underground and surface infrastructure continued. Expenditure at the Kipushi Project decreased by \$4.3 million compared to the same period in 2014.

### **Financial position as at June 30, 2015 vs. December 31, 2014**

The company's total assets increased by \$47.2 million, from \$253.1 million as at December 31, 2014, to \$300.3 million as at June 30, 2015. This mainly was due to the increase in assets of disposal group classified as held for sale and property, plant and equipment of \$27.8 million and \$13.9 million respectively.

On May 26, 2015, Ivanhoe announced that Zijin – through its subsidiary, Gold Mountains (H.K.) International Mining Company Limited – had agreed to buy a 49.5% share interest in Kamoa Holding Limited, an Ivanhoe subsidiary that presently owns 95% of the Kamoa Project, for an aggregate consideration of \$412 million. In addition, Ivanhoe agreed to sell 1% of its share interest in Kamoa Holding to Crystal River Global Limited (Crystal River) for \$8.32 million.

As at June 30, 2015, the transaction had not closed and therefore the transaction was not yet accounted for. However, Kamoa Holding meets the criteria to be classified as a disposal group held for sale and a discontinued operation in terms of IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations). In terms of IFRS 5 at June 30, 2015, the disposal group should be held at the lower of the carrying amount and the fair value, less costs to sell. The carrying amount of the group is significantly lower than the anticipated fair value, less costs to sell, and therefore no adjustment was made to the carrying value of the Kamoa assets.

The company utilized \$27.1 million of its cash resources in its operations and earned interest income of \$0.7 million on cash balances in Q2 2015. A total of \$43.0 million was spent on project development and to acquire other property, plant and equipment. Development costs on the Platreef and Kamoa projects amounted to \$25.2 million and \$16.1 million respectively.

The company's total liabilities decreased to \$42.6 million as at June 30, 2015, from \$50.7 million as at December 31, 2014. This was due to a decrease in trade and other payables of \$6.6 million, as well as a \$5.5 million decrease in the fair value of the share-purchase-warrant financial liability that arose with the issuance of the purchase warrants in Q2 2014 and had a fair value of \$1.4 million at June 30, 2015.

### **Liquidity and capital resources**

The company had \$119.7 million in cash and cash equivalents and \$55.2 million in short-term deposits as at June 30, 2015. Certain of the company's cash and cash equivalents and short-term deposits, having an aggregate value of \$84.2 million, are subject to contractual restrictions as to their use and are reserved for the Platreef Project.

As at June 30, 2015, the company had consolidated working capital of approximately \$203.9 million, compared to \$162.1 million at December 31, 2014. The Platreef Project working capital is restricted and amounted to \$78.5 million at June 30, 2015, and \$104.3 million at December 31, 2014. Excluding the Platreef Project working capital, the resultant working capital was \$125.4 million at June 30, 2015, and \$57.8 million at December 31, 2014. The company believes it has sufficient resources to cover its short-term cash requirements. However, the company's access to financing always is uncertain and there can be no assurance that additional funding will be available to the company in the near future.

This release should be read in conjunction with Ivanhoe Mines' unaudited, condensed, consolidated interim financial statements for the three and six months ended June 30, 2015, and Management's Discussion and Analysis report available at [www.ivanhoemines.com](http://www.ivanhoemines.com) and at [www.sedar.com](http://www.sedar.com).

## Qualified Person

Disclosures of a scientific or technical nature in this news release have been reviewed and approved by Stephen Torr, who is considered, by virtue of his education, experience and professional association, a Qualified Person under the terms of National Instrument 43-101. Ivanhoe Mines has prepared a NI 43-101-compliant technical report for each of the Kamoa Project, the Platreef Project and the Kipushi Project, which are available at [www.sedar.com](http://www.sedar.com). These technical reports include relevant information regarding the effective date and the assumptions, parameters and methods of the mineral resource estimates on the Kamoa Project and Platreef Project cited in this news release, as well as information regarding data verification, exploration procedures and other matters relevant to the scientific and technical disclosure contained in this news release in respect of the Kamoa, Platreef and Kipushi projects.

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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, the timing and results of: (i) a pre-feasibility study (PFS) at the Kamoa Project; (ii) statements regarding the expected date that the contract to develop the first set of Kamoa twin declines is awarded and statements regarding the date construction is expected to commence; (iii) statements regarding the declines having been designed to intersect the high-grade copper mineralization in the Kansoko Sud area; (iv) statements regarding the construction of a concrete roadway, drains and de-watering sumps in the Kamoa Project box cut; (v) statements regarding the projected depth of Shaft 1 at the Platreef Project in 2018 and the timing of the commencement of the start of Shaft 2 development; (vi) statements regarding the operational and technical capacity of Shaft 1; (vii) statements regarding the internal diameter and hoisting capacity of Shaft 2 (viii) statements regarding peak water use of 10 million litres per day at the Platreef Project and development of the Pruissen Pipeline Project; (ix) statements regarding the completion of a new resource estimate at the Platreef Project in 2015; (x) statements regarding underground mining to use mechanized room-and-pillar and drift-and-fill methods; (xi) efforts to upgrade historical resource estimates at the Kipushi Project; (xii) the de-watering program at the Kipushi Project; (xiii) statements regarding the completion of the Kipushi Project Environmental, Social and Health Impact Assessment (ESHIA) baseline study and (xiv) statements regarding the timing, size and objectives for completion of drilling and other exploration programs for 2015 and future periods.

Such statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the company, 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 the company's current expectations regarding future events, performance and results and speak only as of the date of this release.

As well, the results of the preliminary economic assessment of the Kamoa Project and the pre-feasibility study of the Platreef Project constitute forward-looking information, and include future estimates of internal rates of return, net present value, future production, estimates of cash cost, proposed mining plans and methods, mine life estimates, cash flow forecasts, metal recoveries, and estimates of capital and operating costs. Furthermore, with respect to this specific forward-looking information concerning the development of the Kamoa and Platreef Projects, the company has based its assumptions and analysis on certain factors that are inherently uncertain. Uncertainties include: (i) the adequacy of infrastructure; (ii) geological characteristics; (iii) metallurgical characteristics of the mineralization; (iv) the ability to develop adequate processing capacity; (v) the price of copper, nickel, platinum, palladium, rhodium and gold; (vi) the availability of equipment and facilities necessary to complete development; (vii) the cost of consumables and mining and processing equipment; (viii) unforeseen technological and engineering problems; (ix) accidents or acts of sabotage or terrorism; (x) currency fluctuations; (xi) changes in regulations; (xii) the availability and productivity of skilled labour; (xiii) the regulation of the mining industry by various governmental agencies; and (xiv) political factors.

This 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 (including estimated future production from the company's projects, the anticipated tonnages and grades that will be mined and the estimated level of recovery that will be realized), which may prove to be unreliable and depend, to a certain extent, upon the analysis of drilling results and statistical inferences that ultimately may prove to be inaccurate. Mineral Resource estimates may have to be re-estimated based on: (i) fluctuations in copper, nickel, platinum group elements (PGE), gold or other mineral prices; (ii) results of drilling; (iii) metallurgical testing and other studies; (iv) proposed mining operations, including dilution; (v) the evaluation of mine plans subsequent to the date of any estimates; and (vi) the possible failure to receive required permits, approvals and licences.

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 factors discussed below and under "Risk Factors", as well as 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 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.

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 in the company's Q2 MD&A.