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CITIC Metal to invest an additional C\$612 million (US\$454 million) in Ivanhoe Mines at C\$3.98 per share

**Ivanhoe Mines' resulting cash position of C\$1.3 billion
(US\$1.0 billion) is approximately twice the amount required
to finance its share of construction costs for the Kakula
copper mine in the Democratic Republic of Congo**

**Second major investment by CITIC Metal in less than a year
will provide the finance to fast-track production at all
of Ivanhoe Mines' projects in Southern Africa**

BEIJING, CHINA — Robert Friedland and Yufeng “Miles” Sun, Co-Chairmen of Ivanhoe Mines (TSX: IVN; OTCQX: IVPAF), announced today that CITIC Metal Co., Ltd. (CITIC Metal), through its subsidiary CITIC Metal Africa Investments Limited (CITIC Metal Africa), has agreed to invest an additional C\$612 million (approximately US\$454 million) in Ivanhoe Mines at C\$3.98 per share, a premium of 29% over the last closing price.

CITIC Metal's second major investment in less than a year, together with Ivanhoe Mines' current cash balance of approximately US\$512 million, will increase the company's total cash on hand to approximately C\$1.3 billion (US\$1.0 billion). Ivanhoe's pro-forma cash balance is almost double the approximately US\$540 million required to be funded by Ivanhoe to construct the US\$1.1 billion Kamo-a-Kakula Project's initial six million-tonne-per-annum (6 Mtpa), high-grade copper mine at the Kakula deposit in the Democratic Republic of Congo (DRC).

Ivanhoe's joint venture partner in the project, Zijin Mining Group, is required to fund its equivalent share of approximately US\$540 million of the mine's initial capital costs. Ivanhoe and Zijin also are in financing discussions with international export-credit agencies and equipment-finance providers, which could materially reduce the amount of funding that Ivanhoe and Zijin would have to contribute.

The CITIC Metal investment is expected to close no later than September 7, 2019, much sooner than could be expected for a typical project-finance facility. This timing will allow Ivanhoe to rapidly move forward with construction without relying on third-party project financing and being subject to the fees, interest, or hedging requirements typically associated with project financing.

This second major investment by CITIC Metal, bringing its total investment in Ivanhoe to US\$1 billion, will position Ivanhoe to become a leading copper and zinc producer in the DRC and a leading producer of platinum-group metals, nickel and copper in South Africa.

In addition to the Kamo-Kakula Project, Ivanhoe is upgrading the historic Kipushi zinc-copper-germanium-silver mine in the DRC, in partnership with La Générale des Carrières et des Mines (Gécamines), and developing the Platreef palladium-platinum-nickel-copper-gold discovery in South Africa with its broad-based, black empowerment partners and a Japanese consortium led by ITOCHU Corporation.

“CITIC Metal has been a shareholder in Ivanhoe Mines for eight months now, and in that time, CITIC has seen what we already know – that the Kamo-Kakula Project is unquestionably the best copper development project in the world,” said Mr. Friedland.

“The investment announced today will comfortably provide Ivanhoe with the equity cushion required to fast-track Kamo-Kakula’s 6 Mtpa Phase 1 mine to production. More importantly, it also is a profound vote of confidence in our management, in our key stakeholders and partners, and in the promising future of the Democratic Republic of Congo and South Africa. We look forward to hosting the DRC President at the Kamo-Kakula and Kipushi projects later this year,” Mr. Friedland added.

“We now are in a position to finance our first two mines – Kakula and Kipushi – to commercial production, and significantly advance, or achieve, production at the Platreef Project. Ivanhoe also is positioned to have its planned expansions at the Kamo-Kakula Project funded from internally generated cash flows.”

Mr. Sun commented: “Today’s investment consistently advances CITIC Metal’s implementation of its investment strategy in mining. It demonstrates CITIC Metal’s firm confidence in the long-term potential of Ivanhoe Mines’ assets, the resource potential of the Southern Africa region and the mining industry as a whole. It also demonstrates that, through close cooperation and an in-depth mutual understanding, CITIC Metal recognizes the professionalism and technical competence of the Ivanhoe Mines team led by Mr. Friedland.

“As a major shareholder, CITIC Metal will further develop and promote cooperation with Ivanhoe Mines in the fields of exploration, mine development and beyond, and unlock potential synergies between our groups. We also are confident that CITIC Group’s comprehensive capabilities will help Ivanhoe Mines to strengthen business relationships with the DRC and South African governments,” Mr. Sun concluded.

CITIC Metal’s investment comes at a premium to Ivanhoe’s share price and maintains governance stability agreed in its 2018 initial investment

Under today’s agreement, Ivanhoe Mines will issue 153,821,507 common shares to CITIC Metal Africa at a price of C\$3.98 per share, yielding total proceeds of approximately C\$612 million (US\$454 million).

Similar to the 2018 conditions agreed to for CITIC Metal's initial investment in Ivanhoe Mines, the investment is conditional upon completion of customary, confirmatory due diligence by CITIC Metal and certain internal approvals. It also is subject to approval by the Toronto Stock Exchange and recordals with certain Chinese regulatory agencies, which also were required and obtained for CITIC Metal's initial investment in Ivanhoe Mines. Receipt of all necessary approvals and completion of the transaction is expected no later than September 7, 2019.

CITIC Metal, currently Ivanhoe Mines' largest shareholder with a 19.3% ownership stake, will come to own 29.9% of Ivanhoe's issued and outstanding common shares when the placement is completed. Mr. Friedland will remain Ivanhoe's second-largest shareholder.

CITIC Metal and Mr. Friedland are subject to standstill provisions. When the placement is completed, CITIC Metal's standstill provision will be amended to a maximum ownership stake of 29.9%. Both standstills also will be extended until January 8, 2023. The standstill period has been agreed to be lengthened to provide sufficient time to bring the Kamoakakula Project's 6 Mtpa high-grade copper mine at the Kakula deposit to production, and to advance the first of its subsequent, planned expansions, as well as the Kipushi and Platreef projects. It is expected that Ivanhoe Mines' entire shareholder base will benefit from the economic growth and significant cash flows that result from commercial production at three mines.

Ivanhoe is developing an alternative production plan for the Platreef Project, targeting significantly lower initial capital, to accelerate production by using Shaft 1 as the mine's initial production shaft. Shaft 1, presently at a depth of 855 metres below surface, is expected to reach its final depth of 980 metres, complete with working stations on three levels, in early 2020.

Ivanhoe is continuing to advance the arrangement of a project financing for the development of the Platreef Project with a syndicate of international banks and export-credit agencies. Discussions also are underway with leading South African financial institutions for financing the black economic empowerment partners' contribution to development capital. Ivanhoe also is in discussions with various streaming companies interested in acquiring exposure to one or more of the metals that will be produced at Platreef.

At Kipushi, discussions also are continuing with a number of potential project financiers to launch a new era of commercial production at the upgraded zinc-copper-silver-germanium mine.

Ivanhoe Mines' shareholder approval will be required, and will be sought at the company's Annual and Special Meeting scheduled to be held on June 28, 2019 in Vancouver, B.C. Details will be included in the circular expected to be mailed by the end of May 2019.

At closing, CITIC Metal's director nomination rights in Ivanhoe Mines will increase from two to three directors, with the one additional director to be appointed at closing.

Ivanhoe Mines also has agreed that it will use its reasonable best efforts to assist CITIC Metal, or an affiliate, to negotiate an offtake agreement in respect of production from Phase 1 of the Kamo-Kakula Project, or to transfer Ivanhoe Mine's rights to any offtake which it may become entitled to at fair market value.

Zijin Mining, which acquired a 9.9% stake in Ivanhoe Mines in 2015 through a wholly-owned subsidiary, will be entitled to exercise its anti-dilution rights through a concurrent private placement at C\$3.98 per share, which could result in additional proceeds of up to C\$67 million (US\$49 million).

About Ivanhoe Mines

Ivanhoe Mines is a Canadian mining company focused on advancing its three principal projects in Southern Africa: the development of new mines at the [Kamo-Kakula](#) copper discovery in the DRC and the [Platreef](#) palladium-platinum-nickel-copper-gold discovery in South Africa; and the extensive redevelopment and upgrading of the historic [Kipushi](#) zinc-copper-germanium-silver mine, also in the DRC. The company also is exploring for new copper discoveries on its wholly-owned [Western Foreland](#) exploration licences, adjacent to the Kamo-Kakula mining licence.

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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 153,821,507 common shares to CITIC Metal at a price of C\$3.98 per share for gross proceeds to Ivanhoe of approximately C\$612 million (US\$454 million); (ii) statements regarding Ivanhoe Mines intention to use the proceeds from the private placement to fund its portion of the estimated US\$1.1 billion of capital costs to fully construct the stage one, six million-tonne-per-annum (6 Mtpa) operation at the Kakula deposit; (iii) statements regarding the timing and completion of confirmatory due diligence and CITIC internal approval; (iv) statements regarding the timing and satisfaction of all conditions precedent to closing, including recordals with Chinese regulatory agencies; (v) statements regarding Ivanhoe Mines' shareholder approval being sought at the company's Annual and Special Meeting to be held on June 28, 2019; (vi) statements that the closing of the private placement is expected no later than September 7, 2019; (vii) statements that Platreef's Shaft 1 is expected to reach its final depth of 980 metres in early 2020; and (viii) statements regarding the placing into production of the Kipushi and Platreef Projects.

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, 2018 and its Annual Information Form.