



Annual Information Form

For the year ended December 31, 2015

March 30, 2016

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FORWARD LOOKING STATEMENTS

Certain statements in this annual information form (“AIF”) constitute “forward-looking statements” or “forward-looking information” within the meaning of applicable securities laws. Such statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Ivanhoe Mines Ltd. (“**Ivanhoe**” or the “**Company**”), or any of its mineral projects, or industry results, to be materially different from any future results, expectations, performance or achievements expressed or implied by such forward-looking statements or forward-looking 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 AIF.

Specific statements in this AIF that constitute forward-looking statements or forward-looking information include, but are not limited to: (i) the implementation of a resettlement plan to identify the tradition owners within the Kamoa Project; (ii) the estimated net present value, internal rate of return and expected steady-state production of the Kamoa Project disclosed herein and reported in the Kamoa Technical Report; (iii) the development of the Kamoa Project on a two phased approach with the initial phase being a 3 Mtpa underground mine, concentrator processing facility and associated infrastructure producing at an average head grade of 3.86% copper over a 24-year mine life resulting in average annual copper production of approximately 100,000 tonnes; (iv) the potential for the use of controlled convergence room-and-pillar mining at the Kamoa Project; (v) the potential for increased production of up to 4 Mtpa from the proposed initial mining area at the Kamoa Project; (vi) the potential for an after tax internal rate of return of 19%, a payback period of 4.3 years, and a life-of-mine average total cash cost is \$1.35 per pound of copper using controlled convergence room-and-pillar mining at the Kamoa Project; (vii) the potential for the Kamoa Makalu and Kakula exploration targets to become mineral resources; (viii) estimates of cash costs (including life-of-mine average cash costs of \$1.48 per pound of copper) for the Kamoa Project; (ix) estimates of capital costs, including the initial capital cost at the Kamoa Project of approximately \$1.2 billion; (x) the planned supply of electrical power at the Kamoa Project; (xi) development of the first phase of an underground mine and the concentrator processing facility at the Platreef Project; (xii) plans to develop the Platreef Mine in three phases: an initial annual rate of 4 Mtpa, followed by a doubling of production to 8 Mtpa, and then a third expansion phase to a steady-state 12 Mtpa; (xiii) estimates of the initial capital costs of the Platreef Project of approximately \$1.2 billion; (xiv) the estimated net present value, internal rate of rate and expected steady-state production of the Platreef Project reported in the Platreef PFS; (xv) estimates of cash cost (including life-of-mine average cash costs of \$322 per ounce of 3PE+Au after credits) for the Platreef Project; (xvi) the completion of the sinking of Shaft No. 1 at the Platreef Project; (xvii) the start and completion of engineering work required to complete the headframe structure design of Shaft #2 at the Platreef Project; (xviii) completion of a feasibility study at the Platreef Project; (xix) the potential for the re-establishment of underground mining operations at the Kipushi Project; (xx) the transfer of a further 15% interest in the Kamoa Project to the Government of the Democratic Republic of Congo; (xxi) the availability and development of water and electricity projects for the Platreef Project (including the De Hoop Dam) and the addition of the first unit of the Medupi Power Station; (xxii) the obtaining of project finance for the Kamoa Project by the Company’s joint venture partner; (xxiii) the commencement of development and/or mining operations at any Project; (xxiv) metallurgical testwork, concentrator design, proposed mining plans and methods, mine production rates, mine life, metal recoveries and future estimated cash flow at the Kamoa and Platreef Projects; (xxv) future commodity prices, including commodity price assumptions underlying the Kamoa pre-feasibility study and the Platreef pre-feasibility study; (xxvi) the planned amount and timing, as well as the degree of success of, any future exploration program including drilling programs, including the potential addition of Mineral Resources and the potential to upgrade exploration targets to Mineral

Resources as a result of such exploration and drilling programs; (xxvii) the prospective receipt of permits, licences or approvals at any Project, including those necessary to commence development or mining operations; and (xxviii) expected activities or results of exploration, development or mining operations at any Project.

With respect to forward-looking statements or forward-looking information contained in this AIF, in making such statements or providing such information, the Company has made assumptions regarding, among other things: (i) the accuracy of the estimation of Mineral Resources and Mineral Reserves; (ii) that exploration activities and studies will provide results that support anticipated development and extraction activities; (iii) that studies of estimated mine life and production rates at the Projects will provide results that support anticipated development and extraction activities; (iv) that the Company or its joint venture partners, as required, will be able to obtain additional financing on satisfactory terms, including financing necessary to advance the development of any Project; (v) that infrastructure anticipated to be developed or operated by third parties, including electrical generation and transmission capacity, will be developed and/or operated as currently anticipated; (vi) that laws, rules and regulations are fairly and impartially observed and enforced; (vii) that the market prices for relevant commodities remain at levels that justify development and/or operation of a Project; (viii) that joint venture partners at the Kamoā Project, the Platreef Project and the Kipushi Project comply with, and fulfill, all terms and conditions of joint venture agreements entered into with the Company that are required to be fulfilled by such joint venture partners; (ix) that the Company will be able to successfully negotiate land access with holders of surface rights at the Platreef Project; (x) that the Company's joint venture partner at the Kamoā Project timely pays all outstanding installment amounts owing by it; (xi) that the Company will be able to obtain, maintain, renew or extend required permits; and (xii) that war, civil strife, terrorism and/or insurrection do not impact the Company's exploration activities or development plans. All other assumptions used in this AIF constitute forward-looking information.

With respect to specific forward looking information concerning the development of the Kamoā and Platreef Projects, the Company has based its assumptions and analyses on certain factors which are inherently uncertain. Uncertainties include among others: (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, including the occurrence of local, state, provincial or national elections, including that elected officials continue to look favorably on foreign mining investment.

This AIF also contains references to estimates of Mineral Resources and Mineral Reserves. 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. Mineral Reserves that have demonstrated economic viability may cease to be economically viable as a result of many factors, including those set forth in the AIF. The accuracy of any such estimates of Mineral Resources and Mineral Reserves 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 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 may ultimately prove to be inaccurate. Mineral Resource Estimates may have to be re-estimated based on, among other things: (i) fluctuations in copper, nickel, PGE, gold, zinc 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. Mineral Reserves may have to be re-estimated based on, among other things: (i) fluctuations in copper, nickel, PGE, gold, or other mineral prices; (ii) results of actual mining operations; (iii) changes to mine plans subsequent to the date of any estimates; or (iv) the possible failure to receive required permits, approvals and licences, or the failure to have such required permits, approvals, or licences honored or extended.

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 above and below and under “*Risk Factors*”, as well as unexpected changes in laws, rules or regulations, or their enforcement by applicable authorities, including potentially arbitrary action; the failure of parties to contracts with the Company to perform as agreed, including its joint venture partners; social or labour unrest; changes in commodity prices; unexpected changes in the cost of mining consumables; and the failure of exploration programs or current or future economic 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 AIF are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward-looking statements. The Company’s actual results could differ materially from those anticipated in these forward-looking statements, as a result of, amongst others, those factors noted above and those listed under the heading “*Risk Factors*”. These forward-looking statements are made as of the date of this AIF and are expressly qualified in their entirety by this cautionary statement. Subject to applicable securities laws, the Company assumes no obligation to update or revise the forward-looking statements contained herein to reflect events or circumstances occurring after the date of this AIF.

DEFINITIONS AND OTHER INFORMATION

Currency

All references to “\$”, “US\$”, “USD” or “dollars” in this AIF mean U.S. dollars, unless otherwise indicated. References to “C\$” mean Canadian dollars.

Definitions

Attached at Schedule “A” to this AIF are tables setting out defined terms and a *Glossary of Mining Terms and Abbreviations*.

Scientific and Technical Information

The scientific and technical information with respect to the Projects contained in this AIF is derived from the Kamoia Technical Report, the Platreef Technical Report and the Kipushi Technical Report (collectively, the “**Technical Reports**”). The technical information in this AIF has been updated with current information where applicable. The full text of the Technical Reports have been filed with Canadian securities regulatory authorities pursuant to NI 43-101 and are available for review under the Company’s SEDAR profile at www.sedar.com. For definitions of certain technical terms used in this AIF, see “*Glossary of Mining Terms and Abbreviations*” in Schedule A.

Stephen Torr, P. Geo., an employee of Ivanhoe, has reviewed and approved the scientific and technical information in respect of the Projects contained in this AIF. Mr. Torr is considered, by virtue of his education, experience and professional association, to be a qualified person for the purposes of NI 43-101. Mr. Torr is not independent within the meaning of NI 43-101.

CORPORATE STRUCTURE OF THE COMPANY

Name, Address and Incorporation

The Company was originally incorporated under the Company Act (British Columbia) on April 29, 1993 under the name KBK No. 7 Ventures Ltd. The Company changed its name to African Gold Corp. on April 28, 1994, and on November 9, 1994, it again changed its name to African Minerals Corp. The Company continued under the Business Corporations Act (Yukon) on May 5, 1995. On May 20, 1998, the Company amalgamated with China Industrial Minerals Company Ltd., a Yukon corporation and changed its name to become African Minerals Limited. On March 25, 2004, the Company changed its name to Ivanhoe Nickel & Platinum Ltd. On May 6, 2011 the shareholders of the Company approved the Reorganization which was thereafter completed in a series of steps between June 2011 and September 2012 as further described below. The Company changed its name to Ivanhoe Mines Ltd. on August 28, 2013.

The Class A Shares were listed for trading on the TSX on October 23, 2012 under the trading symbol “IVP” which changed to “IVN” on September 3, 2013 following the name change to Ivanhoe Mines Ltd.

The Company’s head office and registered office is located at 654 – 999 Canada Place, Vancouver, British Columbia, V6C 3E1.

Reorganization

The Reorganization involved four amendments to the corporate organization of Ivanhoe. It was implemented in a series of stages, as follows:

- (a) on June 2, 2011, the Company changed its name from “Ivanhoe Nickel & Platinum Ltd.” to “Ivanplats Limited”;
- (b) on August 10, 2011, the Company completed a five-for-one stock split of the Original Common Shares;
- (c) on September 11, 2012, the Company completed: (i) a reclassification of each outstanding Original Common Share as a Class B Share; and (ii) the creation of a new class of common shares, being the Class A Shares; and
- (d) Ivanhoe completed the final step of the Reorganization, continuing from the *Business Corporations Act* (Yukon) to the BCBCA, effective September 11, 2012.

One of the principal purposes of the Reorganization was to establish a lock-up of existing shareholders and certain convertible security holders of the Company. The lock-up arrangements were structured by first separating the share capital of the Company between existing shareholders, by designating their shares, the Original Common Shares, as Class B Shares, and creating a new class of shares, Class A Shares, which were offered in the IPO. The reclassification preserved existing shareholders’ rights to vote, to receive dividends and to an equal share of the Company’s assets upon winding up or dissolution, but imposed a restriction on transfer that inhibited liquidity until such time as the Class B Shares were converted to Class A Shares. Such conversion would occur automatically 39 months after the IPO Date.

Holders of Class B Shares had a conditional right of early conversion into Class A Shares. The right of early conversion may have been exercised at any time, but was conditional upon the holders of Class B Shares signing a Conversion Lock-up Agreement. Holders of Class B Shares who signed the Conversion Lock-up Agreement and converted their Class B Shares to Class A Shares then had such Class A Shares released from the restrictions on Disposition as per the terms of the Conversion Lock-up Agreement, which were as follows:

- **Quarterly Releases.** Commencing six months following the IPO Date, each Lock-up Shareholder's Class A Shares were released from the restrictions on Disposition as follows:

Date of Release	Percentage Released	Cumulative Percentage Released ⁽¹⁾	Date of Release	Percentage Released	Cumulative Percentage Released ⁽¹⁾
April 23, 2013	8%	8%	October 23, 2014	8%	56%
July 23, 2013	8%	16%	January 23, 2015	8%	64%
October 23, 2013	8%	24%	April 23, 2015	9%	73%
January 23, 2014	8%	32%	July 23, 2015	9%	82%
April 23, 2014	8%	40%	October 23, 2015	9%	91%
July 23, 2014	8%	48%	January 23, 2016	9%	100%

Notes:

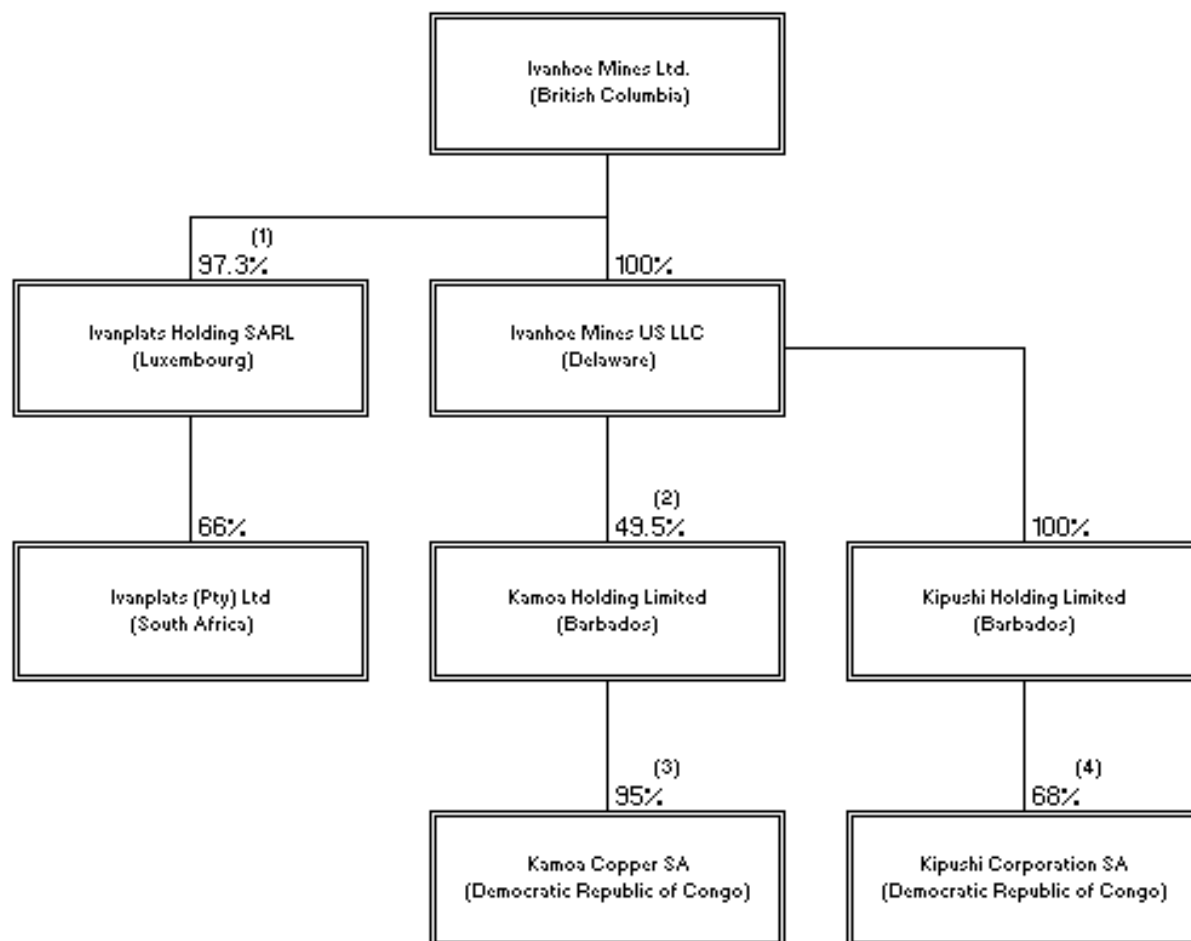
⁽¹⁾ The aggregate quarterly release percentages are based on the Class B Shares held by such Lock-up Shareholder as at the date of conversion into Class A Shares pursuant to such Lock-up Shareholder's Conversion Lock-up Agreement and would not be adjusted to reflect shares released in Board-directed releases. As such, it was possible that all Class A Shares would be released prior to termination of the Lock-up Period.

- **Small Holding Release.** All shareholders that entered into a Conversion Lock-up Agreement who owned, of record or beneficially, an aggregate of 100,000 or fewer Class A Shares and Class B Shares on the date of such Conversion Lock-up Agreement had, on April 22, 2013, all their Class A Shares released from the Conversion Lock-up Agreement restrictions on Disposition.
- **Board-directed Release.** The Board had the discretion to convert all Class B Shares and all or a *pro rata* portion of all Class A Shares subject to a Conversion Lock-up Agreement into Class A Shares at any time.

As a result, Lock-up Shareholders had all their Class A Shares released from the lock-up on January 23, 2016, 39 months after the IPO Date, and all Class B Shares automatically converted into Class A Shares on such date. See "*Description of Capital Stock – Class B Shares*".

Intercorporate Relationships

References in this AIF to the business of the Company include the business conducted by its material subsidiaries and material joint ventures. The following sets forth the name and jurisdiction of incorporation of the Company and its material subsidiaries, as at March 30, 2016.



Notes:

- (1) Itochu, together with ITC Platinum, holds an effective 10% equity interest in Ivanplats (Pty) Ltd, directly and indirectly, through an interest in Ivanplats Holding Sarl. See “*Material Contracts - Itochu Investment*”.
- (2) The 49.5% of the remaining 50.5% in Kamoa Holding Limited is held by Gold Mountains (H.K.) International Mining Company Limited, a subsidiary of Zijin Mining and 1% is held by Crystal River. See “*Material Contracts – Kamoa Holding Shareholder and Governance Agreement*”.
- (3) The remaining 5% in Kamoa Copper SA is held by the DRC state in accordance with the DRC Mining Code. The Company has offered to transfer a further 15% interest to the DRC on terms to be negotiated. See “*Description of the Business - Kamoa Project*”.
- (4) The remaining 32% in Kipushi Corporation SA is held by Gécamines.

GENERAL DEVELOPMENT OF THE BUSINESS

Overview

Ivanhoe is a mineral exploration and development company, whose principal properties are located in Africa. The Company, and its founder Robert Friedland, have been active in South Africa since 1994 and in the DRC since 1996, focusing on exploration within the Central African Copperbelt and the Bushveld Complex. The Company currently has three key assets:

- *The Kamoa Project*, a large high-grade copper deposit discovered by the Company beyond the previously known western limit of the Central African Copperbelt, in Lualaba Province, DRC.
- *The Platreef Project*, where the Company discovered a high grade-thickness PGE, gold, nickel and copper deposit on the northern limb of the Bushveld Complex, in South Africa.
- *The Kipushi Project*, a past-producing high-grade underground zinc and copper mine in the Central African Copperbelt, in Haut-Katanga Province, DRC.

The Company also holds interests in prospective mineral properties in the DRC including a land package of approximately 1,600km² in the Central African Copperbelt with drill-ready grass-roots prospects.

Three Year History

2013

In January 2013, the Company updated the Mineral Resource Estimate at the Kamoa Project, reporting Indicated Mineral Resources of 739 Mt grading 2.67% Cu, containing 43.5 billion pounds of copper and Inferred Mineral Resources of 227 Mt grading 1.96% Cu, containing 9.8 billion pounds of copper, in each case at a 1% Cu cut-off grade and a minimum vertical thickness of three metres.

In February 2013, the Company completed a new Mineral Resource Estimate on the Platreef Project, which was subsequently confirmed and updated by AMEC E&C Services in March 2013. The new Mineral Resource Estimate amenable to selective mining methods and in respect of the Flatreef portion of the property reported 214 Mt of Indicated Mineral Resources grading 4.1 g/t 3PE+Au, 0.34% Ni and 0.17% Cu and 415 Mt Inferred Mineral Resources grading 3.5 g/t 3PE+Au, 0.33% Ni and 0.16% Cu. The 2 g/t grade shells used during construction of the 3D block model showed an average thickness of 24.3 m in the area comprising the Indicated Mineral Resource Estimate and 18.0 m in the area comprising the Inferred Mineral Resource Estimate.

In June 2013, the Company filed an application for a mining right with South Africa's DMR (the "**Platreef Mining Right Application**") for the Platreef Project.

In August 2013, the Company changed its name to Ivanhoe Mines Ltd.

In September 2013, the DMR approved the Company's application to sink a bulk-sample shaft at the Platreef Project.

In October 2013, Ivanhoe completed a non-brokered private placement of 54,000,000 Class A Shares at a price of C\$2.00 per share resulting in C\$108 million in gross proceeds to the Company. Ivanhoe's Executive Chairman, Robert Friedland, subscribed for C\$25 million of the offering, effectively proportionate to his holding in the Company.

In November 2013, Ivanhoe issued an updated Preliminary Economic Assessment of the Kamoa Project (“**Kamoa PEA**”), with reference to the Mineral Resource Estimates available at that time. The updated Kamoa PEA reported a pre-tax net present value, at an 8% discount rate of \$4.3 billion and an IRR of 18.4% (after-tax, net present value, at an 8% discount rate of \$2.6 billion and an IRR of 15.3%) for a two-phased development of Kamoa, which is expected to reach steady-state production of 300,000 tonnes per year of blister copper.

2014

In March 2014, Ivanhoe completed an independent Preliminary Economic Assessment of the Platreef Project (“**Platreef PEA**”). The Platreef PEA reported an after-tax net present value, at an 8% discount rate of \$1.6 billion and an IRR of 14.3% for the base case, 8 Mtpa concentrator case, which is expected to reach production of 785,000 3PE+Au ounces per year.

In June 2014, Ivanhoe completed a public offering and concurrent private placement of 112,500,767 units each consisting of one Class A Share and one Warrant, which were sold at a price of C\$1.50 per unit for gross proceeds of C\$168,751,150 to the Company. Ivanhoe’s Executive Chairman, Robert Friedland, was the sole participant in the private placement.

In June 2014, a 26% interest in the Platreef Project was transferred by the Company's subsidiary, Ivanplats, to a Broad-Based Black Economic Empowerment Special Purpose Vehicle (“**B-BBEE SPV**”) in conformance with South Africa's mining laws and in fulfilment of the requirements of the Company's Platreef Mining Right Application.

In June 2014, Ivanhoe began the construction of the first cut for the planned underground mine at the Kamoa Project.

In July 2015, Robert Friedland, Ivanhoe’s Executive Chairman, fully exercised his option to purchase an additional 2.5 million units, consisting of one Class A Share and one Warrant, at a price of C\$1.50 per unit for gross proceeds to the Company of C\$3.75 million.

In August 2014, Ivanhoe announced the appointment of BMO Capital Markets Limited and Morgan Stanley & Co. International plc as financial advisers to conduct a strategic review of its Kamoa and Kipushi projects.

In November 2014, the DMR and Ivanhoe jointly announced that the mining right for the development and operation of the Company's Platreef Project now had been activated. The mining right, authorizes Ivanhoe to mine and process platinum-group metals, nickel, copper, gold, silver, cobalt, iron, vanadium and chrome (the “**Platreef Mining Right**”) at its Platreef Project.

2015

In January 2015, Ivanhoe completed an independent Pre-feasibility Study of the Platreef Project (“**Platreef PFS**”). The Platreef PFS reported an after-tax net present value, at an 8% discount rate, of \$972 million and an IRR of 13%. The first phase of development, 4 Mtpa concentrator case, is expected to reach life of mine average production of 433,000 3PE+Au ounces per year.

In April 2015, Ivanhoe completed a private placement with Zijin Mining for 76,817,020 Class A Shares at a price of C\$1.36 per share resulting in approximately C\$105 million in gross proceeds to the Company.

In December 2015, Zijin Mining, through subsidiary company Gold Mountains (H.K.) International Mining Company Limited, completed its acquisition of a 49.5% interest in Kamoa Holding, the Ivanhoe subsidiary that presently holds the Company’s 95% interest in the Kamoa Project, for an aggregate total

of US\$412 million, payable in a series of payments. Concurrently, Ivanhoe also sold 1% of its share interest in Kamo Holding to Crystal River for US\$8.32 million which Crystal River will repay through a non-interest-bearing, 10-year promissory note.

2016 to date

In January 2016, the Company completed a new Mineral Resource Estimate on the Kipushi Project, which was subsequently confirmed and updated by MSA Group (Pty.) Ltd., of Johannesburg, South Africa. The new Mineral Resource Estimate for the Big Zinc Zone reported 10.2 million tonnes at grades of 34.89% zinc, 0.65% copper, 19 grams per tonne (g/t) silver and 51 g/t germanium, at a 7% zinc cut-off, containing an estimated 7.8 billion pounds of zinc. Additional inferred zinc rich resources totalled 1.9 million tonnes at grades of 28.24% zinc, 1.18% copper, 10 g/t silver and 53 g/t germanium containing an estimated 1.2 billion pounds of zinc

In February 2016, Ivanhoe completed an independent Pre-feasibility Study of the Kamo Project (“**Kamo PFS**”). The Kamo PFS reported an after-tax net present value, at an 8% discount rate, of \$986 million and an IRR of 17%. The first phase of development, 3 Mtpa concentrator case, is expected to reach life of mine average production of 100,000 tonnes of copper per year. In conjunction with the Kamo PFS, the Company released a Mineral Reserve Estimate for the Kamo Project of 71.9 million tonnes at grades of 3.86% copper.

DESCRIPTION OF THE BUSINESS

General

The Company’s strategy is to build a global, commodity-diversified mining and exploration company. Ivanhoe’s principal properties are located in Africa. The Company has focused on exploration within the Central African Copperbelt and the Bushveld Complex.

The Company currently has three key assets: (i) the Kamo Project; (ii) the Platreef Project, and (iii) the Kipushi Project. In addition, the Company holds interests in prospective mineral properties in the DRC, including a land package of approximately 1,500km² in the Central African Copperbelt with drill-ready grass-roots prospects. Advancing the Kamo and Platreef Projects from discovery to production is a key near-term objective, which, in the case of the Platreef Project, includes establishing resource mineability via underground access. At the Kipushi Project, underground access is being refurbished to facilitate a return to production. Exploration will continue to play a key role in the Company’s business strategy. The Company also plans to advance its various exploration properties, primarily in the DRC, and add to its portfolio of mineral properties.

KAMO PROJECT

Project Description and Location

The Kamo Project comprises a newly discovered, very large stratiform copper deposit with adjacent prospective exploration areas, located within the Central African Copperbelt in Lualaba Province, DRC. The Kamo Project lies approximately 25 km west of the town of Kolwezi, and about 270 km west of Lubumbashi. Ivanhoe owns a 49.5% share interest in Kamo Holding, an Ivanhoe subsidiary that presently owns 95% of the Kamo Copper Project. Zijin Mining owns a 49.5% share interest in Kamo Holding, which it acquired from Ivanhoe in December 2015 for an aggregate cash consideration of US\$412 million. The remaining 1% interest in Kamo Holding is held by privately-owned Crystal River. See “*Material Contracts – Kamo Holding Shareholder and Governance Agreement*”. Furthermore, the Company has offered to transfer an additional 15% interest to the DRC on terms to be negotiated.

The Kamoa Project consists of the Kamoa Exploitation Licences (exploitation permits 12873, 13025 and 13026 which cover an area of 397.4 km²) and one exploration licence (exploration permit 703 covers an area of 12.74 km²). The Kamoa Exploitation Licences, approved August 20, 2012, grant Kamoa Copper the right to explore for, develop and exploit copper and other minerals, for an initial 30 year term, expiring August 19, 2042. The permits can then be extended for 15 year periods, until the end of the mine's life.

Title to the Kamoa Project resides with Kamoa Copper, a subsidiary of Kamoa Holding, which is the holder of the Kamoa Exploitation Licences.

A number of payments are required to keep each of the Kamoa Exploitation Licences and the remaining exploration permit in good standing. With respect to the Kamoa Exploitation Licences, an annual levy on the total surface area of each licence is payable on a per hectare basis. An additional duty, payable annually to the Cadastre Minier ("CAMI"), is levied on the number of quadrangles held. With respect to the remaining exploration permit, two fees levied annually are based on the number of quadrangles held by permit type (surface rights fee) and on the surface area held under permits (land tax), as set out in the DRC Mining Code. Kamoa Copper is also required to submit an annual exploration report outlining where exploration will take place for the ensuing year. Kamoa Copper paid all fees and filed its annual report in December 2015, which addressed planned exploration activities in 2016.

All work undertaken on the Kamoa Project to date has been performed under work permits. A mitigation and rehabilitation plan was prepared in accordance with the requirements of the DRC Mining Code. Where possible, rehabilitation work is carried out progressively during exploration programs and during the development phase. Current environmental and social liabilities relating to Kamoa Copper's exploration and development work are minor and restricted to the vicinity of the exploration camp, box cut and drilling sites.

The Kamoa Project area is sparsely inhabited. The Company will be preparing and implementing a resettlement plan which will identify any traditional owners within the Kamoa Project area but no major resettlement is expected. Compensation related to land access for the exploration programs completed to date has been successfully negotiated and has not amounted to a material cost to the Company.

The actual number and type of ancillary permits required will be identified during advanced studies on the development of the Kamoa Project. Such permits could include provision for disposal of waste, fuel and reagent transport and storage, zoning applications, water supply, and use and storage of explosive materials.

Pursuant to the DRC Mining Code, the grant of the Kamoa Exploitation Licences on August 20, 2012 triggered an obligation on the part of Ivanhoe to transfer to a DRC state-owned nominee, for no consideration, a non-dilutable 5% interest in Kamoa Copper within 30 working days. On September 11, 2012, the Company satisfied this obligation by transferring 5% of the share capital of Kamoa Copper to the DRC state.

In addition, during the application process for the grant of the Kamoa Exploitation Licences, Ivanhoe engaged in discussions with the DRC government regarding the nature of the DRC's participation in the Kamoa Project. These discussions culminated in correspondence by Ivanhoe in which the Company offered to transfer a further 15% interest in Kamoa Copper to the DRC on terms to be negotiated between Ivanhoe and the DRC government. Ivanhoe and Zijin Mining have also indicated their willingness to participate, in conjunction with the DRC government, DRC state-owned utilities, other mining companies and interested parties in the region, in the enhancement of rail and power infrastructure in Lualaba Province and adjacent provinces.

Mineral Resource Estimation

The Mineral Resources are estimated based on drilling up to May 5, 2014, and are supported by 720 mostly vertical drill holes. Areas outlined by core drilling at 800 m spacing with a maximum extrapolation distance of 600 m between drill sections, and which show continuity of grade at 1% Cu, geological continuity, and continuity of structure (broad anticline with local discontinuities that are likely faults) were classified as Inferred Mineral Resources over an area of ~16.8 km². Mineral Resources within an area of 50.5 km² drilled on 400 m spacing and which display grade and geological continuity were classified as Indicated Mineral Resources.

The Kamoa Project Mineral Resources are as follows:

Kamoa Project Mineral Resources

(1% Cu Cut-off Grade)

Category	Tonnage (Mt)	Area (km ²)	True Thickness (m)	Copper (% Cu)	Contained Copper	
					(kt)	(Billion lbs)
Indicated	752	50.5	5.24	2.67	20,110	44.3
Inferred	185	16.8	3.87	2.08	3,840	8.5

Notes:

1. Dr. Harry Parker and Gordon Seibel, both RM of SME, are the Qualified Persons for the Mineral Resources, and the effective date of the estimate is 5 May 2014. Mineral Resources are reported inclusive of Mineral Reserves.
2. Mineral Resources are reported using a total copper (TCu) cut-off grade of 1% TCu and an approximate minimum true thickness of 3 m. There are reasonable prospects for eventual economic extraction under assumptions of a copper price of US\$3.30/lb; employment of underground mechanized room and pillar and drift-and-fill mining methods; and that copper concentrates will be produced and sold to a smelter. Mining costs are assumed to be \$34/t. Concentrator and General and Administrative costs are assumed to be \$19/t. Metallurgical recovery will be 77% (supergene) and 85% (hypogene) at the average grade of the resource
3. Reported Mineral Resources contain no allowances for hanging wall or footwall contact boundary loss and dilution. No mining recovery has been applied.
4. For Indicated Mineral Resources, 97.4% of the resource model blocks have a true thickness greater than 3 metres (range from 2.3m to 15.8 m), for Inferred Mineral Resources, 94.7% of the resource blocks have a true thickness greater than 3 m (range from 2.7 m to 8.4 m).
5. Depth of mineralization below the surface ranges from 10 metres to 1,320 metres for Indicated Mineral Resources and 20 metres to 1,560 metres for Inferred Mineral Resources.
6. Approximate drill hole spacings are 800 m for Inferred Mineral Resources and 400 m for Indicated Mineral Resources.
7. Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content.

Furthermore, Kamoa Project mineralization defined by a 2.0% Cu cut-off applied to resource model blocks is generally contiguous, with only a few isolated areas of lower-grade material. This high-grade sensitivity case has Indicated Mineral Resources of 550 Mt at 3.07% Cu, and Inferred Mineral Resources of 93 Mt at 2.67% Cu.

Targets for Additional Exploration

There are a number of identified exploration targets and exploration prospects within the Kamoa Project that have been identified for further exploration with a view to expanding the area of known mineralization. Two separate exploration targets have been defined.

The Kamoa Makalu exploration target represents the area inside the model perimeter surrounding the Indicated Mineral Resources and Inferred Mineral Resources. This target, based on limited drilling and which can only be expressed as a range of tonnage and grade was estimated using an inverse distance weighting and applying a +/-20% variance to the resulting tonnage and grade estimate. The target could contain between 480 and 720Mt grading 1.5% to 2.3% Cu.

In addition, there is an area approximately five kilometres southwest of the currently defined resources that has been designated a second exploration target. Mineralization at the Kakula Target is bottom loaded at sits at the contact between the Roan sandstone and a massive diamictite with upward zoning of chalcocite, bornite and chalcopyrite. The target covers an area of 19km² and has been estimated using the results of 8 exploration drill holes and applying a 80% success rate for drilling. Using the drill hole composites at 1% copper cut-off and applying a 20% variance factor the Kakula target could contain 580 to 870Mt grading 1.5% to 2.3% Cu.

These exploration targets are conceptual in nature and there has been insufficient exploration to define such exploration targets as Mineral Resources. It is uncertain if further exploration will result in these exploration targets being delineated as a Mineral Resource.

In addition to the exploration target, additional exploration prospects exist including the ~10 km long, eastern boundary of the Mineral Resources which is defined solely by the current limit of drilling, at depths ranging from 600 m to 1,560 m. Some of the best grade-widths of mineralization occur here, and high-grade bornite-dominant mineralization is common. Beyond these drill holes the mineralization and the deposit are untested and open to expansion, even beyond the exploration target group defined above.

Pre-feasibility Study

The updated Kamoā PEA reflects a two-phased approach to development of the Kamoā Project. The first phase of mining would target high-grade copper mineralization from shallow, underground resources to yield a high-value concentrate. The second phase would entail a major expansion of the mine and mill and construction of a smelter to produce blister copper.

In February 2016, Ivanhoe issued the results of the Kamoā PFS which reflects the initial phase of project development and describes the construction and operation of a three million tonnes per annum (Mtpa) underground mine, concentrator processing facility and associated infrastructure. The annual mine production of 3 Mtpa at an average head grade of 3.86% copper over a 24-year mine life, results in annual copper production of approximately 100,000 tonnes.

The Kamoā PFS envisions a three year development period.

Assuming a long term copper price of \$3.00/lb, the economic analysis returns a net present value at a real 8% discount rate of \$986 million (after tax). The after tax internal rate of return is 17% and provides a payback period of 4.6 years. The life-of-mine average total cash cost is \$1.48 per pound of copper. Economics improve to a net present value of \$1,632 million (after tax, at an 8% discount rate) when a long term copper price of \$3.50/lb is assumed.

The Kamoā PFS has identified several areas for further evaluation to optimize the project economics, including controlled convergence room-and-pillar mining has been successfully used by KGHM Polska Miedź S.A. (“**KGHM**”) at its copper mining operations in Poland for the last 20 years. Based on detailed analysis by KGHM Cuprum R&D Centre Ltd., this mining method appears to be well suited to the Kamoā deposit, which, if implemented, could potentially provide significant cost savings as there would be no requirement for cemented backfill and ore extraction ratios would increase. In addition, increased production, up to 4 Mtpa from the proposed initial mining area, with only limited adjustments to the ore handling and ventilation systems, could potentially result in a more efficient use of capital.

Assuming a long term copper price of \$3.00/lb and improvements to the mining method as outlined above, the economic analysis returns a net present value at a real 8% discount rate of \$1,182 million (after tax). The after tax internal rate of return is 19% and provides a payback period of 4.3 years. The life-of-mine average total cash cost is \$1.35 per pound of copper.

The Kamoa Project's returns are set out below at long-term copper prices of \$3.00/lb and \$3.50/lb.

	Long Term Cu Price	
	\$3.00/lb	\$3.50/lb
Net Present Value (8% discount rate, \$ millions)	986	1,632
Internal Rate of Return (%)	17.2%	22.2%

The following table sets out the mining, processing, production and operating cost estimates:

	Total Life of Mine	Life of Mine Average
Plant Feed Mined ('000 t)	71,893	2,996
Copper Feed Grade (%)		3.84%
Copper Recovery (%)		86.3%
Concentrate Produced ('000 t)	6,106	254
Copper Concentrate Grade (%)		39.2%
Contained Copper in Concentrate ('000 t)	2,394	100
	Payable Copper	
Copper ('000t)	2,314	96
Copper (Mlb)	5,102	213
	\$/lb Payable Copper	
Total Cash Costs		1.48

Mining Operations

The mine production schedule was developed prioritizing the higher grade areas during the initial years of production and targeting a 24 year mine. The mine production ramps up consistently over a three year period to achieve steady-state production. Mine production begins two years ahead of concentrate production to stockpile an inventory of material to be milled. The mining rate increases to 3Mtpa achieve 100 ktpa copper in concentrate production. This 24 year mine plan results in production of 72 Mt at a grade of 3.86% Cu. The Company would initially access the Kansoko Sud section.

Given the favourable mining characteristics of the Kamoa Mineral Resource it is considered amenable to large-scale, mechanized, room-and-pillar or drift-and-fill mining. The dip and geometry of the resource make it conducive to stepped room-and-pillar mining in the shallow portions of the deposit, transitioning to drift-and-fill mining in the deeper sections.

In parallel with the Kamoa PFS, an alternative mining method — controlled convergence room-and-pillar mining — was investigated for its suitability for use on the Kamoa deposit. Controlled convergence room-and-pillar mining does not require cemented backfill and instead pillars are stripped to allow the controlled convergence of the backs and floors. This could potentially provide significant cost savings as there is no requirement for cemented backfill and the Mineral Reserve extraction ratios are higher. The controlled convergence room-and-pillar mining method has been successfully implemented by KGHM at its copper mining operations in Poland for the last 20 years.

Kamoa Copper engaged KGHM Cuprum R&D Centre Ltd. in early 2015 to study the applicability of this method to Kamoa. The results of the study were received towards the end of 2015 and indicate that the Kamoa deposit is suited to the application of the controlled convergence room-and-pillar mining method. The KGHM Cuprum R&D Centre Ltd. study suggests that with the completion of the primary and

secondary mining, the controlled convergence room-and-pillar mining method is capable of extracting 75% to more than 90% of the in-situ Mineral Reserve.

Reserves

The Company has declared an initial Probable Mineral Reserve of 72 million tonnes at a grade of 3.86% of copper using an elevated NSR cut-off of \$100/t. The Mineral Reserve is based on the May 2014 Mineral Resource reported in the Kamoa PFS. The Mineral Reserve is entirely Probable Mineral Reserve which was converted from Indicated Mineral Resources.

The Kamoa Project Mineral Reserves are as follows:

Kamoa Project Mineral Reserve Statement

(1% Cu Cut-off Grade)

Category	Tonnage (Mt)	Copper (% Cu)	Contained Copper	
			(kt)	(Billion lbs)
Proven	-	-	-	-
Probable	71.9	3.86	2,314	5,102

Notes:

- (1) The copper price used for calculating the financial analysis is long-term copper at US\$3.00/lb. The analysis has been calculated with assumptions for smelter refining and treatment charges, deductions and payment terms, concentrate transport, metallurgical recoveries and royalties.
- (2) For mine planning the copper price used to calculate block model Net Smelter Returns was US\$3.00/lb.
- (3) An elevated cut-off grade of US\$100.00/t NSR was used to define the stoping blocks. A marginal cut-off grade of 1% copper was used to defined ore and waste.
- (4) Indicated Mineral Resources were used to report Probable Mineral Reserves.
- (5) The reference point for the Mineral Reserves is mill feed.
- (6) The Mineral Reserves reported above are not additive to the Mineral Resources

Processing

The concentrator design incorporates a run-of-mine stockpile followed by primary and secondary crushing on surface. The crushed material with a design size distribution of 80% passing (or p80) 9 millimetre (“mm”), is fed into a two-stage ball milling circuit for further size reduction to a target grind size p80 of 53 micrometre (“µm”). The milled slurry is subjected to rougher flotation followed by scavenger flotation. The high-grade or fast-floating rougher concentrate, and medium-grade or slow-floating scavenger concentrate are collected separately. The rougher concentrate is upgraded in two stages of cleaning to produce a high grade increment to final concentrate. The medium-grade scavenger concentrate and tailings from the two rougher cleaning stages are combined and re-ground to a p80 of 10µm before being cleaned in two stages. The cleaned scavenger concentrate is then combined with the cleaned rougher concentrate to form the final concentrate. The final concentrate is thickened before being pumped to the concentrate filter. Filter cake is then bagged for shipment to market. Metallurgical recovery rates for concentrate production are estimated at a life of mine average of 86.4% with an average copper concentrate grade of 39.2%. Average arsenic levels in the concentrate were measured to be approximately 0.02%, which is significantly lower than the limit of 0.5% imposed by Chinese smelters. Very low arsenic levels in concentrate are expected to attract a premium from copper concentrate traders.

Infrastructure, Capital and Operating Costs

Infrastructure

As the Kamoa Project is a greenfield project, it will require the development of new infrastructure to conduct mining and processing operations. In addition to mine development and processing infrastructure, Kamoa Copper contemplates developing power, transportation, water, housing and other ancillary infrastructure.

Kamoa Holding is in the process of securing sources of power through a joint development with La Société Nationale d'Electricité SARL (“**SNEL**”), the state power company of the DRC. In June 2011, a memorandum of understanding (the “**MOU**”) with SNEL was executed by which the parties agreed to rehabilitate two existing hydroelectric plants, Mwadingusha and Koni, that have an aggregate generation capacity of 113 MW. The cost of the rehabilitation will be financed by Kamoa Holding through a loan to SNEL although the projects will be jointly developed by SNEL and Kamoa Holding. The loan will be repaid by SNEL through a deduction from the monthly power bills incurred over the life of the loan. The MOU contemplates that following such an upgrade, Kamoa Holding would have an entitlement of up to 100 MW from those facilities, which the Company believes to be sufficient for the infrastructure contemplated in the mine plan for the initial, concentrate phase. The MOU led to the signing of a pre-financing agreement with SNEL in June 2012 for rehabilitation works on the Mwadingusha power plant. This pre-financing agreement stipulates the exclusive right to conduct full rehabilitation on both the Mwadingusha and Koni plants. In April 2013, a further memorandum of understanding with SNEL was signed to upgrade a third hydroelectric power plant, Nzilo 1, to its design capacity of 111 MW. Similar to the June 2011 MOU, Kamoa Holding would finance the refurbishment of Nzilo 1 through a repayable loan to SNEL and SNEL would grant Kamoa Holding a priority entitlement to power from the power grid. Nzilo 1, Mwadingusha and Koni could produce a combined total of up to 200 MW, which is believed to be sufficient for the infrastructure contemplated in a subsequent, expansion phase. In March 2014, the Company signed a financing agreement with SNEL governing the terms of the rehabilitation of the Mwadingusha, Koni and Nzilo 1 power plants and associated nearby transmission lines and substations. Finally, transmission lines run within 10 km of the Kamoa Project, which could be extended to the Kamoa Project.

Kamoa Holding will also need to consider logistics and transportation infrastructure. It is currently anticipated that during the initial production phase copper concentrate will be transported via road to Chingola in Zambia and thereafter via rail to Durban in South Africa. As soon as the railroad between Kolwezi and Dilolo, a town near the DRC-Angolan border, is rehabilitated, Kamoa's production is expected to be transported by rail to the port of Lobito in Angola.

Water is abundant in the area and Kamoa Copper anticipates that it will be able to secure a nearby water source for its operations as part of further mine development planning. Preliminary water studies have identified both underground and surface water sources, specifically the aquifer developed within the sandstone forming the Kamoa and Makalu Domes and the footwall to the mining operations, and the Mutaka Dam, approximately 13 km to the east of the proposed plant site.

Kamoa Holding contemplates constructing office and administrative facilities, an employee village with housing, recreation and other amenities, including a medical facility and other associated infrastructure.

Capital Costs and Operating Costs

Kamoa Copper estimates that capital costs for initial development of mining operations, concentrator, and other ancillary on-site facilities, including contingency, will amount to approximately \$1.2 billion. The figure includes a US\$104 million advance payment to the DRC state-owned electricity company (SNEL) to upgrade two hydro power plants (Koni and Mwadingusha) to provide Kamoa with access to long-term,

clean electricity during the initial phase of operations. The upgrading work is being led by Stucky Ltd. of Switzerland and the advance payment is expected to be recovered through a reduction in the power tariff once Kamoa is in operation.

Capital Investment Summary

Description	Initial Capital	Sustaining	Total
MINING			
Underground Mining	508	499	1,007
Subtotal	508	499	1,007
Power Infrastructure On Site	19	4	23
Power Supply Off Site	104	–	141
Subtotal	160	4	164
Process Plant	160	8	167
Tailings	23	62	84
INFRASTRUCTURE			
Plant Infrastructure	18	4	23
Other Infrastructure	8	2	10
Owners Camp	10	2	12
Contractors Camp	23	5	28
INDIRECTS			
Engineering, Procurement and Construction Management	58	–	58
Subtotal	58	–	58
Owners Cost	95	–	95
Closure	–	67	67
Subtotal	95	67	162
Capital Expenditure before Contingency	1,025	655	1,679
Contingency	189	44	233
Capital Expenditure after Contingency	1,213	699	1,912

Sustaining capital expenditure, including underground mining development, is estimated to amount to an additional \$699 million spread over the 24 year mine life.

Operating costs include estimates for underground mining, processing, general and administrative expenses, transport, refining and other realization costs. The total cash cost is estimated to be \$1.48 per pound of copper on average over the life of the mine.

Sensitivity Analysis

The Kamoia Project phased development plan returns a net present value of \$986 million (after tax), assuming a long term copper price of \$3.00/lb at an 8% discount rate. The after tax internal rate of return is 17.2% and the payback period is 4.6 years. Set forth below is a summary of these amounts as well as net present values at alternative discount rates:

	Discount Rate	Before Taxation	After Taxation
Net Present Value (\$ millions)	Undiscounted	5,791	4,096
	6.0%	2,152	1,429
	8.0%	1,549	986
	10.0%	1,104	657
IRR		20.7%	17.2%
Project Payback (years)		4.1	4.6

Cash flow sensitivity to copper price variation is shown in the table below, for copper prices from \$2.00/lb Cu to \$4.00/lb Cu.

Copper Price Sensitivity

Net Present Value (\$ millions)	Copper Price (\$/lb)				
	2.00	2.50	3.00	3.50	4.00
Discount Rates					
6.0%	(206)	624	1,459	2,230	3,030
8.0%	(340)	336	986	1,632	2,276
10.0%	(438)	123	657	1,187	1,714
IRR	3.8%	11.5%	17.2%	22.2%	26.6%

The sensitivity of after tax net present value at an 8% discount rate to initial capital cost, direct operating costs and copper feed grade is shown below.

Additional Sensitivities

Variable	Units	Base	Change from Base Case ⁽¹⁾ Net Present Value, at 8% (\$ millions)		
			-10%	+10%	+25%
Initial Capital	\$ millions	1,213	1,092	879	720
Direct Operating Costs ⁽²⁾	\$/t	53	1,077	894	757
Transport Costs	\$/t	356 / 300	1,040	931	849
Cu Feed Grade	%Cu	3.86	662	1,308	1,794

⁽¹⁾ Base Case after tax net present value, at an 8% discount rate is \$986 million.

⁽²⁾ Life of mine site operating costs per tonne milled.

Markets and Contracts

To date Kamoia Holding has not advanced contract and market studies, apart from an initial analysis of potential sale of concentrate to Zambian and international smelters.

Environmental, Social and Community

The Company conducted an environmental baseline study that analyzed environmental, biological, social and cultural heritage issues. As the Kamoia Project is a sparsely inhabited greenfields project, to date no significant environmental, social or community risks have been identified.

Taxes, Customs and Levies

Holders of mining rights are subject to taxes, customs and levies defined in the DRC Mining Code for all its mining activities carried out in the DRC:

Income Tax

Mining companies are subject to tax on rental income, on movable income and corporate income. Tax on movable income is levied at a rate of 20% and includes interest on loans, dividends to shareholders, allowances to directors and royalty and licence fees. Some exemptions to, and reductions in the applicable 20% rate are available including: (i) an exemption for interest paid on a loan in a foreign currency; and (ii) a reduction to 10% in the rate payable on dividends. Companies that are the holders of mining rights are subject to corporate tax at 30%.

From January 2014, the minimum amount of tax payable by mining companies in a year is 1% of the calculated revenue for that specific year (“**Minimum Tax Amount**”). Mining companies in a loss position during a specific year will still be liable for the Minimum Tax Amount. In addition, mining companies whose tax liability is less than the Minimum Tax Amount in a specific year will still be liable for the Minimum Tax Amount.

If no income is earned during the exploration and development period, exploration and development expenditure incurred may only be deducted for tax purposes once production begins. The aggregate exploration expenditure may be claimed as an equal deduction over a two year period once production commences. To the extent that the deduction creates an assessed loss (“Exploration/Development Loss”), the loss should be ring-fenced and may be utilised in subsequent years without any time limitation. This DRC law was amended in January 2016 to limit the utilization of Exploration/Development Losses to 60% of the net income (calculated by deducting all acceptable expenditures and depreciation of fixed assets from gross income derived during a year of assessment) in subsequent years.

Companies in an assessed loss position arising from operational activities may carry forward these assessed losses for 5 years upon receipt of prior approval from the tax authorities. The utilization of operating assessed losses is also limited to 60% of the net income in subsequent years. The 60% limitation applies to the cumulative loss of a company (i.e. operational losses and Exploration/Development losses).

Non-mining assets are depreciated in accordance with the common law. Specific mining assets dedicated to mining operations with useful lives of between 4 and 20 years are depreciated as follows:

- a) first year: 60% depreciation based on the cost of the asset; and
- b) for subsequent years: a declining-balance depreciation method is applied based on the tax years remaining over the life of the mine.

Depreciable items which are normally utilized for a period of less than 4 years or a period of more than 20 years will not qualify to use the declining balance method and will be subject to the common law provisions. The common law provides different depreciation rates for various assets (e.g. 10 years for plant and equipment). Depreciation arising in loss yielding tax periods is considered to be “deferred” and may only be set off against taxable income in future years. The deferral is not subject to any time limitation.

Capital Taxes

Real taxes consist of vehicle, real estate, mining and hydrocarbon concession areas taxes and are payable to the tax authority of the province where the owner of mining rights carries out its mining activities. Vehicle tax is levied on all vehicles not used exclusively in the mining project area and land tax is levied on all immovable assets that fall outside of the mining or hydrocarbon concession area tax. The mining and hydrocarbon concession area taxes are calculated based on the surface area covered by the exploitation permit.

Employee's Tax

There are two types of employment tax: (i) a graduated withholding tax on all forms of employee income which varies from 3% to 50% (provided that the aggregate income tax payable by an employee, having regard to each class of remuneration, cannot exceed 30% of the total) is payable on income earned by any employee, expatriate or national; and (ii) an additional 10% tax on expatriate employees payable by the employer.

Value Added Tax (VAT)

In 2012 the DRC adopted a VAT regime; the standard VAT rate is 16% levied on all supplies of goods and services rendered and is not levied on any capital asset movements. The DRC's move to adopt a VAT is part of a continuous effort to modernize its fiscal system, with the assistance of the International Monetary Fund.

Import Duties

Mining companies are subject to import duties on all goods and products imported in accordance with a preferential customs regime. In order to benefit from this regime, the company must submit a list of the number and value of movable assets, equipment, vehicles, mineral substances and certain other items that they intend to import. The preferential rate levied is 2% and 5% of the value of the goods, respectively prior to and from the commencement of the effective exploitation of the mine, while a rate of 3% is applied to fuels, lubricants, reagents and consumables for the duration of the project. The items that are not on the preferential list are taxed at varying rates.

Exchange Control

The DRC Mining Code authorizes companies engaged in mining activities to transfer to non-residents, after payment of taxes due, amounts in respect of income and capital, including payments: (i) for goods and services to foreign suppliers; (ii) for commissions and legal fees; and (iii) in satisfaction of advances by shareholders. Expatriate employees of mining companies, who reside in the DRC, are entitled to repatriate all or part of amounts due to them from the mining company without payment of fees or taxes on export.

There are no restrictions or limitations on the import of funds or on the use of proceeds from the export or sale of minerals, except for certain requirements to report transactions to the DRC government. However, mining companies are required to repatriate 40% of their export revenue to the DRC. This 40% need not be converted into DRC currency, and can be used to: (i) buy or lease imported equipment; (ii) pay for goods and services from abroad if these cannot be procured locally in identical conditions, price, quality and quantity; (iii) reimburse shareholders short-term advances provided the debt-to-equity ratio does not exceed 3:1; or (iv) pay dividends to foreign shareholders.

Consumption Fees and Taxes

Mining companies are subject to consumption and excise fees and taxes in accordance with applicable law, except for on mineral oils (i.e. fuels) for which they are exempted. The rates vary from 3% to 40%.

Provincial Taxes

Haut-Katanga Province has imposed a provincial tax of \$60 per tonne on copper and cobalt concentrate products destined for export. This tax is in violation of the DRC Mining Code which aims to provide an exhaustive fiscal regime which exempts mining companies of any form of taxation in connection with their mining activities which could be instituted by any authority except for the federal DRC government.

Funding / Thin Capitalisation

No thin capitalization rules apply in the DRC.

Tax Holidays

The DRC tax legislation does not currently provide for any tax holiday incentives.

National Export Tax

The fee is limited to 1% of the value of the export.

Provincial Export Road and Infrastructures Renovation Tax

A provincial export tax levied on any product exported from the Haut-Katanga province by road is levied on a per tonne basis at a rate of \$50/t.

Withholding Taxes

A withholding tax at the rate of 14% on services supplied by foreign companies established offshore to onshore companies applies.

Royalties, Levies, Charges and Other Rights Due to the State

DRC legislation imposes several levies from both the central administration and devolved entities such as the provinces. This includes an exchange control duty levied by the DRC Central Bank equal to 0.2% on any payment to or from the DRC, except: (i) the repatriation of revenues; or (ii) transfers for the service of foreign debt.

Government royalties amount to 2% of the production of non-ferrous metals. The mining royalty is calculated on the value of sales realized, less transport, assay, insurance and marketing costs.

Exploration

Exploration

Considerable exploration potential exists at the Kamoa Project. In addition to the defined Kamoa-Makalu and Kakula exploration targets, exploration potential exists elsewhere on the licences, in particularly along strike of the known target areas to the south. Exploration activities will continue in 2016 and will focus on the southern portion of the Kamoa Project area where the successful 2015 program highlighted a promising target, the Kakula discovery, which is similar in style and stratigraphic position to the high

grade Kansoko trend. Exploration will also continue to look for shallow high grade zones in the Kamoia North area.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access to the Kamoia Project area from Kolwezi is via unsealed roads. The road network throughout the Kamoia Project has been upgraded to provide reliable year-round drill and logistical access. The closest public airfields are at Lubumbashi (international) and at Kolwezi (domestic). Kolwezi is connected by road to Likasi and Lubumbashi. Travel time by car from Kolwezi to Lubumbashi is currently five to six hours on a combination of tarred and gravel roads, which have recently been refurbished and are in reasonable condition.

A portion of the 1,500 km-long railway line and electric power line from Lubumbashi to the Angolan town of Lobito passes approximately 10 km to the north of the Kamoia Project area. This railway line is not in a state that would permit its use by Kamoia Copper without significant refurbishment. Portions of the rail line in Angola have been refurbished (Lobito to Luau), and other portions are expected to be upgraded in the future (Luau to Kolwezi).

The Kolwezi area has distinct dry (May to October) and wet (November to April) seasons. Temperatures are generally mild and vary between 17°C and 26°C, but can drop to as low as 5°C during the night in July and August. Commonly, exploration activity is halted once the wet season is underway. However, mining activities in the established mining areas at Kolwezi are operated year-round, and it would be expected that any future mining activities at the Kamoia Project would also be able to be operated on a year-round basis.

Kolwezi is a historical mining centre, which after a period of decline is being revitalized by private sector investment in the re-establishment of formerly operating mines. The workforce for any future mining activity could be sourced locally from Kolwezi. Due to its location west of Kolwezi, any future exploitation of the Kamoia Project would require the development of attendant infrastructure.

The topography of the Kamoia Project area is gently undulating with a few highlands, and with vegetation characterized by broadleaf deciduous woodland and savannas interspersed with grassland, wetlands and riparian forests. The Kamoia Project area lies at an altitude of approximately 1,430 m above sea level. There is sufficient area within the defined Kamoia Project to accommodate any future mining-related infrastructure such as plant, mine, tailings and waste rock facilities.

History

The Kamoia Project represents the first discovery of a major copper deposit or district in Lualaba Province since the early 1900s, and indicates the prospectivity of the Katangan section of the Central African Copperbelt for discovery of additional copper deposits.

During the period 1971-1975, the Tenke Fungurume Consortium, operating as the Société Internationale Des Mines du Zaïre, undertook grassroots exploration over an area that extended southwest from Kolwezi toward the Zambian border. A helicopter supported regional stream-sediment sampling program was completed in 1971. No sample location information is available for any sampling that may have occurred within the confines of the Kamoia Project.

In 2003, Ivanhoe acquired a significant ground holding, including the permit areas that now comprise the Kamoia Project. Work completed to date includes data compilation, acquisition of satellite imagery, geological mapping, stream sediment and soil geochemical sampling, an airborne geophysical survey that collected total field magnetic intensity, horizontal and longitudinal magnetic gradient, multi-channel radiometric, linear and barometric, altimetric and positional data, acquisition of whole-rock major and

trace element data from selected intervals of mineralised zone and footwall sandstone in drillhole DKMC_DD019, and aircore, reverse circulation (RC) and core (DDC) drilling.

A first-time Mineral Resource estimate was prepared by Amec Foster Wheeler for the Project in 2009, and the estimate has been updated in 2010, 2011, 2012 and 2014.

Geological Setting

Regional Geology

The metallogenic province of the Central African Copperbelt is hosted in metasedimentary rocks of the Neoproterozoic Katanga Basin. The lowermost sequences were deposited in a series of restricted rift basins which were then overlain by laterally extensive, organic rich, marine siltstones and shales. These units (“Ore Shale”) contain the bulk of the ore deposits within the Copperbelt (Kamoa is, however, an exception to this). This horizon is overlain by what became an extensive sequence of mixed carbonate and clastic rocks of the Upper Roan Group (Selley et al., 2005). The Roan Group now forms a northerly-directed, thin-skinned thrust-and-fold orogenic system, the Lufilian Arc, which resulted from the convergence of the Congo and Kalahari cratons. The metallogenic province is divided into two distinct districts, the Zambian and Congolese or Katangan Copperbelts.

The Katangan Basin overlies a composite basement made up of older, multiply-deformed and metamorphosed, intrusions that are mostly of granitic affinity and supracrustal metavolcanic–sedimentary sequences. In Zambia, this basement is mainly Paleoproterozoic in age (2,100–1,900 Ma), whereas in the Kamoa region, only Mesoproterozoic basement (~1,100 to 1,300 Ma) is known.

Local and Project Geology

The majority of the Project area lies on a broad, gentle plateau between two major north–north–east-trending structures. To the east, and identified primarily by airborne magnetics, is the Kansoko Trend which is the interpreted boundary with the External Fold and Thrust Belt. The geology of the Kansoko Trend is currently poorly defined. To the west is a prominent escarpment and magnetic feature named the West Scarp Fault.

The Project is located in a broadly-folded terrane centered on the Kamoa and Makalu domes between the West Scarp Fault and Kansoko Trend. The domes form erosional windows exposing the redox boundary between the underlying hematitic (oxidised) Roan sandstones, and the overlying carbonaceous and sulphidic (reduced) Grand Conglomerat diamictite (host to mineralization). Unlike the tectonically-dismembered deposits of the Katangan Copperbelt, and the External Fold and Thrust Belt, the host rocks at Kamoa are intact and relatively undisturbed.

Mineralization

Mineralization at the Kamoa Project has been defined over an irregularly-shaped area of 20 km x 15 km. Mineralization is typically stratiform, and vertically zoned from the base upward with chalcocite (Cu_2S), bornite (Cu_5FeS_4) and chalcopyrite (CuFeS_2). There is significant pyrite mineralization above the mineralized horizon that could possibly be exploited to produce pyrite concentrates for sulphuric acid production (needed at oxide copper mines in the DRC).

The dip of the mineralized body ranges from 0° to 10° near-surface above the Kamoa dome, to 15° to 20° on the flanks of the dome. Mineralization thicknesses at a 1.0% Cu cut-off grade range from 2.5 m to 15.8 m (for Indicated Mineral Resources). The deposit has been tested locally from below surface to depths of more than 1,560 m, and remains open to the east and south.

Exploration

From commencement of exploration work in 2004 through to the autumn of 2011, Kamoia Holding's DRC exploration was managed and performed by an independent firm, African Mining Consultants, under the supervision of Kamoia Holding. Kamoia Holding subsequently assumed management and operational control of the Kamoia Project.

Activities commenced with geological and geophysical data interpretation, using Landsat ETM imagery and known mineral occurrences, to define areas of interest for exploration. Geological mapping was performed at 1:150,000, 1:100,000 and 1:5,000 scales. Geochemical sampling, consisting of stream sediment and soil sampling was used to identify copper anomalies. A geophysical survey, flown in 2004, which covered an area of 7,900 km², was used as a structural and stratigraphic mapping tool. In 2011 downhole geophysical surveys were conducted on three holes to aid geological and geotechnical studies. A ground magnetic survey has also been completed over the Kamoia area and the data have been compiled to help with geology and structure mapping.

AMEC determined that the exploration programs completed to date are appropriate for the Kamoia Project.

Drilling

Kamoia Holding has conducted aircore, rotary air blast, RC, and diamond-drill core drilling campaigns at the Kamoia Project since May 2006. As at 5 November 2015, there were 1,188 core holes drilled within the broader Kamoia Project area including wedges. This total included 761 holes drilled for Resource, 51 condemnation holes, 48 exploration holes from outside the mineral resource area, 216 metallurgy intercepts, 22 geotechnical, 43 variability, 39 civil geotechnical, 3 cover holes and 5 permeability holes.

Core drilling was completed by contract drill crews, typically supervised by African Mining Consultants until mid-2011 when Kamoia Holding took over supervision of exploration. Hole depths ranged from a minimum of 52m to a maximum of 1,706m, averaging about 250m. Core size typically commenced at a PQ size (85 mm), reducing to HQ size (63.5 mm), and where required by ground conditions reducing to NQ size (47.6 mm). Most holes were vertical or subvertical, with collar inclinations that range from -40° to vertical. In 2015 Kamoia Holding purchased its own deep drill rig and now runs 2 Land Cruiser mounted rigs capable of drilling to a depth of 150m NQ and 1 Dando drill rig capable of drilling to a depth in excess of 600m HQ.

AMEC considers the core recovery to be excellent, averaging 95% in the mineralized units. Down-hole surveys were performed at approximately 30 m intervals in 2009 and at 50 m intervals from 2010 to 2016 recording dip, azimuth, temperature and magnetic susceptibility at each survey depth. African Mining Consultants established standard logging and sampling conventions and codes for the Kamoia Project; drill hole logging was undertaken primarily by African Mining Consultants personnel and since late-2010, by Kamoia Holding personnel. Drilling is ongoing at the Kamoia Project.

Sampling and Analysis

Kamoia Holding has established separate sampling programs for its geochemical samples, aircore samples, RC samples and core samples. Kamoia Holding is also obligated to collect "witness samples", which are mainly reference pulp samples that must be delivered to the DRC government before a sample can be exported from the DRC for analysis.

Prior to February 2010, determination of the sample intervals took into account lithological and alteration boundaries. The entire length of core from 4 m (or one core-tray length, whichever is convenient) above the first presence of mineralization and/or the mineralized zone was sampled on nominal whole 1 m

intervals to the end of the hole. Most intervals with visual estimates of greater than 0.1% Cu were sampled at 1.5 m intervals or less.

Since February 2010, the mineralized zones were sampled on 1 m intervals (dependent on geological controls). In addition, since March 2011, Kamoa Holding has collected 9 m composite samples in the hanging wall, and these samples were analysed using a Niton analyser to characterize the geochemistry of the hanging wall.

After August 2014, whole core is logged by the geologist on major lithological intervals, until they arrive at mineralised material or at a “Zone of interest” (ZI) such as a lithology that is conventionally sampled (e.g. the Kamoa Pyritic Siltstone). The ‘Zone of interest’ is logged on sampling intervals, typically 1 m intervals (dependent on geological controls). Within any zone of interest the geologist highlights material that is either mineralised or material expected to be mineralised and could potentially be part of a mineral resource. This is highlighted as “Zone of Assay” (ZA) and is extended to 3 m above and below the first sign of visible mineralization.

Prior to November 2010, sample preparation was undertaken in Kolwezi at a mobile sample preparation facility housed in two shipping containers; the facility was operated by African Mining Consultants personnel. Following November 2010, sample preparation has been conducted in a facility at the Kamoa Project site operated by African Mining Consultants personnel until the autumn of 2011, and subsequently by Kamoa Holding personnel.

Core is cut in half for sampling (along the projected orientation lines) using a standard diamond saw. One-half core samples not sent for preparation are placed in metal trays and stored at the Kamoa Project core shed (official core storage facility). The core storage facility consists of three lockable buildings with 24 hour security personnel in place.

Since June 2005, all analyses, including drill samples, have been performed by Bureau Veritas Australia Pty Ltd (Bureau Veritas, formerly Ultra Trace Geoanalytical Laboratory), with Genalysis acting as the check laboratory from 2005 to 2009. Commencing in 2010, ALS Chemex Laboratories (Vancouver) took over as the check laboratory. AMEC checked the database used to support the Mineral Resource Estimate for data integrity and concluded that the drill hole surveys, assays and geological data were verified to within acceptable error rates and are suitable to support the Mineral Resource estimation.

A QA/QC program comprising blank, certified reference materials, and duplicate samples was used on the Kamoa Project.

Security of Samples

Sample security includes a chain-of-custody procedure that consists of filling out sample submittal forms that are sent to the laboratory with sample shipments to make certain that all samples are received by the laboratory. All diamond-drill core samples were processed by the Kolwezi facility, or the onsite Kamoa Project facility. Prepared samples are shipped to the analytical laboratory in sealed sacks that are accompanied by appropriate paperwork, including the original sample preparation request numbers and chain-of-custody forms. On arrival at the sample preparation facility, samples are checked, and then sample forms signed. Sacks are not opened until sample preparation commences. Paper records are kept for all assay and QA/QC data, geological logging and specific gravity information, and down-hole and collar coordinate surveys.

Metallurgical Testwork

In 2010, metallurgical samples were taken from available drill cores and subjected to comminution and flotation tests at MINTEK Laboratories (“**Mintek**”) in Johannesburg. Although this testwork was

preliminary, a circuit consisting of rougher, cleaner and scavenger flotation stages, and including targeted regrinding of intermediate streams was developed.

The Mintek work generated a 27% copper re-cleaner concentrate with a copper recovery of 79% on the master composite sample. The master composite head grade was 3.0% Cu, approximately in line with mine plan expectations at the time and close to the projected life of mine average grade of 3.24% Cu. This flowsheet was used as the starting point for a more comprehensive flotation test program that is continuing to be conducted at the Xstrata Process Support (“XPS”) flotation laboratory in Sudbury, Ontario.

Flotation testwork on more representative mineralized samples (based on mining expectations as described in the Kamoā PEA) was carried out at XPS on composites of hypogene and supergene material and blends of the two. The metallurgical test program to date has been successful in generating saleable and smeltable copper concentrates and has provided the basis for comminution circuit design. The flotation work has shown a consistency of outcome strongly driven by consistent liberation characteristics of the copper mineralization. All indications are that the maximum recoverable copper to concentrate with the dominant hypogene mineralization will be in the region of 85% at a final concentrate grade in the 32 to 35% range. During the first half of 2013, the focus of development work shifted towards a reduction in the silica content of the final concentrate. Adjustments were made to the reagent dosages, as well as the grinding media type, resulting in an improvement to 86.7% recovery at 37.0% copper grade for hypogene material, and 82.9% recovery at 51.4% copper grade for supergene material. Silica levels in the final concentrate also dropped from 19.1% to 13.1% for hypogene and from 26.0% to 18.1% for supergene material.

During the second half of 2013, some preliminary testwork was carried out at Mintek with the objective of simplifying and optimizing the concentrator flowsheet. Some observations from this work were taken forward into the current phase of testwork which is underway at XPS. This phase of testwork considers the first 4 years of mining during which time flotation concentrate would be sold, and the subsequent 10 years of mining, from year 5 onwards, when the mine would be expanded and blister copper would be produced. Representative composite samples from these two mining areas were selected and used for this testwork. These composite samples consist of mixed as well as hypogene and supergene material.

From the second half of 2014 onwards, bench-scale metallurgical flotation test work carried out at XPS Consulting and Testwork Services laboratories in Falconbridge, Ontario, Canada, has shown positive results. The most recent work was conducted on composite samples of drill core from the Kansoko Sud and Kansoko Centrale areas in the southern part of the Kamoā Mineral Resource area. Two master composite samples were formulated; one representative of the first four to five years of planned mine production, and the second representative of years five to fifteen of mine production. Test work on the master composite representative of the early years of mining, and grading 3.61% copper, produced a copper recovery of 85.4% at a concentrate grade of 37.0% copper. Material from the later years of mining, and grading 3.20% copper, produced a copper recovery of 89.2% at a concentrate grade of 35.0% copper using the same flowsheet.

Average arsenic levels in the concentrate were measured to be approximately 0.02%, which is significantly lower than the limit of 0.5% imposed by Chinese smelters. Very low arsenic levels in concentrate are expected to attract a premium from copper-concentrate traders.

PLATREEF PROJECT

Property Description and Location

The Platreef Project, which includes a recently discovered underground deposit of thick PGE-nickel-copper-gold mineralization, is located in the northern limb of the Bushveld Complex approximately 11 km from Mokopane and 280 km northeast of Johannesburg, South Africa. PGE-nickel-copper-gold mineralization in the northern limb is primarily hosted within the Platreef, a mineralized sequence which is traced more than 30 km along strike. The Platreef Project is situated in the southern sector of the Platreef on three contiguous properties (or “farms”), Turfspruit (241 KR), Macalacaskop (243 KR), and Rietfontein (2 KS), which comprise, in aggregate, approximately 10,720 ha. The northernmost property, Turfspruit, is contiguous with and along strike from Anglo Platinum Limited’s Mogalakwena group of properties and mining operations.

The Platreef Project comprises three contiguous deposits: UMT (underground Turfspruit), ATS (at Turfspruit and Rietfontein farms) and AMK (at Macalacaskop farm). The UMT deposit is further subdivided into the material within and adjacent to grade shells in the Turfspruit Cyclic Unit, the UMT-TCU deposit, and as material within and adjacent to grade shells in the Bikkuri Reef, the UMT-BIK deposit. The UMT-TCU deposit, located almost entirely on the Turfspruit farm, contains a high-grade mineralized zone, amenable to selective underground mining methods, which is the focus of the Company’s current activities at the Platreef Project. In addition to this high-grade mineralized zone amenable to selective underground mining methods there are mutual exclusive Mineral Resources amenable to mass mining methods, Mineral Resources amenable to open-pit mining methods and Bikkuri area Mineral Resources amenable to selective underground mining methods. The Company is not contemplating near-term development of these Mineral Resources amenable to mass mining, nor is it contemplating near-term development of the ATS and AMK deposits, which could be exploited by open-pit methods.

Ivanplats, a subsidiary of the Company, holds the Platreef Mining Right on the Turfspruit and Macalacaskop properties, which comprise substantially all of the Platreef Project. The DMR granted Ivanhoe its Platreef Mining Right on May 30, 2014 and the Platreef Mining Right was formally activated on November 4, 2014 when the DMR notified the Company that the Platreef Mining Right had received the required notarial execution.

Ivanhoe owns 64% of the Platreef Project through its subsidiary, Ivanplats, and is directing all mine development work. The South African beneficiaries of the approved broad-based, black economic empowerment structure have a 26% stake in the Platreef and the remaining 10% is owned by a Japanese consortium of Itochu Corporation; JOGMEC; ITC Platinum, an Itochu affiliate; and Japan Gas Corporation. See “*Material Contracts – Consolidated Investors’ Agreement and BEE Transaction*”.

Itochu, together with ITC Platinum acquired the interest in the Platreef Project in two tranches, the first 2% interest was acquired in September 2010 for \$10 million and the second 8% interest was acquired in June 2011 for \$280 million.

A near-surface portion of the ATS deposit occurs on the Rietfontein Right, which is contiguous with Turfspruit’s northeastern border. Plateau Resources, a subsidiary of Atlatsa Resources Corporation (“**Atlatsa**”), holds the Rietfontein Right, which is a prospecting right in respect of all minerals within the Rietfontein Right area, excluding oil, gas and precious stones. In October 2014, the DMR renewed this prospecting right for a period of three years, expiring on October 2, 2017.

In December 2009 Ivanhoe and Atlatsa entered into the Settlement and New Project Agreement that was the culmination of an original 2001 earn-in agreement, which had gone to arbitration. The Settlement and New Project Agreement established a joint venture between Atlatsa and the Company, pursuant to which

Atlatsa holds a 6% interest in any minerals obtained via open-pit mining within the Rietfontein Right and the Turfspruit prospecting right. To the extent that a Feasibility Study contemplates underground mining on the Rietfontein Right or Turfspruit prospecting right, the parties' interests will be adjusted to reflect the proportion of minerals that will be extracted from the Turfspruit property, which will be allocated to Ivanhoe, and the Rietfontein property, which will be allocated to Atlatsa. Studies to date have not reported any Mineral Resources amenable to underground mining on the Rietfontein property and therefore Mineral Resources amenable to underground mining methods are reported on a 100% basis.

Atlatsa's interest in the Platreef Project is carried by the Company, so Atlatsa has no obligation to contribute funding prior to completion of a feasibility study. Upon completion of a feasibility study, Atlatsa may either elect to retain its participating interest in such portion of the Platreef Project and contribute its pro rata share of development expenses or relinquish its interest and obtain a 5% net smelter royalty for mineral products extracted from the Rietfontein portion of the Platreef Project. For so long as Atlatsa holds an interest in the joint venture, it is entitled to appoint a member to a technical committee.

In order to give effect to the Settlement and New Project Agreement, a separate agreement will have to be entered into between Ivanplats and Plateau Resources, the respective subsidiaries of Ivanhoe and Atlatsa which directly hold the prospecting rights. Such agreement, when concluded, will require ministerial consent in terms of section 11 and section 102 of the MPRDA.

To maintain title in good standing, Ivanhoe and/or Ivanplats in respect of the prospecting right at the Turfspruit and Macalacaskop farms, and in the case of the Rietfontein Right, Plateau Resources, must pay the required annual prospecting fees and comply with the relevant obligations and work programs relating to its prospecting activities. As of the date of this AIF, the required payments have been made by the Company and Plateau Resources has confirmed that the required payments due have been made.

A number of permits are required to support project development and future mining operations including, but not limited to: (i) a mining right; (ii) an approved environmental management plan; (iii) environmental authorization under the *National Environmental Management Act*, No. 107 of 1998 (South Africa); (iv) town rezoning approval; (v) an integrated water use licence; (vi) a social and labour plan; and (vii) long-term surface use lease agreement.

Mining is listed in the EIA regulations as an activity requiring an environmental authorization from the relevant provincial environmental authority. Other activities associated with mining and the Platreef Project are also listed in the EIA regulations (such as road and power line construction, waste disposal and storage of hazardous substances). Environmental authorization from the relevant provincial environmental department has been obtained following the execution of the Platreef Mining Right.

All work undertaken on the Platreef Project to date has been performed under applicable licences and/or rights. Drill site rehabilitation work was carried out progressively during the exploration programs, and at program completion. Shaft No. 1 construction is being developed under the Platreef Mining Right which was executed in November 2014. Current environmental and social liabilities relating to Ivanhoe's exploration work have been, to date relatively minor.

Mineral Resource Estimates

Ivanhoe is focusing on the Platreef Project's Mineral Resources amenable to underground selective mining methods within and adjacent to the Turfspruit Cyclic Unit ("TCU"). The Company is not contemplating near-term development of those Mineral Resources amenable to underground mass mining methods, those Mineral Resources amenable to open-pit mining methods, nor those Mineral Resources amenable to underground selective mining methods within or adjacent to grade shells in the Bikkuri Reef. There are four types of Mineral Resource defined for the Platreef Project:

- Mineral Resource that is amenable to underground selective mining methods. This consists of material within and adjacent to grade shells in the TCU, and is all below the 650 m elevation. This Mineral Resource has been updated using revised geological interpretation and incorporation of extensive additional drilling in Zone 1 (initial development area) and some new drilling in Zones 2 (southern sector) and 3 (western sector). The Mineral Resource amenable to selective underground mining methods is supported by the UMT-TCU model and forms the basis of Platreef PFS.
- Mineral Resource that is amenable to underground mass mining methods. In the March 31, 2011 Mineral Resource Estimate, this included the Mineral Resource amenable to underground selective mining. The resource model has not been updated, but has been trimmed so as to now be mutually exclusive from the Mineral Resource that is amenable to underground selective mining. The Mineral Resources amenable to underground mass mining are below the 650 m elevation. Within the “trimmed” Mineral Resources there has been limited additional drilling. The Mineral Resources amenable to mass underground mining is supported by the UMT-MM model, formerly referred to as the UMT bulk model.
- Mineral Resource that is amenable to open-pit mining. The model has not been updated, as there has been no new drilling. The stated Mineral Resources are unchanged and have an effective date of March 31, 2011. Mineral Resources amenable to open-pit mining are situated above the 650 m elevation.
- Bikkuri area Mineral Resources are amenable to underground selective mining methods, and consists of material within and adjacent to grade shells in the Bikkuri Reef. This Mineral Resource has been estimated using revised geological interpretations and incorporation of additional drilling in Zone 1 that intercepted the Bikkuri Reef. The Mineral Resources amenable to selective underground mining methods in the Bikkuri Reef are supported by the UMT-BIK model.

Underground Resource Estimates (UMT-TCU deposit)

The UMT-TCU resource is the main focus of the Platreef Project moving forward and the UMT-TCU Mineral Resource Estimate is now considered the base case. Indicated and Inferred Mineral Resources were estimated for the UMT-TCU area. Recognition of lithological controls (TCU stratigraphy) on grade has enabled declaration of Inferred Mineral Resources at wider drill spacings than would normally be possible. Additional infill drilling in Zone 1 permitted the declaration of Indicated Mineral Resources in that portion of the Platreef Project area.

Additional drilling down-dip permitted the expansion of the Inferred Mineral Resource in the UMT-TCU portion of the deposit. Additional down-dip/lateral potential may support estimation of additional Mineral Resources with additional drilling.

Ivanhoe personnel identified nested 2PE+Au grade shells using a minimum of 3 m of 1g/t 2PE+Au, 2g/t 2PE+Au and 3g/t 2PE+Au. 2PE+Au grade shells were used rather than 3PE+Au because rhodium assaying was incomplete at the time the shells were constructed. The grade shells were constructed as a tool for constraining grade estimates. The nested grade shells were identified in two mineralized zones (T1MZ and T2MZ). The T1MZ grade shells are associated with the T1 stratigraphic unit. The T2MZ grade shells are associated with the T2 stratigraphic units (T2U and T2L). Two-dimensional gridded-seam models were completed for the T1MZ and T2MZ grade shells. Wireframe surfaces were constructed from the gridded seam models of the T1MZ and T2MZ seam models.

Mineral Resource Statement for Mineral Resources Amenable to Underground Selective Mining Methods Within and Adjacent to the TCU; Effective Date April 3, 2013, Harry M. Parker RM.SME. and Timothy O. Kuhl, RM.SME.

Indicated Mineral Resources Tonnage and Grades								
Cut-off 3PE+Au	Mt	Pt (g/t)	Pd (g/t)	Au (g/t)	Rh (g/t)	3PE+Au (g/t)	Ni (%)	Cu (%)
3 g/t	137	2.27	2.31	0.35	0.15	5.09	0.38	0.18
2 g/t	214	1.83	1.89	0.29	0.12	4.13	0.34	0.17
1 g/t	387	1.28	1.34	0.21	0.09	2.92	0.28	0.14
Contained Metal								
Cut-off 3PE+Au	–	Pt (Moz)	Pd (Moz)	Au (Moz)	Rh (Moz)	3PE+Au (Moz)	Ni (Mlbs)	Cu (Mlbs)
3 g/t	–	10.0	10.2	1.53	0.67	22.4	1,133	558
2 g/t	–	12.6	13.0	2.00	0.85	28.5	1,610	794
1 g/t	–	15.9	16.7	2.67	1.09	36.3	2,408	1,189
Inferred Mineral Resources Tonnage and Grades								
Cut-off 3PE+Au	Mt	Pt (g/t)	Pd (g/t)	Au (g/t)	Rh (g/t)	3PE+Au (g/t)	Ni (%)	Cu (%)
3 g/t	211	2.09	2.06	0.34	0.14	4.63	0.38	0.18
2 g/t	415	1.57	1.59	0.27	0.11	3.54	0.33	0.16
1 g/t	1,054	0.96	1.02	0.18	0.07	2.23	0.26	0.13
Contained Metal								
Cut-off 3PE+Au	–	Pt (Moz)	Pd (Moz)	Au (Moz)	Rh (Moz)	3PE+Au (Moz)	Ni (Mlbs)	Cu (Mlbs)
3 g/t	–	14.2	14.0	2.29	0.97	31.5	1,764	855
2 g/t	–	20.9	21.3	3.58	1.44	47.2	3,032	1,490
1 g/t	–	32.7	34.7	5.95	2.32	75.7	5,934	3,035

Notes:

1. Mineral Resources have an effective date of 3 April 2013. The Qualified Persons for the estimate are Dr Harry Parker, RM SME, and Mr Timothy Kuhl, RM SME.
2. Mineral Resources estimated assuming underground selective mining methods within and adjacent to the TCU are exclusive of the Mineral Resources estimated assuming mass-mining methods. The 2 g/t 3PE+Au cut-off is considered the base case estimate. (Highlighted); the 3 g/t 3PE+Au cut-off is also being considered.
3. Mineral Resources are reported on a 100% basis. Mineral Resources are stated from approximately -200 m to 650 m elevation (from -500 m to 1,350 m depth). Indicated Mineral Resources are drilled on approximately 100 x 100 m spacing; Inferred Mineral Resources are drilled on 400 m x 400 m (locally to 400 m x 200 m and 200 m x 200 m) spacing.
4. Reasonable prospects for economic extraction were determined using the following assumptions. Assumed commodity prices are Ni: \$8.81/lb, Cu: \$2.73/lb, Pt: \$1,699/oz, Pd: \$667/oz, Au: \$1,315/oz, and Rh: \$2,065/oz. It has been assumed that payable metals would be 82% from smelter/refinery and that mining costs (average \$40/t) and process, G&A, and concentrate transport costs (average \$12.50/t of mill feed for a 4 Mtpa operation) would be covered. The process recoveries vary with block grade but typically would be 85–90% for Pt, Pd and Rh; 75% for Au and 70% for Ni and 85% for Cu.
5. Totals may not sum due to rounding.

Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

Underground Resource Estimates (UMT-MM deposit)

The Company has identified Inferred Mineral Resources amenable to mass mining methods. This UMT-MM resource is not the main focus of the Platreef Project moving forward, nor is it the basis of the Platreef PFS. The estimates of Inferred Mineral Resources amenable to mass mining methods, amounted to 1,870 Mt, grading 0.98 g/t 2PE+Au (0.40 g/t Pt, 0.49 g/t Pd, 0.09 g/t Au), 0.21% Ni and 0.13% Cu. This Mineral Resource Estimate has an effective date of March 13, 2013. The Qualified Persons are Harry M. Parker, R.M. SME. and Timothy O. Kuhl, R.M. SME. Mineral Resources are stated from 650 m elevation downward to approximately -400 m elevation. The cut-off grade (0.15% Ni) assumes commodity prices of Ni: \$8.81/lb, Cu: \$2.73/lb, Pt: \$1,699/oz, Pd: \$667/oz, Au: \$1,315/oz. It has been assumed that payable metals would be 82% from smelter/refinery and that a mix of block cave and sub-level mining costs (averaging \$20/t, and ranging from \$9/t to \$35/t), and process, G&A, and concentrate transport costs (average of \$12/t) would be covered for a conceptual 10 Mtpa operation. Process recoveries are taken from metal-specific equations for serpentinite. Nickel is presented as an example where nickel recovery = $((9.3 * \ln(\text{Ni head grade}) + 84.9))$. Mineral Resources at the 0.15% Ni cut-off grade occur in continuous zones; there are a relatively minor number of blocks inside these zones that are below cut-off and have been excluded. Inferred Mineral Resources are based on an area drilled on approximately 400 m x 400 m (locally 400 m x 200 m and 200 m x 200 m) spacing. Totals may not sum due to rounding. The reported Mineral Resources amenable to mass mining methods are reported on a 100% basis and do not take into account any interests of the Company's joint venture partners

Mineral Resources Amenable to Open-pit Mining (ATS and AMK)

Ivanhoe has identified Mineral Resources amenable to open-pit mining at the ATS and AMK deposits, which are not the main focus of the Platreef Project moving forward, nor are they the basis of the Platreef PFS. The estimates amounted to 520 Mt of Indicated Mineral Resources grading 0.86 g/t 2PE+Au (0.33 g/t Pt, 0.44 g/t Pd, 0.09 g/t Au), 0.20% sulphide Ni and 0.14% sulphide Cu, and 510 Mt of Inferred Mineral Resources grading 1.07 g/t 2PE+Au (0.46 g/t Pt, 0.51 g/t Pd, 0.10 g/t Au), 0.16% sulphide Ni and 0.1% sulphide Cu, all at a cut-off grade of 0.1% sulphide Ni. This Mineral Resource Estimate has an effective date of March 31, 2011. The Qualified Persons are Harry M. Parker, R.M. SME. and Timothy O. Kuhl, R.M. SME. Mineral Resources are stated from 650 m elevation to surface (approximately 500 m depth extent). A selective mining unit of 15 m x 15 m x 10 m has been assumed and external dilution has not been applied. At a 0.1% sulphide Ni cut-off grade, the mineralization is continuous and based on assumed costs and metal prices. Commodity prices were assumed to be Ni: \$9.20/lb, Cu: \$3.00/lb, Pt: \$1,785/oz, Pd: \$650/oz, Au: \$1,265/oz. Process, general and administrative and concentrate transport costs are estimated to average \$11/t for a conceptual 10 Mtpa operation. Mining costs are estimated at an average of \$5/t. Indicated Mineral Resources are based on an area drilled on approximately 75 m x 100 m spacings. Inferred Mineral Resources are based on an area drilled on approximately 120 m x 140 m spacings. Totals may not sum due to rounding. The reported Mineral Resources amenable to open-pit mining methods are reported on 100% basis and do not take into account any interests of the Company's joint venture partners.

Bikkuri Reef Mineral Resources within and adjacent to grade shells assuming selective underground mining methods (UMT-BIK)

Ivanhoe has identified Mineral Resources for the Bikkuri area that are amenable to underground selective mining methods, and consists of material within and adjacent to grade shells in the Bikkuri Reef. This UMT-BIK resource is not the main focus of the Platreef Project moving forward, nor is it the basis of the Platreef PFS. The estimates amounted to 5.6 Mt of Indicated Mineral Resources grading 2.92 g/t 3PE+Au (1.34 g/t Pt, 1.20 g/t Pd, 0.08 g/t Rh, 0.30 g/t Au), 0.36% Ni and 0.20% Cu, and 2.3 Mt of Inferred Mineral Resources grading 2.84 g/t 3PE+Au (1.30 g/t Pt, 1.16 g/t Pd, 0.07 g/t Rh, 0.31 g/t Au), 0.34% Ni

and 0.18% Cu, all within a 2 g/t 2PE+Au grade shell. This Mineral Resource Estimate has an effective date of May 8, 2013. The Qualified Persons are Harry M. Parker, R.M. SME. and Timothy O. Kuhl, R.M. SME. Mineral Resources are stated from approximately 400 m to 800 m elevation. Indicated Mineral Resources are drilled on approximately 100 x 100 m spacing; Inferred Mineral Resources are drilled on 400 m x 400 m (locally to 400 m x 200 m and 200 m x 200 m) spacing. Mineral Resources estimated assuming underground selective mining methods for the Bikkuri Reef are exclusive of the Mineral Resources estimated assuming mass-mining methods and the Mineral Resources estimated within and adjacent to the TCU. Commodity prices were assumed to be Ni: \$8.81/lb, Cu: \$2.73/lb, Pt: \$1,699/oz, Pd: \$667/oz, Au: \$1,315/oz, Rh: \$2,065/oz. It has been assumed that payable metals would be 82% from smelter/refinery and that mining costs (average \$40/t) and process, G&A, and concentrate transport costs (average \$12.50/t of mill feed for a 4 Mtpa operation) would be covered. The process recoveries vary with block grade but typically would be 85–90% for Pt, Pd and Rh; 75% for Au and 70% for Ni and 85% for Cu. No allowances for mining recovery and external dilution have been applied. Totals may not sum due to rounding. The reported Bikkuri Reef Mineral Resources amenable to underground selective mining methods, and consisting of material within and adjacent to grade shells in the Bikkuri Reef are reported on 100% basis and do not take into account any interests of the Company's joint venture partners.

Targets for Additional Exploration

Beyond the current Mineral Resources, mineralization is open to expansion to the south and west. Two exploration targets have been identified.

Target 1, the Ga-Madiba extension zone, is based on results from 14 wide-spaced, step-out drill holes completed between October 26, 2012, and February 18, 2014. Ga-Madiba, which adjoins and stretches to the south from the area where Inferred Mineral Resources are estimated, could contain 115 to 235 million tonnes grading 3.1 to 4.5 g/t 3PE+Au (comprising 1.2 to 1.7 g/t Pt, 1.7 to 2.3 g/t Pd, 0.06 to 0.14 g/t Rh, 0.17 to 0.26 g/t Au), 0.23% to 0.28% Ni and 0.11% to 0.14% Cu over an area of 3.7 km². The tonnage and grade ranges are based on intersections of 2.0 g/t 3PE+Au mineralization in drill holes completed in Target 1.

Drilling to date has successfully identified the T1 and T2 mineralized reefs and confirmed the initial interpretation that the Ga-Madiba target represents the southern strike extension to the shallow-lying Flatreef.

Target 2, which surrounds the currently estimated Mineral Resources in Zones 1 and 2, could contain an estimated 260 to 450 million tonnes grading 3.4 to 4.5 g/t 3PE+Au (comprising 1.7 to 2.4 g/t Pt, 1.2 to 1.6 g/t Pd, 0.14 to 0.20 g/t Rh, 0.26 to 0.33 g/t Au), 0.30% to 0.35% Ni and 0.15% to 0.18% Cu over an area of 7.6 km². The tonnage and grade ranges are based on 2.0 g/t 3PE+Au intersections of mineralization in 19 wide-spaced drill holes completed in Target 2 and adjacent drill holes within the Inferred Mineral Resource area. These drill holes were completed between October 26, 2012, and February 18, 2014.

The potential quantity and grade of these exploration targets is conceptual in nature. There has been insufficient exploration and/or study to define these exploration targets as a Mineral Resource. It is uncertain if additional exploration will result in these exploration targets being delineated as a Mineral Resource.

In addition, there are approximately 37 km² of unexplored ground beyond these two exploration target areas on the property under which the Platreef mineralization is projected to lie. It is not possible to estimate a range of tonnages and grades for this ground. There is excellent potential for mineralization to significantly increase with further step-out drilling to the south-west.

Pre-feasibility Study

In January 2015, Ivanhoe issued a Pre-feasibility Study of the Platreef Project, which analyzes part of the Mineral Resource amenable to underground selective mining methods within and adjacent to the TCU mineralized zones.

The Platreef PFS considers the first phase of potential development for an underground mine and the concentrator processing facility.

Ivanhoe plans to develop the Platreef Mine in three phases: an initial annual rate of 4 Mtpa to establish an operating platform to support future expansions; followed by a doubling of production to 8 Mtpa; and then a third expansion phase to a steady-state 12 Mtpa. As the first phase is developed and taken into production there is the opportunity to modify and optimize the subsequent phases. Opportunities for additional expansion beyond Phase 3 may be available, but require additional investigation.

The initial phase of the Platreef Project, as described in the Platreef PFS, includes the construction of a concentrator and other associated infrastructure to support a start-up to production at a nominal plant capacity of 4 Mtpa. All production would be sourced from underground mining, with the planned rate of mine production optimized to match the capacity of the concentrator processing facility, including the progressive expansion of such processing capacity. Concentrate is anticipated to be sold or toll-treated at local smelters. The options for a smelter and/or base metal refinery are still being studied and their timing and sizing need to undergo further analysis.

Assuming long term commodity prices of \$8.90/lb nickel, \$1,630/oz platinum, \$815/oz palladium, \$1,300/oz gold, \$3.00/lb copper and \$2,000/oz rhodium and a South African Rand to U.S. dollar exchange rate of 11:1, the economic analysis returns an after tax net present value at an 8% discount rate of \$972 million, an after tax internal rate of return of 13.4%, a payback period of 6.7 years, and life-of-mine average total cash cost, after credits, of \$322/oz 3PE+Au.

The Platreef PFS's after tax financial results are set out in the table below.

		Phase 1 4 Mtpa
Net Present Value (US\$M)	8%	972
IRR		13%
Project Payback Period	(Years)	7

The following table sets out the average annual production results over the 31 year mine life.

Item	Units	Total
Mined and Processed	Mtpa	4
Platinum	g/t	1.76
Palladium	g/t	1.87
Gold	g/t	0.26
Rhodium	g/t	0.13
3PE+Au	g/t	4.02
Copper	%	0.15
Nickel	%	0.32

Recoveries		
Platinum	%	87.2
Palladium	%	86.9
Gold	%	76.7
Rhodium	%	92.0
Copper	%	87.7
Nickel	%	68.8
Concentrate Produced		
Concentrate	ktpa	159
Platinum	g/t	37.5
Palladium	g/t	39.8
Gold	g/t	4.8
Rhodium	g/t	2.8
3PE + Au	g/t	85
Copper	%	3.3
Nickel	%	5.4
Recovered Metal		
Platinum	kozpa	191
Palladium	kozpa	203
Gold	kozpa	25
Rhodium	kozpa	14
3PE + Au	kozpa	433
Copper	Mlbpa	12
Nickel	Mlbpa	19

1. 3PE+Au is the sum of the grades for Pt, Pd, Rh, and Au.
2. Production over 31 years

The following table sets out the estimated average operating costs.

	US\$/oz Payable 3PE+Au		
	Life-of-Mine Average	5-Year Average	10-Year Average
Mine Site Cash Cost	401	454	429
Realisation	390	384	390
Total Cash Costs Before Credits	792	838	819
Nickel Credits	389	438	419
Copper Credits	80	90	86
Total Cash Costs After Credits	322	310	314

Totals vary due to rounding.

Mining

The Platreef PFS evaluates a 4 Mtpa production-rate scenario, to mine a portion of the UMT-TCU Indicated Mineral Resources at the Platreef Project. The mining methods considered are long-hole stoping and drift-and-fill extraction, followed by cemented paste, cemented rock fill or waste rock backfill, where applicable. The long-hole stoping mining method would be used for mining the thicker portions of the resource zones.

Longhole stoping will be used where the thickness of the ore zones exceeds 18 m. Drift-and-bench stoping will be used in zones of intermediate thickness (between 10 m and 18 m thick). Drift-and-fill will be used in thinner zones (less than 10 m thick). All three methods use paste backfill or excess waste rock where cemented backfill is not required to fill open stopes.

Mining zones in the current Platreef mine plan occur at depths ranging from approximately 700 m to 1,200m. Access to the mine will be via four vertical shafts. Shaft No. 2 is anticipated to be the main men and material handling system, while Shaft Nos. 1, 3 and 4 are designated ventilation shafts. Shaft No. 1 is under development and will be used for initial access and development.

Mineral Reserves

The Company has declared an initial Probable Mineral Reserve of 15.5 million ounces of platinum, palladium, rhodium and gold, using a declining NSR cut-off of \$100-\$80. The Mineral Reserve estimate for Platreef was based on the Mineral Resource reported in the Platreef PFS. Only Indicated Resources have been used for determination of the Probable Mineral Reserve.

Platreef Probable Mineral Reserve – Tonnage and Grades as at 8 January 2015

Method	Mt	NSR (\$/t)	Pt (g/t)	Pd (g/t)	Au (g/t)	Rh (g/t)	3PE+Au (g/t)	Cu (%)	Ni (%)
Longhole Stopes	106	133.5	1.73	1.86	0.25	0.12	3.97	0.16	0.32
Drift-and-Fill	10	144.3	1.99	1.95	0.29	0.13	4.36	0.14	0.30
Drift-and-Bench	5	146.4	1.95	2.01	0.28	0.14	4.38	0.15	0.32
Total	120	134.9	1.76	1.87	0.26	0.13	4.01	0.15	0.32

1. Metal prices used in the reserve estimate are as follows: Pt: \$1,699/oz, Pd: \$667/oz, Au: \$1,315/oz, Rh: \$1,250/oz, Cu: 2.73/lb, and Ni: \$8.81/lb.
2. Tonnage and grade estimates include dilution and recovery allowances.
3. A declining NSR cut-off of \$100-\$80 was used in the mineral reserve estimates.
4. Total may not add due to the rounding.
5. $3PE+Au = (Pt + Pd + Rh) + Au$ (g/t)

Platreef Probable Mineral Reserve – Contained Metal as at 8 January 2015

Method	Mt	Pt (Moz)	Pd (Moz)	Au (Moz)	Rh (Moz)	3PE+Au (Moz)	Cu (Mlb)	Ni (Mlb)
Longhole Stopes	106	5.88	6.33	0.86	0.42	13.49	362	758
Drift-and-Fill	10	0.63	0.62	0.09	0.04	1.39	30	65
Drift-and-Bench	5	0.28	0.29	0.04	0.02	0.64	15	32
Total	120	6.80	7.24	0.99	0.49	15.51	408	855

1. Metal prices used in the reserve estimate are as follows: Pt: \$1,699/oz, Pd: \$667/oz, Au: \$1,315/oz, Rh: \$1,250/oz, Cu: 2.73/lb, and Ni: \$8.81/lb.
2. Tonnage and grade estimates include dilution and recovery allowances.
3. A declining NSR cut-off of \$100-\$80 was used in the mineral reserve estimates.
4. Total may not add due to the rounding.
5. $3PE+Au = (Pt + Pd + Rh) + Au$ (g/t)

Based on the cut-off grade and mining criteria applied to the Platreef resource model, the Probable Mineral Reserve will support a 31-year mine life at a production rate of 4 Mtpa.

Processing

All mined material would be hoisted to the surface via the production shaft and then transported via overland conveyor to the crushing plant. The Platreef PFS includes the construction of a 4 Mtpa concentrator, in two modules of 2 Mtpa.

The selected flowsheet is comprised of a common 3-stage crushing circuit, feeding crushed material to two milling-flotation modules, each of 2 Mtpa capacity. Milling is achieved in a ball mill with classification and rougher flotation split in a high, medium and low grade circuit. Each concentrate is cleaned in a dedicated cleaner circuit with varying stages and recycles. Flotation is followed by tailings handling and concentrate thickening, filtration and storage.

Infrastructure, Capital and Operating Costs

Infrastructure

While the Platreef Project is a greenfield project, it is located in South Africa, which is a well-established mining jurisdiction. In addition to mine development and processing infrastructure, Ivanhoe may need to contribute to the development of power, water and other ancillary infrastructure.

South Africa is a country of relatively low rainfall and, in particular, the Limpopo province, where the Platreef Project is located, will require significant additional water capacity to meet the growing demand from the mining, domestic and agricultural sectors.

The Olifants River Water Resource Development Project is designed to deliver water to the Eastern and northern limbs of the Bushveld Complex. The project consists of the new De Hoop Dam, the raising of the wall of the Flag Boshielo Dam and related pipeline infrastructure that ultimately will deliver water to Pruissen, southeast of Mokopane and the Platreef Project. The Pruissen Pipeline Project will be developed to deliver water on from Pruissen to the communities and mining projects on the northern limb. Ivanhoe is a member of the Joint Water Forum, which is part of the Olifants River Water Resource Development Project.

The water balance model simulations showed that the average bulk water supply over the life of the mine is 5.5 ML/d, but the maximum daily bulk water supply volume that is required during dry years, assuming limited groundwater ingress to the workings, is 10.3 ML/d.

Eskom, South Africa's national power authority, has advised that sufficient power is not presently available in the Mokopane area due to transmission-line limitations and generating shortfalls. The generating capacity has however improved since the commissioning of the first unit of the new Medupi Power Station in late 2015. When fully constructed and commissioned, the Medupi Power Station will have six boilers, each powering an 800-megawatt turbine, and produce a total of 4,800 megawatts of power for the national grid.

Ivanhoe will also need to consider logistics and transportation infrastructure as the N11 National Highway, which connects Mokopane to the South Africa/Botswana border, currently runs directly through the Turfspruit and Macalacaskop farms, and serves the operating Anglo Platinum Mogalakwena Mine. The South African National Roads Agency is considering two options with regards to the N11 highway. The first option is to upgrade the existing road through Mokopane, to cater for the increased traffic volumes. The second option is to re-route the N11 highway, exiting the N1 north of Mokopane and entering the existing N11 approximately 5 km north of the Platreef Project area. The realignment route will bypass the Turfspruit and Macalacaskop farms, but will bisect the Rietfontein farm, and therefore has been considered in the possible tailings storage facility footprint.

Capital and Operating Costs

Pre-production capital costs for the initial development of mining operations, concentrator and ancillary on-site facilities, including contingency, have been estimated to amount to approximately \$1.2 billion.

Expansion and sustaining capital expenditure is estimated to be an additional \$1.4 billion, spread over the 31 year mine life.

Total Projection Capital Cost

US\$M	Pre-Production	Sustaining	Total
Mining			
Underground	542	956	1,498
Surface Infrastructure	64	-	64
Backfill Plant	21	14	34
Capitalised Operating Costs	35	-	35
Subtotal	661	970	1,631
Processing & Tailings			
Concentrator	93	181	274
Rietfontein TSF	30	30	59
Subtotal	123	211	334
Infrastructure			
General Infrastructure	115	63	178
Site Pre-Production	8	1	9
Closure Costs	-	18	18
Subtotal	123	83	206
Indirects			
Exploration & Geology	3	0.4	4
Engineering Procurement Contract Management (EPCM)	59	17	75
Capitalized G&A & Other Costs	15	6	21
Subtotal	77	23	100
Owners Cost	71	4	75
Capex Before Contingency	1,054	1,291	2,345
Contingency	114	110	224
Capex After Contingency	1,168	1,401	2,569

1. Sustaining capital expenditure also includes 2019 construction capital expenditure.
2. Totals vary due to rounding.

Operating costs include estimates for underground mining, processing, general and administrative expenses, transport, refining and other realization costs. The total cash cost, after credits, is estimated to be \$322 per payable ounce of 3PE+Au on average over the life of the mine.

Sensitivity Analysis

The Platreef PFS returns a net present value (after tax) of \$972 million, assuming long term commodity prices and a South African Rand to U.S. dollar exchange rate of 11:1, at an 8% discount rate. The after tax internal rate of return is 13% and the payback period is 7 years. Set forth below is a summary of these amounts as well as net present values (before and after tax) at alternative discount rates:

	Discount Rate	Before Taxation	After Taxation
Net Present Value (US\$M)	Undiscounted	9,619	6,981
	5.0%	3,024	2,113
	8.0%	1,491	972
	10.0%	885	519
	12.0%	473	210
	15.0%	80	-86
	20.0%	-254	-336
Internal Rate of Return		15%	13%
Project Payback Period (Years)		7	7

Cash flow sensitivity to commodity price variation is show in the table below, for platinum prices from \$1,330/oz to \$1,930/oz and for nickel prices from \$7.40/lb to \$10.40/lb.

After Tax NPV at 8% US\$M	Platinum Price - US\$/oz				
Nickel Price - US / lb	1,330	1,530	1,630	1,730	1,930
7.40	572	748	837	924	1,099
8.40	663	839	927	1,014	1,189
8.90	708	884	972	1,059	1,234
9.40	753	929	1,017	1,104	1,279
10.40	844	1,019	1,106	1,194	1,369

Markets and Contracts

Ivanhoe plans a phased expansion of the Platreef Project, with the first phase contemplated in the Platreef PFS ramping up to approximately 159 ktpa of concentrate containing approximately 433kozpa 3PE+Au, 9ktpa nickel and 4ktpa copper. The marketing assumptions in the Platreef PFS are based on a marketing study for the sale or toll treatment of concentrates in South Africa where it is forecast that there will be sufficient base and PGM smelting and refining capacity for up to full first phase of production.

Environment, Social and Community

The Platreef Project site lies in a north-westerly direction, approximately 8 km from the town of Mokopane. There are several communities within the proposed project area whom are affected by the Platreef Project.

Baseline studies have been undertaken within the Platreef Project area, in support of an Environmental and Social Impact Assessment (“ESIA”), which was part of the Platreef Mining Right Application that was submitted on 6 June 2013. The ESIA was conducted to comply with local legislation as well as international requirements and included studies on topography, heritage and archaeology, aquatic ecology and wetlands, fauna and flora, dust monitoring (air quality), noise assessment, soils and land capability, visual assessment, socio-economic assessment and resettlement action plan framework.

Taxes Customs and Levies

Income Tax

Companies resident in South Africa pay income tax on their worldwide income while non-residents are only taxed on South African sourced income (subject to the provisions of any double taxation agreements). Companies mining minerals such as PGEs, diamonds, coal, limestone and other base metals are currently subject an income tax rate of 28%, however special rates of income tax are laid down for companies mining gold or deriving income from refining oil. Corporate tax is paid on all income, less deductible operating expenditure and a capital expenditure allowance.

Assessed losses may be carried forward indefinitely and be used to offset taxable income in future years, as long as the company continues to trade. If the company does not carry on trade in any one year, it loses the right to carry forward these losses. There is no mechanism for carrying back losses, nor for sharing losses with other South African group companies

The South African income tax act provides that certain capital expenditure may be deducted from the income of mining operations but only to the extent that a mining company has reached the production stage. To the extent that a company is not deriving income from mining operations or from working a mine, no portion of the capital expenditure incurred during a year of assessment may be deducted. The capital expenditure incurred must be accumulated from year to year until production commences and income from mining operations is derived.

The South African Mineral and Petroleum Resources Royalty Act of 2008 came into effect on March 1, 2010. Under the Act, royalties are payable by operators using a prescribed formula by means of a ratio of earnings before interest and taxes (EBIT or profit) to gross sales of mineral resources; such royalties are, however, capped within a range.

The royalty rate for refined minerals is a percentage determined as:

$$\text{Royalty \%} = 0.5 + [\text{EBIT}/(\text{Gross Sales} * 12.5)] * 100$$
, with a maximum of 5%, for production of refined minerals.

Capital Gains Tax

South Africa imposes a tax on capital gains in which 66.6% of any aggregate taxable capital gain is included in the taxable income of the company and subject to tax at the normal company rate of 28%.

Dividends

On April 1, 2012, South Africa imposed a 15% conventional withholding tax on dividends paid to certain residents and all non-resident shareholders. Dividends paid by one South African resident company to a beneficial owner which is another South African resident company are exempt from the tax.

Value-added Tax (VAT)

VAT is assessed on most goods and services at 14% although certain goods and services are zero-rated or exempt from VAT. Supplies of goods disposed of as export sales from South Africa would normally be zero rated.

Thin Capitalization Restrictions

South African companies which are wholly or partially owned by a foreign shareholder are required to maintain acceptable debt to equity ratios. These ratios are not specifically enumerated but instead are based on certain subjective tests. Failure to maintain an appropriate ratio will result in interest payable by the South African entity on any shareholder loans not being fully deductible.

Exchange Control Regulations

South Africa has in place a system of exchange controls which restrict certain forms of investment by non-residents. Such restrictions include limits on: (i) loans advanced by non-residents to residents (including in relation to the interest rate that non-residents may charge and certain other terms of such loans (i.e. repayment periods)), which restrictions differ depending on whether the lender is a shareholder or a third party and whether the loan is denominated in Rand or another currency; and (ii) the amounts which a South African company, which is more than 75% owned by a non-resident, may borrow locally for purposes of concluding certain transactions (being residential property transactions and certain financial transactions (such as portfolio investments or hedging arrangements)).

Development Program

Ivanhoe has focused its recent development planning at the Platreef Project on an area that it refers to informally as Zone 1. This area occurs toward the north end of Turfspruit within the Flatreef portion of the UMT-TCU Mineral Resources amenable to selective underground mining methods. Zone 1 is attractive because mineralization occurs at relatively shallow depths (averaging 780 m in depth), and because the vertical thickness (of the combined 2 g/t and 3 g/t 2PE+Au grade shells) is nominally 20 m to 30 m.

Construction is underway by South Africa-based Aveng Mining on the 7.25-metre-diameter shaft (Shaft No.1) which is projected to intersect the Flatreef deposit at a depth of 777 metres below surface in late 2017 and reach its total depth of 975 metres in 2018. The stage and hoist winding equipment are fully refurbished and being installed.

The feasibility study for the first phase development began in August 2015.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Platreef Project is located in a broad valley on flat terrain with a gradual westerly slope. There is very little topographic relief on the properties, however, to the east and west of the properties, semi-parallel, north-south-trending, high ridges flank the valley floor. A portion of the eastern ridge system trends onto Rietfontein, adjacent to Turfspruit. The elevation on the properties ranges from a maximum of about 1,140 m above sea level in northern Turfspruit to about 1,060 m above sea level on Macalacaskop. The land on the properties has been disturbed by settlements and subsistence farming. Some land has been allowed to lie fallow and is being reclaimed by bush, comprising shrubs and small trees.

Year-round access is by four-lane, paved, all-weather road from Johannesburg to Mokopane. From Mokopane the access continues as a two-lane, paved, all-weather national highway, which passes through the Platreef Project. Access to drill sites and other areas within the Platreef Project is by gravel all-weather roads or by unpaved tracks. The closest railhead to the Platreef Project is in Mokopane, and the main line of the national railroad system passes approximately 6 km east of the Platreef Project.

The land, over which the Mineral Prospecting Right MPT No. 55/2006 PR is held, is owned by the State and held in trust for the respective communities. The Madiba, Masodi, Masehlaneng, Maroteng, Moshate, Mahwelereng (A, B, C), Pholar Park, Parkmore, Mountain View, and Michelle communities are the

lawful occupiers of the Macalacaskop 243 KR farm, and the Tshamahansi (Hlongwane, Baloyi and Matjeke), Kgobudi, Masodi, and Magongoa communities are the lawful occupiers of the Turfspruit 241 KR farm. The Company contemplates that any mining operation would require community resettlement, with a relatively modest resettlement required for underground mining at the UMT-TCU deposit (considered in the Platreef PFS) and significant relocation required should open-pit mining of the AMK and/or ATS deposits be considered.

The climate is semi-arid, with precipitation occurring as rain. The climate is such that mining operations can take place year-round. There is sufficient suitable land for any future tailings disposal, mine waste disposal, and installations such as a concentrator, smelter, and related mine infrastructure within the prospecting licences.

Electrical energy, telephone service, and other infrastructure components are available in Mokopane and are sufficient for exploration and development work. Large-scale infrastructure, such as high-voltage electrical lines and large volumes of water, are available for development or access at moderate distances. Eskom's new 4.8 gigawatt Medupi power station and a 400/132 kilovolt transmission substation are expected to adequately strengthen the local power network. Ivanhoe has reviewed a number of options with respect to water. The Limpopo Province area is a scarce water resource area, and to date, the Company has not selected a preferred method of obtaining water. Ivanhoe expects that the ultimate decision will depend on the scope of water requirements, with underground mining requiring less water than open-pit, and the results of proposed water development projects in the area currently in progress or under consideration. A large, unskilled labour force lives in nearby urban areas and can be trained for many job assignments. While skilled trade positions and professional staff are available within the region a majority will have to be recruited from outside of the immediate area. Adequate town-site facilities and infrastructure exist to support an influx of personnel. Housing may have to be constructed or subsidized for some positions.

Under South African law the holder of a prospecting right or mining right has a statutory right to use the land for prospecting and mining. Prior to commencing prospecting or mining operations on the land, the holder of the relevant right has an obligation to consult with the landowner or lawful occupier who is entitled to compensation for losses and damages suffered or likely to be suffered as a result of prospecting or mining. The MPRDA sets out a procedure if agreement on compensation cannot be reached which may include determination by arbitration or a competent court. The Turfspruit and Macalacaskop farms are owned by the South African government for the local communities who are the lawful occupiers.

History

During the 1970s, regional exploration was undertaken over the Platreef Project by Rustenberg Platinum Holdings Limited, a wholly-owned subsidiary of Anglo Platinum Limited, who completed several widely-spaced drill holes along the Platreef on Turfspruit and Macalacaskop. This drilling continued earlier work by the predecessor of Anglo American Platinum Corporation during the 1960s. No data from either of these programs is available to Ivanhoe. Ivanhoe acquired a prospecting permit for Macalacaskop and Turfspruit in February 1998, and subsequently entered into a joint venture with Atlatsa over Rietfontein in 2001.

Ivanhoe completed a series of exploration programs and resource estimates covering the ATS and AMK deposits throughout the 2000s. A drilling program targeting deeper mineralization commenced in 2007 and is ongoing. It has resulted in discovery of the UMT deposit and in 2010, the Flatreef portion. In 2012 the Merensky Reef analogue was recognized.

Geological Setting

Regional Geology

The Platreef Project is located within the northern limb of the Bushveld Complex, the world's largest layered intrusion (up to 7 km thick and over 60,000 km² in area) and host to approximately 75% of the world's primary platinum supply, in addition to being an important source of other PGEs, gold, and chrome. The Bushveld Complex is divided into four exposed sections, known as the eastern, western, northern, and southern limbs, which to a varying extent share a common geological framework. From base to top, an idealized Bushveld Complex section would include Marginal Zone, Lower Zone, Critical Zone, Main Zone, and Upper Zone. The majority of PGE production comes from the uppermost Critical Zone in the eastern and western limbs, where narrow PGE-rich seams, the Merensky Reef and UG2, occur in association with chromitite stringers and coarse-grained ultramafic rocks (“**pegmatoid**”).

The Northern Limb Geology

The northern limb hosts the mineralization on the Platreef Project. The northern limb is north-south oriented, and has a sinuous strike length of about 110 km. It is structurally separated from the rest of the Bushveld Complex by east-northeast-trending faults. Similar to the eastern and western limbs, the northern limb can be divided into five zones: (i) the Marginal Zone, dominated by fine grained norites; (ii) the Lower Zone, dominated by harzburgites and pyroxenites; (iii) the Platreef, thought to be equivalent to the Critical Zone and dominated by pyroxenites and norites with lesser harzburgites; (iv) the Main Zone, dominated by gabbros and gabbro-norites; and (v) the Upper Zone, which includes ferrogabbros with variable amounts of magnetite. The geology of the lowermost part of the Bushveld Complex in the northern limb changes from south to north. In the south near Mokopane, the Lower Zone is locally developed and generally forms isolated intrusions, distinct from the rest of the Bushveld Complex, in the underlying country rocks. The Marginal Zone also is poorly developed, hence the Platreef typically forms the lowermost unit of the Bushveld Complex and is in contact with the underlying country rocks. From south to north over approximately 30 km, the Platreef lies on progressively lower (older) country rocks, transgressing down section through metasedimentary rocks of the Transvaal Supergroup (southern sector) to lie on basement granite-gneiss of Archean age (central sector). Further north, the Platreef is absent, and rocks of the Main and Upper Zones lie on the basement (northern sector).

Platreef Project Geology

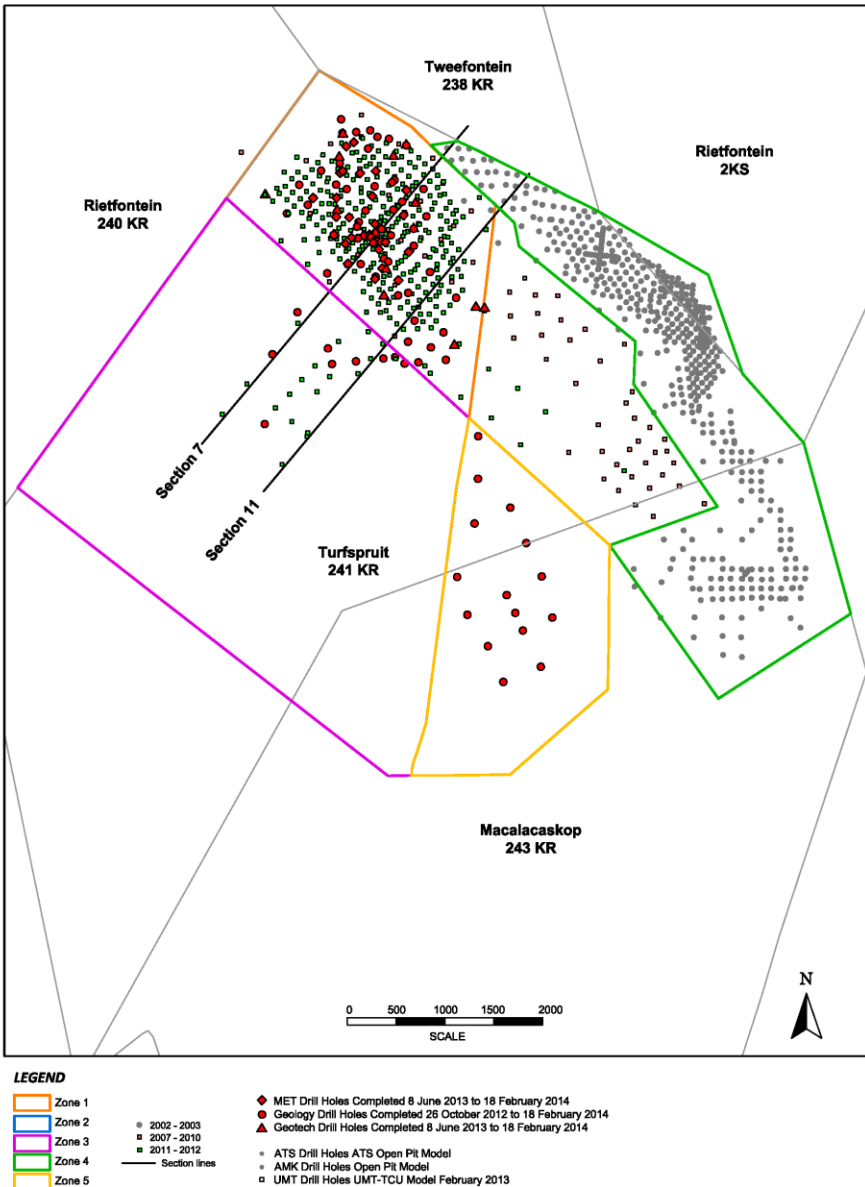
The Platreef comprises a variably layered, composite norite–pyroxenite–harzburgite intrusion that lies at the base of the Northern Limb of the Bushveld Complex, in contact with metasedimentary and granitic floor rocks. Within the Platreef Project area, four major cyclic units have been recognized which correlate well with the Upper Critical Zone rock sequence described for the main Bushveld Complex. The TCU, the main mineralized cyclic unit; is analogous to the Merensky Cyclic Unit that contains the Merensky anorthosite and pyroxenite; and hosts the principal mineralized reefs. Mineralization shows generally good continuity and is mostly confined to pegmatoidal orthopyroxenite and harzburgite. Other cyclic units that have been identified within the greater TCU are the Norite Cycles (1 and 2), Psuedo Reef, and UG2.

The TCU is particularly laterally continuous across large parts of the Platreef Project where a thick Merensky-reef analogue, coined the “Giant Pegmatoid Facies”, has been recognized. To date, no evidence of the existence of Lower Critical Zone lithologies have been found within the Turfspruit area, although Lower Zone mafic to ultramafic rocks have been intersected in many deep holes within the Platreef Project area.

A geographical demarcation of the Platreef Project area into five zones (Zone 1 to Zone 5) has been developed based on exploration criteria. Three distinct geological features are recognized within these zones including: (i) a double reef package informally termed the Bikkuri Reef; (ii) three different areas where Upper Critical Zone lithologies show significant thickening into what appear to be large depressions or “pothole” depressions controlled by existing pre-Bushveld fold structures; and (iii) the presence of a flat-lying portion of the TCU that is related to structural controls.

The most noticeable feature recognized within the TCU is a large depression, where significant thickening of the NC1 and the upper (T1) stratigraphic layer of the TCU occur, which contains a distinct thickening of the T1 feldspathic pyroxenite. A similar structure (only partly drilled) is present towards the northwestern edge of Zone 1, where thickening of both the TCU as well as its footwall units appear to have occurred. A third depression occurs mainly in the Zone 2 area in the northern part of the Macalacaskop farm.

The following figure illustrates the geographic demarcation of the Platreef Project’s five zones.



A further, unique, feature recognized within Zone 1 is the Flatreef portion of the Platreef, initially recognized as being flat-lying compared to the steeper-dipping reefs within the Open Pit (Zone 4) area. The horizontal appearance of the TCU within the Flatreef appears to be broadly controlled by pre-Bushveld fold structures that existed within the Transvaal Supergroup. The Flatreef in essence appears to contain better-mineralized T2 mafic to ultramafic units compared to the surrounding areas, where the T1m and T2 reefs occur in closer proximity to each other. Smaller potholes appear to be present within the Flatreef based on the distribution of T2 Lower olivine-bearing lithologies.

Detailed drilling in Zone 1 has shown three generations of strike slip and dip slip faults that disrupt the TCU up to several tens of metres. The TCU has been interpreted to be flat, with discontinuities in the structure contours resulting from more faulting as compared to folding or basement topography.

Mineralization

Within the TCU, high-grade PGE–Ni–Cu mineralization is consistently hosted within an unconformable, non-cumulate, pegmatoidal, mafic to ultramafic sequence, commonly bound by chromitite stringers and containing coarse-grained to pegmatoidal sulphides; this is known as T2. The T2 pegmatoid is subdivided into an upper Pyroxenite unit (T2 Upper) and a lower olivine-bearing pyroxenitic or harzburgitic unit (T2 Lower). Overlaying this pegmatoidal package is a barren feldspathic pyroxenite unit of variable thickness, termed T1. A second mineralized zone, called T1m, of disseminated, medium- to coarse-grained sulphides, is perched near the top of the T1 feldspathic pyroxenite.

To assist in modeling PGE grades, Ivanhoe's geologists constructed a series of nested grade shells to help with constraining grade estimation with the TCU at the Platreef Project. The 1+2+3 g/t 2PE+Au grade shell can be as much as 40 m in vertical thickness and averages 29.1 m in the Indicated Mineral Resource area and 23.6 m in the Inferred Mineral Resource area. In comparison the 2+3 g/t 2PE+Au shell averages 24.3 m in the Indicated Mineral Resource area and 18 m in the Inferred Mineral Resource area and the 3 g/t 2PE+Au shell averages 17.1 m in the Indicated Mineral Resource area and 12.9 m in the Inferred Mineral Resource area.

Exploration

During the period from 1999 to 2003, the Platreef Project exploration program was comprised of field mapping, geophysical surveys, limited trenching and percussion drilling, and culminated with diamond core drilling during 2001 to 2003. Petrographic, density and metallurgical studies were also completed. There was a hiatus of exploration activity from 2004 to 2007. Drilling in the UMT deposit area recommenced in 2007 and is currently ongoing. Exploration programs have been performed by Ivanhoe personnel (i.e. geological mapping, drill hole planning and logging) or contractors (i.e. drilling activities by Rosond Pty Ltd of Johannesburg, Geophysical surveys by Fugro Airbourne Surveys Ltd, Gap Geophysics Pty Ltd of Johannesburg and the Council for Geoscience of South Africa).

Detailed geological outcrop mapping was completed in 2002 at 1:5,000 scale and was supported by trenching and percussion drilling in areas with no outcrop. Geochemical sampling of the initial trenches proved to be ineffective in delineating mineralization.

Geophysical survey methods included aeromagnetics, gravity and to a minor extent, electromagnetics and induced polarization. Airborne magnetic (helimag) data were acquired at a line spacing of 100 m with a nominal terrain clearance of 20 m. The magnetic data do not readily distinguish the Platreef from the underlying Transvaal Supergroup, but have sufficient resolution to aid in discriminating large structures. The magnetic data are being re-interpreted in light of UMT deposit drilling. Gravity surveys were executed on 100 m line spacing, with 50 m stations along lines. The interpretation of the gravity data in combination with the magnetic data has been successfully used to derive qualitative conclusions regarding the uniformity and continuity of the Platreef unit along strike and down-dip.

AMEC is of the opinion that the exploration programs completed to date are appropriate to the style of the deposits within the Platreef Project.

Drilling

Drilling on the project has been undertaken in two major phases: one from 2001 to 2003, which focused on the ATS and AMK deposits, and one from 2007 that continues to date and focuses on the UMT deposit. Drilling was completed by diamond core using contract drill crews. Most holes at the AMK and ATS deposits were drilled with NQ2 (50.5 mm) and HQ (63.3 mm) core. At the UMT deposit, Ivanhoe relied mostly on NQ (48 mm) and BQ (36 mm) diamond drill core.

2001 to 2003 (ATS and AMK) Drill Program (Phase I)

Exploration drill campaigns were completed in the ATS and AMK area from 2001 to 2003. A total of 555 drill holes (194,591 m) were completed. All holes at the AMK deposit are vertical, except for nine that are drilled at angles from 45° to 60°. Holes were drilled on a nominal 100 m x 100 m local grid that is oriented north-south. All holes at the ATS deposit were drilled vertically, except for three geotechnical holes that were drilled at 50° inclination. The drill hole spacing at the ATS deposit is approximately 120 m to 140 m with local infill to 75 m spacing. A cross pattern of 21 closely-spaced (30 m spacing) vertical drill holes was also drilled for geostatistical purposes, and was situated in the area likely to be mined in the initial years of an open-pit operation. An 'open-pit mining simulation' drill hole pattern (DTS holes) of 10 m x 10 m was completed at the ATS deposit. In November 2003, drilling was placed on hold at both the ATS and AMK deposits. This exploration phase delineated mineralization at the AMK and ATS deposits that could be developed using open-pit mining methods.

2007 - 2015 (UMT deposit) Drill Program (Phase II)

Deep drilling on the UMT deposit commenced April 2007 and the more recent drilling program was completed in February 2015. As of the Platreef resource estimate data cut-off date of October 26, 2012, Ivanhoe had completed 399 UMT drill holes for a total of 429,657 m. The UMT deposit Indicated Mineral Resources were drilled on approximately 100 x 100 m spacing, while Inferred Mineral Resources were drilled on 400 m x 400 m (locally to 400 m x 200 m and 200 m x 200 m) spacing. The UMT drill program has shown the Platreef extends to at least a depth of 1,525 m at Turfspruit.

As at March 28, 2015 there were 520 drill holes (496,962m) completed. In addition there were 116 deflections (30,284m) completed. The 2013 program included drill holes for metallurgical sampling, hydrogeology and geotechnical investigations. The 2014/2015 program focused on Indicated Resource expansion into Zone 2 and Zone 3.

Sampling Method and Analysis

Sampling

In the Phase I drilling program, assay sampling began where observations indicated the top of bedrock. Prior to the fourth quarter of 2001, some Platreef drill intervals lacking visual mineralization were not submitted for assay. This practice was reviewed in 2002, and additional core intervals were subsequently sampled. Sampling was completed by Ivanhoe employees at the Platreef Project offices in Mokopane. A sample length of 1 m was initially selected for efficient sample handling and preparation. In May 2003, the nominal sample length was increased to 2.5 m. Sample boundaries were marked on the drill core, and the core was sawn longitudinally in half. Ivanhoe employees bagged the half-core intervals and assigned a drill hole identifier and sample number to each sample.

For the Phase II drill program conducted on the UMT deposit, assay sampling was initiated 5 m above the Platreef (in the Main Zone) and extended 20 m into the floor rocks. All core within the Platreef was assay sampled. Sample lengths were nominally 1 m, with a minimum sample length of 0.3 m and a maximum sample length of 1.25 m. Samples were broken at lithological boundaries. A photograph of each core box is taken. The photograph includes notations for box number, start and end depths, and the photographer's name. After photography, the core is transferred to the core sawing area, where the drill core is cut and sun dried.

Ivanhoe also performed bulk density sampling during its drill programs.

Sample Preparation – ATS and AMK

Prior to May 2003, sample bags were transported by a private freight contractor to Set Point Laboratories in Johannesburg. After May 2003, sample preparation was completed at Set Point's new facility in Mokopane, and samples were delivered the same day they were loaded for transport.

Initial sample preparation by Set Point included crushing and pulverizing the entire sample to a nominal grind of 60% passing 200 mesh (75 µm) using a jaw crusher, a rolls crusher, and pulverizers. In March 2002, a more stringent grind of 90% passing 150 mesh (106 µm) was established, and the grind was closely monitored. These data were collected and maintained by Set Point and were reviewed by Ivanhoe staff. In August 2002, a splitting step was introduced between the sample crushing and the final pulverization, and a criterion of 95% passing 10 mesh (1.7 mm) was specified. Compliance with the pulp-grind criterion was independently checked by Bureau Veritas as part of a check assay program.

Sample Preparation – UMT deposit

After sampling, the UMT deposit samples are loaded on a truck and transported to Set Point in Mokopane for sample preparation. The samples are loaded in the presence of a supervisor and QA/QC coordinator. The transportation department records the number of samples, sample numbers and date of delivery in a chain of custody book. The receiving personnel at the laboratory sign the chain of custody.

Samples are crushed to 10 mm using a crusher and milled to 1.7 mm using a mill. The samples are split in half using a riffle splitter. One split is packaged and returned to Platreef. The second split is milled to 90% passing 106 µm. A split of the pulp sample (±200 g) is repacked for shipment to the assay laboratory. The remaining pulp is returned to Platreef. Repacked pulps are also ultimately returned to Platreef where they are placed in numerical order, standard and certified reference material samples are inserted into the sequence, and pulps are boxed for shipment to the assay laboratory.

Assaying

Until 2011, laboratories utilized for the Platreef Project include the primary laboratories Set Point Laboratories (Set Point; Johannesburg, South Africa) and Bureau Veritas Laboratory (Bureau Veritas; Perth, Australia); the check laboratories Lakefield (Lakefield Johannesburg; Johannesburg, South Africa) and Genalysis (Genalysis; Perth, Australia). Initially, samples were submitted to Set Point. When the capacity of Set Point was exceeded (2002), an increasing proportion of samples were submitted to Bureau Veritas in Perth, Australia, after preparation at Set Point. After November 2002, all samples were submitted to Bureau Veritas for analysis after sample preparation was completed at Set Point. In the third quarter of 2011, Bureau Veritas could no longer accommodate all of the Platreef Project's greatly increased sample production. Some samples were therefore submitted to Genalysis and Set Point Laboratories, both in Johannesburg, and ALS Chemex in Vancouver. All of these listed laboratories were, and are, independent of Ivanhoe.

Set Point analysis initially included gold, platinum, palladium, rhodium, copper, nickel, sulphur, chromium, cobalt, vanadium, rubidium, strontium, and scandium. Gold, platinum and palladium were assayed by fire assay with a lead collector. The dissolved bead was analysed by inductively-coupled plasma. Rhodium was determined in a separate fire assay utilizing a gold inquart. The other elements were determined by XRF analysis of a pressed pellet of sample pulp mixed with a binding agent. The sulphur and rhodium assays were discontinued in October 2002 due to their expense and believed limited usefulness at the time.

Bureau Veritas performed a similar fire assay to determine gold, platinum and palladium. Ultra Trace did not assay for rhodium. Bureau Veritas determined copper and nickel by multi-acid digestion sufficiently robust to provide dissolution of all minerals ("total" metal assay). Other metals were assayed by Bureau Veritas by XRF using the same protocol as Set Point. In December 2002, the assay suite was reduced to gold, platinum, palladium, copper and nickel.

After May 2003, a separate protocol for oxidized samples was introduced. Nickel and copper were analysed via aqua regia (partial) digestion and standard "total" acid digestion. Fire assays are used to analyze gold, platinum and palladium.

During the drilling of the ATS and AMK deposits, a large number of samples were assayed for rhodium. Most of these returned a few tens of ppb rhodium, and Ivanhoe discontinued assaying for it. In 2010, Ivanhoe assayed samples for rhodium from four core holes and commenced routine sampling for rhodium in high-grade zones. Based on results from the ATS drilling, the 2010 rhodium assay sampling program found good correlation between rhodium and platinum, and rhodium and palladium, indicating the same population regardless of 3PGE grade. The average rhodium grade is 57 ppb within the 1 g/t 2PE+Au grade shell, 77 ppb within the 2 g/t 2PE+Au grade shell and 91 ppb within the 3 g/t 2PE+Au grade shell.

Check assays were performed at Lakefield (Johannesburg) until June 2002. After June 2002, check assays were performed by Genalysis.

5% of drill sample pulps previously assayed by Bureau Veritas were forwarded, along with blind CRMs and blanks, to Genalysis, who performed the same QA/QC suite, plus aqua regia digestions for nickel and copper.

Throughout the Phase I and Phase II drill programs, AMEC has repeatedly visited the project site and has regularly reviewed the sample chain of custody, quality assurance and control procedures, and qualifications of analytical laboratories. AMEC reported that the procedures and QA/QC are acceptable to support Mineral Resource estimation. AMEC also audited the assay database, core logging, and geological interpretations and found that these are acceptable to support Mineral Resource estimation.

Security of Samples

Sample security has relied upon the fact that the samples were always attended or locked in the on-site sample preparation facility. Chain of custody procedures consist of filling out sample submittal forms that are sent to the laboratory with sample shipments to make certain that all samples are received by the laboratory. AMEC concluded that sample storage procedures and storage areas are consistent with industry standards.

Metallurgical Testwork

There have been a number of metallurgical testwork campaigns and conceptual flow sheet designs carried out for the treatment of Platreef samples since 2001. Metallurgical testwork focused on maximising recovery of platinum group elements (PGEs) and base metals, mainly nickel, while producing an acceptably high-grade concentrate suitable for further processing and/or sale to a third party.

Up until 2006, metallurgical testwork was carried out mainly on lower grade shallow material from the potentially large open pit area. Flotation recoveries and concentrate grades were generally low, resulting in the necessity for further processing on site.

In 2008, with the advent of the deep drilling exploratory program, testwork was performed on high-grade composite samples. The high-grade testwork results were promising and indicated that there was a strong possibility of increasing concentrate grade and recovery.

A flotation testwork program on high-grade samples was completed at the SGS laboratories in South Africa. The results have indicated that a potentially saleable concentrate can be produced. Following the SGS work, a test program was undertaken at Xstrata Process Support Canada (XPS) laboratories. The XPS work did not materially add to the results from SGS Johannesburg.

In 2012, the resource was geologically re-assessed, and samples of three new geo-metallurgical units were supplied to Mintek. These units were designated T1, T2 Upper (T2U), and T2 Lower (T2L).

Although this phase of the testwork is preliminary it did indicate that an effective flow sheet will involve several stages of cleaner flotation with recycling of the stage tailings. All of the three geo-met units and the two blends produced acceptable smelter-grade final concentrates at acceptable recoveries.

Previous comminution tests indicated that the plant feed is competent with respect to SAG milling and that a crusher and ball mill circuit will be the preferred option. The Platreef material is classified as hard to very hard. The flotation testwork has shown that the plant feed is amenable to treatment by conventional flotation without the need for mainstream or concentrate re-grinding.

The processing plant consists of a relatively standard flotation concentrator targeted at producing a saleable concentrate. Typical head grades and metallurgical recoveries are shown in the table below.

Description	Estimated Recovery	
	Test Calculated Head Grade PGE (g/t), Cu, Ni (%)	Testwork Recovery
Copper (Cu)	0.14 -0.17	88%
Nickel (Ni)	0.30 – 0.36	68% - 70%
Platinum (Pt)	1.52 – 1.95	85%-88%
Palladium (Pd)	1.71 -2.10	86% - 88%
Gold (Au)	0.23 – 0.29	75%-79%
Rhodium (Rh)	0.11 – 0.15	88%-92%
PGE (3E+Au)	3.58 – 4.46	83%-88%

KIPUSHI PROJECT

Property Description and Location

The Project is located adjacent to the town of Kipushi in the southern Haut-Katanga Province in the DRC, adjacent to the border with Zambia. The town of Kipushi is situated approximately 30 km southwest of Lubumbashi, the provincial capital. The Kipushi mine is a past-producing, high-grade underground copper-zinc mine in the Central African Copperbelt, which operated from 1924 until 1993 when, due to a combination of economic and political factors, the mine was put on care and maintenance. The mine produced approximately 60 Mt at 6.78% Cu and 11.03% Zn including, from 1956 through 1978, approximately 12,673 tonnes of lead and 278 tonnes of germanium.

Ivanhoe and Gécamines own, respectively, 68% and 32% of the Kipushi Project, through their holdings in KICO, the mining rights holder. Ivanhoe's interest in KICO was acquired in November 2011 and comprises mining rights for copper and cobalt and associated minerals as well as the underground workings and related infrastructure, inclusive of a series of vertical mine shafts. For a description of the terms and conditions of the joint venture with Gécamines, see "*Material Contracts – Kipushi Joint Venture Agreement*".

KICO holds the exclusive right to engage in mining activities within the Kipushi Project area through an exploitation permit (12434), which is valid until April 3, 2024 and covers 505 hectares. This permit is renewable under the terms of the DRC Mining Code.

Exploitation permit (12434) granted KICO the right to mine and process copper and cobalt from the Kipushi Project. On June 15, 2012, the Company submitted an application to CAMI, which resulted in the extension of the exploitation permit (12434) to the extraction and processing of zinc, silver, lead and germanium.

KICO holds only the subsurface mineral title to the property, which includes ownership of the underground workings as well as the various mine shafts and related infrastructure. Gécamines is the owner of the surface rights and surface infrastructure within the Kipushi Project site, including but not limited to: (i) the older concentrator at the Kipushi Project; (ii) the "new" concentrator at the Kipushi Project; (iii) the waste and tailings sites at the Kipushi Project; and (iv) the historical open-pit.

There are a number of surface related activities occurring on the land which constitutes the Kipushi Project, including the operation of the "new" concentrator, in which Ivanhoe has no ownership or control.

The property was the subject of an environmental audit by the Ministry of Environment, Nature Conservation, and Tourism, in August 2011, who reported that all environmental obligations attached to the relevant licences had been discharged. The Company commissioned a summary environmental baseline study. This study was completed in August 2012 by Golder Associates. It serves as an "Environmental Snapshot" as to the state of the property when Ivanhoe acquired the Kipushi Project in November 2011.

A number of payments are required to keep the exploitation permits in good standing. Two fees levied annually are based on the number of quadrangles held by permit type (surface rights fee) and on the surface area held under permits (land tax), as set out in the DRC Mining Code. KICO paid all required fees and filed its annual report in December 2015. In addition, pursuant to the Kipushi Joint Venture Agreement, KICO is required to pay to Gécamines a net turnover royalty of 2.5%, which, until the "social loan" as defined in the Kipushi Joint Venture Agreement has been repaid in full (including accrued interest), is payable by way of offset against amounts owed by Gécamines under the social loan.

Mineral Resource Estimation

The Mineral Resource was prepared by MSA Group (Pty.) Ltd., of Johannesburg, South Africa and the estimate was based on the results of 84 drill holes completed at Kipushi by the Company and an additional 107 historical holes drilled by Gécamines. Mineral Resource estimates were completed below the -1,150-metre-level on the Big Zinc Zone, Southern Zinc Zone, Fault Zone and Série Récurrente Zone. The Mineral Resources were categorized either as zinc-rich resources or copper-rich resources, depending on the most abundant metal. The Big Zinc and Southern Zinc zones have been tabulated using zinc cut-offs and the Fault Zone, the Fault Zone Splay and Série Récurrente Zone have been tabulated using copper cut-offs.

For the zinc-rich zones, the Mineral Resource is reported at a base-case cut-off grade of 7.0% zinc and the copper-rich zones at a base-case cut-off grade of 1.5% copper.

Kipushi Zinc-Rich Mineral Resource at 7% Zn Cut-Off Grade, 23 January 2016								
Zone	Category	Tonnes (Millions)	Zn %	Cu %	Pb %	Ag g/t	Co ppm	Ge g/t
Big Zinc	Measured	3.59	38.39	0.67	0.36	18	17	54
	Indicated	6.60	32.99	0.63	1.29	20	14	50
	Inferred	0.98	36.96	0.79	0.14	7	16	62
Southern Zinc Zone	Indicated	0.00	-	-	-	-	-	-
	Inferred	0.89	18.70	1.61	1.70	13	15	43
Total	Measured	3.59	38.39	0.67	0.36	18	17	54
	Indicated	6.60	32.99	0.63	1.29	20	14	50
	Measured & Indicated	10.18	34.89	0.65	0.96	19	15	51
	Inferred	1.87	28.24	1.18	0.88	10	15	53
			Contained Metal Quantities					
Zone	Category	Tonnes (Millions)	Zn Pounds (Millions)	Cu Pounds (Millions)	Pb Pounds (Millions)	Ag Ounces (Millions)	Co Pounds (Millions)	Ge Ounces (Millions)
Big Zinc	Measured	3.59	3035.8	53.1	28.7	2.08	0.13	6.18
	Indicated	6.60	4797.4	91.9	187.7	4.15	0.20	10.54
	Inferred	0.98	797.2	17.1	3.0	0.23	0.03	1.96
Southern Zinc Zone	Indicated	0.00	0.0	0.0	0.0	0.00	0.00	0.00
	Inferred	0.89	368.6	31.8	33.5	0.38	0.03	1.23
Total	Measured	3.59	3035.8	53.1	28.7	2.08	0.13	6.18
	Indicated	6.60	4797.4	91.9	187.7	4.15	0.20	10.54
	Measured & Indicated	10.18	7833.3	144.9	216.4	6.22	0.33	16.71
	Inferred	1.87	1168.7	49.6	36.8	0.61	0.06	3.21

Notes:

1. All tabulated data has been rounded and as a result minor computational errors may occur.
2. Mineral Resources which are not Mineral Reserves have no demonstrated economic viability.
3. The Mineral Resource is reported as the total in-situ Mineral Resource.
4. Metal quantities are reported in multiples of Troy Ounces or Avoirdupois Pounds.
5. The cut-off grade calculation was based on the following assumptions: zinc price of 1.02 USD/lb, mining cost of 50 USD/tonne, processing cost of 10 USD/tonne, G&A and holding cost of 10 USD/tonne, transport of 55% Zn concentrate at 375 USD/tonne, 90% zinc recovery and 85% payable zinc.

Kipushi Copper-Rich Mineral Resource at 1.5% Cu Cut-Off Grade, 23 January 2016								
Zone	Category	Tonnes (Millions)	Cu %	Zn %	Pb %	Ag g/t	Co ppm	Ge g/t
Fault Zone	Measured	0.14	2.78	1.25	0.05	19	107	20
	Indicated	1.01	4.17	2.64	0.09	23	216	20
	Inferred	0.94	2.94	5.81	0.18	22	112	26
<i>Série Récurrente</i>	Indicated	0.48	4.01	3.82	0.02	21	56	6
	Inferred	0.34	2.57	1.02	0.06	8	29	1
Fault Zone Splay	Inferred	0.35	4.99	15.81	0.005	20	127	81
Total	Measured	0.14	2.78	1.25	0.05	19	107	20
	Indicated	1.49	4.12	3.02	0.07	22	165	15
	Measured & Indicated	1.63	4.01	2.87	0.06	22	160	16
	Inferred	1.64	3.30	6.97	0.12	19	98	33
			Contained Metal Quantities					
Zone	Category	Tonnes (Millions)	Cu Pounds (Millions)	Zn Pounds (Millions)	Pb Pounds (Millions)	Ag Ounces (Millions)	Co Pounds (Millions)	Ge Ounces (Millions)
Fault Zone	Measured	0.14	8.5	3.8	0.2	0.09	0.03	0.09
	Indicated	1.01	93.2	59.1	1.9	0.75	0.48	0.64
	Inferred	0.94	61.1	120.9	3.8	0.68	0.23	0.79
<i>Série Récurrente</i>	Indicated	0.48	42.4	40.5	0.2	0.32	0.06	0.09
	Inferred	0.34	19.4	7.7	0.4	0.09	0.02	0.01
Fault Zone Splay	Inferred	0.35	38.9	123.3	0.0	0.23	0.10	0.92
Total	Measured	0.14	8.5	3.8	0.2	0.09	0.03	0.09
	Indicated	1.49	135.7	99.6	2.1	1.08	0.54	0.73
	Measured & Indicated	1.63	144.1	103.4	2.3	1.16	0.58	0.82
	Inferred	1.64	119.4	251.8	4.3	1.00	0.35	1.73

Notes:

1. All tabulated data has been rounded and as a result minor computational errors may occur.
2. Mineral Resources which are not Mineral Reserves have no demonstrated economic viability.
3. The Mineral Resource is reported as the total in-situ Mineral Resource.
4. Metal quantities are reported in multiples of Troy Ounces or Avoirdupois Pounds.

The cut-off grade calculation was based on the following assumptions: copper price of 2.97 USD/lb, mining cost of 50 USD/tonne, processing cost of 10 USD/tonne, G&A and holding cost of 10 USD/tonne, 90% copper recovery and 96% payable copper.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The town of Kipushi lies within the licence area and near the mine's infrastructure and underground access. A large proportion of the local population was employed at the mine until the suspension of mining operations in 1993. A number of mine personnel have been kept on to keep the mine secure and many of these people still live in the area. As of December 31, 2015, KICO employed approximately 402 people.

The Lubumbashi region is characterized by a humid subtropical climate with warm rainy summers and mild dry winters. Most rainfall occurs during summer and early autumn (November to April) with an average annual rainfall of 1,287 mm. Average annual maximum and minimum temperatures are 28°C and 14°C respectively. Historical mining operations at the Kipushi Project operated year-round, and it is expected that any future mining activities at the Kipushi Project would also be able to be operated on a year-round basis.

There is a significant amount of underground infrastructure at the Kipushi Project owned by KICO, including a series of vertical mine shafts and associated head frames to various depths as well as underground mine excavations. The newest mine shaft (the “**Number 5 Shaft**”) is 1,240 m deep with a lowest operating level at the 1150 mL. It provides the primary access to the lower levels of the mine and the bulk of the historical resources, including the Big Zinc zone. It has three independent friction hoists, and all compartments remain operational. The condition of the facility is fair, but will require a refurbishment program to bring the whole mine shaft to a working standard. The Number 5 Shaft is approximately 1.5 km from the main mining zone. There are a series of crosscuts and ventilation infrastructure that is still in working condition. The underground infrastructure also includes a series of pumps. Until 2011 the pumps de-watered down to a pump station at the 1206 mL. This station failed in 2011 and water level rose to 851 mL at its peak. Since Ivanhoe has assumed responsibility for ongoing rehabilitation and pumping, the water level has been lowered to and stabilized at ~1230 mL in Number 5 Shaft (below the 1150 mL haul way) and at ~1300 mL on the Cascades Shaft #1 Tertiary (allowing underground diamond drilling from the 1272 mL hangingwall drift).

The property also hosts surface mining and processing infrastructure, including an older and a newer concentrator, offices, workshops, housing, and a connection to the national power grid. Electricity is supplied by the state power company of the DRC, SNEL, using two transmission lines from Lubumbashi. There are pylons in place for a third line. The surface infrastructure is owned by Gécamines.

The re-establishment of operations at the Kipushi Project would require refurbishment of underground access via the Number 5 Shaft, and construction of new processing and tailings disposal facilities. Process water for any planned mining operation could be obtained from the underground pumping operations.

The topography around the Kipushi Project is gently undulating with some shallow valleys created by small streams. The major valley is that of the Kafubu River. The Kipushi Project area lies at an altitude of approximately 1,350 m above sea level. The vegetation in the area consists of forest and savannah.

Surface rights (which are distinct from mining rights) for the Kipushi Project are held by Gécamines. KICO, as holder of the exploitation permit, has, subject to the applicable approvals, authorizations and the payment of any requisite compensation, the right to occupy that portion of the surface as is within the

exploitation permit area and which is necessary for mining and associated industrial activities, including the construction of industrial plants and the establishment of a means of communication and transport.

In order to access the surface infrastructure, KICO has entered into a rental contract with an affiliate of Gécamines pursuant to which KICO will be required to pay rental fees of \$100,000 per month when production at the Kipushi Project commences in exchange for the exclusive right to use the surface infrastructure held by Gécamines. Currently, KICO is paying rental fees of \$30,000 per month to lease the areas required for its operations.

Ownership

The Kipushi deposit was discovered in 1915. It was put into production in 1924, as the Prince Leopold Mine by a Belgian company, Union Minière du Haut Katanga (“**Union Minière**”). Union Minière operated the mine for 42 years. In 1967, with the formation of the state-owned mining company, Gécamines, the Prince Leopold mine was nationalized following which it was operated as the Kipushi mine by Gécamines. Production continued under Gécamines until 1993, when, due to a combination of economic and political factors, the mine was put on care and maintenance.

Following an open bidding process in October 2006, United Resources AG commenced negotiations with Gécamines which resulted in the February 2007 joint venture agreement (the “**Kipushi Joint Venture Agreement**”) and the creation of the joint venture company, KICO. The Kipushi Joint Venture Agreement was novated to the Kipushi Vendor by United Resources AG via a novation act in May 2008 and Kipushi Vendor replaced United Resources AG as a party to the Kipushi Joint Venture Agreement.

In November 2011, Ivanhoe acquired 68% of the issued share capital of KICO through Kipushi Holding, from the Kipushi Vendor, the result of which the Kipushi Vendor transferred all of its rights and obligations under the Kipushi Joint Venture Agreement to Ivanhoe.

Historical Production and Exploration

From 1926 to 1993 production from the mine was approximately 60 Mt of ore at a grade of 11.03% Zn and 6.78% Cu, including from 1956 through 1978 12,673 tonnes of lead and approximately 278 tonnes of germanium. In addition, Gécamines reported that germanium and lead concentrates were produced, although not continuously.

Between 1974 and 1993, Gécamines drilled a total of 762 holes between 850 and 1,270 metre-levels for a total of 93,000 m (Kelly et al., 2012). Approximately 7,500 samples were submitted to the mine laboratory for routine analysis. As at 1993, exploration drilling had traced the main Kipushi Fault Zone to approximately 1,600 metre-level. The Big Zinc was investigated by diamond drilling carried out by Gécamines between 1990 and 1993. Mineralization below 1,150 metre-level was largely explored through the drilling of about 200 cored drill holes from two drill drives located in the hanging wall of the deposit at 1,132 metre-level and 1,272 metre-level. The Big Zinc zone was intersected by 84 of these holes. There was also some underground sampling between 1,150 metre-level and 1,295 metre-level. On 1,270 metre-level, holes were drilled to intersect the Fault Zone and the Big Zinc on fans at 15 m spaced sections with holes inclined at between -25° and -90°. On the basis of a limited number of deeper holes, Gécamines extrapolated its estimates of grade and tonnage down to the 1,800 metre-level.

Geological Setting

Regional Geology

Kipushi is located within the Central African Copperbelt a northerly convex arc extending approximately 500 km from north central Zambia through the southern part of the DRC into Angola. The Central African Copperbelt constitutes a metallogenic province that hosts numerous world-class copper-cobalt deposits both in the DRC and Zambia. The Central African Copperbelt lies within the Lufilian Arc, a Pan-African age fold and thrust belt developed between the Congo Craton to the northwest and the Kalahari Craton to the southeast. The Lufilian Arc itself is composed of a 5-10 km thick sequence of metasedimentary rocks comprising the Katanga Supergroup. The Katanga Supergroup is subdivided into three major stratigraphic units: the basal Roan, the middle Nguba (formerly known as the Lower Kundulungu) and the uppermost Kundulungu Groups.

Local and Property Geology

The mineralization at Kipushi comprises sulphide replacement bodies within the Kakontwe Sub-Group dolomites and Série Récurrente Sub-Group dolomitic shales of the Nguba Group. Two zones of zinc-rich mineralization occur (the Big Zinc Zone and the Southern Zinc Zone) adjacent to the copper-rich Fault Zone mineralization. The Fault Zone strikes north-northeast to south-southwest and dips approximately 70° to the west. The Big Zinc forms an irregular, steeply-dipping pipe-like body in the immediate footwall to the Fault Zone, the Southern Zinc runs along the footwall of the Fault Zone between -1,150-metre and -1,300-metre levels. A second zone of copper-rich mineralization occurs in the Série Récurrente which strikes from east to west, is sub-vertical and plunges steeply to the west. Where the Fault Zone and Série Récurrente meet, mineralization tends to be enhanced in a sub-zone known as the Nord Riche. A sub-vertical copper-zinc-germanium-rich sulphide zone occurs as a splay from the Fault Zone at depth toward the south west, and has been named the Fault Zone Splay. Significant concentrations of lead, silver, cobalt and germanium occur in variable amounts in all zones.

Exploration

The Kipushi deposit has largely been mined from down to approximately the 1150 mL. Recent exploration activities at Kipushi have been limited to underground drilling of the various mineralized zones from the footwall ramp and the hanging wall drift developed by Gécamines on the 1272 mL.

Mineralization

Mineralization at the Kipushi Project is generally copper-dominant or zinc-dominant with minor areas of mixed copper-zinc mineralization. Pyrite is present in some peripheral zones and forms massive lenses, particularly in the Kipushi Fault Zone. Copper-dominant mineralization in the form of chalcopyrite, bornite and tennantite is characteristically associated with dolomitic shales both within the Kipushi Fault Zone and extending eastwards along, and parallel to, bedding planes within the Katete Formation (Série Récurrente). Zinc-dominant mineralization in the Kakontwe Formation occurs as massive, irregular, discordant pipe-like bodies completely replacing the dolomite host and exhibiting a structural control. These bodies exhibit a steep southerly plunge from the fault zone and Série Récurrente contacts where they begin, to their terminations at depth within the Kakontwe Formation.

Drilling

Ivanhoe started underground drilling at Kipushi on March 1, 2014. As of March 3, 2016, Ivanhoe completed 25,419 m in 97 holes. The drill program was developed to confirm Gécamines historical drill results and to expand the project resource base. The drill program was completed in October 2015 and

resulted in defining current NI 43-101 compliant Resources on the Big Zinc Zone, Fault Zone and Série Recurrent Zone.

Sampling and Analysis

Ivanhoe has primarily drilled NQ-TW (51mm) core size. Sampling was on 1m intervals up until hole KPU051, the nominal sample length was adjusted to 2m and subsequently been on 2m intervals for all zones with allowance for reduced sample lengths to honor mineralization styles and lithological contacts.

Sample preparation was completed by staff from KICO and its affiliated companies at its own internal containerized laboratories at Kolwezi and Kamoia. Between June 1 and December 31, 2014, samples were prepared at the Kolwezi sample preparation laboratory by staff from the company's exploration division. After January 1, 2015, samples were prepared at Kamoia by staff from that project. Representative subsamples were air freighted to the Bureau Veritas Minerals (BVM) laboratory in Perth, Australia for analysis. Ivanhoe's QA/QC program has been set up in consultation with MSA Group (Pty.) Ltd., of Johannesburg.

Metallurgical Testwork

During the first half of 2013 a preliminary metallurgical testwork campaign on drill core from the Big Zinc zone was carried out at Mintek. Although preliminary in nature the testwork concluded that the material was soft and had a low abrasive index. The material was found to be easily upgradable to a salable quality at high recoveries. Detailed analysis of the final concentrate indicated that it was low in impurities.

Security of Samples

Ivanhoe maintains a comprehensive chain of custody program for its drill core samples from Kipushi. All diamond-drill core samples are processed at either the companies Kolwezi facility, or at the Kamoia Project facility. Core samples are delivered from Kipushi to the sample preparation facility by company vehicle. Prepared samples are shipped to the analytical laboratory in sealed sacks that are accompanied by appropriate paperwork, including the original sample preparation request numbers and chain-of-custody forms. On arrival at the sample preparation facility, samples are checked, and then sample forms signed. Sacks are not opened until sample preparation commences. Paper records are kept for all assay and QA/QC data, geological logging and specific gravity information, and down-hole and collar coordinate surveys.

Exploration and Development

Ivanhoe has assigned technical and administrative staff to the Kipushi Project. A program is underway to de-water the lowest levels of the mine and refurbish the underground infrastructure. In December 2015, Ivanhoe achieved a major milestone in its upgrading of Kipushi's underground infrastructure when the water level in Shaft 5 was pumped below the mine's main pumping station situated at 1210mL underground. Three new, high-capacity Grifo pumps have been purchased and will be installed at the main pumping station alongside the five existing high-capacity Sulzer pumps that are being refurbished. The new Grifo pumps are expected to be commissioned in the third quarter of 2016, and in conjunction with the refurbished Sulzer pumps, will provide sufficient pumping capacity to keep the entire mine dewatered with a 100% pumping redundancy. Furthermore, the Company plans to refurbish the existing mine shaft infrastructure.

OTHER PROJECTS

DRC Regional Exploration

In addition to the permits covering the Kamoa Project and the Kipushi Project, Ivanhoe holds exploration permits in Lualaba and Haut-Katanga provinces, around the perimeter of the historical limits of the Central African Copperbelt. Fifty permits were originally granted in 2003 and 2005 covering an area of almost 20,000 km². Under DRC law, exploration permits are renewable for two, five-year periods, with a 50% reduction required at each renewal. Outside of the permits converted into the Kamoa mining licences, all of the permits are in their final five-year period following which they will expire. With the exception of permits in the Kamoa area, Ivanhoe will not conduct further exploration on these licences. Accordingly, Ivanhoe has joint-ventured five licences within the Fold and Thrust Belt with Regal Resources, who plan to conduct exploration activities in 2016. Ivanhoe also is in the process of transferring six additional licences in the Lufira areas to DRC entities for cash consideration.

During 2015, Ivanhoe completed two regional exploration diamond drill holes on licences PR708 and PR714 retained by Ivanhoe to the west of the Kamoa Project. Ivanhoe plans additional work in 2016.

Gabon

Ivanhoe holds two exploration licences at Ndangui and Makokou, areas prospective for greenstone gold deposits. Ivanhoe is in the process of transferring these licences to a third party.

Employees

As of the date of this AIF, the Company (including through its subsidiaries) had approximately 670 employees. Approximately 56% of the Company's work force is unionized.

Foreign Operations

The Company is currently focused on the Projects, all of which are located outside of Canada and constitute foreign operations. The Company's performance and financial outlook is, and will remain for the foreseeable future, strongly correlated with the Projects.

Social and Environmental Policies

The Company has adopted a Corporate Citizenship Statement of Values and Responsibilities that reflects the obligations and partnerships that accompany the various permissions the Company has to operate in countries and communities with divergent degrees of economic development. The Corporate Citizenship Statement of Values and Responsibilities puts a priority on: (i) compliance with established laws and regulations; (ii) respect for cultures and customs; (iii) identification and management of risks; (iv) responsive and effective management of social and environmental impacts; and (v) open and transparent communication and co-operation through trust-based relationships between the Company and all of its stakeholders.

RISK FACTORS

An investment in the Class A Shares should be considered highly speculative due to the nature of the Company's business and its earlier stage of development. Investments in mineral exploration and development issuers, such as the Company, involve a significant degree of risk despite the Company having undertaken various economic studies, including pre-feasibility studies at some of its Projects. The exploration and development of the Projects is highly speculative, characterized by significant inherent risk and may not be successful. Ivanhoe's mineral projects are in the exploration and development stage

are without historic or current production (other than historical production at the Kipushi Project by third parties), and are located in states which are subject to higher political risks and instabilities than comparable projects in other countries. All of Ivanhoe's Projects have significant third party joint venture partners, and Ivanhoe relies on such partners to varying degrees in order to successfully execute its exploration and development plans at such Projects. Metal prices are also subject to significant volatility, which affects the economic viability of the Projects. Anyone investing in the Company must rely on the ability, expertise, judgement, discretion, integrity and good faith of the management of the Company. There is no guarantee that Ivanhoe will be able to secure financing to meet the future development needs of its mineral projects.

The risks and uncertainties described below are not the only risks and uncertainties that the Company faces. Additional risks and uncertainties of which the Company is not aware or that the Company currently believes to be immaterial may also adversely affect the Company's business, financial condition, results of operations or prospects. If any of the possible events described below occur, the Company's business, financial condition, results of operations or prospects could be materially and adversely affected.

This AIF also contains forward-looking statements that involve risks and uncertainties. The Company's actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this AIF. See "*Forward Looking Statements*."

The Company has not yet demonstrated the economic feasibility of its Kipushi Project.

The Company has not completed pre-feasibility or feasibility level work and analysis that would allow it to declare Proven or Probable Mineral Reserves at its Kipushi Project, and no assurance can be given that the Company will ever be in a position to declare a Proven or Probable Mineral Reserve on this project. Whether the Company completes a Feasibility Study on the Kipushi Project and thereby delineates Proven or Probable Mineral Reserves depends on a number of factors, including: (i) the particular attributes of the deposit (including its size, grade, geological formation and proximity to infrastructure); (ii) metal prices, which are highly cyclical and volatile; (iii) government regulations (including regulations relating to taxes, royalties, land tenure, land use and permitting); and (iv) environmental protection considerations. The Company cannot determine at this time whether any of these estimates will ultimately be correct or that the Kipushi Project will prove to be economically viable. Therefore, it is possible that Mineral Reserves will never be identified at the Kipushi Project, which would inhibit Ivanhoe's ability to develop the Project into commercial mining operations, and in turn would have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects.

The economic feasibility of the Kamoa and Platreef Projects cannot be assured

The Company has completed a Pre-feasibility Study on each of its Kamoa and Platreef Projects that permits it to declare Mineral Reserves at such projects. While such studies demonstrate the economic viability of the Kamoa and Platreef Projects as of the effective date of such report, no assurance can be given that the project will ultimately achieve the economic results projected by the study. In particular, the Pre-feasibility studies are based on certain assumptions and factors that are subject to change. Many of these factors are beyond the control of the Company. These include changes in commodity prices (including for platinum, palladium, gold, rhodium, nickel and copper), the inability to secure the initial capital required at each project to bring it into production, which exceeds \$1 billion at each project, the inability to source and obtain adequate water and electricity, changes in currency (including between the South African Rand and US Dollar in particular), unexpected changes in the price of consumables and construction materials (including oil, diesel, steel, and concrete), changes in tax rates or tax regimes in South Africa and the DRC, the possibility that war, civil strife, sabotage, terrorism or civil disobedience (lawful or unlawful) impact or delay the development plans for the Kamoa and Platreef Projects, and that

that laws, rules and regulations change in a materially manner that has the result of adversely affecting the costs of the project (both capital and operating). The results of the Pre-feasibility studies speak only as of its effective date, and a change in any of these factors (or a combination of them), could have a material adverse effect on the economic feasibility of the Kamoa and Platreef Projects and in turn, on the Company's business, financial condition, results of operations or prospects.

The development of the Projects into commercially viable mines cannot be assured.

Even if a Feasibility Study delineating Proven or Probable Mineral Reserves is produced for one or more of the Projects, those Projects may not be successfully developed for commercial, technical, political, regulatory or financial reasons, or if successful development, may not remain economically viable for their mine life owing to any of the foregoing reasons. Notwithstanding demonstrated feasibility, the Company's ability to complete development work and commence and/or sustain commercial mining operations at the Projects and market its products will depend upon numerous factors, many of which are beyond its control, including the adequacy of infrastructure, geological characteristics, metallurgical characteristics of the ore, the availability of processing and smelting capacity, the availability of storage capacity, the supply of and demand for copper, nickel, platinum, palladium, zinc and other metals, the availability of equipment and facilities necessary to complete development, the cost of consumables and mining and processing equipment, technological and engineering problems, accidents or acts of sabotage or terrorism, currency fluctuations, changes in regulations, the availability and productivity of skilled labour, the regulation of the mining industry by various levels of governmental agencies, political factors, and the compliance of joint venture partners with various contractual obligations and commitments. Furthermore, significant cost over-runs in any future development could make the Projects uneconomic, even if previously determined to be economic under Feasibility Studies. Accordingly, notwithstanding the positive results of one or more Feasibility Studies on the Projects, there is a risk that the Company would be unable to complete development and commence commercial mining operations at one or more of the Projects which would have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects.

The Company must develop significant infrastructure at its Projects in order to commence development and mining operations.

The Company's further development depends on adequate infrastructure. In particular, reliable power sources, water supply, transportation and surface facilities are key determinants that are needed to develop a mine. Each Project requires the construction of substantial infrastructure to commence and to sustain mining operations, including regional infrastructure beyond any future mine site. Failure to address these infrastructure requirements could affect the Company's ability to commence or continue production at one or more of the Projects and would have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects.

Infrastructure inputs applicable to the Projects that will require particular consideration include the following:

Power. While the Company believes there will be sufficient power available at the Platreef Project, it will need to develop or access newly constructed or refurbished sources of power in order to conduct commercial mining operations at each of the Kamoa Project and the Kipushi Project. The Company has investigated potential sources of such power, and entered into a memorandum of understanding, a pre-financing agreement and a financing agreement with SNEL, which contemplates the provision of sufficient power to operate the Kamoa Project at the mine plan rate. However, there can be no assurance that the agreements with SNEL will lead to the development of sufficient quantities of power or any third party power supplies under consideration will be developed in the future or, if developed, will be made available for use by the Company in sufficient quantities to allow it to produce at contemplated production rates. In addition, Ivanhoe will also need to secure other long term sources of power to meet

the requirements of any expanded mine plans for the Kamoia Project. Any power generation source will need to be accommodated by transmission lines, some portion of the costs of which may be borne by the Company.

Water. While water sources are abundant in the DRC and investigations to date indicate that there are multiple potential sources of water supply, the Platreef Project is located in a scarce water area. There is a risk that the Company will not be able to secure sufficient sources and quantities of water, particularly at the Platreef Project, where the Company will need to secure an interest in or water access rights from forthcoming water development projects. The means of such access includes securing the commercial entitlement to the water source, developing the infrastructure to transport it to the Platreef Project and obtaining necessary government and regulatory permits. There can be no assurance that any third party water development projects under consideration will be developed in the future or, if developed, will be made available for use by the Company in sufficient quantities to allow it to commence and sustain commercial mining operations. In addition, in South Africa, where the Platreef Project is located, the National Water Authority imposed a new regime on the use of water resources and requires an integrated water use licence for all water uses. All mining operations require an integrated water use licence for all new water uses and a detailed study of the water balance in the area must precede an application for a licence. There is a risk that the Company will be unable to obtain a water use licence for the Platreef Project or that the Company may not be able to develop the infrastructure required to transport water subject to a water use licence on an economically viable basis.

Transportation. Transportation infrastructure in the DRC is poor. At both the Kamoia Project and the Kipushi Project, the Company would benefit from access to better transportation infrastructure to move equipment and facilities during development work and to transport operating inputs and mineral products during commercial operations. The Company is investigating options for improved transportation, but any such options would likely require significant capital expenditures, development in partnership with third parties and governments, and require regulatory permits. There can be no assurance that the Company will be able to access improved transportation infrastructure for mine development or commercial operations, and the failure to do so could have a materially adverse effect on the ability of the Company to efficiently develop and/or operate either of the Kamoia Project or the Kipushi Project.

Surface Facilities. The Platreef Project is located among a number of communities. Although the area of the UMT deposit is largely free from development, Ivanhoe will need to secure a suitable location to establish surface facilities necessary to mine and process, including processing plants and tailings facilities. It may be necessary for Ivanhoe to acquire new surface rights on adjacent properties or to effect the relocation of a portion of the local communities to construct this infrastructure in order to ensure the commercial viability of the Platreef Project. It may not be possible to acquire such an interest or effect such a relocation in a timely or cost effective manner, which could have a material adverse effect on the development of the Platreef Project.

In addition, unusual or infrequent weather phenomena, government regulations, sabotage or terrorism or other interference in the provision or maintenance of such infrastructure, could have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects.

The Company will require approvals, licences and permits that it currently does not have in order to continue its development activities, and if deemed viable, commence mining operations.

Prior to commencing significant development work and conducting commercial mining operations on its Projects, the Company will require approvals, licences and permits from various governmental authorities in both the DRC and South Africa. These approvals, licences and permits relate to, amongst others, the following: (i) mining and exploitation rights; (ii) water use rights; (iii) maintenance of title; (iv) employees; (v) health and safety; and (vi) repatriation of capital and exchange controls.

Even though the Kamoia Exploitation Licences have been granted, under the DRC Mining Code, once mining rights are granted the holder must begin development and construction of mining operations within a period of three years from the date of issuance of the licences and make annual payments of the associated surface rights fees, failing which a holder may lose its mining rights.

At the Platreef Project, even though the Platreef Mining Right under the laws of South Africa has been granted, numerous conditions apply to keep the licence in good standing, failing which a holder may lose its mining right.

To the extent such rights approvals, licences and permits are required and not obtained or are subsequently suspended or revoked, the Company may be curtailed or prohibited from proceeding with planned exploration, development or operation of its Projects which could have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions which could have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects.

The Company will need substantial additional financing in the future and cannot assure that such financing will be available.

The Company will need to make substantial capital investments in the exploration and development of its Projects, and will need additional financing to do so. The Company has: (i) sustained operating losses since incorporation; (ii) limited and finite financial resources; (iii) not earned any revenue; and (iv) no source of operating cash flow. The Company will need to raise further funds to finance any project development, as well as to conduct other exploration and development activities. The Company may, therefore, seek to raise further funds through equity or debt financing, the sale of an interest in one or more of its Projects, entering into joint ventures or seeking other means to meet its financing requirements. The Company has also contracted with its joint venture partner at the Kamoia Project to incentivize it to obtain project financing for the Kamoia Project. There is no assurance, however, that additional funding will be available to the Company for further exploration and development of the Projects or that its joint venture partner will be able to obtain project financing, to fulfill its obligations under any applicable agreements, to conduct other exploration activities, or that the Company will ever be profitable. Failure to obtain additional financing would result in delay or indefinite postponement of further exploration and development of the Projects and the loss of mineral title interests. If the Company is unable to obtain additional financing, it would have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects.

Title to the Company's Projects cannot be assured.

The acquisition of title to mineral properties in the DRC and South Africa is a very detailed and time-consuming process. Failure to make certain payments and take certain actions required to keep permits or rights in good standing may result in the loss of such permits or rights. Title to, and the area of, mineral rights may be disputed and subject to challenge and revocation, including because of defects or irregularities in the chain of title. In addition, the Projects may be subject to prior unregistered applications, agreements of transfer or land claims of which the Company is currently unaware, and title may be affected by undetected defects.

In the DRC, there may be competing claims with those of the Company or claims resulting from irregularities in the granting of licences or from the use of administrative processes not specifically contemplated by the DRC Mining Code. The Company has in the past successfully defended its title to portions of its mineral properties in the DRC against such competing claims, however, there can be no

guarantees that such claims will not arise in the future or that, if they arise, Ivanhoe can continue to successfully defend against them.

In South Africa, land claims by HDSA have been lodged with a South African commission over many regions of that country under the Restitution of Land Rights Act. The Land Claims Commissioner has confirmed that local inhabitants of the Turfspruit farm have lodged a claim for restitution over this farm in the name of the Mokopane Trust. Ivanhoe has conducted an electronic search of the government gazettes, which catalogue land claims and no claims have been gazetted over Turfspruit or Macalacaskop while the Rietfontein property has been claimed by the Mamashela community. This implies that the restitution claim over Turfspruit is still being validated by the Land Claims Commissioner as land claims are only gazetted once they are proven to have merit. Due to recent legislative amendments, claims under the Restitution of Land Rights Act have to be lodged by June 30, 2019. The possibility exists of further land claims being made against Rietfontein, Turfspruit and Macalacaskop. Land claims lodged after July 1, 2014, are to be recorded in a National Land Restitution Register, which will be open to the public subject to the South African Promotion of Access to Information Act. The current land claim regime calls for the government to pay compensation and states that a successful claimant is entitled to restoration of the actual land claimed or, where not feasible to provide, “equitable redress”, which compensation may take many forms including the grant of an appropriate right in alternative state owned land or the payment of compensation by the state. Ivanhoe will be entitled to enter into negotiations with the legitimate surface owner to secure a surface lease for any infrastructure although this may result in a delay in the timely progress of development to commercial operations at the Platreef Project. Ivanhoe is entitled to enter into negotiations with the current registered owner of the surface rights (the South African government) even if the restitution claim is still pending subject to the condition that it involves the Land Claims Commissioner in the negotiations whose function it would be to look after the interests of the land claimants.

Any dispute, revocation or challenge of mineral title to any one or more of the Projects could have a material adverse effect on Ivanhoe’s business, financial condition, results of operations or prospects.

The failure to maintain required equity participation by HDSAs in the Company’s South African prospecting and mining operations could adversely affect the Company’s ability to maintain its prospecting and mining rights.

In May 2004, a new legal regime was introduced into South Africa to regulate the mining sector. The principal statute of this new regime, the Mineral and Petroleum Resources Development Act, 2002 (“**MPRD Act**”), contained ambitious and wide-ranging objectives, including sustainable development and the promotion of equitable access to South Africa’s mineral wealth by the inclusion of HDSAs in the South African mining industry.

The MPRD Act provides for the introduction and inclusion of HDSA’s into the South African mining industry by way of applicants for mineral rights having to demonstrate, among other requirements, that they have given effect to this objective. Practically, satisfaction of this requirement is measured with reference to the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry and its associated scorecard (“**Mining Charter**”), being a legislative guideline that was published by the Minister of Mineral Resources in terms of the MPRD Act. The Mining Charter sets out the major areas of measurement, such as ownership, housing and living conditions, procurement and enterprise development, employment equity, human resource development, mine community development, sustainable development and growth and beneficiation of minerals. Each of these items is given a weighting and applicants and holders of mineral rights are measured with respect to their compliance with these various items. . The Mining Charter is currently being reviewed by the DMR and is also the subject of several court applications in relation to its validity and interpretation, the results of which may have an impact on the Company and its HDSA-related arrangements.

In relation to the ownership element of the Mining Charter, applicants and holders of mineral rights are required to demonstrate that HDSAs have and maintain an ownership interest of at least 26% in the applicable mineral project. Various contractual arrangements and mechanisms customary for such relationships have accordingly been put in place between the Company, its co-investors and its HDSA partners (see *Material Contracts – Consolidated Investors’ Agreement and BEE Transaction*) to ensure that HDSAs have and maintain an ownership interest of at least 26% in the Platreef Project. Notwithstanding such measures having been put in place, should HDSAs cease to hold the requisite ownership participation in the Company’s prospecting and mining operations this would adversely affect the Company’s ability to maintain its prospecting and mining rights which, if suspended or cancelled as a result, would have a material adverse effect on Ivanhoe’s business, financial condition, results of operations or prospects.

Operations in the DRC are subject to numerous risks not necessarily present in other jurisdictions.

The DRC is an impoverished country with infrastructure that is in a debilitated condition. It is in transition from a largely state-controlled economy to one based on free market principles, and from a non-democratic political system with a centralized ethnic power base to one based on more democratic principles. The northeast region of the DRC has undergone civil unrest and instability in recent years which could have an impact on political, social or economic conditions in the DRC more broadly. While the government of the DRC is working to extend the central government’s authority into the regions there can be no assurance that such efforts will be successful. In addition, many of the mineral rights and interests of the Company in the DRC are subject to government approvals, licences and permits, which, as a practical matter, are subject to the discretion of applicable governments or governmental officials. No assurance can be given that the Company will be successful in obtaining or maintaining any or all of the various approvals, licences and permits (including its existing permits at the Kamoia Project and the Kipushi Project) required to operate its Projects in full force and effect or without modification or revocation. Although Ivanhoe’s properties in the DRC are in the southeast of the country, the effect of unrest and instability on political, social or economic conditions in the DRC could result in the impairment of the Company’s exploration, future development and prospective mining operations. In addition, presidential elections are due to be held in 2016, and such elections may result in unrest generally throughout the country. These risks may limit or disrupt Ivanhoe’s activities, such as by restricting the movement of funds or resulting in the deprivation of its mineral rights, and could have a material adverse effect on Ivanhoe’s business, financial condition, results of operations or prospects.

Legal protections in the DRC may be limited.

The legal system in the DRC has inherent uncertainties that could limit the legal protections available to the Company, which include: (i) inconsistencies between and within laws; (ii) limited judicial and administrative guidance on interpreting DRC legislation, particularly that relating to business, corporate and securities laws; (iii) substantial gaps in the regulatory structure due to a delay or absence of enabling regulations; (iv) a lack of judicial independence from political, social and commercial forces; (v) corruption; and (vi) bankruptcy procedures that are subject to abuse, any of which could have a material adverse effect on Ivanhoe’s business, financial condition, results of operations or prospects.

Furthermore, the DRC judicial system has relatively little experience in enforcing the laws and regulations that currently exist, leading to a degree of uncertainty as to the outcome of any litigation. It may be difficult to obtain swift and equitable enforcement of a DRC judgement, or to obtain enforcement of a judgement by a court of another jurisdiction, which could have a material adverse effect on Ivanhoe’s business, financial condition, results of operations or prospects.

Failure to ensure strict compliance with legislated requirements could have unexpected or disproportionate results which could have a material adverse effect on Ivanhoe’s business, financial condition, results of operations or prospects.

Ivanhoe's operations in the DRC and South Africa are subject to numerous risks associated with operating in emerging economies.

Ivanhoe's exploration and development and operating activities in the DRC and South Africa are subject to the risks normally associated with the conduct of business in countries with less developed or emerging economies. While South Africa has undergone an extended period of stability and development, both it and, in particular, the DRC have a history of political instability, significant and sometimes unpredictable changes in government policies and laws, social and labour unrest (which in some cases has been violent) and, in the case of the DRC, civil conflict and war.

These risks, which Ivanhoe believes are greater in the DRC, include, among others, labour unrest, invalidation of governmental orders and permits, corruption, uncertain political and economic environments, sovereign risk, war (including within or with other countries), civil disturbances and terrorist actions, arbitrary changes in laws or policies, the failure of foreign parties to honour contractual relations with little or no recourse to local courts, challenges to or reviews of the Company's legal and contractual rights, reviews of taxation of foreign companies, changing tax and royalty regimes, delays in obtaining or the inability to obtain, or the cancellation of, necessary governmental permits, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on mineral exports, price controls, review of taxes on foreign investment, instability due to economic under-development, inadequate infrastructure and increased financing costs. As a result of conflict in the DRC, international governments may impose regulations to limit commercial trade activities for and make more burdensome purchases of goods and services originating in the DRC, which could have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects.

In respect of the Kamoa Project, Ivanhoe has offered the DRC government to transfer a further 15% interest on terms to be negotiated. The offer to transfer does not specify a price or the terms of such proposed transfer. Such negotiations have occurred and continue to occur over a long period of time and there is a risk that the parties will not be able to agree on the terms of such a transfer. Any period of delay or deadlock in the negotiations may have material adverse political consequences for Ivanhoe in the DRC which in turn could exacerbate the risks involved in any and all dealings with the government of the DRC and could adversely impact the Kamoa Exploitation Licences.

As a result, Ivanhoe is subject to various increased economic, political, operational and other risks, any one or more of which could have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects.

There is a risk of direct government intervention in Ivanhoe's mineral property interests in both the DRC and South Africa.

Mineral development is a sensitive political issue in both the DRC and South Africa, and as a result there is a relatively higher risk of direct government intervention in the property rights and title of Ivanhoe to the Projects than that of many other industries in those countries. Such intervention could extend to nationalization, expropriation or other actions that effectively deprive the Company of the benefit of its interest in the Projects. In South Africa, political constituencies have from time to time raised the prospect of nationalization of mines in South Africa. In response, the government of South Africa has reviewed the issue and publicly stated that there is no present intention to consider nationalization or to change the existing government policy on this issue. There can be no assurance that the policy of the government of South Africa will not change in the future, owing to public sentiment or for any other reason.

In the DRC, there have been instances in which companies have made allegations to the effect that they had their mineral property interests expropriated by the state. While the Company has no indication that such an action would be taken against the Company, there can be no assurance that such a challenge to its interests in the Kamoa Project or the Kipushi Project will not occur in the future.

Any nationalization, expropriation or similar action would, in most cases, legally obligate the government to pay just compensation. However, even if the Company did obtain compensation in such a circumstance, there could be no guarantee that the compensation paid would represent the Company's view as to the full value of the asset lost. Accordingly, any action to nationalize or expropriate any of the Projects or other assets could have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects. Furthermore, any increased perception that nationalization or expropriation of the Projects may occur could have a material adverse effect on the price of the Company's securities and its ability to access financing.

The development and success of the Projects will be largely dependent on the future price of copper, nickel, platinum, palladium, zinc and other metals.

Metal price volatility may affect the development of the Projects, future production, profitability, and financial condition of Ivanhoe, as well as the availability of capital to develop the Projects. Metal prices are subject to significant fluctuation and are affected by a number of factors which are beyond the control of the Company. Such factors include, but are not limited to, interest rates, exchange rates, inflation or deflation, global supply and demand, and the political and economic conditions of major metal consuming countries throughout the world. The price of copper, nickel, platinum, palladium, zinc and other metals has fluctuated widely in recent years, and future material price declines could cause development of, and commercial production from, the Projects to be impracticable or uneconomic.

The metals market also tends to move in cycles. Periods of high demand, increasing profits and high capacity utilization lead to additional capacity through expansion of existing mines and investment in new mines which results in increased production. This growth increases supply until the market is saturated, leading to declining prices and declining capacity utilization until the cycle repeats. This cyclicity in prices can result in supply/demand imbalances and pressures on mineral prices and profit margins which could have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects.

Depending on the price of copper, nickel, platinum, palladium, zinc and other metals, projected cash flow from planned mining operations may not be sufficient and the Company could be forced to discontinue development and may lose its interest in, or may be forced to sell, one or more of the Projects. Future production from the Company's mining properties will be dependent on metal prices that are adequate to make these properties economically viable. Furthermore, future mine plans using significantly lower metal prices could result in material write-downs of the Company's investment in mining properties.

In addition to adversely affecting the Company's current Mineral Resource Estimates and Mineral Reserves estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision, may be the result of a decision by one of the Company's joint venture partners, or may be required under financing arrangements related to a particular project. If such a reassessment determines that any of the Projects are not economically viable, then operations may cease and such Projects may never be developed and/or mining operations discontinued and never recommenced. Even if the Projects are ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed. The occurrence of any of the foregoing could have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects.

Ivanhoe's Mineral Resources and Reserves are estimates only and are subject to change due to a variety of factors.

There is no certainty that the Mineral Resources, or Mineral Reserve, attributable to any Project or to Ivanhoe will be realized. There is a degree of uncertainty in the estimation of Mineral Reserves and

Mineral Resources. Until Mineral Reserves or Mineral Resources are actually mined and processed, the quantity of Mineral Reserves or Mineral Resources and related grades must be considered as estimates only.

Estimation of Mineral Reserves and Mineral Resources is a subjective process that relies on the judgement of the persons preparing the estimates. The process relies on the quantity and quality of available data and is based on knowledge, mining experience, analysis of drilling results and industry practice. Valid estimates made at a given time may change significantly in the future when new information becomes available. While the Company believes that the Mineral Resource and Reserve Estimates included in this AIF are well established and represent management's best estimates, by their nature Mineral Resource and Reserve Estimates are imprecise and depend, to a certain extent, upon the analysis of drilling results and statistical inferences that may ultimately prove to be inaccurate. Inferred Mineral Resources, in particular, have a degree of uncertainty as there is a limited ability to assess geological continuity. There is a risk that any estimate of Inferred Mineral Resources will not be capable of upgrading to Mineral Resources with sufficient continuity to allow them to be used in connection with the estimation of Mineral Reserves.

In addition, estimates of Mineral Reserves and Mineral Resources may have to be recalculated based on fluctuations in copper, nickel, platinum, palladium, zinc or other metal prices, results of drilling, metallurgical testing and production, including dilution, and the evaluation of mine plans subsequent to the date of any estimates. Any material change in the quantity of Mineral Reserves, Mineral Resources or the related grades may affect the economic viability of the Projects and could have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects.

Environmental remediation and refurbishment requirements at the Kipushi Project could impose additional costs on the Company and could have a negative effect on the timely progress of exploration and future development of the Kipushi Project.

The Kipushi Project was the site of an operating mine for several decades, followed by more than 20 years during which it was on a limited care and maintenance program. The facilities on site are in a degraded state. The Company must continuously pump water from the mine to prevent flooding and is discharging this water, which is not being regularly analysed as to its content, into a nearby river. The Company is presently conducting a summary environmental baseline study, but as yet has not quantified the scope and extent of environmental damage from prior operations. Ivanhoe intends to undertake investigations and measures to quantify the scope of remediation work required to mitigate any potential liability for breach of environmental laws that could be imposed on KICO. In particular, the property has been subjected to an environmental audit by the DRC environment ministry who, in August 2011 reported that all environmental obligations attached to the relevant licences had been discharged. Notwithstanding these events, there is a risk that KICO could become liable for a breach of environmental laws and obligated to perform environmental remediation as a result of activities that occurred prior to Ivanhoe's acquisition of the shares of KICO. Any such obligations could impose additional costs on the Company and could affect the timely progress of exploration and development at the Kipushi Project.

The Company could also become liable for environmental obligations arising from activities after its acquisition of the shares of KICO. Ivanhoe has inherited the existing mine site infrastructure and does not know the extent to which these facilities must be remediated to ensure that ongoing operations are conducted in compliance with environmental laws. In addition, Ivanhoe only holds the rights to the subsurface infrastructure at the property, and there are a number of surface-related activities occurring on the land comprising the Kipushi Project licence area, including the operation of a concentrator and artisanal mining activities, in which Ivanhoe has no ownership or control. There is a risk that any environmental liabilities arising as a result of surface-related activities could be attributed to Ivanhoe whether or not such liabilities are the responsibility of Ivanhoe. Any such liability or remediation

obligations could have an adverse effect on Ivanhoe's ability to advance the exploration and development of the Kipushi Project, could impose additional costs on Ivanhoe or could result in the withholding or withdrawal of permits and licences required to explore and develop the Kipushi Project.

The occurrence of any of the foregoing could have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects.

The ability of the Company to attract qualified personnel in South Africa and the DRC may be affected by crime, poor social institutions, legal restrictions and political and economic instability.

The Company may have difficulty attracting qualified personnel to work on its Projects. In the DRC, increased demand for skilled workers has created a shortage of skilled workers and intense competition for these workers, particularly as DRC legislation limits the number of foreign workers at a mine site at 2% to 2.5% of the workforce, with certain positions reserved exclusively for Congolese staff. As such, the ability to attract, train and retain skilled workers is a high priority for all mineral exploration and development companies in the DRC. There are more qualified personnel available in South Africa, but even in South Africa there are restrictions on labour practices including in particular BEE requirements and rules regarding labour organization and unions that may impede the Company's ability to retain qualified personnel on a timely basis.

It may also be difficult to attract and retain qualified expatriate workers even if the Company is able to overcome legal and political restrictions on using them. A large portion of the DRC and South African populations only have access to very minimal education, health care, housing and other services, including water and electricity. This, combined with other factors, has led to high levels of crime and unemployment in South Africa which has impeded investment and prompted the emigration of skilled workers. These issues are substantially more acute in the DRC. As a result of the socio-economic situation in these countries, the Company may not be able to recruit or retain a sufficient number of skilled workers and other key personnel or be able to train and retain a sufficient number of unskilled workers to meet the Company's requirements, especially as it grows and requires an increasing number of personnel. Failure by the Company to attract and retain a sufficient number of skilled workers or to attract, train and retain a sufficient number of unskilled workers in the DRC and South Africa could have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects.

Currency fluctuations may affect the costs that Ivanhoe incurs in its operations.

The Company's reporting currency is the U.S. dollar. The IPO, the non-brokered private placement closed in October 2013, the public offering and concurrent private placement closed in June 2014, the option to acquire additional shares which was exercised in July 2014 and the announced private placement in March 2015 were, and any other future equity financing activities are expected to be, completed in Canadian dollars while a significant portion of its operating expenses will be incurred in South African Rand, Congolese Francs and other foreign currencies. From time to time, the Company may borrow funds and incur expenditures that are denominated in a foreign currency. In addition, in the event that Ivanhoe successfully develops an operating mine, the Company expects to sell some or all of its products to foreign markets. Metals are sold throughout the world, based principally on a U.S. dollar price, but as stated, a significant portion of Ivanhoe's operating expenses are incurred in non-U.S. dollar currencies. The appreciation of the South African Rand or Congolese Francs against the U.S. dollar would increase the costs of operations, which could have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects.

Mining operations are subject to laws and regulations relating to the protection and remediation of the environment.

The Company's future mining operations and exploration activities are subject to laws and regulations relating to the protection and remediation of the environment. These laws, regulations and the governmental policies for implementation of such laws and regulations are constantly changing and are generally becoming more restrictive. The costs associated with compliance with these laws and regulations are substantial and possible future laws and regulations and changes to existing laws and regulations (including the imposition of higher taxes and mining royalties) could cause additional expense or capital expenditure, or result in restrictions or delays in the Company's development plans.

Ivanhoe cannot give any assurance that, notwithstanding its precautions, breaches of environmental laws, whether inadvertent or not, or environmental pollution, will not occur. In the event of environmental misconduct in the DRC, the Minister of Mines in the DRC can suspend the Company's rights to develop its mineral interests. The Minister of Mineral Resources in South Africa may cancel or suspend a prospecting or mining right if the holder is contravening the approved environmental management plan / program for the prospecting or mining operations and has failed to remedy such contravention following receipt of a compliance directive. The environmental authorities in South Africa have similar rights in that they may cancel or suspend environmental authorizations if the holder of the authorization has failed to remedy a contravention following receipt of a compliance directive.

A breach of environmental laws and regulations may allow governmental authorities and third parties, who have an interest in any future mining operations or the consequences of mining operations, to bring lawsuits based upon damages to property and injury to persons resulting from the environmental impact of the Company's potential future operations which could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions and could have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects.

If the Company's environmental compliance obligations in the DRC or South Africa were to vary as a result of changes to the legislation, if certain assumptions it makes to estimate liabilities are incorrect, or if unanticipated conditions were to arise in its operations, the Company's expenses and other obligations could increase, which could have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects.

As a participant in the resource extraction industry, Ivanhoe may face opposition from local and international groups.

There is an increasing level of public concern relating to the effects of mining production on its surroundings, communities and environment. Certain non-governmental organizations, public interest groups and reporting organizations ("NGOs"), who oppose globalization and resource development and who may not be bound to codes of ethical reporting, can be vocal critics of the mining industry. In addition, there have been many instances in which local community groups have opposed resource extraction activities, which have resulted in disruption and delays to the relevant operation. While the Company seeks to operate in a socially responsible manner, NGOs or local community organizations could direct adverse publicity and/or disrupt the operations of the Company in respect of one or more of its properties, regardless of its successful compliance with social and environmental best practices, due to political factors, activities of unrelated third parties on lands in which the Company has an interest or the Company's operations specifically. Any such actions and the resulting media coverage could have an adverse effect on the reputation and financial condition of the Company or its relationships with the communities in which it operates, which could have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects.

Of specific note is that two large urban communities and several smaller communities inhabit portions of the Platreef Project. Ivanhoe has entered into agreements with the lawful occupiers of the prospecting area, which provide for among other things, the compensation for losses or damages they may incur as a result of the Company's activities. Nevertheless, certain members of these communities have in the past and may in the future unlawfully and illegally disrupt prospecting or mining operations. Further, on instruction from the DMR, Ivanhoe agreed to stop making payments under the agreements, effective November 1, 2012 and conducted negotiations with the community leaders, government and communities to amend these agreements in accordance with recommendations made by the DMR and Department of Rural Development & Land Reform. After the negotiation process it was decided to vary the terms of these agreements and leave them in force until the conclusion of the long term lease agreement. Consultations have just commenced for the negotiation of a long term surface lease over the proposed mining area. There is a risk that the process of negotiating a long term surface lease may cause delays which could have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects. Furthermore, there is a risk of further disruptions from the communities that may cause delays which could have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects.

The costs of complying with applicable laws and governmental regulations may have an adverse impact on the Company's business.

The Company's operations and exploration activities are subject to laws and regulations governing various matters. These include laws and regulations relating to repatriation of capital and exchange controls, taxation, labour standards and occupational health and safety and historic and cultural preservation.

In particular, mining operations are subject to a variety of industry specific health and safety laws and regulations. These laws and regulations are formulated to improve and to protect the safety and health of employees. They have limited, if any, application to the Company while it remains in the exploration stage, except to the extent that they may impact the scope and costs of refurbishment of the existing infrastructure at the Kipushi Project and may impact bulk sampling activities for both the Kamoia Project and the Platreef Project. In South Africa, recent fatalities in the mining industry have caused the government to introduce compulsory shutdowns of operations to enable investigations into the causes of the accidents. Should compliance with standards require a material increase in future expenditure, it could have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or the more stringent enforcement thereof, could have a material adverse effect on the Company's business, financial condition, results of operations or prospects by increasing exploration expenses, future capital expenditures or future production costs or by reducing the future level of production, or cause the abandonment of or delays in the development of the Projects.

Development of the open-pit resources at the Platreef Project would require substantial relocation of existing communities

Two large urban communities and additional smaller communities inhabit portions of the Platreef Project. The settlement of Madiba is situated on the southwest portion of the Macalacaskop farm, and the settlement of Tshamahansi exists over significant parts of, and northeast of, the Turfspruit farm, extending onto the Rietfontein farm. A significant relocation of communities would be required, at the Company's expense, to enable open-pit mining of the ATS and AMK deposits which could be prohibitively expensive. The Company has discussed the prospect of relocation with community members with a view to negotiating a settlement plan. Ultimately, there is no guarantee that these negotiations will be successful or that it will be possible to conclude on terms acceptable to the Company, and this may

disrupt prospecting or mining operations or may result in extended delays while statutory negotiation processes or judicial remedies are followed to adjudicate compensation. Any such delays could have a material adverse effect on the Company's ability to develop and operate the Platreef Project's open-pit resources, which could have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects.

Furthermore, as the local communities in South Africa have come to expect relocation, even if not strictly required, the Company may need to negotiate compensation and/or relocate more of the community than is otherwise required to obtain their support for the development of the Platreef Project.

The Company's internal controls and procedures may not be sufficient to ensure compliance with anti-bribery and anti-corruption laws.

The Company's activities are subject to a number of laws that prohibit various forms of corruption, including local laws that prohibit both commercial and official bribery and anti-bribery laws that have jurisdiction over the Company, its subsidiaries and/or any of its directors, officers, employees or other personnel, such as the *Corruption of Foreign Public Officials Act* (Canada), the *Foreign Corrupt Practices Act of 1997* (United States), the *Bribery Act* (United Kingdom), *Prevention and Combating of Corrupt Activities Act, 2004* (South Africa), as each may be amended from time to time (collectively, the "Acts").

While the Acts are not identical, the Acts generally make it illegal for an employee or other person acting on the Company's behalf, in order to obtain or retain business, directly or indirectly, to offer or agree to give or offer loans, rewards, payments or benefits of any kind to foreign public officials or to any person for the benefit of public officials. Foreign public officials include persons holding legislative, administrative or judicial positions with a foreign state (including political divisions within a foreign state), persons who perform public duties or functions for a foreign state (such as persons employed by boards, commissions or government-owned or -controlled corporations), officials and agents of international organizations, foreign political parties and candidates for office.

The increasing number and severity of enforcement actions in recent years presents particular risks with respect to Ivanhoe's business activities, including the potential for severe legal penalties if any employee or other person acting on the Company's behalf might offer, authorize, or make an illegal payment to a foreign public official, party official, candidate for political office, or political party, an employee of a foreign state-owned or state-controlled enterprise, or an employee of a public international organization.

Certain countries in which the Company operates present heightened risks from an anti-corruption perspective. Ivanhoe has operations in South Africa and the DRC, has entered into certain joint operation agreements with third parties at some of its Projects, and holds, or is expected to hold, its interests in certain of its properties jointly with state or state owned / controlled enterprises and will require permits, licences and approvals for its operations. As a result, there is an increased risk of a breach of anti-corruption legislation given the nature of these ventures and the jurisdictions in which they are located.

Ivanhoe has an anti-corruption policy, an anti-fraud policy, internal controls and procedures intended to address compliance and business integrity issues, and Ivanhoe trains its employees on anti-bribery compliance on a global basis. However, despite careful establishment and implementation there can be no assurance that these or other anti-bribery, anti-fraud or anti-corruption policies and procedures are or will be sufficient to protect against fraudulent and/or corrupt activity. In particular, the Company, in spite of its best efforts, may not always be able to prevent or detect corrupt or unethical practices by employees or third parties, such as sub-contractors or joint venture partners, which may result in reputational damage, civil and/or criminal liability (under the Acts or any other relevant compliance, anti-bribery, anti-fraud or anti-corruption laws) being imposed on Ivanhoe, which could have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects.

The Company is subject to risks applicable to joint ventures.

The Company holds its interest in each of the Projects in conjunction with minority holders who are its joint venture partners. Failure of the Company's joint venture partners to meet their contractual obligations and commitments to the Company or an affiliate of the Company or to third parties in respect of the Projects could have a material adverse effect on the Company. Although the Company is entitled to appoint a majority of the directors of the relevant operating and holding companies related to the Projects (other than the Kamoa Project) and is responsible for the day-to-day operation and management of the Projects (other than the Kamoa Project), certain members of the boards of directors of the holding companies or operating companies of the Projects are, or will be, nominated by joint venture partners. Certain decisions require, or will require, unanimous or super-majority approval, such as: (i) amendments to constitutional documents; (ii) issuances of new securities; (iii) dissolution; (iv) mortgage of the assets; (v) merger or division of the form of organization; (vi) project finance; (vii) annual budgeting at the Kamoa Project; (viii) cash calls at the Kamoa Project; and (vix) overall long-term development and operational program at the Kamoa Project. To the extent unanimous or super-majority consent cannot be obtained, there is a risk that the Company will not be able to effect these matters despite the Company's desire to do so.

At the Platreef Project, in the event Ivanhoe elects to proceed with open-pit mining on the Rietfontein property, it is dependent on Atlatsa maintaining its prospecting rights with respect to same and, prior to expiry, converting it into a mining right. If Atlatsa were to lose the Rietfontein Right, the Mineral Resources amenable to open-pit methods on Macalacaskop are not expected to be affected; however, Mineral Resources amenable to open-pit methods, which have been reported for the Turfspruit and Rietfontein properties in the aggregate, would need to be re-evaluated. In addition, further agreements and ministerial consent are required to give effect to the Settlement and New Project Agreement, and the proposed contribution of, and sharing in, the two prospecting rights to the joint venture prior to which Ivanhoe will have no legal title in relation to the Rietfontein Right. The failure of Atlatsa to comply with the conditions of the right for Rietfontein, or if Atlatsa is otherwise impeded from obtaining, or if obtained exercising its rights under, the prospecting right, for any reason, including the winding up of its business, insolvency or other factors which may be beyond the control of either Ivanhoe or Atlatsa, it could restrict the Company's ability to develop the open-pit portion of the Platreef Project or otherwise engage in activities requiring rights to the land, which could have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects. In addition, the ownership and development of the Projects with joint venture parties creates the potential for disputes or disagreements, including: (i) disputes among the parties as to the performance or scope of each party's obligations under relevant agreements; (ii) financial difficulties encountered by a party affecting its ability to perform its obligations; and (iii) conflicts between the policies or objectives adopted by the Company and joint venture partners. There can be no assurance that disputes or disagreements will not arise in the future. If any dispute or disagreement does arise between the Company and joint venture partners, it could be time-consuming, costly and distracting for the Company and disrupt the timely progress of development of a Project or even result in the loss of a Project. The occurrence of any of the foregoing could have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects.

Potential future acquisitions or investments in other companies may have a negative impact on the Company's business.

Ivanhoe may seek to expand its business through acquisitions as it intends to consider and evaluate opportunities for growth through acquisitions when suitable acquisition targets present themselves; however, there can be no assurance that the Company will find attractive acquisition candidates in the future, or that Ivanhoe will be able to acquire such candidates on economically acceptable terms, if at all. Acquisitions may require substantial capital and negotiations of potential acquisitions and the integration of acquired operations could disrupt the Company's business by diverting management, and employees'

attention away from day-to-day operations. The difficulties of integration may be increased by the necessity of coordinating geographically diverse organizations, integrating personnel with disparate backgrounds and combining different corporate cultures.

At times, acquisition candidates may have liabilities or adverse operating issues that the Company fails to discover through due diligence prior to the acquisition. If the Company consummates any future acquisitions, the Company's capitalization, and results of operations may change significantly.

Any acquisition involves potential risks, including, among other things: (i) mistaken assumptions about mineral properties, Mineral Resources or Mineral Reserves and costs, including synergies; (ii) an inability to successfully integrate any operation Ivanhoe acquires; (iii) an inability to hire, train or retain qualified personnel to manage and operate the operations acquired; (iv) the assumption of unknown liabilities; (v) limitations on rights to indemnity from the seller; (vi) mistaken assumptions about the overall cost of equity or debt; (vii) unforeseen difficulties operating acquired projects, which may be in new geographic areas; and (viii) the loss of key employees and/or key relationships at the acquired project.

Acquisitions or investments may require the Company to expend significant amounts of cash, resulting in the Company's inability to use these funds for other business purposes. The potential impairment or complete write-off of goodwill and other intangible assets related to any such acquisition may reduce the Company's overall earnings and could negatively affect the Company's balance sheet.

The occurrence of any of the foregoing could have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects.

Ivanhoe's insurance coverage does not cover all of its potential losses, liabilities and damages related to its business and certain risks are uninsured or uninsurable.

The Company's business is subject to a number of risks and hazards (as further described herein). Although the Company maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its activities, including any future mining operations. The Company may also be unable to maintain insurance to cover its risks at economically feasible premiums, or at all. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration or production may not be available to the Company on acceptable terms. The Company might also become subject to liability for pollution or other hazards which it is not currently insured against and/or in future may not insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs which could have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects.

Mining is inherently dangerous and subject to factors or events beyond the Company's control.

The Company's current business, and any future development or mining operations, involve various types of risks and hazards typical of companies engaged in the mining industry. These risks affect the current exploration, development and refurbishment activities of the Company, and will affect the Company's business to an even larger extent once commercial mining operations, if any, commence. Such risks include, but are not limited to: (i) industrial accidents; (ii) unusual or unexpected rock formations; (iii) structural cave-ins or slides and pitfall, ground or slope failures and accidental release of water from surface storage facilities; (iv) fire, flooding and earthquakes; (v) rock bursts; (vi) metals losses; (vii) periodic interruptions due to inclement or hazardous weather conditions; (viii) environmental hazards; (ix) discharge of pollutants or hazardous materials; (x) failure of processing and mechanical equipment and other performance problems; (xi) geotechnical risks, including the stability of the underground hanging walls and unusual and unexpected geological conditions; (xii) unanticipated variations in grade

and other geological problems, water, surface or underground conditions; (xiii) labour disputes or slowdowns; (xiv) work force health issues as a result of working conditions; and (xv) force majeure events, or other unfavourable operating conditions.

These risks, conditions and events could result in: (i) damage to, or destruction of, the value of, the Projects or their facilities; (ii) personal injury or death; (iii) environmental damage to the Projects or the properties of others; (iv) delays or prohibitions on mining or the transportation of minerals; (v) monetary losses; and (vi) potential legal liability and any of the foregoing could have a material adverse effect on the Company's business, financial condition, results of operation or prospects. In particular, underground refurbishment and exploration activities present inherent risks of injury to people and damage to equipment. Significant mine accidents could occur, potentially resulting in a complete shutdown of the Company's operations at one of the Projects which could have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects.

It may not be possible to effect service of process and enforce judgments outside of Canada.

A number of the Company's subsidiaries are incorporated or otherwise organized under the laws of foreign jurisdictions and a number of the directors and officers of the Company and the experts named in this AIF reside outside Canada. In addition, some or all of the assets of those persons and the Company and its subsidiaries are located outside of Canada. It may not be possible for claimants to collect from or enforce judgements obtained in courts in Canada predicated on the civil liability provisions of securities legislation against the Company's assets, its directors and officers and certain of the experts named in this AIF. Moreover, it may not be possible for shareholders to effect service of process within Canada upon the directors, officers and experts referred to above.

Competition in the mining industry may adversely affect the Company.

The mining industry is intensely competitive. The Company competes with other mining companies, many of which have greater resources and experience. Competition in the mining industry is primarily for: (i) properties which can be developed and can produce economically; (ii) the technical expertise to find, develop, and operate such properties; (iii) labour to operate the properties; and (iv) capital to fund such properties. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these resources could have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects.

Many competitors not only explore for and mine minerals, but conduct refining and marketing operations on a worldwide basis. In the future, the Company may also compete with such mining companies in refining and marketing its products to international markets. Any inability to compete with established competitors could have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects.

Ivanhoe is dependent on qualified personnel.

The Company's business is dependent on retaining the services of its key management personnel with a variety of skills and experience, including in relation to the development and operation of mineral projects. The success of the Company is, and will continue to be, dependent to a significant extent on the expertise and experience of its directors and senior management. Ivanhoe does not have in place formal programs for succession and training of management. Failure to retain, or loss of, one or more of these people could have a material adverse effect on the Company's business, financial condition, results of operations or prospects. The Company's success will also depend to a significant degree upon the contributions of qualified technical personnel and the Company's ability to attract and retain highly

skilled personnel in the DRC and South Africa in particular. Competition for such personnel is intense, and the Company may not be successful in attracting and retaining qualified personnel in the DRC or South Africa, or in obtaining the necessary work permits to hire qualified expatriates. Its inability to attract and retain these people could have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects.

Directors and officers may be subject to conflicts of interest.

Certain directors and officers of the Company are or may become associated with other mining and/or mineral exploration and development companies which may give rise to conflicts of interest. Directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve such a contract. In addition, directors and officers are required to act honestly and in good faith with a view to the best interests of the Company. Some of the directors and officers of the Company have either other full-time employment or other business or time restrictions placed on them and accordingly, the Company will not be the only business enterprise of these directors and officers. Further, any failure of the directors or officers of the Company to address these conflicts in an appropriate manner, or to allocate opportunities that they become aware of to the Company could have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects.

Labour disruptions and/or increased labour costs could have an adverse effect on the Company.

Trade unions could have a significant impact on the Company's labour relations. Approximately 56% of the Company's work force is unionized. The Company has reached an agreement with the unions at its operations in the DRC and at its South African operations. The Company cannot give assurance that it will be able to negotiate or renew union agreements without a significant increase in labour costs, which if not conceded could result in work stoppages and other labour disturbances. Increased labour costs, a strike or other labour disruption could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

The Company's operations may be affected by exchange control regulations in South Africa.

The ability of the Company to transfer funds out of South Africa and to enter into agreements which require or potentially require the transfer of funds out of South Africa is subject to South African Exchange Control Regulations. The Exchange Control Department has wide discretion that is exercised in accordance with the Exchange Control Regulations and in particular its exchange control rulings in line with the policy guidelines laid down by the South African Minister of Finance. If the Company makes an application to the South African Reserve Bank for a transfer of funds or to enter into an agreement which will involve a transfer of funds (including, for example, any future debt financing agreement involving repayment to a foreign lender), there can be no assurance that such transfer or agreement will be approved. Any failure to obtain, or material delay in obtaining, the necessary approval, or the imposition of any restrictions on the Company in respect of any such transfer or agreement could have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects.

The Company faces certain risks in dealing with HIV/AIDS, malaria and tuberculosis.

HIV/AIDS, malaria, tuberculosis and associated diseases remain the major health care challenge faced by the South African and DRC mining industries. Employee-related costs in Africa are affected by HIV/AIDS, malaria and tuberculosis in the form of increased absenteeism, lower morale, reduced productivity, increased recruitment and replacement costs, higher insurance premiums and increased benefit payments and other costs of providing treatment. Some of the Company's employees suffer from HIV/AIDS and this could have a material adverse impact on the Projects (particularly if and when they

become more labour-intensive mining operations) and, consequently could have a material adverse effect on Ivanhoe's business, financial condition, results of operations or prospects.

DIVIDENDS AND DISTRIBUTIONS

The Company has never declared or paid a dividend. The Board intends to retain future earnings for reinvestment in the Company's business, and therefore, has no current intention to declare or pay dividends on the Class A Shares or the Class B Shares in the foreseeable future. The Company's dividend policy will be reviewed from time to time in the context of its earnings, financial condition and other relevant factors. There can be no assurance that the Company will generate sufficient earnings or cash flow to allow it to pay dividends.

DESCRIPTION OF CAPITAL STOCK

The Company is authorized to issue an unlimited number of Class A Shares, an unlimited number of Class B Shares and an unlimited number of Preferred Shares. The following is a summary of the Company's capital stock. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the applicable provisions of British Columbia law, the Company's Certificate of Continuation, Notice of Articles and Articles of Continuation. As at March 29, 2016, 778,959,807 Class A Shares, nil Class B Shares and nil Preferred Shares are issued and outstanding.

Class A Shares

The holders of Class A Shares are entitled to receive notice of, and to attend all meetings of Ivanhoe's shareholders and to have one vote for each Class A Share held except to the extent specifically limited by the BCBCA. Although there are no Class B Shares currently outstanding, the Class A Shares and Class B Shares would vote together as a single class on all matters at any meeting of shareholders, except as required by the BCBCA. Subject to the rights, privileges, restrictions and conditions attached to any Preferred Shares and any other shares ranking senior to the Class A Shares, the holders of Class A Shares, ranking equally with the Class B Shares, are entitled to receive such dividends as the Board from time to time, by resolution, declares. Subject to the rights, privileges, restrictions and conditions attached to any Preferred Shares and any other shares ranking senior to the Class A Shares, in the event of the liquidation, dissolution or winding-up of the Company or upon any distribution of the assets of Ivanhoe among Ivanhoe's shareholders for the purpose of winding up its affairs, the holders of Class A Shares are entitled to share in the proceeds pro rata with the holders of Class B Shares.

Class B Shares

Although there are no Class B Shares currently outstanding, holders of Class B Shares are entitled to receive notice of, and to attend all meetings of Ivanhoe's shareholders and to have one vote for each Class B Share held except to the extent specifically limited by the BCBCA. The Class B Shares and Class A Shares would vote together as a single class on all matters at any meeting of shareholders, except as required by the BCBCA. Subject to the rights, privileges, restrictions and conditions attached to any Preferred Shares and any other shares ranking senior to the Class B Shares, the holders of Class B Shares, ranking equally with the Class A Shares, are entitled to receive such dividends as the Board from time to time, by resolution, declares. Subject to the rights, privileges, restrictions and conditions attached to any Preferred Shares and any other shares ranking senior to the Class B Shares in the event of the liquidation, dissolution or winding-up of the Company or upon any distribution of the assets of Ivanhoe among Ivanhoe's shareholders for the purpose of winding up its affairs, the holders of Class B Shares are entitled to share in the proceeds pro rata with the holders of Class A Shares.

The Class B Shares are: (i) prohibited from becoming listed on a stock exchange or stock market; and (ii) non-transferrable, non-assignable, non-hedgeable and non-pledgable, except with the prior written consent of the Board.

The Class B Shares contain coattail provisions in the event of a take-over bid (as defined in Multilateral Instrument 62-104 – *Take-Over Bids and Issuer Bids*) for Class A Shares.

Preferred Shares

The Company is also authorized to issue an unlimited number of Preferred Shares without nominal or par value. The Preferred Shares of Ivanhoe may be issued in one or more series and the Board is authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series. The Preferred Shares of any series rank on parity with the Preferred Shares of every other series and are entitled to a priority over the Class A Shares, the Class B Shares, and any other class of shares ranking junior to the Preferred Shares with respect to the payment of dividends and in the event of the liquidation, dissolution or winding up of the Company or upon any distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs.

MARKET FOR SECURITIES

Market

The Class A Shares were listed on the TSX on October 23, 2012 under the symbol “IVP” which changed to “IVN” on September 3, 2013. The closing price of the Company’s Class A Shares on the TSX on March 29, 2016 was C\$0.87. There are no Class B Shares currently outstanding and Class B Shares are prohibited from becoming listed on a stock exchange or stock market.

Trading Price and Volume of the Class A Shares

The following sets forth the high and low market prices and the volume of the Class A Shares traded on the TSX during the periods indicated (stated in Canadian dollars):

Month	High C\$	Low C\$	Volume
January 2015	1.29	0.67	22,358,599
February 2015	0.85	0.68	16,218,676
March 2015	1.19	0.77	16,344,399
April 2015	1.18	0.83	15,994,647
May 2015	1.36	1.00	18,515,856
June 2015	1.23	0.88	10,131,848
July 2015	0.97	0.62	13,806,556
August 2015	0.80	0.62	15,287,812
September 2015	0.92	0.64	12,705,303
October 2015	0.81	0.64	12,375,460
November 2015	0.71	0.61	16,996,810
December 2015	0.73	0.59	18,926,460
January 2016	0.73	0.53	16,263,606
February 2016	0.70	0.56	17,525,307
March 2016 (1-29)	0.93	0.68	21,911,752

Prior Sales

The following table sets forth certain information regarding the sale of Class A Shares during the period commencing 12 months prior to the date of this AIF.

Date of Issue	Number and Type of Securities	Issue Price Per Securities	Aggregate Issue Price	Nature of Consideration
December 8, 2015	6,350,000 Restricted Share Units	Nil ⁽¹⁾	N/A	N/A
December 8, 2015	6,350,000 Options	Nil ⁽²⁾	N/A	N/A
April 20, 2015	76,817,020 Class A Shares ⁽³⁾	C\$1.36	C\$104,471,147.20	Cash

Notes:

(1) Represents RSU awards for nil consideration, which RSUs fully vest on December 15, 2018.

(2) Represents an issuance of Options for nil consideration, which Options have an exercise price of C\$0.64 and expiry date December 8, 2020.

(3) Represents 76,817,020 Class A Shares issued as a result of a private placement.

RESTRICTED SECURITIES

Until January 23, 2016, certain holders of Class A Shares and all holders of Class B Shares were subject to a lock-up of their shares, either pursuant to lock-up agreements, in the case of holders of Class A Shares, or pursuant to the Reorganization, in the case of Class B Shares. The table below sets out the number of such securities that remained locked-up as of December 31, 2015 and March 29, 2016, and describes the related lock-up provisions.

	December 31, 2015		March 29, 2016	
Designation of class ⁽¹⁾	Number of securities subject to a restriction on transfer	Percentage of outstanding Class A Shares	Number of securities subject to a restriction on transfer	Percentage of outstanding Class A Shares
Class A Shares	36,279,051 ⁽²⁾	4.66% ⁽⁴⁾	0 ⁽⁵⁾	0%
Class B Shares	6,780,645 ⁽³⁾	0.87% ⁽⁴⁾	0 ⁽⁵⁾	0%

Notes:

(1) Refers to the class of security upon which the restriction on transfer is related.

(2) Represents the aggregate of all outstanding Class A Shares which remained subject to the terms of a Conversion Lock-up Agreement. As of December 31, 2015, 442,779,302 Class A Shares have been released from lock-up.

(3) Represents the aggregate of all outstanding Class B Shares as at December 31, 2015. Class B Shares were convertible at any time at the option of the holder to Class A Shares for no additional consideration, but holders must have executed a Conversion Lock-up Agreement. As of December 31, 2015, 416,365,602 Class B Shares have been converted into Class A Shares.

(4) The percentage of Class A Shares provided in this column assumes the conversion of all Class B Shares into Class A Shares. 778,959,807 Class A Shares were outstanding as at December 31, 2015.

(5) After 39 months, all Class B Shares were converted to Class A Shares and all the restrictions imposed by the Conversion Lock-up Agreements ended. See "Corporate Structure of the Company – Reorganization" and "Description of Capital Stock – Class B Shares" for further details.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets out the names and country and state or province of residence of the directors and executive officers of the Company, their present position(s) and offices with the Company, their principal occupations during the last five years and their holdings of Class A Shares, as applicable, as at the date hereof.

The term of office of the directors expires annually at the time of the Company's annual shareholder meeting. The term of office of the Company's executive officers expires at the discretion of the Board.

Name and Country of Residence	Position with the Company	Principal Occupation for Past Five Years ⁽¹⁾	Number of Shares Owned Directly or Indirectly ⁽¹⁾⁽²⁾
Directors			
Robert M. Friedland Singapore	Executive Chairman and Director since November 2000.	Founder and Executive Chairman of Ivanhoe (November 2000 – present); Executive Chairman of the former Ivanhoe Mines Ltd. (now Turquoise Hill Resources Ltd.) (March 1994 – April 2012); Chief Executive Officer of the former Ivanhoe Mines Ltd. (now Turquoise Hill Resources Ltd.) (October 2010 – April 2012); Chairman of Ivanhoe Capital Corporation (January 1991 – present); President and Chief Executive Officer of Ivanhoe Capital Corporation (July 1988 – present); Founder and Executive Co-Chairman of Ivanhoe Energy Inc. (May 2008 – October 2014); President of Ivanhoe Energy Inc. (May 2008 – May 2010); Chief Executive Officer of Ivanhoe Energy Inc. (May 2008 – December 2011); Chief Executive Officer of High Power Exploration Inc. (December 2015)	167,710,781 Class A Shares (21.53%)
Ian D. Cockerill Gauteng, South Africa	Director since May 2011 ^{(4) (10) (11)} . Lead Independent Director since May 2012.	Director of Endeavour Mining Corporation (September 2013 – present); Executive Director (March 2010 – July 2010), Executive Chairman (July 2010 – February 2013) and Non-Executive Chairman (February 2013 – present) of Petmin Limited; Non-Executive Director of Orica Limited (September 2010 – present); Non-Executive Director and Vice Chairman of African Minerals Limited (July 2012 – December 2014); Non-Executive Chairman of Hummingbird Resources Ltd. UK (October 2009 – November 2014)	66,700 Class A Shares (0.01%)
Dr. Markus Faber Chiangmai, Thailand	Director since August 2004 ⁽⁶⁾ .	Managing Director of Marc Faber Limited (June 1990 – present)	233,333 Class A Shares (0.03%)
William B. Hayden New South Wales, Australia	Director since March 2007 and May 1998 – September 2002 ⁽⁸⁾ .	President and Director of Ivanhoe Philippines, Inc. (July 2005 – December 2011); President of GoviEx Uranium Inc. (June 2010 – August 2011)	466,666 Class A Shares (0.06%)

Oyvind Hushovd Norway	Director since September 2007 ⁽⁷⁾ ⁽⁹⁾⁽¹¹⁾ .	Director of Nyrstar B.V. (December 2009 - present); Director of Cameco Corporation (December 2003 – May 2013); Director of Inmet Mining Corporation (May 2002 – March 2013)	1,000,000 Class A Shares (0.13%)
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William G. Lamarque England, United Kingdom	Director since June 2006 ⁽³⁾ .	President of Hanson Capital Asia Ltd. (February 2002 – present); Chief Executive Officer of Ecometals Limited (January 2011 – present); Managing Partner of Balor Capital Management LLC (October 2007 – April 2014)	64,535 Class A Shares (0.01%)
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Livia Mahler British Columbia, Canada	Director since March 2015 ⁽³⁾ ⁽⁷⁾ .	President and Chief Executive Officer, Computational Geoscience Inc. (December 2010 to present); Managing Partner and co-founder, Greenstone Venture Partners (February 2000 to present)	Nil
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Peter G. Meredith British Columbia, Canada	Director since May 1998 ⁽⁴⁾ .	Chairman of Kaizen Discovery Inc. (December 2013 – present); President and Chief Executive Officer, Global Mining Management Corporation (April 2006 – May 2013); Chairman of SouthGobi Resources Ltd. (October 2009 – September 2012); Chief Executive Officer of SouthGobi Resources Ltd. (June 2007 – October 2009); Deputy Chairman of the former Ivanhoe Mines Ltd. (now Turquoise Hill Resources Ltd.) (May 2006 - April 2012)	1,304,825 Class A Shares (0.17%)
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Charles J. Russell Guernsey, Channel Islands	Director since July 2000 ⁽⁴⁾⁽⁵⁾⁽¹¹⁾ .	Retired (June 1995 – present)	508,468 Class A Shares (0.07%)
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Guy J. de Selliers England, United Kingdom	Director since May 2011 ⁽⁸⁾ .	President of HCF International Advisers Ltd. (March 2003 – present)	400,000 Class A Shares (0.05%)
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Executive Officers

Lars-Eric Johansson England, United Kingdom	President since May 2008 and Chief Executive Officer since May 2007.	Chief Executive Officer (May 2007 – present) and President (May 2008 – present) of Ivanhoe	3,759,145 Class A Shares 0.48%)
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Martie (Marna) Cloete Gauteng, South Africa	Chief Financial Officer since December 2009.	Chief Financial Officer of Ivanhoe (December 2009 – present); Group Finance Manager of Ivanhoe (December 2008 – December 2009); Group Financial Accountant (July 2006 – December 2008) of Ivanhoe	137,876 Class A Shares 0.02%
David Broughton British Columbia, Canada	Executive Vice President, Exploration since January 2008.	Executive Vice President, Exploration of Ivanhoe (January 2008 – present); Executive Vice President, Exploration of Kaizen Discovery Inc. (January 2015 – present)	640,828 Class A Shares 0.08%
B. Matthew Hornor British Columbia, Canada	Executive Vice President since December 2013.	Executive Vice President of Ivanhoe (December 2013 – present); Executive Vice President, Business Development and Legal of Ivanhoe (May 2010 – December 2013); Chairman of Ivanplats Holding (February 2013 – present); Director of Ivanplats Holding (September 2010 – present); President of Ivanplats Holding (September 2010 – November 2012); Chief Executive Officer and Director of Kaizen Discovery Inc. (December 2013 – present); President of Kaizen Discovery Inc. (January 2014 – present); Managing Director, Japan, Ivanhoe Capital Corporation (August 2005 – present); Senior Vice President, Japan of Ivanhoe Energy Inc. (October 2009 – December 2013); Senior Strategic Advisor of GoviEx Uranium Inc. (February 2014 – present); Executive Vice President of GoviEx Uranium Inc. (September 2009 – February 2014); General Counsel of GoviEx Uranium Inc. (February 2007 – February 2014)	45,831 Class A Shares (0.01%)
Mark Farren Gauteng, South Africa	Executive Vice President, Operations since June 2014.	Executive Vice President, Operations of Ivanhoe (June 2014 – present); Managing Director and Chief Executive Officer of Tharisa Minerals (August 2010 – May 2014); Head of Mining of Anglo American Platinum Limited (January 2009 – July 2010)	68,081 Class A Shares 0.01%

Dr. Patricia Makhesha Gauteng, South Africa	Vice President, Transformation and Stakeholder Relations since June 2014	Vice President, Transformation and Stakeholder Relations of Ivanhoe (June 2014 – present); Vice President, Community Relations of Ivanhoe (March 2014 – June 2014); Managing Director of Ivanplats (September 2014 – present); Founder and Chief Executive Officer of MMMS Consulting (October 2011- February 2014); Senior Executive, Transformation and Human Capital Management of South African Forestry Company (June 2009 – September 2011)	Nil
Louis Watum Gauteng, South Africa	Managing Director, DRC Operations since December 2014	Managing Director, DRC Operations of Ivanhoe (December 2014 – present); General Manager of Kamo Copper SA (March 2015 – present); Country Manager for Randgold Resources Ltd. (November 2009 – November 2014); General Manager of Kibali Goldmines SPRL (November 2009 – November 2014)	Nil

Notes:

- (1) The information as to principal occupation, business or employment of and shares beneficially owned, controlled or directed by a director or executive officer is not within the knowledge of the management of the Company and has been furnished by the respective parties.
- (2) The shareholdings presented in this column exclude Options and RSUs, if any, held by such directors and officers and the percentage values are calculated to include the Class A Shares, without reference to any Class A Shares that may be issuable upon the exercise of Options.
- (3) Member of the Audit Committee.
- (4) Member of the Nominating and Corporate Governance Committee.
- (5) Chair of the Sustainability Committee.
- (6) Chair of the Nominating and Corporate Governance Committee.
- (7) Member of the Compensation and Human Resources Committee.
- (8) Member of the Sustainability Committee.
- (9) Chair of the Audit Committee.
- (10) Chair of the Compensation and Human Resources Committee.
- (11) Member of the Technical Committee.

As at the date of this AIF, the Company's directors and executive officers as a group beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 176,407,069 Class A Shares, representing 22.65% of the issued and outstanding Class A Shares, excluding any Options and RSUs held by such directors and officers.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of management, except as disclosed herein, no director or executive officer of the Company is, as of the date of this AIF, or was, within the 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including Ivanhoe) that was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued: (i) while such person was acting in that capacity; or (ii) after such person was acting in such capacity and which resulted from an event that occurred while that person was acting in such capacity.

Mr. Lamarque serves as the Chief Executive Officer of Ecometals Limited ("**Ecometals**"). On October 3, 2013 a cease trade order against Ecometals was issued by the British Columbia Securities Commission for failing to file its audited financial statements and associated filings for the year ending March 31,

2013. Ecometals has confirmed that it continues to work with its auditors to complete the filings as soon as its financial condition allows.

To the knowledge of management, except as disclosed herein, no director or executive officer of the Company, or shareholder holding a sufficient number of securities to affect materially the control of the Company is, as of the date of this AIF, or has been, within 10 years before the date hereof, a director or executive officer of any company that, while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Robert Friedland served as the Executive Co-Chairman of Ivanhoe Energy Inc. (“**Ivanhoe Energy**”) from May 2008 to October 2014 and was Deputy Chairman from June 1999 to May 2008, President from May 2008 to May 2010, and Chief Executive Officer from May 2008 to December 2011. Mr. Peter Meredith served as a director of Ivanhoe Energy from December 2007 to December 2014. On February 20, 2015, Ivanhoe Energy filed a Notice of Intention to Make a Proposal under subsection 50.4(1) of the *Bankruptcy and Insolvency Act (Canada)*. On June 2, 2015, having failed to file a proposal, Ivanhoe Energy was assigned into bankruptcy. Cease trade orders were issued against Ivanhoe Energy in Alberta (July 15, 2015), Quebec (May 7, 2015), Manitoba (May 6, 2015), Ontario (May 4, 2015) and British Columbia (April 14, 2015) in respect of the company failing to file its audited financial statements and associated filings for the year ending December 31, 2014, which cease trade orders remain in effect as at the date of this Annual Information Form.

Mr. Cockerill was a non-executive director of Peterstow Holdings from August 2010 to March 2012. In August 2012, Peterstow Holdings applied for an order from the High Court in Swaziland to be placed under provisional liquidation. Mr. Cockerill is a minority shareholder of Peterstow Holdings, owning less than 1% of the issued and outstanding capital of the company.

Mr. Ian Cockerill was a non-executive director and Vice Chairman of African Minerals Limited from July 2013 to December 2014. On March 26, 2015, the High Court in London appointed joint administrators of African Minerals after it failed to make a scheduled bond payment.

Mr. William Lamarque was a director of Century Mining Corporation (“**Century**”) until it was purchased through a statutory plan of arrangement by White Tiger Gold Ltd. (“**White Tiger**”) in October 2011. On May 25, 2012, White Tiger announced that Century had received a notice from Deutsche Bank AG, London Branch, that it was in breach of certain contractual commitments and that Deutsche Bank would be enforcing its security on the property of Century.

To the knowledge of management, no director or executive officer of the Company, or shareholder holding a sufficient number of securities to affect materially the control of the Company has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

To the knowledge of management, no director or executive officer of the Company, or shareholder holding a sufficient number of securities to affect materially the control of the Company has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the best of the Company's knowledge, except as otherwise noted in this AIF, there are no existing or potential conflicts of interest among the Company, its directors, officers, or other members of management of the Company except that certain of the directors, officers and other members of management serve as directors, officers and members of management of other public companies and therefore it is possible that a conflict may arise between their duties as a director, officer or member of management of such other companies and their duties as a director, officer or member of management of the Company.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors and officers of conflicts of interest and the Company will rely upon such laws in respect of any directors' or officers' conflicts of interest or in respect of any breaches of duty to any of its directors and officers. All such conflicts must be disclosed by such directors or officers in accordance with the BCBCA.

The Company has adopted a Code of Business Conduct and Ethics that applies to all directors, officers, employees and consultants of the Company and its subsidiaries.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Since January 1, 2015, there have been no legal proceedings to which the Company is or was a party or of which any of its property is or was the subject of that involves claims for damages that exceed 10% of the Company's current assets.

Since incorporation, there have not been any penalties or sanctions imposed against the Company by a court relating to provincial and territorial securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Company, and the Company has not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The charter of the Audit Committee is attached as Schedule "B" to this AIF.

Composition of the Audit Committee and Independence

The Audit Committee is comprised of Oyvind Hushovd (Chair), William Lamarque and Livia Mahler, each of whom is "independent" within the meaning of NI 52-110.

Relevant Education and Experience

Each of Oyvind Hushovd (Chair), William Lamarque and Livia Mahler, are "financially literate" within the meaning of NI 52-110. Each of the members of the Audit Committee has had several years of experience as a senior executive and a member of the board of directors of significant business enterprises in which he has assumed substantial financial and operational responsibility. In the course of these duties, the members have gained a reasonable understanding of the accounting principles used by the Company; an ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves; experience analyzing and evaluating financial statements that present a breadth and level of complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such

activities; and an understanding of internal controls and procedures for financial reporting.

Audit Committee Oversight

At no time since incorporation was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Pre-Approval Policies and Procedures

All non-audit services must be pre-approved by the Audit Committee. In no event can the external auditor undertake non-audit services prohibited by legislation or by professional standards.

External Auditor Service Fees

The following table provides information about the fees billed to the Company, for professional services rendered by PricewaterhouseCoopers Inc., Chartered Accountants, during the financial year ended December 31, 2015 and Deloitte LLP (formerly Deloitte & Touche LLP), Chartered Accountants, during the financial year ended December 31, 2014:

	2015	2014
	(\$) ⁽⁶⁾	(\$) ⁽⁶⁾
Audit Fees ⁽¹⁾	252,713	250,855
Audit Related Fees ⁽²⁾	62,356	215,717
Tax Fees ⁽³⁾	—	—
All Other Fees ⁽⁴⁾	43,435	35,319
Total: ⁽⁵⁾	358,504	501,891

Notes:

- (1) Audit fees were for professional services rendered by the Company's auditors for the audit of the Company's annual consolidated financial statements.
- (2) Audit related fees were for services related to limited procedures performed by the Company's auditors related to interim reports as well as services provided in connection with statutory and regulatory filings, including without limitation the public offering in 2014.
- (3) Tax fees are for tax compliance, tax advice and tax planning.
- (4) All other fees for services performed by the Company's auditors.
- (5) These fees only represent professional services rendered and do not include any out-of-pocket disbursements or fees associated with filings made on the Company's behalf. These additional costs are not material as compared to the total professional services fees for each year.
- (6) These amounts were converted to US\$ using the average exchange rate during the financial year which it relates to.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

In May 2007, the Company subscribed for common shares in the capital of Rhenfield Limited, a British Virgin Islands registered company, constituting a 50% interest in Rhenfield Limited at the nominal value of the shares \$522 (£252). The other 50% interest is held by Ivanhoe Capital Pte Ltd., a company which has a director in common with Ivanhoe and which is 100% owned indirectly by the Executive Chairman. Rhenfield Limited initially purchased a building in London, England for \$11.6 million (£7.0 million) that was partly funded via a loan from both shareholders of \$1.7 million each (£1.05 million each) as well as a mortgage bond of \$8.1 million (£4.9 million). In June 2013, Rhenfield Limited acquired a second building in London, England for \$5.9 million (£3.6 million) that was partly funded via a loan from both shareholders of \$1.5 million each (£0.9 million each) as well as a mortgage bond of \$2.8 million (£1.7 million). The shareholders of Rhenfield Limited further funded transaction costs, capital improvements and operating costs on a 50:50 basis. The building is being partly used as the London office of the Company. The 50% interest in Rhenfield Limited is accounted for as a joint operation. Interests in joint

operations are accounted for by recognizing the Company's share of assets, liabilities, revenues, and expenses incurred jointly according to the Company's joint operation accounting policy.

The Company is a party to a cost sharing agreement with Kaizen Discovery Inc. (TSX-V), GoviEx Uranium Inc. (CSE), High Power Exploration Inc., Ivanhoe Capital Corporation, Ivanhoe Capital Finance Limited and I-Pulse Inc. Except for GoviEx Uranium Inc., Mr. Friedland, Executive Chairman of the Company, has a material direct or indirect beneficial interest in these companies. Through these agreements, the Company shares, on a cost-recovery basis, office space, furnishings, equipment and communications facilities in Vancouver, Singapore, London and Tokyo. The Company also shares the costs of employing administrative and certain management personnel in these offices. In 2015, the Company's share of these costs was \$3.6 million. In 2001, the Company agreed, as part of the cost sharing arrangements and in connection with Mr. Friedland's position as the Executive Chairman, to share the costs of operating an aircraft owned by a private company of which Mr. Friedland is the sole shareholder. The Company paid \$1.2 million towards aircraft operating costs in 2015.

In June 2014, Mr. Friedland, the Executive Chairman of the Company, subscribed for an aggregate of 16,666,667 units in a private placement, each consisting of one Class A Share and one Warrant, at a price of C\$1.50 per unit for gross proceeds to the Company of C\$25 million. In July 2014, Mr. Friedland exercised his option to purchase an additional 2,500,000 units, consisting of one Class A Share and one Warrant, at a price of C\$1.50 per unit for gross proceeds to the company of C\$3.75 million. The private placement was completed in reliance on available exemptions from the formal valuation and minority shareholder approval requirements contained in Multilateral Instrument 61-101.

TRANSFER AGENTS AND REGISTRARS

The transfer agent and registrar for the Class A Shares and Class B Shares is CST Trust Company at its offices in Vancouver and Toronto.

MATERIAL CONTRACTS

The only material contracts entered into by the Company or on its behalf, since December 31, 2014 or entered into prior to December 31, 2014 and which are still in force, other than contracts entered into in the ordinary course of business, are:

1. Consolidated Investors' Agreement and BEE Transaction. See "*Material Contracts - Consolidated Investors' Agreement and BEE Transaction*";
2. Kipushi Joint Venture Agreement. See "*Material Contracts – Kipushi Joint Venture Agreement*";
3. SNEL Finance Agreement. See "*Material Contracts - SNEL Finance Agreement*"; and
4. Kamoia Holding Shareholder and Governance Agreement. See "*Material Contracts - Kamoia Holding Shareholder and Governance Agreement*".

Copies of these agreements may be inspected at the head office of the Company located at 654 – 999 Canada Place, Vancouver, British Columbia, V6C 3E1, and will also be filed via SEDAR and available at www.sedar.com.

Consolidated Investors' Agreement and BEE Transaction

In June 2014, a 26% interest in the Platreef Project was transferred by Ivanplats Holding to K2014089596 (South Africa) (RF) Proprietary Limited ("**Platreef BEE Co**"), a special purpose vehicle established for the purpose of satisfying the broad based black economic empowerment requirements of South Africa's mining laws and in fulfilment of the requirements of the Platreef Mining Right ("**BEE Transaction**").

The shareholder composition of Platreef BEE Co complies with the applicable South African legislation regarding empowerment of HDSAs and is made up of:

- a special purpose vehicle, K2014043822 (South Africa) (RF) Proprietary Limited ("**Community TrustCo**") its sole shareholder being a trust established for the benefit of 20 local communities adjacent to and affected by the Platreef Project ("**Platreef Community Umbrella Trust**"). Community TrustCo holds 76.92% of the shares in Platreef BEE Co (representing an effective 20% participating interest in the Platreef Project for the Platreef Community Umbrella Trust);
- a special purpose vehicle, K2014043829 (South Africa) (RF) Proprietary Limited ("**Employee TrustCo**"), its sole shareholder being a trust established for the benefit of HDSA non-managerial employees of Ivanplats and/or Ivanhoe Mines SA (Pty) Ltd. and/or an affiliate of Ivanplats where the employee's role and responsibilities have been directly or indirectly related to the Platreef Project ("**Platreef Equity Participation Trust**"). Employee TrustCo holds 11.54% of the shares in Platreef BEE Co (representing an effective 3% participating interest in the Platreef Project for the Platreef Equity Participation Trust); and
- a special purpose vehicle, K2014043815 (South Africa) (RF) Proprietary Limited ("**EntrepreneurCo**"). EntrepreneurCo holds 11.54% of the shares in Platreef BEE Co (representing an effective 3% participating interest in the Platreef Project for the HDSA entrepreneurs), which consortium of HDSA entrepreneurs is made up of local HDSA entrepreneurs (including Ivanplats managerial employees who elected to participate in this consortium), the majority of whom are local HDSA entrepreneurs who are registered on Ivanplats' procurement database.

The 26% interest in the Platreef Project was transferred by Ivanplats Holding to Platreef BEE Co for a purchase price of ZAR2.703 billion which was settled by way of Ivanplats Holding advancing a loan to Platreef BEE Co for the full amount of the purchase price ("**Ivanplats Vendor Loan**"). A small portion of the Ivanplats Vendor Loan (in the amount of R312 million) was subsequently repaid by way of EntrepreneurCo having contributed cash funding to Platreef BEE Co, which cash funding was sourced by the HDSA entrepreneurs' own cash resources and loans provided by Ivanplats Holding to certain of the EntrepreneurCo shareholders.

The Ivanplats Vendor Loan, which was subsequently ceded to **Community TrustCo** and **Employee TrustCo**, accrues interest at 75% of the South African prime rate of interest and is to be discharged by way of preference shares ("**TrustCo Preference Shares**") being issued by each of Community TrustCo and Employee TrustCo to Ivanplats Holding. The Ivanplats Vendor Loan is secured by a guarantee provided by Platreef BEE Co to Ivanplats Holding which is further secured by a pledge over Platreef BEE Co's shares in and claims against Ivanplats in favour of Ivanplats Holding.

The TrustCo Preference Shares will be issued to Ivanplats Holding upon South African Exchange Control approval being received. The TrustCo Preference Shares have a dividend rate equal to 75% of the South African prime rate of interest and are to be redeemed in full within a period not exceeding 20 years. After providing for taxes and administrative expenses, Community TrustCo and Employee TrustCo are obliged to use 80% of the proceeds received by them from Platreef BEE Co to settle their obligations pertaining to the TrustCo Preference Shares. Such proceeds are to be used, first, to make prevailing dividend payments, second, to settle accrued dividend payments and thereafter to redeem the TrustCo Preference Shares. The balance of the proceeds received by Community TrustCo and Employee TrustCo (20%) are to be distributed by them to their respective shareholders, being the Platreef Community Umbrella Trust and to the Platreef Equity Participation Trust, respectively. The obligations of each of Community TrustCo and Employee TrustCo to Ivanplats Holding in terms of the TrustCo Preference Shares are secured by a pledge and cession over their shares in, and claims against, Platreef BEE Co.

In light of the circumstances where Ivanplats will only be in a position to make dividend distributions to its shareholders some time into the future after the Platreef Project development capital has been repaid, Ivanplats has undertaken to contribute an annual amount of R11 million to the Platreef Community Umbrella Trust until such time as Ivanplats has declared and made payment of its first dividend to the holders of its shares.

As a consequence of the implementation of the BEE Transaction, a Consolidated Investors' Agreement was concluded in June 2014 by and among Ivanhoe, Itochu, ITC Platinum, Ivanplats Holding and Platreef BEE Co which agreement replaced the Joint Operation and Investment Agreement by and among Ivanhoe, Itochu, ITC Platinum and Ivanplats Holding.

In terms of the Consolidated Investors' Agreement, additional funding required by the Platreef Project (after the initial investment funding provided by Itochu and ITC Platinum has been exhausted) may be provided *pro rata* by the participants in accordance with their respective participation interests in the Platreef Project. However, if and to the extent that Platreef BEE Co is unable to fund its proportionate share, Ivanhoe is obliged to provide such funding on behalf of Platreef BEE Co. Such arrangements are consistent with the undertaking previously given by Ivanhoe in the Joint Operation and Investment Agreement in terms of which it undertook to bear the costs associated with the participation by HDSAs in the Platreef Project and is consistent with the current requirements of the South African mining laws in terms of which 26% HDSA ownership participation is required to be maintained. Platreef BEE Co's shareholding in Ivanplats will accordingly not be diluted as a result of its failure to advance funding to Ivanplats.

The Consolidated Investors' Agreement retains the same arrangements set out in the Joint Operation and Investment Agreement pertaining to Itochu and ITC Platinum agreeing to use reasonable efforts to

arrange for and facilitate non-recourse project financing and support from Japanese financial institutions for the continued development of the Platreef Project and Itochu and ITC Platinum being entitled to off-take from the Platreef Project *pro rata* to their participation interest in the Platreef Project.

The Platreef Project is to be managed by Ivanhoe, subject to the supervision and direction of a Management Committee, Technical Committee and the Ivanplats Board of Directors. In each of these management bodies each participant is entitled to representation and entitlement to vote that is in proportion to their respective participation interest in the Platreef Project. Decisions of the Board, Management Committee and Technical Committee are generally made by majority vote but various matters (such as the approval of work programmes or budgets of Ivanplats, material changes to the Platreef Project, the sale of any of Ivanplats' material assets and the acquisition by Ivanplats of any material assets) require the prior approval of all of the Ivanplats participants.

All retained earnings in Ivanplats will be either invested into the Platreef Project in accordance with the instructions of the Management Committee or paid as dividends.

The participants in the Platreef Project have granted each other various rights and entitlements pertaining to their on-going participation in the Platreef Project, including the following:

- Each of Ivanhoe and Itochu and ITC Platinum have granted each other respective rights of pre-emption in relation to a disposal by them of their participation interests in the Platreef Project.
- Platreef BEE Co is not entitled to dispose of its participation interest in Ivanplats until the later of 26 June 2022 or Platreef BEE Co having settled all outstanding funding provided by Ivanhoe or any of its affiliates to BEE Co. Platreef BEE Co has granted a right of pre-emption over its participation interest in the Platreef Project first to Ivanhoe and thereafter to Itochu and ITC Platinum, after which Platreef BEE Co is only entitled to dispose of its participation interest to another entity that complies with the HDSA ownership requirements of the South African mining laws where such disposal would not affect the on-going validity of the Platreef Mining Right.
- In the event of there being an actual or proposed change in control of Ivanhoe, Ivanplats or Platreef BEE Co, Ivanhoe has undertaken on a best endeavours basis to facilitate the acquisition by a third party of the participation interests of Itochu and ITC Platinum and Platreef BEE Co should they so require.
- In the event that the combined effective participation interest of Itochu and ITC Platinum in the Platreef Project falling below 2%, Ivanhoe is entitled to acquire their participation interest in exchange for a 1% net smelter returns royalty.
- Itochu and ITC Platinum are granted a right to convert their shares in Ivanplats Holding (or in Ivanplats to the extent owned by either Itochu or ITC Platinum) into Class A Shares following: (i) a breach by Ivanhoe of the Consolidated Investors' Agreement that remains uncured for more than 180 days following notice of the breach; or (ii) the occurrence of certain specified insolvency events relating to Ivanhoe.
- Customary come along and tag along rights are granted where Ivanhoe's shareholding in Ivanplats Holding falls below 80% or its effective participating interest in the Platreef Project falls below 54%.
- In the event that Platreef BEE Co ceases to qualify for HDSA ownership purposes in terms of the South African mining laws or Platreef BEE Co undergoes a change of control, or any participant in the Platreef Project breaches a terms of the Consolidated Investors' Agreement, suffers certain

specified insolvency events or becomes disqualified under any applicable law to hold its participation interest in the Platreef Project, then a deemed offer over that participant's participation interest in favour of the other participants arises.

The Consolidated Investors' Agreement also contains customary terms for an agreement of this nature, including customary representations and warranties from the parties, permitted intra-group and nominee disposals, support and good faith, dispute resolution, confidentiality and liability limitation provisions.

Ivanplats has also adopted a new Memorandum of Incorporation (being its constituent document in terms of South African company laws) that is consistent with the provisions of the Consolidated Investors' Agreement.

Kipushi Joint Venture Agreement

The operation of KICO, relating in particular to the rights and responsibilities for the Kipushi Project, are governed by the Kipushi Joint Venture Agreement originally entered into by Gécamines and United Resources AG on February 14, 2007. The Kipushi Joint Venture Agreement was novated to Kipushi Vendor by United Resources AG via a novation act on May 16, 2008 and Kipushi Vendor replaced United Resources AG as a party to the Kipushi Joint Venture Agreement. At the time of Ivanhoe's acquisition of 68% of the share capital of KICO, in November 2011, Kipushi Vendor transferred its interest in the Kipushi Joint Venture Agreement to Kipushi Holding concurrent with the sale of shares in the capital of KICO.

The Kipushi Joint Venture Agreement:

- obligates Kipushi Holding to prepare and deliver to Gécamines a Feasibility Study for commencement of mineral production at the Kipushi Project no later than December 31, 2014, with up to an extra six month grace period if Kipushi Holding can demonstrate that it is not objectively able to deliver the Feasibility Study within that time. The Feasibility Study should target a production rate of 143,000 tpa of zinc concentrate, subject to adjustment as determined in the Feasibility Study;
- establishes that Gécamines' 32% shareholding is non-diluting and that Gécamines receives a royalty of 2.5% of net turnover;
- provides that all shareholder decisions are taken by simple majority decision regardless of the number of shares held except for changes in the articles of association which require a 75% vote and dividends in specie of product, changes to the objects clause or change to the nationality of KICO, which changes require a unanimous vote;
- provides that shares in KICO are not transferable before the date of commercial production and that, save for transfers between the shareholders or to their affiliates, pre-emption rights will apply to transfers of shares at an agreed price or, failing agreement, a price determined by an expert. There are provisions that a change in control of a shareholder will trigger pre-emption rights as if a transfer had been made. Gécamines has confirmed that completion by Ivanhoe of a stock exchange listing would not in any event constitute a change in control for such purposes;
- establishes a board of directors and management committee each comprising 7 members of which Kipushi Holding is entitled to appoint four members and Gécamines three members. The Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Sales and Marketing director are appointed by Kipushi Holding and the Deputy Chief Executive Officer, Human Resources director and Supply director are appointed by Gécamines;

- retains for Gécamines ownership of two concentrators located on site, a tailings facility and other buildings and infrastructure, and acknowledges the right of Gécamines to continue to use those facilities to process mineralized material from other properties; and
- establishes protocols for future financing, which obligate Kipushi Holding to finance 20% of finance costs for the project through interest-free advances. The parties agreed that the balance of the financing would be financed through commercial borrowings at LIBOR plus 400 basis points or as otherwise agreed between them.

SNEL Finance Agreement

On March 21, 2014, a financing agreement was entered into between Ivanhoe's subsidiary, Ivanhoe Mines Energy DRC SARL and La Société Nationale d'Electricité SARL ("**SNEL Finance Agreement**") relating to the upgrade at a first stage of two existing hydroelectric power plants in DRC - Mwadingusha and Koni, to feed up to 113 MW into the national power supply grid and for the supply of electricity to Ivanhoe's DRC projects. (See "*Kamoa Project – Preliminary Economics - Infrastructure, Capital and Operating Costs*").

Under the SNEL Finance Agreement, Ivanhoe has agreed to provide a loan (the "**Ivanhoe Mines Energy SNEL Loan**") relating to the power upgrade, which is estimated to be \$141 million (including a \$4.5 million pre-finance loan). The final loan size will be determined upon the completion of supplementary feasibility studies underway for the rehabilitation of the Nzilo hydropower plant, but is capped at a maximum commitment of \$250 million. The term for repayment of the Ivanhoe Mines Energy SNEL Loan and payment of accrued interest and future costs is estimated to be 15 years, beginning after the expiry of a two year grace period from the signing date of the agreement. The actual repayment period will ultimately depend on the amount actually financed and on the amounts deducted from electricity bills based on a fixed percentage of the actual bill as per the terms of the loan repayment. The parties have agreed a potential loan repayment schedule with repayments extending from 2015 to 2031 depending on drawn down dates. Following the upgrade, SNEL has the option to prepay the Ivanhoe Mines Energy SNEL Loan. The interest rate is 6 month LIBOR + 3%.

Under the SNEL Finance Agreement, Ivanhoe is given a priority electricity right by which SNEL commits to make available to Ivanhoe Mines Energy DRC SARL, as per an agreed power requirements schedule, sufficient energy from its grid to meet the energy needs of Ivanhoe's DRC projects, and following the upgrade, on an exclusivity and priority basis, up to 200 MW depending on the Company's production and mine expansion scenarios. In the event Ivanhoe is not going to develop its DRC projects and thus not able to use power allocated to it, the unused electricity can be sold to a third party user and 40% of the proceeds of that sale will be used towards the repayment of the Ivanhoe Mines Energy SNEL Loan. Ivanhoe will pay SNEL for the supply by SNEL of the electricity required for the development and operation of its DRC Projects. These funds will be credited in an onshore account held by SNEL. Within 3 business days, 40% of these funds will be credited and used towards the servicing of the Ivanhoe Mines Energy SNEL Loan.

If a force majeure event occurs prior to the completion of the upgrade and continues for more than twelve (12) months, termination is possible following a determination by the parties that the upgrade may not be completed within one (1) year. An event of force majeure does not relieve SNEL from its obligation to service / pay the Ivanhoe Mines Energy SNEL Loan.

Kamoa Holding Shareholder and Governance Agreement

The Company and Zijin Mining have agreed to a strategic co-development of the Kamoa Copper Project in the Democratic Republic of Congo. Zijin Mining, through its subsidiary, Gold Mountains (H.K.) International Mining Company Limited, has acquired a 49.5% share interest in Kamoa Holding, a

subsidiary of the Company that presently owns 95% of the Kamoa Project. In addition, Crystal River has acquired a 1% share interest in Kamoa Holding.

The relationship between the Company, Zijin Mining and Crystal River will be governed by a Shareholder, Governance and Option Agreement (“**SGO Agreement**”).

Zijin Mining 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 Kamoa Project, as set out in the feasibility study, without any recourse, and on terms acceptable to the Company, and Zijin Mining will provide any and all required completion guarantees relating to the securing of project financing for the Kamoa Project. Upon the successful arrangement or procurement of project financing, Zijin Mining will have the right to acquire Crystal River’s 1% share interest in Kamoa 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 the Company and Zijin Mining will then 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 SGO Agreement also provide that upon exercise of the 1% Option, for an amount to be determined by an independent expert valuator, Zijin Mining will be required to arrange or procure project financing for all subsequent phases of the Kamoa Project, without any recourse, and on terms acceptable, to the Company. In addition, Zijin Mining will provide any and all required completion guarantees relating to the securing of the subsequent project financing for Kamoa’s subsequent development.

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

Provided that Zijin Mining has arranged or procured project financing for 65% of the capital required to develop the first phase of the Kamoa Project , Zijin Mining will be entitled to negotiate an offtake agreement, on commercial, arm’s-length terms acceptable to the Company, to acquire up to that portion of the total production from the Kamoa Project attributable to Kamoa Holding for at least the term of the project financing.

The SGO Agreement also provides that all key decisions regarding the development and operation of the Kamoa Project will be made by Kamoa Holding’s Board of Directors, which initially will consist of five members: two designated by the Company, two designated by Zijin Mining and one designated by Crystal River.

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

- establishment of the Kamoa 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.

Zijin Mining also has agreed to the inclusion of a 10-year standstill provision in the SGO Agreement, meaning that Zijin Mining will only be permitted to acquire further shares of the Company on a consensual, negotiated basis.

INTERESTS OF EXPERTS

Names of Experts

Deloitte LLP (formerly Deloitte & Touche LLP), Chartered Accountants, have advised that they are independent of the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

PricewaterhouseCoopers Inc., Chartered Accountants, have advised that they are independent of the Company within the meaning of Canadian Generally Accepted Auditing Standards.

The scientific and technical information in this AIF regarding the Projects referred to in the “Description of the Business” section is based on the:

- technical report dated March 29, 2016 prepared by OreWin Pty Ltd, AMEC and SRK Consulting Inc. covering the Company’s Kamoā Project;
- technical report dated January 8, 2015 prepared by OreWin Pty Ltd, AMEC, Stantec Inc., SRK Consulting Inc., and DRA Projects (Pty) Ltd. covering the Company’s Platreef Project; and
- technical report dated March 11, 2016 prepared by MSA Group (Pty) Ltd and OreWin Pty Ltd covering the Company’s Kipushi Project.

Interests of Experts

To the knowledge of the Company, as of the date hereof, none of PricewaterhouseCoopers Inc., Deloitte LLP, OreWin Pty Ltd, AMEC, SRK Consulting Inc., Stantec Inc., DRA Projects (Pty) Ltd. and MSA Group (Pty) Ltd or any of their “designated professionals” as defined in NI 51-102, hold any beneficial interest in, directly or indirectly, Class A Shares, or securities convertible into Class A Shares, equal to or greater than one percent of the issued and outstanding Class A Shares.

ADDITIONAL INFORMATION

Additional information including directors’ and officers’ remuneration and indebtedness, principal holders of the Company’s securities, Restricted Share Units, and Options to purchase Class A Shares of the Company will be contained in the management proxy circular to be filed in connection with the annual and special meeting of Shareholders, currently scheduled to be held on May 19, 2016, which will be available on SEDAR at www.sedar.com and on the Company’s website at www.ivanhoemines.com. Additional financial information is contained in the Company’s consolidated financial statements and MD&A as at and for the period ended December 31, 2015 and 2014 and available on SEDAR at www.sedar.com. Additional information relating to the Company may be found on SEDAR at www.sedar.com.

SCHEDULE “A”

INTERPRETATION

Defined Terms

Certain terms are limited to one section of the AIF and are defined directly in the body of the AIF. Other terms are used throughout, and are defined as follows:

“**AIF**” has the meaning ascribed thereto under the heading “*Forward-Looking Statements*”;

“**AMEC**” means Amec Foster Wheeler E&C Services Inc. (which changed its name as of January 2015), and includes its affiliated entities which collectively supply consultancy, engineering and project management services internationally, including AMEC GRD SA, AMEC Australia Pty Ltd, and AMEC E&C Services Inc.;

“**Atlatsa**” means Atlatsa Resources Corporation, a company incorporated under the laws of British Columbia (formerly Anooraq Resources Corporation);

“**BCBCA**” means the *Business Corporations Act* (British Columbia) and the regulations in effect thereunder;

“**BEE**” means the process pursuant to which the government of South Africa is attempting to provide HDSA with access to property, business opportunities and other benefits generated by the South African economy through the implementation of statutes aimed specifically at the advancement of HDSA and HDSA communities;

“**Board**” means the board of directors of Ivanhoe;

“**Class A Shares**” means the Class A common shares in the capital of the Company;

“**Class B Shares**” means the Class B common shares in the capital of the Company;

“**Company**” has the meaning ascribed thereto under the heading “*Forward-Looking Statements*”;

“**Conversion Lock-up Agreement**” means a lock-up agreement to be entered into by the Company with each of the holders of Class B Shares who elect to do so, which, among other things, shall restrict transfers of the Class A Shares acquired on conversion of Class B Shares to a staged release of such Class A Shares during the Lock-up Period and which will be in the form approved by the Board from time to time;

“**Crystal River**” means Crystal River Global Limited;

“**Disposition**” means any offer of sale, contract to sell or otherwise to dispose of, transfer, gift, assign, encumber, convert, loan, pledge or grant any rights to, or to enter into any hedging arrangements with respect to issued Class A Shares;

“**DMR**” means the South African Department of Mineral Resources;

“**DRC**” means the Democratic Republic of the Congo;

“**DRC Mining Code**” means the Law No. 007/2002 of July 11, 2002 introduced by the government of the DRC;

“**Gécamines**” means La Générale des Carrières et des Mines, a state-owned corporation, incorporated in the DRC;

“**Genalysis**” means Genalysis Laboratory Services (Proprietary) Limited, a private company with limited liability registered in accordance with the laws of South Africa;

“**HDSA**” means Historically Disadvantaged South Africans, as defined in the MPRDA;

“**IPO**” means initial public offering of 64,358,000 Class A Shares at a price of C\$4.75 per Class A Share;

“**IPO Date**” means October 23, 2012, being the date on which the IPO was completed;

“**ITC Platinum**” means ITC Platinum Development Ltd., a special purpose vehicle organized under the laws of the United Kingdom and owned by a consortium of Itochu, the state-owned JOGMEC and JGC;

“**Itochu**” means the Itochu Corporation, a corporation incorporated under the laws of Japan;

“**Ivanhoe**” means Ivanhoe Mines Ltd., formerly Ivanplats Limited;

“**Ivanplats**” means Ivanplats Proprietary Limited, formerly Platreef Resources Proprietary Limited, a private company incorporated in accordance with the laws of South Africa, a majority owned subsidiary of Ivanplats Holding and the subsidiary through which Ivanhoe indirectly holds its interest in the Platreef Project;

“**Ivanplats Holding**” means Ivanplats Holding Sàrl, formerly Beales Sàrl, a company re-incorporated under Luxembourg laws, and a majority owned subsidiary of Ivanhoe through which Ivanhoe indirectly holds its interest in the Platreef Project;

“**JGC**” means JGC group of companies, consisting of the main company, JGC, which provides a wide range of services in the planning, design engineering, construction, and commissioning of various kinds of plants and facilities, and another 41 subsidiary, and 32 affiliated, companies in Japan and abroad, which through its ownership in ITC Platinum holds an indirect 0.5% participating interest in the Platreef Project;

“**JOGMEC**” means Japan Oil, Gas and Metals National Corporation, a company incorporated under the laws of Japan, which was created to integrate the functions of the former Japan National Oil Corporation (responsible for securing a stable supply of oil and natural gas) and the former Metal Mining Agency of Japan (responsible for ensuring a stable supply of non-ferrous metal and mineral resources and implementing mine pollution control measures), which through its ownership in ITC Platinum holds an indirect 1.5% participating interest in the Platreef Project;

“**Joint Operation and Investment Agreement**” means the joint operation and investment agreement between Itochu, ITC Platinum, Ivanplats Holding and Ivanhoe dated May 26, 2011;

“**Kamoa Copper**” means Kamoa Copper SA, a company registered in the DRC, a wholly-owned indirect subsidiary of Ivanhoe;

“**Kamoa Exploitation Licences**” means exploitation permits 12873, 13025 and 13026, which cover an area of 397.4 km², approved by the government of the DRC on August 20, 2012;

“**Kamoa Holding**” means Kamoa Holding Limited, a corporation governed by the laws of Barbados, that presently owns 95% of Kamoa Copper;

“**Kamoa Project**” means Kamoa Copper’s copper project located in Lualaba Province, DRC, and which lies at the western end of the Central African Copperbelt;

“Kamoa Technical Report” means the technical report dated March 29, 2016 prepared by OreWin Pty Ltd, AMEC and SRK Consulting Inc., covering Kamoa Holding’s Kamoa Project;

“KICO” means Kipushi Corporation SA, a corporation incorporated under the laws of the DRC;

“Kipushi Holding” means Kipushi Holding Limited, incorporated under the laws of Barbados, a wholly owned indirect subsidiary of Ivanhoe and the subsidiary through which the Company holds its rights to the Kipushi Project;

“Kipushi Joint Venture Agreement” has the meaning ascribed thereto under the heading *“Description of the Business - Kipushi Project”*;

“Kipushi Project” means the Company’s zinc-copper project located near the town of Kipushi, DRC;

“Kipushi Technical Report” means the technical report dated March 11, 2016 prepared by MSA Group (Pty) Ltd and OreWin Pty Ltd covering the Company’s Kipushi Project;

“Kipushi Vendor” means Kipushi Resources International Limited, a company associated with Dan Gertler and incorporated under the laws of the Cayman Islands;

“Lock-up Period” means the period that begins on the date the respective Conversion Lock-Up Agreement is executed and ends on the date that is three years and three months (39 months) following the IPO Date;

“Lock-up Shareholders” means, during the Lock-up Period, a holder of Class A Shares that received such Class A Shares on the conversion of their Class B Shares and the concurrent execution of a Conversion Lock-up Agreement;

“Macalacaskop” means the farm Macalacaskop No. 243, Registration Division KR, in the Limpopo Province of South Africa; being one of the three contiguous properties which currently comprise the Platreef Project;

“MPRDA” means the *Mineral and Petroleum Resources Development Act, No. 28 of 2002* (South Africa), as amended from time to time, and includes the Regulations published pursuant thereto;

“NI 43-101” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*;

“NI 52-110” means National Instrument 52-110 – *Audit Committees*;

“Options” mean options to purchase Class A Shares pursuant to either: (i) those individual stock option agreements entered into by the Company with certain of its directors, officers, employees and consultants; or (ii) the amended and restated employees’ and directors’ equity incentive plan of the Company, and **“Option”** refers to one option individually;

“Original Common Shares” means the common shares of the Company, as they were prior to the Reorganization, and which have since been reclassified as Class B Shares, having new rights, terms and conditions attached to them;

“Platreef Project” means those deposits of PGE-nickel-copper-gold mineralization, in the northern limb of the Bushveld Complex, located on the contiguous Turfspruit, Macalacaskop and Rietfontein properties, approximately 280 km northeast of Johannesburg, South Africa held 64% by Ivanhoe, subject to any interest of Atlatsa, pursuant to the Settlement and New Project Agreement. See *“Description of the Business - Platreef Project”*;

“Platreef Technical Report” means the technical report effective January 8, 2015 prepared by OreWin Pty Ltd, AMEC, SRK Consulting Inc., and DRA Projects (Pty) Ltd. covering the Company’s Platreef Project;

“Preferred Shares” mean the preferred shares in the capital of the Company issuable in series;

“Preliminary Economic Assessment” is a study, other than a Pre-feasibility Study or Feasibility Study, that includes an economic analysis of the potential viability of Mineral Resources;

“Projects” mean collectively, the Kamoia Project, Platreef Project and Kipushi Project and “Project” refers to one of the Projects individually;

“QA/QC” means quality assurance and quality control;

“Qualified Person” means an individual who is a “Qualified Person” or “QP” within the meaning of NI 43-101;

“Reorganization” means the reorganization of Ivanhoe approved by its shareholders at a shareholders’ meeting on May 26, 2011, which amongst other things, resulted in the reclassification of Original Common Shares as Class B Shares;

“Restitution of Land Rights Act” means the *Restitution of Land Rights Act, No. 22 of 1994* (South Africa) as amended from time to time and includes the regulations published pursuant thereto;

“Restricted Share Unit” means the right of certain of the Company’s officers, employees and consultants to receive Class A Shares, or a cash payment equal to the equivalent thereof, following the prescribed vesting period of Restricted Share Unit (“RSU”) awards and satisfaction of any required performance conditions, subject to the terms and provisions set forth in the RSU Plan and the applicable award grant agreement, as defined therein.

“Rietfontein” means the farm Rietfontein Number 2, Registration Division KS, in the Limpopo Province of South Africa; being one of the three contiguous properties which currently comprise the Platreef Project;

“Rietfontein Right” means the exclusive right held by Plateau Resources Limited, a company incorporated under the laws of South Africa, being a subsidiary of Atlatsa, to prospect for base and precious metals on Rietfontein under prospecting right LP30/5/111/2/740PR;

“SEDAR” means the System for Electronic Document Analysis and Retrieval operated by the securities regulatory authorities in each of the provinces and territories of Canada;

“Settlement and New Project Agreement” means the Settlement and New Project Agreement between Ivanhoe and Atlatsa, dated December 11, 2009;

“SNEL” means La Société Nationale d’Electricité SARL, the state owned power company of the DRC;

“SNEL Finance Agreement” means the SNEL finance agreement between Ivanhoe Mines Energy DRC SARL and La Société Nationale d’Electricité SARL dated March 21, 2014;

“Technical Reports” has the meaning ascribed thereto under the heading “*Definitions and Other Information – Scientific and Technical Information*”;

“TSX” means the Toronto Stock Exchange;

“Turfspuit” means the farm Turfspuit No. 241, Registration Division KS, in the Limpopo Province of South Africa; being one of the three contiguous properties which currently comprise the Platreef Project;

“**U.S.**” or “**United States**” mean the United States of America, its territories or possessions, any state of the United States and the District of Columbia;

“**Warrants**” means Class A Share purchase warrants, each of which entitles the holder to purchase one Class A Share of the Company at a price of C\$1.80 prior to December 10, 2015; and

“**Zijin Mining**” means Zijin Mining Group Co., Ltd.

GLOSSARY OF MINING TERMS AND ABBREVIATIONS

“**AMK**” means one of the open-pit deposits of the Platreef Project located in the southern basin (an extension of the Turfspruit Basin) at Macalacaskop;

“**ATS**” means one of the open-pit deposits of the Platreef Project located at Turfspruit/Rietfontein;

“**azimuth**” means the direction of one object from another, usually expressed as an angle in degrees relative to true north. Azimuths are usually measured in the clockwise direction, thus an azimuth of 90° indicates that the second object is due east of the first;

“**Bushveld Complex**” means the Bushveld Igneous Complex, the layered igneous intrusion located in South Africa, which is one of the largest differentiated igneous bodies on earth, containing major deposits of PGEs, chromium and vanadium;

“**Central African Copperbelt**” means the copper mining area of Central Africa which runs through Zambia (Copperbelt Province) and the DRC;

“**chromite**” means an iron chromium oxide mineral belonging to the spinel group and commonly described using the chemical formula FeCr_2O_4 . Other elements such as aluminum, nickel and magnesium may substitute for iron in the spinel;

“**comminution/crushing/grinding**” means crushing and/or grinding of ore by impact and abrasion. Usually, the word “crushing” is used for dry methods and “grinding” for wet methods. Also, “crushing” usually denotes reducing the size of coarse rock while “grinding” usually refers to the reduction of the fine sizes;

“**concentrate**” means the valuable product from mineral processing, as opposed to the tailing, which contains the waste minerals. The concentrate represents a smaller volume than the original ore;

“**concentrator**” means a group of buildings, in which a process or function is carried out; at a mine it will typically include warehouses, hoisting equipment, compressors, repair shops, offices and mill and/or floatation cells;

“**cut-off grade**” means a grade level below which the mineralized material is not considered to be economic to mine and process. The minimum grade used to establish Mineral Resources;

“**decline**” means a sloping underground opening for machine access from level to level or from the surface;

“**density**” means the mass per unit volume of a substance, commonly expressed in grams per cubic centimetre;

“**diamictite**” means a poorly or non-sorted, matrix-rich conglomerate or breccia with a wide range of clasts up to 25% of them gravel sized (greater than 2 mm);

“**dilution**” means waste or low-grade rock which is unavoidably removed along with the ore in the mining process;

“**EIA**” means a systematic process of identifying, assessing and reporting environmental impacts associated with an activity and includes both a scoping exercise and an environmental impact report, including for purposes of South Africa those matters identified in Parts 2 and 3 of the Environmental Impact Assessment Regulations, 2010 published in GNR 543 GG 33306 of June 18, 2010 in terms of sections 24(5), 24M and 44 of the *National Environmental Management Act, No. 107 of 1998* (South Africa);

“Feasibility Study” means a comprehensive study of a range of options on the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open-pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions of mining, processing, metallurgical, economic, marketing, legal, environmental, social and governmental considerations and the evaluation of any other relevant factors which are sufficient for a Qualified Person, acting reasonably, to determine if all or part of the Mineral Resource may be classified as a Mineral Reserve;

“Flatreef” means the flat to gently-dipping portion of the UMT-TCU deposit that occurs at relatively shallow depths of approximately 700 to 1,100 metres below surface;

“flotation” means separation of minerals based on the capture of mineral particles having hydrophobic surfaces by bubbles introduced to a mineral slurry. Reagents, called collectors, are added to the slurry to render the surface of selected minerals hydrophobic. Air bubbles are introduced to which the hydrophobic minerals attach. The selected minerals are levitated to the top of the flotation machine by their attachment to the bubbles and into a froth product, called the “flotation concentrate.” If this froth carries more than one mineral as a designated main constituent, it is called a “bulk float”. If it is selective to one constituent of the ore, where more than one constituent will be floated, it is called a “differential” float;

“footwall” means the rock on the underside of a vein, fault, or ore deposit;

“grade shells” means a three-dimensional isograd that represents a specific grade value in three dimensions;

“hanging wall” means the rock on the upper or top side of a vein, fault, or ore deposit;

“harzburgites” means a variety of peridotite consisting mostly of two minerals, olivine and low-calcium (Ca) pyroxene (enstatite);

“hypogene” means formed from processes within the earth; more generally, “primary” as opposed to “secondary” (supergene, formed at the earth’s surface). Hypogene mineralization or ores are commonly comprised of sulphide;

“Indicated Mineral Resource” means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed;

“Inferred Mineral Resource” means that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assured, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes;

“Katanga Supergroup” means a sequence of sedimentary rocks of late Precambrian age within which occur the ore deposits of the Central African Copperbelt;

“mafic” means igneous rock composed mostly of one or more ferromagnesian, dark coloured minerals such as amphibole, pyroxene and olivine;

“Measured Mineral Resource” means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity;

“Merensky Reef” means a mineralized PGE zone within the eastern and western limbs of the Bushveld Complex, and together with UG2, the location of most PGE mining in the Bushveld Complex conducted to date;

“mill” means any ore mill, concentration, crushing, grinding, or screening plant used at, and in connection with, an excavation or mine;

“Mineral Reserve” means the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Pre-feasibility Study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined;

“Mineral Resource” means a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material, including base and precious metals, coal, and industrial minerals in or on the earth’s crust in such form and quantity and of such grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge;

“norite” means a coarse grained plutonic rock containing basic plagioclase (labradorite);

“open-pit” means a mine that is entirely on the surface;

“ounce” means a troy ounce, a system of measurement for precious metals, used in imperial statistics, and which is equal to 31.1035 grams;

“plant” means a sub-section of or complete complex in which a metallurgical or chemical process or function is carried out; at a mine reference to a plant will typically include warehouses, hoisting equipment, compressors, repair shops, offices and mill or concentrator;

“Platreef” means that pyroxenitic unit with nickel-copper-PGE mineralization that forms the base of the layered igneous succession in the northern limb of the Bushveld Complex;

“Pre-feasibility Study” means a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open-pit, has been established and an effective method of mineral processing has been determined, and includes a financial analysis based on reasonable assumptions of technical, engineering, legal, operating, economic, social, and environmental factors and the evaluation of other relevant factors which are sufficient for a Qualified Person, acting reasonably, to determine if all or part of the Mineral Resource may be classified as a Mineral Reserve;

“Probable Mineral Reserve” is the economically mineable part of an Indicated and, in some circumstances, a Measured Mineral Resource demonstrated by at least a Pre-feasibility Study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified;

“Proterozoic” means the later of the two divisions of Precambrian time from approximately 2,500 Ma to 540 Ma;

“Proven Mineral Reserve” means the economically mineable part of a Measured Mineral Resource demonstrated by at least a Pre-feasibility Study, which study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified;

“pyroxene” means a group of important rock-forming inosilicate minerals found in many igneous and metamorphic rocks. They share a common structure consisting of single chains of silica tetrahedra and they crystallize in the monoclinic and orthorhombic systems. Pyroxenes have the general formula $XY(\text{Si,aluminium})_2\text{O}_6$ (where X represents calcium, sodium, iron+2 and magnesium and more rarely zinc, manganese and lithium and Y represents ions of smaller size, such as chromium, aluminium, iron+3, magnesium, manganese, scandium, titanium, vanadium and even iron+2);

“pyroxenite” means an ultramafic igneous rock consisting essentially of minerals of the pyroxene group, such as augite and diopside, hypersthene, bronzite or enstatite. They are classified into clinopyroxenites, orthopyroxenites, and the websterites which contain both pyroxenes;

“remediation” means the environmental restoration of a site after mining or exploration activity is completed;

“refining” means a process in which impure metal is processed to reduce the impurities. Two common processes are fire (pyrometallurgical) refining and electro-refining. In fire refining metal is collected in a molten layer and the impurities are driven off as gasses or collect in a slag layer. In electro-refining (or electrowinning) an impure anode is taken into solution and, simultaneously, refined metal is plated out of the solution as a cathode. Impurities either remain with the spent anode or fall to the bottom of the tank for later collection as a sludge. Refining results in the production of a marketable material;

“Resource Estimates” mean any one or more of a Measured Mineral Resource, Indicated Mineral Resource or Inferred Mineral Resource;

“specific gravity” means the weight of a substance compared with the weight of an equal volume of pure water at 4°C;

“stratiform” means forming a layer or arranged in layers; occurring as or arranged in strata;

“stratigraphic” means of or pertaining to the arrangement of strata; stratigraphy, the study of rock layers (strata) and the layering process (stratification); the layering of deposits, with newer strata overlying older ones, forming a chronology of the site; a stratigraphic cycle in a magmatic deposit is the cycle of the different layers;

“strike length” means the horizontal distance along the long axis of a structural surface, rock unit, mineral deposit or geochemical anomaly;

“supergene” means mineral enrichment produced by the chemical remobilization of metals in an oxidized or transitional environment;

“tailings” mean material rejected from a concentrator after the recoverable valuable minerals have been extracted;

“Transvaal Supergroup” means a circa 15 km thick package of quartzites, conglomerates, dolomites, limestones, cherts, shales, and banded iron-formation that were deposited on the Kaapvaal craton and range in age from approximately 2714 Ma to 2100 Ma;

“**UG2**” means a mineralized PGE zone within the eastern and western limbs of the Bushveld Complex, and together with Merensky Reef, the location of most PGE mining in the Bushveld Complex conducted to date;

“**UMT deposit**” means the underground deposit of the Platreef Project located almost entirely on Turfspruit, with the remaining portions located on Macalacaskop; and

“**UMT-TCU deposit**” means that portion of the underground selectively mineable UMT deposit that occurs within or in close proximity to the grade shells used to model Mineral Resources of the Turfspruit Cyclic Unit.

ABBREVIATIONS

“**2PE+Au**” means the sum of platinum, palladium and gold;

“**3PE+Au**” means the sum of platinum, palladium, rhodium and gold;

“**Au**” means gold;

“**CIM**” means Canadian Institute of Mining, Metallurgy and Petroleum;

“**CRMs**” mean certified reference materials;

“**Cu**” means copper;

“**g/t**” means grams per tonne;

“**km**” means kilometres;

“**kt**” means kilotonne;

“**Ktpa**” means kilotonne per annum;

“**lb**” means pound;

“**m**” means metre;

“**Ma**” means million years ago;

“**mL**” means metre level;

“**mm**” means millimetres;

“**M**” means million;

“**Moz**” means million oz;

“**Mt**” means million tonnes;

“**Mtpa**” means million tonnes per annum;

“**Ni**” means nickel;

“**oz**” means a troy ounce;

“**Pd**” means palladium;

“**PGE**” means platinum group elements, including platinum, palladium and rhodium;

“**ppb**” means parts per billion;

“**Pt**” means platinum;

“**RC**” means reverse circulation;

“**SxEw**” means solvent extraction and electrowinning;

“**tpa**” means tonnes per annum;

“**µm**” means micrometre (micron);

“**XRF**” means X-ray fluorescence; and

“**Zn**” means zinc.

SCHEDULE “B”

AUDIT COMMITTEE CHARTER

I. Purpose

The primary objective of the Audit Committee (the “**Committee**”) of Company is to act as a liaison between the Board and the Company’s independent auditors (the “**Auditors**”) and to assist the Board in fulfilling its oversight responsibilities with respect to (a) the financial statements and other financial information provided by the Company to its shareholders, the public and others, (b) the Company’s compliance with legal and regulatory requirements, (c) the qualification, independence and performance of the Auditors and (d) the Company’s risk management and internal financial and accounting controls, and management information systems.

Although the Committee has the powers and responsibilities set forth in this Charter, the role of the Committee is oversight. The members of the Committee are not full-time employees of the Company and may or may not be accountants or auditors by profession or experts in the fields of accounting or auditing and, in any event, do not serve in such capacity. Consequently, it is not the duty of the Committee to conduct audits or to determine that the Company’s financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the Auditors.

The responsibilities of a member of the Committee are in addition to such member’s duties as a member of the Board.

II. Organization

The Committee shall consist of three or more directors and shall satisfy the laws governing the Company and the independence, financial literacy, expertise and experience requirements under applicable securities law, stock exchange and any other regulatory requirements applicable to the Company.

The members of the Committee and the Chair of the Committee shall be appointed by the Board on the recommendation of the Nominating & Corporate Governance Committee. A majority of the members of the Committee shall constitute a quorum. A majority of the members of the Committee shall be empowered to act on behalf of the Committee. Matters decided by the Committee shall be decided by majority votes. The chair of the Committee shall have an ordinary vote.

Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director.

The Committee may form and delegate authority to subcommittees when appropriate.

III. Meetings

The Committee shall meet as frequently as circumstances require, but not less frequently than four times per year. The Committee shall meet at least quarterly with management, the Company’s Chief Financial Officer and the Auditors in separate in-camera sessions to discuss any matters that the Committee or each of the Chief Financial Officer or Auditors believe should be discussed privately.

The Chair of the Committee shall be an independent chair who is not Chair of the Board. In the absence of the appointed Chair of the Committee at any meeting, the members shall elect a chair from those in attendance at the meeting. The Chair, in consultation with the other members of the Committee, shall set the frequency of each meeting and the agenda of items to be addressed at each upcoming meeting.

The Committee will appoint a recording secretary who will keep minutes of all meetings. The recording secretary may be the Company's Corporate Secretary or another person who does not need to be a member of the Committee. The recording secretary for the Committee can be changed by simple notice from the Chair.

The Chair shall ensure that the agenda for each upcoming meeting of the Committee is circulated to each member of the Committee as well as the other directors in advance of the meeting.

The Committee may invite, from time to time, such persons as it may see fit to attend its meetings and to take part in discussion and consideration of the affairs of the Committee. The Company's accounting and financial officer(s) and the Auditors shall attend any meeting when requested to do so by the Chair of the Committee.

IV. Authority and Responsibilities

The Board, after consideration of the recommendation of the Committee, shall nominate the Auditors for appointment by the shareholders of the Company in accordance with applicable law. The Auditors report directly to the Audit Committee. The Auditors are ultimately accountable to the Committee and the Board as representatives of the shareholders.

The Committee shall have the following responsibilities:

(a) Auditors

1. Recommend to the Board the independent auditors to be nominated for appointment as Auditors of the Company at the Company's annual meeting and the remuneration to be paid to the Auditors for services performed during the preceding year; approve all auditing services to be provided by the Auditors; be responsible for the oversight of the work of the Auditors, including the resolution of disagreements between management and the Auditors regarding financial reporting; and recommend to the Board and the shareholders the termination of the appointment of the Auditors, if and when advisable.
2. When there is to be a change of the Auditor, review all issues related to the change, including any notices required under applicable securities law, stock exchange or other regulatory requirements, and the planned steps for an orderly transition.
3. Review the Auditor's audit plan and discuss the Auditor's scope, staffing, materiality, and general audit approach.
4. Review on an annual basis the performance of the Auditors, including the lead audit partner.
5. Take reasonable steps to confirm the independence of the Auditors, which include:
 - (a) Ensuring receipt from the Auditors of a formal written statement in accordance with applicable regulatory requirements delineating all relationships between the Auditors and the Company;
 - (b) Considering and discussing with the Auditors any disclosed relationships or services, including non-audit services, that may impact the objectivity and independence of the Auditors;
 - (c) Approving in advance any non-audit related services provided by the Auditor to the Company, and the fees for such services, with a view to ensure independence of the

Auditor, and in accordance with applicable regulatory standards, including applicable stock exchange requirements with respect to approval of non-audit related services performed by the Auditors; and

- (d) As necessary, taking or recommending that the Board take appropriate action to oversee the independence of the Auditors.
6. Review and approve any disclosures required to be included in periodic reports under applicable securities law, stock exchange and other regulatory requirements with respect to non-audit services.
 7. Confirm with the Auditors and receive written confirmation at least once per year (i) indicating that the Auditors are a member in good standing with the Canadian Public Accountability Board (CPAB) and comparable bodies in the United States, South Africa and elsewhere to the extent required and disclosing any sanctions or restrictions imposed by the CPAB and such other comparable bodies; and (ii) responding to any other reasonable request of the Audit Committee for confirmation as to their qualifications to act as the Company's Auditors.
 8. Consider the tenure of the lead audit partner on the engagement in light of applicable securities law, stock exchange or applicable regulatory requirements.
 9. Review all reports required to be submitted by the Auditors to the Committee under applicable securities laws, stock exchange or other regulatory requirements.
 10. Receive all recommendations and explanations which the Auditors place before the Committee.
- (b) Financial Statements and Financial Information**
11. Review and discuss with management and the Auditors, the Company's annual audited financial statements, including disclosures made in management's discussion and analysis, prior to filing or distribution of such statements and recommend to the Board, if appropriate, that the Company's audited financial statements be included in the Company's annual reports distributed and filed under applicable laws and regulatory requirements.
 12. Review and discuss with management and the Auditors, the Company's interim financial statements, including management's discussion and analysis, and the Auditor's review of interim financial statements, prior to filing or distribution of such statements.
 13. Review any earnings press releases of the Company before the Company publicly discloses this information.
 14. Be satisfied that adequate procedures are in place for the review of the Company's disclosure of financial information and extracted or derived from the Company's financial statements and periodically assess the adequacy of these procedures.
 15. Discuss with the Auditor the matters required to be discussed by applicable auditing standards requirements relating to the conduct of the audit including:
 - (a) the adoption of, or changes to, the Company's significant auditing and accounting principles and practices;
 - (b) the management letter provided by the Auditor and the Company's response to that letter; and

- (c) any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, or personnel and any significant disagreements with management.
16. Discuss with management and the Auditors major issues regarding accounting principles used in the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles. Review and discuss analyses prepared by management and/or the Auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative approaches under international financial reporting standards.
 17. Prepare any report under applicable securities law, stock exchange or other regulatory requirements, including any reports required to be included in statutory filings, including in the Company's annual proxy statement.
- (c) **Ongoing Reviews and Discussions with Management and Others**
18. Obtain and review an annual report from management relating to the accounting principles used in the preparation of the Company's financial statements, including those policies for which management is required to exercise discretion or judgments regarding the implementation thereof.
 19. Periodically review separately with each of management and the Auditors; (a) any significant disagreement between management and the Auditors in connection with the preparation of the financial statements, (b) any difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information and (c) management's response to each.
 20. Periodically discuss with the Auditors, without management being present, (a) their judgments about the quality and appropriateness of the Company's accounting principles and financial disclosure practices as applied in its financial reporting and (b) the completeness and accuracy of the Company's financial statements.
 21. Consider and approve, if appropriate, significant changes to the Company's accounting principles and financial disclosure practices as suggested by the Auditors or management and the resulting financial statement impact. Review with the Auditors and/or management the extent to which any changes or improvements in accounting or financial practices, as approved by the Committee, have been implemented.
 22. Review and discuss with management, the Auditors and the Company's independent counsel, as appropriate, any legal, regulatory or compliance matters that could have a significant impact on the Company's financial statements, including applicable changes in accounting standards or rules, or compliance with applicable laws and regulations, inquiries received from regulators or government agencies and any pending material litigation.
 23. Enquire of the Company's Chief Financial Officer and the Auditors on any matters which should be brought to the attention of the Committee concerning accounting, financial and operating practices and controls and accounting practices of the Company.
 24. Review the principal control risks to the business of the Company, its subsidiaries and joint ventures; and verify that effective control systems are in place to manage and mitigate these risks.
 25. Review and discuss with management any earnings press releases, including the use of "pro forma" or "adjusted" non-IFRS information, as well as any financial information and earnings

guidance provided to analysts and rating agencies. Such discussions may be done generally (i.e. discussion of the types of information to be disclosed and the types of presentations made).

26. Review and discuss with management any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons, that may have a material current or future effect on financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves or significant components of revenues or expenses. Obtain explanations from management of all significant variances between comparative reporting periods.
27. Review and discuss with management the Company's major risk exposures and the steps management has taken to monitor, control and manage such exposures, including the Company's risk assessment and risk management guidelines and policies.

(d) Risk Management and Internal Controls

28. Review, based upon the recommendation of the Auditors and management, the scope and plan of the work to be done by the Company's financial and accounting group and the responsibilities, budget and staffing needs of such group.
29. Engage Internal Auditors annually to review an report to the committee to ensure that management has designed and implemented effective systems of risk management and internal controls and, at least annually, review and assess the effectiveness of such systems.
30. Approve and recommend to the Board for adoption, policies and procedures on risk oversight and management to establish an effective system for identifying, assessing, monitoring and managing risk.
31. In consultation with the Auditors and management, review the adequacy of the Company's internal control structure and procedures designed to insure compliance with laws and regulations, and discuss the responsibilities, budget and staffing needs of the Company's financial and accounting group.
32. Oversee and administer the Company's policies for the receipt and review of complaints regarding accounting matters:
 - (a) Accounting. Establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
 - (b) Other. Receive complaints under the Company's policy on the Handling of Complaints – Whistle-Blowing (the “**Whistleblower Policy**”) and determine if such complaints are within the scope of (a) and if so address such complaints, and if beyond the scope of (a), direct such complaints to management or the appropriate committee of the Board; and
 - (c) Review these procedures annually.
33. Review the internal control reports prepared by management, including management's assessment of the effectiveness of the Company's internal control structure and procedures for financial reporting and (ii) the Auditors' attestation, and report, on the assessment made by management.

34. Review the appointment of the chief financial officer and any key financial executives involved in the financial reporting process and recommend to the Board any changes in such appointment.

(f) Other Responsibilities

35. Confirm a meeting calendar for the Audit Committee each year.
36. Review, quarterly, approve and report to the Board for ratification, all related-party transactions.
37. Review and approve (a) any change or waiver in the Company's Code of Business Conduct and Ethics applicable to senior financial officers and (b) any disclosures made under applicable securities law, stock exchange or other regulatory requirements regarding such change or waiver.
38. Establish, review and approve policies for the hiring of employees or former employees of the Company's Auditors.
39. Review and reassess the duties and responsibilities set out in this Charter annually and recommend to the Nominating and Corporate Governance Committee and to the Board any changes deemed appropriate by the Committee.
40. Review its own performance annually, seeking input from management and the Board.
41. Perform any other activities consistent with this Charter, the Company's articles and by-laws and governing law, as the Committee or the Board deems necessary or appropriate.

V. Reporting

The Committee shall report regularly to the Board and shall submit the minutes of all meetings of the Audit Committee to the Board (which minutes shall ordinarily be included in the papers for the next full board meeting after the relevant meeting of the Committee). The Committee shall also report to the Board on the proceedings and deliberations of the Committee at such times and in such manner as the Board may require. The Committee shall review with the full Board any issues that have arisen with respect to quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance or independence of the Auditors or the performance of the Company's financial and accounting group.

VI. Resources and Access to Information

The Committee has the authority to retain independent legal, accounting and other consultants to advise the Committee as it deems necessary.

The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities. The Committee has direct access to anyone in the organization and may request any officer or employee of the Company or the Company's outside counsel or the Auditors or the Internal Auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee with or without the presence of management. In the performance of any of its duties and responsibilities, the Committee shall have access to any and all books and records of the Company necessary for the execution of the Committee's obligations.

The Committee shall consider the extent of funding necessary for payment of compensation to the Auditors for the purpose of rendering or issuing the annual audit report and recommend such compensation to the Board for approval. The Audit Committee shall determine the funding necessary for payment of compensation to any independent legal, accounting and other consultants retained to advise the Committee.