

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Ivanhoe Mines Ltd. (“**Ivanhoe Mines**” or the “**Company**”)
Suite 654, 999 Canada Place
Vancouver, British Columbia
Canada, V6C 3E1

Item 2 Date of Material Change

January 27, 2016

Item 3 News Release

A news release with respect to the material change referred to in this report was disseminated through the facilities of recognized newswire services on January 27, 2016 and subsequently filed under the Company’s profile on the System for Electronic Document Analysis and Retrieval.

Item 4 Summary of Material Change

On January 27, 2016, the Company announced the receipt of a new, independent, Mineral Resource estimate for the Company’s historic, high-grade, Kipushi zinc-copper-germanium-lead-silver mine in the Democratic Republic of Congo (“**DRC**”).

Highlights of this initial estimate, prepared by the MSA Group (Pty.) Ltd. (“**MSA**”), of Johannesburg, South Africa, in compliance with Canadian Institute of Mining, Metallurgy and Petroleum (“**CIM**”) definition standards, are:

- Measured and Indicated Mineral Resources in the Big Zinc Zone of 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.
- Zinc-rich Inferred Mineral Resources total an additional 1.9 million tonnes at grades of 28.24% zinc, 1.18% copper, 10 g/t silver and 53 g/t germanium. The Inferred Mineral Resources are contained partially in the Big Zinc Zone and partially in the Southern Zinc Zone.
- Kipushi’s copper-rich Measured and Indicated Mineral Resources contained in the adjacent Fault Zone, Fault Zone Splay and Série Récurrente Zone total an additional 1.63 million tonnes at grades of 4.01% copper, 2.87% zinc and 22 g/t silver, at a 1.5% copper cut-off, containing 144 million pounds of copper. Copper-rich Inferred Mineral Resources in these zones total an additional 1.64 million tonnes at grades of 3.30% copper, 6.97% zinc and 19 g/t silver.
- Ivanhoe Mines’ exploration program has demonstrated that zinc and copper mineralization of the Kipushi system remains open laterally and at depth. Results recently received from hole KPU081, drilled on section line 6S, confirm high-grade copper-zinc mineralization at depth. KPU081 intersected 60.5 metres (21.7 metres true thickness) grading 2.6% copper, 36.2% zinc, 19 g/t silver and 204 g/t germanium to a depth of 1,763 metres. Included in this interval was an intersection from 580.9 metres to 591.3 metres (3.8 metres true thickness) grading 56.3% zinc, 0.5% copper, 12 g/t silver and 397 g/t germanium.

Item 5 Full Description of Material Change

On January 27, 2016, the Company announced the receipt of a new, independent, Mineral Resource estimate for the Company's historic, high-grade, Kipushi zinc-copper-germanium-lead-silver mine in the DRC. Kipushi is a joint venture between Ivanhoe Mines and La Générale des Carrières et des Mines ("Gécamines"), the DRC state-owned mining company.

Highlights of this initial estimate, prepared by MSA, of Johannesburg, South Africa, in compliance with CIM definition standards, are:

- Measured and Indicated Mineral Resources in the Big Zinc Zone of 10.2 million tonnes at grades of 34.89% zinc, 0.65% copper, 19 g/t silver and 51 g/t germanium, at a 7% zinc cut-off, containing an estimated 7.8 billion pounds of zinc.
- Zinc-rich Inferred Mineral Resources total an additional 1.9 million tonnes at grades of 28.24% zinc, 1.18% copper, 10 g/t silver and 53 g/t germanium. The Inferred Mineral Resources are contained partially in the Big Zinc Zone and partially in the Southern Zinc Zone.
- Kipushi's copper-rich Measured and Indicated Mineral Resources contained in the adjacent Fault Zone, Fault Zone Splay and Série Récurrente Zone total an additional 1.63 million tonnes at grades of 4.01% copper, 2.87% zinc and 22 g/t silver, at a 1.5% copper cut-off, containing 144 million pounds of copper. Copper-rich Inferred Mineral Resources in these zones total an additional 1.64 million tonnes at grades of 3.30% copper, 6.97% zinc and 19 g/t silver.
- Ivanhoe Mines' exploration program has demonstrated that zinc and copper mineralization of the Kipushi system remains open laterally and at depth. Results recently received from hole KPU081, drilled on section line 6S, confirm high-grade copper-zinc mineralization at depth. KPU081 intersected 60.5 metres (21.7 metres true thickness) grading 2.6% copper, 36.2% zinc, 19 g/t silver and 204 g/t germanium to a depth of 1,763 metres. Included in this interval was an intersection from 580.9 metres to 591.3 metres (3.8 metres true thickness) grading 56.3% zinc, 0.5% copper, 12 g/t silver and 397 g/t germanium.

The Kipushi Mine is on the Central African Copperbelt in the DRC's southern Haut-Katanga province, one of Africa's major mining hubs. The mine, which began operations in 1924, is located approximately 30 kilometres southwest of the provincial capital, Lubumbashi, and less than one kilometre from the DRC-Zambia border. Ivanhoe Mines holds a 68% interest in Kipushi and the state-owned mining company, Gécamines, holds the remaining 32% interest.

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 southwest, and has been named the Fault Zone Splay. Significant concentrations of lead, silver, cobalt and germanium occur in variable amounts in all zones.

The new Mineral Resource estimate was prepared in accordance with the 2014 CIM definition standards, incorporated by reference into Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects. Ivanhoe Mines is preparing a NI 43-101-compliant Preliminary Economic Assessment for Kipushi.

The MSA Mineral Resource estimate was based on the results of 84 drill holes completed at Kipushi by Ivanhoe Mines 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 are shown in Table 1; the Fault Zone, the Fault Zone Splay and Série Récurrente Zone have been tabulated using copper cut-offs and are shown in Table 2.

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. Given the considerable revenue that could be obtained from the additional metals in each zone, MSA considers that mineralization at these cut-off grades will satisfy reasonable prospects for economic extraction.

Table 1: 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.

Table 2: 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
Série Récurrente	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
Série Récurrente	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 &	1.63	144.1	103.4	2.3	1.16	0.58	0.82

	Indicated							
	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.
5. 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.

To demonstrate the sensitivity of the resources to cut-off grade, MSA tabulated the zinc-rich zones using a number of cut-off grades as shown in Table 3 (Measured and Indicated) and Table 4 (Inferred) respectively.

Table 3: Kipushi Zinc-Rich Bodies Measured and Indicated Mineral Resource Grade Tonnage, 23 January 2016

Cut Off	Tonnes	Zn	Contained	Cu	Pb	Ag	Co	Ge
Zn%	(Millions)	%	Zn Pounds	%	%	g/t	ppm	g/t
			(Millions)					
5	10.46	34.12	7870.0	0.65	0.95	19	15	50
7	10.18	34.89	7833.3	0.65	0.96	19	15	51
10	9.78	35.99	7757.4	0.63	0.98	19	15	52
12	9.50	36.72	7689.4	0.62	1.00	19	15	53
15	9.06	37.85	7559.1	0.59	1.01	20	15	54

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.

Table 4: Kipushi Zinc-Rich Bodies Inferred Mineral Resource Grade Tonnage, 23 January 2016

Cut Off	Tonnes	Zn	Contained	Cu	Pb	Ag	Co	Ge
Zn%	(Millions)	%	Zn Pounds	%	%	g/t	ppm	g/t
			(Millions)					
5	1.89	27.98	1168.8	1.19	0.88	10	15	53
7	1.87	28.24	1165.7	1.18	0.88	10	15	53
10	1.82	28.85	1154.8	1.17	0.88	10	15	54
12	1.75	29.47	1139.8	1.15	0.87	10	15	55
15	1.56	31.42	1082.1	1.08	0.83	10	15	57

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 Measured and Indicated and Inferred Mineral Resource for the copper-rich bodies has been tabulated using a number of cut-off grades as shown in Tables 5 and 6 respectively.

Table 5: Kipushi Copper-Rich Bodies Measured and Indicated Mineral Resource Grade Tonnage, 23 January 2016

Cut Off	Tonnes	Cu	Contained Cu Pounds	Zn	Pb	Ag	Co	Ge
Cu%	(Millions)	%	(Millions)	%	%	g/t	ppm	g/t
1.0	2.56	3.00	169.2	2.01	0.05	17	114	11
1.5	1.63	4.01	144.1	2.87	0.06	22	160	16
2.0	1.17	4.92	126.6	3.66	0.08	26	202	19
2.5	0.95	5.54	115.8	4.06	0.08	29	227	20
3.0	0.82	5.99	108.0	4.32	0.08	30	244	20

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.

Table 6: Kipushi Copper-Rich Bodies Inferred Mineral Resource Grade Tonnage, 23 January 2016

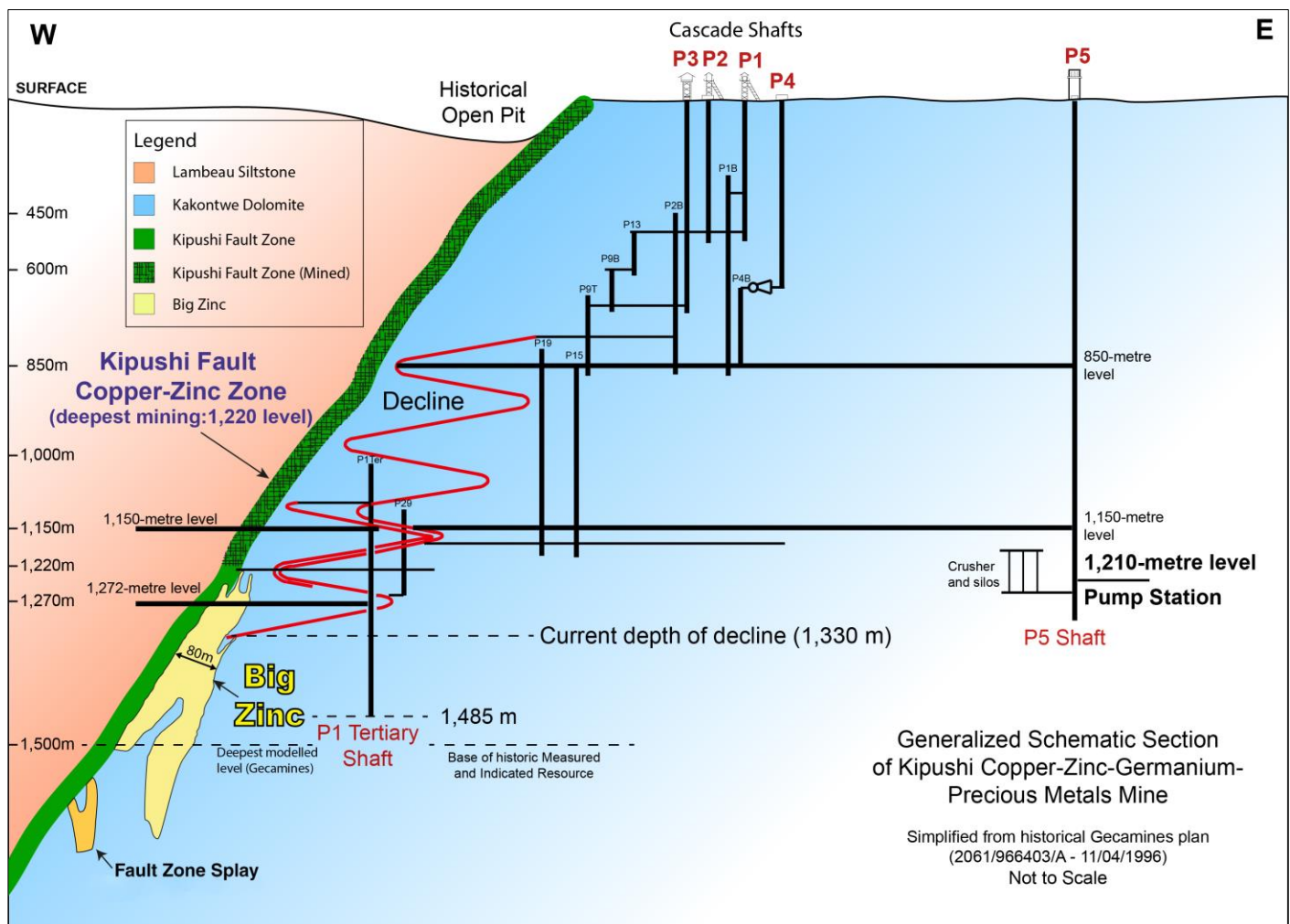
Cut Off	Tonnes	Cu	Contained Cu Pounds	Zn	Pb	Ag	Co	Ge
Cu%	(Millions)	%	(Millions)	%	%	g/t	ppm	g/t
1.0	2.40	2.64	139.8	5.85	0.09	16	79	29
1.5	1.64	3.30	119.4	6.97	0.12	19	98	33
2.0	1.24	3.81	104.2	7.29	0.13	20	109	33
2.5	0.90	4.40	87.6	8.01	0.13	21	113	34
3.0	0.68	4.95	74.0	8.38	0.15	21	118	34

Notes:

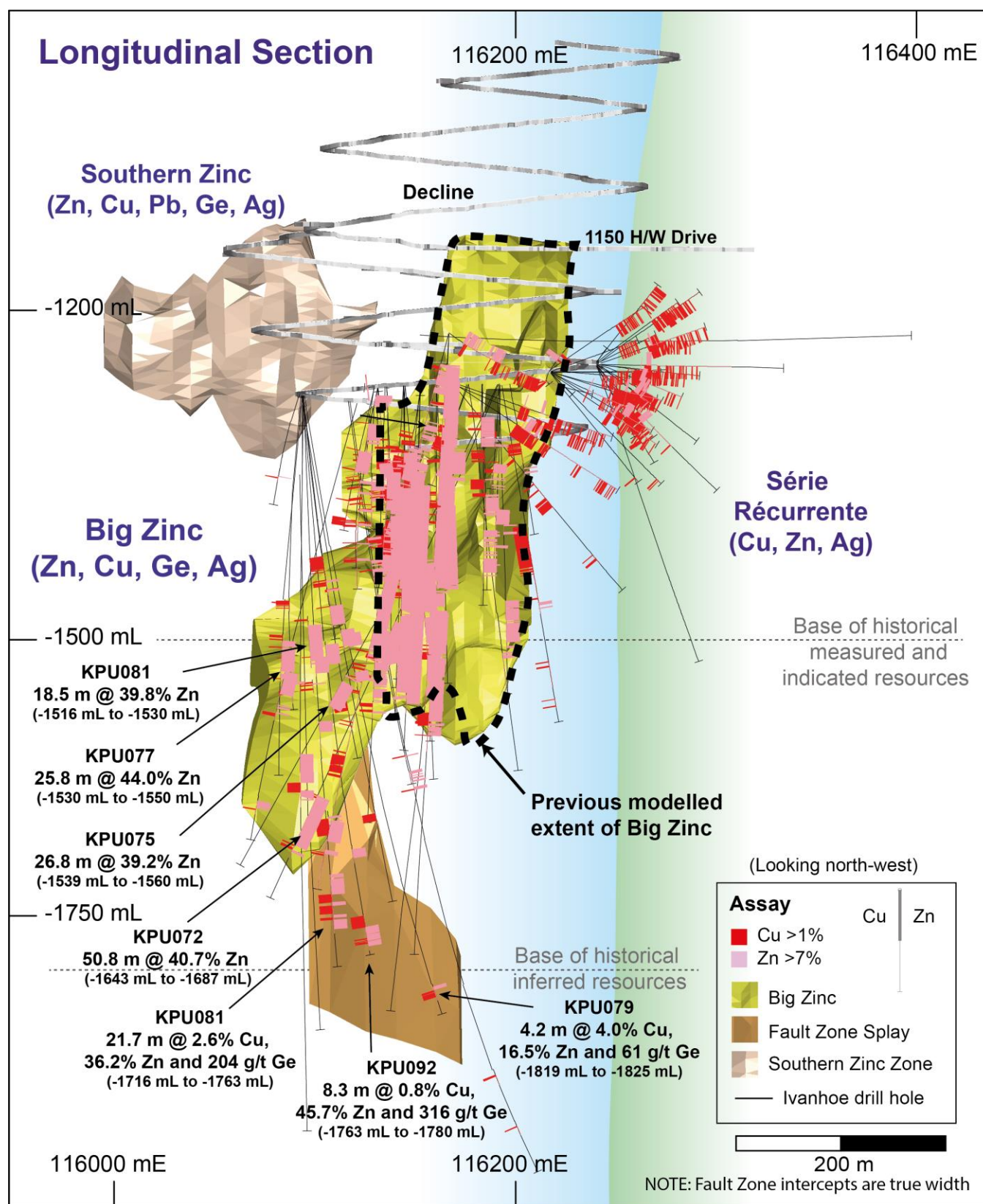
1. All tabulated data has been rounded and as a result minor computational errors may occur.
2. Mineral Resources which are not Mineral Reserves have no demonstrated economic viability.
3. The Mineral Resource is reported as the total in-situ Mineral Resource.
4. Metal quantities are reported in multiples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

The Mineral Resource has been declared from approximately 1,150 metres below surface, extensive mining having historically taken place in the levels above. Although exploration potential, including pillars and remnants, exists above the -1,150-metre level, this has not been closely examined during the current phase of exploration activity and was not included in the model for reporting of the Mineral Resource. The maximum depth of the Mineral Resource of 1,810 metres below surface is dictated by the extent of drilling. The Mineral Resource plunges toward the DRC-Zambia border and therefore has been constrained to the area considered to be within the DRC.

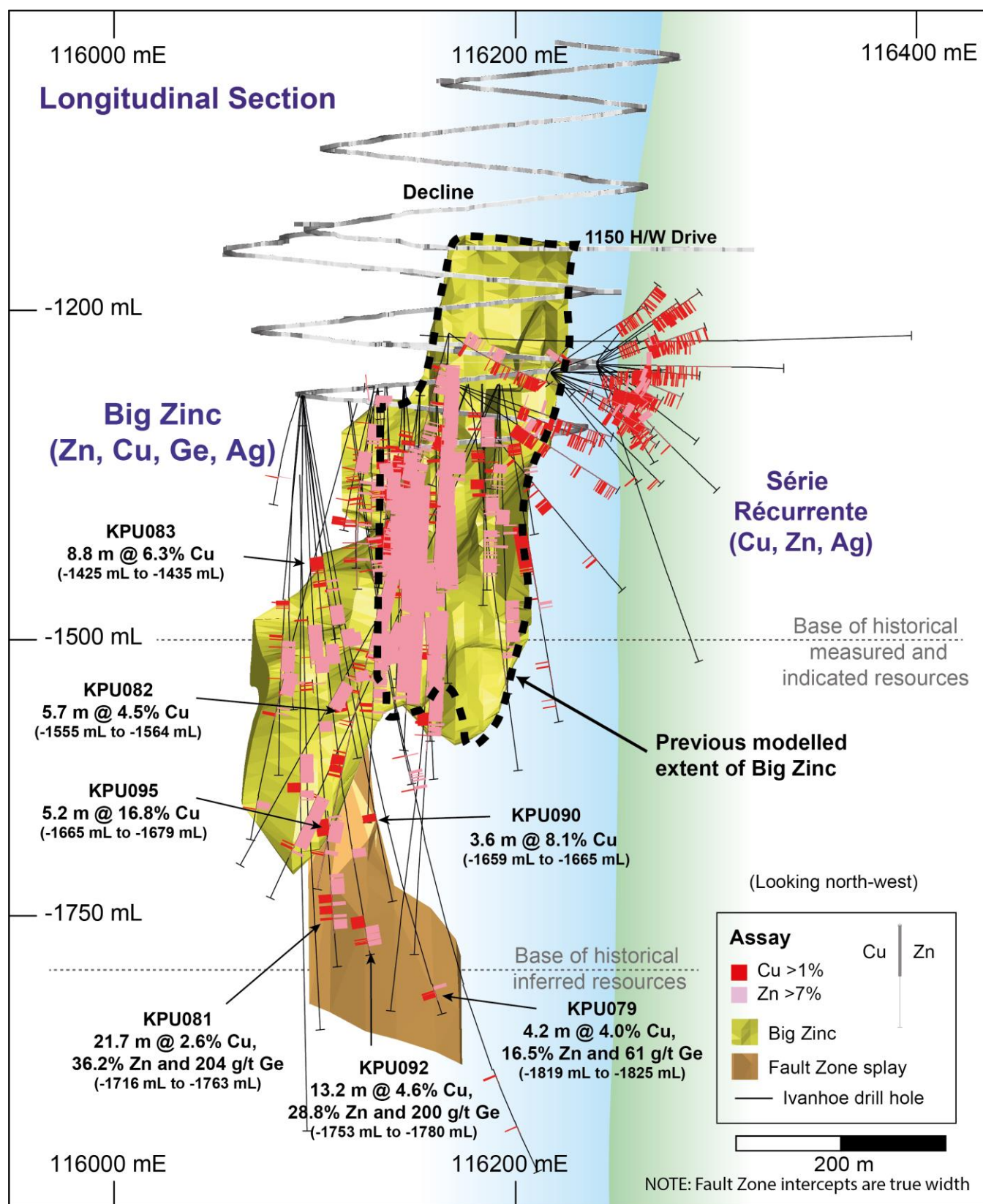
Schematic Kipushi cross-section showing mine infrastructure, the Big Zinc and Kipushi Fault zones.



Schematic showing Big Zinc Mineral Resource outline and recent Big Zinc and Fault Zone Splay intercepts in drill holes KPU079 and KPU081.



Schematic longitudinal section looking northwest, showing Big Zinc Mineral Resource outline and Fault Zone and Fault Zone Splay copper intercepts in recent drill holes.



Qualified Person, Quality Control and Assurance

The Mineral Resource estimate was prepared by Mr. J. C. Witley (BSc Hons, MSc (Eng)) of MSA. Mr. Witley is a member in good standing with the South African Council for Natural Scientific Professions (SACNASP) and has the appropriate relevant qualifications and experience to be considered an independent Qualified Person under the terms of National Instrument 43-101. Mr. Witley has approved the disclosure of technical information on Mineral Resources contained in this material change report and has verified the technical data related thereto.

Other scientific and technical information in this material change report has been reviewed and approved by Stephen Torr, P.Geo., Ivanhoe Mines' Vice President, Project Geology and Evaluation, a Qualified Person under the terms of National Instrument 43-101. Mr. Torr is not independent of Ivanhoe Mines. Mr. Torr has verified the technical data disclosed in this material change report not related to the current Mineral Resource estimate disclosed herein.

Ivanhoe Mines maintains a comprehensive chain of custody and QA-QC program on assays from its Kipushi Project. Half-sawn core was processed either at its preparation laboratory in Kamoia, DRC or its exploration preparation laboratory in Kolwezi, DRC. Prepared samples then are shipped to Bureau Veritas Minerals (BVM) Laboratories in Australia for external assay. Industry-standard certified reference materials and blanks are inserted into the sample stream prior to dispatch to BVM. Ivanhoe Mines' QA-QC program has been set up in consultation with MSA.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

No confidential information has been omitted from this material change report.

Item 8 Executive Officer

For further information, please contact Mary Vincelli, Vice President, Compliance and Corporate Secretary of the Company, at +1 604 331 9882.

Item 9 Date of Report

February 5, 2016