# FORM 51-102F3
## *MATERIAL CHANGE REPORT*

### Item 1 Name and Address of Company

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

### Item 2 Date of Material Change

November 18, 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 November 18, 2016 and subsequently filed under the Company's profile on the System for Electronic Document Analysis and Retrieval ("**SEDAR**"). The statements in such news release under the heading "Forward-Looking Statements" are incorporated in this material change report.

### Item 4 Summary of Material Change

On November 18, 2016, Ivanhoe Mines announced that it and its joint-venture partner, Zijin Mining Group Co., Ltd. ("**Zijin**"), had signed an agreement to transfer an additional 15% interest in the Kamoa-Kakula Copper Project to the government of the Democratic Republic of Congo (the "**DRC**"), increasing its total direct interest in the project to 20%.

### Item 5 Full Description of Material Change

On November 18, 2016, Ivanhoe Mines announced that it and its joint-venture partner, Zijin, signed an agreement that confirms the support and desire of the government of the DRC to be a prominent partner in the development of the Kamoa-Kakula Copper Project.

The agreement, which was signed in Kinshasa, DRC, by the Minister of Mines and Minister of Portfolio on November 11, 2016 and subsequently received other required DRC government approvals, transfers an additional 15% interest in the Kamoa-Kakula Copper Project to the DRC government, increasing its total direct interest in the project to 20%. As a result of the transaction, Ivanhoe Mines and Zijin will each hold an indirect 39.6% interest in the Kamoa-Kakula Copper Project while Crystal River Global Limited holds an indirect 0.8% interest and the DRC Government holds a direct 20% interest in the Kamoa-Kakula Copper Project.

Agreement highlights include:

- Kamoa Holding Limited ("**Kamoa Holding**") will transfer 300 Class A shares in the capital of Kamoa Copper SA ("**Kamoa Copper**") − representing 15% of Kamoa Copper's share capital − to the DRC government, in consideration for a nominal cash payment and other guarantees from the DRC government summarized below. The DRC currently owns 100 non-dilutable Class B shares, representing 5% of Kamoa Copper's share capital.

- The parties agreed that the 300 Class A shares shall be non-dilutable until the earlier of (i) five years from the date of the first commercial production and (ii) the date on which the DRC government ceases to hold all of its 300 Class A shares.

- Kamoa Holding undertakes to provide all shareholder loans to Kamoa Copper and/or procure financing from third parties for the development of the Kamoa-Kakula Copper Project. The interest on all shareholder loans will be LIBOR plus 7 percent.

- The parties acknowledge that they shall not be entitled to any dividends from Kamoa Copper prior to the repayment of 80% of all shareholder loans, currently totaling US$452 million, and 100% of any financing provided by a third party.

- The Kamoa-Kakula Copper Project will be developed with the full support of the DRC government.

- The DRC government has reaffirmed Kamoa Copper's mineral tenements and has guaranteed that the Kamoa-Kakula Copper Project will not be subject to any taxes or duties other than those legally required by the applicable statutory and regulatory provisions for the life of the project.

- At Kamoa Copper's request and subject to the satisfaction of the applicable conditions, the DRC will provide its assistance in obtaining the advantages contemplated by the DRC's special law – No. 14/005, enacted to facilitate Sino-Congolese cooperation – relating to the tax, customs, parafiscal tax, non-tax revenues and currency exchange regime applicable to cooperation projects.

- Kamoa Holding will have a pre-emptive right, and right of first refusal, to purchase any or all of the DRC's shares in Kamoa Copper should the DRC wish to directly or indirectly sell, transfer or otherwise dispose of any or all of its shares.

- The agreement will be governed by the laws of the DRC. Any dispute will be subject to binding arbitration, conducted in the French language, in Paris, France, in full accordance with the Convention on the Settlement of Investment Disputes between States and Nationals of Other States. An arbitral decision will be subject to enforcement under the New York Convention of 1958, to which the DRC is a contracting party.

**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**

November 21, 2016