

Condensed consolidated interim financial statements of

Ivanhoe Mines Ltd.

March 31, 2023
(Stated in U.S. dollars)
(Unaudited)

Ivanhoe Mines Ltd.

March 31, 2023

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Ivanhoe Mines Ltd.

Condensed consolidated interim statements of financial position as at March 31, 2023

(Stated in U.S. dollars)

(Unaudited)

	Notes	March 31, 2023 \$'000	December 31, 2022 \$'000
ASSETS			
Non-current assets			
Investment in joint venture	4	2,177,292	2,047,040
Property, plant and equipment	5	680,206	630,295
Mineral properties	6	264,995	264,995
Deferred tax asset	7	216,023	208,356
Loans receivable	8	93,098	92,475
Promissory note receivable	9	26,766	26,756
Other receivables	13	17,351	15,141
Investments	10	7,469	9,652
Right-of-use asset	11	7,248	7,540
Other assets		4,492	4,372
Total non-current assets		3,494,940	3,306,622
Current assets			
Cash and cash equivalents	12	497,145	597,451
Prepaid expenses	14	35,037	28,466
Loans receivable	8	21,937	19,629
Other receivables	13	13,055	15,742
Consumable stores		937	1,011
Current tax assets		348	364
Total current assets		568,459	662,663
Total assets		4,063,399	3,969,285
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	21	2,352,739	2,347,105
Share option reserve	21	143,342	141,541
Foreign currency translation reserve	22	(76,313)	(63,830)
Accumulated profit		596,438	509,801
Equity attributable to owners of the Company		3,016,206	2,934,617
Non-controlling interests	23	(98,906)	(93,486)
Total equity		2,917,300	2,841,131
Non-current liabilities			
Convertible notes - host liability	15	469,608	462,290
Deferred revenue	16	300,940	310,725
Convertible notes - embedded derivative liability	15	252,200	221,300
Borrowings	17	41,391	40,823
Lease liability	11	10,705	10,761
Cash-settled share-based payment liability	18	10,044	9,023
Advances payable	19	3,196	3,123
Deferred tax liability	7	1,899	1,775
Rehabilitation provision		1,310	1,093
Total non-current liabilities		1,091,293	1,060,913
Current liabilities			
Trade and other payables	20	45,359	61,637
Convertible notes - host liability	15	6,577	3,033
Cash-settled share-based payment liability	18	2,306	2,025
Lease liability	11	564	546
Total current liabilities		54,806	67,241
Total liabilities		1,146,099	1,128,154
Total equity and liabilities		4,063,399	3,969,285

Continuing operations (Note 1)

(Signed) Peter Meredith

Peter Meredith, Director

(Signed) William Hayden

William Hayden, Director

Ivanhoe Mines Ltd.

Condensed consolidated interim statements of comprehensive income for the three months ended March 31, 2023

(Stated in U.S. dollars)

(Unaudited)

	Notes	Three months ended March 31,	
		2023	2022
		\$'000	\$'000
Operating income (expenses)			
Share of profit from joint venture net of tax	4	82,659	87,109
Share-based payments	24	(7,702)	(7,389)
Exploration and project evaluation expenditure		(3,381)	(12,243)
Salaries and benefits		(2,246)	(3,020)
Other expenditure		(1,986)	(1,944)
Travel costs		(1,660)	(1,905)
Foreign exchange (loss) gain		(1,314)	1,379
Legal fees		(1,041)	(340)
Professional fees		(324)	(408)
Profit from operating activities		63,005	61,239
Finance income	26	57,826	31,505
Loss on fair valuation of embedded derivative liability	15	(30,900)	(66,400)
Other income	27	3,728	436
Finance costs	25	(10,465)	(7,391)
(Loss) gain on fair valuation of financial asset	10	(1,595)	3,358
Profit before income taxes		81,599	22,747
Income tax recovery (expense)			
Current tax		(45)	140
Deferred tax		926	(1,347)
		881	(1,207)
Profit for the period		82,480	21,540
Profit (loss) attributable to:			
Owners of the Company		86,637	26,394
Non-controlling interests		(4,157)	(4,854)
		82,480	21,540
Other comprehensive (loss) income			
Items that may subsequently be reclassified to profit:			
Exchange (loss) gain on translation of foreign operations, net of tax		(13,746)	21,097
Items that may subsequently be reclassified to profit		(13,746)	21,097
Total comprehensive income for the period		68,734	42,637
Total comprehensive income (loss) attributable to:			
Owners of the Company		74,154	45,495
Non-controlling interests	23	(5,420)	(2,858)
		68,734	42,637
Basic profit per share	28	0.07	0.02
Diluted profit per share	28	0.07	0.02

Ivanhoe Mines Ltd.

Condensed consolidated interim statements of changes in equity for the three months ended March 31, 2023

(Stated in U.S. dollars)

(Unaudited)

	Share capital		Share option reserve	Foreign currency translation reserve	Accumulated profit	Equity attributable to owners	Non- controlling interests	Total
	Number of shares	Amount \$'000						
Balance at January 1, 2022	1,209,665,401	2,316,293	141,099	(62,508)	98,937	2,493,821	(116,824)	2,376,997
Net profit (loss) for the period	—	—	—	—	26,394	26,394	(4,854)	21,540
Other comprehensive income	—	—	—	19,101	—	19,101	1,996	21,097
Total comprehensive income (loss)	—	—	—	19,101	26,394	45,495	(2,858)	42,637
<i>Transactions with owners</i>								
Share-based payments charged to operations (Note 24)	—	—	6,093	—	—	6,093	—	6,093
Restricted share units vested (Note 21(c))	730,575	2,888	(2,888)	—	—	—	—	—
Options exercised (Note 21(b))	888,377	3,711	(991)	—	—	2,720	—	2,720
Balance at March 31, 2022	1,211,284,353	2,322,892	143,313	(43,407)	125,331	2,548,129	(119,682)	2,428,447
Balance at January 1, 2023	1,216,754,579	2,347,105	141,541	(63,830)	509,801	2,934,617	(93,486)	2,841,131
Net profit (loss) for the period	—	—	—	—	86,637	86,637	(4,157)	82,480
Other comprehensive loss	—	—	—	(12,483)	—	(12,483)	(1,263)	(13,746)
Total comprehensive (loss) income	—	—	—	(12,483)	86,637	74,154	(5,420)	68,734
<i>Transactions with owners</i>								
Share-based payments charged to operations (Note 24)	—	—	6,400	—	—	6,400	—	6,400
Restricted share units vested (Note 21(c))	641,561	4,218	(4,218)	—	—	—	—	—
Options exercised (Note 21(b))	309,840	1,416	(381)	—	—	1,035	—	1,035
Balance at March 31, 2023	1,217,705,980	2,352,739	143,342	(76,313)	596,438	3,016,206	(98,906)	2,917,300

Ivanhoe Mines Ltd.

Condensed consolidated interim statements of cash flows for the three months ended March 31, 2023

(Stated in U.S. dollars)

(Unaudited)

	Notes	Three months ended March 31,	
		2023	2022
		\$'000	\$'000
Cash flows from operating activities			
Profit before income taxes		81,599	22,747
Items not involving cash			
Loss on fair valuation of embedded derivative liability	15	30,900	66,400
Finance costs	25	10,465	7,391
Share-based payments	24	7,702	7,389
Decrease (increase) in fair valuation of financial asset	10	1,595	(3,358)
Unrealized foreign exchange loss (gain)		1,290	(1,632)
Depreciation		404	2,262
Transfer from other assets to working capital items		149	323
Depreciation on right-of-use asset		73	208
Share of profit from joint venture net of tax	4	(82,659)	(87,109)
Finance income	26	(57,826)	(31,505)
Profit on disposal of property, plant and equipment		(2,769)	(9)
Other taxes		(1)	(1)
		(9,078)	(16,894)
Change in working capital items	31	(22,298)	(8,255)
Interest paid		(56)	(28)
Income taxes paid		(47)	(2)
Interest received	26	7,299	1,424
Net cash used in operating activities		(24,180)	(23,755)
Cash flows from investing activities			
Property, plant and equipment acquired		(69,804)	(19,201)
Other assets acquired		(441)	(770)
Cash paid on behalf of joint venturer	9	(10)	—
Proceeds from sale of property, plant and equipment		4,851	35
Investment in listed shares	10(i)	—	(13,329)
Net cash used in investing activities		(65,404)	(33,265)
Cash flows from financing activities			
Options exercised		1,035	2,720
Principal portion of lease liability repaid		(70)	(547)
Net cash generated from financing activities		965	2,173
Effect of foreign exchange rate changes on cash		(11,687)	8,653
Net cash outflow		(100,306)	(46,194)
Cash and cash equivalents, beginning of year		597,451	608,176
Cash and cash equivalents, end of period		497,145	561,982

Ivanhoe Mines Ltd.

Notes to the condensed consolidated interim financial statements

March 31, 2023

(Stated in U.S. dollars unless otherwise noted)

(Unaudited)

1. Basis of presentation and going concern assumption

Ivanhoe Mines Ltd. is a mining, development and exploration company incorporated in Canada which, together with its subsidiaries and joint venture, is focused on the mining, development and exploration of minerals and precious metals from its property interests located primarily in Africa.

The registered and records office of the Company is located at Suite 606-999 Canada Place, Vancouver, British Columbia, Canada V6C 3E1. The Company is listed on the Toronto Stock Exchange ("TSX") under the ticker symbol IVN. The shares of the Company are also traded on the OTCQX Best Market in the United States of America under the symbol IVPAF.

These condensed consolidated interim financial statements have been prepared on the historical cost basis with the exception of certain financial instruments and share-based payments which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The financial statements are also prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business.

The Company has an accumulated profit of \$596.4 million at March 31, 2023 (December 31, 2022: \$509.8 million). As at March 31, 2023, the Company's total assets exceeds its total liabilities by \$2,917.3 million (December 31, 2022: \$2,841.1 million) and current assets exceeds current liabilities by \$513.7 million (December 31, 2022: \$595.4 million).

2. Significant accounting policies

The significant accounting policies used in these condensed consolidated interim financial statements have been consistently applied to all periods presented, unless otherwise stated, and are as follows:

(a) Statement of compliance

The Company's condensed consolidated interim financial statements have been prepared using accounting policies in accordance with IAS 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board.

These condensed consolidated interim financial statements do not include all of the information and footnotes required by International Financial Reporting Standards ("IFRS") for complete financial statements for year-end reporting purposes. Results for the period ended March 31, 2023, are not necessarily indicative of future results. The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company in its most recent annual consolidated financial statements as at and for the year ended December 31, 2022 except for the application of new and revised accounting standards mentioned in Note 3.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements as at and for the year ended December 31, 2022.

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Notes to the condensed consolidated interim financial statements

March 31, 2023

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(Unaudited)

2. Significant accounting policies (continued)

(b) Significant accounting estimates and judgments

The preparation of condensed consolidated interim financial statements in conformity with IAS 34 requires the Company's management to make estimates and assumptions concerning the future. The resulting accounting estimates can, by definition, only approximate the actual results. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

Significant accounting estimates and judgments include, amongst other things, the recoverability of assets, the determination of the functional currency, technical feasibility and commercial viability of projects, the classification of Kamoa Holding Limited as a joint venture, the determination of inputs into lease accounting, the valuation of the embedded derivative liability associated with the convertible notes, deferred revenue, deferred tax, provisions for tax claims, the provisionally-priced revenue, remeasurement of contract receivables and bill-and-hold arrangements of the Kamoa Holding Limited joint venture.

(c) Future accounting changes

The following new standards, amendments to standards and interpretations have been issued but are not effective during the three months ended March 31, 2023. The Company has not yet adopted these new and amended standards.

- Amendment to IFRS 16 – Leases on sale and leaseback. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. (i)

The Company has considered the amendment and assessed that it will have no material impact on adoption.

- Amendment to IAS 1 – Non-current liabilities with covenants. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions. (i)

The Company has considered the amendment and assessed that it will have no material impact on adoption.

- (i) Effective for annual periods beginning on or after January 1, 2024

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3. Application of new and revised standards

The following standards became effective for annual periods beginning on or after January 1, 2023. The Company adopted these standards in the current period and they did not have a material impact on its condensed consolidated interim financial statements unless specifically mentioned below.

- Amendment to IAS 1 – Presentation of financial statements. The amendments clarify how to classify debt and other liabilities as current or non-current. Another amendment requires companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.
- Amendments to IAS 12 – Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction. The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.
- Narrow scope amendments to IAS 1 – Presentation of Financial Statements, Practice statement 2 and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.

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4. Investment in joint venture

Kamoa Holding Limited ("Kamoa Holding"), a joint venture between the Company and Zijin Mining Group Co., Ltd. ("Zijin"), holds a direct 80% interest in the Kamoa-Kakula Copper Complex ("Kamoa-Kakula"). The Company holds an effective 39.6% interest in the project through its 49.5% shareholding in Kamoa Holding. Zijin holds 49.5% of Kamoa Holding while the remaining 1% share interest is held by privately-owned Crystal River Global Limited ("Crystal River") (see Note 9).

The costs associated with mine development at Kamoa-Kakula's Kansoko and Kakula sites were capitalized as property, plant and equipment in Kamoa Copper SA (a subsidiary of Kamoa Holding).

Kamoa-Kakula was deemed to have reached commercial production on July 1, 2021, after achieving a milling rate in excess of 80% of design capacity and recoveries in excess of 70% for a continuous period of seven days. 93,603 tonnes of copper in concentrate was produced during the three months ended March 31, 2023 (three months ended March 31, 2022: 55,602).

Kamoa-Kakula is among the world's lowest greenhouse gas emitters per unit of copper metal produced. The Kamoa-Kakula Copper Complex is powered by clean, renewable, hydro-generated electricity.

On March 21, 2014, a financing agreement was entered into between Ivanhoe Mines Energy DRC SARL (a subsidiary of Kamoa Holding) and La Société Nationale d'Électricité SARL ("SNEL"), relating to the first-stage upgrade of two existing hydroelectric power plants in the DRC to feed up to 113 MW into the national power supply grid and for the supply of electricity to the Kamoa-Kakula Project. All six new turbines at the Mwadingusha hydropower plant were synchronized to the national electrical grid in August 2021, with each generating unit producing approximately 13 megawatts (MW) of power, for a combined output of approximately 78 MW. In August 2021, Ivanhoe Mines Energy DRC SARL ("Ivanhoe Mines Energy") signed an extension of the existing financing agreement with SNEL to upgrade turbine 5 at the Inga II hydropower complex. Turbine 5 is expected to produce 178 MW of renewable hydropower, providing the Kamoa-Kakula Copper Complex and the planned, associated smelter with sustainable electricity for future expansions.

Under the agreements, Ivanhoe Mines Energy agreed to provide a loan relating to the power upgrade. The total loan advanced as at March 31, 2023 amounts to \$257.0 million (December 31, 2022: \$252.5 million) comprising of a principal amount of \$218.7 million (December 31, 2022: \$219.3 million) and interest of \$38.3 million (December 31, 2022: \$33.2 million) and is included in the net assets of the joint venture under the heading "Long-term loan receivable". The loan is capped at a maximum commitment of \$250 million which, after deducting the loan advanced as at March 31, 2023 of \$218.7 million (December 31, 2022: \$219.3 million), results in a remaining commitment of \$31.3 million. The Company's proportionate share (49.5%) of the remaining maximum commitment amounts to \$15.5 million.

The term for repayment of the principal amount, accrued interest and future costs is estimated to be 25 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 40% of the actual bill as per the loan repayment terms. Interest is earned at a rate of USD 6-month LIBOR plus 3%. The Kamoa-Kakula Project has a priority electricity right by which SNEL commits to make available as per an agreed power requirements schedule, sufficient energy from its grid to meet the energy needs of the project.

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Notes to the condensed consolidated interim financial statements

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(Stated in U.S. dollars unless otherwise noted)

(Unaudited)

4. Investment in joint venture (continued)

Company's share of comprehensive income from joint venture

The following table summarizes the Company's share of Kamoa Holding's total comprehensive income for the periods ended March 31, 2023 and March 31, 2022.

	Three months ended, March 31,	
	2023	2022
	\$'000	\$'000
Revenue from contract receivables	659,529	467,453
Remeasurement of contract receivables	29,594	52,142
Revenue	689,123	519,595
Cost of sales	(239,577)	(123,370)
Gross profit	449,546	396,225
General and administrative costs	(30,646)	(15,768)
Amortization of mineral property	(2,596)	—
Profit from operations	416,304	380,457
Finance costs	(88,673)	(54,643)
Finance income and other	110	5,504
Profit before taxes	327,741	331,318
Current tax expense	(76,473)	(5,215)
Deferred tax expense	(39,617)	(104,829)
Profit after taxes	211,651	221,274
Non-controlling interest of Kamoa Holding	(44,663)	(45,295)
Total comprehensive income for the period	166,988	175,979
Company's share of profit from joint venture (49.5%)	82,659	87,109

- (i) The DRC government holds a direct 20% interest in Kamoa-Kakula. A 5%, non-dilutable interest in the project was transferred to the DRC government on September 11, 2012 for no consideration, pursuant to the 2002 DRC mining code. Following the signing of an agreement in November 2016, an additional 15% interest in the project was transferred to the DRC government.

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(Stated in U.S. dollars unless otherwise noted)

(Unaudited)

4. Investment in joint venture (continued)

Net assets of the joint venture

The assets and liabilities of the joint venture were as follows:

	March 31, 2023		December 31, 2022	
	100%	49.5%	100%	49.5%
	\$'000	\$'000	\$'000	\$'000
Assets				
Property, plant and equipment	2,975,903	1,473,072	2,733,176	1,352,922
Mineral property	787,293	389,710	789,888	390,995
Cash and cash equivalents	389,624	192,864	365,633	180,988
Indirect taxes receivable	326,517	161,626	279,385	138,296
Other receivables	296,171	146,604	212,221	105,049
Consumable stores	288,248	142,683	257,434	127,430
Non-current inventory	274,804	136,028	246,424	121,980
Long-term loan receivable	257,041	127,235	252,523	124,999
Trade receivables	59,553	29,479	63,196	31,282
Current inventory	24,638	12,196	27,011	13,370
Right-of-use asset	8,662	4,288	11,549	5,717
Prepaid expenses	8,266	4,092	9,216	4,562
Non-current deposits	1,872	927	2,272	1,125
Deferred tax asset	665	329	710	351
Liabilities				
Shareholder loans	(3,199,499)	(1,583,752)	(3,103,381)	(1,536,174)
Trade and other payables	(327,454)	(162,090)	(309,710)	(153,306)
Deferred tax liability	(313,458)	(155,162)	(273,841)	(135,551)
Equipment finance facility	(112,331)	(55,604)	(102,890)	(50,931)
Income taxes payable	(65,986)	(32,663)	(14,600)	(7,227)
Rehabilitation provision	(45,162)	(22,355)	(45,231)	(22,389)
Provisional payment facility	(42,607)	(21,090)	(38,866)	(19,239)
Other provisions	(48,791)	(24,152)	(26,675)	(13,204)
Lease liability	(10,113)	(5,006)	(13,243)	(6,555)
Non-controlling interest	(335,676)	(166,160)	(291,012)	(144,051)
Net assets of the joint venture	1,198,180	593,099	1,031,189	510,439

Investment in joint venture

	March 31, 2023	December 31, 2022
	\$'000	\$'000
Company's share of net assets of the joint venture	593,099	510,439
Loan advanced to the joint venture	1,584,193	1,536,601
	2,177,292	2,047,040

The Company earns interest at USD 12-month LIBOR plus 7% on the loan advanced to the joint venture (see Note 26). If there is residual cash flow in Kamoa Holding, such cash shall be required to be utilized for the repayment of the then outstanding loan amount of each lender, on a pro-rata basis. No repayment is required in the absence of residual cash flow.

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Notes to the condensed consolidated interim financial statements

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(Unaudited)

5. Property, plant and equipment

	Land	Buildings	Office equipment	Motor vehicles	Plant and equipment	Mining infrastructure	Aircraft	Assets under construction	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
March 31, 2023									
Cost									
Beginning of the year	1,684	14,834	8,169	5,231	55,221	143,252	2,647	450,413	681,450
Additions	—	77	55	200	2,800	—	—	70,625	73,757
Borrowing costs capitalized	—	—	—	—	—	—	—	11,207	11,207
Disposals	—	—	(7)	—	(8)	—	(2,534)	—	(2,549)
Foreign exchange translation	(107)	25	(340)	(51)	(348)	(9,087)	(113)	(19,455)	(29,476)
End of the period	1,577	14,936	7,877	5,380	57,665	134,165	—	512,790	734,389
Accumulated depreciation and impairment									
Beginning of the year	—	2,883	5,216	3,196	35,574	3,841	445	—	51,155
Depreciation	—	143	258	128	2,414	1,177	33	—	4,153
Disposals	—	—	(2)	—	(6)	—	(458)	—	(466)
Foreign exchange translation	—	(25)	(216)	(21)	(108)	(269)	(20)	—	(659)
End of the period	—	3,001	5,256	3,303	37,874	4,749	—	—	54,183
Carrying value									
Beginning of the year	1,684	11,951	2,953	2,035	19,647	139,411	2,202	450,413	630,295
End of the period	1,577	11,935	2,621	2,077	19,791	129,416	—	512,790	680,206

Assets under construction includes development costs capitalized as property, plant and equipment which are costs incurred to obtain access and to provide facilities for extracting, treating, gathering, transporting and storing the minerals. Costs incurred at the Platreef Project are deemed necessary to bring the Project to commercial production and are therefore capitalized. Until December 31, 2019, costs incurred at the Kipushi Project were also deemed necessary to bring the project to commercial production and were therefore capitalized. Between Q1 2020 and Q2 2022, the Kipushi Project was on reduced activities and incurred limited costs of a capital nature. All costs during this period were expensed as "Exploration and project evaluation expenditure" on the consolidated statements of comprehensive income (see Note 6). All costs incurred at the Kipushi Project from July 1, 2022 have been capitalized to property, plant and equipment.

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(Unaudited)

5. Property, plant and equipment (continued)

Borrowing costs are capitalized to the extent that they are attributable to the construction of qualifying assets and include the finance costs and low-interest loan accretion on the loan payable to ITC Platinum Development Limited, notional financing charge on the deferred revenue and a portion of the interest incurred on the convertible notes (see Note 25).

Assets pledged as security

Buildings with a carrying amount of \$8.6 million (December 31, 2022: \$8.4 million) have been pledged to secure borrowings of the Company (see Note 17 (ii)). The buildings have been pledged as security for bank loans under a mortgage. The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

	Land	Buildings	Office equipment	Motor vehicles	Plant and equipment	Mining infrastructure	Aircraft	Assets under construction	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
December 31, 2022									
Cost									
Beginning of the year	1,837	15,106	7,636	4,919	45,010	10,195	2,515	420,112	507,330
Additions	—	293	1,379	468	9,609	—	293	162,805	174,847
Borrowing costs capitalized	—	—	—	—	—	—	—	28,823	28,823
Disposals	(43)	(6)	(427)	(108)	(29)	—	—	—	(613)
Transfers	—	743	17	—	1,482	137,960	—	(147,579)	(7,377)
Foreign exchange translation	(109)	(1,302)	(436)	(49)	(851)	(4,903)	(161)	(13,749)	(21,560)
End of the year	1,684	14,834	8,170	5,231	55,221	143,252	2,647	450,413	681,450
Accumulated depreciation and impairment									
Beginning of the year	—	2,517	4,986	2,697	27,287	1,306	265	—	39,058
Depreciation	—	549	902	605	8,405	2,710	204	—	13,375
Disposals	—	—	(381)	(84)	(4)	—	—	—	(469)
Foreign exchange translation	—	(183)	(291)	(22)	(114)	(175)	(24)	—	(809)
End of the year	—	2,883	5,216	3,196	35,574	3,841	445	—	51,155
Carrying value									
Beginning of the year	1,837	12,589	2,650	2,223	17,723	8,889	2,250	420,112	468,272
End of the year	1,684	11,951	2,953	2,035	19,647	139,411	2,202	450,413	630,295

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6. Mineral properties and exploration and project evaluation expenditure

Mineral properties

The following table summarizes the carrying values of the Company's mineral property interests as described below:

	March 31, 2023 \$'000	December 31, 2022 \$'000
Platreef property, South Africa (a)	6,940	6,940
Kipushi Properties, Democratic Republic of Congo (b)	252,337	252,337
Other properties (c)	5,718	5,718
	264,995	264,995

Costs directly related to the acquisition of mineral properties are capitalized as mineral properties on a property-by-property basis, whereas development costs are capitalized as property, plant and equipment and are costs incurred to obtain access and to provide facilities for extracting, treating, gathering, transporting and storing the minerals. Development costs are capitalized to the extent that they are necessary to bring the property to commercial production.

(a) Platreef property

Construction of the planned Platreef mine is underway on the Company's discovery of palladium, platinum, rhodium, nickel, copper and gold on the Northern Limb of South Africa's Bushveld Igneous Complex approximately 8 km from Mokopane and 280 km northeast of Johannesburg, South Africa.

In November 2014, the mining right for the development and operation of the Company's Platreef mining project was executed. The mining right authorizes the Company to mine and process platinum-group metals, nickel, copper, gold, silver, cobalt, iron, vanadium and chrome at its Platreef discovery. The mining right was issued for an initial period of 30 years and may be renewed for further periods, each of which may not exceed 30 years at a time, in accordance with the terms of section 24 of the Mineral and Petroleum Resources Development Act of South Africa.

In February 2022, the Company announced the positive findings of an independent Platreef 2022 Feasibility Study for the tier one Platreef palladium, platinum, rhodium, nickel, copper and gold project in South Africa. The 2022 Feasibility Study provides the blueprint for the ongoing development of Platreef and builds on the results of the preliminary economic assessment for a phased-development plan scenario to expedite production, announced in November 2020.

A Japanese consortium of ITOCHU Corporation, Japan Oil, Gas and Metals National Corporation; and Japan Gas Corporation holds an effective 10% interest in the Platreef Project. The Company transferred an additional 26% of Platreef to a broad-based black economic empowerment (B-BBEE) special purpose vehicle in compliance with South African ownership requirements.

(b) Kipushi properties

The Kipushi Project is a past-producing, high-grade underground copper-zinc-germanium-silver-lead mine in the Central African Copperbelt, in Haut-Katanga Province, Democratic Republic of Congo ("DRC"). The Kipushi Project lies adjacent to the town of Kipushi and the border with Zambia, and about 30 km southwest of the provincial capital of Lubumbashi. Ivanhoe Mines and La Générale des Carrières et des Mines SARL ("Gécamines") own 68% and 32% of the Kipushi Project respectively, through their holdings in Kipushi Corporation SA ("Kipushi"), the mining rights holder.

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6. Mineral properties and exploration and project evaluation expenditure (continued)

Mineral properties (continued)

(b) Kipushi properties (continued)

Ivanhoe Mines' interest in Kipushi was acquired in November 2011 and comprises mining rights for zinc, copper and cobalt as well as the underground workings and related infrastructure, inclusive of a series of vertical mine shafts.

On February 14, 2022 the Company announced that it had signed a new agreement with its partner Gécamines to return the Kipushi Project to commercial production. The new agreement sets out the commercial terms that will form the basis of a new joint-venture agreement for the operation of the Kipushi Project.

Also on February 14, 2022, the Company announced the positive findings of an independent feasibility study for the planned resumption of commercial production at Kipushi. The Kipushi 2022 Feasibility Study builds on the results of the prefeasibility study ("PFS") published by the Company in January 2018. The redevelopment of the Kipushi Project is based on a two-year construction timeline, which utilizes the significant existing surface and underground infrastructure to allow for lower capital costs.

(c) Other properties

The Company's DRC exploration group is targeting Kamoakakula style copper mineralization through a regional drilling program on its 90%-100%-owned Western Foreland exploration licences, located to the north, south and west of the Kamoakakula Project, and elsewhere.

During Q4 2022, the Company was granted three new 100%-owned exploration rights on the Northern Limb of the Bushveld Complex in South Africa. These exploration rights cover 80 square kilometres forming a continuous block situated on the southwest border of the existing Platreef Project's mining rights.

(d) Kamoakakula properties

The Company is a joint venturer in Kamoakakula which is located within the Central African Copperbelt in Lualaba Province, DRC. Kamoakakula lies approximately 25 km west of the town of Kolwezi, and about 270 km west of Lubumbashi (see Note 4).

Exploration and project evaluation expenditure

Exploration and project evaluation expenditure are expensed in the period incurred, until such time as the Company determines that a property is technically feasible and commercially viable, whereafter costs associated with development are capitalized as property, plant and equipment in the assets under construction category (see Note 5).

Expenditure at the Platreef Project was capitalized as property, plant and equipment in the assets under construction category (see Note 5).

Until December 31, 2019, costs incurred at the Kipushi Project were also deemed necessary to bring the project to commercial production and were therefore capitalized. Between Q1 2020 and Q2 2022, the Kipushi Project was on reduced activities and incurred limited costs of a capital nature. All costs during this period were expensed as "Exploration and project evaluation expenditure" on the consolidated statements of comprehensive income. All costs incurred at the Kipushi Project from July 1, 2022 have been capitalized to property, plant and equipment.

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7. Deferred tax

The Company's deferred income tax assets are as follows:

	March 31, 2023	December 31, 2022
	\$'000	\$'000
<i>Deferred tax liability to be recovered after more than 12 months</i>		
Deferred interest on loans	1,899	1,775
Deferred tax liability	1,899	1,775
<i>Deferred tax asset to be recovered after more than 12 months</i>		
Property, plant and equipment and mining capital expenditure	160,948	162,039
Unrealized foreign exchange losses	51,356	42,387
IFRS 16 leases	2,950	2,944
Tax losses carried forward	–	242
<i>Deferred tax asset to be recovered within 12 months</i>		
Provisions and prepayments	769	744
	216,023	208,356

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The Company recognized the previously unrecognized deferred tax asset relating to the Platreef Project in the year ended December 31, 2021. Due to the conclusion of the stream-financing agreements and the announcement of the exceptional results of the independent 2022 Feasibility Study, the Company considers it highly probable that the Platreef Project will have future taxable profits that will be available against which the deductible temporary differences can be utilized.

The Company recognized the previously unrecognized deferred tax asset relating to the Kipushi Project on June 30, 2022. Due to the signing of a new agreement between the Company and Gécamines to return the Kipushi Project to commercial production, and the positive findings of the independent 2022 Feasibility Study, the Company considers it probable that the Kipushi Project will have future taxable profits that will be available against which the deductible temporary differences can be utilized.

8. Loans receivable

	March 31, 2023	December 31, 2022
	\$'000	\$'000
Loan to HPX (i)	71,937	69,629
Loss allowance - Loan to HPX	(1,201)	(1,201)
Social development loan (ii)	44,307	43,684
Loss allowance - Social development loan	(523)	(523)
Loan to Nzuri Exploration Holding Company Pty Ltd (iii)	327	327
Other loans receivable	188	188
	115,035	112,104
Non-current loans receivable	93,098	92,475
Current loans receivable	21,937	19,629
	115,035	112,104

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(Unaudited)

8. Loans receivable (continued)

- (i) In April 2019, the Company extended a secured loan of \$50 million to High Power Exploration Inc. (HPX). The loan receivable earns interest at a rate of 15% compounded monthly. Interest of \$2.3 million was earned during the three months ended March 31, 2023 (March 31, 2022: \$1.5 million) (see Note 26). The principal amount of the loan and accrued interest is convertible in whole, or in part, by the Company at its sole discretion into shares of treasury common stock of HPX. The Company is negotiating an updated scheduled maturity date with HPX.

The Company recorded an expected credit loss allowance of \$1.2 million as at March 31, 2023 in accordance with IFRS 9 for the loan receivable from HPX (December 31, 2022: \$1.2 million).

- (ii) A long-term loan receivable from Gécamines of \$10 million was ceded to the Company on completion of the purchase of Kipushi on November 28, 2011, by the seller. An additional \$20 million was requested and advanced to Gécamines during November 2012.

The loan receivable is unsecured and earns interest at USD 12-month LIBOR plus 3%. Repayment will be made by offsetting the loan against future royalties and dividends payable to Gécamines from future profits earned at Kipushi. The fair value of the receivable at acquisition date was estimated by the Company by calculating the present value of the future expected cash flows using an effective interest rate of 9.2%. The carrying value of the long-term loan receivable as at March 31, 2023 is \$43.8 million (December 31, 2022: \$43.2 million). Interest of \$0.6 million was earned during the three months ended March 31, 2023 (March 31, 2022: \$0.3 million) (see Note 26).

The Company recorded an expected credit loss allowance of \$0.5 million as at March 31, 2023 in accordance with IFRS 9 for the social development loan.

- (iii) In September 2019, the Company, through its wholly-owned subsidiary, Ivanhoe DRC Holding Limited, extended a loan to Nzuri Exploration Holding Company Pty Ltd ("Nzuri"). The loan was advanced to fund exploration activities of a subsidiary of Nzuri in the DRC. The Company has a 10% equity investment in Nzuri (see Note 10).

9. Promissory note receivable

The Company has the following promissory note receivable:

	March 31, 2023 \$'000	December 31, 2022 \$'000
Promissory note receivable from Crystal River	26,780	26,770
Loss allowance	(14)	(14)
	26,766	26,756

The promissory note receivable with a carrying value of \$26.8 million is a non-interest-bearing, 10-year promissory note, of which \$8.3 million is receivable by the Company as the purchase consideration for selling 1% of its share in Kamoa Holding to Crystal River (see Note 4). The remaining \$18.5 million is receivable for subsequent funding provided to Kamoa Holding on Crystal River's behalf. The promissory note is payable on the earlier of December 8, 2025 or the next business day following the completion of the sale, transfer or disposition of the shares held by Crystal River in Kamoa Holding.

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(Unaudited)

10. Investments

	March 31, 2023	December 31, 2022
	\$'000	\$'000
<i>Fair value through profit or loss</i>		
Investment in Renergen Ltd. (i)	5,792	7,947
Investment in other listed entities (ii)	1,022	1,050
Investment in unlisted entity (iii)	655	655
	7,469	9,652

- (i) On March 11, 2022, the Company made an equity investment in Renergen Ltd. ("Renergen"). Renergen is a public limited liability company, incorporated in South Africa and is listed on the Johannesburg Stock Exchange and the Australian Stock Exchange. Renergen is an emerging helium and domestic natural gas producer, which holds the rights to renewable natural gas fields with high helium concentrations, in particular the Virginia Gas Project located in the Free State province of South Africa.

Under the terms of the initial subscription agreement, the Company subscribed for 5,631,787 shares, representing an approximate 4.35% interest in Renergen's issued and outstanding shares. The Company paid a subscription price of R35.63 per share for a total consideration of R200,632,412 (approximately \$13.3 million). The subscription price per share was equal to 95% of the volume-weighted average traded price of Renergen's shares on the Johannesburg Stock Exchange measured over the 30 trading days prior to March 11, 2022.

The trading value of the shares as at March 31, 2023 is R105.0 million (\$5.8 million). A loss of \$2.1 million on the fair valuation of the financial asset was recognized for the period ended March 31, 2023 (March 31, 2022: gain of \$0.5 million). The movement in the fair value of the shares is shown in the table below:

	March 31, 2023	December 31, 2022
	\$'000	\$'000
Balance at the beginning of the year	7,947	—
Acquisition of shares	—	13,329
Loss on fair valuation of shares	(1,567)	(3,533)
Unrealized foreign currency losses	(588)	(1,849)
Balance at the end of the period	5,792	7,947

- (ii) The Company holds shares in other listed entities which have been classified as financial assets at fair value through profit or loss. The trading value of the listed shares as at March 31, 2023 is \$1.0 million (December 31, 2022: \$1.1 million). A loss of \$0.1 million on the fair valuation of the financial asset was recognized for the three months ended March 31, 2023 (March 31, 2022: gain of \$0.5 million).
- (iii) On September 12, 2019 the Company, through its wholly owned subsidiary, Ivanhoe DRC Holding Limited, subscribed for 10% of the ordinary shares of Nzuri Exploration Holding Company Pty Ltd ("Nzuri"). Nzuri is an Australian company, a subsidiary of which is conducting mining exploration activities in the DRC.

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11. Leases

Right-of-use asset

	March 31, 2023	December 31, 2022
	\$'000	\$'000
Rented surface infrastructure and equipment (Kipushi) (i)	5,942	6,070
Office building (ii)	1,306	1,470
	7,248	7,540

(i) A right-of-use asset is recognized in terms of IFRS 16 for the use of the surface infrastructure and equipment at the Kipushi mine.

(ii) The Company leases an office building in Sandton, South Africa. On November 1, 2022, the Company entered into a second lease agreement for additional office space in the Sandton building.

Lease liability

	March 31, 2023	December 31, 2022
	\$'000	\$'000
Rented surface infrastructure and equipment (Kipushi) (i)	9,480	9,370
Office building (ii)	1,225	1,391
Non-current lease liability	10,705	10,761
Office building (ii)	244	226
Rented surface infrastructure and equipment (Kipushi) (i)	320	320
Current lease liability	564	546

(i) The lease liability was initially measured at the present value of the lease payments payable over the life of mine and has been discounted at an incremental borrowing rate of 8%. The lease payments have been determined in accordance with the contract, which allocates a fixed rate monthly and it has been estimated that the lease will continue for the duration of the life of mine.

(ii) The Rand-denominated lease liability was initially measured at the present value of the lease payments payable over a lease term of six years and has been discounted at an incremental borrowing rate of between 10.25%-10.50% (December 31, 2022: 10.25%-10.50%). The lease payments have been determined in accordance with the contract which includes an escalation clause of 7.5% per annum. From November 1, 2022, the Company entered into a second lease agreement for additional office space in the Sandton building.

Amounts recognized in the condensed consolidated interim statements of comprehensive income:

	Three months ended March 31, 2023	2022
	\$'000	\$'000
Depreciation charge on right-of-use assets (i)	(73)	(208)
Interest on lease liability (ii)	(39)	(246)
	(112)	(454)

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11. Leases (continued)

- (i) Included in other expenditure on condensed consolidated interim statements of comprehensive income. The right-of-use assets are depreciated over the term of the lease on a straight-line basis.
- (ii) Included as finance costs on the condensed consolidated interim statements of comprehensive income.

12. Cash and cash equivalents

	March 31, 2023	December 31, 2022
	\$'000	\$'000
Cash and cash equivalents	497,145	597,451
	497,145	597,451

The cash and cash equivalents disclosed above include \$13.1 million of restricted cash held by Ivanplats (Pty) Ltd., the owner of the Platreef Project (December 31, 2022: \$13.6 million). The cash is restricted for use as guarantees in respect of the Platreef Project.

13. Other receivables

	March 31, 2023	December 31, 2022
	\$'000	\$'000
Refundable taxes (i)	20,681	20,900
Receivables from joint venture (ii)	4,984	6,752
Accounts receivable	4,376	2,660
Other	366	572
Loss allowance	(1)	(1)
	30,406	30,883
Non-current other receivables	17,351	15,141
Current other receivables	13,055	15,742
	30,406	30,883

- (i) Refundable taxes are net of an impairment provision for value-added taxes receivable in foreign jurisdictions where recoverability of those taxes is uncertain. On June 30, 2022, the Company recognized the previously impaired value-added taxes receivable at the Kipushi Project. Due to the signing of a new agreement between the Company and Gécamines to return the Kipushi Project back to commercial production and the positive findings of the independent 2022 Feasibility Study, the Company considers it probable that the Kipushi Project will recover the value-added taxes receivable.
- (ii) Receivables from joint venture include amounts receivable from the Kamoia Holding Limited joint venture for administration consulting services rendered by the Company and for the sale of equipment to the joint venture by Kipushi.

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14. Prepaid expenses

	March 31, 2023	December 31, 2022
	\$'000	\$'000
Advance payments to suppliers	31,862	24,257
Other prepayments	1,536	2,022
Prepaid insurance	1,381	1,925
Deposits	258	262
	35,037	28,466

Prepaid expenses are amounts paid in advance which give the Company rights to receive future goods or services.

15. Convertible notes

	March 31, 2023	December 31, 2022
	\$'000	\$'000
<i>Convertible notes - host liability</i>		
Balance at the beginning of the year	465,323	437,414
Carrying value of host liability	465,323	437,414
Interest for the period	10,862	42,284
Repayments of interest during the period	—	(14,375)
Balance at the end of the period	476,185	465,323
<i>Convertible notes - embedded derivative liability</i>		
Balance at the beginning of the year	221,300	244,200
Loss (gain) loss on fair valuation of embedded derivative liability	30,900	(22,900)
Balance at the end of the period	252,200	221,300
Non-current host liability	469,608	462,290
Current host liability	6,577	3,033
	476,185	465,323
Non-current embedded derivative liability	252,200	221,300
	252,200	221,300

On March 17, 2021 the Company concluded a private placement offering of \$575 million of 2.50% convertible senior notes maturing in 2026. The notes will be convertible at the option of holders, prior to the close of business on the business day immediately preceding October 15, 2025, only under certain circumstances and during certain periods, and thereafter, at any time until the close of business on the second scheduled trading day immediately preceding the maturity date. Upon conversion, the convertible notes may be settled, at the Company's election, in cash, common shares or a combination thereof. Due to this election right and conversion feature, the convertible notes have an embedded derivative liability that is measured at fair value with changes in value being recorded in profit or loss, as well as the host loan that is accounted for at amortized cost.

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15. Convertible notes (continued)

The convertible senior notes are senior unsecured obligations of the Company, which accrue interest payable semi-annually in arrears at a rate of 2.50% per annum. The notes will mature on April 15, 2026, unless earlier repurchased, redeemed or converted. The initial conversion rate of the notes is 134.5682 Class A common shares of the Company per \$1,000 principal amount of notes, or an initial conversion price of approximately \$7.43 (equivalent to approximately C\$9.31) per common share. The initial conversion price of the notes represents a premium of approximately 37.5% over the last reported sale price of the Company's common shares on the date of pricing being March 11, 2021, which was C\$6.77 per share as reported on the Toronto Stock Exchange.

The gross proceeds of \$575 million were apportioned between the host loan and the embedded derivative liability by first determining the fair value of the derivative, which was \$150.5 million on March 17, 2021. Transaction costs of \$10.5 million associated with the host loan were capitalized to the liability whereas transaction costs of \$3.7 million associated with the embedded derivative liability were expensed in the consolidated statements of comprehensive income.

The effective interest rate of the host liability was deemed to be 9.39%. The carrying value of the host liability was \$476.2 million as at March 31, 2023 (December 31, 2022: \$465.3 million). The fair value of the embedded derivative liability on March 31, 2023 was \$252.2 million (December 31, 2022 \$221.3 million).

A fair value loss of \$30.9 million (March 31, 2022: \$66.4 million) was recognized in the condensed consolidated interim statements of comprehensive income, largely due to a strengthening of the U.S. dollar from the beginning of the year to March 31, 2023.

The following key inputs and assumptions were used in the binomial tree model when determining the fair value of the embedded derivative liability:

	March 17, 2021	March 31, 2022	December 31, 2022	March 31, 2023
Share price	C\$7.00	C\$11.66	C\$10.70	C\$12.21
Credit spread (basis points)	630	277	419	140
Volatility	42%	40%	40%	40%
Borrowing cost (basis points)	50	25	25	25
Fair value of derivative liability (\$' million)	\$150.5	\$310.6	\$221.3	\$252.2

16. Deferred revenue

	March 31, 2023 \$'000	December 31, 2022 \$'000
Balance at the beginning of the year	310,725	69,562
Gold streaming facility	—	150,000
Palladium and platinum streaming facility	—	75,000
Financing costs associated with the streaming facilities (Note 25)	10,145	20,778
Transaction costs incurred	—	(1,099)
Exchange gain on translation of foreign operations	(19,930)	(3,516)
Balance at the end of the period	300,940	310,725

On December 8, 2021, the Company announced that Ivanplats (Pty) Ltd., its South African subsidiary and owner of the Platreef Project, had concluded stream-financing agreements with Orion Mine Finance ("Orion") and Nomad Royalty Company ("Nomad"), together the "Stream Purchasers", for a \$200 million gold-streaming facility and a \$100 million palladium and platinum-streaming facility.

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(Unaudited)

16. Deferred revenue (continued)

Under the stream agreements, Orion provided a total of \$225 million in funding, and Nomad provided \$75 million in funding. The stream facilities are a prepaid forward sale of refined metals, with prepayments totalling \$300 million, available in two tranches. The first prepayment of \$75 million was received by the Company in December 2021, following the closing of the transaction. The remaining \$225 million was received in September 2022, after successfully fulfilling the conditions precedent.

Under the terms of the \$200 million gold stream agreement, the Stream Purchasers will receive an aggregate total of 80% of contained gold in concentrate until 350,000 ounces have been delivered, after which the stream will be reduced to 64% of contained gold in concentrate for the remaining life of the facility. The expected life of this facility will extend from the effective date of the stream agreement until the date when 685,280 ounces of gold have been delivered to the Stream Purchasers. The Stream Purchasers will purchase each ounce of gold at a price equal to the lower of the market price of gold or US\$100 per ounce.

Delivery of the gold under the stream agreement will be made by delivering gold credits to the Stream Purchasers' metal accounts.

Under the terms of the US\$100 million palladium and platinum stream agreement, Orion will receive an aggregate total of 4.2% of contained palladium and platinum in concentrate until 350,000 ounces have been delivered, after which the stream will be reduced to 2.4% for the remaining life of the facility. The expected life of this facility will extend from the effective date of the stream agreement until the date when 485,115 ounces of palladium and platinum have been delivered to the purchaser, which will pay for each ounce at a price equal to 30% of the market price of palladium and platinum. Delivery of the palladium and platinum under the stream agreement will be made by delivering palladium and platinum credits to the Stream Purchasers' metal accounts. The advance payment of \$300 million, net of transaction costs of \$6.5 million, is recognized as a contract liability (deferred revenue) under IFRS 15.

The stream-financing agreements are accounted for as deferred revenue as the Company has applied judgment in concluding that the contracts fall within the "own-use" exemption in IFRS 9. Therefore, the contracts are not accounted for under the requirements of IFRS 9, but were deemed to fall within the scope of IFRS 15 as the Company intends to settle the obligations through delivery of its own production from the Platreef mine once commissioned.

In accordance with IFRS 15, the Company has recognized a notional financing charge of \$10.1 million for the period ended March 31, 2023 due to the time between receiving the upfront streaming payments and the date that the related performance obligations will be satisfied. The Company has estimated that the ZAR-based nominal pre-tax rate is 15.37% under the gold stream agreement, and 14.81% under the palladium and platinum stream agreement.

Settlements on the stream-financing arrangements will start once the commissioning of the Platreef Project has been completed. The commissioning is scheduled for 2024.

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17. Borrowings

	March 31, 2023	December 31, 2022
	\$'000	\$'000
<i>Unsecured - at amortized cost</i>		
Loan from ITC Platinum Development Limited (i)	37,419	36,937
<i>Secured - at amortized cost</i>		
Loan from Citi bank (ii)	3,972	3,886
	41,391	40,823

- (i) On June 6, 2013, the Company, through its subsidiary Ivanplats (Pty) Ltd, ("Ivanplats") the owner of the Platreef Project, became party to a \$28.0 million loan payable to ITC Platinum Development Limited. The loan is repayable only once Ivanplats has residual cashflow, which is defined in the loan agreement as gross revenue generated by Ivanplats, less all operating costs attributable thereto, including all mining development and operating costs. The loan incurs interest of USD 3-month LIBOR plus 2% calculated monthly in arrears. Interest is not compounded. Using prevailing market interest rates for an equivalent loan of USD 3-month LIBOR plus 7% at June 6, 2013, the carrying value of the loan as at March 31, 2023, is \$37.4 million (December 31, 2022: \$36.9 million) with a contractual amount due of \$36.8 million (December 31, 2022: \$35.8 million). The difference of \$0.6 million (December 31, 2022: \$1.1 million) between the contractual amount due and the carrying value of the loan is the benefit derived from the low-interest loan. Interest of \$0.5 million (March 31, 2022: \$0.2 million) was recognized during the year ended March 31, 2023 and was capitalized as borrowing costs together with the low-interest loan accretion of \$0.0 million (March 31, 2022: \$0.4 million).
- (ii) The Citi bank loan of \$4.0 million (£3.2 million) is secured by the Rhenfield property (see Note 29). The loan is an interest-only term loan repayable on August 28, 2025, and incurs interest at a rate of 1-month Sterling Overnight Index Average (SONIA) plus 1.90% payable monthly in arrears. Interest of \$0.1 million was incurred for the three months ended March 31, 2023 (March 31, 2022: \$0.1 million).

18. Cash-settled share-based payment liability

	March 31, 2023	December 31, 2022
	\$'000	\$'000
B-BBEE share-based payment liability (i)	6,024	5,886
Deferred share unit liability	6,326	5,162
	12,350	11,048
Non-current cash-settled share-based payment liability	10,044	9,023
Current cash-settled share-based payment liability	2,306	2,025
	12,350	11,048

- (i) On June 26, 2014, the Company sold a 26% interest in the Company's Platreef mining project for which it has recognized a cash-settled share-based payment liability which is estimated to vest over 20 years. The liability is valued using an option pricing model taking into account the terms and conditions on which the right was granted (see Note 24).

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19. Advances payable

	March 31, 2023	December 31, 2022
	\$'000	\$'000
Advances payable to Gécamines	3,196	3,123
	3,196	3,123

Advances payable to Gécamines are unsecured and bear interest at USD 12-month LIBOR plus 4% and represent the loan advanced to Kipushi by Gécamines prior to the acquisition of Kipushi by the Company. The advances will be repaid once Kipushi begins to generate and distribute its profit which is defined as the operating surplus less operating charges, general costs and amortizations and profit tax for each fiscal year.

20. Trade and other payables

	March 31, 2023	December 31, 2022
	\$'000	\$'000
Trade accruals	31,148	18,931
Trade payables	11,618	38,425
Payroll tax and other statutory liabilities	1,539	3,653
Other payables	1,054	628
	45,359	61,637

The Company has policies in place to ensure trade and other payables are paid within agreed terms.

21. Share capital

(a) Shares issued

The Company is authorized to issue an unlimited number of Class A Shares. On June 28, 2022, the Company's share capital structure was amended by deleting the Class B common shares without par value and the preferred shares without par value, none of which were outstanding.

As at March 31, 2023, 1,217,705,980 (December 31, 2022: 1,216,754,579) Class A Shares were issued and outstanding. All shares in issue have been fully paid.

(b) Options

The Company issues share options as a security-based compensation arrangement. Share options are granted at an exercise price equal to the weighted average price of the shares on the TSX for the five days immediately preceding the date of the grant. As at March 31, 2023, 82,104,751 share options have been granted and exercised, and 14,031,954 have been granted and are outstanding.

All outstanding share options granted before December 2019 vest in four equal parts, commencing on the one year anniversary of the date of grant and on each of the three anniversaries thereafter. The maximum term of these options is five years. All share options granted during and after December 2019 vest in three equal parts, commencing on the one year anniversary of the date of grant and on each of the two anniversaries thereafter. The maximum term of these options awarded is seven years.

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21. Share capital

(b) Options (continued)

A summary of changes in the Company's outstanding share options is presented below. The changes for 2023 represent the period January 1, 2023 to March 31, 2023, while the changes for 2022 represent the period January 1, 2022 to December 31, 2022.

	2023		2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Balance at the beginning of year	13,264,957	3.78	17,312,182	3.12
Granted	1,081,713	8.88	1,259,090	8.36
Exercised	(309,840)	3.48	(5,244,069)	2.71
Forfeited	(4,876)	3.02	(62,246)	3.02
Balance at the end of the period	14,031,954	4.18	13,264,957	3.78

1,081,713 options were granted in 2023. The fair value of options granted is estimated on the date of grant using the Black-Scholes option pricing model. An expense of \$3.9 million will be amortized over the entire vesting period for the options granted during the three months ended March 31, 2023 (March 31, 2022: \$3.4 million), of which \$0.4 million (March 31, 2022: \$0.3 million) was recognized in the three months ended March 31, 2023. An additional expense of \$0.9 million was recognized in the three months ended March 31, 2023 (March 31, 2022: \$1.5 million) relating to options granted during prior years.

The following weighted average assumptions were used for the share option grants in the table above:

	2023	2022
Risk-free interest rate	3.95%	1.94%
Expected volatility ⁽ⁱ⁾	51.59%	52.69%
Expected life	3.50	3.50
Expected dividends	\$Nil	\$Nil

(i) Expected volatility was based on the historical volatility of a peer company analysis.

A reconciliation of the number of share options exercised to shares issued for the three months ended March 31, 2023 and March 31, 2022 is presented below:

	2023		2022	
	Number of options exercised	Number of shares issued	Number of options exercised	Number of shares issued
Ordinary exercise	309,840	309,840	842,219	842,219
Exercised by Share Appreciation Rights (i)	—	—	71,374	46,158
Total	309,840	309,840	913,593	888,377

(i) In terms of the equity incentive plan, participants have the right in lieu of receiving the shares to which the options relate, to receive the number of shares calculated by deducting the exercise price from the fair market value of the shares and dividing this result by the fair market value of the shares immediately prior to exercise.

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21. Share capital (continued)

(b) Options (continued)

The following table summarizes information about share options outstanding and exercisable as at March 31, 2023:

Expiry date	Options outstanding		Options exercisable	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
		\$		\$
May 29, 2022	16,477	3.02	16,477	3.02
June 11, 2023	4,631	3.02	4,631	3.02
December 4, 2023	2,000,000	1.98	2,000,000	1.98
January 12, 2024	1,000,000	1.90	1,000,000	1.90
December 5, 2026	2,000,000	2.59	2,000,000	2.59
January 13, 2027	4,383,696	3.02	4,383,696	3.02
August 17, 2027	170,000	3.85	86,666	3.85
November 1, 2027	100,000	3.84	66,666	3.84
January 22, 2028	873,654	5.52	584,385	5.52
March 31, 2028	82,131	5.18	54,754	5.18
June 30, 2028	61,597	6.92	20,532	6.92
August 10, 2028	879,169	7.49	293,056	7.49
September 30, 2028	66,096	6.47	22,032	6.47
December 31, 2028	53,700	7.89	17,900	7.89
January 27, 2029	911,141	8.86	303,698	8.86
March 31, 2029	66,688	9.35	22,229	9.35
June 30, 2029	103,322	5.90	—	—
September 30, 2029	100,414	6.04	—	—
December 31, 2029	77,525	7.79	—	—
January 20, 2030	1,007,754	8.90	—	—
March 31, 2030	73,959	8.60	—	—
	14,031,954	4.18	10,876,722	3.12

As at December 31, 2022, the Company had 13,264,957 share options outstanding at a weighted average exercise price of \$3.78. Of this amount, 8,280,271 share options were exercisable at a weighted average exercise price of \$2.88.

(c) Share unit awards

The Company issues restricted share units ("RSUs") and performance share units ("PSUs") as a security-based compensation arrangement. Each RSU and PSU represents the right of an eligible participant to receive one Class A Share.

RSUs and PSUs vest in three equal parts, commencing on the initial vesting date established at grant and on each of the two anniversaries thereafter, subject to the satisfaction of any performance conditions.

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21. Share capital (continued)

(c) Share unit awards (continued)

A summary of changes in the Company's RSUs and PSUs is presented below. The changes for 2023 represent the period January 1, 2023 to March 31, 2023, while the changes for 2022 represent the period January 1, 2022 to December 31, 2022.

	2023	2022
Balance at the beginning of the year	5,237,163	6,300,049
RSUs issued	639,343	1,375,041
PSUs issued	438,163	372,113
RSUs vested	(641,561)	(2,738,292)
RSUs cancelled	(6,910)	(71,748)
Balance at the end of the period	5,666,198	5,237,163

An expense of \$8.6 million will be amortized over the vesting period for the RSUs and PSUs granted during the three months ended March 31, 2023 (March 31, 2022: \$11.0 million), using the fair value of a common share at time of grant. The weighted average fair value of a common share at the time that the RSUs and PSUs were granted in 2023 was \$8.86 (December 31, 2022: \$8.34). An expense of \$5.1 million (March 31, 2022: \$4.3 million) was recognized for the three months ended March 31, 2023 relating to RSUs and PSUs granted, of which \$0.6 million related to RSUs and PSUs granted in 2023 (see Note 24).

(d) Deferred share units

The Company issues deferred share units ("DSUs") as a security-based compensation arrangement to non-executive directors of the Company. Each DSU represents the right of an eligible participant to receive one Class A Share or the cash equivalent thereof. The debt component of the compound instrument represents the entire fair value of the award and is disclosed below.

A summary of changes in the Company's DSUs is presented below. The changes for 2023 represent the period January 1, 2023 to March 31, 2023, while the changes for 2022 represent the period January 1, 2022 to December 31, 2022.

	2023	2022
Balance at the beginning of the year	653,355	545,578
DSUs issued	179,570	200,991
DSUs settled	—	(93,214)
Balance at the end of the period	832,925	653,355

An expense of \$0.4 million (March 31, 2022: \$0.4 million) was recognized for the DSUs granted during the three months ended March 31, 2023. A loss of \$0.8 million (March 31, 2022: loss of \$0.7 million) was recognized for DSUs granted during prior years due to the increase in the Company's share price which resulted in an increase in the deferred share unit liability. In accordance with the DSU plan, directors may elect to receive settlement of their DSUs in cash or shares.

DSUs vest over the calendar year in which they are granted and are settled on December 31st of the calendar year that is three years following the award date of each respective DSU.

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22. Foreign currency translation reserve

	March 31, 2023 \$'000	December 31, 2022 \$'000
Balance at the beginning of the year	(63,830)	(62,508)
Exchange loss arising on translation of foreign operations	(12,483)	(1,322)
Balance at the end of the period	(76,313)	(63,830)

Exchange differences relating to the translation of the results and net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency are recognized directly in other comprehensive (loss) income and accumulated in the foreign currency translation reserve.

23. Non-controlling interests

The total non-controlling interest at March 31, 2023 is \$98.9 million (December 31, 2022: \$93.5 million), of which \$71.5 million (December 31, 2022: \$69.6 million) is attributed to Ivanplats (Pty) Ltd and \$32.6 million (December 31, 2022: \$28.8 million) is attributed to Kipushi Corporation SA. The remainder relates mainly to the non-controlling interest attributable to Ivanplats Holding SARL.

Set out below is the summarized financial information for each subsidiary that has non-controlling interests that are material to the Company. The amounts disclosed for each subsidiary are before intercompany eliminations.

Summarized statements of comprehensive income	Ivanplats (Pty) Ltd		Kipushi Corporation SA	
	Three months ended March 31,		Three months ended March 31,	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
(Loss) for the period	(6,451)	(3,801)	(11,953)	(14,333)
Other comprehensive (loss) income	(12,639)	19,958	—	—
Total comprehensive (loss) income	(19,090)	16,157	(11,953)	(14,333)
Total comprehensive (loss) income allocated to non-controlling interests	(1,909)	1,615	(3,825)	(4,587)

24. Share-based payments

The share-based payment expense of the Company is summarized as follows:

	Three months ended March 31,	
	2023 \$'000	2022 \$'000
<i>Equity-settled share-based payments</i>		
Share unit awards expense (Note 21(c))	(5,096)	(4,296)
Share options (Note 21(b))	(1,304)	(1,797)
	(6,400)	(6,093)
<i>Cash-settled share-based payments</i>		
Deferred share unit expense (Note 21(d))	(1,164)	(1,136)
B-BBEE transaction expense	(138)	(160)
	(7,702)	(7,389)

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24. Share-based payments (continued)

Of the share-based payment expense recognized for the three months ended March 31, 2023, \$0.1 million (March 31, 2022: \$0.2 million) related to the Platreef B-BBEE transaction, with the remaining \$7.6 million (March 31, 2022: \$7.2 million) being the expense for share options, share unit awards and deferred share units which have been granted to employees and were recognized over the vesting period.

25. Finance costs

Finance costs are summarized as follows:

	Three months ended March 31,	
	2023	2022
	\$'000	\$'000
Interest on convertible notes (see Note 15)	(10,862)	(10,211)
Interest on convertible notes capitalized (see Note 5)	564	3,131
Interest on borrowings (see Note 17)	(555)	(606)
Interest on borrowings capitalized (see Note 5)	498	579
Finance costs on deferred revenue (see Note 16)	(10,145)	(1,730)
Finance costs on deferred revenue capitalized (see Note 16)	10,145	1,730
Lease liability unwinding (see Note 11)	(39)	(246)
Interest on advances payable (see Note 19)	(73)	(38)
	(10,465)	(7,391)

26. Finance income

Finance income is summarized as follows:

	Three months ended March 31,	
	2023	2022
	\$'000	\$'000
Interest on loan to joint venture (i)	47,592	28,289
Interest on bank balances	7,299	1,424
Interest on long-term loan receivable - HPX (ii)	2,308	1,475
Interest on long-term loan receivable - Social Development Loan (iii)	623	310
Other	4	7
	57,826	31,505

- (i) The Company earns interest at a rate of USD 12-month LIBOR plus 7% on the loan advanced to the Kamoia Holding joint venture (see Note 4).
- (ii) The Company earns interest at a rate of 15% per annum compounded monthly on the long-term loan receivable from HPX (see Note 8 (i)).
- (iii) The Company earns interest at a rate of USD 12-month LIBOR plus 3% on the long-term loan receivable from Gécamines (see Note 8 (ii)), although an effective interest rate of 9.2% was applied from initial recognition.

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27. Other income

Other income is summarized as follows:

	Three months ended March 31,	
	2023	2022
	\$'000	\$'000
Profit on disposal of property, plant and equipment (i)	2,769	9
Administration consulting income (ii)	905	720
Other	54	(293)
	3,728	436

- (i) Of the \$2.8 million profit on disposal of property, plant and equipment, \$2.7 million relates to the sale of the Company's aircraft (see Note 5). The aircraft was sold for a consideration of \$4.8 million.
- (ii) Administration consulting income is fees charged by the Company to the Kamoa Holding joint venture for administration, accounting and other services performed for the joint venture (see Note 4).

28. Profit per share

The basic profit per share is computed by dividing the profit attributable to the owners of the Company by the weighted average number of common shares outstanding during the period. The diluted profit per share reflects the potential dilution of common share equivalents, such as outstanding stock options and restricted share units, in the weighted average number of common shares outstanding during the year, if dilutive.

	Three months ended March 31,	
	2023	2022
	\$'000	\$'000
Basic profit per share		
Profit attributable to owners of the Company	86,637	26,394
Weighted average number of basic shares outstanding	1,217,351,475	1,210,405,254
Basic profit per share	0.07	0.02
Diluted profit per share		
Profit attributable to owners of the Company	86,637	26,394
Weighted average number of diluted shares outstanding	1,230,677,036	1,227,981,947
Diluted profit per share	0.07	0.02

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28. Profit per share (continued)

The weighted average number of shares for the purpose of diluted profit per share reconciles to the weighted average number of shares used in the calculation of basic profit per share as follows:

	Three months ended March 31,	
	2023	2022
Weighted average number of basic shares outstanding	1,217,351,475	1,210,405,254
Shares deemed to be issued for no consideration in respect of:		
- stock options	7,662,775	10,989,728
- restricted share units	5,662,786	6,586,965
Weighted average number of diluted shares outstanding	1,230,677,036	1,227,981,947

29. Joint operations

The Company has a 50% interest in Rhenfield Limited, a British Virgin Islands registered company. Rhenfield Limited purchased buildings in London, England which the Company uses for office space. The buildings have a carrying value of \$8.6 million (December 31, 2022: \$8.4 million) and are included in property, plant and equipment (see Note 5). The buildings have been pledged as security for bank loans under a mortgage (see Note 17).

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30. Related party transactions

The financial statements include the financial results of Ivanhoe Mines Ltd., its subsidiaries, joint ventures and joint operations listed in the following table:

Name	Country of Incorporation	% equity interest	
		as at	
		March 31, 2023	December 31, 2022
Direct Subsidiaries			
Ivanhoe Mines (Barbados) Limited	Barbados	100%	100% (i)
African Copperbelt Exploration Ltd.	Barbados	100%	100% (i)
Kengere Holding Limited	Barbados	100%	100% (i)
Ivanhoe Mines US LLC	United States of America	100%	100% (i)
Ivanhoe Mines UK Limited	United Kingdom	100%	100% (ii)
Ivanplats Holding SARL	Luxembourg	97%	97% (i)
Ivanhoe Mines Consulting Services (Beijing) Co., Ltd	China	100%	100% (vi)
Indirect Subsidiaries			
Ivanhoe DRC Holding Ltd.	Barbados	100%	100% (i)
Kipushi Holding Limited	Barbados	100%	100% (i)
Ivanhoe Exploration Holding Ltd.	Barbados	100%	100% (i)
Magharibi Holding Ltd.	Barbados	100%	100% (i)
Makoko Holding Ltd.	Barbados	100%	100% (i)
Mwangezi Holding Ltd.	Barbados	100%	100% (i)
Lubudi Holding Ltd.	Barbados	100%	100% (i)
Lueya Holding Ltd.	Barbados	100%	100% (i)
Ivanhoe Newriver Holding Ltd.	Barbados	100%	100% (i)
Ikekete Holding Ltd.	Barbados	100%	0% (i)
Kampemba Holding Ltd.	Barbados	100%	0% (i)
Mulomba Holding Ltd.	Barbados	100%	0% (i)
Ivanhoe Mines DRC SARL	DRC	100%	100% (ii)
Ivanhoe Mines Exploration DRC SARL	DRC	100%	100% (iii)
IME Services SASU	DRC	100%	– (ii)
Lufupa SASU	DRC	100%	100% (iii)
Magharibi Mining SAU	DRC	90%	90% (iii)
Makoko SA	DRC	90%	90% (iii)
Kengere Mining SA	DRC	75%	75% (iii)
Kipushi Corporation SA	DRC	68%	68% (iii)
Namwana Exploration SA	DRC	90%	90% (iii)
Ivanhoe (Namibia) (Pty) Ltd.	Namibia	100%	100% (iii)
GB Mining & Exploration (SA) (Pty) Ltd.	South Africa	100%	100% (vii)
Ivanhoe Mines SA (Pty) Ltd.	South Africa	100%	100% (ii)
Ivanplats (Pty) Ltd.	South Africa	64%	64% (iii)
Kico Services (Pty) Ltd.	South Africa	100%	100% (ii)
Palrho Exploration (Pty) Ltd.	South Africa	100%	100% (iii)
Ivanhoe (Zambia) Ltd.	Zambia	100%	100% (iii)
Joint ventures			
Kamoa Holding Limited	Barbados	49.50%	49.50% (iv)
Joint operations			
Rhenfield Limited	British Virgin Islands	50%	50% (v)

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30. Related party transactions (continued)

- (i) This company acts as an intermediary holding company to other companies in the Group.
- (ii) This company provides administration, accounting and other services to the Group on a cost-recovery basis.
- (iii) This company is incorporated with the intention of engaging in exploration, development and mining activities.
- (iv) This company is a joint venture of the Group. See Note 4 for information regarding the shareholding of this company.
- (v) This company is a joint operation of the Group. See Note 29 for information on this company.
- (vi) This company provides administration, investor relations and marketing services to the Group in China.
- (vii) This company is an asset holding company.

The following table summarizes related party expenses incurred and income earned by the Company, primarily on a cost-recovery basis, with companies related by way of directors or shareholders in common. Amounts in brackets denote expenses.

	Three months ended March 31,	
	2023	2022
	\$'000	\$'000
Kamoa Holding Limited (a)	47,592	28,289
High Power Exploration Inc. (b)	2,307	1,479
Kamoa Services (Pty) Ltd. (c)	1,151	610
Kamoa Copper SA (d)	287	290
Ivanhoe Mines Energy DRC SARL (e)	48	35
Ivanhoe Electric Inc. (f)	5	—
Ivanhoe Capital Aviation Ltd. (g)	(1,125)	(1,125)
Ivanhoe Capital Services Ltd. (h)	(95)	(148)
Global Mining Management Corporation (i)	(68)	(83)
CITIC Metal Africa Investments Limited (j)	(53)	(53)
Ivanhoe Capital Pte Ltd. (k)	—	(3)
	50,049	29,291
Finance income	49,899	29,764
Cost recovery and management fee	1,461	939
Travel	(1,122)	(1,128)
Salaries and benefits	(102)	(157)
Directors fees	(53)	(53)
Office and administration	(17)	(32)
Consulting	(17)	(42)
	50,049	29,291

The transactions summarized above were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

As at March 31, 2023, trade and other payables included \$0.2 million (December 31, 2022: \$0.3 million) with regards to amounts due to parties related by way of director, officers or shareholder in common. These amounts are unsecured and non-interest bearing.

Amounts included in other receivables due from parties related by way of director, officers or shareholder in common as at March 31, 2023 amounted to \$6.1 million (December 31, 2022: \$6.9 million). Of this, \$5.0 million related to receivables from the joint venture (December 31, 2022: \$6.6 million).

The directors of the Company are considered to be related parties and remuneration paid to the directors is disclosed in the Company's Management Proxy Circular available on the Company's website.

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30. Related party transactions (continued)

- (a) Kamoa Holding Limited ("Kamoa Holding") is a company registered in Barbados. The Company has an effective 49.5% ownership in Kamoa Holding. The Company earns interest on the loans advanced to Kamoa Holding (see Note 4).
- (b) High Power Exploration Inc. ("HPX") is a private company incorporated under the laws of Delaware, USA. A director of the Company is a director and member of executive management of HPX. The Company extended a secured loan of \$50 million to HPX. The loan receivable earned interest at a rate of 8% per annum until April 25, 2021. Following the signing of an amendment to the loan agreement on June 16, 2021, the interest rate was fixed at 11% per annum compounded monthly for the period after April 25, 2021 until April 25, 2022, after which the rate at which interest is earned increased to 15% per annum compounded monthly. The Company is negotiating an updated scheduled maturity date with HPX (see Note 8).
- (c) Kamoa Services (Pty) Ltd. ("Kamoa Services") is a company registered in South Africa. On March 31, 2021, the Company sold its 100% interest in Kamoa Services to Kamoa Holding. The Company now has an effective 49.5% ownership in Kamoa Services. The Company provides administration, accounting and other services to Kamoa Services on a cost-recovery basis.
- (d) Kamoa Copper SA ("Kamoa Copper") is a company incorporated in the DRC. The Company has an effective 39.6% ownership in Kamoa Copper (see Note 4). The Company provides administration, accounting and other services to Kamoa Copper on a cost-recovery basis.
- (e) Ivanhoe Mines Energy DRC Sarl ("Energy") is a company incorporated in the DRC. The Company has an effective 49.5% ownership in Energy (see Note 4). The Company provides administration, accounting and other services to Energy on a cost-recovery basis.
- (f) Ivanhoe Electric Inc. ("Ivanhoe Electric") is a company incorporated under the laws of Delaware, USA. A director of the Company is a director and member of executive management of Ivanhoe Electric. The Company provides services to Ivanhoe Electric on a cost-recovery basis.
- (g) Ivanhoe Capital Aviation Ltd. ("Aviation") is a private company owned indirectly by a director of the Company. Aviation operates an aircraft for which the Company contributes toward the running costs.
- (h) Ivanhoe Capital Services Ltd. ("Services") is a private company owned indirectly by a director of the Company. Services provides for salaries administration and other services to the Company in Singapore and Beijing on a cost-recovery basis.
- (i) Global Mining Management Corporation ("Global") is a private company based in Vancouver, Canada. The Company and a director of the Company hold an indirect equity interest in Global. Global provides administration, accounting and other services to the Company on a cost-recovery basis.
- (j) Citic Metal Africa Investments Limited ("Citic Metal Africa") is a private company incorporated in Hong Kong. Citic Metal Africa is a shareholder in the Company and nominates two directors who serve of the Company's Board of Directors.
- (k) Ivanhoe Capital Pte Ltd. ("Capital") is a private company owned indirectly by a director of the Company. Capital provides administration, accounting and other services in Singapore on a cost-recovery basis.

Ivanhoe Mines Ltd.

Notes to the condensed consolidated interim financial statements

March 31, 2023

(Stated in U.S. dollars unless otherwise noted)

(Unaudited)

31. Cash flow information

(a) Net change in working capital items:

	Three months ended March 31,	
	2023	2022
	\$'000	\$'000
Net (increase) decrease in		
Prepaid expenses	(6,571)	(1,164)
Other receivables	477	(713)
Consumable stores	74	9
Net increase in		
Trade and other payables	(16,278)	(6,387)
	(22,298)	(8,255)

32. Financial instruments

(a) Fair value of financial instruments

The Company's financial assets and financial liabilities are categorized as follows:

Financial instrument	Level	March 31, 2023	December 31, 2022
		\$'000	\$'000
Financial assets			
<i>Financial assets at fair value through profit or loss</i>			
Investment in Renergen	Level 1	5,792	7,947
Investment in other listed entities	Level 1	1,022	1,050
Investment in unlisted entity	Level 3	655	655
<i>Amortized cost</i>			
Loan advanced to joint venture	Level 3	1,584,193	1,536,601
Cash and cash equivalents (c)		497,145	597,451
Loans receivable	Level 3	115,035	112,104
Promissory note receivable	Level 3	26,766	26,756
Other receivables (a) (c)		9,725	9,983
Financial liabilities			
<i>Financial liabilities at fair value through profit or loss</i>			
Convertible notes - embedded derivative liability	Level 3	252,200	221,300
<i>Amortized cost</i>			
Convertible notes - host liability (d)	Level 3	476,185	465,323
Borrowings	Level 3	41,391	40,823
Trade and other payables (b) (c)		42,766	57,356
Advances payable	Level 3	3,196	3,123

- (a) Other receivables in the above table excludes refundable taxes receivable.
- (b) Trade and other payables in the above table excludes payroll tax, other statutory liabilities, indirect taxes payable and other payables.
- (c) Cash and cash equivalents, other receivables and trade and other payables are not assigned a fair value hierarchy due to their short-term nature.
- (d) The estimated fair value is \$529.1 million (December 31, 2022: \$482.4 million) based on market-related period-end rates.

Ivanhoe Mines Ltd.

Notes to the condensed consolidated interim financial statements

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(Unaudited)

32. Financial instruments (continued)

(a) Fair value of financial instruments (continued)

IFRS 13 - Fair value measurement, requires an explanation about how fair value is determined for assets and liabilities measured in the financial statements at fair value and establishes a hierarchy into which these assets and liabilities must be grouped based on whether inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions. The two types of inputs create the following fair value hierarchy:

- Level 1: observable inputs such as quoted prices in active markets;
- Level 2: inputs, other than the quoted market prices in active markets, which are observable, either directly and/or indirectly; and
- Level 3: unobservable inputs for the asset or liability in which little or no market data exists and therefore require an entity to develop its own assumptions.

Investment in listed entities

The fair value is the market value of the listed shares at the end of the period.

Investment in unlisted entity

The Company acquired these shares on September 12, 2019. No significant changes occurred between acquisition date and March 31, 2023 and the Company has therefore determined that the purchase price approximates the fair value.

Loan advanced to the joint venture

Carrying amount is a reasonable approximation of fair value. The loan incurs interest at a variable rate of USD 12-month LIBOR plus 7% which approximates the current market interest rate.

Long-term loans receivable (Loan to HPX)

Carrying amount is a reasonable approximation of fair value. The interest rate is considered to be an arm's length rate. Country risk is considered to be low and the loan is secured by the shares of HPX.

Long-term loans receivable (Social development loan)

Carrying amount is a reasonable approximation of fair value. The fair value of the receivable at acquisition date was estimated by the Company by calculating the present value of the future expected cash flows using an effective interest rate of 9.2%.

Promissory note receivable

Carrying amount is a reasonable approximation of fair value. The creditworthiness of the promissory note holder is considered to be high (see Note 32(b)(ii)). The promissory note is payable on the earlier of December 8, 2025 or the next business day following the completion of the sale, transfer or disposition of the shares held by Crystal River in Kamoa Holding.

Other receivables

Carrying amount is a reasonable approximation of fair value due to the short-term nature of the receivable (less than 1 month).

Convertible notes (host liability)

The fair value of the liability on initial recognition was estimated by the Company by calculating the present value of the future expected cash flows using an effective interest rate of 9.39%. The fair value of the liability at period-end was estimated by the Company by calculating the present value of the contractual cash flows using a market related interest rate.

Convertible notes (embedded derivative liability)

The fair value of the liability is determined at the end of each reporting period and the fair value gain or loss is recognized in the condensed consolidated interim statements of comprehensive income.

Ivanhoe Mines Ltd.

Notes to the condensed consolidated interim financial statements

March 31, 2023

(Stated in U.S. dollars unless otherwise noted)

(Unaudited)

32. Financial instruments (continued)

(a) Fair value of financial instruments (continued)

Borrowings (Loan from ITC Platinum Development Limited)

Carrying amount is a reasonable approximation of fair value. The fair value of the loan is determined using a discounted future cashflow analysis based on an interest rate of USD 3-month LIBOR plus 7% and the loan is carried at this value (see Note 17(i)).

Borrowings (Loan from Citi bank)

Carrying amount is a reasonable approximation of fair value. The loan is an interest-only term loan repayable on August 28, 2025, and incurs interest at a rate of 1-month Sterling Overnight Index Average (SONIA) plus 1.90% payable monthly in arrears, which approximates the current market interest rate (see Note 17(ii)).

Trade and other payables

Carrying amount is a reasonable approximation of fair value due to the short-term nature of the receivable (less than 1 month).

Advances payable

Carrying amount is a reasonable approximation of fair value. This loan bears interest at USD 12-month LIBOR plus 4% which approximates the current market interest rate.

(b) Financial risk management objectives and policies

The risks associated with the Company's financial instruments and the policies to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

(i) Foreign exchange risk

The Company incurs certain of its expenses in currencies other than the U.S. dollar. The Company also has foreign currency denominated monetary assets and liabilities. As such, the Company is subject to foreign exchange risk as a result of fluctuations in exchange rates. The Company has a policy to enter into derivative instruments to manage foreign exchange exposure as deemed appropriate.

The carrying amount of the Company's foreign currency denominated monetary assets and liabilities at the respective statement of financial position dates are as follows:

	March 31, 2023	December 31, 2022
	\$'000	\$'000
Assets		
South African rand	171,830	227,987
Canadian dollar	4,954	8,875
British pounds	3,812	2,909
Australian dollar	933	958
Liabilities		
South African rand	(22,648)	(29,718)
British pounds	(3,610)	(2,945)
Canadian dollar	(80)	(5,911)
Australian dollar	(29)	—

Ivanhoe Mines Ltd.

Notes to the condensed consolidated interim financial statements

March 31, 2023

(Stated in U.S. dollars unless otherwise noted)

(Unaudited)

32. Financial instruments (continued)

(b) Financial risk management objectives and policies (continued)

Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 5% increase or decrease in the U.S. dollar against the foreign currencies presented. The sensitivity analysis includes only outstanding foreign currency denominated monetary items not denominated in the functional currency of the Company or the relevant subsidiary, and adjusts their translation at the end of the period for a 5% change in foreign currency rates. A positive number indicates a decrease in loss for the period where the foreign currencies strengthen against the U.S. dollar. The opposite number will result if the foreign currencies depreciate against the U.S. dollar.

	Three months ended March 31,	
	2023	2022
	\$'000	\$'000
Canadian dollar	244	267
Australian dollar	45	61
South African rand	(303)	(118)
British pounds	(2)	—

(ii) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Credit risk for the Company is primarily associated with the loan to the joint venture, promissory note receivable, long-term loans receivable, other receivables and cash and cash equivalents.

The Company reviews the recoverable amount of their financial assets at each statement of financial position date to ensure that adequate impairment losses are made for irrecoverable amounts. The Company has considered the requirement of IFRS 9 to recognize a loss allowance for expected credit losses on financial assets. The general approach was applied to these financial assets, where the 12-month expected credit losses are calculated. The Company did not apply lifetime expected credit losses as there has not been a significant increase in credit risk in the period.

A significant increase in credit risk would include:

- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations.
- An actual or expected significant change in the operating results of the borrower.
- Significant increases in credit risk on other financial instruments of the same borrower.
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower that results in a significant change in the borrower's ability to meet its debt obligations.
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to make scheduled contractual payments or to otherwise have an effect on the probability of a default occurring.

The Company assesses whether an impairment is required on loan receivables. A range of cash flow scenarios are considered, taking into account forward-looking information which may impact recoverability of loan receivables.

Ivanhoe Mines Ltd.

Notes to the condensed consolidated interim financial statements

March 31, 2023

(Stated in U.S. dollars unless otherwise noted)

(Unaudited)

32. Financial instruments (continued)

(b) Financial risk management objectives and policies (continued)

(ii) Credit risk (continued)

The loan advanced to the joint venture will be repaid as and when there is residual cash flow in Kamoa Holding. The expected credit loss is considered to be negligible.

The promissory note receivable will be repaid using proceeds from the sale of Crystal River's 1% stake in Kamoa Holding. The expected credit loss is considered to be negligible.

The principal amount of the long-term loan receivable from HPX and accrued interest thereon is convertible in whole, or part, by the Company at its sole discretion into shares of treasury common stock of HPX. The Company recorded an expected credit loss allowance of \$1.2 million as at March 31, 2023 in accordance with IFRS 9 (December 31, 2022 \$1.2 million).

Repayment of the long-term loan receivable from Gécamines will be made by offsetting the loan against future royalties and dividends payable to Gécamines which arise from future profits to be earned at Kipushi. The Company recorded an expected credit loss allowance of \$0.5 million as at March 31, 2023 in accordance with IFRS 9 (December 31, 2022 \$0.5 million).

The credit risk on cash and cash equivalents is limited because the cash and cash equivalents are composed of deposits with major banks who have investment-grade credit ratings assigned by international credit ratings agencies and have low risk of default. Management closely monitors its holdings in DRC bank accounts for credit risk.

The Company continues to monitor its credit risk and assess expected credit losses. The identified impairment loss in 2023 is negligible.

(iii) Liquidity risk

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations, including the commitments as disclosed in Note 34.

The following table details the Company's expected remaining contractual maturities for its financial liabilities. The table is based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to satisfy the liabilities.

Ivanhoe Mines Ltd.

Notes to the condensed consolidated interim financial statements

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(Unaudited)

32. Financial instruments (continued)

(b) Financial risk management objectives and policies (continued)

(iii) Liquidity risk (continued)

	Less than 1 month	1 to 3 months	3 to 12 months	More than 12 months	Total un- discounted cash flows
	\$'000	\$'000	\$'000	\$'000	\$'000
As at March 31, 2023					
Convertible notes	6,577	—	—	575,000	581,577
Non-current borrowings	—	—	—	40,793	40,793
Trade and other payables (a)	37,068	1,000	4,698	—	42,766
As at December 31, 2022					
Convertible notes	3,033	—	—	575,000	578,033
Non-current borrowings	—	—	—	40,226	40,226
Trade and other payables (a)	51,689	987	4,680	—	57,356

(a) Trade and other payables in the above table excludes payroll tax, other statutory liabilities and indirect taxes payable.

(iv) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include the convertible notes, loan advanced to the joint venture and borrowings.

The Company measures the embedded derivative liability portion of the convertible notes at fair value at each reporting date, recognizing changes in the fair value in the statements of comprehensive income. This requirement to "mark-to-market" the derivative features could significantly affect the results in the statement of comprehensive income. If the Company's share price had been C\$1.00 higher than it was on March 31, 2023, the fair value of the embedded derivative liability would have increased by \$42.9 million, which would have resulted in the Company recording a loss on the fair valuation of the embedded derivative liability of \$73.8 million instead of the loss of \$30.9 million.

(v) Interest rate risk

The Company's interest rate risk arises mainly from long-term borrowings, the long-term loan receivable and the loan advanced to the joint venture. The Company's main exposure to interest rate risk arises from the fact that the Company earns and incurs interest on interest rates linked to LIBOR. If interest rates (including applicable LIBOR rates) had been 50 basis points higher or lower and all other variables were held constant the Company's profit for the period ended March 31, 2023 would have increased or decreased by \$4.7 million (March 31, 2022: \$4.8 million) and is comprised as follows:

	Three months ended March 31,	
	2023	2022
	\$'000	\$'000
Cash and cash equivalents	2,486	2,810
Loan advanced to the joint venture (see Note 4)	1,914	1,700
Other interest-bearing amounts	296	285
	4,696	4,795

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33. Capital risk management

The Company includes as capital its common shares and share option reserve. The Company's objectives are to safeguard its ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt and acquire or dispose of assets to satisfy cash requirements. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including capital deployment, results from the exploration and development of its properties and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

In order to maximize ongoing development efforts, the Company does not pay dividends. The Company's investment policy is to invest its cash in highly liquid, short-term, interest-bearing investments, selected with regard to the expected timing of expenditures from operations.

As the Company has a number of development projects, it is largely equity funded.

34. Commitments and contingencies

From time to time, the Company becomes subject to claims, temporary measures, legal proceedings, financial sanctions or assessments made by tax or other authorities in the ordinary course of its business. Such claims may be made against the Company, or its subsidiaries and affiliates, or its joint ventures. Given the complexity, scope and multi-jurisdictional nature of the Company's business, such claims may arise in several jurisdictions and may involve complex legal, tax or accounting matters. Management assesses the Company's liabilities and contingencies for all tax years open to claims or assessment based upon the latest information available. The Company accrues for such claims, or makes a provision, in its financial statements, when a liability resulting from the claim is both probable and the amount can be reasonably estimated. In order to assess such likelihood management reviews claims with the benefit of internal and external legal advice where appropriate.

Some jurisdictions in which the Company operates have legislation empowering authorities to impose restrictions on the operation of the Company's bank accounts in those jurisdictions, or that have a similar effect, notably due to banks' practices, when receiving such instructions from authorities, pending the payment and/or resolution of such alleged claims, investigations, penalties, financial sanctions or assessments. These restrictions or instructions from authorities having a similar effect may be used routinely in such circumstances.

The Company is currently subject to several such claims, all of which have been determined by management, with the benefit of legal advice, to be without merit and justification and therefore not probable that a liability would arise therefrom. Where an estimated liability is determined as probable, management has determined that such liability would not have a material effect on the consolidated financial statements of the Company. Such determinations are based on current information and advice, which is subject to change based on changed facts or circumstances. Accordingly, management may re-assess any prior determination regarding the likelihood of a probable liability at any time.

Ivanhoe Mines Ltd.

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(Unaudited)

34. Commitments and contingencies (continued)

As at March 31, 2023, the Company's commitments that have not been disclosed elsewhere in the condensed consolidated interim financial statements are as follows:

	Less than 1 year \$'000	1 - 3 years \$'000	4 - 5 years \$'000	After 5 years \$'000	Total \$'000
As at March 31, 2023					
Platreef project					
Shaft 2 construction	48,711	23,786	—	—	72,497
Infrastructure	8,606	29,090	—	—	37,696
Concentrator	16,425	14,764	—	—	31,189
Underground mine development	17,427	—	—	—	17,427
Engineering, procurement and	11,645	—	—	—	11,645
Electric fleet (i)	10,720	—	—	—	10,720
Surface facilities	8,127	1,600	—	—	9,727
Owners' costs	8,134	—	—	—	8,134
Ventilation shafts	3,307	—	—	—	3,307
Solar panels	2,844	—	—	—	2,844
Project services and studies	2,828	—	—	—	2,828
Shaft 1 construction	1,559	1,052	—	—	2,611
Kipushi project					
Concentrator Plant	73,695	7,307	—	—	81,002
Analytical Laboratories	13,564	—	—	—	13,564
Other	1,809	—	—	—	1,809
As at December 31, 2022					
Platreef project					
Shaft 2 construction	52,966	25,397	—	—	78,363
Concentrator	31,580	4,122	—	—	35,702
Infrastructure	24,980	8,666	—	—	33,646
Underground mine development	23,635	—	—	—	23,635
Electric fleet (i)	14,255	—	—	—	14,255
Engineering, procurement and	13,567	—	—	—	13,567
Surface facilities	8,219	—	—	—	8,219
Owners' costs	6,110	—	—	—	6,110
Ventilation shafts	3,997	—	—	—	3,997
Shaft 1 construction	2,265	—	—	—	2,265
Project services and studies	2,105	—	—	—	2,105
Solar panels	2,023	—	—	—	2,023
Kipushi project					
Concentrator Plant	54,552	7,298	—	—	61,850
Analytical Laboratories	15,329	—	—	—	15,329
Other	171	—	—	—	171

- (i) The initial development is using mainly battery electric drill rigs and load haul dumpers manufactured by Epiroc, a leading mining equipment manufacturer, at its facilities in Örebro, Sweden. The partnership with Epiroc for emissions-free mining equipment is an important first step toward reducing the carbon footprint of the Platreef Project.

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(Unaudited)

35. Segmented information

At March 31, 2023, the Company has four reportable segments, being the Platreef property, Kamoia Holding joint venture, Kipushi properties and the Company's treasury offices.

An operating segment is defined as a component of the Company:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity's chief operating decision maker; and
- for which discrete financial information is available.

For these four reportable segments, the Company receives discrete financial information that is used by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance.

The reportable segments are principally engaged in the development of mineral properties in South Africa (see Note 6); exploration and development of mineral properties through a joint venture in the DRC (see Note 4); and the upgrading of mining infrastructure and refurbishment of a mine in the DRC respectively (see Note 6).

The following is an analysis of the non-current assets by geographical area and reconciled to the Company's financial statements:

	South Africa	DRC	Other	Total
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
As at March 31, 2023	574,883	2,783,921	136,136	3,494,940
As at December 31, 2022	544,225	2,624,900	137,497	3,306,622
		March 31,	December 31,	
		2023	2022	
		\$'000	\$'000	
Segment assets				
Kamoia Holding joint venture		2,177,292	2,047,040	
Platreef property		727,865	753,041	
Kipushi properties		659,758	627,011	
Treasury (ii)		458,684	502,467	
All other segments (i)		39,800	39,726	
Total		4,063,399	3,969,285	
Segment liabilities				
Treasury (ii)		736,102	701,406	
Platreef property		359,229	374,711	
Kipushi properties		35,086	32,642	
All other segments (i)		15,682	19,395	
Total		1,146,099	1,128,154	

Ivanhoe Mines Ltd.

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(Unaudited)

35. Segmented information (continued)

	Three months ended March 31,	
	2023	2022
	\$'000	\$'000
Segment profits (losses)		
Kamoa Holding Limited joint venture	82,659	87,109
Treasury (ii)	3,272	(54,993)
All other segments (i)	285	(1,575)
Platreef properties	(3,564)	(388)
Kipushi properties	(172)	(8,613)
Total	82,480	21,540
Capital expenditures		
Platreef properties	45,181	18,453
Kipushi properties	28,473	295
All other segments (i)	103	634
Total	73,757	19,382
Exploration and project evaluation expenditure		
All other segments (i)	(3,381)	(3,677)
Kipushi properties	—	(8,566)
Total	(3,381)	(12,243)

(i) The Company's other divisions that do not meet the quantitative thresholds of IFRS 8 Operating Segments, are included in the segmental analysis under All other segments.

(ii) Treasury includes mainly cash balances, the promissory note receivable, the investments, the loan to HPX and the convertible notes.

36. Approval of the financial statements

The condensed consolidated interim financial statements of Ivanhoe Mines Ltd., for the three months ended March 31, 2023, were approved and authorized for issue by the Board of Directors on May 2, 2023.

37. Events after the reporting period

The directors are not aware of any other matters or circumstances arising since the end of the period and up to the date of these financial statements, not otherwise dealt with in this report.