Consolidated financial statements of

Ivanhoe Nickel & Platinum Ltd.

December 31, 2010
(Stated in U.S. dollars)

Ivanhoe Nickel & Platinum Ltd.

December 31, 2010

Table of contents

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Independent Auditor's Report

To the Shareholders of
Ivanhoe Nickel & Platinum Ltd.

We have audited the accompanying consolidated financial statements of Ivanhoe Nickel & Platinum Ltd., which comprise the consolidated statement of financial position as at December 31, 2010, December 31, 2009, December 31, 2008 and January 1, 2008, and the consolidated statement of comprehensive loss, consolidated statement of changes in equity and consolidated statement of cash flows for the years ended December 31, 2010, December 31, 2009 and December 31, 2008, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Ivanhoe Nickel & Platinum Ltd. as at December 31, 2010, December 31, 2009, December 31, 2008 and January 1, 2008 and its financial performance and its cash flows for the years ended December 31, 2010, December 31, 2009, and December 31, 2008, in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company has incurred losses since inception and has an accumulated deficit of $256,730,265 at December 31, 2010. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

(Signed) Deloitte & Touche LLP

Chartered Accountants
April 6, 2011
Vancouver, Canada

Ivanhoe Nickel & Platinum Ltd.

Consolidated statement of comprehensive loss
for the year ended December 31, 2010

(stated in U.S. dollars)

	Notes	**2010**	2009	2008
		$	$	$
			(Note 19)	(Note 19)
Expenses				
Exploration	5	**33,828,834**	22,848,184	23,743,846
Share-based payments	10	**3,971,181**	3,199,986	3,233,145
Salaries and benefits		**2,078,977**	2,089,472	2,802,481
Travel		**1,870,177**	1,754,791	1,904,865
Office and administration		**1,417,693**	1,163,635	1,286,457
Consulting		**356,518**	362,782	453,429
Depreciation and amortization		**273,146**	273,731	166,833
Accounting		**190,025**	146,310	215,820
Insurance		**137,053**	120,748	90,702
Legal		**70,441**	349,720	2,416,702
Investor relations		**16,063**	66,664	19,943
Impairment of freehold land	3	**-**	616,236	-
Foreign exchange gain		**(11,529)**	(211,483)	(745,556)
Loss from operating activities		**44,198,579**	32,780,776	35,588,667
Other income		**(1,368,682)**	(93,252)	(46,897)
Interest income		**(155,457)**	(212,274)	(737,827)
Gain on sale of investment	14 (a)	**-**	(2,416,199)	-
Share of loss/(gain) of joint ventures	4	**8,236,024**	336,603	(1,644,386)
Loss before income taxes		**50,910,464**	30,395,654	33,159,557
Income tax expense	8			
Current		**447,461**	248,374	779,668
		447,461	248,374	779,668
LOSS FOR THE YEAR		**51,357,925**	30,644,028	33,939,225
Other comprehensive income				
Exchange differences on translating foreign operations		**(2,271,533)**	(2,496,685)	460,716
Share of other comprehensive loss of joint ventures	4	**1,128,430**	434,029	4,039,043
Change in fair value of available for sale assets		**-**	(4,365,900)	3,109,320
Reclassification of gain on available for sale assets		**-**	2,416,199	-
Other comprehensive income for the year, net of tax		**(1,143,103)**	(4,012,357)	7,609,079
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**50,214,822**	26,631,671	41,548,304
Loss attributable to:				
Owners of the Company		**51,288,159**	30,644,028	33,939,225
Non-controlling interest		**69,766**	-	-
		51,357,925	30,644,028	33,939,225
Total comprehensive loss attributable to:				
Owners of the Company		**50,145,056**	26,631,671	41,548,304
Non-controlling interest		**69,766**	-	-
		50,214,822	26,631,671	41,548,304
Basic and diluted loss per share	9	**0.65**	0.41	0.46
Weighted average number of shares outstanding (including common shares from special warrants)	9	**78,493,048**	75,342,941	74,009,847

Ivanhoe Nickel & Platinum Ltd.

Consolidated statement of financial position
at December 31, 2010

(stated in U.S. dollars)

	Notes	**December 31, 2010**	December 31, 2009	December 31, 2008	January 1, 2008
		$	$	$	$
			(Note 19)	(Note 19)	(Note 19)
ASSETS					
Non-current assets					
Property, plant and equipment	3	**7,654,235**	7,920,889	7,729,013	4,248,147
Mineral property	5	**6,939,547**	6,939,547	6,939,547	6,939,547
Investment in joint ventures	4	**4,466,689**	13,831,143	14,601,775	16,996,432
Other assets		**334,016**	307,701	201,680	298,411
Total non-current assets		**19,394,487**	28,999,280	29,472,015	28,482,537
Current assets					
Trade and other receivables	6	**1,389,607**	603,832	413,914	315,907
Prepaid expenses		**1,348,765**	1,976,761	1,740,865	1,241,012
Available-for-sale securities	14 (a)	**-**	-	707,972	3,817,292
Cash and bank balances		**18,247,609**	28,555,581	20,738,622	61,719,369
Total current assets		**20,985,981**	31,136,174	23,601,373	67,093,580
Total assets		**40,380,468**	60,135,454	53,073,388	95,576,117
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	10	**213,376,602**	139,153,439	109,565,861	88,157,311
Special warrants	10 (e)	**57,208,509**	118,723,624	120,476,673	141,451,673
Contributed surplus		**22,344,888**	17,086,244	10,913,225	8,113,630
Accumulated other comprehensive income (loss)		**(1,890,197)**	(3,033,300)	(7,045,657)	563,422
Accumulated deficit		**(256,730,265)**	(216,533,776)	(185,889,748)	(151,950,523)
Equity attributable to owners of the Company		**34,309,537**	55,396,231	48,020,354	86,335,513
Non-controlling interest	11	**(1,161,436)**	-	-	-
Total equity		**33,148,101**	55,396,231	48,020,354	86,335,513
Non-current liabilities					
Deferred tax liabilities	8	**2,081,863**	2,081,863	2,081,863	2,081,863
Total non-current liabilities		**2,081,863**	2,081,863	2,081,863	2,081,863
Current liabilities					
Trade and other payables	7	**4,921,119**	2,486,069	2,530,911	1,867,937
Purchase consideration owing	4	**-**	-	-	4,409,812
Current tax liabilities	8	**229,385**	171,291	440,260	880,992
Total current liabilities		**5,150,504**	2,657,360	2,971,171	7,158,741
Total liabilities		**7,232,367**	4,739,223	5,053,034	9,240,604
Total equity and liabilities		**40,380,468**	60,135,454	53,073,388	95,576,117

Commitments and contingencies (Note 17)

Approved by the Board

(Signed) Peter Meredith

Peter Meredith, Director

(Signed) Charles Russell

Charles Russell, Director

Ivanhoe Nickel & Platinum Ltd.

Consolidated statement of changes in equity

(stated in U.S. dollars)

	Share capital		Special warrants			Accumulated other			
	Number of shares	Amount	Number of warrants	Amount	Share option reserve	comprehensive income (loss)	Accumulated deficit	Non-controlling interest	Total
		$		$	$	$	$	$	$
Balances, January 1, 2008	**51,681,766**	**88,157,311**	**20,108,530**	**141,451,673**	**8,113,630**	**563,422**	**(151,950,523)**	**-**	**86,335,513**
Net loss for the period	-	-	-	-	-	-	(33,939,225)	-	(33,939,225)
Other comprehensive income	-	-	-	-	-	(7,609,079)	-	-	(7,609,079)
Total comprehensive loss	-	-	-	-	-	(7,609,079)	(33,939,225)	-	(41,548,304)
Transactions with owners									
Share-based payments charged to operations (Note 10 (d))	-	-	-	-	2,799,595	-	-	-	2,799,595
Bonus shares issued (Note 10 (b))	65,000	433,550	-	-	-	-	-	-	433,550
Special warrants converted to shares (Note 10 (e))	3,150,000	20,975,000	(2,625,000)	(20,975,000)	-	-	-	-	-
Balances, December 31, 2008	**54,896,766**	**109,565,861**	**17,483,530**	**120,476,673**	**10,913,225**	**(7,045,657)**	**(185,889,748)**	**-**	**48,020,354**
Net loss for the period	-	-	-	-	-	-	(30,644,028)	-	(30,644,028)
Other comprehensive income	-	-	-	-	-	4,012,357	-	-	4,012,357
Total comprehensive loss	-	-	-	-	-	4,012,357	(30,644,028)	-	(26,631,671)
Transactions with owners									
Share-based payments charged to operations (Note 10 (d))	-	-	-	-	2,933,186	-	-	-	2,933,186
Bonus shares issued (Note 10 (b))	40,000	266,800	-	-	-	-	-	-	266,800
Shares issued, net (Note 10 (c))	3,355,111	25,918,664	-	-	3,239,833	-	-	-	29,158,497
Agent warrants exercised (Note 10 (a))	324,619	1,649,065	(324,619)	-	-	-	-	-	1,649,065
Special warrants converted to shares (Note 10 (e))	297,000	1,753,049	(247,500)	(1,753,049)	-	-	-	-	-
Balances, December 31, 2009	**58,913,496**	**139,153,439**	**16,911,411**	**118,723,624**	**17,086,244**	**(3,033,300)**	**(216,533,776)**	**-**	**55,396,231**
Net loss for the period	-	-	-	-	-	-	(51,288,159)	(69,766)	(51,357,925)
Other comprehensive income	-	-	-	-	-	1,143,103	-	-	1,143,103
Total comprehensive loss	-	-	-	-	-	1,143,103	(51,288,159)	(69,766)	(50,214,822)
Transactions with owners									
Sale of minority interest in subsidiary (Note 11)	-	-	-	-	-	-	11,091,670	(1,091,670)	10,000,000
Share-based payments charged to operations (Note 10 (d))	-	-	-	-	3,296,181	-	-	-	3,296,181
Bonus shares issued (Note 10 (b))	75,000	675,000	-	-	-	-	-	-	675,000
Shares issued, net (Note 10 (c))	916,667	7,333,336	-	-	3,666,668	-	-	-	11,000,004
Liquidity rights converted to shares	335,511	1,084,205	-	-	(1,084,205)	-	-	-	-
Options exercised (Note 10 (d))	500,000	3,615,507	-	-	(620,000)	-	-	-	2,995,507
Special warrants converted to shares (Note 10 (e))	9,823,995	61,515,115	(8,874,165)	(61,515,115)	-	-	-	-	-
Balances, December 31, 2010	**70,564,669**	**213,376,602**	**8,037,246**	**57,208,509**	**22,344,888**	**(1,890,197)**	**(256,730,265)**	**(1,161,436)**	**33,148,101**

Ivanhoe Nickel & Platinum Ltd.

Consolidated statement of cash flows
years ended December 31, 2010

(stated in U.S. dollars)

	Notes	**2010**	2009	2008
		$	$	$
			(Note 19)	(Note 19)
Cash flows from operating activities				
Net loss before taxes		**(50,910,464)**	(30,395,654)	(33,159,557)
Interest received		**155,872**	213,412	1,268,355
Interest paid		**(415)**	(1,138)	(530,528)
Items not involving cash				
Share-based payments	10 (d)	**3,971,181**	3,199,986	3,233,145
Depreciation and amortization		**1,914,633**	1,749,513	693,131
Share of losses/(profits) from joint ventures	4	**8,236,024**	336,603	(1,644,386)
Interest income		**(155,457)**	(212,274)	(737,827)
Unrealized foreign exchange loss		**1,147,648**	1,625,535	(1,566,714)
Gain on disposal of property, plant and equipment		**(14,756)**	(18,228)	8,798
Impairment of freehold land		**-**	616,236	-
Gain on sale of investment		**-**	(2,416,199)	-
		(35,655,734)	(25,302,208)	(32,435,583)
Change in non-cash working capital items	13	**2,335,366**	(739,624)	624,088
Net cash generated by operating activities		**(33,320,368)**	(26,041,832)	(31,811,495)
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		**28,240**	29,060	54,184
Property, plant and equipment acquired		**(1,048,472)**	(1,396,246)	(4,929,908)
Other assets acquired		**(5,727)**	(64,000)	64,000
Acquisition of joint venture, net of cash	4 (b)	**-**	-	(4,335,599)
Proceeds from sale of investment	14 (a)	**-**	5,111,587	-
Purchase of investments		**-**	(169,231)	-
Net cash generated by investing activities		**(1,025,959)**	3,511,170	(9,147,323)
Cash flows from financing activities				
Proceeds from sale of interest in subsidiary		**10,000,000**	-	-
Issue of shares, net of issue costs		**11,000,004**	29,158,497	-
Options exercised		**2,995,507**	-	-
Special warrants exercised for common shares		**-**	1,649,065	-
Net cash generated by financing activities		**23,995,511**	30,807,562	-
Effect of foreign exchange rate changes on cash		**42,844**	(459,941)	(21,929)
Net cash (outflow) inflow		**(10,307,972)**	7,816,959	(40,980,747)
Cash and cash equivalents, beginning of year		**28,555,581**	20,738,622	61,719,369
Cash and cash equivalents, end of year		**18,247,609**	28,555,581	20,738,622
Cash and cash equivalents consists of				
Cash		**9,850,215**	5,176,774	7,779,737
Short-term fixed deposits		**8,397,394**	23,378,807	12,958,885
		18,247,609	28,555,581	20,738,622

1. Nature of operations and basis of presentation

Ivanhoe Nickel & Platinum Ltd. is a Canadian mining exploration company which, together with its subsidiaries (collectively referred to as the Company), is focused on the exploration, development and recovery of minerals and precious gems from its property interests located primarily in Africa and Australia.

The registered and records office of the Company are located at Lackowicz, Shier & Hoffman, 300–204 Black Street, Whitehorse, Yukon, Y1A 2M9.

These consolidated financial statements are the first published financial statements of the Company prepared in accordance with and using accounting policies in full compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and Interpretations of the International Financial Reporting Interpretations Committee (IFRIC), effective for the Company's reporting for the year ended December 31, 2010.

Consolidated financial statements until December 31, 2009 had been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). GAAP differs in certain respects from IFRS. A reconciliation and description of the effects of the transition from GAAP to IFRS on the Company's financial position, equity and net income are provided in Note 19.

These consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets and financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The financial statements are prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course business. The Company has incurred losses since inception and has an accumulated deficit of $256,730,265. The Company's ability to continue as a going concern is dependent upon establishing profitable operations, the confirmation of economically recoverable reserves, and the ability of the Company to obtain further financing to develop properties. Although the Company has been successful in raising funds in the past, there can be no assurance that it will be able to raise sufficient funds in the future, in which case, the Company may be unable to meet its obligations as they come due in the normal course of business.

2. Significant accounting policies

These consolidated financial statements have been prepared in accordance with IFRS. The significant accounting policies used in these consolidated financial statements are as follows:

(a) Principles of consolidation

Subsidiaries

These consolidated financial statements include the accounts of Ivanhoe Nickel & Platinum Ltd. and all of its subsidiaries. The principal subsidiaries of the Company are Platreef Resources (Pty) Ltd. (South Africa), Africa Consolidated Mineral Exploration (Pty) Ltd. (South Africa), GB Mining and Exploration SA (Pty) (South Africa), RK Mining SA (Pty) Ltd. (South Africa), African Minerals (Barbados) Ltd. s.p.r.l. (DRC), Ivanhoe (Zambia) Ltd. (Zambia), Ivanhoe Gabon SA (Gabon) and Ivanplats Syerston Pty Ltd. (Australia).

2. Significant accounting policies (continued)

(a) Principles of consolidation (continued)

Subsidiaries (continued)

Subsidiaries, which are those entities in which the Company has an interest of more than one half of the voting rights or otherwise has the power to govern the financial and operating activities, are consolidated. The results of the subsidiaries acquired or disposed of during the year are included in the consolidated statements from the effective date of transfer of control to the Company and up to the effective date of disposal, or date control ceases. Intra-group transactions are eliminated on consolidation.

Non-controlling interest in subsidiaries are identified separately from the Company's equity therein. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interest is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interest even if this results in the non-controlling interests having a deficit balance. Accounting policies of all subsidiaries are in alignment with the policies presented in these consolidated financial statements.

Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Company's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity attributed to the owners of the Company.

Joint ventures

Joint ventures are those entities in which the Company has joint control. The Company's share of post-acquisition results of joint ventures is included in the consolidated financial statements, using the equity accounting basis. Equity accounting involves recognizing in the statement of comprehensive loss the Company's share of the joint ventures' profit or loss for the year. The Company's interest in joint ventures is carried in the statement of financial position at an amount that reflects its share of the net assets of the joint ventures.

If impaired, the carrying value of the Company's share of the underlying assets of joint ventures is written down to its estimated recoverable amount in accordance with the accounting policy on impairment.

When the Company transacts with a joint venture, profits or losses are eliminated to the extent of the Company's interest in the joint venture.

In 2006, the Company acquired a 25% interest in the RK1 consortium through the acquisition of Gardner & Barnard Mining (UK) Limited and RKR Mining (UK) Ltd. and their subsidiaries, GB Mining and Exploration SA (Pty) and RK Mining SA (Pty) Ltd. The Company's investment in the RK1 consortium (25% owned) is subject to joint control.

In 2007, the Company acquired a 50% interest in Rhenfield Limited a property investment company.

2. Significant accounting policies (continued)

(b) Business combinations

Acquisitions of subsidiaries and businesses (other than entities which were under the control of the parent) are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair value (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *'Business Combinations'* are recognized at their fair value at the acquisition date except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *'Non-current Assets Held for Sale and Discontinued Operations,'* which are recognized and measured at fair value less cost to sell.

Goodwill arising on acquisition is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit and loss.

The Consolidated Statement of Comprehensive Loss includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under common control, where this is a shorter period, regardless of the date of common control combination.

(c) Significant accounting judgements and estimates

The preparation of financial statements in conformity with IFRS requires the Company's management to make estimates and judgements concerning the future. The resulting accounting estimates can, by definition, only approximate the actual results. Estimates and judgements 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 estimates used in the preparation of these consolidated financial statements include, amongst other things, the recoverability of accounts receivable, future income tax assets, the expected economic lives of and the estimated future operating results and net cash flows from mineral properties and property, plant and equipment, the carrying value of the intangible asset and the fair values of stock options.

2. Significant accounting policies (continued)

(c) Significant accounting judgements and estimates (continued)

<u>*Recoverability of assets*</u>

(i) Goodwill and intangible assets with an indefinite useful life

Intangible assets with an indefinite useful life and goodwill are tested for impairment annually. For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash-generating units, for which management has assessed these as being individual mine sites, which are the lowest level for which cash flows are largely independent of other assets. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Impairment losses recognised for goodwill are not reversed in a subsequent period.

Recoverable amount is the higher of fair value less costs to sell and value in use. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from continued use of the asset, which includes estimates, and using assumptions that an independent market participant would take into account. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

(ii) Property, plant and equipment and finite lived intangible assets

Property, plant and equipment and finite lived intangible assets are assessed annually to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in the income statement.

Where an impairment loss subsequently reverses the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in the income statement.

2. Significant accounting policies (continued)

(c) Significant accounting judgements and estimates (continued)

Determination of functional currency

In determining the functional currency of the Company the following was considered:

- the currency that primarily affect the selling prices of goods and services,
- the currency in the country whose competitive forces and regulations mainly determine the selling prices of their goods and services,
- the currency that mainly influences on the cost of labour, materials and other costs of producing goods or providing service,
- the currency in which the funds are generated from financing activities, i.e. that corresponds to debt instruments and equity securities issued and
- the currency used to maintain the amounts charged by operating activities were considered.

(d) Foreign currencies

Functional currency

The financial results of each operation within the Company are measured in the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in U.S. dollar.

Transactions and balances

Foreign currency transactions are translated into the measurement currency of the underlying entity using appropriate monthly weighted average rates of exchange. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange in effect at the end of each reporting period. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in income.

Foreign operations

The results of foreign operations are translated to U.S. dollars at an appropriate monthly average rate of exchange during the year and are included in net profit or loss. The assets and liabilities of foreign operations are translated to U.S. dollar at rates of exchange in effect at the end of the financial year. Gains or losses arising on translation of foreign operation's assets and liabilities to U.S. dollars at year-end are recognised in other comprehensive income as a foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in the statement of comprehensive loss as part of the gain or loss on sale.

(e) Cash and cash equivalents

Cash and cash equivalents comprise bank balances and cash with original maturities of three months or less.

2. Significant accounting policies (continued)

(f) Mineral properties

Direct costs related to the acquisition of mineral properties are capitalized on a property by property basis. Exploration costs are charged to operations in the period incurred, until such time as it has been determined that a property has economically recoverable reserves, at which time subsequent costs incurred to develop the property are capitalized.

The Company reviews the carrying values of its mineral properties whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts determined by reference to estimated future operating results and discounted net cash flows. An impairment loss is recognized when the carrying value of those assets is not recoverable and exceeds their fair value.

On the commencement of commercial production, net capitalized costs are charged to operations on a unit-of-production basis, by property, using estimated proven and probable recoverable reserves as the depletion base.

Where the Company's exploration and development activities are conducted jointly with others, these consolidated financial statements reflect only the Company's interests in such activities.

(g) Financial instruments

All financial instruments are initially recorded at fair value. Financial assets are designated upon inception as either (i) held-to-maturity, (ii) at fair value through profit or loss, (iii) available-for-sale, or (iv) other loans and receivables. The designation determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

All of the Company's financial assets, other than available-for-sale securities, have been designated as other loans and receivables and are carried on the statement of financial position at amortized cost. Financial instruments classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss). The Company does not have any financial assets other than cash and cash equivalents that are designated as loans and receivables.

Financial liabilities are designated as either (i) at fair value through profit or loss or (ii) other liabilities. All of the Company's financial liabilities have been designated as other liabilities and are carried on the statement of financial position at amortized cost.

Transaction costs associated with fair value through profit or loss financial instruments are expensed as incurred, while transaction costs associated with all other financial instruments are added to the initial carrying amount of the asset or liability.

2. Significant accounting policies (continued)

(h) Property, plant and equipment

All plant and equipment are initially recorded at historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation commences once the asset is available for use and is calculated on the straight line method to write off the cost of each asset to their residual values over their estimated useful lives. The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each financial year end. Any changes are accounted for prospectively as a change in accounting estimate. If the expected residual value of an asset is equal to or greater than its carrying value, depreciation on that asset is ceased. Depreciation is resumed when the expected residual value falls below the assets' carrying value.

The expected lives applicable to each category of fixed assets are as follows:

• Buildings	20 years
• Plant, equipment and vehicles	5 - 20 years
• Office equipment and furniture and fittings	3 – 5 years

The Company reviews the carrying values of its property, plant and equipment whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts determined by reference to estimated future operating results and discounted net cash flows. An impairment loss is recognized when the carrying value of those assets is not recoverable and exceeds their fair value.

The gain or loss arising on the disposal of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in profit and loss.

(i) Decommissioning liabilities

The Company recognizes liabilities for statutory, contractual or legal obligations associated with the reclamation of mining property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement cost is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the amount or timing of the underlying cash flows needed to settle the obligation. As at December 31, 2010, December 31, 2009, December 31, 2008 and January 1, 2008, there was no material rehabilitation provision.

2. Significant accounting policies (continued)

(j) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

(k) Taxation

Current tax

The tax currently payable is based on taxable income for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting income.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2. Significant accounting policies (continued)

(k) Taxation (continued)

Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in the accounting for the business combination.

(l) Share-based payments

Equity settled share-based payments to employees providing services are measured at the fair value of the equity instruments at the grant date.

The fair value at the grant date of equity settled share-based payments is expensed on a straight lined basis over the vesting period based on the Company's estimate of equity instruments that will eventually vest.

When the share options are ultimately exercised, the amount in the share based payment reserve is moved to share capital.

(m) Future accounting changes

Standards and Interpretations in issue not yet adopted

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

IAS 24 Related Party Disclosures (Amendment)

The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The Company does not expect any impact on its financial position or performance.

2. Significant accounting policies (continued)

(m) Future accounting change (continued)

IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (Amendment)

The amendment to IAS 32 is effective for annual periods beginning on or after 1 February 2010 and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment will have no impact on the Company after initial application.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in early 2011. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets. The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IFRIC 14 Prepayments of a minimum funding requirement (Amendment)

The amendment to IFRIC 14 is effective for annual periods beginning on or after 1 January 2011 with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment is deemed to have no impact on the financial statements of the Company.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the Company.

(Stated in U.S. dollars)

2. Significant accounting policies (continued)

(m) *Future accounting change (continued)*

Improvements to IFRSs (issued in May 2010)

The IASB issued Improvements to IFRSs, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods beginning on or after either 1 July 2010 or 1 January 2011. The amendments listed below, are considered to have a reasonable possible impact on the Company:

- IFRS 3 Business Combinations
- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of Financial Statements
- IAS 27 Consolidated and Separate Financial Statements
- IFRIC 13 Customer Loyalty Programmes

The Company expects no impact from the adoption of the amendments on its financial position or performance.

3. Property, plant and equipment

	Land	Office equipment	Furniture and fixtures	Motor vehicles	Plant, equipment and buildings	Assets under construction	Total
	$	$	$	$	$	$	$
2010							
Cost							
Beginning of the year	4,257,204	1,593,073	258,574	3,040,693	2,391,196	1,499,880	13,040,620
Additions	-	116,652	23,693	414,187	493,940	-	1,048,472
Disposals	-	(762)	-	(25,500)	(17,815)	-	(44,077)
Transfer	-	-	-	-	1,499,880	(1,499,880)	-
Foreign exchange translation	542,203	156,127	14,022	60,864	67,993	-	841,209
End of the year	4,799,407	1,865,090	296,289	3,490,244	4,435,194	-	14,886,224
Accumulated depreciation and impairment							
Beginning of the year	616,236	1,196,921	135,219	1,348,739	1,163,491	659,125	5,119,731
Depreciation	-	270,945	38,510	509,887	437,556	657,735	1,914,633
Disposals	-	(64)	-	(13,625)	(16,904)	-	(30,593)
Transfer	-	-	-	-	1,316,860	(1,316,860)	-
Foreign exchange translation	-	138,146	12,704	29,918	47,450	-	228,218
End of the year	616,236	1,605,948	186,433	1,874,919	2,948,453	-	7,231,989
Carrying value							
Beginning of the year	3,640,968	396,152	123,355	1,691,954	1,227,705	840,755	7,920,889
End of the year	4,183,171	259,142	109,856	1,615,325	1,486,741	-	7,654,235

(Stated in U.S. dollars)

3. Property, plant and equipment (continued)

	Land	Office equipment	Furniture and fixtures	Motor vehicles	Plant, equipment and buildings	Assets under construction	Total
	$	$	$	$	$	$	$
2009							
Cost							
January 1, 2009	3,331,843	1,164,814	232,375	2,974,417	1,216,442	659,125	9,579,016
Additions	-	153,768	5,861	-	395,862	840,755	1,396,246
Disposals	-	(2,142)	-	(42,716)	(5,723)	-	(50,581)
Foreign exchange translation	925,361	276,633	20,338	108,992	784,615	-	2,115,939
End of the year	4,257,204	1,593,073	258,574	3,040,693	2,391,196	1,499,880	13,040,620
Accumulated depreciation and impairment							
January 1, 2009	-	727,666	79,397	815,312	227,628	-	1,850,003
Depreciation	-	292,873	36,636	522,144	238,735	659,125	1,749,513
Disposals	-	(1,661)	-	(37,751)	(337)	-	(39,749)
Impairment	616,236	-	-	-	-	-	616,236
Foreign exchange translation	-	178,043	19,186	49,034	697,465	-	943,728
End of the year	616,236	1,196,921	135,219	1,348,739	1,163,491	659,125	5,119,731
Carrying value							
January 1, 2009	3,331,843	437,148	152,978	2,159,105	988,814	659,125	7,729,013
End of the year	3,640,968	396,152	123,355	1,691,954	1,227,705	840,755	7,920,889

	Land	Office equipment	Furniture and fixtures	Motor vehicles	Plant, equipment and buildings	Assets under construction	Total
	$	$	$	$	$	$	$
2008							
Cost							
January 1, 2008	1,604,911	1,053,057	160,533	1,663,829	631,150	861,492	5,974,972
Additions	2,137,695	281,028	110,199	1,541,480	859,506	-	4,929,908
Disposals	-	(51,308)	(2,447)	(88,649)	(201,090)	-	(343,494)
Transfer	-	111,731	-	-	-	(111,731)	
Foreign exchange translation	(410,763)	(229,695)	(35,910)	(142,242)	(73,124)	(90,636)	(982,370)
End of the year	3,331,843	1,164,813	232,375	2,974,418	1,216,442	659,125	9,579,016
Accumulated depreciation and impairment							
January 1, 2008	-	729,447	76,749	579,643	340,986	-	1,726,825
Depreciation	-	211,709	25,042	352,019	104,361	-	693,131
Disposals	-	(40,770)	(1,253)	(70,733)	(167,756)	-	(280,512)
Impairment	-	-	-	-	-	-	-
Foreign exchange translation	-	(172,720)	(21,141)	(45,617)	(49,963)	-	(289,441)
End of the year	-	727,666	79,397	815,312	227,628	-	1,850,003
Carrying value							
January 1, 2008	1,604,911	323,610	83,784	1,084,186	290,164	861,492	4,248,147
End of the year	3,331,843	437,147	152,978	2,159,106	988,814	659,125	7,729,013

(Stated in U.S. dollars)

4. Investment in joint ventures

The investment in joint ventures recognized on the statement of financial position is made up of:

	December 31, 2010	December 31, 2009	December 31, 2008	January 1, 2008
	$	$	$	$
Company's share of net assets of Rhenfield (a)	**2,571,171**	2,724,685	2,555,386	3,282,654
Company's share of net assets of RK1 (b)	**1,895,518**	11,106,458	12,046,389	13,713,778
	4,466,689	13,831,143	14,601,775	16,996,432

(a) In May 2007, the Company subscribed for common shares in the capital of Rhenfield, a British Virgin Isles registered company, constituting a 50% interest in Rhenfield at the nominal value of the shares $522 (£252). The other 50% interest is held by Ivanhoe Capital Pte Ltd., a related party by way of a director and majority shareholder in common. Rhenfield purchased a building in London, England for $14.6 million (£7.0 million) that was partly funded via a loan from both shareholders of $2.4 million each (£1.05 million each) as well as a mortgage bond of $9.8 million (£4.9 million). The shareholders of Rhenfield further funded transaction costs, capital improvements and operating costs on a 50:50 basis. The building is being partly used as the London offices of the Company. The 50% interest in Rhenfield is accounted for according to the Company's joint venture accounting policy.

The following table summarizes the Company's 50% share of comprehensive income and financial position in Rhenfield:

	2010	2009	2008
	$	$	$
Statement of comprehensive income			
Expenses	**(26,016)**	(30,078)	(29,015)
Depreciation	**(93,496)**	(121,817)	(130,150)
Interest expense on long-term debt	**(100,200)**	(83,997)	(342,568)
Company's share of loss of joint ventures	**(219,712)**	(235,892)	(501,733)
Company's share of other comprehensive income/(loss) of joint ventures	**66,198**	405,191	(225,535)
Company's share of total comprehensive income/(loss) of joint ventures	**(153,514)**	169,299	(727,268)

	December 31, 2010	December 31, 2009	December 31, 2008	January 1, 2008
	$	$	$	$
Statement of financial position				
Cash and bank balances	**13,909**	7,943	12,831	104,353
Prepaid expenses	**6,486**	6,043	4,632	3,893
Property, plant & equipment				
Buildings	**6,073,965**	6,316,656	5,790,076	7,880,813
Office equipment	**44,353**	53,859	56,394	57,762
Furniture and fittings	**223,933**	242,257	242,137	150,356
Trade and other payables	**(1,080)**	(178)	(5,098)	(23,327)
Long-term debt (i)	**(3,790,395)**	(3,901,895)	(3,545,586)	(4,891,196)
Company's share of net assets in joint ventures	**2,571,171**	2,724,685	2,555,386	3,282,654

(Stated in U.S. dollars)

4. Investment in joint ventures (continued)

(a) (continued)

	2010	2009	2008
	$	$	$
Statement of cash flows			
Opening balance	**7,943**	12,831	104,353
Cash outflow from operating activities	**(127,293)**	(41,592)	(92,970)
Cash flow received from investing activities	**(12,119)**	(4,532)	(403,776)
Cash flow received from financing activities	**145,378**	41,236	405,224
	13,909	7,943	12,831

(i) The long-term debt of $3,790,395 (£2,450,000) is a five year mortgage bond, fully repayable during May, 2012, secured by the property, that incurs interest at a rate of LIBOR plus 1.2% (2009, 2008 - LIBOR plus 1.2%) payable monthly in arrears.

(b) The Company has a 25% interest in the RK1 consortium ("RK1") through its subsidiaries Gardner and Barnard Mining (UK) Limited ("GBUK") and RKR Mining (UK) Ltd. and their subsidiaries. The 25% interest in RK1 constitutes a joint venture and is accounted for according to the Company's joint venture accounting policy.

RK1 is an unincorporated joint venture and operates the RK1 chromite tailings retreatment project located at the Aquarius Kroondaal Platinum Mine near Rustenberg, South Africa. The RK1 plant is managed and operated by a subsidiary of Aquarius Platinum Limited, which holds a 50% interest in RK1. Sylvania Resources Limited holds a 25% interest in the consortium.

The effective date of the acquisition was July 1, 2006, and the purchase price was £6.5 million (US$12.3 million including transaction costs of $245,000), payable in cash in three instalments, of which the last was due January 2007.

Due to a delay by the vendors of GBUK in meeting certain of the warranties in the sale of shares agreement, payment of the second and third instalments was initially delayed on a rolling basis by mutual consent. The outstanding balance represented 50% of the purchase price owing to the shareholders of GBUK that owned 62% of the 25% interest in the RK1 consortium. The outstanding capital balance at the end of 2007 amounted to $4,409,812. In 2008 the vendors of GBUK filed for arbitration. The dispute was settled by mutual consent and the terms of settlement were:

- The outstanding capital balance of $4,335,599 (£2,208,875) together with interest of $530,976 (£264,772) was paid to the vendors of GBUK;

- The vendors of GBUK were awarded all the costs of the arbitration which amounted to $1,170,040 (£772,918) this was paid by the Company;

- The Company was awarded a counterclaim on cost estimated at $298,049 payable by GBUK's vendors within 14 days after assessment. This cost counterclaim was settled at £130,347 and at December 31, 2009 an amount of $211,457 was outstanding, this was received into attorneys' trust on January 20, 2010.

4. Investment in joint ventures (continued)

(b) (continued)

- The vendors of GBUK undertook to pay any tax liabilities as finally determined by a court of competent jurisdiction in South Africa for the period up to June 30, 2006 in respect of GBUK and its subsidiaries; and

- During 2009 the South African Receiver of Revenue issued an assessment for the taxes prior to June 30, 2006 in the amount of $2,264,140 (R15,049,173). The vendors objected to the assessment by the South African Revenue Service and as at December 31, 2010 the taxes were outstanding. The tax appeal has subsequently been enrolled to be heard by the Income Tax Court during May 2011.

The Company's initial investment in Gardner and Barnard Mining (UK) Limited and RKR Mining (UK) Limited exceeded its proportionate share of the net assets of RK1 by $14.1 million, which was included in intangible asset within the joint venture.

The Company performed its annual impairment test of the RK1 cash-generating unit as at December 31, 2010. The recoverable amount of the cash-generating unit was determined using the higher of the value in use and the fair value less costs to sell. The value in use was calculated using a discounted cash flow projection based on financial budgets covering a five-year period. The significant estimates used in this analysis were:

- Historical average metal prices for the past 2 years;
- Current South African Rand versus U.S. dollar exchange rates;
- Pre-tax discount rate of 13%; and
- Updated secured feed tonnages.

Based on the Company's determination of value in use, the fair value of the Company's investment in RK1 was determined to be less than the carrying amount and an impairment charge of $10,956,415 was recorded against the Company's investment in the joint venture. The impairment is principally due to the fact that the Company is unable to obtain secured feed tonnages which are required in order for the plant to operate efficiently. The RK1 joint venture is included within the unallocated operating segment.

(Stated in U.S. dollars)

4. Investment in joint ventures (continued)

(b) (continued)

The following table summarizes the Company's 25% share of comprehensive income and financial position in RK1:

	2010	2009	2008
	$	$	$
Statement of comprehensive income			
Sales	**1,472,480**	1,337,037	3,399,248
Cost of sales	**(1,584,470)**	(1,238,964)	(1,463,875)
	(111,990)	98,074	1,935,373
Expenses	**(561,616)**	(127,527)	(147,128)
Interest income	**56,742**	91,713	163,007
Impairment of intangible asset	**(10,956,415)**	-	-
Deferred taxation	**3,556,967**	(162,970)	194,867
Company's share of profit/(loss) of joint ventures	**(8,016,312)**	(100,711)	2,146,119
Company's share of other comprehensive loss of joint ventures	**(1,194,628)**	(839,220)	(3,813,508)
Company's share of total comprehensive loss of joint ventures	**(9,210,940)**	(939,931)	(1,667,389)

	December 31, 2010	December 31, 2009	December 31, 2008	January 1, 2008
	$	$	$	$
Statement of financial position				
Cash and bank balances	**496,196**	1,371,466	1,130,918	1,690,483
Other current assets	**743,313**	805,667	499,095	1,794,465
Property, plant and equipment	**802,351**	1,065,878	881,272	1,270,599
Intangible asset	**-**	11,663,281	12,370,146	13,077,012
Deferred taxation	**-**	(3,570,128)	(2,607,601)	(3,934,580)
Trade and other payables	**(146,342)**	(229,706)	(227,441)	(184,201)
Company's share of net assets of joint ventures	**1,895,518**	11,106,458	12,046,389	13,713,778

	2010	2009	2008
	$	$	$
Statement of cash flows			
Opening balance	**1,371,465**	1,130,918	1,690,483
Cash flow used in/from operating activities	**(790,668)**	240,547	(546,954)
Cash flow paid from investing activities	**(84,602)**	-	(12,611)
Cash flow received from financing activities	**-**	-	-
	496,195	1,371,465	1,130,918

(Stated in U.S. dollars)

4. Investment in joint ventures (continued)

(b) (continued)

All of the Consortium's revenues are earned in South Africa. The Consortium's revenue is generated through two customers who account for 39% (2009: 42%; 2008: 35%) and 61% (2009: 58%; 2008: 65%) of revenue, respectively. The Consortium's revenue is generated by the sale of Platinum Group Metals ("PGM's") produced through the treatment of Chrome Tailings by the RK1 Plant. The Consortium is not economically dependent on its current customers as PGM's have an active market worldwide.

5. Mineral property and exploration expenditures

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

	December 31, 2010	December 31, 2009	December 31, 2008	January 1, 2008
	$	$	$	$
Syerston, Australia (a)	**1**	1	1	1
Platreef, South Africa (b)	**6,939,544**	6,939,544	6,939,544	6,939,544
Mufumbwe, Zambia (c)	**1**	1	1	1
Democratic Republic of Congo ("DRC") (d)	**1**	1	1	1
	6,939,547	6,939,547	6,939,547	6,939,547

(Stated in U.S. dollars)

5. Mineral property and exploration expenditures (continued)

The following table summarizes the exploration expenditures as well as accumulated aggregate exploration expenditures from inception which have been charged to operations:

	2010	2009	2008
	$	$	$
Exploration expenditure			
Drilling	**10,915,641**	8,719,393	8,633,224
Salaries and benefits	**5,977,168**	3,746,476	3,839,204
Consulting	**4,119,440**	2,519,958	4,059,519
Scoping	**2,548,147**	-	-
Office and administration	**1,188,889**	630,112	1,043,102
Depreciation	**1,641,486**	1,475,782	526,298
Travel	**905,903**	451,267	424,519
Assay	**867,271**	668,766	702,411
Licenses	**657,018**	1,015,527	634,901
Conceptual Studies	**563,385**	-	-
Camp costs	**528,475**	443,167	447,131
Other	**3,916,011**	3,177,736	3,433,537
	33,828,834	22,848,184	23,743,846
Accumulated aggregate exploration expenditures			
Syerston and Uranium, Australia (a)	**9,417,162**	9,030,275	8,625,466
Platreef, South Africa (b)	**57,077,945**	50,393,948	45,829,699
Mufumbwe, Zambia (c)	**3,465,317**	3,468,192	3,445,884
Democratic Republic of Congo ("DRC") (d)	**81,794,200**	56,977,231	39,741,632
Limpopo, South Africa (e)	**3,741,918**	3,241,078	2,753,989
Gabon (f)	**1,561,956**	128,605	-
Other	**1,027,689**	1,018,024	1,012,499
	158,086,187	124,257,353	101,409,169

(a) *Syerston and Uranium property*

The Company entered an agreement on June 30, 2004 to acquire all the issued and outstanding shares of Ivanplats Syerston Pty Ltd., an Australian company. As consideration for this purchase, the Company issued 1.5 million common shares valued at $12 million. Ivanplats Syerston Pty Ltd. owns certain nickel and cobalt mining tenements near Fifield in the central-west region of New South Wales, approximately 350 kilometres north-west of Sydney, Australia.

Consolidated financial statements until December 31, 2009 had been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP). GAAP differs in certain respects from IFRS as explained in note 19. With adoption of IFRS the company assessed the Syerston mineral property for impairment in accordance with IAS 36. The mineral property of Ivanplats Syerston (Pty) Ltd ("Syerston") was identified as a separate identifiable asset at the acquisition date of Syerston.

The recoverable amount of the mineral rights cash-generating unit is determined using the higher of discounted cash flow projections from financial models and the estimated fair value less selling costs. The projected cash flows were calculated using the following:

- Long term projected metal prices;
- An exchange rate of 0.80 United States Dollar per Australian Dollar; and

5. Mineral property and exploration expenditures (continued)

(a) Syerston and Uranium property (continued)

- A Pre-tax discount rate of 12%.

Based on the estimated net recoverable value, determined by the present value of the expected future cash flow, the mineral property was impaired by $17,028,438 before a tax recovery of $5,108,530.

The Uranium license was granted for a period of six years with option to renew for further periods of two years. In alignment with regulations the area of the license was reduced by 50% after two years i.e. in July 2009 thereafter it is reduced by 50% annually. This area is known for uranium occurrences along strike from the Angela occurrence in the vicinity of town of Alice Springs.

(b) Platreef properties

The Company has the right to explore over two contiguous farms, Turfspruit 241KR and Macalacaskop 243KR, located in Limpopo Province of South Africa. The farms overlie portions of the Platreef unit within the northern limb of the Bushveld Igneous Complex and the Company refers to its activities on the farms as the Platreef Project.

The Company requires a Prospecting Permit (“PP”) in order to undertake exploration activities on its Platreef Project. In March 2005, the Company submitted an application to renew its PP under the new regulations promulgated under the Mineral and Petroleum Resources Development Act, 2002. Under these so called ‘new order’ rights, a PP will be issued for five years. The Company received its new order PP in February 2006. The new order PP is due for renewal on February 1, 2011 and can be extended for a period of 3 years before conversion to a “Mining Right” is required. The renewal application has been submitted to the Department of Mineral Resources and is pending approval.

In June 2001, the Company was granted the right to earn a 50% participating interest in an additional farm known as Rietfontein 2KS located adjacent to the Platreef Project. This right was granted by Anooraq Resources Corporation (“Anooraq”) in exchange for the Company’s agreement to make an equity investment in Anooraq and for the Company to spend Cdn$750,000 on prospecting on this property in each of the two years commencing November 2001. This amount had been spent by November 2003.

However, Anooraq has not transferred title for the 50% interest in the property due to a dispute in respect of the expenditure incurred under the prospecting agreement. Anooraq submitted the dispute to arbitration as prescribed by the earn-in agreement.

On December 11, 2009 the parties reached a settlement which replaced and superseded the 2001 agreement. The existing joint venture (JV) between the parties is amended such that the current Rietfontein JV is extended to incorporate a defined area of Ivanplats’ adjacent Turfspruit mineral property. Both parties retain their existing prospecting rights in respect of mineral properties in their own names but make these rights and technical information available to the extended JV (“the Extended JV”).

Under an open pit mine scenario Anooraq is awarded a 6% free carried interest in the Extended JV. Anooraq has no financial obligations under the JV terms and Ivanplats is required to fund the entire exploration programme to feasibility study with no financial recourse to Anooraq. On delivery of the feasibility study Anooraq may elect to either:-

- retain a participating interest in the Extended JV and finance its pro rata share of the project development going forward; or

5. Mineral property and exploration expenditures (continued)

(b) Platreef properties

- relinquish its participating interest in the Extended JV in consideration for a 5% net smelter return royalty in respect of mineral products extracted from those areas of the Rietfontein mineral property forming part of the Extended JV mineral properties.

Anooraq will be entitled to appoint a member to the Extended JV technical committee.

On October 1, 2010, the Company decreased its ownership interest in Beales Limited, the parent company of Platreef Resources (Pty) Ltd., by selling a 2% interest for total consideration of $10,000,000.

(c) Mufumbwe property

The Company took a decision to terminate exploration activities in Zambia, following the expiry of the prospecting licenses in 2007. The licenses have been renewed for the maximum time period permitted in accordance with the Act. In 2006, the carrying value of the mineral property was written down from $215,751.

(d) DRC properties

Pursuant to an Accord Preliminaire entered into on December 2, 1997, the Company became the registered holder of four Zones Exclusives de Recherches (“ZERs”) permitting it to explore over two principal areas in Katanga Province in the south of the Democratic Republic of Congo (“DRC”). The areas are referred to by the Company as Lufira and Lufupa.

Due to political unrest in the DRC and the potential threat to the safety of its personnel, in May 1999 the Company exercised its right to suspend activities under the force majeure provisions within the Accord Preliminaire. During 2002, the Company concluded that, as a result of the lack of exploration activity, the carrying value of the property interest was impaired. As a result, the Company made an impairment provision of $124,651 and the carrying value was written down to $1. Owing to an adequate resolution of national security concerns, the Company decided in 2003 to recommence activity in the DRC.

A new Mining Code was enacted in the DRC in 2002 and new Mining Regulations in 2003. As a result of the new laws in force, the Company had to reapply for the ground it held under the ZERs. This reapplication was duly made, with the Company obtaining, on November 11, 2003, 36 Permits des Recherches (“PR’s”) (exploration permits) covering approximately (but not entirely) the areas previously held under two of the ZERs. In April, 2005 the Company resolved a long-standing dispute with a third party over certain ground in the DRC previously held by the Company under the remaining two ZER’s. Accordingly, a further 14 PR’s were awarded to the Company. As a result the Company resumed geological exploration in the DRC on the PR’s in 2004 and is exploring the 50 PR’s for all minerals and precious stones except for uranium as per the new Mining Code.

The renewal process was initiated mid 2008 due to 36 PR’s becoming eligible for renewal in November 2008. Per the requirements of the Mining Code 50% of the area are to be relinquished as part of the renewal process. The remaining 14PR’s were renewed during 2010, with the exception of PR691 and PR700. Both permits are at an advanced stage of administrative processing aimed at achieving renewal. During 2010, three permits, of low prospectivity were strategically relinquished to enable the Company and its affiliates to apply for more prospective ground. The DRC legislation allows a maximum of 50 permits per company and affiliate companies.

(Stated in U.S. dollars)

5. Mineral property and exploration expenditures (continued)

(e) Limpopo properties (continued)

In 1994, the predecessor of Africa Consolidated Minerals Exploration (Pty) Ltd. ("ACME"), a subsidiary of the Company, signed a Reconnaissance Agreement with the Lebowa Minerals Trust ("LMT") for precious stones on certain farms in the Northern Province (now Limpopo Province) of South Africa. Pursuant to this agreement, the Company had the exclusive right to conduct exploration and to exercise an option to conclude a prospecting and option agreement with the LMT.

Due to lack of exploration activity, the Company wrote down the value of the properties in 2001 by recording an impairment provision of $983,912 against the property. All agreements subsequently lapsed. In 2001 the LMT dissolved and all Mineral Rights were transferred to the State. In 2004, the Company applied for PP's over small portions of the previously held ground due to the indications that these areas were geologically prospective from the work carried out in the 1990's. These new applications are now governed by the new Mineral and Petroleum Resources Development Act, 2002 and the Department of Minerals and Energy ("DME") require the participation of a Black Economic Empowerment ("BEE") company before accepting applications.

ACME signed an agreement with a BEE company, Shanduka Exploration (Pty) Ltd. ("Shanduka") in 2005 on the basis of a shareholding earn-in. The Company has been granted 16 PP's in 2005/6 and exploration has recommenced on these properties.

(f) Gabon properties

During late 2010 early 2011 the Company attained exploration rights to two properties in Gabon referred to as Makokou and Ndangui both covering Achaean greenstone belts. Both permits are associated with recently defined soil geochemistry anomalies and are initially valid for a period of three years.

6. Trade and other receivables

	December 31, 2010	December 31, 2009	December 31, 2008	January 1, 2008
	$	$	$	$
Trade receivables	**662,791**	-	17,498	-
Refundable taxes	**443,680**	139,168	59,749	56,633
Advances	**245,105**	225,000	-	214,082
Arbitration costs recovery	**-**	211,457	279,384	-
Other	**38,031**	28,207	57,283	45,192
	1,389,607	603,832	413,914	315,907

(Stated in U.S. dollars)

7. Trade and other payables

	December 31, 2010	December 31, 2009	December 31, 2008	January 1, 2008
	$	$	$	$
Trade payables	**4,133,504**	1,968,267	1,754,100	631,590
Provisions	**389,704**	272,251	239,968	327,332
Other payables	**397,911**	245,551	536,843	909,015
	4,921,119	2,486,069	2,530,911	1,867,937

8. Income taxes

A reconciliation of the provision for recovery of income taxes is as follows:

	2010	2009	2008
	$	$	$
Loss before tax for the year	**50,910,464**	30,395,654	33,159,557
Statutory tax rate	**28.50%**	30.00%	31.00%
Expected recovery of income taxes based on combined Canadian and provincial statutory rates	**(14,509,482)**	(9,118,696)	(10,279,463)
Add (deduct):			
Different effective tax rates in foreign jurisdictions	**(374,542)**	(1,912,518)	(817,560)
Change in valuation allowance	**15,640,547**	13,425,096	13,793,568
Non-deductible expenses	**3,401,554**	588,558	(2,878,405)
Change in future tax rate	**75,712**	(881,778)	700,982
Other	**(3,786,329)**	(1,852,288)	260,546
Income tax expense	**447,461**	248,374	779,668

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

	2010	2009	2008
	$	$	$
Unrecognized deferred income tax assets			
Non-capital loss carryforwards	**74,572,542**	58,983,498	45,581,392
Capital loss carryforwards	**3,140,206**	2,976,310	2,652,518
Investments	**-**	-	414,576
Foreign exploration expenses	**524,020**	636,850	522,539
Property, plant and equipment	**74,932**	74,494	75,030
Total unrecognized deferred income tax assets	**78,311,700**	**62,671,152**	**49,246,055**

(Stated in U.S. dollars)

8. Income taxes (continued)

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

	2010	2009	2008
	$	$	$
Deferred income tax liabilities			
Property, plant and equipment	**2,081,863**	2,081,863	2,081,863
Net deferred income tax liabilities	**2,081,863**	2,081,863	2,081,863

At December 31, 2010, the Company and its subsidiaries have unrecognized non-capital losses for income tax purposes of approximately $238,281,654 (2009 - $179,481,000; 2008 - $102,855,000) that may be used to offset future taxable income. These losses are as follows:

		Local currency	U.S. dollar equivalent	Expiry dates
			$	
South African rand	R	563,543,823	85,123,000	(a)
Congolese franc	CDF	73,091,404,421	82,586,000	(b)
Gabonese franc	XAF	751,660,338	1,565,000	(a)
Canadian dollar	$	35,836,348	36,030,000	2011 to 2030
Australian dollar	$	29,649,584	30,243,000	(a)
Barbados Dollar	$	28,069	14,000	2019
Zambian kwacha	ZMK	7,982,304,503	1,690,000	2011 to 2015
British Pound	£	580,370	898,000	(a)
Namibian dollar	NAD	880,751	133,000	(a)
			238,282,000	

(a) These losses can be carried forward indefinitely, subject to continuity of trading.
(b) These losses are capitalized and set-off against future taxable income when mining operations commence.

At December 31, 2010, the Company also has unrecognized Canadian capital losses for tax purposes of approximately $25,120,000 (Cdn$24,987,000) that are available indefinitely to offset any future net realized capital gains.

9. Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The outstanding special warrants are included in the weighted average number of common shares outstanding as there are no restrictions outstanding preventing the special warrants from being exercised. The diluted loss per share reflects the potential dilution of common share equivalents, such as preference shares, outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. All outstanding stock options and share purchase warrants were anti-dilutive for the years ended December 31, 2010, 2009 and 2008.

10. Share capital

(a) *Warrants*

In prior years, the Company issued 541,031 warrants to purchase common shares at an exercise price of $5.08 per share. No value was allocated to these warrants upon issuance.

In October 2009 324,619 of these warrants were converted to shares for a consideration of $1,649,065.

(b) *Bonus shares*

During the year a total of 75,000 (2009: 40,000; 2008: 65,000) common shares were issued to senior executives as a performance reward in the form of bonus shares with a deemed market value of $675,000 (2009: $266,800; 2008: $433,550).

(c) *Shares issued*

In November 2010, the Company closed a private placement of 916,667 units raising gross proceeds of $11,000,004. Each unit was priced at $12.00 and consisted of one common share, one half warrant and one liquidity right. If the Company completes an Initial Public Offering ("IPO"), each whole warrant entitles the holder to purchase one additional common share at the IPO price for a period of two years following the IPO. In the event that the Company does not complete an IPO by December 31, 2011, each liquidity right grants the holder an additional 0.1 share for no additional consideration.

The Company allocated $3,666,668 to contributed surplus based on the relative fair value of the warrants and liquidity rights. The value of the liquidity rights were calculated based on the underlying value of the common shares. The value of the warrants were calculated using the Black Scholes method with the following assumptions, risk free interest rate 1.45%, expected share price volatility 17.52%, expected life of warrant two years.

In November 2009, the Company closed a private placement of 3,355,111 units raising gross proceeds of $30,195,999. Each unit was priced at $9.00 and consisted of one common share, one half warrant and one liquidity right. If the Company completes an IPO, each whole warrant entitles the holder to purchase one additional common share at the IPO price for a period of two years following the IPO. In the event that the Company does not complete an IPO by December 31, 2010, each liquidity right grants the holder an additional 0.1 share for no additional consideration. On December 31, 2010, 335,511 liquidity rights were converted to shares. Share issue costs of $1,037,502 were paid.

The Company allocated $3,239,833 to contributed surplus based on the relative fair value of the warrants and liquidity rights. The value of the liquidity rights were calculated based on the underlying value of the common shares and on December 31, 2010, $1,084,205 was allocated from contributed surplus to share capital. The value of the warrants were calculated using the Black Scholes method with the following assumptions, risk free interest rate 1.27%, expected share price volatility 30%, expected life of warrant two years.

(Stated in U.S. dollars)

10. Share capital (continued)

(d) *Options*

Share options are granted at an exercise price equal to the estimated value of the Company's common shares on the date of the grant.

The share options granted vest in five equal stages with the first stage vesting on the date of the grant, and the remainder in four equal annual stages commencing on the first anniversary of the date of the grant. The maximum term of options awarded is five years. The share options are exercisable at the prices described below until the date the Company completes a public offering. After such date, any outstanding options will be re-priced to the public offering price.

As at December 31, 2010, 10,000,000 shares were reserved for the future exercise of share options, of which 2,705,000 have been granted and exercised, 6,525,000 have been granted and are outstanding, and a further 770,000 are available to allocate.

A summary of changes in the Company's outstanding share options is presented below:

		2010		2009		2008
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$		$
Balance, beginning of year	**6,025,000**	**7.92**	6,980,000	7.60	6,680,000	7.60
Granted	**1,150,000**	**8.09**	770,000	7.43	675,000	8.00
Exercised	**(500,000)**	**6.00**	-	-	-	-
Forfeited	**(150,000)**	**8.00**	(1,725,000)	6.88	(375,000)	7.55
Balance, end of year	**6,525,000**	**8.11**	6,025,000	7.92	6,980,000	7.64

An expense of $2,299,762 for the options granted during the year ended December 31, 2010 (2009: $2,251,375; 2008: $1,447,051) will be amortized over the vesting period, of which $658,671 was recognized in the year ended December 31, 2010 (2009: $623,335; 2008: $562,451).

The weighted average grant-date fair value of share options granted during 2010 was $2.00 (2009: $2.92; 2008: $2.14). The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model using the following weighted average assumptions for the 2010 share option grant:

	2010	2009	2008
Risk free interest rate	**2.74%**	2.41%	3.06%
Expected volatility (ii)	**18.12%**	29.63%	23.12%
Expected life	**5 years**	5 years	5 years
Expected dividends	**$Nil**	$Nil	$Nil

(Stated in U.S. dollars)

10. Share capital (continued)

(d) Options (continued)

The following table summarizes information about share options outstanding and exercisable as at December 31, 2010:

	Options outstanding		Options exercisable	
Expiry date	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
		$		$
May 1, 2012	1,000,000	8.00	800,000	8.00
May 10,2012	500,000	8.00	400,000	8.00
September 9, 2012	2,450,000	8.00	1,960,000	8.00
January 1, 2013	500,000	8.00	300,000	8.00
March 18, 2013	155,000	8.00	93,000	8.00
May 28, 2014	220,000	6.67	88,000	6.67
August 12, 2014	300,000	6.67	120,000	6.67
November 10, 2014	250,000	9.00	100,000	9.00
March 1, 2015	100,000	9.00	20,000	9.00
April 8, 2015	150,000	9.00	30,000	9.00
May 28, 2015	125,000	9.00	25,000	9.00
September 9, 2015	775,000	9.00	155,000	9.00
	6,525,000	8.11	4,091,000	8.11

(i) Expected volatility has been based on the historical annualised volatility of the Canadian Venture Exchange for 2010.

(e) Special warrants

In December 2010, 8,819,165 special warrants were exercised into 9,757,995 common shares and in May 2010, 55,000 special warrants were exercised into 66,000 common shares. At December 31, 2010, there were 8,037,246 special warrants outstanding exercisable into 9,541,413 common shares.

In November 2009, 247,500 special warrants were exercised into 297,000 common shares. At December 31, 2009, there were 16,911,411 special warrants outstanding exercisable into 19,365,410 common shares.

In May 2008, 2,500,000 special warrants were exercised into 3,000,000 common shares and in August 2008, 125,000 special warrants were exercised into 150,000 common shares. At December 31, 2008, there were 17,483,530 special warrants outstanding exercisable into 19,987,029 common shares.

Each special warrant is exercisable at any time into one common share of the Company for no additional consideration.

(Stated in U.S. dollars)

11. Non-controlling interest

On October 1, 2010, the Company decreased its ownership interest in a subsidiary while maintaining control. A 2% interest in Beales Limited, the parent company of Platreef Resources (Pty) Ltd., was sold for total consideration of $10,000,000. Non controlling interest of $1,091,670 was recognised on disposition. The subsequent non-controlling interest to December 31, 2010 amounted to $69,766.

12. Related party transactions

The financial statements include the financial statements of Ivanhoe Nickel & Platinum Ltd. and its subsidiaries listed in the following table:

		% equity interest as at			
Name	**Country of Incorporation**	**December 31, 2010**	December 31, 2009	December 31, 2008	January 1, 2008
African Minerals (Barbados) Ltd.	Barbados	**100%**	100%	100%	100%
Ivanhoe Zambia Holdings Ltd.	British Virgin Islands	**100%**	100%	100%	100%
African Minerals US LLC	Delaware	**100%**	100%	100%	100%
Evershine Worldwide Ltd.	British Virgin Islands	**100%**	100%	100%	100%
Beales Ltd.	British Virgin Islands	**98%**	100%	100%	100%
Ivanhoe South Africa Holdings Ltd.	British Virgin Islands	**100%**	100%	100%	100%
Gardner & Barnard Mining UK Ltd.	United Kingdom	**100%**	100%	100%	100%
RKR Mining Ltd.	United Kingdom	**100%**	100%	100%	100%
Cereus Holding Ltd.	British Virgin Islands	**100%**	100%	100%	100%
Australia Nickel & Platinum Holding Company Ltd.	British Virgin Islands	**100%**	100%	100%	100%
Rhenfield Ltd.	British Virgin Islands	**50%**	50%	50%	50%
Gabon Holding Company Ltd.	Barbados	**100%**	100%	100%	100%
Ivanhoe Namibia Holdings Ltd.	British Virgin Islands	**100%**	100%	100%	100%
GM Mining Services Ltd.	British Virgin Islands	**100%**	100%	100%	100%
Yunnan Mining Inc.	British Virgin Islands	**100%**	100%	100%	100%
African Minerals (Barbados) Ltd. SPRL	Democratic Republic of Congo	**100%**	100%	100%	100%
Ivanhoe (Zambia) Ltd.	Zambia	**100%**	100%	100%	100%
African Minerals Holding Company Ltd.	Barbados	**100%**	100%	100%	100%
Ivanhoe DRC Holding Company Ltd.	Barbados	**100%**	100%	100%	100%
Africa Consolidated Mineral Exploration (Pty) Ltd.	South Africa	**100%**	100%	100%	100%
Platreef Resources (Pty) Ltd.	South Africa	**100%**	100%	100%	100%
Ivanhoe Nickel & Platinum (SA) (Pty) Ltd.	South Africa	**100%**	100%	100%	100%
GB Mining & Exploration (SA) (Pty) Ltd.	South Africa	**100%**	100%	100%	100%
RK Mining (SA) (Pty) Ltd.	South Africa	**100%**	100%	100%	100%
Ivanplats Holding Company (Pty) Ltd.	Australia	**100%**	100%	100%	100%
INPL Gabon Mining Inc	Canada	**100%**	-	-	-
Ivanhoe (Namibia) (Pty) Ltd.	Namibia	**100%**	100%	100%	100%
RK1 Consortium	South Africa	**25%**	25%	25%	25%
Ivanplats Syerston (Pty) Ltd	Australia	**100%**	100%	100%	100%
Ivanplats Uranium (Pty) Ltd	Australia	**100%**	100%	-	-
Ivanhoe Gabon SA	Gabon	**100%**	-	-	-
Ivanplats Services (Pty) Ltd.	Australia	**100%**	100%	100%	100%

(Stated in U.S. dollars)

12. Related party transactions (continued)

The following tables summarize related party expenses incurred by the Company, primarily on a cost-recovery basis, with companies related by way of directors or shareholders in common. The tables summarize the transactions with related parties and the types of expenditures incurred with related parties:

	2010	2009	2008
	$	$	$
Global Mining Management Corporation (a)	**305,907**	668,728	571,909
Ivanhoe Capital Aviation LLC (b)	**900,000**	1,200,000	1,025,000
Ivanhoe Capital Services Ltd. (c)	**290,663**	277,534	238,525
Global Mining Services Ltd. (d)	**57,115**	190,797	167,973
Ivanhoe Capital Corporation (UK) Limited (e)	**126,724**	194,749	327,605
I2MS.net PTE LTD (f)	**132,269**	175,718	63,075
	1,812,678	2,707,526	2,394,087
Salaries and benefits	**232,332**	696,037	528,158
Office and administration	**614,182**	724,792	738,422
Travel	**945,680**	1,273,197	1,114,153
Consulting	**20,484**	13,500	13,354
	1,812,678	2,707,526	2,394,087

The above noted transactions 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 December 31, 2010, accounts payable included $293,917 (2009: $482,849; 2008: $107,529), accounts receivable $21,894 (2009: $nil; 2008: $15,654) and other long-term assets included $75,319 (2009: $75,319; 2008: $75,319) with related parties by way of director or officers in common. These amounts are unsecured and non-interest bearing.

(a) Global Mining Management Corporation ("Global") is a private company based in Vancouver. Global has a director in common with the Company. Global provides administration, accounting and other services to the Company on a cost-recovery basis.

(b) Ivanhoe Capital Aviation LLC ("Aviation") is a private company 100% owned by a director of the Company. Aviation operates an aircraft for which the Company contributes toward the running costs.

(c) Ivanhoe Capital Services Ltd. ("Services") is a private company 100% owned by a director of the Company. Services provide for salaries administration and other services to the Company in Singapore and Beijing on a cost-recovery basis.

(d) Global Mining Services Ltd. ("Mining") is a private company incorporated in Delaware 100% owned by Global. Mining provides administration and other services to the Company on a cost-recovery basis.

(Stated in U.S. dollars)

12. Related party transactions (continued)

(e) Ivanhoe Capital Corporation (UK) Ltd. ("UK") is a private company 100% owned by a director of the Company. UK provides administration, accounting and other services in London on a cost-recovery basis.

(f) I2MS.net PTE LTD ("I2MS") is a privately owned company of which the majority is owned by a director of the Company. I2MS provides IT services from Singapore on a cost-recovery basis.

(g) The Company, through its subsidiary, ACME, has entered into an agreement with Shanduka in order to facilitate the granting of certain new order prospecting rights within South Africa. Shanduka is ultimately owned by a company that has a director in common with the Company.

13. Cash flow information

Net change in non-cash working capital items:

	2010	2009	2008
	$	$	$
Net (increase) decrease in			
Accounts receivable	**(785,775)**	(189,918)	(98,007)
Prepaid expenses	**627,996**	(235,896)	499,853
Net (decrease) increase in			-
Income taxes payable	**58,094**	(268,969)	(440,732)
Accounts payable and accrued liabilities	**2,435,050**	(44,841)	662,974
	2,335,365	(739,624)	624,088

14. Financial instruments

(a) *Fair value of financial instruments*

IAS 32 - "*Financial Instruments: Presentation"*, requires an explanation about how fair value is determined for assets and liabilities measured in the financial statements at fair value and established 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 obtain 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, therefore require an entity to develop its own assumptions.

(Stated in U.S. dollars)

14. Financial instruments (continued)

(a) *Fair value of financial instruments (continued)*

The following table summarizes the fair value measurement by level at December 31, 2010, December 31, 2009, December 31, 2008 and January 1, 2008 for assets and liabilities measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	**Total**
December 31, 2010				
Available-for-sale investments	-	-	-	**-**
December 31, 2009				
Available-for-sale investments	-	-	-	**-**
December 31, 2008				
Available-for-sale investments	707,972	-	-	**707,972**
January 1, 2008				
Available-for-sale investments	3,817,292	-	-	**3,817,292**

A total of 51,281,994 (2008: 25,640,977) shares were held in SA Metals Limited representing 17.4% (2008: 19.4%) of the equity. In January 2009 the Company subscribed to an additional 25,640,997 shares at AUD0.01 through a rights issue resulting in a cash outflow of $169,231.

On May 11, 2009 Sylvania Resources Limited ("Sylvania") announced its intention to make an off-market takeover offer for the ordinary shares of SA Metals Limited. One of the conditions to the takeover offer being concluded is that Sylvania has a relevant interest of at least 50.1% of the SA Metals shares. Subject to certain conditions being met the Company tendered all its shares to Sylvania at a ratio of 1 Sylvania share for every 10 SA Metals shares it holds.

The Sylvania takeover offer was successful and on August 4, 2009 the Company received 5,128,200 Sylvania shares for its 51,281,994 SA Metals shares. These shares were sold on September 10, 2009 at a gross price of GBP0.62 per share (US$1.02 per share).

The Company's other financial instruments include cash and cash equivalents, accounts receivable and accounts payable. Due to the demand nature and/or short-term maturity of these financial instruments, the fair value approximates the carrying amount.

(b) *Financial risk management objectives and policies*

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

(i) Foreign exchange risk

The Company incurs certain of its expenses in currencies other than the U.S. dollar. As such, the Company is subject to foreign exchange risk as a result of fluctuations in exchange rates. The Company has not entered into any derivative instruments to manage foreign exchange fluctuations, however, management monitors foreign exchange exposure.

(Stated in U.S. dollars)

14. Financial instruments (continued)

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

(i) Foreign exchange risk (continued)

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

	December 31, 2010	December 31, 2009	December 31, 2008	January 1, 2008
	$	$	$	$
Assets				
Canadian dollar	**1,701,939**	1,433,452	2,699,219	4,810,474
Australian dollar	**124,710**	76,621	56,141	80,978
South African rand	**4,233,215**	2,247,045	3,556,099	1,651,745
British pounds	**27,938**	412,762	255,477	6,878,410
Liabilities				
Canadian dollar	**24,831**	66,554	82,181	6,284
Australian dollar	**245,686**	224,547	211,315	108,433
South African rand	**1,151,346**	412,903	842,792	1,661,178
British pounds	**6,244**	22,661	18,372	4,413,230

Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 5% increase and decrease in the U.S. dollar against the foreign currencies presented. The sensitivity analysis includes only outstanding foreign currency denominated monetary items 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 year 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.

	2010	2009	2008
	$	$	$
Decrease in loss for the year	**232,985**	172,161	270,614

(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 accounts receivable and cash equivalents.

(Stated in U.S. dollars)

14. Financial instruments (continued)

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

(iii) Credit risk (continued)

In addition, the Company reviews the recoverable amount of their receivables at each statement of financial position date to ensure that adequate impairment losses are made for unrecoverable amounts. In this regard, the Company considers that the credit risk is significantly reduced. The credit risk on cash equivalents is limited because the cash equivalents are composed of financial instruments issued by major banks and companies with high credit ratings assigned by international credit-rating agencies. Therefore, the Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from prior years.

The following table details the Company's aging of accounts receivable:

	Less than 1 month	1 to 3 months	3 to 6 months	Over 6 months	**Total**
	$	$	$	$	**$**
As at December 31, 2010					
Trade and other receivables	-	1,389,607	-	-	**1,389,607**
As at December 31, 2009					
Trade and other receivables	-	603,832	-	-	**603,832**
As at December 31, 2008					
Trade and other receivables	-	413,914	-	-	**413,914**
As at January 1, 2008					
Trade and other receivables	-	315,907	-	-	**315,907**

(iv) 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.

(Stated in U.S. dollars)

14. Financial instruments (continued)

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

(iv) Liquidity risk (continued)

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.

	Less than 1 month	1 to 3 months	3 to 6 months	Over 6 months	**Total undiscounted cash flows**
	$	$	$	$	**$**
As at December 31, 2010					
Trade and other payables	-	4,921,119	-	-	**4,921,119**
As at December 31, 2009					
Trade and other payables	-	2,486,069	-	-	**2,486,069**
As at December 31, 2008					
Trade and other payables	-	2,530,910	-	-	**2,530,910**
As at January 1, 2008					
Trade and other payables	-	1,867,937	-	4,409,812	**6,277,749**

15. Capital risk management

The Company includes as capital common shares, special warrants and contributed surplus. The Company's objectives are to safeguard the Company's 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. Currently the Company has cash flows from their RK1 operations, to maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. 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 with maturities 90 days or less from the original date of acquisition, selected with regard to the expected timing of expenditures from operations.

The Company expects its current capital resources will be sufficient to carry its exploration and development plans and operations through its current fiscal year.

(Stated in U.S. dollars)

16. Key management personnel compensation

The remuneration of directors and other members of key management were as follows:

	2010	2009	2008
	$	$	$
Short-term benefits	**1,093,521**	935,546	1,324,979
Share-based payments	**1,994,351**	1,465,543	1,849,388
	3,087,873	2,401,089	3,174,367

17. Commitments and contingencies

The tax affairs of GB Mining and Exploration SA (Pty) Ltd ("GBSA") and Gardner & Barnard UK Limited ("GBUK") were under investigation by the South African Revenue Authorities. As part of the consent award in the arbitration between the Company and the vendors of GBUK, the vendors of GBUK undertook to pay any tax liabilities as finally determined by a court of competent jurisdiction in South Africa for the period up to June 30, 2006 in respect of GBUK and its subsidiary, GBSA. The total assessment for the taxes prior to June 30, 2006 issued by the South African Receiver of Revenue amounted to R15,049,173 ($2,264,140). The vendors objected to the assessment and as at December 31, 2010 the taxes are still payable. The tax appeal has subsequently been enrolled to be heard by the Income Tax Court during May 2011.

18. Segmented information

At December 31, 2010, the Company has two reportable operating segments, being Platreef properties and DRC properties.

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 two divisions, 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 divisions are principally engaged in the exploration and development of mineral properties in the Limpopo Province of South Africa and the Democratic Republic of Congo ("DRC") respectively.

(Stated in U.S. dollars)

18. Segmented information (continued)

The Company's Corporate Division only earns revenues that are considered incidental to the activities of the Company and therefore does not meet the definition of an operating segment as defined in IFRS 8 'Operating Segments'.

	Platreef Properties	DRC properties	Unallocated *(i)*		Consolidated total
	$	$	$		$
Segment assets					
As at December 31, 2010	**9,976,095**	**4,560,570**	**25,843,803**		**40,380,468**
As at December 31, 2009	9,190,385	4,155,885	46,789,185		60,135,454
As at December 31, 2008	9,546,893	4,154,961	39,371,534		53,073,388
As at January 1, 2008	9,834,510	2,251,601	83,490,006		95,576,117
Segment liabilities					
As at December 31, 2010	**3,090,187**	**3,014,210**	**1,127,970**		**7,232,367**
As at December 31, 2009	2,212,359	980,453	1,546,411		4,739,223
As at December 31, 2008	2,362,086	1,355,693	1,335,255		5,053,034
As at January 1, 2008	2,980,125	444,093	5,816,386		9,240,604
Segment losses					
For year ended December 31, 2010	**7,409,166**	**24,136,935**	**19,811,825**	*(ii)*	**51,357,925**
For year ended December 31, 2009	5,119,004	17,278,788	8,246,236		30,644,028
For year ended December 31, 2008	7,192,024	13,968,462	12,778,739		33,939,225
Capital expenditures					
For year ended December 31, 2010	**80,433**	**806,531**	**161,508**		**1,048,472**
For year ended December 31, 2009	181,296	1,185,111	29,839		1,396,246
For year ended December 31, 2008	432,359	2,130,931	2,366,618		4,929,908
Exploration expenditure					
For year ended December 31, 2010	**6,683,997**	**24,816,969**	**2,327,868**		**33,828,834**
For year ended December 31, 2009	4,564,248	17,235,599	1,048,337		22,848,184
For year ended December 31, 2008	6,869,878	15,531,191	1,342,777		23,743,846
Interest income					
For year ended December 31, 2010	**(19,197)**	**-**	**(136,675)**		**(155,872)**
For year ended December 31, 2009	(14,976)	-	(198,436)		(213,412)
For year ended December 31, 2008	(29,170)	-	(1,239,185)		(1,268,355)
Interest expense					
For year ended December 31, 2010	**191**	**-**	**223**		**415**
For year ended December 31, 2009	(185)	-	1,322		1,138
For year ended December 31, 2008	170	-	530,358		530,528

(i) The Company's Corporate Division and other divisions that do not meet the quantitative thresholds of IFRS 8 are included in the segmental analysis under the unallocated column.

(ii) Includes an impairment charge of $10,956,415 related to the Company's investment in RK1 (Note 4 (b)).

19. Transition to IFRS

The Company adopted IFRS on January 1, 2010, and these represent the first annual IFRS financial statements of the Company. The date of transition of the Company is January 1, 2008, and an opening IFRS statement of financial position was prepared as of this date. As required by IFRS 1 – "First time Adoption of International Financial Reporting Standards", the Company applied the IFRSs in effect as at December 31, 2010 on a full retrospective basis except where a different treatment was either permitted or required under an IFRS 1 elective or mandatory exemption.

On adoption of IFRS 1, the Company elected to apply the following exemptions:

- Share based payment election - IFRS 1 allows first-time adopters to apply IFRS 2 – "Share-based Payment" to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has elected not to apply IFRS 2 to awards that vested prior to January 1, 2008.

- Cumulative translation differences - IFRS 1 allows a first-time adopter to not comply with the requirements of IAS 21 – "The Effects of Changes in Foreign Exchange Rates" for cumulative translation differences that existed at the date of transition to IFRS. The Company has chosen to apply this election and has eliminated the cumulative translation difference and adjusted retained earnings by the same amount at the date of transition to IFRS. If, subsequent to adoption, a foreign operation is disposed of, the translation differences that arose before the date of transition to IFRS will not affect the gain or loss on disposal.

- Business combinations – IFRS 1 allows a first-time adopter to elect not to apply IFRS 3 Business Combinations retrospectively to business combinations that occurred before the date of transition to IFRS. The Company has taken advantage of this election and has applied IFRS 3 to business combinations that occurred on or after January 1, 2008.

IFRS 1 also outlines specific guidelines that a first-time adopter must adhere to under certain circumstances. The Company has applied the following guidelines to its opening statement of financial position dated January 1, 2008:

- Assets and liabilities of subsidiaries and associates – In accordance with IFRS 1, if a parent company adopts IFRS subsequent to its subsidiary or associate adopting IFRS, the assets and the liabilities of the subsidiary or associate are to be included in the consolidated financial statements at the same carrying amounts as in the financial statements of the subsidiary or associate. The Company's significant subsidiaries have previously adopted IFRS.

- Estimates - In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of January 1, 2008 are consistent with its previous estimates under GAAP for the same date.

(Stated in U.S. dollars)

19. Transition to IFRS (continued)

(a) January 1, 2008

	GAAP	IAS 16 - "Property, Plant and Equipment" *(h)(i)*	IAS 21 - "The Effect of Changes in Foreign Exchange Rates" *(h)(ii)*	IAS 31 - "Interests in Joint Ventures" *(h)(iii)*	IAS 36 - "Impairment of Assets" *(h)(iv)*	IFRS
	$	$	$	$	$	$
ASSETS						
Non-current assets						
Property, plant and equipment	13,232,373	120,637	254,667	(9,359,530)	-	4,248,147
Mineral property	23,967,985	-	-	-	(17,028,438)	6,939,547
Intangible asset	13,077,012	-	-	(13,077,012)	-	-
Investment in joint ventures	-	-	-	16,996,432	-	16,996,432
Other assets	298,411	-	-	-	-	298,411
Total non-current assets	50,575,781	120,637	254,667	(5,440,110)	(17,028,438)	28,482,537
Current assets						
Trade and other receivables	2,103,823	-	-	(1,787,916)	-	315,907
Prepaid expenses	1,251,455	-	-	(10,443)	-	1,241,012
Available-for-sale securities	3,817,292	-	-	-	-	3,817,292
Cash and bank balances	63,514,202	-	-	(1,794,833)	-	61,719,369
Total current assets	70,686,772	-	-	(3,593,192)	-	67,093,580
Total assets	**121,262,553**	**120,637**	**254,667**	**(9,033,302)**	**(17,028,438)**	**95,576,117**
EQUITY AND LIABILITIES						
Capital and reserves						
Share capital	88,157,311	-	-	-	-	88,157,311
Special warrants	141,451,673	-	-	-	-	141,451,673
Contributed surplus	8,113,630	-	-	-	-	8,113,630
Other comprehensive loss	1,247,615	-	(684,193)	-	-	563,422
Accumulated losses	(141,980,390)	120,637	452,127	-	(10,542,897)	(151,950,523)
Total equity	96,989,839	120,637	(232,066)	-	(10,542,897)	86,335,513
Non-current liabilities						
Deferred tax liabilities	12,015,248	-	486,733	(3,934,577)	(6,485,541)	2,081,863
Long-term debt	4,891,196	-	-	(4,891,196)	-	-
Total non-current liabilities	16,906,444	-	486,733	(8,825,773)	(6,485,541)	2,081,863
Current liabilities						
Trade and other payables	2,075,466	-	-	(207,529)	-	1,867,937
Purchase consideration owing	4,409,812	-	-	-	-	4,409,812
Current tax liabilities	880,992	-	-	-	-	880,992
Total current liabilities	7,366,270	-	-	(207,529)	-	7,158,741
Total liabilities	24,272,714	-	486,733	(9,033,302)	(6,485,541)	9,240,604
Total equity and liabilities	**121,262,553**	**120,637**	**254,667**	**(9,033,302)**	**(17,028,438)**	**95,576,117**

(Stated in U.S. dollars)

19. Transition to IFRS (continued)

(b) December 31, 2008

	GAAP	IAS 16 - "Property, Plant and Equipment" *(h)(i)*	IAS 21 - "The Effect of Changes in Foreign Exchange Rates" *(h)(ii)*	IAS 31 - "Interests in Joint Ventures" *(h)(iii)*	IAS 36 - "Impairment of Assets" *(h)(iv)*	IFRS
	$	$	$	$	$	$
ASSETS						
Non-current assets						
Property, plant and equipment	17,894,026	122,811	(3,317,940)	(6,969,884)	-	7,729,013
Mineral property	6,939,547	-	-	-	-	6,939,547
Intangible asset	12,370,146	-	-	(12,370,146)	-	-
Investment in joint ventures	-	-	-	14,601,775	-	14,601,775
Other assets	201,680	-	-	-	-	201,680
Total non-current assets	37,405,399	122,811	(3,317,940)	(4,738,255)	-	29,472,015
Current assets						
Trade and other receivables	907,373	-	-	(493,459)	-	413,914
Prepaid expenses	1,751,132	-	-	(10,267)	-	1,740,865
Available-for-sale securities	707,972	-	-	-	-	707,972
Cash and bank balances	21,882,371	-	-	(1,143,749)	-	20,738,622
Total current assets	25,248,848	-	-	(1,647,475)	-	23,601,373
Total assets	**62,654,247**	**122,811**	**(3,317,940)**	**(6,385,730)**	**-**	**53,073,388**
EQUITY AND LIABILITIES						
Capital and reserves						
Share capital	109,565,861	-	-	-	-	109,565,861
Special warrants	120,476,673	-	-	-	-	120,476,673
Contributed surplus	10,913,225	-	-	-	-	10,913,225
Other comprehensive loss	(2,315,705)	-	(2,745,736)	-	(1,984,216)	(7,045,657)
Accumulated losses	(186,518,436)	122,811	(1,478,339)	-	1,984,216	(185,889,748)
Total equity	52,121,618	122,811	(4,224,075)	-	-	48,020,354
Non-current liabilities						
Deferred tax liabilities	3,783,330	-	906,135	(2,607,602)	-	2,081,863
Long-term debt	3,545,586	-	-	(3,545,586)	-	-
Total non-current liabilities	7,328,916	-	906,135	(6,153,188)	-	2,081,863
Current liabilities						
Trade and other payables	2,763,454	-	-	(232,543)	-	2,530,911
Current tax liabilities	440,260	-	-	-	-	440,260
Total current liabilities	3,203,714	-	-	(232,543)	-	2,971,171
Total liabilities	10,532,629	-	906,135	(6,385,730)	-	5,053,034
Total equity and liabilities	**62,654,247**	**122,811**	**(3,317,940)**	**(6,385,730)**	**-**	**53,073,388**

Ivanhoe Nickel & Platinum Ltd.

Notes to the consolidated financial statements
December 31, 2010
(Stated in U.S. dollars)

19. Transition to IFRS (continued)

(c) December 31, 2009

	GAAP	IAS 16 - "Property, Plant and Equipment" *(h)(i)*	IAS 21 - "The Effect of Changes in Foreign Exchange Rates" *(h)(ii)*	IAS 31 - "Interests in Joint Ventures" *(h)(iii)*	IAS 36 - "Impairment of Assets" *(h)(iv)*	IFRS
	$	$	$	$	$	$
ASSETS						
Non-current assets						
Property, plant and equipment	16,987,370	133,040	(1,520,867)	(7,678,654)	-	7,920,889
Mineral property	6,939,547	-	-	-	-	6,939,547
Intangible asset	11,663,281	-	-	(11,663,281)	-	-
Investment in joint ventures	-	-	-	13,831,143	-	13,831,143
Other assets	307,701	-	-	-	-	307,701
Total non-current assets	35,897,899	133,040	(1,520,867)	(5,510,792)	-	28,999,280
Current assets						
Trade and other receivables	1,397,339	-	-	(793,507)	-	603,832
Prepaid expenses	1,994,966	-	-	(18,205)	-	1,976,761
Cash and bank balances	29,934,989	-	-	(1,379,408)	-	28,555,581
Total current assets	33,327,294	-	-	(2,191,120)	-	31,136,174
Total assets	**69,225,193**	**133,040**	**(1,520,867)**	**(7,701,912)**	**-**	**60,135,454**
EQUITY AND LIABILITIES						
Capital and reserves						
Share capital	139,153,439	-	-	-	-	139,153,439
Special warrants	118,723,624	-	-	-	-	118,723,624
Contributed surplus	17,086,244	-	-	-	-	17,086,244
Other comprehensive loss	280,848	-	(1,329,932)	-	(1,984,216)	(3,033,300)
Accumulated losses	(218,016,897)	133,040	(634,135)	-	1,984,216	(216,533,776)
Total equity	57,227,258	133,040	(1,964,067)	-	-	55,396,231
Non-current liabilities						
Deferred tax liabilities	5,208,791	-	443,200	(3,570,128)	-	2,081,863
Long-term debt	3,901,895	-	-	(3,901,895)	-	-
Total non-current liabilities	9,110,686	-	443,200	(7,472,023)	-	2,081,863
Current liabilities						
Trade and other payables	2,715,958	-	-	(229,889)	-	2,486,069
Current tax liabilities	171,291	-	-	-	-	171,291
Total current liabilities	2,887,249	-	-	(229,889)	-	2,657,360
Total liabilities	11,997,935	-	443,200	(7,701,912)	-	4,739,223
Total equity and liabilities	**69,225,193**	**133,040**	**(1,520,867)**	**(7,701,912)**	**-**	**60,135,454**

(Stated in U.S. dollars)

19. Transition to IFRS (continued)

(d) Year ended December 31, 2008

	GAAP	IAS 16 - "Property, Plant and Equipment" *(h)(i)*	IAS 21 - "The Effect of Changes in Foreign Exchange Rates" *(h)(ii)*	IAS 31 - "Interests in Joint Ventures" *(h)(iii)*	IAS 36 - "Impairment of Assets" *(h)(iv)*	IFRS
	$	$	$	$	$	$
Continuing operations						
Revenue	3,399,248	-	-	3,399,248	-	-
Cost of sales	1,463,875	-	-	1,463,875	-	-
Gross profit	1,935,373	-	-	1,935,373	-	-
Exploration expenses	23,751,330	5,110	2,374	-	-	23,743,846
Share-based payments	3,233,145	-	-	-	-	3,233,145
Salaries and benefits	2,802,481	-	-	-	-	2,802,481
Travel	1,904,390	-	-	(475)	-	1,904,865
Office and administration	1,308,011	-	-	21,554	-	1,286,457
Consulting	542,215	-	-	88,786	-	453,429
Depreciation and amortization	390,539	(5,525)	41,144	188,087	-	166,833
Accounting	215,820	-	-	-	-	215,820
Insurance	99,043	-	-	8,341	-	90,702
Legal	2,416,702	-	-	-	-	2,416,702
Investor relations	19,943	-	-	-	-	19,943
Impairment of mineral property	17,028,438	-	-	-	17,028,438	-
Foreign exchange loss (gain)	(2,273,751)	-	(1,528,195)	-	-	(745,556)
Other income	(46,897)	-	-	-	-	(46,897)
Interest income	(558,266)	-	-	179,561	-	(737,827)
Share of profits from joint venture	-	-	-	1,644,386	-	(1,644,386)
Loss before income taxes	48,897,770	(415)	(1,484,677)	(1,449,519)	17,028,438	34,803,943
Income tax expense (recovery)						
Current	779,668	-	-	-	-	779,668
Deferred	(5,139,392)	-	-	(194,867)	(4,944,525)	-
	(4,359,724)	-	-	(194,867)	(4,944,525)	779,668
LOSS FOR THE YEAR	**44,538,046**	**(415)**	**(1,484,677)**	**(1,644,386)**	**12,083,913**	**35,583,611**
Other comprehensive income						
Exchange differences on translating foreign operations	454,000	-	(2,061,543)	-	(1,984,216)	4,499,759
Change in fair value of available for sale assets	3,109,320	-	-	-	-	3,109,320
Reclassicfication of gain on available for sale assets	-	-	-	-	-	-
Other comprehensive income for the year , net of tax	3,563,320	-	(2,061,543)	-	(1,984,216)	7,609,079
Total comprehensive loss for the year	**48,101,366**	**(415)**	**(3,546,220)**	**(1,644,386)**	**10,099,697**	**43,192,690**

(Stated in U.S. dollars)

19. Transition to IFRS (continued)

(e) Year ended December 31, 2009

	GAAP	IAS 16 - "Property, Plant and Equipment" *(h)(i)*	IAS 21 - "The Effect of Changes in Foreign Exchange Rates" *(h)(ii)*	IAS 31 - "Interests in Joint Ventures" *(h)(iii)*	IFRS
	$	$	$	$	$
Continuing operations					
Revenue	1,337,037	-	-	1,337,037	-
Cost of sales	532,098	-	-	532,098	-
Gross profit	804,939	-	-	804,939	-
Exploration expenses	22,877,513	(6,348)	35,677	-	22,848,184
Share-based payments	3,199,986	-	-	-	3,199,986
Salaries and benefits	2,089,472	-	-	-	2,089,472
Travel	1,754,795	-	-	4	1,754,791
Office and administration	1,188,375	-	-	24,740	1,163,635
Consulting	432,223	-	-	69,441	362,782
Depreciation and amortization	1,123,999	(5,179)	(30,509)	885,956	273,731
Accounting	146,310	-	-	-	146,310
Insurance	126,895	-	-	6,147	120,748
Legal	349,720	-	-	-	349,720
Investor relations	66,664	-	-	-	66,664
Foreign exchange loss (gain)	501,519	-	713,302	-	(211,483)
Other income	(93,252)	-	-	-	(93,252)
Interest income	(219,990)	-	-	(7,716)	(212,274)
Gain on sale of investment	(2,416,199)	-	-	-	(2,416,199)
Share of profits from joint venture	-	-	-	(336,603)	336,603
Impairment of freehold land	616,236	-	-	-	616,236
Loss before income taxes	30,939,327	(11,527)	718,470	(162,970)	30,395,654
Income tax expense (recovery)					
Current	248,374	-	-	-	248,374
Deferred	310,459	-	147,489	162,970	-
	558,833	-	147,489	162,970	248,374
LOSS FOR THE YEAR	**31,498,160**	**(11,527)**	**865,959**	**-**	**30,644,028**
Other comprehensive income					
Exchange differences on translating foreign operations	(646,852)	-	1,415,804	-	(2,062,656)
Change in fair value of available for sale assets	(4,365,900)	-	-	-	(4,365,900)
Reclassicfication of gain on available for sale assets	2,416,199	-	-	-	2,416,199
Other comprehensive income for the year , net of tax	(2,596,553)	-	1,415,804	-	(4,012,357)
Total comprehensive loss for the year	**28,901,607**	**(11,527)**	**2,281,763**	**-**	**26,631,671**

(Stated in U.S. dollars)

19. Transition to IFRS (continued)

(f) Reconciliation of equity as a result of the transition to IFRS as described by category of change

The post-tax effect resulting from the adoption of IFRS on comparative reporting periods is set out below.

	December 31, 2009	December 31, 2008	January 1, 2008
	$	$	$
Total shareholders' equity as previously reported	**57,227,258**	52,121,618	96,989,839
Adjusted for:			
• IAS 16 – "Property, Plant and Equipment" (Note 19(f)(i))	**133,040**	122,811	120,637
• IAS 21 – "The Effect of Changes in Foreign Exchange Rates" (Note 19(f)(ii))	**(1,964,067)**	(4,224,075)	(232,066)
• IAS 36 – "Impairment of Assets" (Note 19(f)(iv))	**-**	-	(10,542,897)
Shareholders' equity as restated	**55,396,231**	48,020,354	86,335,513

(g) Cash flows

The adoption of IFRS has had no impact on the net cash flows of the Company. The changes made to the Consolidated Statements of Financial Position and Consolidated Statements of Comprehensive Income have resulted in reclassifications of various amounts on the Consolidated Statements of Cash Flows, however as there have been no changes to the net cash flows, no reconciliations have been presented.

(h) Change in accounting policies as a result of adopting IFRS

(i) IAS 16 – "Property, Plant and Equipment"

Under GAAP the Company depreciated its property, plant and equipment based on the respective asset class to which an item belonged. Under IAS 16 – "Property, Plant and Equipment", IFRS requires depreciation of items of property, plant and equipment by major component as well as an annual re-assessment of residual values. The assessment of major components and residual values has resulted in a reduction in depreciation under the new standard.

19. Transition to IFRS (continued)

(h) Change in accounting policies as a result of adopting IFRS (continued)

(ii) IAS 21 – "The Effects of Changes in Foreign Exchange Rates"

On adoption of IFRS, the Company re-evaluated the functional currencies of its subsidiaries under IAS 21 – "The Effects of Changes in Foreign Exchange Rates". This evaluation resulted in some of the Company's subsidiaries changing their functional currency. In addition any changes resulting from changes in functional currencies, the Company also elected to apply an exemption available under IFRS whereby all accumulated cumulative translation differences which arose prior to the date of adoption IFRS are deemed to be zero.

(iii) IAS 31 – "Interest in Joint Ventures"

Under IAS 31 – "Interest in Joint Ventures", an entity has the option to account for interests in joint ventures using either proportionate consolidation or equity accounting. The Company has elected to account for its interests in joint ventures using the equity method whereas under GAAP the Company was required to account for its interests in joint ventures using proportionate consolidation.

(iv) IAS 36 – "Impairment of Assets"

Under IAS 36 – "Impairment of Assets", discounted cash flow projections are used to assess impairment whereas under GAAP undiscounted cash flows are used.

20. Subsequent events

In January 2011, the Company closed a private placement of 1,500,000 units raising gross proceeds of $22.5 million. Each unit was priced at $15.00 and consisted of one common share, one half warrant and one liquidity right. If the Company completes an Initial Public Offering ("IPO"), each whole warrant entitles the holder to purchase one additional common share at the IPO price for a period of two years following the IPO. In the event that the Company does not complete an IPO by December 31, 2011, each liquidity right grants the holder an additional 0.1 share for no additional consideration.

21. Approval of the financial statements

The Consolidated Financial Statements of Ivanhoe Nickel & Platinum Ltd. For the year ended December 31, 2010 were approved and authorized for issue by the Board of Directors on April 6, 2011.