Consolidated financial statements of

Ivanhoe Nickel & Platinum Ltd.

December 31, 2009 and 2008
(Stated in U.S. dollars)

Ivanhoe Nickel & Platinum Ltd.
December 31, 2009 and 2008

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Auditors' report

To the Shareholders of
Ivanhoe Nickel & Platinum Ltd.

We have audited the consolidated balance sheets of Ivanhoe Nickel & Platinum Ltd. as at December 31, 2009 and 2008 and the consolidated statements of operations, shareholders' equity and comprehensive income and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(Signed) Deloitte & Touche LLP

Chartered Accountants
April 7, 2010

Ivanhoe Nickel & Platinum Ltd.

Consolidated statement of operations
years ended December 31, 2009 and 2008

(stated in U.S. dollars)

	2009	2008
	$	$
Revenue	**1,337,037**	3,399,248
Cost of sales	**1,238,963**	1,463,875
	98,074	1,935,373
Expenses (Note 12)		
Exploration (Schedule)	**22,655,656**	23,705,126
Stock-based compensation	**3,199,986**	3,233,145
Salaries and benefits	**2,089,472**	2,802,481
Travel	**1,774,795**	1,904,390
Office and administration	**1,188,375**	1,307,318
Consulting	**540,828**	542,215
Foreign exchange loss (gain)	**501,819**	(2,273,751)
Depreciation	**417,134**	390,539
Legal	**349,720**	2,416,702
Accounting	**146,310**	215,820
Insurance	**126,895**	99,043
Investor relations	**66,664**	19,943
	33,057,654	34,362,971
Other (income) expenses		
Interest income	**(219,990)**	(558,266)
Gain on sale of investment (Note 15(a))	**(2,416,199)**	-
Write-down of other capital assets	**616,236**	-
Write-down of mineral property interest (Note 6 (a))	**-**	17,028,438
Loss before income taxes	**30,939,627**	48,897,770
Income tax expense (recovery) (Note 8)		
Current	**248,374**	779,668
Future	**310,459**	(5,139,392)
	558,833	(4,359,724)
Net loss	**31,498,460**	44,538,046
Basic loss per common share	**0.42**	0.60
Weighted average number of common shares outstanding (including common shares from special warrants)	**75,342,941**	74,009,847

Ivanhoe Nickel & Platinum Ltd.

Consolidated statements of shareholders' equity and comprehensive income

(stated in U.S. dollars)

	Share capital		Special warrants					
	Number of shares	Amount	Number of warrants	Amount	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total
		$		$	$	$	$	$
Balances, December 31, 2007	51,681,766	88,157,311	19,267,499	141,451,673	8,113,630	1,247,615	(141,980,390)	96,989,839
Net loss	-	-	-	-	-	-	(44,538,046)	(44,538,046)
Other comprehensive loss (Note 11)	-	-	-	-	-	(3,563,320)	-	(3,563,320)
Comprehensive loss								(48,101,366)
Stock-based compensation charged to operations	-	-	-	-	2,799,595	-	-	2,799,595
Bonus shares issued (Note 9 (c))	65,000	433,550	-	-	-	-	-	433,550
Adjustment to opening balance	-	-	300,000	-	-	-	-	-
Agent warrants (Note 9 (b))	-	-	541,031	-	-	-	-	-
Special warrants converted to shares (Note 10)	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	(2,315,705)	(186,518,436)	52,121,618
Net loss	-	-	-	-	-	-	(31,498,461)	(31,498,461)
Other comprehensive income (Note 11)	-	-	-	-	-	2,596,553	-	2,596,553
Comprehensive loss								(28,901,908)
Stock-based compensation charged to operations	-	-	-	-	2,933,186	-	-	2,933,186
Bonus shares issued (Note 9 (c))	40,000	266,800	-	-	-	-	-	266,800
Shares issued, net (Note 9 (d))	3,355,111	25,918,664	-	-	3,239,833	-	-	29,158,497
Agent warrants exercised (Note 9 (b))	324,619	1,649,065	(324,619)	-	-	-	-	1,649,065
Special warrants converted to shares (Note 10)	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	280,848	(218,016,897)	57,227,258

Ivanhoe Nickel & Platinum Ltd.

Consolidated balance sheets
as at December 31, 2009 and 2008

(stated in U.S. dollars)

	2009	2008
	$	$
Assets		
Current assets		
Cash and cash equivalents	**29,934,989**	21,882,371
Accounts receivable (Note 5)	**1,397,339**	907,373
Prepaid expenses	**1,994,966**	1,751,132
	33,327,294	24,540,876
Available-for-sale securities (Note 15)	**-**	707,972
Mineral properties (Note 6)	**6,939,547**	6,939,547
Intangible asset (Note 4)	**11,663,281**	12,370,146
Other capital assets (Note 7)	**16,987,370**	17,894,026
Other assets	**307,701**	201,680
	69,225,193	62,654,247
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**2,715,958**	2,763,453
Income taxes payable (Note 8)	**171,291**	440,260
	2,887,249	3,203,713
Future income tax liabilities (Note 8)	**5,208,791**	3,783,330
Long-term debt (Note 4)	**3,901,895**	3,545,586
	11,997,935	10,532,629
Shareholders' equity		
Share capital		
Authorized		
Unlimited preferred shares without par value		
Unlimited common shares without par value		
Issued and outstanding common shares	**139,153,439**	109,565,861
Special warrants (Note 10)	**118,723,624**	120,476,673
Contributed surplus	**17,086,244**	10,913,225
Accumulated other comprehensive income (loss) (Note 11)	**280,848**	(2,315,705)
Deficit	**(218,016,897)**	(186,518,436)
	(217,736,049)	(188,834,141)
	57,227,258	52,121,618
	69,225,193	62,654,247

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 statements of cash flows
years ended December 31, 2009 and 2008
(stated in U.S. dollars)

	2009	2008
	$	$
Operating activities		
Net loss	**(31,498,460)**	(44,538,046)
Items not involving cash		
Stock-based compensation	**3,199,986**	3,233,145
Depreciation and amortization	**2,629,110**	1,639,499
Unrealized foreign exchange loss/(gain)	**961,758**	(2,251,819)
Write-down of other capital assets	**616,236**	-
Future income tax (recovery)	**310,459**	(5,139,392)
Gain on sale of investment	**(2,416,199)**	-
(Gain)/loss on disposal of other assets	**(18,228)**	9,161
Write-down of mineral property interest (Note 6 (a))	**-**	17,028,438
	(26,215,338)	(30,019,014)
Change in non-cash working capital items (Note 13 (a))	**413,699**	(1,370,597)
	(25,801,639)	(31,389,611)
Investing activities		
Proceeds from sale of investment	**5,111,587**	-
Proceeds from sale of other capital assets	**29,060**	54,184
Expenditures on other capital assets	**(1,400,780)**	(6,002,873)
Purchase of investments	**(169,231)**	-
(Expenditures) recovery on other assets	**(64,000)**	64,000
Acquisition of joint venture, net of cash acquired (Note 13 (b))	**-**	(4,335,599)
	3,506,636	(10,220,288)
Financing activities		
Common shares issued, net of issue costs	**29,158,497**	-
Special warrants exercised for common shares	**1,649,065**	-
	30,807,562	-
Effect of foreign exchange rate changes on cash	**(459,941)**	(21,932)
Net cash inflows (outflows)	**8,052,618**	(41,631,831)
Cash and cash equivalents, beginning of year	**21,882,371**	63,514,202
Cash and cash equivalents, end of year	**29,934,989**	21,882,371
Cash and cash equivalents consists of		
Cash	**6,556,182**	8,923,486
Short-term fixed deposits	**23,378,807**	12,958,885
	29,934,989	21,882,371

Supplemental cash flow information (Note 13)

1. Nature of operations and basis of presentation

Ivanhoe Nickel & Platinum Ltd. is a Canadian mining exploration company which, together with its subsidiaries, is focused on the exploration, development and recovery of minerals and precious gems from its property interests located primarily in Africa and Australia. These consolidated financial statements have been 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 $217,417,510. 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.

2. Significant accounting policies

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

(a) Principles of consolidation

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), Rhenfield Limited (BVI) and Ivanplats Syerston Pty Ltd. (Australia). Ivanhoe Nickel & Platinum Ltd. and its subsidiaries are individually and collectively referred to in these financial statements as the "Company".

In 2007, the Company acquired a 50% interest in Rhenfield Limited (Note 4 (a)). Rhenfield Limited ("Rhenfield") is subject to joint control and is consolidated on a proportionate basis whereby the Company includes in these consolidated financial statements its proportionate share of the assets, liabilities, revenues and expenses of Rhenfield.

In 2006, the Company acquired a 25% interest in the RK1 consortium (Note 4 (b)) 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), which is subject to joint control, is consolidated on a proportionate basis whereby the Company includes in these consolidated financial statements its proportionate share of the assets, liabilities, revenues and expenses of the RK1 consortium.

All intercompany transactions and balances have been eliminated.

Variable Interest Entities ("VIEs"), which include, but are not limited to, special purpose entities, trusts, partnerships, and other legal structures, as defined by the Accounting Standards Board in Accounting Guideline 15, *Consolidation of Variable Interest Entities*, are entities in which equity investors do not have the characteristics of a "controlling financial interest" or there is not sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. VIEs are subject to consolidation by the primary beneficiary who will absorb the majority of the entities' expected losses and/or expected residual returns. The Company has not identified any VIEs at December 31, 2009.

2. Significant accounting policies (continued)

(b) Measurement uncertainties

Generally accepted accounting principles require management to make assumptions and estimates that affect the reported amounts and other disclosures in these consolidated financial statements. Actual results may differ from those estimates.

Significant estimates used in the preparation of these consolidated financial statements include, amongst other things, the recoverability of accounts receivable, future income tax assets and investments, the expected economic lives of and the estimated future operating results and net cash flows from mineral properties and other capital assets, the carrying value of the intangible asset and the fair values of stock options.

(c) Foreign currencies

The functional currency of the Company and its subsidiaries is the U.S. dollar since it is the transaction currency of the primary economic environment in which the Company and its subsidiaries operate.

Monetary assets and liabilities denominated in foreign currencies have been translated into U.S. dollars at the exchange rate in effect at the balance sheet date and non-monetary assets and liabilities at the exchange rates in effect at the time of acquisition or issue. Revenues and expenses denominated in foreign currencies have been translated at rates approximating exchange rates in effect at the time of the transactions. All exchange gains and losses are included in operations.

Self-sustaining operations are accounted for using the current rate method. The current rate method provides that all assets and liabilities are translated at the year-end rate of exchange and all revenue and expense items are translated at the average rate of exchange prevailing during the period. Exchange gains and losses arising from this translation, representing the net unrealized foreign currency translation gain/(loss) on the Company's net investment in the foreign operation, are recorded in accumulated other comprehensive income within shareholders' equity. The Company's 25% interest in the RK1 Consortium is self-sustaining.

(d) Cash and cash equivalents

Cash includes short-term fixed deposits with terms to maturity, at the date of acquisition, not exceeding 90 days.

(e) Mineral properties

Direct costs related to the acquisition of mineral properties are capitalized on a property by property basis. Exploration costs, net of incidental revenues, 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 undiscounted net cash flows. An impairment loss is recognized when the carrying value of those assets is not recoverable and exceeds their fair value.

2. Significant accounting policies (continued)

(e) Mineral properties (continued)

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.

(f) Financial instruments

All financial instruments are initially recorded at fair value. Financial assets are designated upon inception as either (i) held-to-maturity, (ii) held-for-trading, (iii) available-for-sale, or (iv) other loans and receivables. The designation determines the method by which the financial assets are carried on the balance sheet 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 balance sheet 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) except for losses in value that are considered other than temporary. The Company does not have any financial assets other than cash and cash equivalents that are designated as held-to-maturity or held-for-trading.

Financial liabilities are designated as either (i) held-for-trading or (ii) other liabilities. All of the Company's financial liabilities have been designated as other liabilities and are carried on the balance sheet at amortized cost.

Transaction costs associated with held-for-trading 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.

(g) Other capital assets

Other capital assets are stated at cost and depreciated using the straight-line method over the following periods:

Office equipment, furniture and fixtures	3-5 years
Plant, equipment, buildings and mobile equipment	5-20 years

Assets under construction are stated at cost and are not depreciated until they are put into use.

The Company reviews the carrying values of its other capital assets 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 undiscounted net cash flows. An impairment loss is recognized when the carrying value of those assets is not recoverable and exceeds their fair value.

2. Significant accounting policies (continued)

(h) *Intangible asset*

The RK1 consortium has an offtake arrangement for the supply of tailings for retreatment and a refining contract to sell platinum group metals concentrate. The arrangement is being amortized over 20 years, the current expected life of mine. During the year ended December 31, 2009, $0.7 million (2008 - $0.7 million) was recorded as amortization. An evaluation of the carrying value is undertaken whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

(i) *Asset retirement obligations*

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, 2009 and 2008, there was no material asset retirement obligation.

(j) *Income taxes*

Future income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the balance sheet and their corresponding tax values, using the enacted or substantively enacted, as applicable, income tax rates at each balance sheet date. Future income tax assets also result from loss carry-forwards and other deductions available to the Company and its subsidiaries. The value of future income tax assets is reviewed on a regular basis and adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount.

(k) *Revenue recognition*

Revenue from the sale of metals is recognized, net of related royalties and sales commissions, when: (i) persuasive evidence of an arrangement exists; (ii) the risks and rewards of ownership pass to the purchaser including delivery of the product; (iii) the selling price is fixed or determinable; and (iv) collectibility is reasonably assured.

(l) *Stock-based compensation*

The Company accounts for stock options granted using the fair value based method of accounting for stock-based compensation. Accordingly, the fair value of the options at the date of grant is accrued and charged to operations, with an offsetting credit to contributed surplus, on a straight-line basis over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

2. Significant accounting policies (continued)

(m) Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares and common shares arising from the special warrants outstanding during the year. As the Company has incurred losses in each of the years presented, the impact of any potential dilutive items, such as options, are anti dilutive.

(n) Future accounting changes

(i) Business Combinations/Consolidated Financial Statements/Non-Controlling Interests

In January 2009, the CICA issued Sections 1582, "Business Combinations", 1601, "Consolidated Financial Statements", and 1602, "Non-Controlling Interests", which superseded current Sections 1581, "Business Combinations", and 1600 "Consolidated Financial Statements". These new sections replaced existing guidance on business combinations and consolidated financial statements to harmonize Canadian accounting for business combinations with IFRS. These sections will be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier adoption is permitted. If an entity applies these sections before January 1, 2011, it is required to disclose that fact and apply each of the new sections concurrently. The Company is currently evaluating the impact of the adoption of these changes on its consolidated financial statements.

(ii) Conversion of accounting policies to International Financial Reporting Standards

In 2007, the CICA Accounting Standards Board ("ASB") announced its plan for Canadian companies to report in accordance with International Financial Reporting Standards ("IFRS"). Canadian publicly accountable entities will need to issue their financial statements in accordance with IFRS by January 1, 2011. However, there are a number of other steps with respect to the adoption of IFRS which need to be addressed before 2011.

The Company is planning on early adopting IFRS for fiscal 2010. The Company is currently evaluating the financial reporting impact of the transition to IFRS.

3. Change in accounting policies

In 2009, the Company adopted the following provisions of the CICA Handbook. There was no material impact on the Company's financial condition or operating results, as a result of the adoption of these new standards:

(i) Goodwill and other intangible assets

Effective January 1, 2009, the Company adopted the new recommendations of the CICA Handbook Section 3064, "Goodwill and Intangible Assets", which replaced Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs". The new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets subsequent to their initial recognition. The adoption of this standard did not have a significant impact on the consolidated financial statements.

(ii) Credit risk and the fair value of financial assets and financial liabilities

In January 2009, the CICA issued EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities" which requires the Company to consider its own credit risk as well as the credit risk of its counterparty when determining the fair value of financial assets and liabilities, including derivative instruments. The accounting treatments provided in EIC-173 have been applied in the preparation of these consolidated financial statements. The adoption of this standard did not have an impact on the valuation of financial assets or liabilities

(iii) Mining exploration costs

In March 2009, the CICA issued EIC-174, "Mining Exploration Costs" which provides guidance to mining enterprises related to the accounting and the conditions that a mining enterprise should consider when determining the need to perform an impairment review of such costs. The accounting treatments provided in EIC-174 have been applied in the preparation of these consolidated financial statements and did not have an impact on the accounting for exploration costs.

(iv) Financial instruments – Recognition and measurement

In July 2009, the Accounting Standards Board approved amendments to Section 3855, "Financial Instruments: Recognition and Measurement", in order to converge with international standards for impairment of debt instruments by changing the categories into which debt instruments are required and permitted to be classified. These amendments will permit (or require in certain circumstances) entities to reclassify certain investments in debt instruments, amend the guidance regarding impairment measurement for held-to-maturity debt instruments and require reversals of impairment losses for available-for-sale debt instruments when conditions have changed. These amendments apply only to investments in debt instruments and do not apply to investments in equity instruments or to debt instruments that have been designated at origination as held-for-trading. The amendments are effective for annual financial statements for fiscal years beginning on or after November 1, 2008. The adoption of this standard did not have an impact on the classification of its investments in debt instruments.

(v) Financial instruments - Disclosures

In June 2009, the CICA amended Section 3862, "Financial Instruments – Disclosures", to include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosures. These amendments require a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. Additional disclosures are included in note 14.

(Stated in U.S. dollars)

4. Joint ventures

(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.

These consolidated financial statements include the Company's proportionate share of Rhenfield's assets, liabilities, revenues, expenses, income after taxes and cash flows as follows:

	2009	2008
	$	$
Income statement		
Expenses	**(30,078)**	(29,015)
Depreciation	**(121,817)**	(130,150)
Interest expense on long-term debt	**(83,997)**	(342,568)
Foreign exchange gain	**(358,336)**	1,308,841
(Expenditure) / Income before taxes	**(594,228)**	807,108
Balance sheet		
Cash	**7,943**	12,831
Receivables	**401**	364
Prepaid expenses	**6,043**	4,632
Other capital assets		
Buildings	**8,194,774**	8,269,328
Office equipment	**67,205**	77,439
Furniture and fittings	**290,586**	323,083
Accounts payable	**(179)**	(5,098)
Shareholders loan	**(4,392,047)**	(4,269,934)
Long-term debt (i)	**(3,901,895)**	(3,545,586)
Retained earnings	**(272,309)**	(866,537)
Investment in Rhenfield Ltd. eliminated	**522**	522

	2009	2008
	$	$
Cash flow statement		
Opening balance	**12,831**	104,353
Cash outflow from operating activities	**(41,592)**	(92,970)
Cash flow received from investing activities	**(4,532)**	(403,776)
Cash flow received from financing activities	**41,236**	405,224
	7,943	12,831

4. Joint ventures (continued)

(a) (continued)

(i) The long-term debt of $3,901,895 (£2,450,000) is a five year mortgage bond, fully repayable at the end of the term, secured by the property, that incurs interest at a rate of LIBOR plus 1.2% (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 installments, 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 installments 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. 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.
- 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 $2,036,755 (R15,049,173). The vendors objected to the assessment by the South African Revenue Service and as at December 31, 2009 the taxes were outstanding.
- The tax liability and corresponding receivable are disclosed in these financial statements in Note 17.

Subsequent to December 31, 2009, the Company committed to a plan to sell their 25% interest in RK1. On March 30, 2010, the Company entered into an agreement with Pan African Resources PLC to dispose of their interest in RK1 for proceeds of $7.2 million and a working capital adjustment.

(Stated in U.S. dollars)

4. Joint ventures (continued)

(b) (continued)

These consolidated financial statements include the Company's proportionate share of RK1's assets, liabilities, revenues, expenses, income after taxes and cash flows as follows:

	2009	2008
	$	$
Income statement		
Sales	**1,337,037**	3,399,248
Cost of sales	**(1,238,963)**	(1,463,875)
	98,074	1,935,373
Expenses	**(277,716)**	(288,676)
Interest income	**248,702**	328,166
Income before taxes	**69,060**	1,974,863
Balance sheet		
Cash	**2,870,471**	3,549,154
Other current assets	**805,667**	517,759
Intangible asset (i)	**11,663,281**	12,370,146
Other capital assets	**1,065,878**	881,272
Intercompany advances	**2,906,671**	1,060,259
Accounts payable	**(412,916)**	(746,634)
Future income tax liability	**(3,570,128)**	(2,607,601)
Accumulated other comprehensive income	**(280,848)**	366,004
Retained earnings	**(2,741,569)**	(3,083,852)
Investment in RK1 eliminated on consolidation	**12,306,507**	12,306,507

(i) The Company's initial investment in RK1 exceeds its proportionate share of the net assets of RK1 by $14.1 million, which is included in intangible asset. This amount is being amortized over 20 years with $706,866 recorded for the year ended December 31, 2009 (2008 - $706,866).

	2009	2008
	$	$
Cash flow statement		
Opening balance	**3,549,154**	1,766,671
Cash flow used in operating activities	**(678,683)**	1,795,094
Cash flow paid from investing activities	**-**	(12,611)
Cash flow received from financing activities	**-**	-
	2,870,471	3,549,154

(Stated in U.S. dollars)

5. Accounts receivable

	2009	2008
	$	$
Trade receivables	**793,505**	493,459
Arbitration costs recovery (Note 4 (b))	**211,457**	298,049
Advances	**225,000**	-
Refundable taxes	**139,168**	59,749
Other	**28,209**	40,462
Receivable from joint venture partner	**-**	15,654
	1,397,339	907,373

6. Mineral properties

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

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

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

	2009	2008
	$	$
Syerston, Australia (a)	**8,969,796**	8,614,140
Platreef, South Africa (b)	**50,426,812**	45,862,483
Mufumbwe, Zambia (c)	**3,449,657**	3,445,884
Democratic Republic of Congo ("DRC") (d)	**56,979,304**	39,743,382
Limpopo, South Africa (e)	**3,317,410**	2,826,962
Other	**1,018,026**	1,012,498
	124,161,005	101,505,349

6. Mineral properties (continued)

(a) Syerston 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. In December 2008, the Syerston Mineral Property was reviewed for impairment. Due to a lack of economics until a significant breakthrough in metallurgical processes is made, it was decided that the mineral property should be impaired by $17,028,438 before a tax recovery of $5,108,530.

(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.

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
- 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

6. Mineral properties (continued)

(b) Platreef properties (continued)

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.

(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 to $1.

(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 are due for renewal in March 2010.

6. Mineral properties (continued)

(e) *Limpopo properties*

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.

(Stated in U.S. dollars)

7. Other capital assets

			2009
	Cost	**Accumulated depreciation & impairment**	**Net book value**
	$	**$**	**$**
Land	**3,946,060**	**616,236**	**3,329,824**
Office equipment	**1,636,955**	**1,242,912**	**394,043**
Furniture and fixtures	**626,833**	**209,826**	**417,007**
Mobile equipment	**3,012,074**	**1,488,761**	**1,523,313**
Plant, equipment and buildings	**11,973,531**	**1,491,103**	**10,482,428**
Assets under construction	**840,755**	**-**	**840,755**
	22,036,208	**5,048,838**	**16,987,370**

			2008
	Cost	Accumulated depreciation	Net book value
	$	$	$
Land	3,946,060	-	3,946,060
Office equipment	1,479,710	905,321	574,389
Furniture and fixtures	630,146	140,473	489,673
Mobile equipment	3,054,790	988,662	2,066,128
Plant, equipment and buildings	10,636,415	477,764	10,158,651
Assets under construction	659,125	-	659,125
	20,406,246	2,512,220	17,894,026

8. Income taxes

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

	2009	2008
	$	$
Net loss for the year	**30,939,627**	48,897,770
Statutory tax rate	**30.00%**	31.00%
Expected recovery of income taxes based on combined Canadian and provincial statutory rates	**(9,281,888)**	(15,158,309)
Add (deduct):		
Different effective tax rates in foreign jurisdictions	**(1,956,035)**	(817,560)
Change in valuation allowance	**13,425,096**	7,305,740
Non-deductible expenses	**588,558**	4,996,873
Change in future tax rate	**(881,778)**	700,982
Other	**(1,335,120)**	(1,387,450)
Income tax (recovery) expense	**558,833**	(4,359,724)

(Stated in U.S. dollars)

8. Income taxes (continued)

At December 31, 2009, the Company has income tax payable of $171,291 (2008 - $440,260) for its earnings in respect of its 25% interest in the RK1 Consortium.

The Company's future income tax assets and liabilities are as follows:

	2009	2008
	$	$
Future income tax assets		
Non-capital loss carryforwards	**58,983,498**	45,581,392
Capital loss carryforwards	**2,976,310**	2,652,518
Foreign exploration expenses	**636,850**	522,539
Capital assets	**74,494**	75,030
Investments	**-**	414,576
Total future income tax assets	**62,671,152**	49,246,055
Valuation allowance	**(62,671,152)**	(49,246,055)
Net future income tax assets	**-**	-
Future income tax liabilities		
Intangible asset	**3,265,719**	2,607,600
Capital assets	**1,943,072**	1,175,730
Net future income tax liabilities	**5,208,791**	3,783,330

At December 31, 2009, the Company and its subsidiaries have unrecognized non-capital losses for income tax purposes of approximately $179,481,000 (2008 - $124,142,000) 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	493,322,000	66,766,000	(a)
Congolese franc	CDF	46,279,736,000	57,833,000	(b)
Canadian dollar	$	39,543,000	37,681,000	2010 to 2028
Australian dollar	$	15,318,000	13,681,000	(a)
Zambian kwacha	ZMK	12,769,924,000	2,777,000	2010 to 2015
English Pound	£	373,000	594,000	(a)
Namibian dollar	NAD	1,101,000	149,000	(a)
			179,481,000	

(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 commence.

At December 31, 2009, the Company also has unrecognized Canadian capital losses for tax purposes of approximately $23,810,479 (Cdn$24,986,717) that are available indefinitely to offset any future net realized capital gains.

(Stated in U.S. dollars)

9. Share capital

(a) 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, 2009, 10,000,000 shares were reserved for the future exercise of stock options, of which 2,205,000 have been granted and exercised, 5,525,000 have been granted and are outstanding, and a further 2,270,000 are available to allocate.

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

		2009		2008
Expiry date	**Number of options**	**Weighted average exercise price**	Number of options	Weighted average exercise price
		$		$
Balance, beginning of year	**6,980,000**	**7.60**	6,680,000	7.60
Granted	**770,000**	**7.43**	675,000	8.00
Forfeited	**(2,225,000)**	**6.88**	(375,000)	7.55
	5,525,000	**7.92**	6,980,000	7.60

A compensation cost of $2,251,375 for the options granted during the year ended December 31, 2009 (2008 - $1,447,051) will be amortized over the vesting period, of which $623,335 was recognized in the year ended December 31, 2009 (2008 - $562,451).

(Stated in U.S. dollars)

9. Share capital (continued)

(a) Options (continued)

The following table summarizes information about stock options outstanding and exercisable as at December 31, 2009:

	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	600,000	8.00
May 10,2012	500,000	8.00	300,000	8.00
August 8, 2012	100,000	8.00	60,000	8.00
September 9, 2012	2,500,000	8.00	1,500,000	8.00
January 1, 2013	500,000	8.00	200,000	8.00
March 18, 2013	155,000	8.00	62,000	8.00
May 28, 2014	220,000	6.67	44,000	6.67
August 12, 2014	300,000	6.67	60,000	6.67
November 10, 2014	250,000	9.00	50,000	9.00
	5,525,000	7.92	2,876,000	7.97

The weighted average grant-date fair value of stock options granted during 2009 was $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, recognizing forfeitures as they occur, using the following weighted average assumptions for the 2009 stock option grant:

	2009	2008
Risk free interest rate	**2.41%**	3.06%
Expected volatility	**29.63%**	23.12%
Expected years of option life	**5 years**	5 years
Expected dividends	**$Nil**	$Nil

(b) 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.

(c) Bonus shares

During the year a total of 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 $266,800 (2008: $433,550).

(Stated in U.S. dollars)

9. Share capital

(d) *Shares issued*

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 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, 2010, each liquidity right grants the holder an additional 0.1 share for no additional consideration. 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. 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.

10. Special warrants

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 16,642,499 special warrants outstanding exercisable into 19,145,998 common shares.

11. Accumulated other comprehensive income (loss)

	2009	2008
	$	$
Balance, beginning of the year	**(2,315,705)**	1,247,615
Cumulative translation adjustment	**646,852**	(454,000)
Change in fair value of available for sale security (i)	**4,365,900**	(3,109,320)
Reclassification of gain on available for sale security (i)	**(2,416,199)**	-
	280,848	(2,315,705)

(i) Net of tax expense of $nil (2008 - $nil)

(Stated in U.S. dollars)

12. Other related party transactions

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:

	2009	2008
	$	$
Global Mining Management Corporation (a)	**668,728**	571,458
Ivanhoe Capital Aviation LLC (b)	**1,200,000**	1,025,000
Ivanhoe Capital Pte. Ltd. (c)	**-**	451
Ivanhoe Capital Services Ltd. (d)	**277,534**	238,525
Global Mining Services Ltd. (e)	**190,797**	167,973
Ivanhoe Capital Corporation (UK) Limited (f)	**194,749**	327,605
I2MS.net PTE LTD (g)	**175,718**	63,075
	2,707,526	2,394,087
Salaries and benefits	**696,037**	528,158
Office and administration	**724,792**	738,422
Travel	**1,273,197**	1,114,153
Consulting	**13,500**	13,354
	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, 2009, accounts payable included $482,849 (2008 - $107,529), accounts receivable $nil (2008 - $15,654) and other long-term assets included $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 Pte. Ltd. ("Ivanhoe Capital") is a private company 100% owned by a director of the Company. Ivanhoe Capital provides administration, accounting and other services in Singapore and London on a cost-recovery basis.

(d) Ivanhoe Capital Services Ltd. ("Services") is a private company 100% owned by a director of the Company. Services provide for salaries associated with certain employees of the Company in Singapore on a cost-recovery basis.

(e) 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. Other related party transactions (continued)

(f) 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.

(g) 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.

(h) 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

(a) Net change in non-cash working capital items

	2009	2008
	$	$
Net (increase) decrease in		
Accounts receivable	**(489,966)**	1,196,450
Prepaid expenses	**(243,834)**	(499,677)
Net (decrease) increase in		
Income taxes payable	**(268,969)**	(440,732)
Accounts payable and accrued liabilities	**1,416,468**	(1,626,638)
	413,699	(1,370,597)

(b) Acquisition of joint venture (Note 4 (b))

In 2008, an amount of $4,335,599 was paid to the vendors of Gardner and Barnard Mining (UK) Limited as settlement of the amount owing to them.

(c) Net interest received

	2009	2008
	$	$
Interest received	**305,125**	1,428,139
Interest paid	**(85,135)**	(873,096)
Net interest received	**219,990**	555,043

(Stated in U.S. dollars)

14. Segment disclosures

(a) The Company operates in one industry segment but different operating segments (Note 1).

(b) *Mineral properties at the end of the period*

	2009	2008
	$	$
Australia	**1**	1
South Africa	**6,939,544**	6,939,544
Zambia	**1**	1
DRC	**1**	1
	6,939,547	6,939,547

(c) *Intangible asset and other capital assets at the end of the period*

	2009	2008
	$	$
United Kingdom	**8,552,565**	8,669,850
South Africa	**14,634,779**	15,415,946
DRC	**3,415,497**	3,500,079
Zambia	**-**	11,358
Canada	**2,017**	4,128
Australia	**2,045,793**	2,662,811
	28,650,651	30,264,172

(d) All of the Company's revenues are earned in South Africa. The Company's revenue is generated through two customers who account for 42% (2008 - 35%) and 58% (2008 - 65%) of revenue, respectively. The Company'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 Company is not economic dependent on its current customers as PGM's have an active market worldwide.

15. Financial instruments

(a) *Fair value of financial instruments*

The amended Section 3862, Financial Instruments – Disclosures, 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 for 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:

(Stated in U.S. dollars)

15. Financial instruments (continued)

(a) Fair value of financial instruments (continued)

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.

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

Assets Measured at Fair Value

	Level 1	Level 2	Level 3	Total
2009				
Available-for-sale investments	-	-	-	-
2008				
Available-for-sale investments	707,972	-	-	707,972

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 and short-term maturity of these financial instruments, the fair value approximates the carrying amount.

Long-term debt is market rate based and thus the carrying value approximates the fair value.

(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.

(Stated in U.S. dollars)

15. Financial instruments (continued)

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

(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.

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

	2009	2008
	$	$
Assets		
Canadian dollar	**1,433,452**	2,459,366
Australian dollar	**76,621**	56,141
South African rand	**4,424,178**	5,343,955
British pounds	**426,748**	17,463
Liabilities		
Canadian dollar	**66,554**	50,237
Australian dollar	**224,547**	211,315
South African rand	**642,609**	1,051,836
British pounds	**3,924,736**	3,572,113

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.

(Stated in U.S. dollars)

15. Financial instruments

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

	2009	2008
	$	$
Decrease in		
Loss for the year	**75,128**	393,846

(ii) Interest rate risk

The Company is exposed to cash flow interest rate risk with respect to the variable rate of interest incurred on the amounts due under long-term debt. The fair value interest rate risk on bank deposits is insignificant as the amounts are short-term. The average interest rate received on short term deposits for 2009 were 2.69% (2008 – 2.55%).

(iii) 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.

In addition, the Company reviews the recoverable amount of their receivables at each balance sheet 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, 2009					
Accounts receivable	-	1,397,339	-	-	**1,397,339**
As at December 31, 2008					
Accounts receivable	-	907,373	-	-	**907,373**

(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)

15. Financial instruments

(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.

	Weighted average effective interest rate	Less than 1 month	1 to 3 months	3 to 6 months	Over 6 months	Total undiscounted cash flows
	%	$	$	$	$	$
As at December 31, 2009						
Trade and other payables	-	-	2,715,958	-	-	2,715,958
Long-term debt	LIBOR + 1.2	-	-	-	3,901,895	3,901,895
		-	2,715,958	-	3,901,895	6,617,853
As at December 31, 2008						
Trade and other payables	-	-	2,763,452	-	-	2,763,452
Long-term debt	LIBOR + 1.2	-	-	-	3,545,586	3,545,586
		-	2,763,452	-	3,545,586	6,309,038

16. 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.

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 ($2,036,755). The vendors objected to the assessment and as at December 31, 2009 the taxes are still payable.

Ivanhoe Nickel & Platinum Ltd.
Consolidated schedules of exploration expenses
years ended December 31, 2009 and 2008
(stated in U.S. dollars)

	2009	2008
	$	$
Drilling	**8,719,393**	8,633,224
Salaries and benefits	**3,746,476**	3,839,204
Consulting	**2,411,353**	4,059,519
Project management	**1,932,484**	2,724,910
Geology	**270,461**	277,627
Other	**112,226**	544,250
Surveying	**79,357**	97,453
Geophysics	**16,378**	289,014
Geochemical	**447**	98,087
Metallurgical	**-**	28,178
Depreciation	**1,505,111**	542,095
Licenses	**1,015,527**	634,901
Motor vehicle running cost	**1,008,787**	836,451
Assay	**668,766**	702,411
Office and administration	**555,072**	996,897
Legal	**480,423**	429,965
Camp costs	**443,167**	447,131
Travel	**431,267**	424,519
Site security and safety	**358,889**	409,629
Repairs and maintenance	**294,375**	449,413
Rent	**241,530**	217,050
Communications	**177,421**	180,563
Accounting	**136,928**	123,489
Sampling	**136,792**	139,474
Community liaison	**126,588**	384,824
Membership cost	**71,124**	(7,548)
Insurance	**57,685**	150,956
Hydrological	**28,749**	15,000
Investor relations	**13,412**	12,267
Storage	**12,207**	17,019
Site establishment	**10,892**	-
Environmental	**8,209**	2,602
Maps and photos	**6,663**	7,986
Property expenses	**4,020**	23,530
Regulatory and filing fees	**3,042**	22,701
Loss on disposal of other assets	**(18,212)**	9,854
	22,655,656	23,705,126
Democratic Republic of Congo	**17,235,922**	15,531,189
South Africa	**5,060,305**	7,255,042
Australia	**355,656**	820,014
Zambia	**3,773**	98,881
	22,655,656	23,705,126

The accompanying notes are an integral part of these consolidated financial statements.