Consolidated financial statements of

Ivanplats Limited

December 31, 2012 and 2011
(Stated in U.S. dollars)

Ivanplats Limited
December 31, 2012

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Deloitte.

Deloitte LLP
2800 - 1055 Dunsmuir Street
4 Bentall Centre
P.O. Box 49279
Vancouver BC V7X 1P4
Canada

Tel: 604-669-4466
Fax: 778-374-0496
www.deloitte.ca

Independent Auditor's Report

To the Shareholders of Ivanplats Limited

We have audited the accompanying consolidated financial statements of Ivanplats Limited, which comprise the consolidated statements of financial position as at December 31, 2012 and December 31, 2011 and the consolidated statements of comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2012 and December 31, 2011, 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 Ivanplats Limited as at December 31, 2012 and December 31, 2011, and its financial performance and its cash flows for the years ended December 31, 2012 and December 31, 2011, in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Accountants
March 22, 2013
Vancouver, Canada

Ivanplats Limited

Consolidated statements of comprehensive loss
for the year ended December 31,

(stated in thousands of U.S. dollars, except for share and per share amounts)

	Notes	2012	2011
		$	$
Expenses			
Exploration and project expenditure	4	**128,435**	96,594
Salaries and benefits		**9,282**	5,085
Share-based payments	13	**6,265**	8,165
Office and administration		**3,622**	2,050
Legal		**2,979**	2,850
Travel		**2,397**	2,614
Professional fees		**2,120**	3,336
Other expenditure		**1,306**	484
Gain with amendment of purchase contract	5 (b)	**(1,015)**	-
Loss from operating activities		**155,391**	121,178
Other income		**(51)**	(122)
Interest income		**(3,067)**	(1,066)
Finance costs	16	**26,540**	4,560
Share of losses from joint ventures	6	**339**	1,006
Loss before income taxes		**179,152**	125,556
Income tax expense			
Current	11	**9**	265
		9	265
LOSS FOR THE YEAR		**179,161**	125,821
Other comprehensive loss (income)			
Exchange losses on translating foreign operations		**377**	922
Share of other comprehensive loss (income) of joint ventures	6	**99**	(6)
Other comprehensive loss for the year, net of tax		**476**	916
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**179,637**	126,737
Loss attributable to:			
Owners of the Company		**166,017**	121,458
Non-controlling interest		**13,144**	4,363
		179,161	125,821
Total comprehensive loss attributable to:			
Owners of the Company		**166,485**	122,457
Non-controlling interest		**13,152**	4,280
		179,637	126,737
Basic and diluted loss per share	17	**0.38**	0.30
Weighted average number of basic and diluted shares outstanding (including common shares from special warrants)	17	**436,036,577**	407,732,679

Ivanplats Limited

Consolidated statements of financial position
as at December 31,

(stated in thousands of U.S. dollars)

	Notes	2012	2011
		$	**$**
ASSETS			
Non-current assets			
Property, plant and equipment	3	**16,515**	9,329
Mineral properties	4	**259,277**	259,277
Goodwill	5	**67,358**	75,701
Investment in joint ventures	6	**3,608**	3,609
Long-term loan receivable	5	**23,024**	7,324
Other assets		**504**	248
Total non-current assets		**370,286**	355,488
Current assets			
Trade and other receivables	7	**3,534**	5,865
Prepaid expenses		**9,575**	1,118
Short-term deposits	8	**80,000**	80,039
Cash and cash equivalents	8	**259,389**	185,787
Total current assets		**352,498**	272,809
Total assets		**722,784**	628,297
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	13	**793,657**	260,272
Warrant reserve	13	**7,949**	46,069
Share option reserve	13	**20,066**	23,136
Currency translation reserve	14	**(3,356)**	(2,888)
Accumulated deficit		**(252,182)**	(94,452)
Equity attributable to owners of the Company		**566,134**	232,137
Non-controlling interest	15	**47,465**	69,037
Total equity		**613,599**	301,174
Non-current liabilities			
Advances payable to Gecamines	9	**6,553**	5,991
Convertible bond	10	**-**	112,480
Purchase consideration payable	5	**-**	41,366
Deferred tax liabilities	11	**77,783**	77,783
Total non-current liabilities		**84,336**	237,620
Current liabilities			
Advances payable to Gecamines	9	**4,685**	4,273
Purchase consideration payable	5	**-**	74,738
Trade and other payables	12	**19,969**	10,283
Current tax liabilities		**195**	209
Total current liabilities		**24,849**	89,503
Total liabilities		**109,185**	327,123
Total equity and liabilities		**722,784**	628,297

Commitments and contingencies (Note 23)

(Signed) Peter Meredith
Peter Meredith, Director

(Signed) Charles Russell
Charles Russell, Director

Ivanplats Limited

Consolidated statements of changes in equity

(stated in thousands of dollars, except for share amounts)

	Share capital									
	Number of shares	Amount	Number of warrants	Warrant reserve	Share option reserve	Currency translation reserve	Accumulated deficit	Equity attributable to owners	Non-controlling interest	Total
		$		$	$	$	$	$	$	$
Balances, January 1, 2011	**352,823,345**	**213,377**	**50,865,670**	**62,534**	**17,889**	**(1,889)**	**(257,598)**	**34,313**	**(1,162)**	**33,151**
Net loss for the year	-	-	-	-	-	-	(121,458)	(121,458)	(4,363)	(125,821)
Other comprehensive loss	-	-	-	-	-	(999)	-	(999)	83	(916)
Total comprehensive loss	-	-	-	-	-	(999)	(121,458)	(122,457)	(4,280)	(126,737)
Transactions with owners										
Sale of non-controlling interest in subsidiary (Note 15)	-	-	-	-	-	-	284,604	284,604	(4,991)	279,613
Acquisition of non-controlling interest in								-		
subsidiary (Note 5)	-	-	-	-	-	-	-	-	80,748	80,748
Common share investment funded on behalf of non-controlling interest (Note 5)	-	-	-	-	-	-	-	-	(1,278)	(1,278)
Share based payments								-		
charged to operations (Note 13)	-	-	-	-	8,165	-	-	8,165	-	8,165
Shares issued, net of issue cost (Note 13)	7,500,000	18,000	3,750,000	3,618	878	-	-	22,496	-	22,496
Liquidity rights converted to shares	1,208,330	2,247	-	-	(2,247)	-	-	-	-	-
Options exercised (Note 13)	3,180,000	6,565	-	-	(1,549)	-	-	5,016	-	5,016
Warrants converted to shares (Note 13)	16,876,995	20,083	(14,064,170)	(20,083)	-	-	-	-	-	-
Balance at December 31, 2011	**381,588,670**	**260,272**	**40,551,500**	**46,069**	**23,136**	**(2,888)**	**(94,452)**	**232,137**	**69,037**	**301,174**
Net loss for the year	-	-	-	-	-	-	(166,017)	(166,017)	(13,144)	(179,161)
Other comprehensive income	-	-	-	-	-	(468)	-	(468)	(8)	(476)
Total comprehensive loss	-	-	-	-	-	(468)	(166,017)	(166,485)	(13,152)	(179,637)
Transactions with owners										
Sale of non-controlling interest in subsidiary (Note 15)	-	-	-	-	-	-	8,287	8,287	(8,287)	-
Accretion of common share investment funded on behalf of non-controlling interest (Note 5)	-	-	-	-	-	-	-	-	(133)	(133)
Share based payments								-		
charged to operations (Note 13)	-	-	-	-	6,265	-	-	6,265	-	6,265
Shares issued, net of issue cost (Note 13)	64,358,000	288,884	-	-	-	-	-	288,884	-	288,884
Conversion of convertible bond (Note 10)	40,716,332	185,639	-	-	-	-	-	185,639	-	185,639
Options exercised (Note 13)	11,694,727	16,230	-	-	(9,555)	-	-	6,675	-	6,675
Warrants expired	-	-	(1,082,060)	(220)	220	-	-	-	-	-
Warrants converted to shares (Note 13)	30,284,250	42,632	(25,527,500)	(37,900)	-	-	-	4 732	-	4,732
Balance at December 31, 2012	**528,641,979**	**793,657**	**13,941,940**	**7,949**	**20,066**	**(3,356)**	**(252,182)**	**566,134**	**47,465**	**613,599**

Ivanplats Limited

Consolidated statements of cash flows
years ended December 31,

(stated in thousands of U.S. dollars)

	Notes	**2012**	2011
		$	$
Cash flows from operating activities			
Loss before income taxes		**(179,152)**	(125,556)
Items not involving cash			
Share-based payments	13	**6,265**	8,165
Depreciation and amortization		**1,863**	1,356
Share of losses from joint ventures	6	**339**	1,006
Interest income and finance costs		**23,473**	3,494
Gain with amendment of purchase contract		**(1,015)**	-
Unrealized foreign exchange loss (gain)		**90**	(332)
Loss (gain) on disposal of property, plant and equipment		**147**	(162)
		(147,990)	(112,029)
Change in non-cash working capital items	19	**3,558**	1,117
Income taxes paid		**(23)**	(215)
Interest received		**2,373**	1,066
Interest paid		**(156)**	(468)
Net cash used in operating activities		**(142,238)**	(110,529)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**57**	303
Property, plant and equipment acquired		**(9,360)**	(3,816)
Proceeds from sale of other assets		**-**	64
Payment of purchase consideration payable	5 (c)	**(105,000)**	-
Advancement of social development loan		**(20,000)**	-
Acquisition of subsidiary, net of cash		**-**	(55,000)
Investment in joint venture		**(438)**	(154)
Reduction (investment) in short-term deposits		**39**	(80,039)
Other assets acquired		**(257)**	-
Net cash used in investing activities		**(134,959)**	(138,642)
Cash flows from financing activities			
Proceeds from sale of interest in subsidiary		**-**	279,613
Convertible bonds		**53,389**	115,000
Transaction costs paid on convertible bond		**(2,523)**	(5,436)
Issue of shares, net of issue costs		**288,884**	22,500
Options exercised		**6,675**	5,007
Warrants exercised for common shares		**4,732**	-
Proceeds from short-term loan	18 (j)	**-**	10,000
Repayment of short-term loan	18 (j)	**-**	(10,000)
Net cash generated by financing activities		**351,157**	416,684
Effect of foreign exchange rate changes on cash		**(358)**	26
Net cash inflow		**73,602**	167,539
Cash and cash equivalents, beginning of year		**185,787**	18,248
Cash and cash equivalents, end of year		**259,389**	185,787
Cash and cash equivalents consists of			
Cash		**212,879**	159,041
Short-term fixed deposits		**46,510**	26,746
		259,389	185,787

Supplemental cash flow information (Note 19)

1. Basis of presentation and continuing operations

Ivanplats Limited is a Canadian mining exploration company incorporated in Canada 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 Suite 654 - 999 Canada Place, Vancouver, British Columbia, Canada V6C 3E1.

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 also prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business. The Company has incurred losses since inception and has an accumulated deficit of $252.2 million at December 31, 2012. Continuation of the Company 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. In the event the Company was unable to continue as a going concern, then material adjustments would be required to the carrying value of the assets and liabilities and the statement of financial position classification used.

2. Significant accounting policies

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The significant accounting policies used in these consolidated financial statements are as follows:

(a) Statement of compliance

The Company's consolidated financial statements have been prepared in accordance with and using accounting policies in full compliance with IFRS and International Accounting Standards ("IAS") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended December 31, 2012.

(b) Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

2. Significant accounting policies (continued)

(b) Principles of consolidation (continued)

Subsidiaries (continued)

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive loss from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive loss of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

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 recognized 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)

(c) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively*;*

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date; and

- 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* are measured in accordance with that Standard.

Goodwill 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 or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

2. Significant accounting policies (continued)

(c) Business combinations (continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Company obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

(d) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, 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 based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statements of comprehensive income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2. Significant accounting policies (continued)

(e) Significant accounting estimates

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

Significant estimates used in the preparation of these consolidated financial statements include, but are not limited to, the fair value of assets and liabilities acquired in business combinations, the assumptions used in accounting for share-based payments and recoverability of assets.

Recoverability of assets

(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 inflows, known as cash-generating units ("CGU"), for which management has assessed these as being individual mine sites, which are the lowest level for which cash inflows are largely independent of other assets. If the recoverable amount of the cash-generating unit is less than the carrying amount of the CGU, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. Impairment losses recognized 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 properties 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.

2. Significant accounting policies (continued)

(e) Significant accounting estimates (continued)

Recoverability of assets (continued)

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

Property, plant and equipment and finite lived intangible assets are assessed at each reporting period 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 CGU to which the asset belongs. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive loss.

Where an impairment loss subsequently reverses the carrying amount of the asset or CGU 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 CGU in prior years. A reversal of an impairment loss is recognized immediately in the statement of comprehensive loss.

(f) Significant accounting judgements

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

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.

The Company’s functional currency is U.S. dollar. The Company’s subsidiaries have a variety of functional currencies that include, but is not limited to, South African Rand (“ZAR”), Canadian dollar (“C$”) and Australian dollar (“AUD”).

2. Significant accounting policies (continued)

(f) Significant accounting judgements (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:
- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated into currency units using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Company losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2. Significant accounting policies (continued)

(f) Significant accounting judgements (continued)

Foreign currencies (continued)

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in equity.

(g) Cash and cash equivalents

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

(h) 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 are 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.

(i) 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) loans and receivables. The designation determines the method by which the financial assets are measured 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 loans and receivables and are carried on the statements 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 and trade and other receivables that are designated as loans and receivables.

2. Significant accounting policies (continued)

(i) Financial instruments (continued)

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 statements 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.

(j) Property, plant and equipment

All property, 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 less 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. Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and assets under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

• Office equipment and furniture and fixtures	3 – 5 years
• Motor vehicles	5 years
• Plant, equipment and buildings	5 - 20 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.

Freehold land is not depreciated.

Assets in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

2. Significant accounting policies (continued)

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they incurred.

(l) 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 a decommissioning liability is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset 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 decommissioning liability, 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, 2012 and December 31, 2011, there was no material rehabilitation provision.

(m) 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.

2. Significant accounting policies (continued)

(n) 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 deficit.

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.

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.

2. Significant accounting policies (continued)

(n) Taxation (continued)

Deferred tax (continued)

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 recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized 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.

(o) 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 of all equity settled share-based payments is estimated as of the date of the grant using a Black-Scholes option valuation model and are recorded in profit and loss over their vesting periods. Stock options with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values. Changes to the estimated number of awards that will eventually vest are accounted for prospectively.

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

2. Significant accounting policies (continued)

(p) Future accounting changes

The following new standards, amendments to standards and interpretations have been issued but are not effective during the year ended December 31, 2012:

- IFRS 9 New financial instruments standard that replaces IAS 39 for classification and measurement of financial assets and liabilities (iii).
- IFRS 10 New standard to establish principles for the presentation and preparation of consolidated financial statements when an entity controls multiple entities (i)
- IFRS 11 New standard to account for the rights and obligations in accordance with a joint agreement (i)
- IFRS 12 New standard for the disclosure of interests in other entities not within the scope of IFRS 9/IAS 39 (i)
- IFRS 13 New standard on the measurement and disclosure of fair value (i)
- IFRIC 20 Stripping Costs in the Production Phase of a Mine clarifies the requirements for accounting for the costs of stripping activity in the production phase when stripping improves access to further quantities of material that will be mined in future periods. (i)
- IAS 1 (Amendment) Presentation of other comprehensive income (ii)
- IAS 19 Changes to the accounting for defined benefit plans and other employee benefits which include the modification of the accounting for termination benefits and classification of other employee benefits. (i)
- IAS 27 (Amendment) now only deals with the requirements for separate financial statements. Requirements for consolidated financial statements are now contained in IFRS 10 Consolidated Financial Statements. (i)
- IAS 28 (Amendment) New standard issued that supersedes IAS 28 (2003) to prescribe the accounting for investments in associates and joint ventures. (i)
- IAS 32 (Amendment) Clarification of the application of the requirements of offsetting financial assets and financial liabilities. (iv)
- IFRSs (Amendment) Annual improvements to IFRSs 2009-2011. (i)

(i) Effective for annual periods beginning on or after January 1, 2013
(ii) Effective for annual periods beginning on or after July 1, 2012
(iii) Effective for annual periods beginning on or after January 1, 2015
(iv) Effective for annual periods beginning on or after January 1, 2014

The Company anticipates that the application of these standards, amendments and interpretations will not have a material impact on the results and financial position of the Company.

(q) Application of revised International Financial Reporting Standards

Effective January 1, 2012, the Company adopted the following revised IFRS that was issued by the International Accounting Standards Board (“IASB”). The application of this revised IFRS has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendment to IFRS 7 Financial Instruments: Disclosures

  Increase in disclosure with regards to the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of a reporting period.

(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)

3. Property, plant and equipment

	Land	Office equipment	Furniture and fixtures	Motor vehicles	Plant, equipment and buildings	Total
	$	$	$	$	$	$
2012						
Cost						
Beginning of the year	4,462	2,454	828	4,517	4,930	17,191
Additions	1,179	1,303	198	1,420	5,260	9,360
Disposals	-	(476)	(29)	(188)	(432)	(1,125)
Foreign exchange translation	16	(117)	(18)	(49)	(54)	(222)
End of the year	5,657	3,164	979	5,700	9,704	25,204
Accumulated depreciation and impairment						
Beginning of the year	616	1,571	210	2,466	2,999	7,862
Depreciation	-	520	134	761	448	1,863
Disposals	-	(473)	(29)	(136)	(284)	(922)
Foreign exchange translation	-	(50)	(6)	(48)	(10)	(114)
End of the year	616	1,568	309	3,043	3,153	8,689
Carrying value						
Beginning of the year	3,846	883	618	2,051	1,931	9,329
End of the year	5,041	1,596	670	2,657	6,551	16,515

	Land	Office equipment	Furniture and fixtures	Motor vehicles	Plant, equipment and buildings	Total
	$	$	$	$	$	$
2011						
Cost						
Beginning of the year	4,799	1,866	297	3,490	4,435	14,887
Additions	-	904	618	1,185	1,109	3,816
Disposals	-	-	(14)	-	(477)	(491)
Foreign exchange translation	(337)	(316)	(73)	(158)	(137)	(1,021)
End of the year	4,462	2,454	828	4,517	4,930	17,191
Accumulated depreciation and impairment						
Beginning of the year	616	1,606	187	1,875	2,948	7,232
Depreciation	-	215	58	653	430	1,356
Disposals	-	-	(13)	-	(336)	(349)
Foreign exchange translation	-	(250)	(22)	(62)	(43)	(377)
End of the year	616	1,571	210	2,466	2,999	7,862
Carrying value						
Beginning of the year	4,183	260	110	1,615	1,487	7,655
End of the year	3,846	883	618	2,051	1,931	9,329

(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)

4. Mineral properties and exploration expenditures

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

	December 31, 2012	December 31, 2011
	$	$
DRC properties, Democratic Republic of Congo ("DRC") (a)	**-**	-
Platreef property, South Africa (b)	**6,940**	6,940
Kipushi properties, DRC (c)	**252,337**	252,337
Syerston properties, Australia (d)	**-**	-
	259,277	259,277

The following table summarizes the exploration expenditures for the year ended December 31, 2012 and 2011, as well as the accumulated aggregate exploration expenditures from inception which have been charged to operations:

	2012	2011
	$	$
Exploration expenditure		
Drilling	**47,162**	56,402
Studies	**23,978**	9,393
Salaries and benefits	**17,052**	7,038
Utilities	**6,989**	4,962
Office and administration	**6,105**	2,519
Travel	**5,133**	2,624
Consulting	**2,303**	1,898
Pump hire	**2,125**	1,585
Legal	**1,945**	1,500
Camp costs	**1,745**	1,143
Depreciation	**1,476**	1,025
Assay and sampling	**1,641**	834
Licenses	**760**	736
Other	**10,021**	4,935
	128,435	96,594
Accumulated aggregate exploration expenditures		
DRC properties (a)	**191,791**	127,584
Platreef property (b)	**136,546**	102,923
Kipushi properties (c)	**28,663**	1,816
Syerston properties (d)	**9,951**	9,714
Gabon properties (e)	**6,763**	3,858
Limpopo properties (f)	**4,593**	4,278
Other	**4,807**	4,506
	383,114	254,679

4. Mineral properties and exploration expenditures (continued)

(a) DRC properties, DRC

Kamoa properties

The Kamoa Project is located within the Central African Copperbelt in Katanga Province, DRC. The Kamoa Project lies approximately 25 km west of the town of Kolwezi, and about 270 km west of the provincial capital of Lubumbashi. Pursuant to the DRC mining code, Ivanplats transferred for no consideration a 5%, non-dilutable interest in Kamoa to the DRC government on September 11, 2012 (note 15), as a condition of the granting of the mining licences. Ivanplats also has offered to sell an additional 15% interest to the DRC government on commercial terms.

Title to the Kamoa Project resides with African Minerals, a subsidiary of Ivanplats, who is the holder of the Kamoa Exploitation Licences. The Kamoa Exploitation Licenses, approved August 20, 2012, grant Ivanplats the right to explore for, develop and exploit copper and other, for an initial 30 year term, expiring August 19, 2042.

Those portions of exploration permits 702, 703 and 705 not covered by the application for the Kamoa Exploitation Licences remain as exploration permits. The current exploration permits are in good standing and will expire on May 10, 2015. Under the DRC Mining Code, Ivanplats is entitled to one further renewal for a five year term, subject to surrendering 50% of the area of each exploration permit concurrent with the renewal.

DRC regional properties

In addition to the permits covering the Kamoa Project and the Kipushi Project, Ivanplats currently holds more than 9,000 km² of exploration permits in Katanga Province, around the perimeter of the historical limits of the Central African Copperbelt. These permits are in all major geological provinces within Katanga Province and are prospective for a number of different types of base metal deposits, including Kamoa, Mines Subgroup, and Zambian-type stratiform copper and copper-cobalt deposits, Kipushi-type zinc-copper-lead-silver-germanium deposits, Kansanshi-type copper-gold deposits and basement-hosted copper deposits. The permits in the Lufupa region are considered prospective for diamond-bearing kimberlites.

Fifty permits were originally granted in 2003 and 2005 covering an area of almost 20,000 km². The permits have been through the first of two stages of renewal, which required dropping 50% of the original permit area. A second renewal, which will result in another 50% permit area reduction, comes due in 2013 and 2015, after which Ivanplats will have five years of tenure remaining on these exploration permits.

4. Mineral properties and exploration expenditures (continued)

(b) Platreef property

The Platreef Project is located in the northern limb of the Bushveld Complex approximately 11 km from Mokopane and 280 km northeast of Johannesburg, South Africa.

Platreef Resources, a 90% subsidiary of the Company, holds the right to prospect for base and precious metals on the Turfspruit and Macalacaskop properties, which comprise substantially all of the Platreef Project. The prospecting right expires on May 31, 2014. Itochu, together with other Japanese-based investors, holds an effective 10% indirect interest in the Platreef Project, acquired in two tranches, the first 2% interest was acquired in September 2010 for $10 million and the second 8% interest was acquired in June 2011 for $280 million.

In December 2009 Ivanplats and Atlatsa entered into the Settlement and New Project Agreement that was the culmination of an original 2001 earn-in agreement, which had gone to arbitration. The Settlement and New Project Agreement established a joint venture between Atlatsa and the Company, pursuant to which Atlatsa holds a 6% interest in any minerals obtained via open-pit mining within the Rietfontein and Turfspruit prospecting rights. To the extent that a Feasibility Study contemplates underground mining on the Rietfontein or Turfspruit prospecting rights, the parties' interests will be adjusted to reflect the proportion of minerals that will be extracted from the Turfspruit property, which will be allocated to Ivanplats, and the Rietfontein property, which will be allocated to Atlatsa. Studies to date have not reported any Mineral Resources potentially amenable to underground mining on the Rietfontein property and therefore Mineral Resources potentially amenable to underground mining methods are reported on a 100% basis.

A number of permits will be required to support project development and future mining operations including, but not limited to: (i) a mining right; (ii) an EIA and environmental management plan; (iii) environmental authorization under the National Environmental Management Act, No. 107 of 1998 (South Africa); (iv) town rezoning approval; and (v) an integrated water use licence.

The mining right will be the key permit needed to commence and sustain mining operations. As a precondition to receipt of such mining right, the Company will need to comply with Black Economic Empowerment ("BEE") requirements.

4. Mineral property and exploration expenditures (continued)

(c) Kipushi properties

The Kipushi Project is a past-producing, high-grade underground zinc–copper mine in the Central African Copperbelt, in Katanga Province, DRC. The Kipushi Project lies adjacent to the town of Kipushi and the border with Zambia, and about 30 km southwest of the provincial capital of Lubumbashi.

Ivanplats and La Générale des Carrières et des Mines SARL ("Gecamines") own, respectively, 68% and 32% of the Kipushi Project, through their holdings in Kipushi Corporation SPRL ("Kipushi"), the mining rights holder (see note 5). Ivanplats' interest in Kipushi was acquired in November 2011 and comprises mining rights for copper and cobalt as well as the underground workings and related infrastructure, inclusive of a series of vertical mine shafts.

(d) Syerston properties

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.

(e) Gabon properties

During late 2010 and 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 after which they can be extended for an additional three years on two occasions.

(f) Limpopo properties

Ivanplats' exploration program in South Africa, other than work at the Platreef Project, consists of diamond exploration, conducted by its wholly-owned subsidiary African Consolidated Mineral Exploration (Proprietary) Limited ("ACME"). ACME currently holds six exploration permits in Limpopo Province which expire in 2013.

(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)

5. Business combination

Acquisition of Kipushi Corporation SPRL

On November 28, 2011, the Company acquired 68% of the voting shares of Kipushi, a Zinc-Copper project in the province of Katanga, Democratic Republic of Congo. The remaining 32% is held by Gecamines. The Company has accounted for this acquisition as a business combination using the acquisition method.

(a) *Original agreement*

The consideration was payable as follows:

(i) $20 million on signing the Agreement,
(ii) $25 million on completion, November 28, 2011,
(iii) $70 million within 3 business days of the attainment of the First Benchmark, which is a sale of the business of the Company, or of any shares in the capital of the Company, or a listing by Ivanplats Limited or any similar liquidity or exit transaction or event having occurred,
(iv) $50 million within 3 business days of the attainment of the Second Benchmark, which is the attainment of the First Benchmark, completion of a feasibility study for development of the Mine which would be sufficient to support limited recourse financing; and installation at the Mine of a new reliable and constant (non-surging) power supply, within 3 business days of the completion of a "Qualifying Share Sale" of Shares to any person giving such person a controlling interest in the Company, an amount equal to the remaining balance of the consideration to be paid,
(v) in addition Ivanplats has agreed to pay Gecamines on November 28, 2011, $15 million that was previously owing from Kipushi Resources International Limited.

The cash component as at the date of acquisition, November 28, 2011, can be further summarized as follows:

	$
Cash paid on acquisition	**45,000**
Represents the sum of (i) and (ii).	
Consideration outstanding as at acquisition date	**124,934**
Represents the sum of the fair values of (iii), (iv), and (v).	
	169,934

Acquisition-related costs amounting to $0.7 million have been excluded from the consideration transferred and have been recognized as an expense in the year ending December 31, 2011, within legal fees in the consolidated statements of comprehensive loss.

(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)

5. Business combination (continued)

Acquisition of Kipushi Corporation SPRL (continued)

(a) Original agreement (continued)

At the date that the consolidated financial statements for December 31, 2011 were issued, the allocation of the purchase price had not been finalized as management was in the process of determining the fair values of identifiable assets acquired and liabilities assumed, measuring the associated deferred income tax assets and liabilities, and determining the value of goodwill. The adjustments to the provisional values were recognized in the current period and the 2011 comparative information has been adjusted retrospectively.

The provisional allocation of the purchase price was amended as follows to present the final allocation at the end of the measurement period:

	Provisional allocation $	At the end of the measurement period $
Purchase price		
Fair value of purchase consideration at date of acquisition	**169,934**	**169,934**
	169,934	**169,934**
Net assets acquired		
Long-term loan receivable (i)	**7,285**	**7,285**
Property, plant and equipment	**36,000**	**-**
Mineral properties	**216,337**	**252,337**
Goodwill	**75,701**	**75,701**
Advances payable to Gecamines (Note 9)	**(10,218)**	**(10,218)**
Deferred tax liabilities	**(75,701)**	**(75,701)**
Reduction in non-controlling interest for investment in Kipushi funded on behalf of Gecamines (i)	**1,278**	**1,278**
Non-controlling interest	**(80,748)**	**(80,748)**
	169,934	**169,934**

Goodwill arises on this acquisition principally because of the requirement to record a deferred tax liability for the difference between the assigned values and the tax bases of assets acquired and liabilities assumed at amounts that do not reflect fair value. The goodwill is not deductible for income tax purposes.

5. Business combinations (continued)

Acquisition of Kipushi Corporation SPRL (continued)

(a) Original agreement (continued)

(i) On completion of the purchase agreement, November 28, 2011, certain loans receivable by the seller were ceded to DRC Holding. This included:

- The social development loan of up to $30 million. As at the date of acquisition Gecamines had drawn $10 million against the loan and the loan bears interest of LIBOR plus 3%. The remaining $20 million was requested and advanced to Gecamines during November 2012. The fair value of the receivable has been estimated by the Company by calculating the present value at acquisition of the future expected cash flows using a risk free discount rate of 10.6%, which is deemed to be $23.0 million as at December 31, 2012.

- A loan of $3.2 million for the subscription of the shares of Kipushi Corporation SPRL, which is repayable without interest. The share subscription loan representing common share investments in Kipushi on behalf of Gecamines ceded to DRC Holding is recorded as a reduction to the net carrying value of non-controlling interest.

Repayment of these amounts will be made by offsetting against future royalties and dividends payable to Gecamines from future profits earned in Kipushi.

(ii) Non-controlling interest

The non-controlling interest (32% ownership interest in Kipushi Corporation SPRL) recognized at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to $80.7 million. This fair value was estimated by applying an income approach with an assumed weighted average cost of capital discount rate of 15.4%;

5. Business combination (continued)

Acquisition of Kipushi Corporation SPRL (continued)

(b) Amended agreement

On August 31, 2012 the purchase agreement was amended and the consideration payable after the amendment is:

(i) $20 million on signing the Agreement,
(ii) $25 million on completion, November 28, 2011,
(iii) $105 million, within 3 business days of the attainment of the Benchmark, which is a sale of the business of the Company, or of any shares in the capital of the Company, or a listing by the Company or any similar liquidity or exit transaction or event having occurred, subject to a $5 million reduction if the Benchmark occurs before December 14, 2012, otherwise $85 million on December 14, 2012, and either $20 million on March 31, 2013 or $15 million if the Benchmark occurred before March 31, 2013.
(iv) Ivanhoe DRC Holding Company Limited ("DRC Holding"), a fully owned subsidiary of Ivanplats Limited, also assumed the responsibility for a social development loan program with Gecamines in which the lender (DRC Holding) is obliged to advance Gecamines a further $20 million as a funding obligation. The amounts to be owed to DRC Holding under this loan (including accrued interest) may be offset against the 2.5% net turnover royalty otherwise payable by DRC Holding to Gecamines under the terms of the Kipushi Joint Venture Agreement.
(v) in addition Ivanplats has agreed to pay Gecamines on November 28, 2011, $15 million that was previously owing from Kipushi Resources International Limited.

The amendment resulted in a reduction in the consideration payable of $14.4 million, the recognition of an obligation to fund the social development loan to Gecamines at below market rates of $5.0 million, the decrease in goodwill of $8.3 million and ultimately a gain of $1.0 million. Below is the effect of the amendment on the purchase price and assets acquired and liabilities recognized.

(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)

5. Business combination (continued)

Acquisition of Kipushi Corporation SPRL (continued)

(b) Amended agreement (continued)

The amendment to the purchase agreement resulted in a change in the purchase price allocation as follows:

	Pre-amendment $	Post-amendment $
Purchase price		
Fair value of purchase consideration at date of acquisition	**169,934**	**169,934**
Reduction in purchase consideration payable	**-**	**(14,352)**
Gain recognised on amendment of the purchase price	**-**	**1,015**
	169,934	**156,597**
Net assets acquired		
Long-term loan receivable	**7,285**	**7,285**
Mineral properties	**252,337**	**252,337**
Goodwill	**75,701**	**67,358**
Advances payable to Gecamines (note 9)	**(10,218)**	**(10,218)**
Deferred tax liabilities	**(75,701)**	**(75,701)**
Obligation to fund social development loan	**-**	**(4,994)**
Reduction in non-controlling interest for investment in Kipushi funded on behalf of Gecamines	**1,278**	**1,278**
Non-controlling interest	**(80,748)**	**(80,748)**
	169,934	**156,597**

(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)

5. Business combination (continued)

Acquisition of Kipushi Corporation SPRL (continued)

(c) Consideration transferred

The fair value of the purchase consideration outstanding is re-measured at the end of each reporting period. The movement in purchase consideration outstanding is as follows:

	$
Purchase consideration outstanding as at	
Acquisition date November 28, 2011	**124,934**
Cash paid subsequent to acquisition represents $10,000,000 of note 5(a)(v)	**(10,000)**
Financing costs	**1,170**
Balance, December 31, 2011	**116,104**
Cash paid subsequent to acquisition represents $5,000,000 of note 5(a)(v)	**(5,000)**
Financing costs (note 16)	**3,248**
Reduction to purchase price with amendment (note 5(b))	**(14,352)**
Cash paid subsequent to attainment of the Benchmark (note 5(b)(iii))	**(100,000)**
Balance, December 31, 2012	**-**

	December 31, 2012	December 31, 2011
	$	$
Purchase consideration outstanding as at December 31, 2012		
Current	**-**	74,738
Non-current	**-**	41,366
	-	116,104

The fair value of consideration transferred was determined by calculating the present value at acquisition of the future expected cash flows. The timing of the consideration payable has been estimated by management and a discount rate of 10.6% has been used.

(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)

6. Investment in joint ventures

The investment in joint ventures recognized on the statements of financial position consists of:

	December 31, 2012	December 31, 2011
	$	$
Company's share of net assets of Rhenfield (a)	2,597	2,492
Company's share of net assets of RK1 (b)	1,011	1,117
	3,608	3,609

(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 British Pounds). 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 using the equity basis according to the Company's joint venture accounting policy.

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

Statement of comprehensive loss

	2012	2011
	$	$
Statement of comprehensive income		
Expenses	**(19)**	(28)
Depreciation	**(96)**	(96)
Interest expense on long-term debt	**(112)**	(116)
Company's share of loss of joint venture	**(227)**	(240)
Company's share of other comprehensive income of joint venture	**107**	161
Company's share of total comprehensive loss of joint venture	**(120)**	(79)

(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)

6. Investment in joint ventures (continued)

(a) (continued)

Statement of financial position

	December 31, 2012	December 31, 2011
	$	$
Cash and cash equivalents	**27**	33
Trade and other receivables	**9**	-
Prepaid expenses	**1**	6
Property, plant & equipment		
Buildings	**6,218**	6,005
Office equipment	**30**	36
Furniture and fixtures	**186**	200
Trade and other payables	**(1)**	(2)
Current borrowings (i)	**(3,873)**	(3,786)
Company's share of net assets in joint ventures	**2,597**	2,492

Statement of cash flows

	2012	2011
	$	$
Cash and cash equivalents, opening	**33**	14
Cash outflow used in operating activities	**(137)**	(137)
Cash outflow used in investing activities	**-**	-
Cash flow provided by financing activities	**131**	156
Cash and cash equivalents, closing	**27**	33

(i) The borrowings of $3.9 million (£2.4 million) was originally a five year mortgage bond, fully repayable in May 2012, secured by the property, that incurs interest at a rate of LIBOR plus 1.2% payable monthly in arrears. During June 2012, the loan facility was extended for three years with an interest rate of LIBOR plus 2.25%, but only for the amount of £2.36 million creating a shortfall of £0.1 million which will be settled over the next 12 months.

(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.

(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)

6. Investment in joint ventures (continued)

(b) (continued)

The effective date of the acquisition was July 1, 2006, and the purchase price was £6.5 million ($12.3 million including transaction costs of $0.3 million), payable in cash in three instalments, of which the last was due January 2007.

The RK1 joint venture is included within the unallocated operating segment. There was no impairment during the years ending December 31, 2012 or 2011.

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

Statement of comprehensive loss

	2012	2011
	$	$
Sales	**960**	774
Cost of sales	**(822)**	(1,245)
	138	(471)
Expenses	**(232)**	(313)
Interest (expense) income	**(18)**	18
Company's share of loss of joint ventures	**(112)**	(766)
Company's share of other comprehensive loss of joint ventures	**(206)**	(167)
Company's share of total comprehensive loss of joint ventures	**(318)**	(933)

(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)

6. Investment in joint ventures (continued)

(b) (continued)

Statement of financial position

	December 31, 2012	December 31, 2011
	$	$
Cash and cash equivalents	**414**	71
Other current assets	**64**	447
Property, plant and equipment	**557**	708
Trade and other payables	**(24)**	(109)
Company's share of net assets of joint ventures	**1,011**	1,117

Statement of cash flows

	2012	2011
	$	$
Cash and cash equivalents, opening	**71**	496
Cash flow (used in) provided by operating activities	**132**	(377)
Cash outflow used in investing activities	**(1)**	(202)
Cash flow provided by financing activities	**212**	154
Cash and cash equivalents, closing	**414**	71

All of the Consortium’s revenues are earned in South Africa. The Consortium’s revenue is generated through two customers who account for all the revenue. 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.

(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)

7. Trade and other receivables

	December 31, 2012	December 31, 2011
	$	$
Trade receivables	**84**	138
Refundable taxes	**2,842**	4,951
Advances	**527**	354
Other	**81**	422
	3,534	5,865

8. Cash and cash equivalents and short-term deposits

As at December 31, 2012, the cash and cash equivalents of $259.4 (December 31, 2011 - $185.8 million) included $121.3 million (December 31, 2011 - $162.0 million) which are subject to contractual restrictions for the Platreef property and were not available for the Company's general corporate purposes. The short-term deposits of $80.0 million (December 31, 2011 - $80.0 million) are subject to the same contractual restrictions.

9. Advances payable to Gecamines

Advances payable to Gecamines are unsecured and bear interest at LIBOR plus 4% and represent the liabilities assumed on the acquisition of Kipushi (Note 5).

	December 31, 2012	December 31, 2011
	$	$
Current (a)	**4,685**	4,273
Non-current (b)	**6,553**	5,991
	11,238	10,264

(a) The current portion of the advances payable became payable to Gecamines at the attainment of the Benchmark as per the amended agreement set out in note 5 (b).

(b) The non-current portion is to be paid from future profits earned in Kipushi. Using prevailing market interest rates for an equivalent of 9.2%, the fair value of the loan is estimated at $6,553, while the contractual amount due is $7,997. The difference of $1,444 between the current carrying value and the contractual amount due is the benefit derived from the low-interest rate loan.

(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)

10. Convertible bonds

Convertible senior unsecured bonds ("Bonds") were issued on November 10, 2011 with a principal value of $115 million. A secondary issue was made on March 28, 2012 with a principal value of $50 million.

The Bonds had a three year maturity and were convertible into Class A shares ("Conversion Shares") at the Initial Public Offering ("IPO") issue price. Bond holders were entitled to a bonus payment of 11.11% of the principal amount plus applicable interest at the conversion of the Bonds.

The Bonds earned interest at 8%, accruing daily and compounding annually in arrears, during the first 12 months. The coupon would have increased by 10.59% (to an aggregate of 18.59%) on the first anniversary, if no Qualifying IPO had occurred and increased by a further 6.92% on the second anniversary of the Closing if no Qualifying IPO had occurred. The holders of the Bonds agreed to a 180-day lock-up provision post a Qualifying IPO. The effective interest rate was 19.05% for the issue during November 2011 and 18.73% for the issue during March 2012.

As a result of the Company's IPO which successfully closed on October 23, 2012, the Bonds converted into 40,716,332 Class A common shares on October 23, 2012.

	2012	2011
	$	$
Balance at the beginning of the year	**112,480**	-
Issued during the year	**50,000**	115,000
Transaction costs	**(2,523)**	(5,436)
Interest charged at the effective interest rate	**25,682**	2,916
Transferred to equity upon conversion	**(185,639)**	-
	-	112,480

(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)

11. Income taxes

(a) Rate reconciliation

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

	2012	2011
	$	$
Loss before income taxes	**179,152**	125,556
Statutory tax rate	**25.00%**	26.50%
Expected recovery of income taxes based on combined Canadian and provincial statutory rates	**(44,788)**	(33,272)
Add (deduct):		
Different effective tax rates in foreign jurisdictions	**(5,500)**	(2,720)
Tax effect of tax losses and temporary differences not recognized	**47,106**	25,125
Non-deductible expenses	**2,356**	2,425
Effect of change in future tax rates	**-**	883
Effect of foreign exchange on temporary differences not recognized	**835**	7,824
Income tax recovery	**9**	265

(b) Deferred tax balances

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

	2012	2011
	$	$
Property, plant and equipment	**(2,082)**	(2,082)
Mineral properties (Note 5)	**(75,701)**	(75,701)
Deferred income tax liabilities	**(77,783)**	(77,783)

(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)

11. Income taxes (continued)

(c) Unrecognized and taxable temporary differences

The Company's unrecognized deductible temporary differences and unused tax losses consist of the following amounts:

	2012	2011
	$	$
Non-capital loss carryforwards	**490,882**	332,931
Capital loss carryforwards	**-**	2,539
Investment in RK1 (Note 6 (b))	**11,289**	11,183
Foreign exploration expenses and share issuance costs	**23,729**	5,889
Capital assets	**157**	242
Unrecognized deductible temporary differences	**526,057**	352,784

The Company's unrecognized taxable temporary difference relating to the joint ventures, consists of the following amount:

Investment in Rhenfield (Note 6 (a))	**2,075**	1,970
Unrecognized taxable temporary differences	**2,075**	1,970

(d) Loss carryforwards

The Company's unrecognized deferred tax assets related to unused tax losses have the following expiry dates:

		Local currency	U.S. dollar equivalent	Expiry dates
			$	
South African rand	R	1223,120	144,364	(a)
Congolese franc	CDF	206,331,597	228,482	(b)
Gabonese franc	XAF	1,958,079	3,952	(a)
Canadian dollar	$	80,364	80,364	2012 to 2031
Australian dollar	$	26,882	27,885	(a)
Zambian kwacha	ZMK	3,153,149	608	2012 to 2016
English Pound	£	1,585	2,562	(a)
Barbados	BBD	4,208	2,148	(a)
Luxembourg (EURO)	€	51	67	(a)
Namibian dollar	NAD	3,813	450	(a)
			490,882	

(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.

(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)

12. Trade and other payables

	December 31, 2012	December 31, 2011
	$	$
Trade payables	**14,527**	6,780
Trade accruals	**4,360**	2,446
Other payables	**1,082**	1,057
	19,969	10,283

13. Share capital

(a) Shares issued

On October 23, 2012 the Company concluded an IPO for 63,327,000 Class A common shares at C$4.75 per share raising gross proceeds of C$300 million ($307 million), excluding the over-allotment option. Issue costs of $19 million were paid. As a result of the offering, the convertible bonds (note 10), converted into 40,716,332 Class A common shares.

In November 2012, the underwriters exercised a portion of their over-allotment option and bought 1,031,000 Class A common shares at the listing price of C$4.75 per share raising gross proceeds of C$4.9 million ($4.9 million).

In January 2011, the Company closed a private placement of 7,500,000 units raising gross proceeds of $22.5 million. Each unit was priced at $3.00 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. Due to the fact that the Company did not complete an IPO by December 31, 2011, each liquidity right granted the holder an additional 0.1 share for no additional consideration. On December 31, 2011, 750,000 liquidity rights were converted to 750,000 common shares.

The Company allocated $3.6 million to warrant reserve and $0.9 million to share option reserve 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 1.69%, expected share price volatility 57.92%, expected life of warrant two years.

(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)

13. Share capital (continued)

(a) Shares issued (continued)

In November 2010, the Company closed a private placement of 4,583,335 units raising gross proceeds of $11 million. Share issue costs of $1 million were paid. Each unit was priced at $2.40 and consisted of one common share, one half warrant and one liquidity right. If the Company completed an IPO, by the twenty-fifth anniversary of the date the respective warrants were issued, each whole warrant entitled the holder to purchase one additional common share at the IPO price for a period of two years following the IPO. Due to the fact that the Company did not complete an IPO by December 31, 2011, each liquidity right granted the holder an additional 0.1 share for no additional consideration. On December 31, 2011, 458,330 liquidity rights were converted to shares.

The Company allocated $2.3 million to warrant reserve and $1.4 million to share option reserve 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.

(b) 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.

As at December 31, 2012, 36,785,000 share options have been granted and exercised, and 21,497,000 have been granted and are outstanding.

All share options granted prior to December 31, 2012, 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 Company has established a new amended and restated equity incentive plan. Options granted under this plan shall vest in four equal parts, representing 25% of the options, commencing on the one year anniversary of the date of grant and on each of the three anniversaries thereafter. As at December 31, 2012, no options had been granted under the amended equity incentive plan.

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

	2012		2 011	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		$		$
Balance, beginning of year	**36,945,000**	**1.78**	32,625,000	1.62
Granted	**4,725,000**	**3.00**	7,500,000	2.40
Exercised	**(20,080,000)**	**1.61**	(3,180,000)	1.57
Forfeited	**(93,000)**	**2.40**	-	-
Balance, end of year	**21,497,000**	**2.21**	36,945,000	1.78

(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)

13. Share capital (continued)

(b) Options (continued)

An expense of $7.6 million for the options granted during the year ended December 31, 2012 (2011: $10.8 million) will be amortized over the vesting period, of which $2.7 million was recognized in the year ended December 31, 2012 (2011: $5.9 million).

The weighted average grant-date fair value of share options granted during 2012 was $1.6 (2011: $1.45). 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 share option grant:

	2012	2011
Risk free interest rate	**1.13%**	2.09%
Expected volatility (i)	**78%**	90%
Expected life	**5 years**	5 years
Expected dividends	**$Nil**	$Nil
Forfeiture rate	**1.0%**	1.0%

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

The following table summarizes information about share options outstanding and exercisable as at December 31, 2012:

	Options outstanding		Options exercisable	
Expiry date	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
		$		$
March 18, 2013	775,000	1.60	775,000	1.60
May 28, 2014	1,100,000	1.33	880,000	1.33
August 12, 2014	1,200,000	1.33	960,000	1.33
November 10, 2014	1,250,000	1.80	1,000,000	1.80
March 1, 2015	200,000	1.80	120,000	1.80
April 8, 2015	750,000	1.80	450,000	1.80
May 28, 2015	625,000	1.80	375,000	1.80
September 9, 2015	3,475,000	1.80	2,085,000	1.80
February 17, 2016	7,397,000	2.40	2,958,800	2.40
February 24, 2017	125,000	3.00	25,000	3.00
March 22, 2017	100,000	3.00	20,000	3.00
April 1, 2017	1,000,000	3.00	200,000	3.00
April 20, 2017	2,500,000	3.00	500,000	3.00
September 1, 2017	1,000,000	3.00	200,000	3.00
	21,497,000	2.21	10,548,800	1.98

(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)

13. Share capital (continued)

(c) Warrants

As at December 31, 2012, the Company has 13,941,940 warrants outstanding exercisable into 15,336,133 common shares. Each warrant entitles the holder to purchase 1.1 common shares for every warrant held at the IPO price for a period of two years following the IPO. These warrants became exercisable into common shares on October 23, 2012, the date of the offering, and will expire on October 22, 2014 if not exercised by this date.

1,082,060 warrants outstanding exercisable into 1,082,060 common shares were not exercised and expired on November 6, 2012. In October 2012, 487,500 warrants were exercised into 536,250 common shares for C$4.75 per warrant.

In January 2012, 23,540,000 special warrants were exercised into 28,248,000 common shares at no additional cost to the holder. In June 2012, 1,500,000 warrants were exercised into 1,500,000 shares at $1.60 per share.

In January 2011, 260,000 special warrants were exercised into 312,000 common shares, in March 2011, 10,416,665 special warrants were exercised into 12,500,000 common shares and in May 2011, 3,387,505 special warrants were exercised into 4,064,995 common shares, at no additional cost to the holder.

14. Currency translation reserve

	2012	2011
	$	$
Balance at the beginning of the year	**(2,888)**	(1,889)
Exchange differences arising on translating the foreign operations	**(369)**	(1,005)
Exchange differences arising on translating joint ventures	**(99)**	6
Balance at the end of the year	**(3,356)**	(2,888)

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

(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)

15. Non-controlling interest

	2012	2011
	$	$
Balance at beginning of the year	**69,037**	(1,162)
Share of losses for the year	**(13,152)**	(4,280)
Additional non-controlling interest arising on disposal of interest in Beales Ltd	**-**	(4,991)
Non-controlling interest arising on the acquisition of Kipushi Corporation SPRL (see Note 5)	**-**	80,748
Common share investment in Kipushi funded on behalf of non-controlling interest (Note 5 (b))	**(133)**	(1,278)
Non-controlling interest arising on disposal of interest in African Minerals Barbados Limited SPRL	**(8,287)**	-
Balance at end of the year	**47,465**	69,037

On September 11, 2012, the Company disposed of 5% of its interest in African Minerals Barbados Limited SPRL for no consideration, reducing its continuing interest to 95%. An amount of $8.3 million (being the proportionate share of the carrying amount of the net liabilities of African Minerals Barbados Limited SPRL) has been transferred to non-controlling interests. The amount of $8.3 million which is the sum of the non-controlling interests and the consideration received has been debited to accumulated deficit.

The Company acquired 68% of Kipushi Corporation SPRL on November 28, 2011 as set out in Note 5. The fair value of the sum of the non-controlling interests at acquisition was $80.7 million.

On June 7, 2011, a further 8% of the Company's interest in Beales Limited was disposed of, reducing its continuing interest to 90%. The proceeds on the disposals of $280 million were received in cash. An amount of $5 million (being the proportionate share of the carrying amount of the net liabilities of Beales Limited) has been transferred to non-controlling interests. The amount of $284.6 million which is the sum of the non-controlling interests and the consideration received has been credited to accumulated deficit.

16. Finance costs

The finance costs of the Company can be broken down as follows:

	2012	2011
	$	$
Interest on convertible bonds (Note 10)	**22,294**	2,916
Interest on Kipushi purchase consideration payable (Note 5 (c))	**3,248**	1,170
Interest on advances to Gecamines (Note 9)	**974**	46
Other financing costs	**24**	428
	26,540	4,560

(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)

17. 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 year ended December 31, 2012 and 2011.

18. Related party transactions

The financial statements include the financial statements of Ivanplats Limited and its subsidiaries listed in the following table:

		% equity interest as at	
Name	**Country of Incorporation**	**December 31, 2012**	December 31, 2011
African Minerals (Barbados) Ltd.	Barbados	**100%**	100%
Beales SARL	Luxembourg	**90%**	90%
Beales Finance Limited	Ireland	**100%**	(i)
Rhenfield Limited	British Virgin Islands	**50%**	50%
Gabon Holding Company Ltd.	Barbados	**100%**	100%
African Minerals (Barbados) Ltd. SPRL	Democratic Republic of Congo	**95%**	100%
Ivanhoe (Zambia) Ltd.	Zambia	**100%**	100%
African Minerals Holding Company Ltd.	Barbados	**100%**	100%
Ivanhoe DRC Holding Company Ltd.	Barbados	**100%**	100%
Ivanplats DRC Holding Company Ltd.	Barbados	**100%**	100%
Kipushi Corporation SPRL	Democratic Republic of Congo	**68%**	68%
Ivanplats Energy DRC SPRL	Democratic Republic of Congo	**100%**	(i)
Africa Consolidated Mineral Exploration (Pty) Ltd.	South Africa	**100%**	100%
Platreef Resources (Pty) Ltd.	South Africa	**100%**	100%
Ivanplats SA (Pty) Ltd.	South Africa	**100%**	100%
GB Mining & Exploration (SA) (Pty) Ltd.	South Africa	**100%**	100%
RK Mining (SA) (Pty) Ltd.	South Africa	**100%**	100%
Ivanplats Holding Company (Pty) Ltd.	Australia	**100%**	100%
Ivanhoe (Namibia) (Pty) Ltd.	Namibia	**100%**	100%
RK1 Consortium	South Africa	**25%**	25%
Ivanplats Syerston (Pty) Ltd.	Australia	**100%**	100%
Ivanplats Uranium (Pty) Ltd.	Australia	**100%**	100%
Ivanhoe Gabon SA	Gabon	**100%**	100%
Ivanplats Services (Pty) Ltd.	Australia	**100%**	100%

(i) These entities were incorporated during the year ended December 31, 2012.

(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)

18. 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:

	2012	2011
	$	$
Global Mining Management Corporation (a)	**3,774**	2,475
Ivanhoe Capital Aviation LLC (b)	**1,200**	1,500
Ivanhoe Capital Services Ltd. (c)	**652**	422
Global Mining Services Ltd. (d)	**390**	95
Ivanhoe Capital Corporation (UK) Limited (e)	**569**	246
I2MS.net PTE LTD (f)	**603**	119
Ivanhoe Australia Ltd. (g)	**60**	127
Turquoise Hill Resources Ltd. (h)	**45**	6
HCF International Advisers (i)	**552**	211
Ivanhoe Capital Finance Ltd (j)	**-**	360
	7,845	5,561
Salaries and benefits	**5,195**	3,077
Office and administration	**732**	457
Travel	**1,222**	1,653
Consulting	**696**	374
	7,845	5,561

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, 2012, trade and other payables included $1.0 million (2011: $0.8 million) with regards to amounts due to related parties related 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. The Company holds an equity interest in Global, and has each of a director and significant shareholder in common therewith. 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.

(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)

18. Related party transactions (continued)

(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.

(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 private company 100% owned by Turquoise Hill Resources Ltd., formerly Ivanhoe Mines Ltd. I2MS provides IT services to the Company on a cost-recovery basis.

(g) Ivanhoe Australia Ltd. is an Australian-based, ASX listed, resource company which provides consulting and other services to the Company on a cost-recovery basis. Ivanhoe Australia Ltd. had a director in common with the Company until April 19, 2012.

(h) Turquoise Hill Resources Ltd., formerly Ivanhoe Mines Ltd., is a Canadian-based, TSX listed resource company which provides consulting and other services to the Company on a cost-recovery basis. Turquoise Hill Resources Ltd. has a director and a significant shareholder in common with the Company.

(i) HCF International Advisers ("HCF") is a leading corporate finance adviser specialising in the provision of advisory services to clients worldwide in the metals, mining, steel and related industries. HCF has a director in common with the Company and provides financial advisory services to the Company on an arm's length basis.

(j) Ivanhoe Capital Finance Ltd. ("Finance") is a private company 100% owned by a director of the Company. Finance provided a $10 million short term loan to the Company on which interest and a transaction fee was payable, which was repaid in full during the 2011 fiscal year.

19. Cash flow information

Net change in non-cash working capital items:

	2012	2011
	$	$
Net (increase) decrease in		
Trade and other receivables	**2,330**	(4,475)
Prepaid expenses	**(8,457)**	231
Net (decrease) increase in		
Trade and other payables	**9,685**	5,361
	3,558	1,117

20. Financial instruments

(a) *Fair value of financial instruments*

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

Financial instrument	Classification
Financial assets	
Cash and cash equivalents	Loans and receivables
Short-term deposits	Loans and receivables
Trade and other receivables	Loans and receivables
Long-term loan receivable	Loans and receivables
Financial liabilities	
Trade and other payables	Other liabilities
Purchase consideration payable	Fair value through profit and loss
Advances to Gecamines	Other liabilities
Convertible bond	Other liabilities

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.

The purchase consideration payable is classified as Level 3 within the fair value hierarchy. The Company does not have any other assets or liabilities on the statement of financial position which are measured within the fair value hierarchy.

(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)

20. Financial instruments (continued)

(a) Fair value of financial instruments (continued)

The following table reconciles the Company's level 3 fair value measurements for the year ended December 31, 2012 and December 31, 2011:

	Purchase consideration payable	Total
	$	$
Balance December 31, 2010	-	-
Additions	114,934	114,934
Accrued financing costs	1,170	1,170
Balance December 31, 2011	116,104	116,104
Financing costs (note 16)	3,248	3,248
Reduction to purchase price with amendment (note 5)	(14,352)	(14,352)
Cash payments	(105,000)	(105,000)
Balance December 31, 2012	-	-

The Company's financial instruments include cash and cash equivalents, short-term deposits, trade and other receivables, long-term loan receivable, purchase consideration payable, convertible bond, advances payable to Gecamines and trade and other payable.

The fair value of the long-term loan receivable, and advances payable to Gecamines purchase consideration payable were determined in accordance with generally accepted pricing models based on a discounted cash flow analysis using a 9.2% discount rate. The fair value of the convertible bond is determined considering the best available data regarding market conditions for such instruments. As the instruments were issued during the year ended December 31, 2011, the carrying value approximates fair value.

The fair value of the Company's remaining financial instruments were estimated to approximate their carrying values, due primarily to the immediate or short-term maturity of these financial instruments.

(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)

20. Financial instruments (continued)

(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.

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

	December 31, 2012	December 31, 2011
	$	$
Assets		
Canadian dollar	**6,700**	1,496
Australian dollar	**183**	80
South African rand	**11,349**	39,896
British pounds	**78**	88
Liabilities		
Canadian dollar	**(105)**	(18)
Australian dollar	**(528)**	(546)
South African rand	**(2,411)**	(3,401)

<u>Foreign currency sensitivity analysis</u>

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.

	2012	2011
	$	$
Decrease in loss for the year	**763**	1,880

(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)

20. Financial instruments (continued)

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

(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 trade and other receivables and cash equivalents as well as long term loan receivables.

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 long-term loan receivable is due from Gecamines per the Kipushi purchase agreement (Note 5). The repayment of these loans will be made by offsetting against future royalties and dividends.

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, 2012					
Trade and other receivables	-	3,534	-	-	**3,534**
Long-term loan receivable	-	-	-	23,024	**23,024**
	-	3,534	-	23,024	**26,558**
As at December 31, 2011					
Trade and other receivables	-	5,865	-	-	**5,865**
Long-term loan receivable	-	-	-	7,324	**7,324**
	-	5,865	-	7,324	**13,189**

(iii) Liquidity risk

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

(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)

20. Financial instruments (continued)

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

(iii) 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, 2012					
Trade and other payables	-	19,969	-	-	**19,969**
Current income tax liabilities	195	-	-	-	**195**
Advances payable to Gecamines	4,685	-	-	7,997	**12,682**
As at December 31, 2011					
Trade and other payables	-	10,283	-	-	**10,283**
Current income tax liabilities	209	-	-	-	**209**
Purchase consideration payable	-	75,000	-	50,000	**125,000**
Advances payable to Gecamines	-	4,432	-	7,500	**11,932**

21. Capital risk management

The Company includes as capital common shares, warrant reserve and share option reserve. 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 unless otherwise noted; tabular amounts in thousands)

22. Key management personnel compensation

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

	2012	2011
	$	$
Short-term benefits	**6,412**	5,341
Share-based payments	**5,690**	6,823
	12,102	12,164

23. 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 ("SARS") amounted to R15 million ($1.8 million). The vendors objected to the assessment and their appeal was successful for R11 million ($1.3 million), but dismissed for taxes payable of R4 million ($0.5 million). The vendor is planning to appeal the ruling on the R4 million ($0.5 million) in the Supreme Court of Appeal of South Africa.

Due to the size, complexity and nature of the Company's operations, various legal and tax matters arise in the ordinary course of business. The Company accrues for such items when a liability is both probable and the amount can be reasonably estimated. In the opinion of management, these matters will not have a material effect on the consolidated financial statements for the Company.

As at December 31, 2012, the Company's commitments that have not been disclosed elsewhere in the consolidated financial statements are as follows:

	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years	Total
	$	$	$	$	$
Operating leases	427	973	264	-	1,664
Advancement of interest free loan	4,294	-	-	-	4,294
	4,721	973	264	-	5,958

(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)

24. Segmented information

At December 31, 2012, the Company has three reportable operating segments, being the Platreef property, DRC properties and Kipushi.

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

The operating segments are principally engaged in the exploration and development of mineral properties in South Africa, the Democratic Republic of Congo ("DRC") and the restoration of a mine in the DRC respectively. The following is an analysis of the non-current assets by geographical area and reconciled to the Company financial statements:

	South Africa	DRC	Other	Total
	$	$	$	$
Non-current assets				
As at December 31, 2012	13,427	351,501	5,358	370,286
As at December 31, 2011	11,921	338,633	4,934	355,488

(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)

24. Segmented information (continued)

	Platreef property	DRC properties	Kipushi	Unallocated		Consolidated total
				(i)		
	$	$		$		$
Segment assets						
As at December 31, 2012	**216,543**	**6,846**	**351,273**	**148,122**		**722,784**
As at December 31, 2011	256,571	4,215	335,563	31,948		628,297
Segment liabilities						
As at December 31, 2012	**1,460**	**8,618**	**93,578**	**5,529**		**109,185**
As at December 31, 2011	3,159	2,888	203,752	117,324	(ii)	327,123
Segment losses						
For year ended December 31, 2012	**36,106**	**67,846**	**31,317**	**43,892**		**179,161**
For year ended December 31, 2011	48,828	47,464	2,404	27,125		125,821
Capital expenditures						
For year ended December 31, 2012	**1,735**	**1,691**	**5,155**	**779**		**9,360**
For year ended December 31, 2011	1,079	1,324	191	1,222		3,816
Exploration expenditure						
For year ended December 31, 2012	**33,623**	**64,207**	**26,847**	**3,758**		**128,435**
For year ended December 31, 2011	45,834	45,845	1,816	3,099		96,594
Interest income						
For year ended December 31, 2012	**(1,496)**	**-**	**(828)**	**(743)**		**(3,067)**
For year ended December 31, 2011	(875)	-	-	(191)		(1,066)
Finance costs						
For year ended December 31, 2012	**22**	-	**4,223**	**22,295**		**26,540**
For year ended December 31, 2011	-	-	1,216	3,344		4,560
Depreciation						
For year ended December 31, 2012	**269**	**1,107**	**81**	**406**		**1,863**
For year ended December 31, 2011	162	955	-	239		1,356
Share of other comprehensive loss of joint ventures						
For year ended December 31, 2012	-	-	**-**	**99**		**99**
For year ended December 31, 2011	-	-	-	(6)		(6)

(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 the convertible bonds which are held in the Corporate Division (Note 10).

25. Subsequent events

The Company granted 2,150,000 options to certain directors, officers and employees during the first two months of 2013 per the amended and restated employees' and directors' equity incentive plan. The options were granted at a weighted average exercise price of C$4.96 and will expire five years after the date of grant.

26. Approval of the financial statements

The Consolidated Financial Statements of Ivanplats Limited, for the year ended December 31, 2012 were approved and authorized for issue by the Board of Directors on March 22, 2013.

Ivanplats

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2012

DATED: MARCH 22, 2013

INTRODUCTION

This management's discussion and analysis ("MD&A") should be read in conjunction with the audited financial statements of Ivanplats Limited ("Ivanplats" or the "Company") for the years ended December 31, 2012, 2011 and 2010, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures stated herein are in U.S. dollars, unless otherwise specified.

The effective date of this MD&A is ***March 22, 2013***. Additional information relating to the Company is available on SEDAR. Certain statements contained in the MD&A are forward-looking statements that involve risks and uncertainties. See "*Forward-Looking Statements*" and "*Risk Factors*".

FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A constitute "forward-looking statements" or "forward-looking information" within the meaning of applicable securities laws, including without limitation, the timing and results of (i) an updated PEA at the Kamoa Project; (ii) a pre-feasibility study at the Kamoa Project; (iii) a mining right application at the Platreef Project; (iv) the creation of a BBBEE program for the Platreef Project; (v) efforts to upgrade historical resource estimates at the Kipushi Project; and (vi) the de-watering program at the Kipushi Project. Such statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. Such statements can be identified by the use of words such as "may", "would", "could", "will", "intend", "expect", "believe", "plan", "anticipate", "estimate", "scheduled", "forecast", "predict" and other similar terminology, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. These statements reflect the Company's current expectations regarding future events, performance and results and speak only as of the date of this MD&A.

This MD&A also contains references to estimates of Mineral Resources. The estimation of Mineral Resources is inherently uncertain and involves subjective judgments about many relevant factors. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The accuracy of any such estimates is a function of the quantity and quality of available data, and of the assumptions made and judgments used in engineering and geological interpretation (including estimated future production from the Company's projects, the anticipated tonnages and grades that will be mined and the estimated level of recovery that will be realized), which may prove to be unreliable and depend, to a certain extent, upon the analysis of drilling results and statistical inferences that may ultimately prove to be inaccurate. Mineral Resource estimates may have to be re-estimated based on: (i) fluctuations in copper, nickel, platinum group elements ("PGE"), gold, zinc or other mineral prices; (ii) results of drilling, (iii) metallurgical testing and other studies; (iv) proposed mining operations, including dilution; (v) the evaluation of mine plans subsequent to the date of any estimates; and (vi) the possible failure to receive required permits, approvals and licenses.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indicators of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed below and under "Risk Factors", as well as unexpected changes in laws, rules or regulations, or their enforcement by applicable authorities; the failure of parties to contracts with the Company to perform as agreed; social or labour unrest; changes in commodity prices; and the failure of exploration programs or studies to deliver anticipated results or results that would justify and support continued exploration, studies, development or operations.

Although the forward-looking statements contained in this MD&A are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this MD&A and are expressly qualified in their entirety by this cautionary statement. Subject to applicable securities laws, the Company does not assume any obligation to update or revise the forward-looking statements contained herein to reflect events or circumstances occurring after the date of this MD&A.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the factors set forth below in the "Risk Factors" section beginning on page 24 and elsewhere in this MD&A.

REVIEW OF OPERATIONS

The Company is a mineral exploration and development company. The Company's financial performance is primarily affected by ongoing exploration and development activities being conducted at its three material properties. The Company has no producing properties and does not have operating revenues, subject to any amounts it may earn from its investment in the RK1 Consortium, which are not material to its operations. The Company expects to fund all of its exploration and development activities through debt and equity financing until operating revenues commence. The Company's material properties consist of:

- The Kamoa copper discovery in a previously unknown extension of the Central African Copperbelt in the DRC. (See "*Kamoa Project*".)

- The Platreef Discovery of platinum-group elements, nickel, copper and gold on the Northern Limb of the Bushveld Complex in South Africa. (See "*Platreef Project*".)

- The historic, high-grade Kipushi zinc-copper mine, also on the Copperbelt in the DRC and now being dewatered and refurbished to support a future return to production of copper, zinc and other metals following a care-and-maintenance program conducted between 1993 and 2011. (See "*Kipushi Project*".)

Ivanplats also is evaluating other opportunities as part of its objective to become a broadly based, international mining company.

Kamoa Project

Kamoa is world's largest undeveloped high-grade copper discovery

The Kamoa Project is a newly discovered, very large, stratiform copper deposit with adjacent prospective exploration areas within the Central African Copperbelt, approximately 25 kilometres west of the town of Kolwezi and about 270 kilometres west of the provincial capital of Lubumbashi. Ivanplats holds its 95% interest in the Kamoa Project through a subsidiary company, African Minerals Barbados Limited SPRL (AMBL). A 5%, non-dilutable interest in AMBL was transferred to the DRC government on September 11, 2012, for no consideration, pursuant to the DRC Mining Code. The Company also has offered to sell an additional 15% interest to the DRC government on commercial terms to be negotiated.

Kamoa is the world's largest undeveloped, high-grade copper deposit; it also is one of the world's largest undeveloped copper deposits. On January 17, 2013, an updated mineral resource was announced that increased Kamoa's Indicated Mineral Resources to a total of 739 million tonnes grading 2.67% copper and containing 43.5 billion pounds of copper. This was an increase of 115% over the previous September 2011 estimate of 348 million tonnes grading 2.64% copper and containing 20.2 billion pounds of copper. Both estimates used a 1% copper cut-off grade and a minimum vertical mining thickness of three metres.

In addition to the Indicated Mineral Resources, the new estimate included Inferred Mineral Resources of 227 million tonnes grading 1.96% copper and containing 9.8 billion pounds of copper, also at a 1% copper cut-off grade and a minimum vertical mining thickness of three metres.

The latest Kamoa resource estimate was prepared by AMEC, based on core from 555 holes drilled to December 10, 2012, in accordance with CIM Guidelines and under the direction of Technical Director Dr. Harry Parker.

At a higher, 2% copper cut-off grade, Kamoa's Indicated Resources now total 550 million tonnes grading 3.04% copper and containing 36.9 billion pounds of copper. At the 2% cut-off, Kamoa also has 93 million tonnes of Inferred Resources grading 2.64% copper, which contains an estimated 5.4 billion pounds of copper.

The current base-case, 5.0-million-tonne-per-annum mine plan estimates the production of an average of 143,000 tonnes of copper per year in the first 10 years. However, preliminary work indicates that an initial mine production rate and associated concentrator capacity of 7.5 million tonnes per annum may allow more efficient use of the assumed capital. The mine plan represents a preliminary economic assessment. It is preliminary in nature, includes inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized. Mineral Resources are not mineral reserves and do not have demonstrated economic viability.

Potential mining rates of up to 20 million tonnes a year under consideration

In August 2012, the DRC government granted mining licences for the Kamoa Project that cover 400 square kilometres. The licences are valid for 30 years and can be renewed at 15-year intervals.

The new resource model will form the basis of an updated preliminary economic assessment (PEA) due for completion in the first half of 2013. The base case of the updated PEA is expected to consider an initial mine production rate of 7.5 million tonnes per annum. Given the project’s significant estimated Mineral Resource tonnage and its large lateral extent, potential mining rates of up to 20 million tonnes per annum may be possible through operating in multiple mining areas and a series of production expansions to maximize extraction capacity.

Metallurgical testwork is ongoing at XPS in Sudbury, Canada. Copper recoveries for most of the various ore types tested range from 80% to 90%, with the major ore type producing recoveries above 85%. Concentrate compositions from the various ore types are suitable for smelting.

Studies are underway to finalize all engineering and commercial aspects for the upgrading of the Koni and Mwadingusha hydroelectric power stations. These studies are expected to be completed in the fourth quarter of 2013.

Drilling during Q4 2012 focused on programs related to pre-feasibility studies, including civil geotechnical and condemnation drilling for mine infrastructure, hydrogeological pump testing, resource infill drilling in Kamoa Ouest and Kansoko Centrale and metallurgical drilling for the variability program. A total of 9,394 metres were drilled during the quarter, including 5,187 metres of infill resource drilling, 664 metres of condemnation drilling, 200 metres for civil geotechnical planning and 3,343 metres for metallurgical (variability) purposes. Pump testing was completed during the quarter on eight hydrogeology boreholes.

Additional studies are underway to further advance the geotechnical, engineering and metallurgical understanding of Kamoa in support of a pre-feasibility study, including work on the mine, smelter and concentrator. Further hydrological drilling and testing will begin in the second half of 2013 to improve the hydrological models for Kamoa.

Platreef Project

New independent estimate boosts resources at Flatreef Deposit

The Platreef Project, in South Africa's Limpopo province, is 90%-owned by Ivanplats and 10%-owned by a Japanese consortium of Itochu Corporation, Japan Oil, Gas and Metals National Corporation (JOGMEC) and JGC Corporation. The Japanese consortium's 10% interest in the Platreef Project was acquired in two tranches for a total investment of $290 million.

The Platreef Project includes a recently discovered underground deposit of thick, PGE-nickel-copper mineralization in the Northern Limb of the Bushveld Complex, approximately 280 kilometres northeast of Johannesburg.

PGE-nickel-copper mineralization in the Northern Limb primarily is hosted within the Platreef, a mineralized sequence that is traced more than 30 kilometres along strike. Ivanplats' Platreef Project within the southern sector of the Platreef is comprised of three contiguous properties: Turfspruit, Macalacaskop and Rietfontein. The northernmost property, Turfspruit, is contiguous with, and along strike from, Anglo Platinum's Mogalakwena group of properties and mining operations.

Since 2007, Ivanplats has focused its exploration activities on defining and advancing the down-dip extension of the Platreef Deposit that is potentially amenable to underground mining methods. This area lies entirely on the Turfspruit and Macalacaskop properties. Ivanplats has named this new area of mineralization the Flatreef Deposit.

In March 2013, the Company received a new independent Technical Report in support of the Company's February 6, 2013, news release that outlined a major expansion and upgrade of the previously declared underground mineral resources for its Flatreef Deposit. The Technical Report was prepared by AMEC E&C Services of Reno, Nevada, in accordance with CIM Definition Standards and Best-Practice Guidelines and National Instrument 43-101 standards, under the direction of AMEC Technical Director Dr. Parker.

At a 2.0-gram-per-tonne (g/t) 4PE cut-off grade, AMEC estimated that the Flatreef Deposit contains Indicated Mineral Resources of 214 million tonnes grading 4.1 g/t platinum, palladium gold and rhodium (4PE), 0.34% nickel and 0.17% copper, containing an estimated 28.5 million ounces of platinum, palladium, gold and rhodium, 1.61 billion pounds of nickel and 794 million pounds of copper. At the same cut-off of 2.0 g/t 4PE, Inferred Mineral Resources total 415 million tonnes grading 3.5 g/t 4PE, 0.33% nickel and 0.16% copper, containing an estimated additional 47.2 million ounces of platinum, palladium, gold and rhodium, 3.0 billion pounds of nickel and 1.5 billion pounds of copper.

The resource estimate was based on results from 399 UMT-series drill holes and 34 relogged drill-holes from the open-pit drilling program.

At a higher cut-off grade of 3.0 g/t 4PE, Flatreef is estimated to contain Indicated Mineral Resources totalling 137 million tonnes grading 5.09 g/t 4PE, 0.38% nickel and 0.19% copper, containing an estimated 22.4 million ounces of platinum, palladium, gold and rhodium, 1.13 billion pounds of nickel and 558 million pounds of copper. At the same cut-off of 3 g/t 4PE, Inferred Mineral Resources total 211 million tonnes grading 4.6 g/t 4PE, 0.38% nickel and 0.18% copper, containing an estimated, additional 31.4 million ounces of platinum, palladium, gold and rhodium, 1.76 billion pounds of nickel and 855 million pounds of copper.

The updated resources contained in the Technical Report are shown in full in Table 1.

Table1: Mineral Resource Statement for Mineral Resources amenable to Selective Mining Methods; Effective Date 13 March 2013, Harry M. Parker, RM.SME, and Timothy O. Kuhl, RM.SME.

Indicated Mineral Resources								
Tonnage and Grades								
Cutoff 4PE	**Mt**	**Pt (g/t)**	**Pd (g/t)**	**Au (g/t)**	**Rh (g/t)**	**4PE (g/t)**	**Ni (%)**	**Cu (%)**
3 g/t	137.0	2.273	2.314	0.347	0.153	5.086	0.375	0.185
2 g/t	214.4	1.830	1.886	0.290	0.124	4.129	0.341	0.168
1 g/t	387.0	1.275	1.339	0.214	0.087	2.916	0.282	0.139
Contained Metal								
Cutoff 4PE		**Pt (Moz)**	**Pd (Moz)**	**Au (Moz)**	**Rh (Moz)**	**4PE (Moz)**	**Ni (Mlbs)**	**Cu (Mlbs)**
3 g/t		10.0	10.2	1.5	0.7	22.4	1,133.4	558.4
2 g/t		12.6	13.0	2.0	0.9	28.5	1,610.3	794.2
1 g/t		15.9	16.7	2.7	1.1	36.3	2,408.4	1,189.3
Inferred Mineral Resources								
Tonnage and Grades								
Cutoff 4PE	**Mt**	**Pt (g/t)**	**Pd (g/t)**	**Au (g/t)**	**Rh (g/t)**	**4PE (g/t)**	**Ni (%)**	**Cu (%)**
3 g/t	211.4	2.085	2.063	0.336	0.143	4.627	0.378	0.183
2 g/t	415.0	1.565	1.592	0.268	0.108	3.534	0.331	0.163
1 g/t	1054.8	0.960	1.018	0.175	0.068	2.221	0.254	0.130
Contained Metal								
Cutoff 4PE		**Pt (Moz)**	**Pd (Moz)**	**Au (Moz)**	**Rh (Moz)**	**4PE (Moz)**	**Ni (Mlbs)**	**Cu (Mlbs)**
3 g/t		14.2	14.0	2.3	1.0	31.4	1,763.6	855.2
2 g/t		20.9	21.2	3.6	1.4	47.2	3,030.7	1,488.6
1 g/t		32.6	34.5	5.9	2.3	75.3	5,916.7	3,022.2

(1) Mineral Resources estimated assuming underground selective mining methods are exclusive of the Mineral Resources estimated assuming mass mining methods. The 2 g/t 4PE cut-off is considered the base case for scoping studies in progress; the 3 g/t 4PE cut-off is also being considered.

(2) Mineral Resources are reported on a 100% basis.

(3) Mineral Resources are stated from approximately -200 m to 650 m elevation.

(4) Assumed commodity prices are Ni: $8.81/lb, Cu: $2.73/lb, Pt: $1,699/oz, Pd: $667/oz, Au: $1,315/oz, and Rh: $2,065/oz. It has been assumed that payable metals would be 82% from smelter/refinery and that mining costs (average $40/t) and process, G&A, and concentrate transport costs (average $12.5/t for a 3 Mt/a operation) would be covered. The process recoveries vary with block grade but typically would be 85-90% for Pt, Pd and Rh; 65% for Au and 60% for Ni and 80% for Cu.

Ivanplats' Flatreef Deposit is characterized by its very large vertical thicknesses of high-grade mineralization. The grade shells used to constrain mineralization in the indicated resource area have average true thicknesses of approximately 24 metres at a 2 g/t 3PE (platinum-palladium-gold) cut-off grade, with an equivalent average resource grade of 4.1 g/t 4PE for a grade-thickness of 98 grams-metre per tonne and an average true thickness of approximately 17 metres at a 3 g/t 3PE cut-off grade with an equivalent average resource grade of 5.1 g/t 4PE for a grade-thickness of 51 grams-metre per tonne. In contrast, most of the world's platinum production comes from the Bushveld's Merensky and Upper Group 2 reefs, which average 4.0 to 10.0 g/t 4PE but have narrow thicknesses that average 0.4 to 1.5 metres, for a grade-thickness range of <5 to 15 grams-metre per tonne of PGE.

Ivanplats is focusing its Platreef Project development work on the Mineral Resources contained in the Flatreef Deposit. Given the thickness of the Flatreef's mineralization, the company is investigating mining scenarios that concentrate on highly mechanized mining methods.

Mining Right Application being prepared for application in Q2

Operations at the Platreef Project during Q4 2012 and Q1 2013 to date have primarily focused on the generation and compilation of the Mining Right Application (MRA). The MRA is comprised of a number of different reports, including the Mine Works Program, Social and Labour Plan and the broad-based black economic empowerment (BBBEE) structure. Ivanplats contemplates submitting its MRA to the Department of Mineral Resources (DMR) in Q2 2013. A Bulk Sample Application, in which Ivanplats proposes to construct an exploration shaft on the property and take a bulk sample from the Flatreef Deposit, was filed in September 2012 and is awaiting approval.

As part of its MRA filing, the Company is working with its advisers and regulatory authorities to ensure that it meets South African ownership requirements prescribed by the Mining Charter. Ivanplats is committed to the highest standards of community engagement and participation and intends to fashion the Platreef Project ownership in line with a BBBEE model, with the major beneficiaries being local communities, employees and a trust for woman and children.

The purpose of the Social and Labour Plan is to address skills training and sustainable local economic development projects. Community liaison offices have been officially opened in five of the eight directly affected communities to provide information and establish direct communications with residents interested in the Company's development plans. The offices also will be used to continue with the skills and business survey, which was concluded last year. Survey data will be recorded to assist the Company in planning future training and development initiatives. A stakeholder engagement forum was established during Q1 2013 involving various independent community groups. The forum has met twice, improving transparency within the greater community. Training and development plans outlined in the Social and Labour Plan will commence in due course and will focus primarily on Ivanplats staff until the Mining Right is granted.

Ivanplats received a Section 93 directive from the DMR during Q4 2012, halting exploration activity (including drilling) at the Platreef project site until the Department of Rural Development and Land Reform (DRDLR) has ratified Platreef's current community compensation agreements. The DRDLR now has issued the DMR with a compliance letter indicating that the Company's compensation agreements are valid. Ivanplats' request that the directive be lifted is being reviewed by the DMR.

Results from recent metallurgical testwork carried out by Mintek have indicated that 4E PGM recoveries of 85.2% and nickel recoveries of 72.5% are achievable at saleable concentrate grades of 119.2 g/t 4E PGM and 10.7% nickel.

Results from a number of laboratory-scale, open-circuit flotation tests have been confirmed by locked cycle tests on materials from the mineralized zone of the Flatreef Deposit. Two composite samples representing possible mining scenarios were tested in a simple circuit consisting of a single stage of milling followed by rougher flotation and three stages of cleaning. The locked-cycle tests were performed at a grind of 80% passing 75um and using a combination of novel reagents and industry standard reagents.

Ivanplats is preparing a PEA, based on the recently updated Mineral Resource statement, which it expects to release by Q3 2013. The Company also is in talks with two possible shaft-sinking contractors in anticipation of the approval of its Bulk Sample Application.

Exploration discovers Flatreef extension

During 2012, the Company completed an airborne geophysical survey over the Platreef Project to identify possible extensions of the Flatreef Discovery. Proprietary geophysical modelling of the survey results appear to have identified a significant southward extension of the Flatreef.

The company tested this southwest extension target area with three initial diamond-drill holes. All three drill holes intersected PGE-nickel-copper mineralization typical of the Flatreef at the predicted depths of between 668 metres and 815 metres below surface, extending the area of Flatreef mineralization and confirming the effectiveness of the Company's proprietary geophysical modelling.

The results of this program were released in November 2012. AMEC used the results of the drilling program to estimate the potential tonnage and grade of an exploration target for this new area (Target 1) and determined it could contain 31 to 62 million tonnes grading 3.36 to 5.03 g/t 4PE, 0.26% to 0.38% nickel and 0.13% to 0.19% copper over an area of 2.5 square kilometres, outside the currently stated resources.

In addition to this target, AMEC restated a previous exploration target to the southwest of Zone 1. This target (Target 2), contains an estimated additional 50 to 220 million tonnes grading 2.9 to 4.1 g/t 4PE, 0.24% to 0.32% nickel and 0.12% to 0.16% copper over an area of 7.6 square kilometres.

These exploration targets are conceptual in nature and there has been insufficient exploration to define such exploration targets as Mineral Resources. It is uncertain if further exploration will result in these exploration targets being delineated as Mineral Resources.

Kipushi Project

Drilling planned to establish resources in unmined Big Zinc Zone

The Kipushi Project, located in the DRC's Katanga province, and southeast of the Company's Kamoa discovery, is adjacent to the town of Kipushi and approximately 30 kilometres southwest of the provincial capital of Lubumbashi. Ivanplats acquired its 68% interest in the Kipushi Project in November 2011; the balance of 32% is held by Gécamines, the DRC's state-owned mining company.

The Kipushi Project includes the high-grade, underground zinc-copper mine in the Central African Copperbelt, which produced approximately 60 million tonnes grading 11% zinc and 7% copper between 1924 and 1993. The mine also produced 12,673 tonnes of lead and approximately 278 tonnes of germanium between 1956 and 1978. Most of these metals were mined from the Kipushi Fault Zone. The mine was managed on a care-and-maintenance program between 1993 and 2011.

Gécamines discovered the Big Zinc Zone prior to 1993 in the footwall of the Kipushi Fault Zone, and it remains unmined. Historical estimates of the Big Zinc's resources between the mine's 1,295- and 1,500-metre levels total 4.7 million tonnes averaging 39% zinc and 0.76% copper. Several exploration holes confirmed the continuation of the Big Zinc Zone below the 1,640-metre level. Kipushi's historical resource estimates above the 1,500-metre level total approximately 17 million tonnes averaging 16.7% zinc and 2.3% copper, including the Big Zinc historical resources noted above.

A Qualified Person has not done sufficient work to classify the historical estimates as current Mineral Resources and Ivanplats is not treating such estimates as current Mineral Resources. The historical resources noted above are derived from an estimate prepared by Techpro Mining and Metallurgy in 1997 and are presented at an Indicated level. A discussion of the material assumptions, parameters and methods relating to the historical resource estimate, as well as a discussion of relevance, reliability and other information regarding the estimate, is included in the Kipushi Technical Report, dated September 2012 and prepared by IMC Group Consulting Ltd., which is available at www.sedar.com.

Ivanplats intends to conduct an underground drilling program at Kipushi focused on confirming and expanding the Big Zinc Zone and extensions to the historically mined Kipushi Fault Zone and bringing the historical resources to National Instrument 43-101 standards.

Additional pumping capacity is being procured to speed lowering of water level in mine

Dewatering of the existing mine workings is continuing and by the end of Q4 2012 the water level had been lowered to approximately 980 metres below surface. Corroded sections of steelwork and equipment are being replaced as the water level recedes. Additional pumping capacity is being installed to increase the pumping volumes.

Measures are being taken to improve the delivery of materials to the site. Agreements are in place to supply additional electrical power and emergency generating sets on site have been restored to operation to help provide back up. An environmental baseline study has been completed and the final report is being prepared by a third-party consultant.

Geological relogging of existing drill cores on the Big Zinc Zone is complete and modelling is underway. Ongoing relogging of drill cores through the Kipushi Fault Zone is expected to be completed in Q1 2013.

Samples for metallurgical testwork have been collected from the existing drill core from the Big Zinc Zone. Comminution and flotation testwork has been initiated.

Regional Exploration

Democratic Republic of Congo

During Q4 2012, the Regional Exploration Group consisted of three exploration teams that conducted exploration in the Lufupa Sud-est, Fold & Thrust Belt and Lufira East project areas. The Company's geophysics team also conducted ground magnetic surveys in Lufupa Sud-est. Completed work included sampling of soil, stream sediments and termite mounds, mapping, pitting, trenching, ground magnetics, auger drilling, and diamond core drilling. During the quarter, 16 diamond drill holes totalling 1,485 metres were completed. The Regional Exploration Group completed field activities in mid-November and is preparing for the 2013 field season.

Gabon

Ivanplats holds two exploration permits in Gabon covering untested gold-in-soil anomalies adjacent to extensive placer gold workings within poorly explored greenstone belts.

At Ndangui, auger drilling in 2011 and 2012 confirmed two distinct anomalies with a combined strike length of more than three kilometres, which returned values of up to 66 grams (~two ounces) of gold per tonne in residual soil. Pitting recovered coarse, visible gold and exposed gold-bearing quartz veins grading up to 11.75 grams of gold per tonne. A 3,000-metre diamond drilling program is scheduled to commence in June 2013.

The Makokou permit contains nine gold-in-soil anomalies of up to 0.6 grams of gold per tonne. An auger-drilling program was completed in the second half of 2012 and results are expected in Q2 2013.

SELECTED ANNUAL FINANCIAL INFORMATION

This selected financial information is in accordance with IFRS as presented in the annual consolidated financial statements.

	For the year ended December 31,		
	2012	2011	2010
	$'000	$'000	$'000
Exploration and project expenditure	128,435	96,594	33,828
General administrative expenditure	27,971	24,584	10,370
Finance costs	26,540	4,560	-
Total comprehensive loss attributable to:			
Owners of the Company	166,485	122,457	50,142
Non-controlling interest	13,152	4,280	70
Loss per share (basic and diluted)	0.38	0.30	0.13
Total assets	722,784	628,297	40,384
Non-current liabilities	84,336	237,620	2,082

Review of the year ended December 31, 2012 vs. 2011

The Company's total comprehensive loss for the year ending December 31, 2012, was $52.9 million higher than for the same period in 2011. The increase was attributable mainly to the increase in exploration and project expenditures at the Kamoa Project in 2012 to $64.2 million (2011 - $45.8 million), as well as the expenditure on the newly acquired Kipushi Project as set out in the following table:

	Year ended December 31, 2012 $'000	**Year ended December 31, 2011 $'000**
Kamoa Project		
Drilling	32,206	24,065
Salaries and benefits	11,358	5,734
Studies	4,736	5,045
Travel	2,315	1,048
Total project expenditure	64,207	45,790
Platreef Project		
Drilling	14,916	32,338
Studies	8,742	3,578
Salaries and benefits	4,470	2,889
Assaying and sampling	876	3,723
Total project expenditure	33,623	45,845
Kipushi Project		
Contracting work	9,527	1,816
Electricity	6,727	-
Equipment rental	2,125	-
Travel	2,006	-
Total project expenditure	26,847	1,816

General administrative expenditure increased mainly due to an increase in salaries and benefits of $4.2 million. This resulted from the increase in executive and administrative staff during the past year, as well as the bonuses awarded to some executives for the completion of the initial public offering (IPO) of the Company's Class A Common Shares (Common Shares). Share-based payments decreased by $1.9 million due to fewer option grants during 2012 and the office and administration expense increased by $1.6 million mainly due to the increase in employees.

Finance costs increased by $22 million due to the Company's interest accrual at the effective interest rate on the Pre-IPO Bonds issued during November 2011 and March 2012. These bonds, with all applicable interest, converted into 40.7 million Common Shares on October 23, 2012, as a result, and upon completion of the IPO.

The Company's total assets increased to $722.8 million as at December 31, 2012, from $628.3 million in December 2011. This was mainly due to an increase in cash and cash equivalents of $73.6 million. The Company received $288.9 million net of costs from its IPO, $6.7 million in proceeds from the exercise of options and $4.7 million from warrants exercised for Class B Common Shares. The Company also received $53.4 million from the issuance of a second tranche of convertible senior unsecured bonds on March 28, 2012, with a principal value of $50 million and an effective interest rate of 18.73%.

The Company utilized $142.2 million of its cash resources in its operations and earned interest income of $2.4 million on cash balances. The remainder of the purchase consideration payable of $105 million for the acquisition of Kipushi was settled during the year, while an additional $20 million of the social development loan was advanced to Gécamines. Finally, $9.4 million was spent to acquire property, plant and equipment.

The Company's total liabilities decreased from $327.1 million at December 31, 2011, to $109.2 million as at December 31, 2012. This was due to the conversion of the Pre-IPO Bonds on completion of the IPO, as well as the settlement of the purchase consideration for Kipushi payable as explained above.

SELECTED QUARTERLY INFORMATION

The following table summarizes selected financial information for the prior eight (8) quarters. Other than its share of revenue from the RK1 Consortium, the Company had no operating revenue in any financial reporting period and did not declare or pay any dividend or distribution in any financial reporting period.

	3 Months ended			
	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012
	$'000	$'000	$'000	$'000
Exploration and project expenditure	31,314	29,368	34,666	33,087
General administrative expenditure	9,887	5,586	8,286	4,212
Finance costs	2,069	8,653	9,025	6,793
Total comprehensive loss attributable to:				
Owners of the Company	37,949	38,368	51,514	38,654
Non-controlling interest	4,771	3,315	2,746	2,320
Loss per share (basic and diluted)	0.07	0.09	0.12	0.10

	3 Months ended			
	December 31, 2011	September 30, 2011	June 30, 2011	March 31, 2011
	$'000	$'000	$'000	$'000
Exploration and project expenditure	29,921	29,304	21,439	15,930
General administrative expenditure	9,964	4,766	4,548	5,306
Finance costs	4,518	42	-	-
Total comprehensive loss attributable to:				
Owners of the Company	40,548	34,568	25,714	21,627
Non-controlling interest	1,969	1,696	462	153
Loss per share (basic and diluted)	0.10	0.08	0.06	0.05

FOURTH QUARTER

Review of the Three Months Ended December 31, 2012 vs. 2011

The Company's total comprehensive loss for the three months ending December 31, 2012 was $0.2 million higher than for the same period in 2011. The increase was attributable mainly to the increase in exploration and project expenditure, but was offset largely by the decrease in finance costs in 2012 of $2.4 million. This was as a result of the conversion of the Company's Pre-IPO Bonds into shares upon completion of the IPO on October 23, 2012. Salaries and benefits increased by $1.9 million due to the increase in executive and administrative staff over the last year as well as the bonuses awarded to executives for the completion of the IPO.

Exploration and project expenditures remained consistent over the two periods with only a 5% increase in Q4 2012. While the expenditure on the Kamoa Project increased slightly, expenditures at the Platreef Project decreased significantly due to a reduced drilling program. The decrease in expenditures at the Platreef Project are not evident when looking at the consolidated figures due to the increased expenditure at the newly acquired Kipushi Project but can be seen in the detailed breakdown set out below:

	3 Months ended December 31, 2012	**3 Months ended December 31, 2011**
	$'000	**$'000**
Kamoa Project		
Drilling	3,925	6,063
Salaries and benefits	4,388	1,933
Scoping studies	1,519	1,882
Travel	709	293
Total project expenditure	13,852	13,194
Platreef Project		
Drilling	1,131	8,491
Studies	2,459	1,981
Salaries and benefits	995	1,150
Assaying and sampling	69	1 640
Total project expenditure	6,323	14,201
Kipushi Project		
Contracting work	3,740	1,816
Electricity	3,079	-
Equipment rental	189	-
Travel	740	-
Total project expenditure	10,376	1,816

LIQUIDITY

The Company's sole source of funding prior to its IPO had been the issuance of equity securities and the Pre-IPO Bonds, for cash, primarily through private placements to sophisticated investors and institutions. The Company has issued equity securities in each of the past few years pursuant to private placement financings and on the exercise of warrants and options.

To meet the long-term business plans of developing the projects, the Company successfully closed its IPO of Common Shares on October 23, 2012. A total of 63.3 million new Common Shares were issued at a price of C$4.75 ($4.85) per share, resulting in approximately C$300 million ($307 million) raised in gross proceeds for the Company, excluding the over-allotment option. In November 2012, the underwriters exercised a portion of their over-allotment option and bought 1.0 million Common Shares at the IPO price of C$4.75 per share raising gross proceeds of C$4.9 million ($4.9 million).

The Company had $259.4 million in cash and cash equivalents and $80.0 million in short-term deposits as at December 31, 2012. Certain of the Company's cash and cash equivalents and short-term deposits, having an aggregate value of $201.3 million, are subject to contractual restrictions as to their use. Based on current planned work programs, these restricted funds should be sufficient to advance the Platreef Project to 2014. With the closing of the IPO, the Company believes it has sufficient resources to cover its short- to medium-term cash requirements. However, the Company's access to financing is always uncertain and there can be no assurance that additional funding will be available to the Company in the future.

As at December 31, 2012, the Company had consolidated working capital of approximately $327.6 million, compared to $183.3 million at December 31, 2011. The Platreef Project working capital is restricted and amounted to $243.8 million at December 31, 2011, and $204.2 million at December 31, 2012. Excluding the Platreef working capital, the resultant working capital is $123.4 million at December 31, 2012, and negative working capital of ($60.5 million) at December 31, 2011 as a result of the short-term purchase consideration then payable on the KICO acquisition.

At December 31, 2012, the purchase price of the Company's interest in KICO had been settled in full. As a result of the IPO, $100.0 million became due and was settled on October 23, 2012.

Pre-IPO Bonds were issued on November 10, 2011, with a principal value of $115.0 million and an effective interest rate of 19.05%. A secondary issuance was made on March 28, 2012, with a principal value of $50.0 million and an effective interest rate of 18.73%. The Pre-IPO Bonds would have matured in three years from November 10, 2011, if an IPO had not been completed before that time. As a result of the offering, the Pre-IPO Bonds converted into 40.7 million Common Shares on October 23, 2012.

The Company has a three-year mortgage bond outstanding on its office in London, United Kingdom, of £2.4 million ($3.9 million) that is fully repayable during May 2015, secured by the property, that incurs interest at a rate of LIBOR plus 2.25% payable monthly in arrears.

The Company signed an agreement with La Société Nationale d'Électricité ("SNEL"), the state-owned power company of the DRC, by which the parties agreed to rehabilitate two existing hydropower plants. The cost for the rehabilitation is expected to be financed by the Company through an interest free loan to SNEL. Pursuant to an initial agreement, $4.5 million of the cost of the initial studies will be financed by the Company through an interest free loan to SNEL. The loan will be repaid by SNEL through a deduction from the Company's monthly power bills incurred.

The Company has an implied commitment in terms of spending on work programs submitted to regulatory bodies to maintain the good standing of exploration and exploitation permits at its mineral properties. The following table sets forth the Company's long-term obligations:

Contractual Obligations as at December 31, 2012	Total $'000	Less than 1 year $'000	1-3 years $'000	4-5 years $'000	After 5 years $'000
	Payments Due By Period				
Debt	3,873	3,873	-	-	-
Operating Leases	1,665	427	973	265	-
Loan Obligation	4,294	4,294	-	-	-
Other Obligations	12,682	4,685	-	-	7,997
Total Contractual Obligations	**22,514**	**13,279**	**973**	**265**	**7,997**

CAPITAL RESOURCES

As at March 22, 2013, the Company's capital structure consists of Common Shares, Class B Common Shares, Preferred Shares, warrants and options. The Company's objectives are to safeguard its ability to continue as a going concern to pursue the development of its projects and other opportunities and to maintain a flexible capital structure that optimizes the cost of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets, or rebalance its holdings of cash and cash equivalents. 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 (the "Board").

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 of six months or less from the original date of investment, selected with regard to the expected timing of expenditures for operations.

OFF-BALANCE SHEET ARRANGEMENTS

The Company had no off-balance sheet arrangements for the periods under review.

TRANSACTIONS WITH RELATED PARTIES

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

	2012	2011
	$'000	$'000
Global Mining Management Corporation (a)	3,774	2,475
Ivanhoe Capital Aviation LLC (b)	1,200	1,500
Ivanhoe Capital Services Ltd. (c)	652	422
Global Mining Services Ltd. (d)	390	95
Ivanhoe Capital Corporation (UK) Limited (e)	569	246
I2MS.net PTE LTD (f)	603	119
Ivanhoe Australia Ltd. (g)	60	127
Turquoise Hill Resources Ltd. (h)	45	6
HCF International Advisers (i)	552	211
Ivanhoe Capital Finance Ltd (j)	-	360
	7,845	5,561
Salaries and benefits	5,195	3,077
Office and administration	732	457
Travel	1,222	1,653
Consulting	696	374
	7,845	5,561

The above noted transactions were in the normal course of operations, were entered into at arm's length 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, 2012, accounts payable included $1.0 million (December 31, 2011: $0.8 million) with related parties related by way of directors, officers or significant shareholders in common. These amounts are unsecured and non-interest bearing.

a) Global Mining Management Corporation ("Global") is a private company based in Vancouver. The Company holds an equity interest in Global, and has each of a director and significant shareholder in common therewith. 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 indirectly by the Executive Chairman. Aviation operates an aircraft for which the Company contributes toward its running costs.

c) Ivanhoe Capital Services Ltd. ("Services") is a private company 100%-owned indirectly by the Executive Chairman. Services provides 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 and is 100%-owned by Global. Mining provides administration and other services to the Company on a cost-recovery basis.

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

f) I2MS.net PTE LTD ("I2MS") is a private company 100%-owned by Turquoise Hill Resources Ltd., formerly Ivanhoe Mines Ltd. I2MS provides IT services to the Company on a cost-recovery basis.

g) Ivanhoe Australia Ltd. is an Australian-based, ASX-listed resource company that provides consulting and other services to the Company on a cost-recovery basis. Ivanhoe Australia Ltd. had a director in common with the Company until April 19, 2012.

h) Turquoise Hill Resources Ltd., formerly Ivanhoe Mines Ltd., is a Canadian-based, TSX-listed resource company that provides consulting and other services to the Company on a cost-recovery basis. Turquoise Hill Resources Ltd. has a director and a significant shareholder in common with the Company.

i) HCF International Advisers ("HCF") is a corporate finance advisory firm. HCF has a director in common with the Company and provides financial advisory services to the Company.

j) Ivanhoe Capital Finance Ltd. ("Finance") is a private company 100%-owned indirectly by the Executive Chairman. Finance provided a $10 million short-term loan to the Company, on which interest and a transaction fee was payable, which were repaid in full during the 2011 fiscal year.

CRITICAL ACCOUNTING ESTIMATES

The Company's significant accounting policies are presented in Note 2 to the consolidated financial statements for the year ended December 31, 2012. The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period presented and reported amounts of expenses during said reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the year in which the estimate is revised and future years if the revision affects both current and future years. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty at the end of the reporting period, which could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, include, but are not limited to, the following:

(i) Impairment Analysis of Assets

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective assets.

Changes in any of the assumptions used to determine impairment testing could materially affect the results of the analysis.

At December 31, 2012, the Company reviewed the carrying value of its assets and determined that there were no indicators of impairment.

(ii) *Income Taxes*

The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the statements of financial position and their corresponding tax values, generally using the substantively enacted or enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource-related pools and other deductions. A deferred tax asset is only recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

A deferred tax liability is generally recognized for all taxable temporary differences. The Company recognizes net deferred tax liabilities as it believes it does not control the timing of the reversal of these temporary differences even though management has made the judgment that the reversal is not expected to occur in the foreseeable future.

(iii) *Mineral Property and Exploration Costs*

All direct costs related to the acquisition of mineral property interests are capitalized by property or project. Exploration costs are charged to operations until such time as it has been determined that a property has economically recoverable reserves, in which case the costs incurred to develop a property are capitalized. Exploration costs include value-added taxes incurred in foreign jurisdictions when recoverability of those taxes is uncertain. Management uses several criteria in its assessment of economic recoverability and probability of future economic benefit, including geologic and metallurgic information, scoping studies, accessible facilities, existing permits and life of mine plans.

(iv) *Business Combinations*

Determination of whether a set of assets acquired and liabilities assumed constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. If an acquired set of assets and liabilities includes goodwill, the set of assets and liabilities is presumed to be a business.

(v) *Functional Currency*

The functional currency for each of the Company’s subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions, which determine the primary economic environment.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Changes in accounting policies

There were no changes to the accounting policies applied by the Company to each of the 2012 quarterly unaudited condensed interim financial statements, compared to those applied by the Company to the financial statements for the year ended December 31, 2012.

Accounting standards issued but not yet effective

The following new standards, amendments to standards and interpretations have been issued but are not effective during the year ended December 31, 2012:

- IFRS 9 New financial instruments standard that replaces IAS 39 for classification and measurement of financial assets and liabilities (iii).
- IFRS 10 New standard to establish principles for the presentation and preparation of consolidated financial statements when an entity controls multiple entities (i)
- IFRS 11 New standard to account for the rights and obligations in accordance with a joint agreement (i)
- IFRS 12 New standard for the disclosure of interests in other entities not within the scope of IFRS 9/IAS 39 (i)
- IFRS 13 New standard on the measurement and disclosure of fair value (i)
- IFRIC 20 Stripping Costs in the Production Phase of a Mine clarifies the requirements for accounting for the costs of stripping activity in the production phase when stripping improves access to further quantities of material that will be mined in future periods. (i)
- IAS 1 (Amendment) Presentation of other comprehensive income (ii)
- IAS 19 Changes to the accounting for defined benefit plans and other employee benefits which include the modification of the accounting for termination benefits and classification of other employee benefits. (i)
- IAS 27 (Amendment) now only deals with the requirements for separate financial statements. Requirements for consolidated financial statements are now contained in IFRS 10 Consolidated Financial Statements. (i)
- IAS 28 (Amendment) New standard issued that supersedes IAS 28 (2003) to prescribe the accounting for investments in associates and joint ventures. (i)
- IAS 32 (Amendment) Clarification of the application of the requirements of offsetting financial assets and financial liabilities. (iv)
- IFRSs (Amendment) Annual improvements to IFRSs 2009-2011. (i)

(i) Effective for annual periods beginning on or after January 1, 2013
(ii) Effective for annual periods beginning on or after July 1, 2012
(iii) Effective for annual periods beginning on or after January 1, 2015
(iv) Effective for annual periods beginning on or after January 1, 2014

The Company anticipates that the application of these standards, amendments and interpretations will not have a material impact on the results and financial position of the Company.

Application of revised International Financial Reporting Standards

Effective January 1, 2012, the Company adopted the following revised IFRS that was issued by the International Accounting Standards Board ("IASB"). The application of this revised IFRS has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendment to IFRS 7 Financial Instruments: Disclosures

  Increase in disclosure with regards to the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of a reporting period.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The carrying value of the Company's financial assets and financial liabilities are as follows:

Financial Instrument	Classification	As at December 31, 2012	As at December 31, 2011
		$'000	**$'000**
Financial Assets			
Cash and cash equivalents	Loans and receivables	259,389	185,787
Short-term deposits	Loans and receivables	80,000	80,039
Trade and other receivables	Loans and receivables	3,534	5,865
Long-term loan receivables	Loans and receivables	23,024	7,324
Financial Liabilities			
Current tax liabilities	Other liabilities	195	209
Trade and other payables	Other liabilities	19,969	10,283
Purchase consideration payable	Fair value through profit and loss	-	116,104
Advances payable to Gécamines	Other liabilities	11,238	10,264
Convertible bond	Other liabilities	-	112,480

The Company's financial instruments include cash and cash equivalents, short-term deposits, trade and other receivables, long-term loan receivable, purchase consideration payable, convertible bond, advances payable to Gécamines, current tax liabilities and trade and other payables.

The fair value of the long-term loan receivable, loan obligation, advances payable to Gécamines and purchase consideration payable were determined in accordance with generally accepted pricing models based on a discounted cash flow analysis using a 9.2% discount rate. The fair value of the convertible bond is determined considering the best available data regarding market conditions for such instruments. As the instruments were issued during the year ended December 31, 2011, the carrying value approximates fair value.

The fair value of the Company's remaining financial instruments was estimated to approximate their carrying values, due primarily to the immediate or short-term maturity of these financial instruments.

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 in a timely and effective manner.

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 and liabilities at the respective statement of financial position dates are as follows:

	December 31, 2012	December 31, 2011
Assets	**$'000**	**$'000**
Canadian dollar	6,700	1,496
Australian dollar	183	80
South African rand	11,349	39,896
British pounds	78	88
Liabilities		
Canadian dollar	(105)	(18)
Australian dollar	(528)	(546)
South African rand	(2,411)	(3,401)

Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 5% 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.

	Year ended December 31, 2012	Year ended December 31, 2011
	$'000	**$'000**
Decrease in loss for the year	763	1,880

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 trade and other receivables and cash equivalents as well as long-term loan receivables.

The Company reviews the recoverable amount of its 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 long-term loan receivable is due from Gécamines per the share purchase and sale agreement among, *inter alia*, Ivanplats and Kipushi Vendor. The repayment of these loans will be made by offsetting against future royalties and dividends.

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

	Less than 1 month	1 to 3 months	3 to 6 months	Over 6 months	**Total**
	$	$	$	$	**$**
As at December 31, 2012					
Trade and other receivables	-	3,534	-	-	**3,534**
Long-term loan receivable	-	-	-	23,024	**23,024**
	-	3,534	-	23,024	**26,558**
As at December 31, 2011					
Trade and other receivables	-	5,865	-	-	**5,865**
Long-term loan receivable	-	-	-	7,324	**7,324**
	-	5,865	-	7,324	**13,189**

Liquidity Risk

In the management of liquidity risk of the Company, the Company strives to maintain a balance between continuity of funding and flexibility through the use of borrowings. Management closely monitors the liquidity position with the goal of maintaining adequate sources of funding to finance the Company's projects and operations.

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, 2012					
Trade and other payables	-	19,969	-	-	**19,969**
Current income tax liabilities	195	-	-	-	**195**
Advances payable to Gecamines	4,685	-	-	7,997	**12,682**
As at December 31, 2011					
Trade and other payables	-	10,283	-	-	**10,283**
Current income tax liabilities	209	-	-	-	**209**
Purchase consideration payable	-	75,000	-	50,000	**125,000**
Advances payable to Gecamines	-	4,432	-	7,500	**11,932**

DESCRIPTION OF CAPITAL STOCK

The Company's capital stock consists of an unlimited number of Common Shares, an unlimited number of Class B Common shares and an unlimited number of preferred shares, issuable in series. As at March 22, 2013, 81,004,011 Class B Shares, 447,811,818 Common Shares and nil Preferred Shares are issued and outstanding.

The Company granted 2,150,000 options to certain directors, officers and employees during the first two months of 2013 per the amended and restated employees' and directors' equity incentive plan (the "Equity Incentive Plan"). Prior to adoption of the Equity Incentive Plan, options were granted to certain directors, officers, employees and consultants pursuant to individual option agreements. As of the date hereof there are 20,730,000 options, from individual stock option agreements exercisable into 20,730,000 Common Shares and 2,150,000 options issued in terms of the Equity Incentive Plan exercisable into 2,150,000 Common Shares outstanding .

The Company has warrants outstanding to several investors, each of which entitles the holder thereof to purchase equity securities in the capital of the Company. As at the date of this MD&A: (i) 6,041,665 certificated warrants, issued on November 17 and 19, 2010, and January 7, 2011, are outstanding, exercisable into 6,645,831 Class B Common Shares and (ii) 7,900,275 warrants, issued pursuant to a warrant indenture dated November 12, 2009, are outstanding, exercisable into 8,690,302 Class B Common Shares.

KIPUSHI TRANSACTION

On November 28, 2011, the Company acquired 68% of the voting shares of KICO, the holder of the Kipushi Project. The remaining 32% is held by Gécamines. For details of the consideration transferred, assets acquired and liabilities recognized, non-controlling interest, as well as the amendment to the agreement, refer to Note 5 in the audited financial statements of Ivanplats for the year ended December 31, 2012, available at www.sedar.com.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In accordance with National Instrument 52-109 and the requirements of Form 52-109F1 – IPO/RTO Certification of Annual Filings following an initial public offering, reverse takeover or becoming a non-venture issuer, the President and Chief Executive Officer and the Chief Financial Officer have obtained sufficient knowledge to certify that the annual filings do not contain any untrue statements and fairly present in all material respect the financial condition, financial performance and cash flow of the Company, as at December 31, 2012 and for the year then ended.

In contrast to the usual certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), namely, Form 52-109F1, Form 52-109F1 – IPO/RTO does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of

- controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

- a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of an issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 in the first financial period following the completion of the IPO may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

RISK FACTORS

The risk factors are discussed in the Company's Annual Information Form filed with Canadian provincial regulatory authorities and available at www.sedar.com.

DISCLOSURE OF TECHNICAL INFORMATION

Disclosures of a scientific or technical nature in this MD&A has been reviewed and approved by Stephen Torr, who is considered, by virtue of his education, experience and professional association, a Qualified Person under the terms of National Instrument 43-101. Ivanplats has prepared a NI 43-101 compliant technical report for each of the Kamoa Project, the Platreef Project and the Kipushi Project, which are available under the Company's SEDAR profile at www.sedar.com. These technical reports include relevant information regarding the effective date and the assumptions, parameters and methods of the mineral resource estimates on the Kamoa Project and Platreef Project cited in this MD&A, as well as information regarding data verification, exploration procedures and other matters relevant to the scientific and technical disclosure contained in this MD&A in respect of the Kamoa Project, Platreef Project and Kipushi Project.