Condensed consolidated interim financial statements of

Ivanplats Limited

June 30, 2013
(Stated in U.S. dollars)

(Unaudited)

Ivanplats Limited
June 30, 2013
(Unaudited)

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Ivanplats Limited

Condensed consolidated interim statements of comprehensive loss

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

		Three months ended June 30,		Six months ended June 30,	
	Notes	**2013**	2012	**2013**	2012
		$	$	**$**	$
Expenses					
Exploration and project expenditure		**41,281**	34,666	**73,412**	67,753
Salaries and benefits		**2,918**	1,314	**5,636**	2,436
Share-based payments	16	**2,143**	2,160	**4,381**	3,373
Office and administration		**1,656**	859	**3,098**	1,633
Professional fees		**733**	542	**1,442**	648
Travel		**694**	572	**1,509**	1,123
Legal		**102**	2,549	**572**	2,605
Other expenditure		**167**	344	**993**	703
Loss from operating activities		**49,694**	43,006	**91,043**	80,274
Other income		**(15)**	(25)	**(50)**	(61)
Interest income		**(933)**	(633)	**(1,787)**	(1,468)
Finance costs	14	**319**	9,074	**542**	15,895
Loss before income taxes		**49,065**	51,422	**89,748**	94,640
Income tax expense					
Current		**-**	3	**75**	3
		-	3	**75**	3
LOSS FOR THE PERIOD		**49,065**	51,425	**89,823**	94,643
Other comprehensive loss					
Items that may subsequently be reclassified to loss:					
Exchange differences on translation of foreign operations		**1,937**	2,834	**3,569**	591
Other comprehensive loss for the period, net of tax		**1,937**	2,834	**3,569**	591
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**51,002**	54,259	**93,392**	95,234
Loss attributable to:					
Owners of the Company		**42,447**	48,865	**78,267**	89,583
Non-controlling interest		**6,618**	2,560	**11,556**	5,060
		49,065	51,425	**89,823**	94,643
Total comprehensive loss attributable to:					
Owners of the Company		**43,804**	51,514	**81,671**	90,168
Non-controlling interest		**7,198**	2,745	**11,721**	5,066
		51,002	54,259	**93,392**	95,234
Basic and diluted loss per share	15	**0.08**	0.12	**0.15**	0.22
Weighted average number of basic and diluted shares outstanding	15	**529,061,248**	416,103,411	**529,004,215**	412,577,946

Prior period amounts have been restated (Note 3 (c))

Ivanplats Limited

Condensed consolidated interim statements of financial position
as at
(stated in thousands of U.S. dollars)
(Unaudited)

		June 30, 2013	December 31, 2012	January 1, 2012
		$	$	$
ASSETS				
Non-current assets				
Property, plant and equipment	4	**26,574**	23,506	16,278
Mineral properties	5	**259,277**	259,277	259,277
Goodwill	6	**67,358**	67,358	75,701
Long-term loan receivable	8	**24,088**	23,024	7,324
Other assets		**3,527**	504	248
Total non-current assets		**380,824**	373,669	358,828
Current assets				
Trade and other receivables	9	**4,285**	3,545	6,272
Prepaid expenses		**18,681**	9,638	1,164
Short-term deposits	10	**80,080**	80,000	80,039
Cash and cash equivalents	10	**158,556**	259,830	185,891
Total current assets		**261,602**	353,013	273,366
Total assets		**642,426**	726,682	632,194
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	16	**794,677**	793,657	260,272
Warrant reserve	16	**7,949**	7,949	46,069
Share option reserve	16	**23,848**	20,066	23,136
Currency translation reserve	17	**(6,760)**	(3,356)	(2,888)
Accumulated deficit		**(321,231)**	(252,182)	(94,452)
Equity attributable to owners of the Company		**498,483**	566,134	232,137
Non-controlling interest	18	**8,145**	47,465	69,037
Total equity		**506,628**	613,599	301,174
Non-current liabilities				
Advances payable to Gecamines	11	**6,831**	6,553	5,991
Non-current borrowings	12	**19,139**	-	-
Convertible bond		**-**	-	112,480
Purchase consideration payable		**-**	-	41,366
Deferred tax liabilities		**77,783**	77,783	77,783
Total non-current liabilities		**103,753**	84,336	237,620
Current liabilities				
Advances payable to Gecamines	11	**4,809**	4,685	4,273
Current borrowings	12	**3,585**	3,873	3,786
Purchase consideration payable		**-**	-	74,738
Trade and other payables	13	**23,418**	19,994	10,394
Current tax liabilities		**233**	195	209
Total current liabilities		**32,045**	28,747	93,400
Total liabilities		**135,798**	113,083	331,020
Total equity and liabilities		**642,426**	726,682	632,194

Prior period amounts have been restated (Note 3)
Commitments and contingencies (Note 22)

Ivanplats Limited

Condensed consolidated interim statements of changes in equity

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

(Unaudited)

	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 equity
		$		$	$	$	$	$	$	$
Balances, January 1, 2012	**381,588,670**	**260,272**	**40,551,500**	**46,069**	**23,136**	**(2,888)**	**(94,452)**	**232,137**	**69,037**	**301,174**
Loss for the period	-	-	-	-	-	-	(89,583)	(89,583)	(5,060)	(94,643)
Other comprehensive income	-	-	-	-	-	(585)	-	(585)	(6)	(591)
Total comprehensive loss	-	-	-	-	-	(585)	(89,583)	(90,168)	(5,066)	(95,234)
Transactions with owners										
Accretion of common share investment funded on behalf of non-controlling interest	-	-	-	-	-	-	-	-	(71)	(71)
Share based payments charged to operations	-	-	-	-	3,373	-	-	3,373	-	3,373
Options exercised	5,513,333	9,054	-	-	(3,878)	-	-	5,176	-	5,176
Warrants converted to shares	29,748,000	40,176	(25,040,000)	(37,776)		-	-	2,400	-	2,400
Balances, June 30, 2012	**416,850,003**	**309,502**	**15,511,500**	**8,293**	**22,631**	**(3,473)**	**(184,035)**	**152,918**	**63,900**	**216,818**
Balances, January 1, 2013	**528,641,979**	**793,657**	**13,941,940**	**7,949**	**20,066**	**(3,356)**	**(252,182)**	**566,134**	**47,465**	**613,599**
Loss for the period	-	-	-	-	-	-	(78,267)	(78,267)	(11,556)	(89,823)
Other comprehensive loss	-	-	-	-	-	(3,404)	-	(3,404)	(165)	(3,569)
Total comprehensive loss	-	-	-	-	-	(3,404)	(78,267)	(81,671)	(11,721)	(93,392)
Transactions with owners										
Change in non-controlling interest in subsidiary (Note 18)	-	-	-	-	-	-	9,218	9,218	(27,535)	(18,317)
Accretion of common share investment funded on behalf of non-controlling interest	-	-	-	-	-	-	-	-	(64)	(64)
Share based payments charged to operations (Note 16)	-	-	-	-	4,381	-	-	4,381	-	4,381
Options exercised (Note 16)	842,733	1,020	-	-	(599)	-	-	421	-	421
Balances, June 30, 2013	**529,484,712**	**794,677**	**13,941,940**	**7,949**	**23,848**	**(6,760)**	**(321,231)**	**498,483**	**8,145**	**506,628**

See accompanying notes to the condensed consolidated interim financial statements.

Ivanplats Limited

Condensed consolidated interim statements of cash flows

(stated in thousands of U.S. dollars)
(Unaudited)

	Notes	Three months ended June 30, 2013	Three months ended June 30, 2012	Six months ended June 30 2013	Six months ended June 30 2012
		$	$	**$**	$
Cash flows from operating activities					
Loss before income taxes		**(49,065)**	(51,422)	**(89,748)**	(94,640)
Items not involving cash					
Share-based payments	16	**2,143**	2,160	**4,381**	3,373
Depreciation and amortization	4	**1,016**	457	**1,890**	885
Interest income and finance costs		**(614)**	8,441	**(1,245)**	14,427
Unrealized foreign exchange (gain) loss		**(107)**	27	**271**	36
Gain on disposal of property, plant and equipment		**(15)**	(6)	**(21)**	(14)
		(46,642)	(40,343)	**(84,472)**	(75,933)
Change in non-cash working capital items	20	**(4,057)**	(216)	**(6,357)**	8,240
Interest received		**420**	464	**723**	1,117
Interest paid		**(62)**	(80)	**(118)**	(170)
Net cash used in operating activities		**(50,341)**	(40,175)	**(90,224)**	(66,746)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**74**	13	**81**	23
Property, plant and equipment acquired	4	**(4,823)**	(1,854)	**(6,666)**	(2,104)
Payment of purchase consideration payable		**-**	(5,000)	**-**	(5,000)
Increase in investment in short-term deposits		**(61)**	(85,171)	**(80)**	(85,264)
Other assets acquired		**(2,975)**	-	**(3,045)**	-
Net cash used in investing activities		**(7,785)**	(92,012)	**(9,710)**	(92,345)
Cash flows from financing activities					
Receipt of non-current borrowings		**1,324**	**-**	**1,324**	**-**
Repayment of current borrowings		**205**	**-**	**(60)**	**-**
Transaction costs paid on change in non-controlling interest in subsidiary		**(589)**	**-**	**(589)**	**-**
Issuance of convertible bonds		**-**	**-**	**-**	53,389
Transaction costs paid on convertible bond		**-**	(2,500)	**-**	(2,523)
Options exercised		**421**	2,424	**421**	5,176
Warrants exercised for common shares		**-**	2 400	**-**	2 400
Net cash generated by financing activities		**1,361**	2,324	**1,096**	58,442
Effect of foreign exchange rate changes on cash and cash equivalents		**(1,275)**	(2,327)	**(2,436)**	(348)
Net cash outflow		**(58,040)**	(132,190)	**(101,274)**	(100,997)
Cash and cash equivalents, beginning of period		**216,596**	216,980	**259,830**	185,787
Cash and cash equivalents, end of period		**158,556**	84,790	**158,556**	84,790
Cash and cash equivalents consists of					
Cash		**120,769**	64,339	**120,769**	64,339
Short-term fixed deposits		**37,787**	20,451	**37,787**	20,451
		158,556	84,790	**158,556**	84,790

Supplemental cash flow information (Note 20)

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, 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 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 $321.2 million at June 30, 2013. 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 in the statement of financial position.

2. Significant accounting policies

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board.

These condensed consolidated interim financial statements do not include all of the information and footnotes required by International Financial Reporting Standards (“IFRS”) for complete financial statements for year-end reporting purposes. Results for the period ended June 30, 2013, are not necessarily indicative of future results. The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company in its most recent annual consolidated financial statements as at and for the year ended December 31, 2012 except for the adoption of the new and amended accounting policies mentioned in Note 3.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2012.

2. Significant accounting policies (continued)

(b) Significant accounting estimates

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

Significant estimates used in the preparation of these condensed consolidated interim 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.

(c) Significant accounting judgements

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

Significant accounting judgements are, amongst other things, the determination of the functional currency as well as the translation of foreign operations from their currencies to the Company's presentation currency.

As part of its process in determining the classification of its interests in other entities, the Company applies judgment in interpreting these interests such as (i) the determination of the level of control or significant influence held by the Company (ii) the standard's applicability to the operations, (iii) the legal structure and contractual terms of the arrangement, (iv) concluding whether the Company has rights to assets and liabilities or to net assets of the arrangement, and (v) when relevant, other facts and circumstances.

(d) 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, 2013:

- IFRS 7 (Amendment): Outlines the disclosures when applying IFRS 9, the new financial instruments standard (i).
- IFRS 9: New financial instruments standard that replaces IAS 39 for classification and measurement of financial assets and liabilities (i).
- IAS 32 (Amendment): Clarification of the application of the requirements of offsetting financial assets and financial liabilities. (ii)

(i) Effective for annual periods beginning on or after January 1, 2015
(ii) Effective for annual periods beginning on or after January 1, 2014

The Company has not yet adopted these new and amended standards and is currently assessing the impact of adoption.

3. Application of new and revised standards

(a) Newly adopted accounting standards

The following standards became effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. The Company adopted these standards and they did not have a material impact on its consolidated financial statements, except as discussed in Note 3 (b).

- *IFRS 7, Financial Instruments: Disclosures:* IFRS 7 enhances the disclosure required when offsetting financial assets and liabilities.

- *IFRS 10, Consolidated Financial Statements:* IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27, *Consolidated and Separate Financial Statements,* and *SIC-12, Consolidation – Special Purpose Entities*.

- *IFRS 11, Joint Arrangements:* IFRS 11 establishes principles for financial reporting by parties to a joint arrangement. IFRS 11 supersedes current IAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly Controlled Entities-Non – Monetary Contributions by Venturers.*

- *IFRS 12, Disclosure of Interests in Other Entities:* IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. In general, the application of IFRS 12 will result in more extensive disclosures in the annual consolidated financial statements.

- *IFRS 13, Fair Value Measurements:* IFRS 13 defines fair value, sets out in a single IFRS framework for measuring value and requires disclosures about fair value measurements. IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances. This will result in additional disclosures for condensed interim and annual consolidated financial statements.

- *IAS 1, Presentation of Financial Statements:* In June 2011, the IASB issued amendments to IAS 1 that require an entity to group items presented in the statement of comprehensive income on the basis of whether they may be reclassified to earnings subsequent to initial recognition. For those items presented before taxes, the amendments to IAS 1 also require that the taxes related to the two separate groups be presented separately. The amendments are effective for annual periods beginning on or after July 1, 2012 and will result in changes to the presentation of financial statements.

- *IAS 19 – Employee Benefits:* On June 16, 2011 the IASB issued amendments to IAS 19. The amendments will improve the recognition and disclosure requirements for defined benefit plans.

3. Application of new and revised standards (continued)

(a) Newly adopted accounting standards (continued)

- *IAS 27, Separate Financial Statements:* IAS 27 has been updated to require an entity presenting separate financial statements to account for those investments at cost or in accordance with *IFRS 9 Financial Instruments*. The new IAS 27 excludes the guidance on the preparation and presentation of consolidated financial statements for a group of entities under the control of a parent, which is within the scope of the current IAS 27 Consolidated and Separate Financial Statements, and is replaced by IFRS 10.

- *IAS 28, Investments in Associates and Joint Ventures:* IAS 28 has been updated and it is to be applied by all entities that are investors with joint control of, or significant influence over, an investee. The scope of the current IAS 28 Investments in Associates does not include joint ventures.

- *IFRIC 20 – Stripping Costs in the Production Phase of a Mine:* In October 2011, the IASB issued IFRIC 20 which clarifies the requirements for accounting for the costs of stripping activity in the production phase when two benefits accrue: (i) usable ore that can be used to produce inventory and (ii) improved access to further quantities of material that will be mined in future periods.

(b) Application of new and revised Standards on consolidation, joint arrangements, associates and disclosures

The Company adopted IFRS 11, “Joint Arrangements” effective January 1, 2013. This standard replaces IAS 31, “Interests in Joint Ventures” and SIC 13, “Jointly controlled entities – non-monetary contributions by venturers”. The standard is applicable to all entities that have an interest in arrangements that are jointly controlled. In accordance with the transition requirements, interests, previously defined as jointly controlled entities that were proportionately consolidated, are re-measured using the carrying amount of the assets and liabilities at the beginning of the immediately preceding period, that is, January 1, 2012, in order to arrive at the initial equity investment. In terms of IFRS 11, there are two types of joint arrangements:

Joint Ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control and whereby each party has rights to the net assets of the arrangement. Joint control is considered to be when all parties to the joint venture are required to reach unanimous consent over decisions about relevant business activities pertaining to the contractual arrangement. Interests in joint ventures are recognized as an investment and accounted for using the equity method of accounting.

3. Application of new and revised standards (continued)

(b) Joint Arrangements (continued)

<u>Joint Operations</u>

A joint operation is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control and whereby each party has rights to the assets and liabilities relating to the arrangement. Joint control is considered to exist when all parties to the joint venture are required to reach unanimous consent over decisions about relevant business activities pertaining to the contractual arrangement. Interests in joint operations are accounted for by recognizing the Corporation’s share of assets, liabilities, revenues, and expenses incurred jointly.

Upon the application of IFRS 11, the Company reviewed and assessed the legal form and terms of the contractual arrangements in relation to the Company’s investments in joint arrangements. The application of IFRS 11 has changed the classification and subsequent accounting of the Company’s investments in each of Rhenfield Limited and the RK1 consortium, which were classified as joint ventures under the previous standard and were accounted for using the equity method. Under IFRS 11, Rhenfield Limited and the RK1 consortium are treated as the Company’s joint operations and are accounted for such that each joint operator recognises and measures the assets and liabilities (and the related revenues and expenses) in relation to its interest in the arrangement in accordance with the applicable Standards.

The change in accounting of the Company’s investment in Rhenfield Limited and the RK1 consortium has been applied in accordance with the relevant transitional provisions. Such a change in accounting has affected the amounts reported in the Company’s consolidated financial statements (see the tables below).

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

3. Application of new and revised standards (continued)

(c) Impact on profit (loss) for the period of the application of the above new and revised standards

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	**2013**	2012
	$	$	**$**	$
Increase in office and administration expenditure	**72**	54	**134**	23
Decrease in share of losses from joint ventures	**(99)**	(103)	**(184)**	(100)
Loss from operating activities	**(27)**	(49)	**(50)**	(77)
Increase in finance costs	**27**	49	**50**	77
LOSS FOR THE PERIOD	**-**	-	**-**	-
Increase in exchange differences on translation of foreign operations	**137**	113	**335**	110
Decrease in share of other comprehensive (income) loss of joint ventures	**(137)**	(113)	**(335)**	(110)
Other comprehensive loss for the period	**-**	**-**	**-**	-
Increase (decrease) in profit for the year	-	-	**-**	-
Increase (decrease) in profit for the year attributable to:				
Owners of the Company	**-**	-	**-**	-
Non-controlling interests	**-**	-	**-**	-
	-	-	**-**	-

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

3. Application of new and revised standards (continued)

(d) Impact on net assets and equity as at January 1, 2012 of the application of the above new and revised standards

	As at January 1, 2012 as previously reported	IFRS 11 adjustments	As at January 1, 2012 as restated
	$	$	$
Property, plant and equipment	9,329	6,949	16,278
Mineral properties	259,277	-	259,277
Goodwill	75,701	-	75,701
Investment in joint ventures	3,609	(3,609)	-
Long-term loan receivable	7,324	-	7,324
Other assets	248	-	248
Trade and other receivables	5,865	407	6,272
Prepaid expenses	1,118	46	1,164
Short-term deposits	80,039	-	80,039
Cash and cash equivalents	185,787	104	185,891
Total assets	628,297	3,897	632,194
Advances payable to Gecamines	(10,264)	-	(10,264)
Convertible bond	(112,480)	-	(112,480)
Purchase consideration payable	(116,104)	-	(116,104)
Deferred tax liabilities	(77,783)	-	(77,783)
Current borrowings	-	(3,786)	(3,786)
Trade and other payables	(10,283)	(111)	(10,394)
Current tax liabilities	(209)	-	(209)
Total liabilities	(327,123)	(3,897)	(331,020)
Impact on net assets	**301,174**	**-**	**301,174**
Impact on equity	**(301,174)**	**-**	**(301,174)**

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

3. Application of new and revised standards (continued)

(e) Impact on net assets and equity as at December 31, 2012 of the application of the above new and revised standards

	As at December 31, 2012 as previously reported	IFRS 11 adjustments	As at December 31, 2012 as restated
	$	$	$
Property, plant and equipment	16,515	6,991	23,506
Mineral properties	259,277	-	259,277
Goodwill	67,358	-	67,358
Investment in joint ventures	3,608	(3,608)	-
Long-term loan receivable	23,024	-	23,024
Other assets	504	-	504
Trade and other receivables	3,534	11	3,545
Prepaid expenses	9,575	63	9,638
Short-term deposits	80,000	-	80,000
Cash and cash equivalents	259,389	441	259,830
Total assets	722,784	3,898	726,682
Advances payable to Gecamines	(11,238)	-	(11,238)
Deferred tax liabilities	(77,783)	-	(77,783)
Current borrowings	-	(3,873)	(3,873)
Trade and other payables	(19,969)	(25)	(19,994)
Current tax liabilities	(195)	-	(195)
Total liabilities	(109,185)	(3,898)	(113,083)
Impact on net assets	**613,599**	**-**	**613,599**
Impact on equity	**(613,599)**	**-**	**(613,599)**

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

4. Property, plant and equipment

	Land	Office equipment	Furniture and fixtures	Motor vehicles	Plant, equipment and buildings	Total
	$	$	$	$	$	$
Cost						
Balance as at December 31, 2011	4,462	2,524	1,129	4,517	11,909	24,541
Additions	1,179	1,303	198	1,420	5,260	9,360
Disposals	-	(476)	(29)	(188)	(432)	(1,125)
Foreign exchange translation	16	(113)	(3)	(49)	85	(64)
Balance as at December 31, 2012	5,657	3,238	1 295	5,700	16,822	32,712
Additions	-	1 168	363	663	4 472	6,666
Disposals	-	(62)	(16)	(85)	(16)	(179)
Foreign exchange translation	(722)	(384)	(85)	(126)	(658)	(1,975)
Balance as at June 30, 2013	4,935	3,960	1 557	6,152	20,620	37,224
Accumulated depreciation and impairment						
Balance as at December 31, 2011	616	1,605	311	2,466	3,265	8,263
Depreciation	-	520	134	761	448	1,863
Disposals	-	(473)	(29)	(136)	(284)	(922)
Foreign exchange translation	-	(40)	23	(48)	67	2
Balance as at December 31, 2012	616	1,612	439	3,043	3,496	9,206
Depreciation	-	475	92	454	869	1,890
Disposals	-	(60)	-	(60)	-	(120)
Foreign exchange translation	-	(177)	(30)	(50)	(69)	(326)
Balance as at June 30, 2013	616	1,850	501	3,387	4,296	10,650
Carrying value						
December 31, 2012	5,041	1,626	856	2,657	13,326	23,506
June 30, 2013	4,319	2,110	1,056	2,765	16,324	26,574

Assets pledged as security

Buildings with a carrying amount of $8.4 million (December 31, 2012 - $6.2 million) have been pledged to secure borrowings of the Company (see note 12). The buildings have been pledged as security for bank loans under a mortgage. The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

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

5. Mineral properties

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

	June 30, 2013	December 31, 2012
	$	$
Platreef property, South Africa	**6,940**	6,940
Kipushi properties, DRC	**252,337**	252,337
	259,277	259,277

6. Goodwill

	June 30, 2013	December 31, 2012
	$	$
Goodwill with the acquisition of Kipushi	**67,358**	67,358
	67,358	67,358

The goodwill arose on the acquisition of 68% of the voting shares of Kipushi Corporation SPRL ("Kipushi"), a Zinc-Copper project in the Democratic Republic of Congo, on November 28, 2011, and is carried at cost as established at the date of acquisition less accumulated impairment losses, if any.

For the purposes of impairment testing, the goodwill is allocated to the Kipushi cash-generating unit and 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.

There has been no impairment on the goodwill to date and no indication that it may be impaired as at June 30, 2013 and December 31, 2012. The reduction in goodwill during the 2012 financial year was as a result of the amendment of the Kipushi purchase agreement.

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

7. Joint operations

The Company has a 50% interest in Rhenfield Limited, a British Virgin Islands registered company. Rhenfield Limited purchased buildings in London, England which the Company uses for office space.

The 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 remainder of which is held 50% by Aquarius Platinum Limited and 25% by Sylvania Resources Limited, operating at the Aquarius Kroondaal platinum mine on the western limb of the Bushveld Complex in South Africa’s North West Province. The RK1 Consortium is managed and operated by a subsidiary of Aquarius Platinum Limited and processes PGE bearing tailings dumps and tailing streams of neighbouring chromite mines in the Kroondal area at its chromite tailings retreatment plant.

8. Long-term loan receivable

The social development loan of $10 million was ceded to the Company on completion of the purchase agreement for Kipushi on November 28, 2011, by the seller. An additional $20 million was requested and advanced to Gecamines during November 2012.

The loan receivable is unsecured and repayment will be made by offsetting against future royalties and dividends payable to Gecamines from future profits earned in Kipushi. The fair value of the receivable at acquisition date has been estimated by the Company by calculating the present value of the future expected cash flows using a risk free discount rate of 10.6%, which is deemed to be as follows:

	June 30, 2013	December 31, 2012
	$	$
Social development loan	**24,088**	23,024
	24,088	23,024

9. Trade and other receivables

	June 30, 2013	December 31, 2012
	$	$
Trade receivables	**118**	95
Refundable taxes	**2,748**	2,842
Advances	**1,301**	527
Other	**118**	81
	4,285	3,545

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

10. Cash and cash equivalents and short term deposits

As at June 30, 2013, the cash and cash equivalents of $158.6 million (December 31, 2012 - $259.8 million) included $108.5 million (December 31, 2012 - $121.3 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 $80.1 million (December 31, 2012 - $80.0 million) are subject to the same contractual restrictions.

11. 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.

	June 30, 2013	December 31, 2012
	$	$
Current (a)	**4,809**	4,685
Non-current (b)	**6,831**	6,553
	11,640	11,238

(a) The current portion of the advances is payable on demand.

(b) The non-current portion is to be paid from future profits earned in Kipushi. Using prevailing market interest rate of 9.2%, the fair value of the loan is estimated at $6.8 million, while the contractual amount due is $8.2 million. The difference of $1.4 million between the current carrying value and the contractual amount due is the benefit derived from the low-interest rate loan.

12. Borrowings

	June 30, 2013	December 31, 2012
	$	$
Unsecured - at amortised cost		
(a) Loans from other entities	**17,816**	-
Secured - at amortised cost		
(b) Citi bank loan	**3,585**	3,873
(c) Citi bank loan	**1,323**	-
	22,724	3,873
Current	**3,585**	3,873
Non-current	**19,139**	-
	22,724	3,873

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

12. Borrowings (continued)

(a) On June 6, 2013, the Company became party to a $28.0 million loan payable to ITC Platinum Development Limited, through its subsidiary Platreef Resources (Pty) Ltd ("Platreef") (see note 18). The loan is repayable only once Platreef has residual cashflow, which is defined in the loan agreement as gross revenue generated by Platreef, less all operating costs attributable thereto, including all mining development and operating costs. The loan attracts interest of LIBOR +2% calculated monthly in arrears. Interest is not capitalised. Using prevailing market interest rates for an equivalent loan of LIBOR +7%, the fair value of the loan as at June 30, 2013, is estimated at $17.8 million. The difference of $10.3 million between the gross proceeds and the fair value of the loan is the benefit derived from the low interest loan. Interest expenses of $0.1 million were recognised during the three months ending June 30, 2013 and $0.8 million will be recognised in 2013.

(b) The Citi bank loan of $3.6 million (£2.36 million) is secured by the Rhenfield property acquired during May, 2007 (see note 4), is repayable on demand and incurs interest at a rate of LIBOR plus 2.25% payable monthly in arrears.

(c) The Citi bank loan of $1.3 million (£0.87 million) is a five year mortgage bond, in which the first three years only interest will be payable. The loan is secured by the Rhenfield property purchased in June, 2013 (see note 4) and incurs interest at a rate of LIBOR plus 2.5% payable monthly in arrears.

13. Trade and other payables

	June 30, 2013	December 31, 2012
	$	$
Trade payables	**14,323**	14,552
Trade accruals	**8,052**	4,360
Other payables	**1,043**	1,082
	23,418	19,994

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

14. Finance costs

The finance costs of the Company are summarized as follows:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	**2013**	2012
	$	$	**$**	$
Interest on convertible bonds	**-**	7,602	**-**	12,826
Interest on Kipushi purchase consideration payable	**-**	1,188	**-**	2,477
Interest on advances payable to Gecamines (Note 11)	**202**	235	**402**	493
Interest on non-current borrowings (Note 12)	**88**	**-**	**88**	**-**
Interest on current borrowings (Note 12)	**27**	49	**50**	77
Other financing costs	**2**	**-**	**2**	22
	319	9,074	**542**	15,895

15. Loss per share

The basic loss per share is computed by dividing the loss by the weighted average number of common shares outstanding during the period. 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 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 three and six months ended June 30, 2013 and 2012.

16. Share capital

(a) Options

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

As at June 30, 2013, 37,986,000 share options have been granted and exercised, and 23,399,000 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. All options granted after December 31, 2012 was granted under the new amended and restated equity incentive plan.

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

16. Share capital (continued)

(a) Options (continued)

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

	June 30, 2013		December 31, 2012	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		$		$
Balance, beginning of period	**21,497,000**	**2.21**	36,945,000	1.78
Granted	**3,110,000**	**4.48**	4,725,000	3.00
Exercised	**(1,201,000)**	**1.55**	(20,080,000)	1.61
Forfeited	**(7,000)**	**2.40**	(93,000)	2.40
Balance, end of period	**23,399,000**	**2.55**	21,497,000	2.21

An expense of $7.1 million for the options granted during the year to date will be amortized over the vesting period, of which $0.8 million was recognized in the three months ending June 30, 2013 ($1.3 million in the six months ending June 30, 2013).

The weighted average grant-date fair value of share options granted during 2013 was $2.29 (2012: $1.60). 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:

	Six months ended	
	June 30, 2013	June 30, 2012
Risk free interest rate	**1.17%**	1.13%
Expected volatility (i)	**69.31%**	78.26%
Expected life	**3.75 years**	5 years
Expected dividends	**$Nil**	$Nil
Forfeiture rate	**1.0%**	1.0%

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

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

16. Share capital (continued)

(a) Options (continued)

The following table summarizes information about share options outstanding and exercisable as at June 30, 2013:

	Options outstanding		Options exercisable	
Expiry date	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
		$		$
May 28, 2014	850,000	1.33	850,000	1.33
August 12, 2014	1,134,000	1.33	834,000	1.33
November 10, 2014	1,250,000	1.80	1,000,000	1.80
March 1, 2015	100,000	1.80	100,000	1.80
April 8, 2015	750,000	1.80	600,000	1.80
May 28, 2015	625,000	1.80	500,000	1.80
September 9, 2015	3,475,000	1.80	1,925,000	1.80
February 17, 2016	7,380,000	2.40	4,428,000	2.40
February 24, 2017	125,000	3.00	50,000	3.00
March 22, 2017	100,000	3.00	40,000	3.00
April 1, 2017	1,000,000	3.00	400,000	3.00
April 20, 2017	2,500,000	3.00	1,000,000	3.00
September 1, 2017	1,000,000	3.00	200,000	3.00
January 11, 2018	1,850,000	4.90	-	4.90
February 1, 2018	200,000	4.81	-	4.81
February 6, 2018	100,000	4.90	-	4.90
April 1, 2018	530,000	4.45	-	4.45
May 17, 2018	130,000	2.44	-	2.44
June 1, 2018	300,000	2.46	-	2.46
	23,399,000	2.55	11,927,000	2.13

(b) Warrants

As at June 30, 2013, 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.

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

17. Currency translation reserve

	June 30, 2013	December 31, 2012
	$	$
Balance at the beginning of the period	(3,356)	(2,888)
Exchange differences arising on translation of the foreign operations	(3,404)	(468)
Balance at the end of the period	(6,760)	(3,356)

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.

18. Non-controlling interest

	June 30, 2013	December 31, 2012
	$	$
Balance at beginning of the period	47,465	69,037
Share of comprehensive loss for the period	(11,721)	(13,152)
Common share investment in Kipushi funded on behalf of non-controlling interest	(64)	(133)
Decrease in non-controlling interest arising from change in percentage ownership in Beales Ltd and Platreef Resources (Pty) Ltd	(27,535)	-
Non-controlling interest arising on disposal of interest in African Minerals Barbados Limited SPRL	-	(8,287)
Balance at end of the period	8,145	47,465

On June 6, 2013, the Company exchanged of 8% of its interest in Platreef Resources (Pty) Ltd for 8% of its interest in Beales SARL, holding company of Platreef Resources (Pty) Ltd, for a loan payable to ITC Platinum Development Limited of $28 million (see note 12). The transaction increased the Company’s effective shareholding of Beales SARL to 97%, while the effective shareholding in Platreef Resources (Pty) Ltd remained 90%. An amount of $27.5 million, being the proportionate share of the carrying amount of the net assets of Beales SARL, has been transferred to non-controlling interest. The difference between the decrease in non-controlling interest of $27.5 million and the value of the loan payable on the date of the exchange of $17.7 million (see note 12), has been credited to retained earnings together with the transaction costs of $0.6 million.

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.

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

19. 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**	**June 30, 2013**	December 31, 2012
African Minerals (Barbados) Ltd.	Barbados	**100%**	100%
Beales SARL	Luxembourg	**97%**	90%
Beales Finance Limited	Ireland	**100%**	100%
Rhenfield Limited	British Virgin Islands	**50%**	50%
Gabon Holding Company Ltd.	Barbados	**100%**	100%
African Minerals (Barbados) Ltd. SPRL	Democratic Republic of Congo	**95%**	95%
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%**	100%
Ivanplats DRC Exploration SPRL	Democratic Republic of Congo	**100%**	100%
Ivanplats DRC Services SPRL	Democratic Republic of Congo	**100%**	100%
Africa Consolidated Mineral Exploration (Pty) Ltd.	South Africa	**100%**	100%
Platreef Resources (Pty) Ltd.	South Africa	**90%**	90%
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%

In conjunction with the Mining Right Application for Platreef Resources (Pty) Ltd ("Platreef"), and in compliance with South African ownership requirements under the Mining Charter, the Company modified the Platreef ownership structure to include a Broad-Based Black Economic Empowerment (BBBEE) partner that represents local communities, women, children and employees.

Upon receipt of the Mining Right, the BBBEE partner will acquire a 26% interest in Platreef through a private company incorporated in South Africa, Platreef BEE (Pty) Ltd, that will represent the interests of the Platreef Communities Umbrella Trust, the Platreef Women's and Children's Trust and the Platreef Equity Participation Trust. Host communities directly affected by the Platreef Project will be the initial beneficiaries of the Platreef Communities Umbrella Trust.

The Company will finance the transaction, to take effect upon Platreef's receipt of the Mining Right, and retain a 49% minority share in Platreef BEE (Pty) Ltd.

Upon receipt of the Mining Right, the Company will have an effective interest in Platreef of 77% and Platreef BEE (Pty) Ltd will own a direct interest of 26%.

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

19. 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 significant shareholders in common. The tables summarize the transactions with related parties and the types of expenditures incurred with related parties:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	**2013**	2012
	$	$	**$**	$
Global Mining Management Corporation (a)	**962**	607	**2,317**	970
Ivanhoe Capital Aviation LLC (b)	**300**	300	**600**	600
Global Mining Services Ltd. (c)	**203**	89	**309**	192
Ivanhoe Capital Services Ltd. (d)	**154**	121	**314**	277
HCF International Advisors (d)	**122**	373	**200**	428
Ivanhoe Corporation Pte Ltd (f)	**73**	-	**73**	-
Ivanhoe Capital Corporation (UK) Limited (g)	**42**	153	**88**	282
I2MS.net PTE LTD (h)	**13**	164	**162**	236
Turquoise Hill Resources Ltd. (i)	**-**	27	**-**	45
Ivanhoe Australia Ltd. (j)	**-**	(9)	**-**	60
	1,869	1,825	**4,063**	3,090
Salaries and benefits	**1,336**	927	**2,799**	1 661
Office and administration	**71**	191	**388**	273
Travel	**293**	304	**605**	606
Consulting	**169**	403	**271**	550
	1,869	1,825	**4,063**	3,090

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 June 30, 2013, trade and other payables included $0.9 million (December 31, 2012 - $1.0 million) with 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) 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.

19. Related party transactions (continued)

(d) 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.

(e) HCF International Advisers ("HCF") is a 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.

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

(g) 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.

(h) 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. I2MS ceased to be a related party on May 10, 2013, when Turquoise Hill Resources Ltd. no longer had a director or significant shareholder in common with the Company.

(i) 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. had a director and a significant shareholder in common with the Company until May 10, 2013.

(j) Inova Resources Limited, formerly Ivanhoe Australia Ltd. Is an ASX listed, resource company which provides consulting and other services to the Company on a cost-recovery basis. Inova Resources Limited had a director in common with the Company until April 19, 2012.

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

20. Cash flow information

Net change in non-cash working capital items:

	Three months ended June 30,		**Six Months ended June 30,**	
	2013	2012	**2013**	2012
	$	$	**$**	$
Net (increase) decrease in				
Trade and other receivables	**(769)**	1,033	**(740)**	736
Prepaid expenses	**(3,248)**	(4,173)	**(9,043)**	(8,918)
Net (decrease) increase in				
Trade and other payables	**(40)**	2,924	**3,426**	16,422
	(4,057)	(216)	**(6,357)**	8,240

21. 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
Borrowings	Other liabilities
Advances to Gecamines	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.

21. Financial instruments (continued)

(a) Fair value of financial instruments (continued)

The Company does not have any assets or liabilities on the statement of financial position which are measured within the fair value hierarchy.

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

The initial fair value of the long-term loan receivable and advances payable to Gecamines 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 borrowings are determined in accordance with generally accepted pricing models based on discounted future cashflow analysis. The fair value of the loan payable to ITC Platinum Development Limited (note 12 (a)) is determined assuming repayment occurs on August 31, 2022 and using an interest rate of LIBOR +7%. The carrying value of borrowings is equal to their 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.

(b) Financial risk management objectives and policies

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

(i) Foreign exchange risk

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

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

21. Financial instruments (continued)

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

i) Foreign exchange risk (continued)

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

	June 30, 2013	December 31, 2012
	$	$
Assets		
Canadian dollar	**2,536**	6,700
Australian dollar	**132**	183
South African rand	**20,083**	11,349
British pounds	**152**	78
Liabilities		
Canadian dollar	**(68)**	(105)
Australian dollar	**(229)**	(528)
South African rand	**(1,234)**	(2,411)
British pounds	**(76)**	-

Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 5% increase and decrease in the U.S. dollar against the foreign currencies presented. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for a 5% change in foreign currency rates. A positive number indicates a decrease in loss for the year where the foreign currencies strengthen against the U.S. dollar. The opposite number will result if the foreign currencies depreciate against the U.S. dollar.

	2013	2012
	$	$
Decrease in loss for the period	**1,072**	763

(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.

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

21. Financial instruments (continued)

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

(ii) Credit risk (continued)

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 8). 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 June 30, 2013					
Trade and other receivables	-	4,285	-	-	**4,285**
Long-term loan receivable	-	-	-	24,088	**24,088**
	-	4,285	-	24,088	**28,373**
As at December 31, 2012					
Trade and other receivables	-	3,545	-	-	**3,545**
Long-term loan receivable	-	-	-	23,024	**23,024**
	-	3,545	-	23,024	**26,569**

(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.

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 June 30, 2013					
Trade and other payables	-	23,418	-	-	**23,418**
Current income tax liabilities	233	-	-	-	**233**
Non-current borrowings	-	-	-	29,370	**29,370**
Current borrowings	3,585	-	-	-	**3,585**
Advances payable to Gecamines	4,809	-	-	8,222	**13,031**
As at December 31, 2012					
Trade and other payables	-	19,994	-	-	**19,994**
Current income tax liabilities	195	-	-	-	**195**
Current borrowings	3,873	-	-	-	**3,873**
Advances payable to Gecamines	4,685	-	-	7,997	**12,682**

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

22. 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 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 Group.

As at June 30, 2013, the Company's commitments that have not been disclosed elsewhere in the condensed consolidated interim financial statements are as follows:

	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years	Total
	$	$	$	$	$
Operating leases	381	868	-	-	1,249
Advancement of interest free loan	2,419	-	-	-	2,419
	2,800	868	-	-	3,668

23. Segmented information

At June 30, 2013, the Company has three reportable segments, being Platreef properties, DRC properties and Kipushi.

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

The reportable segments are principally engaged in the exploration and development of mineral properties in the Limpopo Province of South Africa, the Democratic Republic of Congo ("DRC") and the restoration of a mine in the DRC respectively.

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

23. Segmented information (continued)

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 June 30, 2013	12,982	353,600	14,242	380,824
As at December 31, 2012	13,427	351,501	8,741	373,669

	Platreef Properties	Kamoa properties	Kipushi	Unallocated *(i)*	Consolidated total
	$	$	$	$	$
Segment assets					
As at June 30, 2013	**205,060**	**8,778**	**359,529**	**69,059**	**642,426**
As at December 31, 2012	216,543	6,846	351,273	152,020	726,682
Segment liabilities					
As at June 30, 2013	**21,490**	**7,879**	**97,712**	**8,717**	**135,798**
As at December 31, 2012	1,460	8,618	93,578	9,427	113,083
Segment losses					
Three months ended June 30, 2013	**6,696**	**18,554**	**16,020**	**7,795**	**49,065**
Three months ended June 30, 2012	10,391	19,627	4,756	16,651	51,425
Six months ended June 30, 2013	**11,693**	**33,003**	**27,327**	**17,800**	**89,823**
Six months ended June 30, 2012	22,742	37,096	8,770	26,035	94,643
Capital expenditures					
Three months ended June 30, 2013	**791**	**191**	**658**	**3,183**	**4,823**
Three months ended June 30, 2012	195	756	655	248	1,854
Six months ended June 30, 2013	**1,264**	**818**	**1,192**	**3,392**	**6,666**
Six months ended June 30, 2012	348	774	656	326	2,104
Exploration and project expenditure					
Three months ended June 30, 2013	**5,727**	**16,001**	**14,794**	**4,759**	**41,281**
Three months ended June 30, 2012	9,550	19,229	4,708	1,179	34,666
Six months ended June 30, 2013	**9,242**	**29,121**	**25,995**	**9,054**	**73,412**
Six months ended June 30, 2012	21,329	36,081	8,596	1,747	67,753
Interest income					
Three months ended June 30, 2013	**202**	**-**	**546**	**185**	**933**
Three months ended June 30, 2012	18	-	199	416	633
Six months ended June 30, 2013	**271**	**-**	**1,129**	**387**	**1,787**
Six months ended June 30, 2012	577	-	422	469	1,468
Finance costs					
Three months ended June 30, 2013	**89**	**-**	**201**	**29**	**319**
Three months ended June 30, 2012	-	-	1,423	7,651	9,074
Six months ended June 30, 2013	**89**	**-**	**401**	**52**	**542**
Six months ended June 30, 2012	22	-	2,970	12,903	15,895
Depreciation					
Three months ended June 30, 2013	**138**	**329**	**317**	**232**	**1,016**
Three months ended June 30, 2012	68	271	10	108	457
Six months ended June 30, 2013	**239**	**630**	**598**	**423**	**1,890**
Six months ended June 30, 2012	130	536	10	209	885

(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.

24. Approval of the financial statements

The condensed consolidated interim financial statements of Ivanplats Limited, for the three and six months ended June 30, 2013 were approved and authorized for issue by the Board of Directors on August 8, 2013.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2013

DATED: AUGUST 8, 2013

INTRODUCTION

This management's discussion and analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements of Ivanplats Limited ("Ivanplats" or the "Company") for the three and six months ended June 30, 2013, which have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") and the audited consolidated financial statements of Ivanplats 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 ***August 8, 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 preliminary economic assessment (PEA) at the Kamoa Project; (ii) a development-study at the Kamoa Project which contemplates the declaration of a mineral reserve estimate ("Development Study"); (iii) grant of a mining right and a bulk sample application (BSA) at the Platreef Project; (iv) the creation of a Broad-Based Black Economic Empowerment structure for the Platreef Project; (v) a PEA and pre-feasibility study (PFS) at the Platreef Project; (vi) efforts to upgrade historical resource estimates at the Kipushi Project; and (vii) 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 27 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:

- Kamoa, the Company's 2008 world-scale copper discovery in a previously unknown extension of the Central African Copperbelt in the DRC. (See "*Kamoa Project*".)

- Platreef, a discovery of platinum-group elements, nickel, copper and gold on the Northern Limb of South Africa's Bushveld Complex, which contains the Flatreef Deposit. Discovered in 2010, Flatreef is a zone of high-grade mineralization that lies within a flat, to gently dipping, portion of the Platreef and that Ivanplats believes is amenable to highly mechanized underground mining methods. (See "*Platreef Project*".)

- Kipushi, the historic, high-grade zinc-copper mine, also on the Copperbelt in the DRC, acquired in 2011 and now being dewatered and upgraded to support a future return to production of zinc, copper and other metals following the end of an 18-year care-and-maintenance program in 2011. (See "*Kipushi Project*".)

In addition, Ivanplats holds ~9,000 square kilometres of prospecting licences in Katanga, DRC, within which the company has advanced more than 15 prospects to drill-ready status for the 2013 field season. Ivanplats has also recently started to drill at one of the Company's gold prospects on its exploration licences in Gabon.

Ivanplats continues to evaluate other opportunities as part of its objective to become a broadly based, international mining company.

Kamoa Project

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 Katangan 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. Ivanplats 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. On January 17, 2013, an updated mineral resource estimate 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 updated 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 directed by AMEC's 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 contain an estimated 5.4 billion pounds of copper.

Phased approach to the development of large mine and smelter

The project team is finalizing an updated PEA that will reflect a phased development approach to the Kamoa Project. Kamoa will be developed in two phases, with a first phase of mining that would target production of high-grade copper mineralization from shallow, underground resources to yield a high-value concentrate. Initial mill feed would come from Kansoko Sud and lead into the Centrale area of Kamoa's gently-dipping mineralized zones that collectively contain estimated Indicated Resources of 224 million tonnes grading 3.85% copper (at a 3.0% copper cutoff and a minimum 3.0-metre vertical mining thickness) as detailed in the March 2013 Kamoa Technical Report. The second phase would entail a major expansion of the mine and mill and construction of a large smelter.

The PEA, expected to be completed later this year, will be followed by a comprehensive Development Study, projected to be completed in the second half of next year, which the Company expects will declare an initial estimate of mineral reserves.

Building of underground mine-access decline at Kamoa planned to begin early next year

Excavation of the first mine-access decline at Kamoa is expected to begin early next year. The decline would provide access to the high-grade, near-surface copper resources that would be targeted for the planned first phase of production using the room-and-pillar mining method.

Initial start-up could involve concentrate sales pending construction of smelter

The start-up scenario to be examined in the PEA and Development Study will consider the sale of copper concentrates as an interim measure pending Ivanplats' completion of its planned smelter in the vicinity of the Kamoa Project.

Additional power to develop optimum-sized smelter

In 2011, Ivanplats and DRC's state-owned power company, La Société Nationale d'Electricité (SNEL), agreed to upgrade two existing hydroelectric power plants, Mwadingusha and Koni, to feed up to 113 megawatts into the national power supply grid. SNEL would provide the Kamoa Project with 100 megawatts from the grid, which would be sufficient to operate the initial mine. In April 2013, SNEL signed a further memorandum of understanding with Ivanplats to upgrade a third hydroelectric power plant – Nzilo 1 – that is projected to provide approximately an additional 100 megawatts to the grid upon its completion, entitling Kamoa to receive another 100 megawatts to be supplied from the grid. A combined total of 200 megawatts from the grid would cover the power requirements of Kamoa's smelter and future mine expansions.

Additional studies are underway to advance the geotechnical, engineering and metallurgical understanding of Kamoa in support of the development study. Stantec Inc., of Arizona, USA, is preparing the mine plan based on the mineral resource estimate contained in the March 2013 Kamoa Technical Report. Four rigs are drilling at Kamoa to obtain additional core for the Phase 5 metallurgical studies to help fine tune the optimal copper recovery process. Further hydrological drilling and testing is scheduled for the first half of 2014 to improve Kamoa's hydrological models.

Metallurgical testwork is ongoing at XPS in Sudbury, Canada. Copper recoveries of 87% have been achieved for hypogene mineralization, which makes up approximately 85% of the mill feed; copper recoveries of 83% have been achieved for supergene mineralization that makes up the remainder of the feed. These results are the best to date, however some work on reagent optimization remains outstanding. Concentrate grades for hypogene mineralization are in the order of 37% copper with supergene mineralization being approximately 45% copper. Concentrate compositions from the various mineralization types are suitable for smelting.

Drilling during Q2 2013 continued to focus on requirements for the development study, including 12,322 metres of core drilled for geotechnical and condemnation drilling for mine infrastructure (around the Kamoa and Makalu domes); resource infill drilling (Kansoko Sud, Kansoko Centrale and Kamoa Ouest); and completion of the Phase 5 metallurgical program (Intra-Mining Block Variability in Kamoa Sud, Kansoko Nord, Kansoko Centrale, and Kansoko Sud). In the same period, 808 metres were drilled by Land Cruiser rigs conducting exploration in the Kansoko Nord, Makalu Est and Kakula Est areas.

Platreef Project

Platreef development work focused on the Mineral Resources contained in the 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 the underground Flatreef Deposit of thick, platinum-group elements, nickel and copper mineralization in the Northern Limb of the Bushveld Complex, approximately 280 kilometres northeast of Johannesburg.

In the Northern Limb, such mineralization 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 its original Platreef discovery, now known as the Flatreef Deposit, that potentially is amenable to underground mining methods. This area lies entirely on the Turfspruit and Macalacaskop properties.

In March 2013, Ivanplats received a new independent Technical Report in support of its February 6, 2013, news release that outlined a major expansion and upgrade of the previously declared mineral resources for the Flatreef Deposit. The Technical Report was prepared by AMEC in accordance with CIM Guidelines and directed by AMEC Technical Director Dr. Harry Parker.

The 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 (platinum-palladium-gold-rhodium) for a grade-thickness of 98 grams-metres 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 87 grams-metres 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-metres 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 Flatreef's mineralization, the Company is investigating mining scenarios that concentrate on highly mechanized mining methods.

Mining Right Application filed in Q2 2013

Ivanplats filed the Platreef Mining Right Application (MRA) with the Department of Mineral Resources (DMR) on June 6, 2013 and received a letter of acceptance on July 17, 2013. This important step has allowed the Company to initiate the Environmental and Social Impact Assessment (ESIA) process.

The MRA is comprised of a number of different reports, including a Mine Works Program, a Social and Labour Plan and the Broad-Based Black Economic Empowerment structure.

The approval of the BSA, which was filed with the DMR during September 2012, remains pending. South Africa-based Aveng Mining, has been appointed as the sinking contractor for the initial exploration shaft in anticipation of the application's approval.

The Section 93 Directive, which was imposed by the DMR during Q4 2012, was lifted in Q2 2013 following extensive consultation with affected parties. Development drilling for the pre-feasibility and feasibility studies has resumed with 11 rigs in operation. The development drill program for the remainder of 2013 involves infill, geotechnical, condemnation, variability and metallurgical drilling. Ivanplats also plans to complete four exploration step-out drill holes toward the southwest of the indicated resource.

A comprehensive drill program to define an initial resource at Platreef's southwest extension target area – Madiba – is being planned. Together with the Japanese consortium, Ivanplats is working on a scoping study based on a mining operation of up to 12 million tonnes per year with multiple shafts. The study is expected to be completed late this year or early next year. DRA Mineral Projects (Pty.) Ltd., of South Africa, in consultation with Stantec, SRK, Geotail, Golder Associates and Digby Wells, is continuing with the PFS.

Kipushi Project

The Kipushi Project, also located in the DRC's Katanga province, southeast of the Company's Kamoa Project, 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 La Générale des Carrières et des Mines (Gécamines), the DRC's state-owned mining company.

The Kipushi Project hosts a historical 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.

Dewatering and project development

Dewatering of the existing mine workings is continuing. The water level was pumped down to approximately 986 metres below surface at the end of June and had reached 1,016 metres below surface in early August. The full rate of predicted drawdown was not met because of the breakdown of electrical control systems on the primary pumps following power outages and fluctuations in the main power supply. Unstable electricity supply continues to cause problems with pumping schedules, and has resulted in motor and electrical control burnouts. SNEL, the state-owned power authority, is working to upgrade the electrical distribution network in the vicinity of the Kipushi Mine and electrical supply and reliability has improved at the mine site, although national electrical supplies are reported to be limited due to low water levels at the Inga Dam hydroelectric station, the country's main power generating facility.

Pumping rates at Kipushi averaged 2,591 cubic metres per hour during June 2013, resulting in an average lowering of the water level of 1.6 metres per day. Accelerated dewatering is planned through the installation of Vogel pumps in Shaft 5, refurbishment of water pipes and progressive lowering of pumps as water levels descend. The target for dewatering to the bottom of the ramp decline at 1,270 metres below surface now is expected to be met during Q1 2014.

Geological relogging of existing drill cores on the Big Zinc Deposit is complete and modelling is underway to plan underground diamond drilling to validate and expand the historical resource estimate included in the September 2012 Kipushi Technical Report prepared by IMC Group Consulting Ltd., which is available on www.sedar.com. Independent consultant MSA Group of South Africa has been appointed to prepare an updated resource estimation of the Big Zinc Deposit to NI 43-101 standards following completion of the confirmation drilling program.

Mintek recently completed a preliminary metallurgical testwork campaign on drill core from the Big Zinc Zone. Comminution testwork indicated that the material is soft and therefore easy to crush and mill; flotation testwork indicated that the material was easily upgradable to a saleable concentrate composition at high zinc recoveries.

Regional Exploration

Democratic Republic of Congo

During Q2 2013, Ivanplats' Regional Exploration Group commenced field geology and drilling operations for the 2013 season. More than 15 prospects are at drill stage, and will be prioritized for drilling this year. Highlights include: (i) Nzilo, which hosts broad zones of Kamoa-style copper mineralization and remains untested along strike; (ii) Kengere, which has not been evaluated since 2006 when several holes intersected high-grade Kipushi-style zinc mineralization; and (iii) Mulomba East where 2012 drilling intersected multiple zones of copper mineralization associated with carbonate veins and albite alteration, with strong analogies to the Kansanshi Mine in northern Zambia.

Gabon

Ivanplats holds two exploration permits within relatively unexplored greenstone belts in Gabon. These permits cover untested gold-in-soil anomalies adjacent to extensive placer gold workings. During Q2 2013, Ivanplats made logistical preparations for a 2,000 metre drilling program focused on the Ndangui prospect. A drilling and logistics camp was established and stocked with the necessary fuel, drilling equipment and supplies in anticipation of the drilling that began recently. The initial target area is focused on a zone of co-incidental gold-in-soil anomalism, peak gold auger drilling results and encouraging assay results from nearby trenches.

Ivanplats conducting strategic process for early lock-up release transaction

Ivanplats has obtained regulatory approval for a novel transaction structure that the Company contemplates would simultaneously provide locked up shareholders with a right to release and sale of locked up shares to a designated purchaser; would provide additional funding for the ongoing project development of the Company and would secure a strategic investor who would help to advance the overall development of the Company's key projects. The Company is in the process of discussion and negotiation with potential third party participants in the transaction, with any such transaction subject to finalization of definitive commercial terms with one or more of those third parties.

Management and Board changes

Ivanplats added to its mine-building team with the hiring of Brock Gill as Managing Director of the Kamoa Project and Vice President of DRC Operations, effective June 1, 2013. Mr. Gill formerly was Deputy Director of Mongolia-based Oyu Tolgoi LLC; he worked closely with Steve Garcia, who now is Ivanplats' Chief Development Officer, for seven years overseeing construction of the Oyu Tolgoi copper-gold-silver mine. As Managing Director, Mr. Gill will oversee all aspects of the Kamoa Project and prepare for a sustainable operation beyond development. As Vice President of DRC Operations, he will coordinate Ivanplats' activities in the DRC, including a shared-services company and the Kamoa and Kipushi Projects, as well as regional exploration.

South African business leader Cyril Ramaphosa resigned from Ivanplats' Board of Directors in May after more than a decade of service. This is in line with his decision to review his business interests following his election as Deputy President of South Africa's ruling party, the African National Congress, in December 2012.

In August, Ivanplats appointed Peter Brokenshire as Vice President, Technical Services. Mr. Brokenshire is a Professional Engineer, registered at the Engineering Council of South Africa. He also has a MBA degree from the University of the Witwatersrand in South Africa. Mr. Brokenshire, who has more than 30 years' experience as a mining engineer, was formerly a principal of Stantec Mining, of Tempe, Arizona.

SELECTED QUARTERLY INFORMATION

The following table summarizes selected financial information for the prior eight quarters. Other than its share of revenue from the RK1 Consortium, Ivanplats 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			
	June 30, 2013	March 31, 2013	December 31, 2012	September 30, 2012
	$'000	$'000	$'000	$'000
Exploration and project expenditure	41,281	32,131	31,314	29,368
General administrative expenditure	8,413	9,218	9,887	5,586
Finance costs	319	223	2,069	8,653
Total comprehensive loss attributable to:				
Owners of the Company	43,804	37,867	37,949	38,368
Non-controlling interest	7,198	4,523	4,771	3,315
Loss per share (basic and diluted)	0.08	0.07	0.07	0.09

	3 Months ended			
	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011
	$'000	$'000	$'000	$'000
Exploration and project expenditure	34,666	33,087	29,921	29,304
General administrative expenditure	8,340	4,180	9,964	4,766
Finance costs	9,074	6,822	4,518	42
Total comprehensive loss attributable to:				
Owners of the Company	51,514	38,654	40,548	34,568
Non-controlling interest	2,745	2,321	1,969	1,696
Loss per share (basic and diluted)	0.12	0.10	0.10	0.08

Review of the Three Months Ended June 30, 2013 vs. 2012

The Company's total comprehensive loss for Q2 2013 was $3.3 million lower than for the same period in 2012. The decrease mainly was due to a decrease in finance costs of $8.8 million and an increase of exploration and project expenditure of $6.6 million.

The decrease in finance costs was attributable to the conversion of the convertible bonds issued by the Company in late 2011 and early 2012 (Pre-IPO Bonds) into Common Shares on October 23, 2012, as a result, and upon completion of the initial public offering (IPO), as well as the settlement in full of the Kipushi purchase consideration during 2012.

The increase in exploration and project expenditures by $6.6 million was due to an increase in expenditure of $11.3 million at the Kipushi Project, following its acquisition in 2011, which was partially set off by decreased expenditure at the Kamoa and Platreef Projects by $1.9 million and $3.8 million respectively. There also was an increase in expenditure on regional exploration in Q2 2013 compared to the same period in 2012. The main classes of expenditure on the Company's material projects are set out in the following table:

	Three months ended June 30, 2013	Three months ended June 30, 2012
	$'000	**$'000**
Kamoa Project		
Drilling	5,430	12,655
Studies	5,760	1,061
Salaries and benefits	2,130	2,470
Travel	449	449
Other expenditure	3,588	2,595
Total project expenditure	17,357	19,230
Platreef Project		
Drilling	-	5,292
Salaries and benefits	761	1,094
Studies	2,850	1,608
Assaying and sampling	53	610
Other expenditure	2,063	956
Total project expenditure	5,727	9,560
Kipushi Project		
Contracting work	3,828	1,901
Electricity	3,824	896
Salaries and benefits	2,935	207
Equipment rental	193	500
Travel	385	450
Other expenditure	4,839	754
Total project expenditure	16,004	4,708

The decrease in drilling at the Platreef Project was as a result of the Section 93 directive from the DMR received during Q4 2012, which halted all exploration activity. The directive was lifted in Q2 2013 and drilling has resumed.

Salaries and benefits for Q2 2013 increased by $1.6 million compared to Q2 2012 due to the increase in executive and administrative staff during the past year, which also resulted in an increase in office and administration expenditure. Legal fees were $2.4 million higher in Q2 2012 than in Q2 2013 due to the legal expenditure incurred in preparation for the IPO in 2012.

Review of the Six Months Ended June 30, 2013 vs. 2012

The Company's total comprehensive loss for the six months ending June 30, 2013 was $1.8 million lower than for the same period in 2012. The decrease was attributable mainly to the decrease in finance costs of $15.3 million, which was partially offset by the increase in exploration and project expenditure of $5.7 million, the increase in salaries and benefits of $3.2 million and the increase in office and administration expenditure of $1.5 million.

The decrease in finance cost is as a result of the conversion of the Pre-IPO Bonds into Common Shares, on October 23, 2012, as a result, and upon completion of the IPO, as well as the settlement of the Kipushi purchase consideration in full during 2012.

Salaries and benefits were impacted by the increase in executive and administrative staff during the past year which also resulted in an increase in office and administrative expenditure. Share-based payments increased by $1.0 million due to the 4,110,000 options granted during the 12 months preceding June 30, 2013, compared to the 3,725,000 options granted during the 12 months preceding June 30, 2012. Legal fees were $2.0 million higher in the first six months of 2012, than in the same period in 2013 due to the legal expenditure incurred in preparation for the IPO in 2012.

Exploration and project expenditures increased as a result of an increase in expenditure of $18.6 million at the Kipushi Project, which was partially set off by the decrease in expenditure at the Kamoa and Platreef Projects by $5.6 million and $12.1 million respectively. There was also an increase in expenditure on regional exploration in the six months ending June 30, 2013 when compared to the same period in 2012. The main classes of expenditure on the Company’s material projects are set out in the following table:

	Six months ended June 30, 2013	**Six months ended June 30, 2012**
	$'000	**$'000**
Kamoa Project		
Drilling	8,652	22,977
Studies	8,548	1,558
Salaries and benefits	4,746	4,747
Travel	1,247	1,089
Other expenditure	7,284	5,710
Total project expenditure	30,477	36,081
Platreef Project		
Drilling	892	13,364
Salaries and benefits	1,580	2,145
Studies	3,082	3,019
Assaying and sampling	97	901
Other expenditure	3,591	1,908
Total project expenditure	9,242	21,337
Kipushi Project		
Contracting work	8,389	3,097
Electricity	6,614	1,812
Salaries and benefits	3,282	326
Equipment rental	1,660	1,502
Travel	854	633
Other expenditure	6,406	1,226
Total project expenditure	27,205	8,596

Financial position as at June 30, 2013 vs. December 31, 2012

The Company's total assets decreased to $642.4 million as at June 30, 2013, from $726.7 million as at December 31, 2012. This mainly was due to a decrease in cash and cash equivalents of $101.3 million.

The Company utilized $90.2 million of its cash resources in its operations and earned interest income of $0.7 million on cash balances. A total of $9.7 million was spent to acquire property, plant and equipment and other non-current assets.

Of the $9.7 million spent to acquire non-current assets, $2.6 million relates to Ivanplats' share of the acquisition of an additional office building in London through Rhenfield Ltd, one of Ivanplats' joint operations. The remainder of the additions to property, plant and equipment related mainly to the procurement of assets required at the projects.

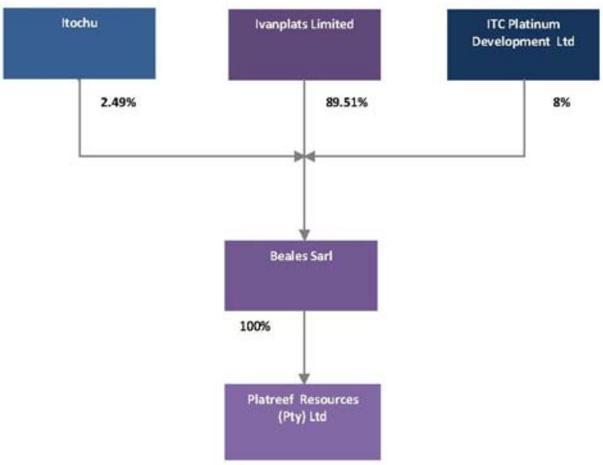
The Company's total liabilities increased from $113.1 million as at December 31, 2012, to $135.8 million as at June 30, 2013. This was due to an increase in non-current borrowings of $19.1 million as well as an increase in trade and other payables of $3.4 million.

$17.8 million of the increase in non-current borrowings was as a result of a share exchange agreement that took effect on June 6, 2013, in which the Company became party to a $28.0 million loan payable to ITC Platinum Development Limited which had a carrying value of $17.8 million as at June 30, 2013. The loan is repayable once the Platreef Project has residual cashflow, which is defined in the loan agreement as gross revenue generated by the Platreef Project, less all operating costs attributable thereto, including all mining development and operating costs. The loan attracts interest of LIBOR +2% calculated monthly in arrears. Interest is not capitalised. Using prevailing market interest rates for an equivalent loan of LIBOR +7%, the fair value of the loan is estimated at $17.8 million on June 30, 2013. The difference of $10.3 million between the gross proceeds and the fair value of the loan is the benefit derived from the low interest rate.

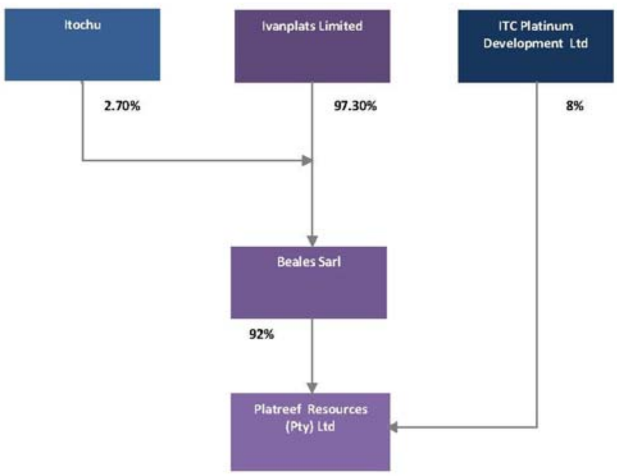
Furthermore, as part of the share exchange agreement, the Company exchanged 8% of its interest in the Platreef Project for 8% of the Company's interest in Beales SARL, holding company of the Platreef Project, with ITC Platinum Development Limited in return for the loan payable to ITC Platinum Development Limited of $28 million. The transaction increased the Company's effective shareholding of Beales SARL to 97.3%, while its effective shareholding in Platreef Resources (Pty) Ltd remained unchanged.

The change in the Platreef Project's organizational structure can be illustrated as follows:

Before the share exchange:



After the share exchange:



An amount of $27.5 million, being the proportionate share of the carrying amount of the net assets of Beales SARL, has been transferred to non-controlling interest. The difference between the decrease in non-controlling interest of $27.5 million and the value of the loan payable on the date of the exchange of $17.7 million has been credited to retained earnings together with the transaction costs of $0.6 million.

The remaining increase of $1.3 million to non-current borrowings is as a result of the five year mortgage bond, obtained for the purchase of Ivanplats' share of the Rhenfield property, purchased in June 2013.

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. Prior to its IPO, the Company had issued equity securities in each of the previous few years pursuant to private placement financings and on the exercise of warrants and options. In Q4 2012, the Company completed its IPO to a broad range of investors, raising gross proceeds of approximately C$305 million ($312 million).

The Company had $158.6 million in cash and cash equivalents and $80.1 million in short-term deposits as at June 30, 2013. Certain of the Company's cash and cash equivalents and short-term deposits, having an aggregate value of $188.6 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.

As at June 30, 2013, the Company had consolidated working capital of approximately $229.6 million, compared to $324.3 million at December 31, 2012. The Platreef Project working capital is restricted and amounted to $188.9 million at June 30, 2013, and $204.2 million at December 31, 2012. Excluding the Platreef Project working capital, the resultant working capital is $40.7 million at June 30, 2013, and $120.1 million at December 31, 2012. The Company believes it has sufficient resources to cover its short-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 near future.

The Company has a three-year mortgage bond outstanding on one of its offices in London, United Kingdom, of £2.4 million ($3.6 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. During June, 2013, the Company committed to an additional five year mortgage bond, for the purchase of an additional office building in London, of £0.9 million ($1.3 million) in which the first three years only interest will be payable. The loan is secured by the Rhenfield property purchased in June 2013, and incurs interest at a rate of LIBOR plus 2.5% payable monthly in arrears.

On June 6, 2013, the Company became party to a $28.0 million loan payable to ITC Platinum Development Limited which had a carrying value of $17.8 million as at June 30, 2013 as a result of a share exchange agreement, as previously described. The loan is repayable once the Platreef Project has residual cashflow, which is defined in the loan agreement as gross revenue generated by the Platreef Project, less all operating costs attributable thereto, including all mining development and operating costs. The loan attracts interest of LIBOR +2% calculated monthly in arrears. Interest is not capitalised.

The Company signed an agreement with SNEL, 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 loans 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 June 30, 2013	Payments Due By Period				
	Total $'000	Less than 1 year $'000	1-3 years $'000	4-5 years $'000	After 5 years $'000
Debt	32,955	3,585	66	1,258	28,046
Operating Leases	1,249	381	868	-	-
Advancement of interest free loan	2,419	2,419	-	-	-
Other Obligations	13,031	4,809	-	-	8,222
Total Contractual Obligations	**49,654**	**11,194**	**934**	**1,258**	**36,268**

CAPITAL RESOURCES

As at August 8, 2013, the Company's capital structure consists of Common Shares, Class B Common Shares, Preferred Shares, warrants and options. The Company's objectives include safeguarding its ability to continue as a going concern to pursue the development of its projects and other opportunities and maintaining 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 or significant shareholders in common. The tables summarize the transactions with related parties and the types of expenditures incurred with related parties:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	**2013**	2012
	$	$	**$**	$
Global Mining Management Corporation (a)	**962**	607	**2,317**	970
Ivanhoe Capital Aviation LLC (b)	**300**	300	**600**	600
Global Mining Services Ltd. (c)	**203**	89	**309**	192
Ivanhoe Capital Services Ltd. (d)	**154**	121	**314**	277
HCF International Advisors (e)	**122**	373	**200**	428
Ivanhoe Corporation Pte Ltd (f)	**73**	-	**73**	-
Ivanhoe Capital Corporation (UK) Limited (g)	**42**	153	**88**	282
I2MS.net PTE LTD (h)	**13**	164	**162**	236
Turquoise Hill Resources Ltd. (i)	**-**	27	**-**	45
Ivanhoe Australia Ltd. (j)	**-**	(9)	**-**	60
	1,869	1,825	**4,063**	3,090
Salaries and benefits	**1,336**	927	**2,799**	1 661
Office and administration	**71**	191	**388**	273
Travel	**293**	304	**605**	606
Consulting	**169**	403	**271**	550
	1,869	1,825	**4,063**	3,090

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 June 30, 2013, trade and other payables included $0.9 million (December 31, 2012: $1.0 million) with 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) 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.

(d) 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.

(e) HCF International Advisers (HCF) is a 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.

(f) Ivanhoe Capital Pte Ltd. (Capital) is a private company 100% owned by a director of the Company. Capital provides administration, accounting and other services in Singapore on a cost-recovery basis.

(g) 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.

(h) 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. I2MS ceased to be a related party on May 10, 2013, when Turquoise Hill Resources Ltd. no longer had a director or significant shareholder in common with the Company.

(i) 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. had a director and a significant shareholder in common with the Company until May 10, 2013.

(j) Inova Resources Limited, formerly 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. Inova Resources Limited had a director in common with the Company until April 19, 2012.

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 June 30, 2013, 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

Newly adopted accounting standards

The following standards became effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. The Company adopted these standards and they did not have a material impact on its consolidated financial statements, except as discussed below.

- *IFRS 7, Financial Instruments: Disclosures:* IFRS 7 enhances the disclosure required when offsetting financial assets and liabilities. The application of this IFRS did not have any material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements.

- *IFRS 10, Consolidated Financial Statements:* IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27, *Consolidated and Separate Financial Statements,* and *SIC-12, Consolidation – Special Purpose Entities*.

- *IFRS 11, Joint Arrangements:* IFRS 11 establishes principles for financial reporting by parties to a joint arrangement. IFRS 11 supersedes current IAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly Controlled Entities-Non – Monetary Contributions by Venturers.*

- *IFRS 12, Disclosure of Interests in Other Entities:* IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. In general, the application of IFRS 12 will result in more extensive disclosures in the annual consolidated financial statements.

- *IFRS 13, Fair Value Measurements:* IFRS 13 defines fair value, sets out in a single IFRS framework for measuring value and requires disclosures about fair value measurements. The IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances. This will result in additional disclosures for condensed interim and annual consolidated financial statements.

- *IAS 1, Presentation of Financial Statements:* In June 2011, the IASB issued amendments to IAS 1 that require an entity to group items presented in the statement of comprehensive income on the basis of whether they may be reclassified to earnings subsequent to initial recognition. For those items presented before taxes, the amendments to IAS 1 also require that the taxes related to the two separate groups be presented separately. The amendments are effective for annual periods beginning on or after July 1, 2012 and will result in changes to the presentation of financial statements.

- *IAS 19 – Employee Benefits:* On June 16, 2011 the IASB issued amendments to IAS 19. The amendments will improve the recognition and disclosure requirements for defined benefit plans.

- *IAS 27, Separate Financial Statements:* IAS 27 has been updated to require an entity presenting separate financial statements to account for those investments at cost or in accordance with *IFRS 9 Financial Instruments*. The new IAS 27 excludes the guidance on the preparation and presentation of consolidated financial statements for a group of entities under the control of a parent, which is within the scope of the current IAS 27 Consolidated and Separate Financial Statements, and is replaced by IFRS 10.

- *IAS 28, Investments in Associates and Joint Ventures:* IAS 28 has been updated and it is to be applied by all entities that are investors with joint control of, or significant influence over, an investee. The scope of the current IAS 28 Investments in Associates does not include joint ventures.

- *IFRIC 20 – Stripping Costs in the Production Phase of a Mine:* In October 2011, the IASB issued IFRIC 20 which clarifies the requirements for accounting for the costs of stripping activity in the production phase when two benefits accrue: (i) usable ore that can be used to produce inventory and (ii) improved access to further quantities of material that will be mined in future periods.

Application of new and revised Standards on consolidation, joint arrangements, associates and disclosures

Joint Arrangements

The Company adopted IFRS 11, "Joint Arrangements" effective January 1, 2013. This standard replaces IAS 31, "Interests in Joint Ventures" and SIC 13, "Jointly controlled entities – non-monetary contributions by venturers". The standard is applicable to all entities that have an interest in arrangements that are jointly controlled. In accordance with the transition requirements, interests, previously defined as jointly controlled entities that were proportionately consolidated, are re-measured using the carrying amount of the assets and liabilities at the beginning of the immediately preceding period, that is, January 1, 2012, in order to arrive at the initial equity investment. In terms of IFRS 11, there are two types of joint arrangements:

(i) *Joint Ventures*

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control and whereby each party has rights to the net assets of the arrangement. Joint control is considered to be when all parties to the joint venture are required to reach unanimous consent over decisions about relevant business activities pertaining to the contractual arrangement. Interests in joint ventures are recognized as an investment and accounted for using the equity method of accounting.

(ii) *Joint Operations*

A joint operation is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control and whereby each party has rights to the assets and liabilities relating to the arrangement. Joint control is considered to exist when all parties to the joint venture are required to reach unanimous consent over decisions about relevant business activities pertaining to the contractual arrangement. Interests in joint operations are accounted for by recognizing the Corporation's share of assets, liabilities, revenues, and expenses incurred jointly.

Upon the application of IFRS 11, the Company reviewed and assessed the legal form and terms of the contractual arrangements in relation to the Company's investments in joint arrangements. The application of IFRS 11 has changed the classification and subsequent accounting of the Company's investments in each of Rhenfield Limited and the RK1 consortium, which were classified as joint ventures under the previous standard and were accounted for using the equity method. Under IFRS 11, Rhenfield Limited and the RK1 consortium are treated as the Company's joint operations and are accounted for such that each joint operator recognises and measures the assets and liabilities (and the related revenues and expenses) in relation to its interest in the arrangement in accordance with the applicable standards.

The change in accounting of the Company's investment in Rhenfield Limited and the RK1 consortium has been applied in accordance with the relevant transitional provisions. Such a change in accounting has affected the amounts reported in the Company's consolidated financial statements (see the tables below).

Impact on profit (loss) for the period of the application of the above new and revised standards

	Three months ended June 30,		**Six months ended June 30,**	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Increase in office and administration expenditure	**72**	54	**134**	23
Decrease in share of losses from joint ventures	**(99)**	(103)	**(184)**	(100)
Loss from operating activities	**(27)**	(49)	**(50)**	(77)
Increase in finance costs	**27**	49	**50**	77
LOSS FOR THE PERIOD	**-**	-	**-**	-
Increase in exchange differences on translation of foreign operations	**137**	113	**335**	110
Decrease in share of other comprehensive (income) loss of joint ventures	**(137)**	(113)	**(335)**	(110)
Other comprehensive loss for the period	**-**	**-**	**-**	-
Increase (decrease) in profit for the year	-	-	**-**	-
Increase (decrease) in profit for the year attributable to:				
Owners of the Company	**-**	-	**-**	-
Non-controlling interests	**-**	-	**-**	-
	-	-	**-**	-

Impact on net assets and equity as at January 1, 2012 of the application of the above new and revised standards

	As at January 1, 2012 as previously reported	IFRS 11 adjustments	As at January 1, 2012 as restated
	$'000	$'000	$'000
Property, plant and equipment	9,329	6,949	16,278
Mineral properties	259,277	-	259,277
Goodwill	75,701	-	75,701
Investment in joint ventures	3,609	(3,609)	-
Long-term loan receivable	7,324	-	7,324
Other assets	248	-	248
Trade and other receivables	5,865	407	6,272
Prepaid expenses	1,118	46	1,164
Short-term deposits	80,039	-	80,039
Cash and cash equivalents	185,787	104	185,891
Total assets	628,297	3,897	632,194
Advances payable to Gécamines	(10,264)	-	(10,264)
Convertible bond	(112,480)	-	(112,480)
Purchase consideration payable	(116,104)	-	(116,104)
Deferred tax liabilities	(77,783)	-	(77,783)
Current borrowings	-	(3,786)	(3,786)
Trade and other payables	(10,283)	(111)	(10,394)
Current tax liabilities	(209)	-	(209)
Total liabilities	(327,123)	(3,897)	(331,020)
Impact on net assets	**301,174**	**-**	**301,174**
Impact on equity	**(301,174)**	**-**	**(301,174)**

Impact on net assets and equity as at December 31, 2012 of the application of the above new and revised standards

	As at December 31, 2012 as previously reported	IFRS 11 adjustments	As at December 31, 2012 as restated
	$'000	$'000	$'000
Property, plant and equipment	16,515	6,991	23,506
Mineral properties	259,277	-	259,277
Goodwill	67,358	-	67,358
Investment in joint ventures	3,608	(3,608)	-
Long-term loan receivable	23,024	-	23,024
Other assets	504	-	504
Trade and other receivables	3,534	11	3,545
Prepaid expenses	9,575	63	9,638
Short-term deposits	80,000	-	80,000
Cash and cash equivalents	259,389	441	259,830
Total assets	722,784	3,898	726,682
Advances payable to Gécamines	(11,238)	-	(11,238)
Deferred tax liabilities	(77,783)	-	(77,783)
Current borrowings	-	(3,873)	(3,873)
Trade and other payables	(19,969)	(25)	(19,994)
Current tax liabilities	(195)	-	(195)
Total liabilities	(109,185)	(3,898)	(113,083)
Impact on net assets	**613,599**	**-**	**613,599**
Impact on equity	**(613,599)**	**-**	**(613,599)**

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, 2013:

- IFRS 7 (Amendment) Outlines the disclosures when applying IFRS 9, the new financial instruments standard (i).
- IFRS 9 New financial instruments standard that replaces IAS 39 for classification and measurement of financial assets and liabilities (i).
- IAS 32 (Amendment) Clarification of the application of the requirements of offsetting financial assets and financial liabilities. (ii)

(i) Effective for annual periods beginning on or after January 1, 2015
(ii) Effective for annual periods beginning on or after January 1, 2014

The Company has not yet adopted these new and amended standards and is currently assessing the impact of adoption.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Fair value of financial instruments

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

Financial instrument	Classification	**June 30, 2013**	December 31, 2012
		$'000	$'000
Financial assets			
Cash and cash equivalents	Loans and receivables	**158,556**	259,830
Short-term deposits	Loans and receivables	**80,080**	80,000
Trade and other receivables	Loans and receivables	**4,285**	3,545
Long-term loan receivable	Loans and receivables	**24,088**	23,024
Financial liabilities			
Trade and other payables	Other liabilities	**23,418**	19,994
Borrowings	Other liabilities	**22,724**	3,873
Advances to Gécamines	Other liabilities	**11,640**	11,238

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 establishes a hierarchy into which these assets and liabilities must be grouped based on whether inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data 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 requires an entity to develop its own assumptions.

The Company does not have any assets or liabilities on the statement of financial position which are measured within the fair value hierarchy.

The Company's financial instruments include cash and cash equivalents, short-term deposits, trade and other receivables, long-term loan receivable, borrowings, advances payable to Gécamines and trade and other payables.

The fair value of the long-term loan receivable and advances payable to Gécamines 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 borrowings is determined in accordance with generally accepted pricing models based on discounted cashflow analysis. The fair value of the loan payable to ITC Platinum Development Limited is determined assuming repayment occurs on August 31, 2022 and using interest rate of LIBOR +7%.

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:

	June 30, 2013	December 31, 2012
	$'000	$'000
Assets		
Canadian dollar	**2,536**	6,700
Australian dollar	**132**	183
South African rand	**20,083**	11,349
British pounds	**152**	78
Liabilities		
Canadian dollar	**(68)**	(105)
Australian dollar	**(229)**	(528)
South African rand	**(1,234)**	(2,411)
British pounds	**(76)**	-

<u>Foreign currency sensitivity analysis</u>

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.

	2013	2012
	$'000	$'000
Decrease in loss for the period	**1,072**	763

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 Gécamines per the Kipushi purchase agreement. 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**
	$'000	$'000	$'000	$'000	**$'000**
As at June 30, 2013					
Trade and other receivables	-	4,285	-	-	**4,285**
Long-term loan receivable	-	-	-	24,088	**24,088**
	-	4,285	-	24,088	**28,373**
As at December 31, 2012					
Trade and other receivables	-	3,545	-	-	**3,545**
Long-term loan receivable	-	-	-	23,024	**23,024**
	-	3,545	-	23,024	**26,569**

Liquidity risk

In the management of liquidity risk of the Company, the Company maintains 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**
	$'000	$'000	$'000	$'000	**$'000**
As at June 30, 2013					
Trade and other payables	-	23,418	-	-	**23,418**
Current income tax liabilities	233	-	-	-	**233**
Non-current borrowings	-	-	-	29,370	**29,370**
Current borrowings	3,585	-	-	-	**3,585**
Advances payable to Gecamines	4,809	-	-	8,222	**13,031**
As at December 31, 2012					
Trade and other payables	-	19,994	-	-	**19,994**
Current income tax liabilities	195	-	-	-	**195**
Current borrowings	3,873	-	-	-	**3,873**
Advances payable to Gécamines	4,685	-	-	7,997	**12,682**

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 August 8, 2013, 14,511,110 Class B Shares, 514,973,602 Common Shares and nil Preferred Shares are issued and outstanding.

The Company granted 960,000 options to certain directors, officers and employees during Q2 2013 and 2,150,000 during Q1 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 20,264,000 options, from individual stock option agreements exercisable into 20,264,000 Common Shares and 3,060,000 options issued in terms of the Equity Incentive Plan exercisable into 3,060,000 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.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for the design of disclosure controls and procedures (DC&P) and the design of internal control over financial reporting (ICFR) to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the design of the Company's DC&P and ICFR as of June 30, 2013 and, in accordance with the requirements established under National Instrument 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings, the Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures have been designed to provide reasonable assurance that material information relating to the Company is made known to them by others within the Company and that the information required to be disclosed in reports that are filed or submitted under Canadian securities legislation are recorded, processed, summarized and reported within the time period specified in those rules.

The Company's Chief Executive Officer and Chief Financial Officer have used the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework to evaluate the design of the Company's ICFR as of June 30, 2013 and have concluded that these controls and procedures have been designed to provide reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner. Management of the Company was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The result of the inherent limitations in all control systems means design of controls cannot provide absolute assurance that all control issues and instances of fraud will be detected. During the six months ended June 30, 2013, there were no changes in the Company's DC&P or ICFR that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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 NI 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. The Development Study being undertaken at the Kamoa Project will be prepared to a pre-feasibility level of confidence as defined by NI 43-101.