Condensed consolidated interim financial statements of

Ivanhoe Mines Ltd.

March 31, 2021
(Stated in U.S. dollars)
(Unaudited)

Ivanhoe Mines Ltd.

March 31, 2021

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Ivanhoe Mines Ltd.

Condensed consolidated interim statements of financial position as at March 31, 2021

(Stated in U.S. dollars)
(Unaudited)

	Notes	March 31, 2021	December 31, 2020
		$'000	$'000
ASSETS			
Non-current assets			
Investment in joint venture	4	**1,376,635**	1,289,512
Property, plant and equipment	5	**451,223**	450,696
Mineral properties	6	**264,438**	264,438
Loans receivable	7	**41,026**	40,784
Promissory note receivable	8	**24,934**	23,519
Right-of-use asset	9	**9,781**	9,992
Other assets	10	**4,695**	4,704
Investments	11	**2,297**	2,065
Deferred tax asset		**397**	403
Total non-current assets		**2,175,426**	2,086,113
Current assets			
Cash and cash equivalents		**731,946**	262,825
Loans receivable	7	**57,542**	56,556
Other receivables	12	**6,489**	6,432
Prepaid expenses	13	**3,571**	3,904
Consumable stores		**995**	1,017
Current tax assets		**162**	244
Total current assets		**800,705**	330,978
Total assets		**2,976,131**	2,417,091
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	19	**2,309,221**	2,302,197
Share option reserve	19	**130,363**	131,823
Foreign currency translation reserve	20	**(40,772)**	(37,056)
Accumulated profit		**67,750**	43,695
Equity attributable to owners of the Company		**2,466,562**	2,440,659
Non-controlling interests	21	**(108,278)**	(104,176)
Total equity		**2,358,284**	2,336,483
Non-current liabilities			
Convertible notes - host liability	14	**415,693**	–
Convertible notes - embedded derivative liability	14	**124,900**	–
Borrowings	15	**36,796**	36,197
Lease liability	9	**11,583**	11,554
Cash settled share-based payment liability	16	**4,787**	4,624
Advances payable	17	**2,818**	2,788
Deferred tax liability		**2,082**	2,082
Rehabilitation provision		**330**	336
Total non-current liabilities		**598,989**	57,581
Current liabilities			
Trade and other payables	18	**18,525**	22,677
Lease liability	9	**333**	350
Total current liabilities		**18,858**	23,027
Total liabilities		**617,847**	80,608
Total equity and liabilities		**2,976,131**	2,417,091

Continuing operations (Note 1)
Commitments and contingencies (Note 32)

(Signed) Peter Meredith

Peter Meredith, Director

(Signed) William Hayden

William Hayden, Director

Ivanhoe Mines Ltd.

Condensed consolidated interim statements of comprehensive income for the three months ended March 31, 2021

(Stated in U.S. dollars)
(Unaudited)

	Notes	Three months ended March 31, 2021	2020
		$'000	$'000
Expenses			
Exploration and project evaluation expenditure		**8,722**	11,980
Share of loss from joint venture	4	**4,093**	6,728
Share-based payments	22	**3,327**	3,677
Salaries and benefits		**3,051**	6,622
Travel costs		**1,969**	1,259
Other expenditure		**1,954**	2,025
Office and administration		**1,285**	956
Foreign exchange (gain) loss		**(340)**	3,154
Loss from operating activities		**24,061**	36,401
Transaction costs on convertible notes offering	14	**3,651**	–
Finance costs	23	**1,791**	100
Gain on fair valuation of financial liability	14	**(25,600)**	–
Finance income	24	**(22,780)**	(20,810)
Other income	25	**(1,363)**	(1,869)
(Gain) loss on fair valuation of financial asset	11(ii)	**(232)**	594
(Profit) loss before income taxes		**(20,472)**	14,416
Income tax expense (recovery)			
Current tax		**107**	79
Deferred tax		**(44)**	(406)
		63	(327)
(PROFIT) LOSS FOR THE PERIOD		**(20,409)**	14,089
(Profit) loss attributable to:			
Owners of the Company		**(24,055)**	9,172
Non-controlling interests		**3,646**	4,917
		(20,409)	14,089
Other comprehensive loss			
Items that may subsequently be reclassified to (profit) loss:			
Exchange loss on translation of foreign operations		**4,172**	62,536
Other comprehensive loss for the period, net of tax		**4,172**	62,536
TOTAL COMPREHENSIVE (INCOME) LOSS FOR THE PERIOD		**(16,237)**	76,625
Total comprehensive (income) loss attributable to:			
Owners of the Company		**(20,339)**	65,736
Non-controlling interests	21	**4,102**	10,889
		(16,237)	76,625
Basic (profit) loss per share	26	**(0.02)**	0.01
Diluted (profit) loss per share	26	**(0.02)**	0.01

Ivanhoe Mines Ltd.

Condensed consolidated interim statements of changes in equity for the three months ended March 31, 2021

(Stated in U.S. dollars)
(Unaudited)

	Share capital							
	Number of shares	Amount	Share option reserve	Foreign currency translation reserve	Accumulated profit	Equity attributable to owners	Non-controlling interests	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at January 1, 2020	**1,196,109,399**	**2,286,562**	**128,531**	**(30,857)**	**63,572**	**2,447,808**	**(84,954)**	**2,362,854**
Net loss for the period	–	–	–	–	(9,172)	(9,172)	(4,917)	(14,089)
Other comprehensive loss	–	–	–	(56,564)	–	(56,564)	(5,972)	(62,536)
Total comprehensive loss	–	–	–	(56,564)	(9,172)	(65,736)	(10,889)	(76,625)
Transactions with owners								
Share-based payments charged to operations (Note 22)	–	–	3,693	–	–	3,693	–	3,693
Restricted share units vested (Note 19(c))	1,692,461	3,668	(3,668)	–	–	–	–	–
Options exercised (Note 19(b))	225,900	263	(82)	–	–	181	–	181
Balance at March 31, 2020	**1,198,027,760**	**2,290,493**	**128,474**	**(87,421)**	**54,400**	**2,385,946**	**(95,843)**	**2,290,103**
Balance at January 1, 2021	**1,205,894,118**	**2,302,197**	**131,823**	**(37,056)**	**43,695**	**2,440,659**	**(104,176)**	**2,336,483**
Net profit (loss) for the period	–	–	–	–	24,055	24,055	(3,646)	20,409
Other comprehensive loss	–	–	–	(3,716)	–	(3,716)	(456)	(4,172)
Total comprehensive income (loss)	–	–	–	(3,716)	24,055	20,339	(4,102)	16,237
Transactions with owners								
Share-based payments charged to operations (Note 22)	–	–	2,983	–	–	2,983	–	2,983
Restricted share units vested (Note 19(c))	1,141,370	3,464	(3,464)	–	–	–	–	–
Options exercised (Note 19(b))	906,092	3,560	(979)	–	–	2,581	–	2,581
Balance at March 31, 2021	**1,207,941,580**	**2,309,221**	**130,363**	**(40,772)**	**67,750**	**2,466,562**	**(108,278)**	**2,358,284**

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

Ivanhoe Mines Ltd.

Condensed consolidated interim statements of cash flows
for the three months ended March 31, 2021

(Stated in U.S. dollars)
(Unaudited)

	Notes	Three months ended March 31, 2021	2020
		$'000	$'000
Cash flows from operating activities			
Profit (loss) before income taxes		**20,472**	(14,416)
Items not involving cash			
Share of loss from joint venture	4	**4,093**	6,728
Share-based payments	22	**3,146**	3,853
Depreciation		**2,183**	2,063
Finance costs	23	**1,791**	100
Depreciation on right-of-use asset		**193**	924
Unrealized foreign exchange loss		**61**	2,938
Transfer from other assets to working capital items		**19**	72
Other taxes		**1**	1
Profit on disposal of property, plant and equipment		**(10)**	–
(Gain) loss on fair valuation of financial asset	11(ii)	**(232)**	594
Gain on fair valuation of financial liability	14	**(25,600)**	–
Finance income	24	**(22,780)**	(20,810)
		(16,663)	(17,953)
Interest received	24	**372**	2,893
Change in working capital items	29	**(3,854)**	(3,243)
Interest paid		**(24)**	(56)
Income taxes paid		**(3)**	(13)
Net cash used in operating activities		**(20,172)**	(18,372)
Cash flows from investing activities			
Loan advanced to joint venture		**(70,037)**	(62,858)
Property, plant and equipment acquired		**(6,659)**	(10,721)
Cash paid on behalf of joint venturer	8	**(1,415)**	(1,270)
Other assets acquired		**(60)**	(116)
Proceeds from sale of property, plant and equipment		**78**	–
Advancement of long-term loan facility	7	**–**	(41)
Net cash used in investing activities		**(78,093)**	(75,006)
Cash flows from financing activities			
Proceeds from issuance of convertible notes (net of transaction costs)	14	**564,701**	–
Options exercised		**2,581**	181
Principal portion of lease liability repaid		**(182)**	(100)
Net cash generated from financing activities		**567,100**	81
Effect of foreign exchange rate changes on cash		**286**	(6,096)
Net cash inflow (outflow)		**469,121**	(99,393)
Cash and cash equivalents, beginning of period		**262,825**	702,810
Cash and cash equivalents, end of period		**731,946**	603,417

1. Basis of presentation and going concern assumption

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

The registered and records office of the Company is located at Suite 654-999 Canada Place, Vancouver, British Columbia, Canada V6C 3E1. The Company is listed on the Toronto Stock Exchange ("TSX") under the ticker symbol IVN. The shares of the Company are also traded on the OTCQX Best Market in the United States of America under the symbol IVPAF.

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

The COVID-19 pandemic has impacted on the global economy and is expected to continue to do so. In response to the government-imposed travel restrictions and emergency protocols introduced worldwide, and specifically in the DRC and South Africa, strict quarantine and lock-down procedures were implemented at the Kamoa-Kakula, Platreef and Kipushi projects to prevent the virus from spreading to the mine sites. In addition, the Company conducted a careful review of the availability of its workforce, purchase orders and its supply chain to minimize disruption to its projects. Apart from this, there has been no significant impact on the Company's operations and limited direct impact is expected in the foreseeable future. The impact of COVID-19 was taken into consideration when assessing the carrying amounts of assets and liabilities.

The Company has an accumulated profit of $67.8 million at March 31, 2021 (December 31, 2020: $43.7 million). As at March 31, 2021, the Company's total assets exceeds its total liabilities by $2,358.3 million (December 31, 2020: $2,336.5 million) and current assets exceeds current liabilities by $781.8 million ((December 31, 2020: $ 308.0 million). The Company currently has no producing properties and expects to fund all of its exploration and development activities through debt and equity financing until operating revenues are generated.

2. Significant accounting policies

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

(a) Statement of compliance

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

These condensed consolidated interim financial statements do not include all of the information and footnotes required by International Financial Reporting Standards ("IFRS") for complete financial statements for year-end reporting purposes. Results for the period ended March 31, 2021, 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, 2020 except for the adoption of new and revised accounting standards mentioned in Note 3.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements as at and for the year ended December 31, 2020.

2. Significant accounting policies (continued)

(b) Significant accounting estimates and judgments

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

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

Significant accounting estimates and judgments include, amongst other things, the recoverability of assets, the determination of the functional currency, technical feasibility and commercial viability of projects, the classification of Kamoa Holding Limited as a joint venture and the determination of inputs into lease accounting.

(c) Future accounting changes

The following new standards, amendments to standards and interpretations have been issued but are not effective during the period ended March 31, 2021. The Company has not yet adopted these new and amended standards.

- Amendment to IFRS 3 - Business combinations. The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial reporting without changing the accounting requirements for business combinations. (i)

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

- Amendment to IFRS 9 – Financial instruments. The amendment clarifies which fees an entity includes when it applies the "10 per cent" test in assessing whether to derecognize a financial liability. (i)

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

- Amendment to IAS 1 – Presentation of financial statements. The amendments clarify how to classify debt and other liabilities as current or non-current. Another amendment requires companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material. (ii)

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

- Amendment to IAS 8 – Accounting policies, changes in accounting estimates and errors. The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty." The requirements for recognizing the effect of a change in accounting prospectively remain unchanged. (ii)

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

2. Significant accounting policies (continued)

(c) Future accounting changes (continued)

- Amendment to IAS 16 - Property, plant and equipment. The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in a manner intended by management. Instead an entity recognizes the proceeds from selling such items, and the cost of producing these items, in profit or loss. (i)

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

- Amendment to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets. The amendments specify which costs should be included in an entity's assessment of whether a contract will be loss making. (i)

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

(i) Effective for annual periods beginning on or after January 1, 2022
(ii) Effective for annual periods beginning on or after January 1, 2023

3. Application of new and revised standards

The following standards became effective for annual periods beginning on or after January 1, 2021. The Company adopted these standards in the current period and they did not have a material impact on its condensed consolidated interim financial statements unless specifically mentioned below.

- Amendment to IFRS 3 – Business Combinations. The amendment to the definition of a business confirmed that a business must include inputs and a process and clarified that the process must be substantive and that the inputs and process must together significantly contribute to creating outputs. Furthermore, the amendment narrowed the definition of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than providing dividends or other economic benefits directly to investors or lowering costs.

- Amendment to IAS 1 – Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

- Amendment to IFRS 9, IAS 39 and IFRS 7 – Financial Instruments. These amendments provide certain reliefs in connection with interest rate benchmark reform (IBOR). The reliefs relate to hedge accounting and have the effect that IBOR should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement.

4. Investment in joint venture

Kamoa Holding Limited ("Kamoa Holding"), a joint venture between the Company and Zijin Mining Group Co., Ltd. ("Zijin"), holds a direct 80% interest in the Kamoa-Kakula Project. The Company holds an effective 39.6% interest in the project through its 49.5% shareholding in Kamoa Holding. Zijin holds 49.5% of Kamoa Holding while the remaining 1% share interest is held by privately-owned Crystal River Global Limited ("Crystal River") (see Note 8). The Kamoa-Kakula Project is independently ranked as the world's fourth largest copper deposit by international mining consultant Wood Mackenzie.

On September 8, 2020, the Company announced the results of an independent definitive feasibility study (DFS) for the development of the Kakula Copper Mine; together with an updated pre-feasibility study (PFS) that includes ore mined from the Kansoko Copper Mine in addition to ore mined from Kakula; and an expanded preliminary economic assessment (PEA) for the overall development plan of all the copper discoveries made at the Kamoa-Kakula Project. The DFS, PFS and updated PEA, collectively referred to as the Kamoa-Kakula Integrated Development Plan 2020 builds on the results of the previous studies announced by the Company in February 2019.

The costs associated with mine development at the Kamoa-Kakula Project's Kansoko and Kakula sites are capitalized as property, plant and equipment in a subsidiary of Kamoa Holding. Expenditure attributable to exploration was still expensed in 2021.

Company's share of comprehensive loss from joint venture

The following table summarizes the Company's share of Kamoa Holding's total comprehensive loss for the periods ended March 31, 2021 and March 31, 2020.

	Three months ended, March 31,	
	2021	2020
	$'000	$'000
Finance costs	**21,171**	19,439
Exploration expenses	**377**	2,627
Foreign exchange losses	**88**	130
Other income	**(65)**	–
Finance income	**(1,230)**	(1,659)
Loss before taxes	**20,341**	20,537
Deferred tax recovery (i)	**(9,894)**	(4,736)
Loss after taxes	**10,447**	15,801
Non-controlling interest of Kamoa Holding (ii)	**(2,178)**	(2,210)
Total comprehensive loss for the period	**8,269**	13,591
Company's share of loss from joint venture (49.5%)	**4,093**	6,728

(i) Following the release of the PFS of the Kakula Copper mine in February 2019, the Company considers it probable that taxable profits will be available against which previously unrecognized deductible temporary differences can be utilized.

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

4. Investment in joint venture (continued)

Net assets of the joint venture

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

	March 31, 2021		December 31, 2020	
	100%	**49.5%**	100%	49.5%
	$'000	**$'000**	$'000	$'000
Assets				
Property, plant and equipment	**1,484,250**	**734,704**	1,316,708	651,770
Mineral property	**802,021**	**397,000**	802,021	397,000
Long term loan receivable	**157,611**	**78,017**	155,815	77,128
Deferred tax asset	**153,785**	**76,124**	143,891	71,226
Prepaid expenses	**135,254**	**66,950**	114,784	56,818
Non-current inventory	**121,459**	**60,122**	109,516	54,210
Indirect taxes receivable	**103,865**	**51,413**	91,862	45,472
Cash and cash equivalents	**86,606**	**42,870**	138,805	68,708
Consumable stores	**44,678**	**22,116**	32,883	16,277
Right-of-use asset	**23,718**	**11,740**	24,689	12,221
Non-current deposits	**1,689**	**836**	1,689	836
Liabilities				
Shareholder loans	**(2,484,532)**	**(1,229,843)**	(2,300,271)	(1,138,634)
Trade and other payables	**(123,323)**	**(61,045)**	(131,167)	(64,927)
Equipment finance facility	**(63,761)**	**(31,562)**	(57,556)	(28,490)
Rehabilitation and other provisions	**(33,112)**	**(16,390)**	(22,281)	(11,029)
Lease liability	**(25,559)**	**(12,652)**	(26,318)	(13,027)
Income taxes payable	**(29)**	**(14)**	–	–
Non-controlling interest	**(88,809)**	**(43,960)**	(90,987)	(45,039)
Net assets of the joint venture	**295,811**	**146,426**	304,083	150,520

4. Investment in joint venture (continued)

Investment in joint venture

	March 31, 2021	December 31, 2020
	$'000	$'000
Company's share of net assets of the joint venture	**146,426**	150,520
Loan advanced to the joint venture	**1,230,209**	1,138,992
	1,376,635	1,289,512

The Company earns interest at USD 12 month LIBOR plus 7% on the loan advanced to the joint venture (see Note 24). If there is residual cash flow in Kamoa Holding, such cash shall be required to be utilized for the repayment of the then outstanding loan amount of each lender, on a pro-rata basis. No repayment is required in the absence of residual cash flow.

Commitments in respect of joint venture

The Company is required to fund its Kamoa Holding joint venture in an amount equivalent to its proportionate shareholding interest. The following table summarizes the Company's proportionate share of the joint venture's commitments:

	Less than 1 year	**1 - 3 years**	**4 - 5 years**	**After 5 years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Advancement of loan (i)	54,093	–	–	–	**54,093**
Civil construction and supplies	84,228	–	–	–	**84,228**
Site running contracts	17,802	–	–	–	**17,802**
Kakula decline development	15,746	–	–	–	**15,746**
Logistics and travel	7,384	–	–	–	**7,384**
Mine equipment acquisitions	4,022	–	–	–	**4,022**
Power infrastructure	2,418	–	–	–	**2,418**
Other commitments	11,774	–	–	–	**11,774**
	197,467	**–**	**–**	**–**	**197,467**

(i) On March 21, 2014, a financing agreement was entered into between a subsidiary of Kamoa Holding and La Société Nationale d'Electricité SARL ("SNEL") relating to the first stage upgrade of two existing hydroelectric power plants in the DRC to feed up to 113 MW into the national power supply grid and for the supply of electricity to the Kamoa-Kakula Project.

Under the agreement, the subsidiary of Kamoa Holding agreed to provide a loan relating to the power upgrade. The total loan advanced as at March 31, 2021 amounts to $157.6 million (principal amount of $140.7 million and interest of $16.9 million) and is included in the net assets of the joint venture under the heading "Long term loan receivable". The loan is capped at a maximum commitment of $250 million which, after deducting the loan advanced as at March 31, 2021 of $140.7 million (December 31, 2020: $140.1 million), results in a remaining commitment of $109.3 million. The Company's proportionate share (49.5%) of the remaining maximum commitment amounts to $54.1 million.

The term for repayment of accrued interest and future costs is estimated to be 15 years, beginning after the expiry of a two year grace period from the signing date of the agreement. The actual repayment period will ultimately depend on the amount actually financed and on the amounts deducted from electricity bills based on a fixed percentage of 40% of the actual bill as per the loan repayment terms. Interest is earned at a rate of USD 6 month LIBOR + 3%. The Kamoa-Kakula Project will be given a priority electricity right by which SNEL commits to make available as per an agreed power requirements schedule, sufficient energy from its grid to meet the energy needs of the project.

5. Property, plant and equipment

	Land	Buildings	Office equipment	Motor vehicles	Plant and equipment	Mining infrastructure	Aircraft	Assets under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
March 31, 2021									
Cost									
Beginning of the year	2,116	15,214	7,505	3,476	43,738	11,091	2,696	395,823	481,659
Additions	–	–	121	54	30	–	–	6,617	6,822
Borrowing costs capitalized	–	–	–	–	–	–	–	522	522
Disposals	(42)	–	(43)	–	–	–	–	–	(85)
Foreign exchange translation	(33)	159	(63)	(14)	(29)	(173)	(42)	(4,279)	(4,474)
End of the period	**2,041**	**15,373**	**7,520**	**3,516**	**43,739**	**10,918**	**2,654**	**398,683**	**484,444**
Accumulated depreciation and impairment									
Beginning of the year	–	2,054	4,906	2,322	20,533	1,053	95	–	30,963
Depreciation	–	133	186	72	1,820	89	46	–	2,346
Disposals	–	–	(17)	–	–	–	–	–	(17)
Foreign exchange translation	–	7	(42)	(6)	(14)	(15)	(1)	–	(71)
End of the period	**–**	**2,194**	**5,033**	**2,388**	**22,339**	**1,127**	**140**	**–**	**33,221**
Carrying value									
Beginning of the year	2,116	13,160	2,599	1,154	23,205	10,038	2,601	395,823	450,696
End of the period	**2,041**	**13,179**	**2,487**	**1,128**	**21,400**	**9,791**	**2,514**	**398,683**	**451,223**

Assets under construction includes development costs capitalized as property, plant and equipment which are costs incurred to obtain access and to provide facilities for extracting, treating, gathering, transporting and storing the minerals. Costs incurred at the Platreef Project are deemed necessary to bring the Project to commercial production and are therefore capitalized. Until December 31, 2019, costs incurred at the Kipushi Project were also deemed necessary to bring the project to commercial production and were therefore capitalized. In Q1 2020, the Kipushi Project was placed under care and maintenance, therefore all costs since January 1, 2020 have been expensed as “Exploration and project evaluation expenditure” on the statements of comprehensive income (see Note 6).
Borrowing costs capitalized includes the finance costs and the low interest loan accretion on the loan payable to ITC Platinum Development Limited (see Note 15 (i)).

5. Property, plant and equipment (continued)

Assets pledged as security
Buildings with a carrying amount of $9.8 million (2020: $9.7 million) have been pledged to secure borrowings of the Company (see Note 15 (ii)). The buildings have been pledged as security for bank loans under a mortgage. The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

	Land	Buildings	Office equipment	Motor vehicles	Plant and equipment	Mining infrastructure	Aircraft	Assets under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
December 31, 2020									
Cost									
Beginning of the year	2,217	13,561	7,040	3,486	34,095	5,774	–	377,912	444,085
Additions	–	199	726	36	339	4,969	2,402	35,738	44,409
Borrowing costs capitalized	–	–	–	–	–	–	–	2,154	2,154
Disposals	–	(1)	(257)	(524)	(60)	–	–	(1,578)	(2,420)
Transfers	–	1,166	120	524	9,400	–	–	(11,210)	–
Foreign exchange translation	(101)	289	(124)	(46)	(36)	348	294	(7,193)	(6,569)
End of the year	**2,116**	**15,214**	**7,505**	**3,476**	**43,738**	**11,091**	**2,696**	**395,823**	**481,659**
Accumulated depreciation and impairment									
Beginning of the year	–	1,610	4,501	2,019	13,962	850	–	–	22,942
Depreciation	–	426	664	331	6,642	215	86	–	8,364
Disposals	–	(1)	(178)	(11)	(54)	–	–	–	(244)
Foreign exchange translation	–	19	(81)	(17)	(17)	(12)	9	–	(99)
End of the year	**–**	**2,054**	**4,906**	**2,322**	**20,533**	**1,053**	**95**	**–**	**30,963**
Carrying value									
Beginning of the year	2,217	11,951	2,539	1,467	20,133	4,924	–	377,912	421,143
End of the year	**2,116**	**13,160**	**2,599**	**1,154**	**23,205**	**10,038**	**2,601**	**395,823**	**450,696**

6. Mineral properties and exploration and project evaluation expenditure

Mineral properties

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

	March 31, 2021	December 31, 2020
	$'000	$'000
Platreef property, South Africa (a)	**6,940**	6,940
Kipushi Properties, Democratic Republic of Congo (b)	**252,337**	252,337
Other properties (c)	**5,161**	5,161
	264,438	264,438

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

(a) *Platreef property*

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

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

In November 2020, the Company announced the positive findings of an independent Platreef Integrated Development Plan 2020 for the tier one Platreef palladium, platinum, rhodium, nickel, copper and gold project in South Africa which consists of an updated feasibility study and a preliminary economic assessment.

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

(b) *Kipushi properties*

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

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

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

Mineral properties (continued)

(b) Kipushi properties (continued)

Costs incurred at the Kipushi Project subsequent to the finalization of its PFS in December 2017, have been capitalized as property, plant and equipment until December 31, 2019. In response to government-imposed travel restrictions and emergency protocols introduced worldwide due to the COVID-19 pandemic, Kipushi temporarily suspended operations in order to reduce the risk to the workforce and local communities.

The draft feasibility study and development and financing plan for Kipushi is being reviewed by the Company together with its partner Gécamines. It is anticipated that these discussions will, together with the finalization of the feasibility study and development and financing plan, be agreed by mid-2021. The project is maintaining a small workforce to conduct care and maintenance activities, and to maintain pumping operations. All costs incurred for the period ended March 31, 2021 have been expensed.

(c) Other properties

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

(d) Kamoa-Kakula properties

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

Exploration and project evaluation expenditure

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

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

Costs incurred at the Kipushi Project subsequent to the finalization of its PFS in December 2017, were capitalized as property, plant and equipment until December 31, 2019. Subsequently, all costs incurred at the Project have been expensed.

7. Loans receivable

	March 31, 2021	December 31, 2020
	$'000	$'000
Loan to HPX (i)	**57,726**	56,740
Loss allowance - Loan to HPX	**(184)**	(184)
Social development loan (ii)	**41,034**	40,792
Loss allowance - Social development loan	**(523)**	(523)
Loan to Nzuri Exploration Holding Company Pty Ltd (iii)	**327**	327
Other loans receivable	**188**	188
	98,568	97,340
Non-current loans receivable	**41,026**	40,784
Current loans receivable	**57,542**	56,556
	98,568	97,340

(i) In April 2019, the Company extended a secured loan of $50 million to High Power Exploration Inc. (HPX). The loan receivable earns interest at a rate of 8% per annum and has a repayment date of May 17, 2021. Interest of $1.0 million was earned during the three months ended March 31, 2021 (see Note 24).

The Company recorded an expected credit loss allowance of $0.2 million as at March 31, 2021 in accordance with IFRS 9 for the loan receivable from HPX.

The principal amount of the loan and accrued interest is convertible in whole, or in part, by Ivanhoe at its sole discretion into shares of treasury common stock of HPX.

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

The loan receivable is unsecured and earns interest at USD 12 month LIBOR plus 3%. Repayment will be made by offsetting the loan against future royalties and dividends payable to Gecamines from future profits earned at Kipushi. The fair value of the receivable at acquisition date was estimated by the Company by calculating the present value of the future expected cash flows using an effective interest rate of 9.2%. The carrying value of the long term loan receivable as at March 31, 2021 is $40.5 million (December 31, 2020: $40.3 million). Interest of $0.2 million was earned during the three months ended March 31, 2021 (see Note 24).

The Company recorded an expected credit loss allowance of $0.5 million as at March 31, 2021 in accordance with IFRS 9 for the social development loan.

(iii) In September 2019, the Company, through its wholly owned subsidiary, Ivanhoe DRC Holding Limited, extended a loan to Nzuri Exploration Holding Company Pty Ltd (“Nzuri”). The loan was advanced to fund exploration activities of a subsidiary of Nzuri in the DRC. The Company has a 10% equity investment in Nzuri (see Note 11).

8. Promissory note receivable

The Company has the following promissory note receivable:

	March 31, 2021	December 31, 2020
	$'000	$'000
Promissory note receivable from Crystal River	**24,948**	23,533
Loss allowance	**(14)**	(14)
	24,934	23,519

The promissory note receivable with a carrying value of $24.9 million is a non-interest-bearing, 10 year promissory note, of which $8.3 million is receivable by the Company as the purchase consideration for selling 1% of its share in Kamoa Holding to Crystal River (see Note 4). The remaining $16.6 million is receivable for subsequent funding provided to Kamoa Holding on Crystal River's behalf. The promissory note is payable on the earlier of December 8, 2025 or the next business day following the completion of the sale, transfer or disposition of the shares held by Crystal River in Kamoa Holding.

9. Leases

Right of use asset

	March 31, 2021	December 31, 2020
	$'000	$'000
Rented surface infrastructure and equipment (Kipushi) (i)	**8,552**	8,641
Office building (ii)	**1,229**	1,339
Other properties	**–**	12
	9,781	9,992

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

(ii) The Company leases an office building in Sandton, South Africa.

Lease liability

	March 31, 2021	December 31, 2020
	$'000	$'000
Rented surface infrastructure and equipment (Kipushi) (i)	**10,472**	10,353
Office building (ii)	**1,111**	1,201
Non-current lease liability	**11,583**	11,554
Office building (ii)	**333**	328
Other properties	**–**	22
Current lease liability	**333**	350

9. Leases (continued)

Lease liability (continued)

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

(ii) The lease liability was initially measured at the present value of the lease payments payable over a lease term of six years and has been discounted at an incremental borrowing rate of 10.25%. The lease payments have been determined in accordance with the contract which includes an escalation clause of 7.5% per annum.

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

	Three months ended March 31,	
	2021	2020
	$'000	$'000
Depreciation charge on right-of-use assets (i)	**92**	84
Interest on lease liability (ii)	**246**	27
	338	111

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

(ii) Included as finance costs on the condensed consolidated interim statements of comprehensive income.

10. Other assets

	March 31, 2021	December 31, 2020
	$'000	$'000
Prepayments related to bulk power supply (i)	**3,086**	3,135
Deposits	**1,559**	1,559
Other non-current prepayments	**50**	10
	4,695	4,704

(i) Included in other assets are advances of $3.1 million (December 31, 2020: $3.1 million) paid to Eskom, the South African state-owned electricity provider, in preparation for the construction of additional bulk power lines which will provide electricity to the Platreef project.

11. Investments

	March 31, 2021	December 31, 2020
	$'000	$'000
Fair value through profit or loss		
Investment in unlisted shares (i)	**655**	655
Investment in listed shares (ii)	**1,642**	1,410
	2,297	2,065

(i) On September 12, 2019 the Company, through its wholly owned subsidiary, Ivanhoe DRC Holding Limited, subscribed for 10% of the ordinary shares of Nzuri Exploration Holding Company Pty Ltd ("Nzuri"). Nzuri is an Australian company, a subsidiary of which is conducting mining exploration activities in the DRC.

(ii) The Company holds listed shares which have been classified as financial assets at fair value through profit or loss. The trading value of the listed shares as at March 31, 2021 is $1.6 million (December 31, 2020: $1.4 million). A gain of $0.2 million on the fair valuation of the financial asset was recognized for the three months ended March 31, 2021 (March 31, 2020: loss of $0.6 million).

12. Other receivables

	March 31, 2021	December 31, 2020
	$'000	$'000
Receivables from joint venture (i)	**3,144**	3,861
Accounts receivable	**2,217**	513
Other	**875**	886
Refundable taxes (ii)	**254**	873
Fair value financial asset	**–**	300
Loss allowance	**(1)**	(1)
	6,489	6,432

(i) Receivables from joint venture include amounts receivable from the Kamoa Holding Limited joint venture for administration consulting services rendered by the Company and for the sale of equipment to the joint venture by Kipushi.

(ii) Refundable taxes are net of an impairment provision for value-added taxes receivable in foreign jurisdictions where recoverability of those taxes are uncertain.

13. Prepaid expenses

	March 31, 2021	December 31, 2020
	$'000	$'000
Advance payments to suppliers	**1,334**	1,288
Prepaid insurance	**1,017**	1,299
Other prepayments	**997**	1,095
Deposits	**223**	222
	3,571	3,904

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

14. Convertible notes

	March 31, 2021	December 31, 2020
	$'000	$'000
Convertible notes - host liability		
Proceeds on issuance of convertible notes	**424,500**	–
Transaction costs incurred	**(10,299)**	–
Initial recognition of host liability	**414,201**	–
Interest for the period	**1,492**	–
	415,693	–
Convertible notes - embedded derivative liability		
Proceeds on issuance of convertible notes	**150,500**	–
Gain on fair valuation of financial liability	**(25,600)**	–
	124,900	–

On March 17, 2021 the Company concluded a private placement offering of $575 million of 2.50% convertible senior notes maturing in 2026. Upon conversion, the convertible notes may be settled, at the Company's election, in cash, common shares or a combination thereof. Due to this election right, the convertible notes have an embedded derivative liability that is measured at fair value with changes in value being recorded in profit or loss, as well as the host loan that is accounted for at amortized cost.

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

The gross proceeds of $575 million was apportioned between the host loan and the embedded derivative liability by first determining the fair value of the derivative, which was $150.5 million on March 17, 2021. Transaction costs of $10.3 million associated with the host loan was capitalized to the liability whereas transaction costs of $3.7 million associated with the embedded derivative liability was expensed in the condensed consolidated interim statements of comprehensive income.

The effective interest rate of the host liability was deemed to be 9.39%. The carrying value of the host liability was $415.7 million as at March 31, 2021. The fair value of the embedded derivative liability on March 31, 2021 was $124.9 million. A fair value gain of $25.6 million was recognized in the condensed consolidated interim statements of comprehensive income, due to the decrease in the fair value of the embedded derivative liability largely due to the decline in the closing price of the Company's shares as reported on the Toronto Stock Exchange from the date of initial recognition to March 31, 2021.

The following key inputs and assumptions were used in determining the fair value of the embedded derivative liability on March 17, 2021 at initial recognition:

- Share price of C$7.00
- Credit spread of 630 basis points
- Volatility of 42%
- Borrowing costs of 50 basis points

The key inputs and assumptions used at March 31, 2021 were:

- Share price of C$6.47
- Credit spread of 610 basis points
- Volatility of 42%
- Borrowing costs of 50 basis points

15. Borrowings

	March 31, 2021	December 31, 2020
	$'000	$'000
Unsecured - at amortized cost		
Loan from ITC Platinum Development Limited (i)	**32,350**	31,828
Secured - at amortized cost		
Loan from Citi bank (ii)	**4,446**	4,369
	36,796	36,197

(i) On June 6, 2013, the Company, through its subsidiary Ivanplats (Pty) Ltd, ("Ivanplats") the owner of the Platreef Project, became party to a $28.0 million loan payable to ITC Platinum Development Limited,. The loan is repayable only once Ivanplats has residual cashflow, which is defined in the loan agreement as gross revenue generated by Ivanplats, less all operating costs attributable thereto, including all mining development and operating costs. The loan incurs interest of USD 3 month LIBOR plus 2% calculated monthly in arrears. Interest is not compounded. Using prevailing market interest rates for an equivalent loan of USD 3 month LIBOR plus 7% at June 6, 2013, the carrying value of the loan as at March 31, 2021, is estimated at $32.4 million (2020: $31.8 million) with a contractual amount due of $34.7 million (2020: $34.5 million). The difference of $2.3 million (2020: $2.7 million) between the contractual amount due and the carrying value of the loan is the benefit derived from the low-interest loan. Interest of $0.2 million was recognized during the three months ended March 31, 2021 and was capitalized as borrowing costs together with the low interest loan accretion of $0.4 million.

(ii) The Citi bank loan of $4.4 million (£3.2 million) is secured by the Rhenfield property (see Note 27). The loan is an interest only term loan repayable at August 28, 2025, and incurs interest at a rate of GBP 1 month LIBOR plus 1.90% payable monthly in arrears. Interest of $0.1 million was incurred for the three months ended March 31, 2021.

16. Cash settled-share based payment liability

	March 31, 2021	December 31, 2020
	$'000	$'000
Balance at the beginning of the year	**4,624**	4,026
Vesting of the option liability	**163**	598
Balance at the end of the period	**4,787**	4,624

On June 26, 2014, the Company sold a 26% interest in the Company's Platreef mining project for which it has recognized a cash-settled share-based payment liability. The liability is valued using an option pricing model taking into account the terms and conditions on which the right was granted (see Note 22).

17. Advances payable

	March 31, 2021	December 31, 2020
	$'000	$'000
Advances payable to Gecamines	**2,818**	2,788
	2,818	2,788

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

18. Trade and other payables

	March 31, 2021	December 31, 2020
	$'000	$'000
Trade accruals	**7,485**	9,708
Trade payables	**7,091**	7,487
Deferred share unit liability	**2,203**	2,022
Payroll tax and other statutory liabilities	**1,720**	2,952
Indirect taxes payable	**20**	317
Other payables	**6**	191
	18,525	22,677

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

19. Share capital

(a) Shares issued

The Company is authorized to issue an unlimited number of Class A Shares, an unlimited number of Class B Shares (together with the Class A Shares, the “common shares”) and an unlimited number of Preferred Shares.

As at March 31, 2021, 1,207,941,580 (December 31, 2020: 1,205,894,118) Class A Shares, nil Class B Shares and nil Preferred Shares were issued and outstanding. All shares in issue have been fully paid.

(b) Options

Share options are granted at an exercise price equal to the weighted average price of the shares on the TSX for the five days immediately preceding the date of the grant. As at March 31, 2021, 74,747,423 share options have been granted and exercised, and 18,828,154 have been granted and are outstanding.

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

A summary of changes in the Company’s outstanding share options is presented below. The changes for 2021 represent the period January 1, 2021 to March 31, 2021, while the changes for 2020 represent the period January 1, 2020 to December 31, 2020.

	2021		2020	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		$		$
Balance at the beginning of year	**18,734,807**	**2.69**	17,550,000	1.90
Granted	**1,034,718**	**5.50**	10,384,900	3.05
Exercised	**(941,371)**	**2.88**	(9,098,552)	1.57
Forfeited	–	–	(101,541)	3.02
Balance at the end of the period	**18,828,154**	**2.84**	18,734,807	2.69

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

19. Share capital (continued)

(b) Options (continued)

1,034,718 options were granted in 2021. The fair value of options granted is estimated on the date of grant using the Black-Scholes option pricing model. An expense of $2.1 million will be amortized over the entire vesting period for the options granted during the three months ended March 31, 2021 (March 31, 2020: $10.6 million), of which $0.2 million (March 31, 2020: $1.3 million) was recognized in the three months ended March 31, 2021. An additional expense of $1.7 million was recognized in the three months ended March 31, 2021 (March 31, 2020: $1.4 million) relating to options granted during prior years.

The following weighted average assumptions were used for the share option grants in 2021:

	2021
Risk free interest rate	0.24%
Expected volatility (i)	53.09%
Expected life	3.50
Expected dividends	$Nil

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

A reconciliation of the number of share options exercised to shares issued for the three months ended March 31, 2021 and three months ended March 31, 2020 is presented below:

		2021		2020
	Number of options exercised	**Number of shares issued**	Number of options exercised	Number of shares issued
Ordinary exercise	**874,462**	**874,462**	225,900	225,900
Exercised by Share Appreciation Rights (i)	**66,909**	**31,630**	–	–
Total	**941,371**	**906,092**	225,900	225,900

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

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

19. Share capital (continued)

(b) Options (continued)

The following table summarizes information about share options outstanding and exercisable as at March 31, 2021:

	Options outstanding		Options exercisable	
Expiry date	**Number of shares**	**Weighted average exercise price**	**Number of shares**	**Weighted average exercise price**
		$		**$**
May 29, 2021	663,003	3.07	663,003	3.07
June 30, 2021	70,021	3.02	70,021	3.02
December 31, 2021	11,513	3.02	11,513	3.02
January 31, 2022	94,108	3.02	94,108	3.02
March 31, 2023	4,270,235	2.61	4,270,235	2.61
May 7, 2023	250,000	2.07	–	2.07
December 4, 2023	2,000,000	1.98	1,000,000	1.98
January 12, 2024	1,250,000	1.90	500,000	1.90
December 5, 2026	2,000,000	2.59	666,666	2.59
January 13, 2027	6,834,556	3.02	1,917,761	3.02
August 17, 2027	250,000	3.85	–	3.85
November 1, 2027	100,000	3.84	–	3.84
January 28, 2028	952,587	5.52	–	5.52
March 31, 2028	82,131	5.18	–	5.18
	18,828,154	2.84	9,193,307	2.63

(c) Restricted share units

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

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

A summary of changes in the Company's RSUs is presented below. The changes for 2021 represent the period January 1, 2021 to March 31, 2021, while the changes for 2020 represent the period January 1, 2020 to December 31, 2020.

	2021	2020
Balance at the beginning of the year	**2,107,464**	3,751,382
RSUs issued	**478,846**	1,140,653
RSUs vested	**(1,141,370)**	(2,722,167)
RSUs cancelled	**(12,115)**	(62,404)
Balance at the end of the period	**1,432,825**	2,107,464

An expense of $2.6 million will be amortized over the vesting period for the RSUs granted during the three months ended March 31, 2021 (March 31, 2020: $3.2 million), using the fair value of a common share at time of grant. The weighted average fair value of a common share at the time that the RSUs were granted in 2021 was $5.50 (2020: $3.03). An expense of $1.0 million was recognized for the three months ended March 31, 2021 relating to RSU's which vested during the year ((March 31, 2020: $1.0 million) (see Note 22).

19. Share capital (continued)

(d) Deferred share units

The Company issues deferred share units ("DSUs") as a security based compensation arrangement to non-executive directors of the Company. Each DSU represents the right of an eligible participant to receive one Class A Share.

A summary of changes in the Company's DSUs is presented below. The changes for 2021 represent the period January 1, 2021 to March 31, 2021, while the changes for 2020 represent the period January 1, 2020 to December 31, 2020.

	2021	2020
Balance at the beginning of the year	**376,884**	182,259
DSUs issued	**165,853**	307,147
DSUs settled	**–**	(95,197)
DSUs cancelled	**–**	(17,325)
Balance at the end of the period	**542,737**	376,884

An expense of $0.3 million (March 31, 2020: $0.2 million) was recognized for the DSUs granted during the three months ended March 31, 2021. A loss of $0.1 million (March 31, 2020: $0.4 million) was recognized for DSU's granted during prior years due to the decrease in the Company's share price which resulted in a decrease in the deferred share unit liability. In accordance with the DSU plan, directors may elect to receive settlement of their DSU's in cash or shares. No DSU's have been settled in 2021.

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

20. Foreign currency translation reserve

	March 31, 2021	December 31, 2020
	$'000	$'000
Balance at the beginning of the year	**(37,056)**	(30,857)
Exchange loss arising on translation of foreign operations	**(3,716)**	(6,199)
Balance at the end of the period	**(40,772)**	(37,056)

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

21. Non-controlling interests

The total non-controlling interests at March 31, 2021 is $108.3 million (December 31, 2020: $104.2 million), of which $70.2 million (December 31, 2020: $69.4 million) is attributed to Ivanplats (Pty) Ltd and $42.0 million (December 31, 2020: $38.6 million) is attributed to Kipushi Corporation SA. The remainder relates mainly to the non-controlling interest attributable to Ivanplats Holding SARL.

21. Non-controlling interests (continued)

Set out below is the summarized statements of comprehensive income for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before intercompany eliminations.

	Ivanplats (Pty) Ltd		Kipushi Corporation SA	
	Three months ended March 31,		Three months ended March 31,	
Summarized statements of comprehensive income	**2021**	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Loss for the period	**3,413**	4,624	**10,653**	14,287
Other comprehensive loss	**4,565**	59,728	**–**	–
Total comprehensive loss	**7,978**	64,352	**10,653**	14,287
Total comprehensive loss allocated to non-controlling interests	**798**	6,435	**3,409**	4,572

22. Share-based payments

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

	Three months ended March 31,	
	2021	2020
	$'000	$'000
Equity settled share-based payments		
Share options (Note 19(b))	**1,960**	2,666
Restricted share unit expense (Note 19(c))	**1,023**	1,027
	2,983	3,693
Cash settled share-based payments		
Deferred share unit expense (Note 19(d))	**181**	(176)
B-BBEE transaction expense	**163**	160
	3,327	3,677

Of the share-based payment expense recognized for the three months ended March 31, 2021, $0.2 million (March 31, 2020: $0.2 million) related to the Platreef B-BBEE transaction, with the remaining $3.1 million (March 31, 2020: $3.5 million) being the expense for share options, restricted share units, deferred share units and bonus shares which have been granted to employees and were recognized over the vesting period.

23. Finance costs

The finance costs of the Company are summarized as follows:

	Three months ended March 31,	
	2021	2020
	$'000	$'000
Interest on convertible notes (see Note 14)	**1,492**	–
Interest on borrowings (see Note 15)	**545**	612
Borrowing costs capitalized (see Note 5)	**(522)**	(583)
Lease liability unwinding (see Note 9)	**246**	27
Interest on advances payable (see Note 17)	**30**	37
Other financing costs	**–**	7
	1,791	100

24. Finance income

Finance income is summarized as follows:

	Three months ended March 31,	
	2021	2020
	$'000	$'000
Interest on loan to joint venture (i)	**(21,180)**	(16,287)
Interest on long term loan receivable - HPX (ii)	**(986)**	(995)
Interest on bank balances	**(372)**	(2,893)
Interest on long term loan receivable - Gecamines (iii)	**(242)**	(635)
	(22,780)	(20,810)

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

25. Other income

Other income is summarized as follows:

	Three months ended March 31,	
	2021	2020
	$'000	$'000
Administration consulting income (i)	**(1,375)**	(1,128)
Other	**(69)**	(11)
Irrecoverable amounts	**(13)**	(10)
Loss on disposal of subsidiary	**65**	–
Other taxes	**29**	14
Reversal of provision for bad debt	**–**	(734)
	(1,363)	(1,869)

(i) Administration consulting income is fees charged by the Company to the Kamoa Holding joint venture for administration, accounting and other services performed for the joint venture (see Note 4).

26. (Profit) loss per share

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

	Three months ended March 31,	
	2021	2020
	$'000	$'000
Basic (profit) loss per share		
(Profit) loss attributable to owners of the Company	**(24,055)**	9,172
Weighted average number of basic shares outstanding	**1,207,284,386**	1,197,317,592
Basic (profit) loss per share	**(0.02)**	0.01
Diluted (profit) loss per share		
(Profit) loss attributable to owners of the Company	**(24,055)**	9,172
Weighted average number of diluted shares outstanding	**1,213,194,672**	1,197,317,592
Diluted (profit) loss per share	**(0.02)**	0.01

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

	Three months ended March 31,	
	2021	2020
Weighted average number of basic shares outstanding	**1,207,284,386**	1,197,317,592
Shares deemed to be issued for no consideration in respect of:		
- stock options	**4,088,728**	–
- restricted share units	**1,821,558**	–
Weighted average number of diluted shares outstanding	**1,213,194,672**	1,197,317,592

27. Joint operations

The Company has a 50% interest in Rhenfield Limited, a British Virgin Islands registered company. Rhenfield Limited purchased buildings in London, England which the Company uses for office space. The buildings have a carrying value of $9.8 million (December 31, 2020: $9.7 million) and are included in property, plant and equipment (see Note 5).

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

28. Related party transactions

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

Name	Country of Incorporation	% equity interest as at March 31, 2021	% equity interest as at December 31, 2020	
Direct Subsidiaries				
Ivanhoe Mines (Barbados) Limited	Barbados	**100%**	100%	(i)
African Copperbelt Exploration Ltd.	Barbados	**100%**	100%	(i)
Gabon Holding Company Ltd.	Barbados	**100%**	100%	(i)
Ivanhoe Mines US LLC	United States of America	**100%**	100%	(i)
Ivanhoe Mines UK Limited	United Kingdom	**100%**	100%	(ii)
Ivanplats Holding SARL	Luxembourg	**97%**	97%	(i)
Ivanhoe Mines Consulting Services (Beijing) Co., Ltd	China	**100%**	100%	(iv)
Indirect Subsidiaries				
Ivanhoe DRC Holding Ltd.	Barbados	**100%**	100%	(i)
Kipushi Holding Limited	Barbados	**100%**	100%	(i)
Ivanhoe Mines DRC SARL	DRC	**100%**	100%	(ii)
Ivanhoe Mines Exploration DRC SARL	DRC	**100%**	100%	(iii)
Lufupa SASU	DRC	**100%**	100%	(iii)
Magharibi Mining SAU	DRC	**90%**	90%	(iii)
Makoko SA	DRC	**90%**	90%	(iii)
Kengere Mining SA	DRC	**75%**	75%	(iii)
Kipushi Corporation SA	DRC	**68%**	68%	(iii)
Ivanhoe Gabon SA	Gabon	**97%**	97%	(iii)
Ivanhoe (Namibia) (Pty) Ltd.	Namibia	**100%**	100%	(iii)
Kamoa Services (Pty) Ltd.	South Africa	**0%**	100%	(v)
GB Mining & Exploration (SA) (Pty) Ltd.	South Africa	**100%**	100%	(iv)
Ivanhoe Mines SA (Pty) Ltd.	South Africa	**100%**	100%	(ii)
Ivanplats (Pty) Ltd.	South Africa	**64%**	64%	(iii)
Kico Services (Pty) Ltd.	South Africa	**100%**	100%	(ii)
Ivanhoe (Zambia) Ltd.	Zambia	**100%**	100%	(iii)
Joint ventures				
Kamoa Holding Limited	Barbados	**49.50%**	49.50%	(i)
Joint operations				
Rhenfield Limited	British Virgin Islands	**50%**	50%	(iv)

28. Related party transactions (continued)

(i) This company acts as an intermediary holding company to other companies in the Group.
(ii) This company provides administration, accounting and other services to the Group on a cost-recovery basis.
(iii) This company is incorporated with the intention of engaging in exploration, development and mining activities.
(iv) This is a special purpose entity that has been incorporated for a particular purpose.
(v) This company was disposed of by the Company to the Kamoa Holding joint venture on March 31, 2021.

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

	Three months ended March 31,	
	2021	2020
	$'000	$'000
Kamoa Holding Limited (a)	**(21,180)**	(16,287)
Kamoa Copper SA (b)	**(1,879)**	(2,170)
High Power Exploration Inc. (c)	**(990)**	(1,050)
Ivanhoe Mines Energy DRC Sarl (d)	**(46)**	(64)
Ivanhoe Capital Aviation Ltd (e)	**1,108**	875
Global Mining Management Corporation (f)	**265**	614
Ivanhoe Capital Services Ltd. (g)	**104**	133
CITIC Metal Africa Investments Limited (h)	**53**	50
GMM Tech Holdings Inc. (i)	**–**	417
Global Mining Services Ltd. (j)	**–**	114
HCF International Advisers Limited (k)	**–**	92
Ivanhoe Capital Pte Ltd (l)	**–**	(4)
Ivanhoe Capital Corporation (UK) Limited (m)	**–**	(2)
	(22,565)	(17,282)
Finance income	**(22,166)**	(17,282)
Cost recovery and management fee	**(1,925)**	(2,234)
Travel	**1,125**	879
Consulting	**214**	405
Salaries and benefits	**119**	667
Office and administration	**15**	233
Directors fees	**53**	50
	(22,565)	(17,282)

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

As at March 31, 2021, trade and other payables included $1.0 million (December 31, 2020: $1.1 million) with regards to amounts due to parties related by way of director, officers or shareholder in common. These amounts are unsecured and non-interest bearing.

Amounts included in other receivables due from parties related by way of director, officers or shareholder in common as at March 31, 2021 amounted to $3.9 million (December 31, 2020: $4.0 million).

28. Related party transactions (continued)

(a) Kamoa Holding Limited ("Kamoa Holding") is a company registered in Barbados. The Company has an effective 49.5% ownership in Kamoa Holding. The Company earns interest on the loans advanced to Kamoa Holding (see Note 4).

(b) Kamoa Copper SA ("Kamoa Copper") is a company incorporated in the DRC. The Company has an effective 39.6% ownership in Kamoa Copper (see Note 4). The Company provides administration, accounting and other services to Kamoa Copper on a cost-recovery basis.

(c) High Power Exploration Inc. ("HPX") is a private company incorporated under the laws of Delaware, USA. A director of the Company is a director and member of executive management of HPX. The Company extended a secured loan of $50 million to HPX. The loan receivable earns interest at a rate of 8% per annum and has a repayment date of May 17, 2021 (see Note 7).

(d) Ivanhoe Mines Energy DRC Sarl ("Energy") is a company incorporated in the DRC. The Company has an effective 49.5% ownership in Energy (see Note 4). The Company provides administration, accounting and other services to Energy on a cost-recovery basis.

(e) Ivanhoe Capital Aviation Ltd. ("Aviation") is a private company owned indirectly by a director of the Company. Aviation operates an aircraft for which the Company contributes toward the running costs.

(f) Global Mining Management Corporation ("Global") is a private company based in Vancouver, Canada. The Company and a director of the Company hold an indirect equity interest in Global. Global provides administration, accounting and other services to the Company on a cost-recovery basis.

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

(h) Citic Metal Africa Investments Limited ("Citic Metal Africa") is a private company incorporated in Hong Kong. Citic Metal Africa is a shareholder in the Company and nominates two directors who serve of the Company's Board of Directors.

(i) GMM Tech Holdings Inc. ("GMM Tech") is a private company incorporated in British Columbia, Canada and is 100% owned by Global. GMM Tech provides information technology services to the Company on a cost-recovery basis.

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

(k) HCF International Advisers Limited ("HCF") is a corporate finance adviser specializing 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.

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

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

29. Cash flow information

Net change in working capital items:

	Three months ended March 31,	
	2021	2020
	$'000	$'000
Net (increase) decrease in		
Other receivables	**(57)**	2,141
Prepaid expenses	**333**	603
Consumable stores	**22**	31
Net decrease in		
Trade and other payables	**(4,152)**	(6,018)
	(3,854)	(3,243)

30. Financial instruments

(a) *Fair value of financial instruments*

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

Financial instrument	**Level**	**March 31, 2021**	December 31, 2020
		$'000	$'000
Financial assets			
Financial assets at fair value through profit or loss			
Investment in listed entity	Level 1	**1,642**	1,410
Investment in unlisted entity	Level 3	**655**	655
Amortized cost			
Loan advanced to joint venture	Level 3	**1,230,209**	1,138,992
Cash and cash equivalents		**731,946**	262,825
Loans receivable	Level 3	**98,568**	97,340
Promissory note receivable	Level 3	**24,934**	23,519
Other receivables (a)		**6,235**	5,559
Financial liabilities			
Financial liabilities at fair value through profit or loss			
Convertible notes - embedded derivative liability	Level 2	**124,900**	–
Amortized cost			
Convertible notes - host liability	Level 3	**415,693**	–
Borrowings	Level 3	**36,796**	36,197
Trade and other payables (b)	Level 3	**16,779**	19,217
Advances payable	Level 3	**2,818**	2,788

(a) Other receivables in the above table excludes refundable taxes receivable.
(b) Trade and other payables in the above table excludes payroll tax, other statutory liabilities, indirect taxes payable and sundry payables.

30. Financial instruments (continued)

(a) Fair value of financial instruments (continued)

IFRS 13 - Fair value measurement, requires an explanation about how fair value is determined for assets and liabilities measured in the financial statements at fair value and 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 obtained from independent sources, while unobservable inputs reflect the Company's assumptions. The two types of inputs create the following fair value hierarchy:

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

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

Investment in unlisted entity
The Company acquired these shares on September 12, 2019. No significant changes occurred between acquisition date and March 31, 2021 and the Company has therefore determined that the purchase price approximates the fair value.

Loan advanced to the joint venture
Carrying amount is a reasonable approximation of fair value. The loan incurs interest at a variable rate of USD 12 month Libor plus 7% which approximates the current market interest rate.

Long term loans receivable (Loan to HPX)
Carrying amount is a reasonable approximation of fair value. The loan is repayable within the next 12 months and the interest rate is considered to be an arm's length rate. Country risk is considered to be low and the loan is secured by the shares of HPX.

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

Promissory note receivable
Carrying amount is a reasonable approximation of fair value. The creditworthiness of the promissory note holder is considered to be high (see Note 30(b)(ii)). The promissory note is payable on the earlier of December 8, 2025 or the next business day following the completion of the sale, transfer or disposition of the shares held by Crystal River in Kamoa Holding.

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

Convertible notes (host liability)
Carrying amount is a reasonable approximation of fair value. The fair value of the liability on initial recognition was estimated by the Company by calculating the present value of the future expected cash flows using an effective interest rate of 9.39%.

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

30. Financial instruments (continued)

(a) Fair value of financial instruments (continued)

Borrowings (Loan from ITC Platinum Development Limited)
Carrying amount is a reasonable approximation of fair value. The fair value of the loan is determined using a discounted future cashflow analysis based on an interest rate of USD 3 month LIBOR plus 7% and the loan is carried at this value (see Note 15(i)).

Borrowings (Loan from Citi bank)
Carrying amount is a reasonable approximation of fair value. The loan incurs interest at a variable rate of GBP 1 month LIBOR plus 1.9% which approximates the current market interest rate.

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

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

(b) Financial risk management objectives and policies

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

(i) Foreign exchange risk

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

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

	March 31, 2021	December 31, 2020
	$'000	$'000
Assets		
Canadian dollar	**23,252**	25,289
South African rand	**18,725**	22,809
British pounds	**4,913**	4,116
Australian dollar	**1,642**	1,140
Liabilities		
South African rand	**(4,793)**	(6,338)
British pounds	**(4,161)**	(3,400)
Canadian dollar	**(832)**	(1,978)
Australian dollar	**(160)**	(56)

30. Financial instruments (continued)

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

Foreign currency sensitivity analysis

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

	March 31, 2021	March 31, 2020
	$'000	$'000
Canadian dollar	**1,121**	1,582
Australian dollar	**74**	27
South African rand	**(74)**	(107)
British pounds	**–**	(2)

(ii) Credit risk

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

The Company reviews the recoverable amount of their financial assets at each statement of financial position date to ensure that adequate impairment losses are made for irrecoverable amounts. The Company has considered the requirement of IFRS 9 to recognize a loss allowance for expected credit losses on financial assets. The general approach was applied to these financial assets, where the 12 month expected credit losses are calculated. The Company did not apply lifetime expected credit losses as there has not been a significant increase in credit risk in 2021.

A significant increase in credit risk would include:

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

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

30. Financial instruments (continued)

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

(ii) Credit risk (continued)

The loan advanced to the joint venture will be repaid as and when there is residual cash flow in Kamoa Holding. Due to the positive results of Kamoa-Kakula's DFS, PFS and updated PEA, repayment of the loan is deemed to be highly probable. The expected credit loss is considered to be negligible.

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

The principal amount of the long term loan receivable from HPX and accrued interest thereon, is convertible in whole, or part, by the Company at its sole discretion into shares of treasury common stock of HPX. The Company recorded an expected credit loss allowance of $0.2 million as at March 31, 2021 in accordance with IFRS 9.

Repayment of the long term loan receivable from Gecamines will be made by offsetting the loan against future royalties and dividends payable to Gecamines which arise from future profits to be earned at Kipushi. The Company recorded an expected credit loss allowance of $0.5 million as at March 31, 2021 in accordance with IFRS 9

The credit risk on cash and cash equivalents is limited because the cash and cash equivalents are composed of deposits with major banks who have investment grade credit ratings assigned by international credit ratings agencies and have low risk of default.

Other receivables is comprised primarily of administration consulting income from the joint venture and refundable taxes. The credit quality of these financial assets can be assessed by reference to historical information about counterparty default rates and adjusted to reflect current and forward-looking information, as well as macroeconomic factors affecting the ability of the parties to settle the receivables. The historical loss rates are negligible and therefore indicate that no expected credit losses relating to other receivables should be recognized.

The Company continues to monitor its credit risk and assess expected credit losses. The identified impairment loss in 2021 is negligible.

(iii) Liquidity risk

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

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.

30. Financial instruments (continued)

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

(iii) Liquidity risk (continued)

	Less than 1 month	1 to 3 months	3 to 12 months	More than 12 months	**Total un-discounted cash flows**
	$'000	$'000	$'000	$'000	**$'000**
As at March 31, 2021					
Convertible notes	–	–	551	575,000	**575,551**
Non-current borrowings	–	–	–	39,105	**39,105**
Trade and other payables (a)	13,000	695	1,104	1,980	**16,779**
Lease liability	35	75	223	11,583	**11,916**
As at December 31, 2020					
Non-current borrowings	–	–	–	38,876	**38,876**
Trade and other payables (a)	15,445	1,327	2,445	–	**19,217**
Lease liability	30	93	227	11,554	**11,904**

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

(iv) Market risk

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

The Company measures the embedded derivative liability portion of the convertible notes at fair value at each reporting date, recognizing changes in the fair value in the statements of comprehensive income. This requirement to “mark-to-market” the derivative features could significantly affect the results in the statement of comprehensive income. If the Company’s share price had been C$1.00 higher than it was on March 31, 2021, the fair value of the embedded derivative liability would have increased by $36.5 million, which would have resulted in the Company recording a loss on the fair valuation of the financial liability of $10.9 million instead of the $25.6 million gain.

(v) Interest rate risk

The Company’s interest rate risk arises mainly from long term borrowings, the long term loan receivable and the loan advanced to the joint venture. The Company’s main exposure to interest rate risk arises from the fact that the Company earns and incurs interest on interest rates linked to LIBOR. If interest rates (including applicable LIBOR rates) had been 50 basis points higher or lower and all other variables were held constant the Company’s profit for the three months ended March 31, 2021 would have increased or decreased by $6.1 million (March 31, 2020: $4.2 million) and is comprised as follows:

	Three months ended March 31,	
	2021	2020
	$'000	$'000
Loan advanced to the joint venture (see Note 4)	**4,540**	944
Cash and cash equivalents	**1,314**	3,017
Other interest bearing amounts	**284**	277
	6,138	4,238

31. Capital risk management

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

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. Currently the Company has no cash inflows from operations. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt and acquire or dispose of assets to satisfy cash requirements. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including capital deployment, results from the exploration and development of its properties and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

In order to maximize ongoing development efforts, the Company does not pay dividends. The Company's investment policy is to invest its cash in highly liquid, short-term, interest-bearing investments with maturities of 90 days or less from the original date of acquisition, selected with regard to the expected timing of expenditures from operations.

32. Commitments and contingencies

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

As at March 31, 2021, the Company's commitments that have not been disclosed elsewhere in the consolidated financial statements are as follows:

	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years	Total
	$'000	$'000	$'000	$'000	$'000
As at March 31, 2021					
Shaft 1 changeover (Platreef project)	486	–	–	–	**486**
Shaft 2 construction (Platreef project)	6,234	1,583	–	–	**7,817**
As at December 31, 2020					
Shaft 1 construction (Platreef project)	1,093	–	–	–	**1,093**

The sinking of Shaft 1 at the Platreef Project has been successfully completed by the contractor to its final depth of 996 metres below surface. Further commitments in relation to the change-over of Shaft 1 as the project's initial production shaft under the phased development plan have been undertaken during the period ended March 31, 2021.

The commitments in respect of the joint venture are set out in Note 4.

33. Segmented information

At March 31, 2021, the Company has four reportable segments, being the Platreef property, Kamoa Holding joint venture, Kipushi properties and the Company's treasury offices.

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

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

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

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

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

	South Africa	DRC	Other	Total
	$'000	$'000	$'000	$'000
Non-current assets				
As at March 31, 2021	312,739	1,783,604	79,083	**2,175,426**
As at December 31, 2020	310,533	1,698,390	77,190	**2,086,113**

33. Segmented information (continued)

	March 31, 2021	December 31, 2020
	$'000	$'000
Segment assets		
Kamoa Holding joint venture	**1,376,635**	1,289,512
Treasury (ii)	**795,730**	314,742
Kipushi properties	**443,564**	445,591
Platreef property	**321,889**	325,711
All other segments (i)	**38,313**	41,535
Total	**2,976,131**	2,417,091
Segment liabilities		
Treasury (ii)	**546,757**	6,597
Platreef property	**37,284**	36,565
Kipushi properties	**19,424**	21,303
All other segments (i)	**14,382**	16,143
Total	**617,847**	80,608

	Three months ended March 31,	
	2021	2020
	$'000	$'000
Segment (profits) losses		
Kipushi properties	**6,369**	9,470
All other segments (i)	**4,010**	1,601
Kamoa Holding Limited joint venture	**4,093**	6,728
Platreef properties	**437**	587
Treasury (ii)	**(35,318)**	(4,297)
Total	**(20,409)**	14,089
Capital expenditures		
Platreef properties	**6,751**	10,381
All other segments (i)	**71**	297
Kipushi properties	**–**	161
Total	**6,822**	10,839
Exploration and project evaluation expenditure		
Kipushi properties	**6,287**	9,982
All other segments (i)	**2,435**	1,998
Total	**8,722**	11,980

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

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

34. Approval of the financial statements

The condensed consolidated interim financial statements of Ivanhoe Mines Ltd., for the three months ended March 31, 2021, were approved and authorized for issue by the Board of Directors on May 12, 2021.