Condensed consolidated interim financial statements of

Ivanhoe Mines Ltd.

June 30, 2023
(Stated in U.S. dollars)
(Unaudited)

Ivanhoe Mines Ltd.

June 30, 2023

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Ivanhoe Mines Ltd.

Condensed consolidated interim statements of financial position as at June 30, 2023

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

	Notes	**June 30, 2023**	December 31, 2022
		$'000	$'000
ASSETS			
Non-current assets			
Investment in joint venture	4	**2,300,195**	2,047,040
Property, plant and equipment	5	**810,387**	630,295
Mineral properties	6	**264,995**	264,995
Deferred tax asset	7	**221,042**	208,356
Investments	10	**87,162**	9,652
Loans receivable	8	**44,945**	92,475
Promissory note receivable	9	**26,782**	26,756
Other receivables	13	**17,403**	15,141
Right-of-use asset	11	**6,999**	7,540
Other assets		**5,115**	4,372
Total non-current assets		**3,785,025**	3,306,622
Current assets			
Cash and cash equivalents	12	**392,887**	597,451
Prepaid expenses	14	**37,189**	28,466
Other receivables	13	**20,782**	15,742
Consumable stores		**845**	1,011
Current tax assets		**355**	364
Loans receivable	8	**–**	19,629
Total current assets		**452,058**	662,663
Total assets		**4,237,083**	3,969,285
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	21	**2,357,010**	2,347,105
Share option reserve	21	**148,029**	141,541
Foreign currency translation reserve	22	**(81,767)**	(63,830)
Accumulated profit		**688,480**	509,801
Equity attributable to owners of the Company		**3,111,752**	2,934,617
Non-controlling interests	23	**(104,349)**	(93,486)
Total equity		**3,007,403**	2,841,131
Non-current liabilities			
Convertible notes - host liability	15	**477,110**	462,290
Deferred revenue	16	**301,618**	310,725
Convertible notes - embedded derivative liability	15	**278,818**	221,300
Borrowings	17	**41,402**	40,823
Lease liability	11	**10,748**	10,761
Cash-settled share-based payment liability	18	**9,687**	9,023
Advances payable	19	**3,270**	3,123
Deferred tax liability	7	**2,030**	1,775
Rehabilitation provision		**1,609**	1,093
Total non-current liabilities		**1,126,292**	1,060,913
Current liabilities			
Trade and other payables	20	**56,501**	61,637
Borrowings	17	**40,027**	–
Cash-settled share-based payment liability	18	**3,323**	2,025
Convertible notes - host liability	15	**2,993**	3,033
Lease liability	11	**544**	546
Total current liabilities		**103,388**	67,241
Total liabilities		**1,229,680**	1,128,154
Total equity and liabilities		**4,237,083**	3,969,285

(Signed) Peter Meredith

Peter Meredith, Director

(Signed) Martie Janse van Rensburg

Martie Janse van Rensburg, Director

Ivanhoe Mines Ltd.

Condensed consolidated interim statements of comprehensive income for the three and six months ended June 30, 2023

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

	Notes	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
		$'000	$'000	**$'000**	$'000
Operating income (expenses)					
Share of profit from joint venture net of tax	4	**73,066**	49,690	**155,725**	136,799
Share-based payments	24	**(7,120)**	(4,637)	**(14,822)**	(12,026)
Exploration and project evaluation expenditure		**(4,375)**	(13,470)	**(7,756)**	(25,713)
Salaries and benefits		**(2,823)**	(2,265)	**(5,069)**	(5,285)
Other expenditure		**(2,245)**	(2,185)	**(4,231)**	(4,129)
Travel costs		**(2,088)**	(1,720)	**(3,748)**	(3,625)
Foreign exchange loss		**(1,508)**	(2,067)	**(2,822)**	(688)
Professional fees		**(952)**	(389)	**(1,276)**	(797)
Legal fees		**(858)**	(331)	**(1,899)**	(671)
Reversal of VAT write-off		**–**	4,951	**–**	4,951
Profit from operating activities		**51,097**	27,577	**114,102**	88,816
Finance income	26	**61,956**	38,596	**119,782**	70,101
Other income	27	**4,030**	519	**7,758**	955
Gain (loss) on fair valuation of financial asset		**488**	(2,942)	**(1,107)**	416
(Loss) gain on fair valuation of embedded derivative liability	15	**(26,618)**	183,600	**(57,518)**	117,200
Finance costs	25	**(5,539)**	(10,013)	**(16,004)**	(17,404)
Profit before income taxes		**85,414**	237,337	**167,013**	260,084
Income tax (expense) recovery					
Current tax		**(196)**	(1)	**(241)**	139
Deferred tax		**1,965**	114,184	**2,891**	112,837
		1,769	114,183	**2,650**	112,976
Profit for the period		**87,183**	351,520	**169,663**	373,060
Profit (loss) attributable to:					
Owners of the Company		**92,042**	316,242	**178,679**	342,636
Non-controlling interests		**(4,859)**	35,278	**(9,016)**	30,424
		87,183	351,520	**169,663**	373,060
Other comprehensive (loss) income					
Items that may subsequently be reclassified to profit:					
Exchange (loss) gain on translation of foreign operations, net of tax		**(6,038)**	(10,644)	**(19,784)**	10,453
Other comprehensive (loss) income for the period, net of tax		**(6,038)**	(10,644)	**(19,784)**	10,453
Total comprehensive income for the period		**81,145**	340,876	**149,879**	383,513
Total comprehensive income (loss) attributable to:					
Owners of the Company		**86,588**	306,381	**160,742**	351,876
Non-controlling interests	23	**(5,443)**	34,495	**(10,863)**	31,637
		81,145	340,876	**149,879**	383,513
Basic profit per share	28	**0.08**	0.26	**0.15**	0.28
Diluted profit per share	28	**0.07**	0.11	**0.15**	0.19

Ivanhoe Mines Ltd.

Condensed consolidated interim statements of changes in equity for the three and six months ended June 30, 2023

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

	Share capital			Foreign currency				
	Number of shares	Amount	Share option reserve	translation reserve	Accumulated profit	Equity attributable to owners	Non-controlling interests	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at January 1, 2022	**1,209,665,401**	**2,316,293**	**141,099**	**(62,508)**	**98,937**	**2,493,821**	**(116,824)**	**2,376,997**
Net profit for the period	–	–	–	–	342,636	342,636	30,424	373,060
Other comprehensive income	–	–	–	9,240	–	9,240	1,213	10,453
Total comprehensive income	–	–	–	9,240	342,636	351,876	31,637	383,513
Transactions with owners								
Share-based payments charged to operations (Note 24)	–	–	12,394	–	–	12,394	–	12,394
Share unit awards vested (Note 21(c))	1,142,820	6,075	(6,075)	–	–	–	–	–
Options exercised (Note 21(b))	1,037,451	4,329	(1,148)	–	–	3,181	–	3,181
Balance at June 30, 2022	**1,211,845,672**	**2,326,697**	**146,270**	**(53,268)**	**441,573**	**2,861,272**	**(85,187)**	**2,776,085**
Balance at January 1, 2023	**1,216,754,579**	**2,347,105**	**141,541**	**(63,830)**	**509,801**	**2,934,617**	**(93,486)**	**2,841,131**
Net profit (loss) for the period	–	–	–	–	178,679	178,679	(9,016)	169,663
Other comprehensive loss	–	–	–	(17,937)	–	(17,937)	(1,847)	(19,784)
Total comprehensive (loss) income	–	–	–	(17,937)	178,679	160,742	(10,863)	149,879
Transactions with owners								
Share-based payments charged to operations (Note 24)	–	–	12,859	–	–	12,859	–	12,859
Share unit awards vested (Note 21(c))	751,468	5,069	(5,069)	–	–	–	–	–
Options exercised (Note 21(b))	1,061,107	4,836	(1,302)	–	–	3,534	–	3,534
Balance at June 30, 2023	**1,218,567,154**	**2,357,010**	**148,029**	**(81,767)**	**688,480**	**3,111,752**	**(104,349)**	**3,007,403**

Ivanhoe Mines Ltd.

Condensed consolidated interim statements of cash flows for the three and six months ended June 30, 2023

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

	Notes	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
		$'000	$'000	**$'000**	$'000
Cash flows from operating activities					
Profit before income taxes		**85,414**	237,337	**167,013**	260,084
Items not involving cash					
Share of profit from joint venture net of tax	4	**(73,066)**	(49,690)	**(155,725)**	(136,799)
Finance income	26	**(61,956)**	(38,596)	**(119,782)**	(70,101)
Gain on acquisition of investment		**(1,936)**	–	**(1,936)**	–
Reversal of expected credit loss provision		**(1,201)**	–	**(1,201)**	–
(Gain) loss in fair valuation of financial asset		**(488)**	2,942	**1,107**	(416)
Other taxes		**(1)**	(1)	**(2)**	(2)
Loss (gain) on fair valuation of embedded derivative liability	15	**26,618**	(183,600)	**57,518**	(117,200)
Share-based payments	24	**7,120**	4,637	**14,822**	12,026
Finance costs	25	**5,539**	10,013	**16,004**	17,404
Unrealized foreign exchange loss		**1,935**	2,384	**3,225**	752
Depreciation		**540**	2,276	**944**	4,538
Transfer from other assets to working capital items		**160**	31	**309**	354
Depreciation on right-of-use asset		**68**	206	**141**	414
Loss (profit) on disposal of property, plant and equipment		**10**	13	**(2,759)**	4
		(11,244)	(12,048)	**(20,322)**	(28,942)
Interest received	26	**5,979**	1,876	**13,278**	3,300
Change in working capital items	31	**1,303**	(13,596)	**(20,995)**	(21,851)
Income taxes paid		**(211)**	(1)	**(258)**	(3)
Interest paid		**(63)**	(29)	**(119)**	(57)
Net cash used in operating activities		**(4,236)**	(23,798)	**(28,416)**	(47,553)
Cash flows from investing activities					
Property, plant and equipment acquired		**(128,309)**	(14,239)	**(198,113)**	(33,440)
Other assets (acquired) disposed		**(759)**	99	**(1,200)**	(671)
Proceeds from sale of property, plant and equipment		**7**	37	**4,858**	72
Cash paid on behalf of joint venturer	9	**(16)**	(21)	**(26)**	(21)
Investment in listed shares	10(ii)	**–**	–	**–**	(13,329)
Net cash used in investing activities		**(129,077)**	(14,124)	**(194,481)**	(47,389)
Cash flows from financing activities					
Proceeds from loan facility	17	**40,000**	–	**40,000**	–
Options exercised		**2,499**	461	**3,534**	3,181
Settlement of coupon interest on convertible bonds	15	**(7,188)**	(7,188)	**(7,188)**	(7,188)
Principal portion of lease liability repaid		**(119)**	(274)	**(189)**	(821)
Net cash generated from (used in) financing activities		**35,192**	(7,001)	**36,157**	(4,828)
Effect of foreign exchange rate changes on cash		**(6,137)**	(9,913)	**(17,824)**	(1,260)
Net cash outflow		**(104,258)**	(54,836)	**(204,564)**	(101,030)
Cash and cash equivalents, beginning of period		**497,145**	561,982	**597,451**	608,176
Cash and cash equivalents, end of period		**392,887**	507,146	**392,887**	507,146

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, is focused on the mining, development and exploration 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 606-999 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 certain 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 Company has an accumulated profit of $688.5 million at June 30, 2023 (December 31, 2022: $509.8 million). As at June 30, 2023, the Company's total assets exceeds its total liabilities by $3,007.4 million (December 31, 2022: $2,841.1 million) and current assets exceeds current liabilities by $348.7 million (December 31, 2022: $595.4 million).

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 six months ended June 30, 2023, 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, 2022 except for the application 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, 2022.

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, the determination of inputs into lease accounting, the valuation of the embedded derivative liability associated with the convertible notes, deferred revenue, deferred tax, provisions for tax claims, the provisionally-priced revenue, remeasurement of contract receivables and bill-and-hold arrangements of the Kamoa Holding Limited joint venture.

(c) Future accounting changes

The following new standards, amendments to standards and interpretations have been issued but are not effective during the six months ended June 30, 2023. The Company has not yet adopted these new and amended standards.

- Amendment to IFRS 16 – Leases on sale and leaseback. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. (i)

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

- Amendment to IAS 7 and IFRS 7 - Supplier finance. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. (i)

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

- Amendment to IAS 1 – Non-current liabilities with covenants. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions. (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, 2024

3. Application of new and revised standards

The following standards became effective for annual periods beginning on or after January 1, 2023. 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 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.

- Amendments to IAS 12 – Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction. The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

- Narrow scope amendments to IAS 1 – Presentation of Financial Statements, Practice statement 2 and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.

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 Copper Complex ("Kamoa-Kakula"). 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 9).

The costs associated with mine development at Kamoa-Kakula's Kansoko and Kakula sites were capitalized as property, plant and equipment in Kamoa Copper SA (a subsidiary of Kamoa Holding).

Kamoa-Kakula was deemed to have reached commercial production on July 1, 2021, after achieving a milling rate in excess of 80% of design capacity and recoveries in excess of 70% for a continuous period of seven days. 197,389 tonnes of copper in concentrate was produced during the six months ended June 30, 2023 (six months ended June 30, 2022: 142,916), and 103,786 tonnes were produced during the three months ended June 30, 2023 (three months ended June 30, 2022: 87,314).

Kamoa-Kakula is among the world's lowest greenhouse gas emitters per unit of copper metal produced. The Kamoa-Kakula Copper Complex is powered by clean, renewable, hydro-generated electricity.

On March 21, 2014, a financing agreement was entered into between Ivanhoe Mines Energy DRC SARL (a subsidiary of Kamoa Holding) and La Société Nationale d'Électricité 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. All six new turbines at the Mwadingusha hydropower plant were synchronized to the national electrical grid in August 2021, with each generating unit producing approximately 13 megawatts (MW) of power, for a combined output of approximately 78 MW. In August 2021, Ivanhoe Mines Energy DRC SARL ("Ivanhoe Mines Energy") signed an extension of the existing financing agreement with SNEL to upgrade turbine 5 at the Inga II hydropower complex. Turbine 5 is expected to produce 178 MW of renewable hydropower, providing the Kamoa-Kakula Copper Complex and the planned, associated smelter with sustainable electricity for future expansions.

Under the agreements, Ivanhoe Mines Energy agreed to provide a loan relating to the power upgrade. The total loan advanced as at June 30, 2023 amounts to $263.1 million (December 31, 2022: $252.5 million) comprising of a principal amount of $219.5 million (December 31, 2022: $219.3 million) and interest of $43.6 million (December 31, 2022: $33.2 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 June 30, 2023 of $219.5 million (December 31, 2022: $219.3 million), results in a remaining commitment of $30.5 million. The Company's proportionate share (49.5%) of the remaining maximum commitment amounts to $15.1 million as at June 30, 2023.

The term for repayment of the principal amount, accrued interest and future costs is estimated to be 25 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 plus 3%. The Kamoa-Kakula Project has 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. The table below summarizes the Long-term loan receivable:

	June 30, 2023	December 31, 2022
	$'000	$'000
Opening balance	**252,523**	197,122
Increase in loan	**11,749**	53,079
Interest	**10,292**	12,497
Repayments	**(11,468)**	(10,175)
	263,096	252,523

4. Investment in joint venture (continued)

Company's share of comprehensive income from joint venture

The following table summarizes the Company's share of Kamoa Holding's total comprehensive income for the periods ended June 30, 2023 and June 30, 2022.

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Revenue from contract receivables	**729,924**	699,381	**1,389,453**	1,166,834
Remeasurement of contract receivables	**(27,542)**	(205,248)	**2,052**	(153,106)
Revenue	**702,382**	494,133	**1,391,505**	1,013,728
Cost of sales	**(277,646)**	(217,112)	**(517,223)**	(340,482)
Gross profit	**424,736**	277,021	**874,282**	673,246
General and administrative costs	**(27,794)**	(23,964)	**(58,440)**	(39,732)
Amortization of mineral property	**(3,005)**	–	**(5,601)**	–
Profit from operations	**393,937**	253,057	**810,241**	633,514
Finance income and other	**5,193**	2,449	**10,188**	4,280
Finance costs	**(90,701)**	(66,828)	**(179,374)**	(121,471)
Foreign exchange (loss) gain	**(29,333)**	863	**(34,218)**	4,536
Profit before taxes	**279,096**	189,541	**606,837**	520,859
Current tax expense	**(119,120)**	(4,726)	**(195,593)**	(9,941)
Deferred tax recovery (expense)	**30,278**	(57,389)	**(9,339)**	(162,218)
Profit after taxes	**190,254**	127,426	**401,905**	348,700
Non-controlling interest of Kamoa Holding (i)	**(42,645)**	(27,044)	**(87,308)**	(72,339)
Total comprehensive income for the period	**147,609**	100,382	**314,597**	276,361
Company's share of profit from joint venture (49.5%)	**73,066**	49,690	**155,725**	136,799

(i) The DRC government holds a direct 20% interest in Kamoa-Kakula. 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:

	June 30, 2023		December 31, 2022	
	100%	**49.5%**	100%	49.5%
	$'000	**$'000**	$'000	$'000
Assets				
Property, plant and equipment	**3,340,132**	**1,653,365**	2,733,176	1,352,922
Mineral property	**784,286**	**388,222**	789,888	390,995
Indirect taxes receivable	**335,736**	**166,189**	279,385	138,296
Cash and cash equivalents	**333,204**	**164,936**	365,633	180,988
Consumable stores	**314,843**	**155,847**	257,434	127,430
Other receivables	**297,050**	**147,040**	212,221	105,049
Long-term loan receivable	**263,096**	**130,233**	252,523	124,999
Non-current inventory	**231,960**	**114,820**	246,424	121,980
Trade receivables	**106,031**	**52,485**	63,196	31,282
Current inventory	**78,141**	**38,680**	27,011	13,370
Right-of-use asset	**46,554**	**23,044**	11,549	5,717
Prepaid expenses	**14,253**	**7,055**	9,216	4,562
Non-current deposits	**1,872**	**927**	2,272	1,125
Deferred tax asset	**626**	**310**	710	351
Liabilities				
Shareholder loans	**(3,300,152)**	**(1,633,575)**	(3,103,381)	(1,536,174)
Trade and other payables	**(345,098)**	**(170,824)**	(309,710)	(153,306)
Deferred tax liability	**(283,180)**	**(140,174)**	(273,841)	(135,551)
Income taxes payable	**(137,368)**	**(67,997)**	(14,600)	(7,227)
Equipment finance facility	**(113,490)**	**(56,178)**	(102,890)	(50,931)
Rehabilitation provision	**(84,413)**	**(41,784)**	(45,231)	(22,389)
Other provisions	**(58,833)**	**(29,122)**	(26,675)	(13,204)
Provisional payment facility	**(53,520)**	**(26,492)**	(38,866)	(19,239)
Lease liability	**(47,624)**	**(23,574)**	(13,243)	(6,555)
Non-controlling interest	**(378,319)**	**(187,268)**	(291,012)	(144,051)
Net assets of the joint venture	**1,345,787**	**666,165**	1,031,189	510,439

Investment in joint venture

	June 30, 2023	December 31, 2022
	$'000	$'000
Company's share of net assets of the joint venture	**666,165**	510,439
Loan advanced to the joint venture	**1,634,030**	1,536,601
	2,300,195	2,047,040

The Company earns interest at USD 12-month LIBOR plus 7% on the loan advanced to the joint venture (see Note 26). 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.

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**
June 30, 2023									
Cost									
Beginning of the year	1,685	14,834	8,169	5,230	55,221	143,252	2,647	450,412	681,450
Additions	–	169	702	402	(4)	–	29,128	175,608	206,005
Borrowing costs capitalized	–	–	–	–	–	–	–	27,217	27,217
Disposals	–	–	(14)	–	(46)	–	(2,534)	–	(2,594)
Transfers	–	–	–	–	5,876	–	–	(5,876)	–
Foreign exchange translation	(155)	198	(494)	(74)	(568)	(13,124)	(113)	(29,374)	(43,704)
End of the period	**1,530**	**15,201**	**8,363**	**5,558**	**60,479**	**130,128**	**29,128**	**617,987**	**868,374**
Accumulated depreciation and impairment									
Beginning of the year	–	2,883	5,216	3,196	35,574	3,841	445	–	51,155
Depreciation	–	288	495	263	4,711	2,294	216	–	8,267
Disposals	–	–	(5)	–	(30)	–	(458)	–	(493)
Foreign exchange translation	–	(22)	(297)	(31)	(160)	(412)	(20)	–	(942)
End of the period	**–**	**3,149**	**5,409**	**3,428**	**40,095**	**5,723**	**183**	**–**	**57,987**
Carrying value									
Beginning of the year	1,685	11,951	2,953	2,034	19,647	139,411	2,202	450,412	630,295
End of the period	**1,530**	**12,052**	**2,954**	**2,130**	**20,384**	**124,405**	**28,945**	**617,987**	**810,387**

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. Between Q1 2020 and Q2 2022, the Kipushi Project was on reduced activities and incurred limited costs of a capital nature. All costs during this period were expensed as "Exploration and project evaluation expenditure" on the consolidated statements of comprehensive income (see Note 6). All costs incurred at the Kipushi Project from July 1, 2022 have been capitalized to property, plant and equipment.

5. Property, plant and equipment (continued)

Borrowing costs are capitalized to the extent that they are attributable to the construction of qualifying assets and include the finance costs on the loan payable to ITC Platinum Development Limited, notional financing charge on the deferred revenue and a portion of the interest incurred on the convertible notes (see Note 25).

Assets pledged as security
Buildings with a carrying amount of $8.7 million (December 31, 2022: $8.4 million) have been pledged to secure borrowings of the Company (see Note 17 (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, 2022									
Cost									
Beginning of the year	1,837	15,106	7,636	4,919	45,010	10,195	2,515	420,112	507,330
Additions	–	293	1,379	468	9,609	–	293	162,805	174,847
Borrowing costs capitalized	–	–	–	–	–	–	–	28,823	28,823
Disposals	(43)	(6)	(427)	(108)	(29)	–	–	–	(613)
Transfers	–	743	17	–	1,482	137,960	–	(147,579)	(7,377)
Foreign exchange translation	(109)	(1,302)	(436)	(49)	(851)	(4,903)	(161)	(13,749)	(21,560)
End of the year	**1,685**	**14,834**	**8,169**	**5,230**	**55,221**	**143,252**	**2,647**	**450,412**	**681,450**
Accumulated depreciation and impairment									
Beginning of the year	–	2,517	4,986	2,697	27,287	1,306	265	–	39,058
Depreciation	–	549	902	605	8,405	2,710	204	–	13,375
Disposals	–	–	(381)	(84)	(4)	–	–	–	(469)
Foreign exchange translation	–	(183)	(291)	(22)	(114)	(175)	(24)	–	(809)
End of the year	**–**	**2,883**	**5,216**	**3,196**	**35,574**	**3,841**	**445**	**–**	**51,155**
Carrying value									
Beginning of the year	1,837	12,589	2,650	2,222	17,723	8,889	2,250	420,112	468,272
End of the year	**1,685**	**11,951**	**2,953**	**2,034**	**19,647**	**139,411**	**2,202**	**450,412**	**630,295**

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:

	June 30, 2023	December 31, 2022
	$'000	$'000
Platreef property, South Africa (a)	**6,940**	6,940
Kipushi Properties, Democratic Republic of the Congo (b)	**252,337**	252,337
Other properties (c)	**5,718**	5,718
	264,995	264,995

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 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 February 2022, the Company announced the positive findings of an independent Platreef 2022 Feasibility Study for the tier one Platreef palladium, platinum, rhodium, nickel, copper and gold project in South Africa. The 2022 Feasibility Study provides the blueprint for the ongoing development of Platreef and builds on the results of the preliminary economic assessment for a phased-development plan scenario to expedite production, announced in November 2020.

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 the 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 ("Gécamines") own 68% and 32% of the Kipushi Project respectively, through their holdings in Kipushi Corporation SA ("Kipushi"), the mining rights holder.

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

Mineral properties (continued)

(b) Kipushi properties (continued)

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.

On February 14, 2022 the Company announced that it had signed a new agreement with its partner Gécamines to return the Kipushi Project to commercial production. The new agreement sets out the commercial terms that will form the basis of a new joint-venture agreement for the operation of the Kipushi Project.

Also on February 14, 2022, the Company announced the positive findings of an independent feasibility study for the planned resumption of commercial production at Kipushi. The Kipushi 2022 Feasibility Study builds on the results of the prefeasibility study ("PFS") published by the Company in January 2018. The redevelopment of the Kipushi Project is based on a two-year construction timeline, which utilizes the significant existing surface and underground infrastructure to allow for lower capital costs.

(c) Other properties

The Company's DRC exploration group is targeting Kamoa-Kakula style copper mineralization through a regional drilling program on its 90%-100%-owned Western Foreland exploration licences, located to the north, south and west of the Kamoa-Kakula Project, and elsewhere.

During Q4 2022, the Company was granted three new 100%-owned exploration rights on the Northern Limb of the Bushveld Complex in South Africa. These exploration rights cover 80 square kilometres forming a continuous block situated on the southwest border of the existing Platreef Project's mining rights.

(d) Kamoa-Kakula properties

The Company is a joint venturer in Kamoa-Kakula which is located within the Central African Copperbelt in Lualaba Province, DRC. Kamoa-Kakula 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 and project evaluation expenditure is 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).

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. Between Q1 2020 and Q2 2022, the Kipushi Project was on reduced activities and incurred limited costs of a capital nature. All costs during this period were expensed as "Exploration and project evaluation expenditure" on the consolidated statements of comprehensive income. All costs incurred at the Kipushi Project from July 1, 2022 to date have been capitalized to property, plant and equipment.

7. Deferred tax

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

	June 30, 2023	December 31, 2022
	$'000	$'000
Deferred tax liability to be recovered after more than 12 months		
Deferred interest on loans	**2,030**	1,775
Deferred tax liability	**2,030**	1,775
Deferred tax asset to be recovered after more than 12 months		
Property, plant and equipment and mining capital expenditure	**161,966**	162,039
Unrealized foreign exchange losses	**55,428**	42,387
IFRS 16 leases	**2,956**	2,944
Tax losses carried forward	**–**	242
Deferred tax asset to be recovered within 12 months		
Provisions and prepayments	**692**	744
	221,042	208,356

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The Company recognized the previously unrecognized deferred tax asset relating to the Platreef Project in the year ended December 31, 2021. Due to the conclusion of the stream-financing agreements and the announcement of the exceptional results of the independent 2022 Feasibility Study, the Company considers it highly probable that the Platreef Project will have future taxable profits that will be available against which the deductible temporary differences can be utilized.

The Company recognized the previously unrecognized deferred tax asset relating to the Kipushi Project on June 30, 2022. Due to the signing of a new agreement between the Company and Gécamines to return the Kipushi Project to commercial production, and the positive findings of the independent 2022 Feasibility Study, the Company considers it probable that the Kipushi Project will have future taxable profits that will be available against which the deductible temporary differences can be utilized.

8. Loans receivable

	June 30, 2023	December 31, 2022
	$'000	$'000
Social development loan (i)	**44,953**	43,684
Loss allowance - Social development loan	**(523)**	(523)
Loan to Nzuri Exploration Holding Company Pty Ltd (ii)	**327**	327
Other loans receivable	**188**	188
Loan to HPX (iii)	**–**	69,629
Loss allowance - Loan to HPX	**–**	(1,201)
	44,945	112,104
Non-current loans receivable	**44,945**	92,475
Current loans receivable	**–**	19,629
	44,945	112,104

8. Loans receivable (continued)

(i) A long-term loan receivable from Gécamines 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 Gécamines 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 Gécamines 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 June 30, 2023 is $44.4 million (December 31, 2022: $43.2 million). Interest of $1.3 million was earned during the six months ended June 30, 2023 (June 30, 2022: $0.7 million) (see Note 26).

The Company recorded an expected credit loss allowance of $0.5 million as at June 30, 2023 in accordance with IFRS 9 for the social development loan.

(ii) 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 10 (iii)).

(iii) In April 2019, the Company extended a secured, interest-bearing loan of $50 million to High Power Exploration Inc. ("HPX") under a Convertible Loan Facility Agreement. On June 30, 2023, the Company entered into an exchange agreement with I-Pulse Inc. ("I-Pulse") wherein the Company transferred all of its rights, interest and benefits in, to and under the loan facility agreement with HPX to I-Pulse, in exchange for the issuance of shares in I-Pulse to the Company (see Note 10 (i)). HPX is a subsidiary of I-Pulse. As at June 30, 2023 and immediately preceding the exchange agreement, the loan receivable balance from HPX had a balance outstanding of $76.2 million, comprising of a principal amount of $50 million, accumulated interest of $27.4 million and an accumulated loss allowance of $1.2 million.

9. Promissory note receivable

The Company has the following promissory note receivable:

	June 30, 2023	December 31, 2022
	$'000	$'000
Promissory note receivable from Crystal River	**26,796**	26,770
Loss allowance	**(14)**	(14)
	26,782	26,756

The promissory note receivable with a carrying value of $26.8 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 $18.5 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.

10. Investments

	June 30, 2023	December 31, 2022
	$'000	$'000
Fair value through profit or loss		
Investment in I-Pulse Inc. (i)	**79,360**	–
Investment in Renergen Ltd. (ii)	**6,631**	7,947
Investment in unlisted entities (iii)	**655**	655
Investment in other listed entities (iv)	**516**	1,050
	87,162	9,652

(i) On June 30, 2023, the Company entered into an exchange agreement with I-Pulse Inc. ("I-Pulse"), wherein the Company replaced the outstanding convertible loan balance owed to it by HPX (see Note 8 (iii)) with an equity investment in I-Pulse. Under the agreement, the Company transferred all of its rights, interest and benefits in, to and under the loan facility agreement with HPX to I-Pulse, in exchange for the issuance of shares in I-Pulse to the Company.

The Company's equity investment in I-Pulse comprises approximately 5% of the issued and outstanding share capital of I-Pulse. I-Pulse, the parent company of HPX, is a private American company and is a global leader and developer of pulsed-power technology with its research facilities based in Toulouse, France.

The Company recognised income in aggregate of $3.1 million as part of the recognition of the investment in I-Pulse (see Note 27).

(ii) On March 11, 2022, the Company made an equity investment in Renergen Ltd. ("Renergen"). Renergen is a public company, incorporated in South Africa and is listed on the Johannesburg Stock Exchange and the Australian Stock Exchange. Renergen in an emerging helium and domestic natural gas producer, which holds the rights to renewable natural gas fields with high helium concentrations, in particular the Virginia Gas Project located in the Free State province of South Africa.

Under the terms of the initial subscription agreement, the Company subscribed for 5,631,787 shares, representing an approximate 4.35% interest in Renergen's issued and outstanding shares. The Company paid a subscription price of R35.63 per share for a total consideration of R200,632,412 (approximately $13.3 million). The subscription price per share was equal to 95% of the volume-weighted average traded price of Renergen's shares on the Johannesburg Stock Exchange measured over the 30 trading days prior to March 11, 2022.

The trading value of the shares as at June 30, 2023 is R123.9 million ($6.6 million). A loss of $0.6 million on the fair valuation of the financial asset was recognized for the six months ended June 30, 2023 (June 30, 2022: gain of $0.3 million). The movement in the fair value of the shares is shown in the table below:

	June 30, 2023	December 31, 2022
	$'000	$'000
Balance at the beginning of the year	**7,947**	–
Acquisition of shares	**–**	13,329
Loss on fair valuation of shares	**(574)**	(3,533)
Unrealized foreign currency losses	**(742)**	(1,849)
Balance at the end of the period	**6,631**	7,947

10. Investments (continued)

(iii) 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.

(iv) The Company holds shares in other listed entities which have been classified as financial assets at fair value through profit or loss. The trading value of the listed shares as at June 30, 2023 is $0.5 million (December 31, 2022: $1.0 million). A loss of $0.5 million on the fair valuation of the financial asset was recognized for the six months ended June 30, 2023 (June 30, 2022: gain of $0.1 million).

11. Leases

Right-of-use asset

	June 30, 2023	December 31, 2022
	$'000	$'000
Rented surface infrastructure and equipment (Kipushi) (i)	**5,801**	6,070
Office building (ii)	**1,198**	1,470
	6,999	7,540

(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. On November 1, 2022, the Company entered into a second lease agreement for additional office space at the Sandton building.

Lease liability

	June 30, 2023	December 31, 2022
	$'000	$'000
Rented surface infrastructure and equipment (Kipushi) (i)	**9,581**	9,370
Office building (ii)	**1,167**	1,391
Non-current lease liability	**10,748**	10,761
Rented surface infrastructure and equipment (Kipushi) (i)	**320**	320
Office building (ii)	**224**	226
Current lease liability	**544**	546

(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 Rand-denominated 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 between 10.25%-10.50% (December 31, 2022: 10.25%-10.50%). The lease payments have been determined in accordance with the contract which includes an escalation clause of 7.5% per annum. From November 1, 2022, the Company entered into a second lease agreement for additional office space at the Sandton building.

11. Leases (continued)

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

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Depreciation charge on right-of-use assets (i)	**(68)**	(206)	**(141)**	(414)
Interest on lease liability (ii)	**(37)**	(242)	**(76)**	(488)
	(105)	(448)	**(217)**	(902)

(i) Included in other expenditure on condensed consolidated interim statements of comprehensive income. The 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.

12. Cash and cash equivalents

	June 30, 2023	December 31, 2022
	$'000	$'000
Cash and cash equivalents	**392,887**	597,451
	392,887	597,451

The cash and cash equivalents disclosed above include $13.0 million of restricted cash held by Ivanplats (Pty) Ltd., the owner of the Platreef Project (December 31, 2022: $13.6 million). The cash is restricted for use as guarantees in respect of the Platreef Project.

13. Other receivables

	June 30, 2023	December 31, 2022
	$'000	$'000
Refundable taxes (i)	**26,920**	20,900
Receivables from joint venture (ii)	**6,212**	6,752
Accounts receivable	**3,311**	2,660
Other	**1,743**	572
Loss allowance	**(1)**	(1)
	38,185	30,883
Non-current other receivables	**17,403**	15,141
Current other receivables	**20,782**	15,742
	38,185	30,883

(i) Refundable taxes are net of an impairment provision for value-added taxes receivable in foreign jurisdictions where recoverability of those taxes is uncertain. On June 30, 2022, the Company recognized the previously impaired value-added taxes receivable at the Kipushi Project. Due to the signing of a new agreement between the Company and Gécamines to return the Kipushi Project back to commercial production and the positive findings of the independent 2022 Feasibility Study, the Company considers it probable that the Kipushi Project will recover the value-added taxes receivable.

13. Other receivables (continued)

(ii) Receivables from joint venture include amounts receivable from the Kamoa Holding Limited joint venture for administration consulting services rendered by the Company.

14. Prepaid expenses

	June 30, 2023	December 31, 2022
	$'000	$'000
Advance payments to suppliers	**34,320**	24,257
Other prepayments	**1,687**	2,022
Prepaid insurance	**926**	1,925
Deposits	**256**	262
	37,189	28,466

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

15. Convertible notes

	June 30, 2023	December 31, 2022
	$'000	$'000
Convertible notes - host liability		
Balance at the beginning of the year	**465,323**	437,414
Interest for the period	**21,968**	42,284
Repayments of interest during the period	**(7,188)**	(14,375)
Balance at the end of the period	**480,103**	465,323
Convertible notes - embedded derivative liability		
Balance at the beginning of the year	**221,300**	244,200
Loss (gain) loss on fair valuation of embedded derivative liability	**57,518**	(22,900)
Balance at the end of the period	**278,818**	221,300
Non-current host liability	**477,110**	462,290
Current host liability	**2,993**	3,033
	480,103	465,323
Non-current embedded derivative liability	**278,818**	221,300
	278,818	221,300

On March 17, 2021 the Company concluded a private placement offering of $575 million of 2.50% convertible senior notes maturing in 2026. The notes will be convertible at the option of holders, prior to the close of business on the business day immediately preceding October 15, 2025, only under certain circumstances and during certain periods, and thereafter, at any time until the close of business on the second scheduled trading day immediately preceding the maturity date. 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 and conversion feature, 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.

15. Convertible notes (continued)

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 were 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 $10.5 million associated with the host loan were capitalized to the liability whereas transaction costs of $3.7 million associated with the embedded derivative liability were expensed in the consolidated 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 $480.1 million as at June 30, 2023 (December 31, 2022: $465.3 million). The fair value of the embedded derivative liability on June 30, 2023 was $278.8 million (December 31, 2022 $221.3 million).

A fair value loss of $57.5 million (June 30, 2022: gain of $117.2 million) was recognized in the condensed consolidated interim statements of comprehensive income, largely due to an increase in the closing price of the Company's shares as reported on the Toronto Stock Exchange from the beginning of the year to June 30, 2023.

The following key inputs and assumptions were used in the binomial tree model when determining the fair value of the embedded derivative liability:

	March 17, 2021	**March 31, 2022**	**June 30, 2022**	**December 31, 2022**	**March 31, 2023**	**June 30, 2023**
Share price	C$7.00	C$11.66	C$7.41	C$10.70	C$12.21	C$12.10
Credit spread (basis points)	630	277	541	419	140	263
Volatility	42%	40%	40%	40%	40%	36%
Borrowing cost (basis points)	50	25	25	25	25	25
Fair value of derivative liability ($' million)	$150.5	$310.6	$127.0	$221.3	$252.2	$278.8

16. Deferred revenue

	June 30, 2023	December 31, 2022
	$'000	$'000
Balance at the beginning of the year	**310,725**	69,562
Gold streaming facility	**–**	150,000
Palladium and platinum streaming facility	**–**	75,000
Financing costs associated with the streaming facilities (Note 25)	**19,883**	20,778
Transaction costs incurred	**–**	(1,099)
Exchange gain on translation of foreign operations	**(28,990)**	(3,516)
Balance at the end of the period	**301,618**	310,725

16. Deferred revenue (continued)

On December 8, 2021, the Company announced that Ivanplats (Pty) Ltd., its South African subsidiary and owner of the Platreef Project, had concluded stream-financing agreements with Orion Mine Finance (“Orion”) and Nomad Royalty Company (“Nomad”), together the “Stream Purchasers”, for a $200 million gold-streaming facility and a $100 million palladium and platinum-streaming facility.

Under the stream agreements, Orion provided a total of $225 million in funding, and Nomad provided $75 million in funding. The stream facilities are a prepaid forward sale of refined metals, with prepayments totalling $300 million, available in two tranches. The first prepayment of $75 million was received by the Company in December 2021, following the closing of the transaction. The remaining $225 million was received in September 2022, after successfully fulfilling the conditions precedent.

Under the terms of the $200 million gold stream agreement, the Stream Purchasers will receive an aggregate total of 80% of contained gold in concentrate until 350,000 ounces have been delivered, after which the stream will be reduced to 64% of contained gold in concentrate for the remaining life of the facility. The expected life of this facility will extend from the effective date of the stream agreement until the date when 685,280 ounces of gold have been delivered to the Stream Purchasers. The Stream Purchasers will purchase each ounce of gold at a price equal to the lower of the market price of gold or US$100 per ounce.

Delivery of the gold under the stream agreement will be made by delivering gold credits to the Stream Purchasers’ metal accounts.

Under the terms of the US$100 million palladium and platinum stream agreement, Orion will receive an aggregate total of 4.2% of contained palladium and platinum in concentrate until 350,000 ounces have been delivered, after which the stream will be reduced to 2.4% for the remaining life of the facility. The expected life of this facility will extend from the effective date of the stream agreement until the date when 485,115 ounces of palladium and platinum have been delivered to the purchaser, which will pay for each ounce at a price equal to 30% of the market price of palladium and platinum. Delivery of the palladium and platinum under the stream agreement will be made by delivering palladium and platinum credits to the Stream Purchasers’ metal accounts. The advance payment of $300 million, net of transaction costs of $6.5 million, is recognized as a contract liability (deferred revenue) under IFRS 15.

The stream-financing agreements are accounted for as deferred revenue as the Company has applied judgment in concluding that the contracts fall within the "own-use" exemption in IFRS 9. Therefore, the contracts are not accounted for under the requirements of IFRS 9, but were deemed to fall within the scope of IFRS 15 as the Company intends to settle the obligations through delivery of its own production from the Platreef mine once commissioned.

In accordance with IFRS 15, the Company has recognized a notional financing charge of $19.9 million (June 30, 2022: $3.3 million) for the six months ended June 30, 2023 due to the time between receiving the upfront streaming payments and the date that the related performance obligations will be satisfied. The Company has estimated that the ZAR-based nominal pre-tax rate is 15.37% under the gold stream agreement, and 14.81% under the palladium and platinum stream agreement.

Settlements on the stream-financing arrangements will start once the commissioning of the Platreef Project has been completed. The commissioning is scheduled for 2024.

17. Borrowings

	June 30, 2023	December 31, 2022
	$'000	$'000
Secured - at amortized cost		
Rawbank loan facility (i)	**40,027**	–
Loan from Citi bank (ii)	**4,072**	3,886
	44,099	3,886
Unsecured - at amortized cost		
Loan from ITC Platinum Development Limited (iii)	**37,330**	36,937
	37,330	36,937
Non-current borrowings	**41,402**	40,823
Current borrowings	**40,027**	–
	81,429	40,823

(i) On May 22, 2023, Kipushi Corporation SA (Kipushi), a subsidiary of the Company and the operator of the Kipushi Project, entered in a loan agreement with Rawbank SA (Rawbank), a financial institution in the Democratic Republic of the Congo.

Under the terms of the loan agreement, Rawbank provided an $80 million loan, to be drawn down in two tranches of $40 million each, to Kipushi to fund its working capital requirements. The first tranche of the loan was drawn down by Kipushi on June 27, 2023.

The loan incurs interest at 8% per year plus commission of 0.5% per quarter. The loan and accumulated interest and commission is repayable on May 31, 2024.

Ivanhoe Mines Ltd. has guaranteed all amounts due by Kipushi to Rawbank under this loan agreement.

(ii) The Citi bank loan of $4.1 million (£3.2 million) is secured by the Rhenfield property (see Note 29). The loan is an interest-only term loan repayable on August 28, 2025, and incurs interest at a rate of 1-month Sterling Overnight Index Average (SONIA) plus 1.90% payable monthly in arrears. Interest of $0.1 million was incurred for the six months ended June 30, 2023 (June 30, 2022: $0.1 million).

(iii) 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. The carrying value of the loan as at June 30, 2023, is $37.3 million (December 31, 2022: $36.9 million) with a contractual amount due of $37.3 million (December 31, 2022: $35.8 million). Interest of $0.4 million (June 30, 2022: $0.4 million) was recognized during the six months ended June 30, 2023 and was capitalized as borrowing costs.

18. Cash-settled share-based payment liability

	June 30, 2023	December 31, 2022
	$'000	$'000
B-BBEE share-based payment liability (i)	**6,154**	5,886
Deferred share unit liability	**6,856**	5,162
	13,010	11,048
Non-current cash-settled share-based payment liability	**9,687**	9,023
Current cash-settled share-based payment liability	**3,323**	2,025
	13,010	11,048

(i) 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 which is estimated to vest over 20 years. The liability is valued using an option pricing model taking into account the terms and conditions on which the right was granted (see Note 24).

19. Advances payable

	June 30, 2023	December 31, 2022
	$'000	$'000
Advances payable to Gécamines	**3,270**	3,123
	3,270	3,123

Advances payable to Gécamines are unsecured and bear interest at USD 12-month LIBOR plus 4% and represent the loan advanced to Kipushi by Gécamines 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.

20. Trade and other payables

	June 30, 2023	December 31, 2022
	$'000	$'000
Trade accruals	**42,019**	18,931
Trade payables	**11,661**	38,425
Payroll tax and other statutory liabilities	**1,551**	3,653
Other payables	**1,270**	628
	56,501	61,637

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

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

21. Share capital

(a) Shares issued

The Company is authorized to issue an unlimited number of Class A Shares. On June 28, 2022, the Company's share capital structure was amended by deleting the Class B common shares without par value and the preferred shares without par value, none of which were outstanding.

As at June 30, 2023, 1,218,567,154 (December 31, 2022: 1,216,754,579) Class A Shares were issued and outstanding. All shares in issue have been fully paid.

(b) Options

The Company issues share options as a security-based compensation arrangement. 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 June 30, 2023, 82,856,018 share options have been granted and exercised, and 13,347,669 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 2023 represent the period January 1, 2023 to June 30, 2023, while the changes for 2022 represent the period January 1, 2022 to December 31, 2022.

		2023		2022
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		$		$
Balance at the beginning of year	**13,264,957**	**3.78**	17,312,182	3.12
Granted	**1,148,695**	**8.91**	1,259,090	8.36
Exercised	**(1,061,107)**	**3.44**	(5,244,069)	2.71
Forfeited	**(4,876)**	**3.02**	(62,246)	3.02
Balance at the end of the period	**13,347,669**	**4.25**	13,264,957	3.78

1,148,695 options were granted in 2023. The fair value of options granted is estimated on the date of grant using the Black-Scholes option pricing model. An expense of $4.2 million will be amortized over the entire vesting period for the options granted during the six months ended June 30, 2023 (June 30, 2022: $3.6 million), of which $1.0 million (June 30, 2022: $0.8 million) was recognized in the six months ended June 30, 2023. An additional expense of $1.6 million was recognized in the six months ended June 30, 2023 (June 30, 2022: $2.7 million) relating to options granted during prior years.

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

	2023	**2022**
Risk-free interest rate	3.99%	1.94%
Expected volatility (i)	51.56%	52.69%
Expected life	3.50	3.50
Expected dividends	$Nil	$Nil

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

21. Share capital (continued)

(b) Options (continued)

(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 six months ended June 30, 2023 and June 30, 2022 is presented below:

		2023		2022
	Number of options exercised	**Number of shares issued**	Number of options exercised	Number of shares issued
Ordinary exercise	**1,061,107**	**1,061,107**	991,293	991,293
Exercised by Share Appreciation Rights (i)	**–**	**–**	71,374	46,158
Total	**1,061,107**	**1,061,107**	1,062,667	1,037,451

(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.

The following table summarizes information about share options outstanding and exercisable as at June 30, 2023:

	Options outstanding		**Options exercisable**	
Expiry date	**Number of shares**	**Weighted average exercise price**	**Number of shares**	**Weighted average exercise price**
		$		**$**
December 4, 2025	2,000,000	1.98	2,000,000	1.98
January 12, 2026	1,000,000	1.90	1,000,000	1.90
December 5, 2026	2,000,000	2.59	2,000,000	2.59
January 13, 2027	3,741,223	3.02	3,741,223	3.02
August 17, 2027	170,000	3.85	86,666	3.85
November 1, 2027	100,000	3.84	66,666	3.84
January 22, 2028	811,863	5.52	522,594	5.52
March 31, 2028	82,131	5.18	54,757	5.18
June 30, 2028	61,597	6.92	20,532	6.92
August 10, 2028	879,169	7.49	293,056	7.49
September 30, 2028	66,096	6.47	22,032	6.47
December 31, 2028	53,700	7.89	17,900	7.89
January 27, 2029	885,246	8.86	277,805	8.86
March 31, 2029	66,688	9.35	22,229	9.35
June 30, 2029	103,322	5.90	34,440	5.90
September 30, 2029	100,414	6.04	–	–
December 31, 2029	77,525	7.79	–	–
January 20, 2030	1,007,754	8.90	–	–
March 31, 2030	73,959	8.60	–	–
June 30, 2030	66,982	9.35	–	–
	13,347,669	4.25	10,159,900	3.09

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

21. Share capital (continued)

(b) Options (continued)

As at December 31, 2022, the Company had 13,264,957 share options outstanding at a weighted average exercise price of $3.78. Of this amount, 8,280,271 share options were exercisable at a weighted average exercise price of $2.88.

(c) Share unit awards

The Company issues restricted share units (“RSUs”) and performance share units (“PSUs”) as a security-based compensation arrangement. Each RSU and PSU represents the right of an eligible participant to receive one Class A Share.

RSUs and PSUs 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 and PSUs is presented below. The changes for 2023 represent the period January 1, 2023 to June 30, 2023, while the changes for 2022 represent the period January 1, 2022 to December 31, 2022.

	2023	2022
Balance at the beginning of the year	**5,237,163**	6,300,049
RSUs issued	**652,654**	1,375,041
PSUs issued	**438,163**	372,113
RSUs vested	**(751,468)**	(2,738,292)
RSUs cancelled	**(6,910)**	(71,748)
Balance at the end of the period	**5,569,602**	5,237,163

An expense of $8.7 million will be amortized over the vesting period for the RSUs and PSUs granted during the six months ended June 30, 2023 (June 30, 2022: $13.5 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 and PSUs were granted in 2023 was $8.86 (December 31, 2022: $8.34). An expense of $10.3 million (June 30, 2022: $8.9 million) was recognized for the six months ended June 30, 2023 relating to RSUs and PSUs granted, of which $1.3 million related to RSUs and PSUs granted in 2023 (see Note 24).

(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 or the cash equivalent thereof. The debt component of the compound instrument represents the entire fair value of the award and is disclosed below.

A summary of changes in the Company’s DSUs is presented below. The changes for 2023 represent the period January 1, 2023 to June 30, 2023, while the changes for 2022 represent the period January 1, 2022 to December 31, 2022.

	2023	2022
Balance at the beginning of the year	**653,355**	545,578
DSUs issued	**202,806**	200,991
DSUs settled	**(150,972)**	(93,214)
DSUs cancelled	**(20,258)**	–
Balance at the end of the period	**684,931**	653,355

21. Share capital (continued)

(d) Deferred share units (continued)

An expense of $0.8 million (June 30, 2022: $0.8 million) was recognized for the DSUs granted during the six months ended June 30, 2023. A loss of $0.9 million (June 30, 2022: gain of $1.5 million) was recognized for DSUs granted during prior years due to the increase in the Company's share price which resulted in an increase in the deferred share unit liability. In accordance with the DSU plan, directors may elect to receive settlement of their DSUs in cash or shares.

DSUs 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.

22. Foreign currency translation reserve

	June 30, 2023	December 31, 2022
	$'000	$'000
Balance at the beginning of the year	**(63,830)**	(62,508)
Exchange loss arising on translation of foreign operations	**(17,937)**	(1,322)
Balance at the end of the period	**(81,767)**	(63,830)

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) income and accumulated in the foreign currency translation reserve.

23. Non-controlling interests

The total non-controlling interest at June 30, 2023 is $104.3 million (December 31, 2022: $93.5 million), of which $72.7 million (December 31, 2022: $69.6 million) is attributed to Ivanplats (Pty) Ltd and $37.3 million (December 31, 2022: $28.8 million) is attributed to Kipushi Corporation SA. The remainder relates mainly to the non-controlling interest attributable to Ivanplats Holding SARL.

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

	Ivanplats (Pty) Ltd		**Kipushi Corporation SA**	
	Six months ended June 30,		**Six months ended June 30,**	
Summarized statements of comprehensive income	**2023**	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
(Loss) profit for the period	**(12,424)**	(8,344)	**(26,372)**	101,445
Other comprehensive loss	**(18,466)**	(2,867)	**–**	–
Total comprehensive (loss) income	**(30,890)**	(11,211)	**(26,372)**	101,445
Total comprehensive (loss) income allocated to non-controlling interests	**(3,089)**	(1,122)	**(8,439)**	32,462

24. Share-based payments

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

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Equity-settled share-based payments				
Share unit awards expense (Note 21(c))	**(5,219)**	(4,568)	**(10,315)**	(8,864)
Share options (Note 21(b))	**(1,240)**	(1,733)	**(2,544)**	(3,530)
	(6,459)	(6,301)	**(12,859)**	(12,394)
Cash-settled share-based payments				
Deferred share units (Note 21(d))	**(531)**	1,820	**(1,695)**	684
B-BBEE transaction	**(130)**	(156)	**(268)**	(316)
	(7,120)	(4,637)	**(14,822)**	(12,026)

Of the share-based payment expense recognized for the six months ended June 30, 2023, $0.3 million (June 30, 2022: $0.3 million) related to the Platreef B-BBEE transaction (see Note 18(i)), with the remaining $14.5 million (June 30, 2022: $11.7 million) being the expense for share options, share unit awards and deferred share units which have been granted to employees and were recognized over the vesting period.

25. Finance costs

Finance costs are summarized as follows:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Interest on convertible notes (see Note 15)	**(11,106)**	(10,431)	**(21,968)**	(20,642)
Interest on convertible notes capitalized (see Note 15)	**5,768**	738	**6,332**	3,869
Interest on borrowings (see Note 17)	**(594)**	(702)	**(1,147)**	(1,308)
Interest on borrowings capitalized (see Note 5)	**504**	673	**1,002**	1,252
Finance costs on deferred revenue (see Note 16)	**(9,738)**	(1,590)	**(19,883)**	(3,320)
Finance costs on deferred revenue capitalized (see Note 16)	**9,738**	1,590	**19,883**	3,320
Lease liability unwinding (see Note 11)	**(37)**	(242)	**(76)**	(488)
Interest on advances payable (see Note 19)	**(74)**	(49)	**(147)**	(87)
	(5,539)	(10,013)	**(16,004)**	(17,404)

26. Finance income

Finance income is summarized as follows:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Interest on loan to joint venture (i)	**49,837**	34,874	**97,429**	63,163
Interest on bank balances	**5,979**	1,866	**13,278**	3,279
Interest on long-term loan receivable - HPX (ii)	**5,487**	1,418	**7,795**	2,893
Interest on long-term loan receivable - Gécamines (iii)	**646**	436	**1,269**	746
Other	**7**	2	**11**	20
	61,956	38,596	**119,782**	70,101

(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 earned interest at a rate of 15% per annum compounded monthly on the long-term loan receivable from HPX (see Note 8 (iii) and Note 10 (i)).
(iii) The Company earns interest at a rate of USD 12-month LIBOR plus 3% on the long-term loan receivable from Gécamines (see Note 8 (i)), although an effective interest rate of 9.2% was applied from initial recognition.

27. Other income

Other income is summarized as follows:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Gain on acquisition of investment (i)	**1,936**	–	**1,936**	–
Reversal of expected credit loss (i)	**1,201**	–	**1,201**	–
Administration consulting income (ii)	**858**	565	**1,763**	1,285
Other	**45**	(46)	**99**	(330)
(Loss) profit on disposal of property, plant and equipment (iii)	**(10)**	–	**2,759**	–
	4,030	519	**7,758**	955

(i) The gain on acquisition of investment and the reversal of expected credit loss arise due to the exchange agreement between the Company and I-Pulse (see Note 8 (iii) and Note 10 (i)). The gain on acquisition of investment represents 2.5% of the capital and interest outstanding on the loan to HPX before the exchange. The accumulated expected credit loss, previously recognized on the loan to HPX, was reversed as part of the recognition of the investment in I-Pulse.

(ii) 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).

(iii) Of the $2.8 million profit on disposal of property, plant and equipment, $2.7 million relates to the sale of the Company's aircraft (see Note 5). The aircraft was sold for a consideration of $4.8 million.

28. Profit per share

The basic profit per share is computed by dividing the profit attributable to the owners of the Company by the weighted average number of common shares outstanding during the period. The diluted profit per share reflects the potential dilution of common share equivalents, such as outstanding stock options, restricted share units and the convertible notes in the weighted average number of common shares outstanding during the year, if dilutive. The convertible notes were anti-dilutive for the three and six months ended June 30, 2023.

	Three months ended June 30,		Six months ended June 30,	
	2023	2022*	**2023**	2022*
Basic profit per share				
Profit attributable to owners of the Company ($'000)	**92,042**	316,242	**178,679**	342,636
Weighted average number of basic shares outstanding	**1,218,191,621**	1,211,408,267	**1,217,766,262**	1,210,900,491
Basic profit per share	**0.08**	0.26	**0.15**	0.28
Diluted profit per share				
Profit attributable to owners of the Company ($'000)	**92,042**	142,335*	**178,679**	242,209*
Weighted average number of diluted shares outstanding	**1,231,093,571**	1,305,295,694*	**1,230,877,706**	1,305,343,102*
Diluted profit per share	**0.07**	0.11*	**0.15**	0.19*

The profit attributable to the owners of the Company for the purposes of diluted profit per share reconciles to the profit attributable to the owners of the Company used in the calculation of basic profit per share as follows:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022*	**2023**	2022*
Profit attributable to owners of the Company ($'000)	**92,042**	316,242	**178,679**	342,636
Adjustments for diluted profit:				
Gain on fair valuation of embedded derivative liability (see Note 15)	**–**	(183,600)	**–**	(117,200)
Interest on convertible notes (net of capitalization) (see Note 25)	**–**	9,693	**–**	16,773
Profit attributable to owners of the Company used in the calculation of diluted profit per share ($'000)	**92,042**	142,335	**178,679**	242,209

28. Profit per share (continued)

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 June 30,		Six months ended June 30,	
	2023	2022*	**2023**	2022*
Weighted average number of basic shares outstanding	**1,218,191,621**	1,211,408,267	**1,217,766,262**	1,210,900,491
Shares deemed to be issued for no consideration in respect of:				
- stock options	**7,261,118**	9,647,574	**7,462,863**	10,343,645
- restricted share units	**5,640,832**	6,863,138	**5,648,581**	6,722,251
- convertible notes*	**–**	77,376,715	**–**	77,376,715
Weighted average number of diluted shares outstanding	**1,231,093,571**	1,305,295,694*	**1,230,877,706**	1,305,343,102*

*During the period, the Company identified that it had not considered the effect of the convertible notes in the diluted profit per share calculation since issuance of the notes in March 2021. As a result, the diluted profit per share disclosed during the three and six months ended June 30, 2022, was overstated.

The Company evaluated the effect of the prior period errors, both quantitatively and qualitatively, and concluded that the correction did not have a material impact on, nor require amendment of, any of the Company's previously issued or filed financial statements taken as a whole. Accordingly, the Company has revised its previously reported diluted profit per share and related disclosures as follows:

	Three months ended June 30, 2022		
	As reported	**Revision**	**As adjusted**
Diluted profit per share			
Profit attributable to the owners of the Company ($'000)	316,242	–	316,242
Gain on fair valuation of embedded derivative liability (see Note 15)	–	(183,600)	(183,600)
Interest on convertible notes (net of capitalization) (see Note 25)	–	9,693	9,693
Profit attributable to owners of the Company used in the calculation of diluted profit per share ($'000)	316,242	(173,907)	142,335
Weighted average number of basic shares outstanding	1,211,408,267	–	1,211,408,267
Shares deemed to be issued for no consideration in respect of:			
- stock options	9,647,574	–	9,647,574
- restricted share units	6,863,138	–	6,863,138
- convertible notes*	**–**	77,376,715	77,376,715
Weighted average number of diluted shares outstanding	1,227,918,979	77,376,715	1,305,295,694
Diluted profit per share	0.26	(0.15)	0.11

28. Profit per share (continued)

	Six months ended June 30, 2022		
	As reported	**Revision**	**As adjusted**
Diluted profit per share			
Profit attributable to the owners of the Company ($'000)	342,636	–	342,636
Gain on fair valuation of embedded derivative liability (see Note 15)	–	(117,200)	(117,200)
Interest on convertible notes (net of capitalization) (see Note 25)	–	16,773	16,773
Profit attributable to owners of the Company used in the calculation of diluted profit per share ($'000)	342,636	(100,427)	242,209
Weighted average number of basic shares outstanding	1,210,900,491	–	1,210,900,491
Shares deemed to be issued for no consideration in respect of:			
- stock options	10,343,645	–	10,343,645
- restricted share units	6,722,251	–	6,722,251
- convertible notes*	–	77,376,715	77,376,715
Weighted average number of diluted shares outstanding	1,227,966,387	77,376,715	1,305,343,102
Diluted profit per share	0.28	(0.09)	0.19

29. 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 $8.7 million (December 31, 2022: $8.4 million) and are included in property, plant and equipment (see Note 5). The buildings have been pledged as security for bank loans under a mortgage (see Note 17).

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

30. 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 June 30, 2023	% equity interest as at December 31, 2022	
Direct Subsidiaries				
Ivanhoe Mines (Barbados) Limited	Barbados	**100%**	100%	(i)
African Copperbelt Exploration Ltd.	Barbados	**100%**	100%	(i)
Kengere Holding Limited	Barbados	**100%**	100%	(i)
Ivanhoe Zambia Holdings Ltd.	British Virgin Islands	**100%**	100%	(i)
Cereus Holding Ltd.	British Virgin Islands	**100%**	100%	(i)
Cuando Holding Ltd.	British Virgin Islands	**100%**	100%	(i)
GM Mining Services Ltd.	British Virgin Islands	**100%**	100%	(i)
Ivanhoe Namibia Holdings Ltd.	British Virgin Islands	**100%**	100%	(i)
Ivanhoe South Africa Holdings Ltd.	British Virgin Islands	**100%**	100%	(i)
Australia Nickel & Platinum Holding Company Ltd.	British Virgin Islands	**100%**	100%	(i)
Yunnan Mining Inc.	British Virgin Islands	**100%**	100%	(i)
Gardner & Barnard Mining UK Limited	United Kingdom	**100%**	100%	(i)
RKR Mining Limited	United Kingdom	**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%	(vi)
Indirect Subsidiaries				
Ivanhoe DRC Holding Ltd.	Barbados	**100%**	100%	(i)
Kipushi Holding Limited	Barbados	**100%**	100%	(i)
Ivanhoe Exploration Holding Ltd.	Barbados	**100%**	100%	(i)
Magharibi Holding Ltd.	Barbados	**100%**	100%	(i)
Makoko Holding Ltd.	Barbados	**100%**	100%	(i)
Mwangezi Holding Ltd.	Barbados	**100%**	100%	(i)
Lubudi Holding Ltd.	Barbados	**100%**	100%	(i)
Lueya Holding Ltd.	Barbados	**100%**	100%	(i)
Ivanhoe Newriver Holding Ltd.	Barbados	**100%**	100%	(i)
Ikekete Holding Ltd.	Barbados	**100%**	–	(i)
Kampemba Holding Ltd.	Barbados	**100%**	–	(i)
Mulomba Holding Ltd.	Barbados	**100%**	–	(i)
Ivanhoe Mines DRC SARL	DRC	**100%**	100%	(ii)
Ivanhoe Mines Exploration DRC SARL	DRC	**100%**	100%	(iii)
IME Services SASU	DRC	**100%**	–	(ii)
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)
Namwana Exploration SA	DRC	**90%**	90%	(iii)
GB Mining & Exploration (SA) (Pty) Ltd.	South Africa	**100%**	100%	(vii)
Ivanhoe Mines SA (Pty) Ltd.	South Africa	**100%**	100%	(ii)

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

30. Related party transactions (continued)

		% equity interest as at		
Name	**Country of Incorporation**	**June 30, 2023**	December 31, 2022	
Indirect Subsidiaries (continued)				
Ivanplats (Pty) Ltd.	South Africa	**64%**	64%	(iii)
Kico Services (Pty) Ltd.	South Africa	**100%**	100%	(ii)
Palrho Exploration (Pty) Ltd.	South Africa	**100%**	100%	(iii)
Ivanhoe (Zambia) Ltd.	Zambia	**100%**	100%	(iii)
Joint ventures				
Kamoa Holding Limited	Barbados	**49.50%**	49.50%	(iv)
Joint operations				
Rhenfield Limited	British Virgin Islands	**50%**	50%	(v)

(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 company is a joint venture of the Group. See Note 4 for information regarding the shareholding of this company.
(v) This company is a joint operation of the Group. See Note 29 for information on this company.
(vi) This company provides administration, investor relations and marketing services to the Group in China.
(vii) This company is an asset holding company.

30. Related party transactions (continued)

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 expenses.

	Three months ended June 30,		**Six months ended June 30,**	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Kamoa Holding Limited (a)	**49,837**	34,874	**97,429**	63,163
High Power Exploration Inc. (b)	**5,485**	1,408	**7,792**	2,887
Kamoa Services (Pty) Ltd. (c)	**1,063**	806	**2,214**	1,416
Kamoa Copper SA (d)	**240**	362	**527**	652
Ivanhoe Mines Energy DRC SARL (e)	**32**	46	**80**	81
I-Pulse Inc. (f)	**11**	–	**11**	–
Ivanhoe Electric Inc. (g)	**10**	120	**15**	120
Ivanhoe Capital Aviation Ltd. (h)	**(1,125)**	(1,125)	**(2,250)**	(2,250)
Ivanhoe Capital Services Ltd. (i)	**(127)**	(107)	**(222)**	(255)
CITIC Metal Africa Investments Limited (j)	**(52)**	(52)	**(105)**	(105)
Global Mining Management Corporation (k)	**(47)**	(67)	**(115)**	(150)
Ivanhoe Capital Pte Ltd. (l)	**–**	–	**–**	(3)
	55,327	36,265	**105,376**	65,556
Finance income	**55,326**	36,291	**105,225**	66,055
Intergroup recharges and cost recovery	**1,358**	1,214	**2,819**	2,153
Travel	**(1,128)**	(1,103)	**(2,250)**	(2,231)
Salaries and benefits	**(137)**	(123)	**(239)**	(280)
Directors fees	**(52)**	(52)	**(105)**	(105)
Office and administration	**(34)**	67	**(51)**	35
Consulting	**(6)**	(29)	**(23)**	(71)
	55,327	36,265	**105,376**	65,556

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 June 30, 2023, trade and other payables included $1.3 million (December 31, 2022: $0.3 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 June 30, 2023 amounted to $7.6 million (December 31, 2022: $6.9 million). Of this, $6.2 million related to receivables from the joint venture (December 31, 2022: $6.6 million).

30. Related party transactions (continued)

The directors of the Company are considered to be related parties and remuneration paid to the directors is disclosed in the Company's Management Proxy Circular available on the Company's website.

(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) 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.

(c) Kamoa Services (Pty) Ltd. ("Kamoa Services") is a company registered in South Africa. The Company has an effective 49.5% ownership in Kamoa Services. The Company provides administration, accounting and other services to Kamoa Services on a cost-recovery basis.

(d) 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.

(e) 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.

(f) I-Pulse Inc. ("I-Pulse") is a private company incorporated in the United States of America. The Company's Executive Co-Chairman is also the Chairman of I-Pulse (see Note 10 (i)).

(g) Ivanhoe Electric Inc. ("Ivanhoe Electric") is a company incorporated under the laws of Delaware, USA. A director of the Company is a director and member of executive management of Ivanhoe Electric. The Company provides services to Ivanhoe Electric on a cost-recovery basis.

(h) 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.

(i) 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.

(j) 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 on the Company's Board of Directors.

(k) 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.

(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.

31. Cash flow information

(a) Net change in working capital items:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Net (increase) decrease in				
Prepaid expenses	**(2,152)**	(2,121)	**(8,723)**	(3,285)
Other receivables	**(7,779)**	(11,282)	**(7,302)**	(11,995)
Consumable stores	**92**	6	**166**	15
Net increase (decrease) in				
Trade and other payables	**11,142**	(199)	**(5,136)**	(6,586)
	1,303	(13,596)	**(20,995)**	(21,851)

32. Financial instruments

(a) Fair value of financial instruments

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

Financial instrument	**Level**	**June 30, 2023**	December 31, 2022
		$'000	$'000
Financial assets			
Financial assets at fair value through profit or loss			
Investment in I-Pulse Inc.	Level 3	**79,360**	–
Investment in Renergen Ltd.	Level 1	**6,631**	7,947
Investment in unlisted entity	Level 3	**655**	655
Investment in other listed entities	Level 1	**516**	1,050
Amortized cost			
Loan advanced to joint venture	Level 3	**1,634,030**	1,536,601
Cash and cash equivalents (c)		**392,887**	597,451
Loans receivable	Level 3	**44,945**	112,104
Promissory note receivable	Level 3	**26,782**	26,756
Other receivables (a) (c)		**11,265**	9,983
Financial liabilities			
Financial liabilities at fair value through profit or loss			
Convertible notes - embedded derivative liability	Level 3	**278,818**	221,300
Amortized cost			
Convertible notes - host liability (d)	Level 3	**480,103**	465,323
Borrowings	Level 3	**81,429**	40,823
Trade and other payables (b) (c)		**53,680**	57,356
Advances payable	Level 3	**3,270**	3,123

(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 other payables.
(c) Cash and cash equivalents, other receivables and trade and other payables are not assigned a fair value hierarchy due to their short-term nature.
(d) The estimated fair value is $506.1 million (December 31, 2022: $482.4 million) based on market-related period-end rates.

32. 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 establishes a hierarchy into which these assets and liabilities must be grouped based on whether inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data 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 entities
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 June 30, 2023 and the Company has therefore determined that the purchase price approximates the fair value.

Investment in I-Pulse Inc.
The Company acquired these shares on June 30, 2023. 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 (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 32(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)
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%. The fair value of the liability at period-end was estimated by the Company by calculating the present value of the contractual cash flows using a market related interest rate.

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.

32. Financial instruments (continued)

(a) Fair value of financial instruments (continued)

Borrowings (Rawbank loan facility)
Carrying amount is a reasonable approximation of fair value. The loan incurs interest at 8% per year plus commission of 0.5% per quarter (see Note 17(i)).

Borrowings (Loan from Citi bank)
Carrying amount is a reasonable approximation of fair value. The loan is an interest-only term loan repayable on August 28, 2025, and incurs interest at a rate of 1-month Sterling Overnight Index Average (SONIA) plus 1.90% payable monthly in arrears, which approximates the current market interest rate (see Note 17(ii)).

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.

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 has a policy to enter 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:

	June 30, 2023	December 31, 2022
	$'000	$'000
Assets		
South African rand	**117,667**	227,987
Canadian dollar	**7,776**	8,875
British pounds	**4,818**	2,909
Australian dollar	**498**	958
Liabilities		
South African rand	**(30,367)**	(29,718)
British pounds	**(4,582)**	(2,945)
Canadian dollar	**(88)**	(5,911)
Australian dollar	**(21)**	–

32. 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 period 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.

	Six months ended June 30,	
	2023	2022
	$'000	$'000
Canadian dollar	**384**	109
Australian dollar	**24**	56
South African rand	**(148)**	(150)
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 its 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 the period.

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.

32. 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. 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.

Repayment of the long-term loan receivable from Gécamines will be made by offsetting the loan against future royalties and dividends payable to Gécamines which arise from future profits to be earned at Kipushi. The Company recorded an expected credit loss allowance of $0.5 million as at June 30, 2023 in accordance with IFRS 9 (December 31, 2022 $0.5 million).

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. Management closely monitors its cash holdings in DRC bank accounts for credit risk.

The Company continues to monitor its credit risk and assess expected credit losses. The identified impairment loss in 2023 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, including the commitments as disclosed in Note 34.

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.

32. 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 June 30, 2023					
Convertible notes	–	–	2,993	575,000	**577,993**
Trade and other payables (a)	48,091	976	4,613	–	**53,680**
Non-current borrowings	–	–	–	41,402	**41,402**
Current borrowings	–	–	40,027	–	**40,027**
As at December 31, 2022					
Convertible notes	3,033	–	–	575,000	**578,033**
Non-current borrowings	–	–	–	40,226	**40,226**
Trade and other payables (a)	51,689	987	4,680	–	**57,356**

(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 June 30, 2023, the fair value of the embedded derivative liability would have increased by $48.8 million, which would have resulted in the Company recording a loss on the fair valuation of the embedded derivative liability of $106.3 million instead of the loss of $57.5 million. If the Company’s share price had been C$1.00 lower than it was on June 30, 2023, the fair value of the embedded derivative liability would have decreased by $46.8 million, which would have resulted in the Company recording a loss on the fair valuation of the embedded derivative liability of $10.7 million instead of the loss of $57.5 million.

32. Financial instruments (continued)

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

(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 six months ended June 30, 2023 would have increased or decreased by $5.9 million (June 30, 2022: $6.3 million) and is comprised as follows:

	Six months ended June 30,	
	2023	2022
	$'000	$'000
Loan advanced to the joint venture (see Note 4)	**3,894**	3,477
Cash and cash equivalents	**1,971**	2,536
Other interest-bearing amounts	**48**	288
	5,913	6,301

33. 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. 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, selected with regard to the expected timing of expenditures from operations.

As the Company has a number of development projects, it is largely equity funded.

34. Commitments and contingencies

From time to time, the Company becomes subject to claims, temporary measures, legal proceedings, financial sanctions or assessments made by tax or other authorities in the ordinary course of its business. Such claims may be made against the Company, or its subsidiaries and affiliates, or its joint ventures. Given the complexity, scope and multi-jurisdictional nature of the Company's business, such claims may arise in several jurisdictions and may involve complex legal, tax or accounting matters. Management assesses the Company's liabilities and contingencies for all tax years open to claims or assessment based upon the latest information available. The Company accrues for such claims, or makes a provision, in its financial statements, when a liability resulting from the claim is both probable and the amount can be reasonably estimated. In order to assess such likelihood management reviews claims with the benefit of internal and external legal advice where appropriate.

Some jurisdictions in which the Company operates have legislation empowering authorities to impose restrictions on the operation of the Company's bank accounts in those jurisdictions, or that have a similar effect, notably due to banks' practices, when receiving such instructions from authorities, pending the payment and/or resolution of such alleged claims, investigations, penalties, financial sanctions or assessments. These restrictions or instructions from authorities having a similar effect may be used routinely in such circumstances.

The Company is currently subject to several such claims, all of which have been determined by management, with the benefit of legal advice, to be without merit and justification and therefore not probable that a liability would arise therefrom. Where an estimated liability is determined as probable, management has determined that such liability would not have a material effect on the consolidated financial statements of the Company. Such determinations are based on current information and advice, which is subject to change based on changed facts or circumstances. Accordingly, management may re-assess any prior determination regarding the likelihood of a probable liability at any time.

34. Commitments and contingencies (continued)

As at June 30, 2023, the Company's commitments that have not been disclosed elsewhere in the condensed consolidated interim financial statements are as follows:

	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years	Total
	$'000	$'000	$'000	$'000	$'000
As at June 30, 2023					
Platreef project					
Shaft 2 construction	38,856	25,193	–	–	**64,049**
Infrastructure	7,732	25,490	–	–	**33,222**
Concentrator	14,155	13,525	–	–	**27,680**
Underground mine development	11,199	–	–	–	**11,199**
Electric fleet (i)	10,338	–	–	–	**10,338**
Surface facilities	8,748	1,551	–	–	**10,299**
Owners costs	8,139	–	–	–	**8,139**
Engineering, procurement and construction management	7,822	–	–	–	**7,822**
Project services and studies	5,272	–	–	–	**5,272**
Other	4,754	–	–	–	**4,754**
Shaft 1 construction	1,431	1,729	–	–	**3,160**
Shaft 3 construction	805	–	–	–	**805**
Kipushi project					
Concentrator Plant	49,546	31,955	–	–	**81,501**
Raiseboring	–	6,248	–	–	**6,248**
Mining Contractor	–	2,553	–	–	**2,553**
Other	1,469	308	172	69	**2,018**
As at December 31, 2022					
Platreef project					
Shaft 2 construction	52,966	25,397	–	–	**78,363**
Concentrator	31,580	4,122	–	–	**35,702**
Infrastructure	24,980	8,666	–	–	**33,646**
Underground mine development	23,635	–	–	–	**23,635**
Electric fleet (i)	14,255	–	–	–	**14,255**
Engineering, procurement and construction management	13,567	–	–	–	**13,567**
Surface facilities	8,219	–	–	–	**8,219**
Owners' costs	6,110	–	–	–	**6,110**
Ventilation shafts	3,997	–	–	–	**3,997**
Shaft 1 construction	2,265	–	–	–	**2,265**
Project services and studies	2,105	–	–	–	**2,105**
Solar panels	2,023	–	–	–	**2,023**
Kipushi project					
Concentrator Plant	54,552	7,298	–	–	**61,850**
Analytical Laboratories	15,329	–	–	–	**15,329**
Other	171	–	–	–	**171**

(i) The initial development is using mainly battery electric drill rigs and load haul dumpers manufactured by Epiroc, a leading mining equipment manufacturer, at its facilities in Örebro, Sweden. The partnership with Epiroc for emissions-free mining equipment is an important first step toward reducing the carbon footprint of the Platreef Project.

35. Segmented information

At June 30, 2023, 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's financial statements:

	South Africa	**DRC**	**Other**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Non-current assets				
As at June 30, 2023	640,218	2,951,127	193,680	**3,785,025**
As at December 31, 2022	544,225	2,624,900	137,497	**3,306,622**

35. Segmented information (continued)

	June 30, 2023	**December 31, 2022**
	$'000	$'000
Segment assets		
Kamoa Holding joint venture	**2,300,195**	2,047,040
Kipushi properties	**744,811**	627,011
Platreef property	**739,183**	753,041
Treasury (ii)	**407,774**	502,467
All other segments (i)	**45,120**	39,726
Total	**4,237,083**	3,969,285
Segment liabilities		
Treasury (ii)	**766,723**	701,406
Platreef property	**366,021**	374,711
Kipushi properties	**79,154**	32,642
All other segments (i)	**17,782**	19,395
Total	**1,229,680**	1,128,154

	Three months ended June 30,		**Six months ended June 30,**	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Segment profits (losses)				
Kamoa Holding joint venture	**122,903**	84,564	**253,154**	199,962
Kipushi properties	**(1,114)**	123,339	**(1,286)**	114,726
Platreef properties	**11,436**	424	**7,872**	36
Treasury (ii)	**(48,176)**	161,271	**(92,496)**	77,989
All other segments (i)	**2,134**	(18,078)	**2,419**	(19,653)
Total	**87,183**	351,520	**169,663**	373,060
Capital expenditures				
Platreef properties	**60,715**	20,488	**105,896**	38,941
Kipushi properties	**42,022**	1,165	**70,495**	1,460
Treasury (ii)	**29,128**	–	**29,128**	–
All other segments (i)	**383**	137	**486**	771
Total	**132,248**	21,790	**206,005**	41,172
Exploration and project evaluation expenditure				
All other segments (i)	**(4,375)**	(3,684)	**(7,756)**	(7,361)
Kipushi properties	**–**	(9,786)	**–**	(18,352)
Total	**(4,375)**	(13,470)	**(7,756)**	(25,713)

(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 All other segments.

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

36. Approval of the financial statements

The condensed consolidated interim financial statements of Ivanhoe Mines Ltd., for the three and six months ended June 30, 2023, were approved and authorized for issue by the Board of Directors on August 2, 2023.

37. Events after the reporting period

The directors are not aware of any other matters or circumstances arising since the end of the period and up to the date of these financial statements, not otherwise dealt with in this report.