Consolidated financial statements of

Ivanhoe Mines Ltd.

December 31, 2018
(Stated in U.S. dollars)

Ivanhoe Mines Ltd.

Management's responsibility for financial reporting

The accompanying annual consolidated financial statements of Ivanhoe Mines Ltd. (the "Company") have been prepared by management and are in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Management acknowledges its responsibility for the preparation and presentation of the annual consolidated financial statements, which includes designing and implementing internal controls to provide reasonable assurance of the fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. The result of the inherent limitations in all control systems means design and operation of controls cannot provide absolute assurance that all control issues and instances of fraud will be detected.

The Board of Directors approves the consolidated financial statements and ensures that management discharges its financial reporting responsibilities. The Board's review is accomplished principally through the Audit Committee, which is composed of non-executive directors. The Audit Committee meets periodically with management and the auditors to review financial reporting and control matters.

(Signed) Lars-Eric Johansson

Lars-Eric Johansson,
President and Chief Executive Officer

(Signed) Marna Cloete

Marna Cloete,
Chief Financial Officer

March 26, 2019

Ivanhoe Mines Ltd.

December 31, 2018

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Independent auditor's report

To the Shareholders of Ivanhoe Mines Ltd.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Ivanhoe Mines Ltd. and its subsidiaries, (together, the Company) as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2018 and 2017;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our ethical responsibilities in accordance with the IESBA code.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

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going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Jean-Pierre van-Staden.

(Signed) PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Jean-Pierre van-Staden
Registered Auditor
Johannesburg, South Africa

March 28, 2019

Ivanhoe Mines Ltd.

Consolidated statements of comprehensive income
for the year ended December 31, 2018

(stated in U.S. dollars)

	Notes	2018	2017
		$'000	$'000
Expenses			
Exploration and project expenditure	5	**11,487**	40,503
Salaries and benefits		**10,415**	11,501
Share-based payments	20	**6,871**	4,908
Travel		**4,840**	3,723
Other expenditure		**3,534**	1,810
Professional fees		**3,178**	1,644
Office and administration		**2,414**	2,729
Foreign exchange loss (gain)		**1,057**	(2,527)
Legal		**777**	380
Reversal of impairment of mineral property and other items	5(b)	**-**	(286,283)
Loss (profit) from operating activities		**44,573**	(221,612)
Loss (gain) on fair valuation of financial asset	12	**6,639**	(5,843)
Finance costs	23	**946**	1,710
Finance income	22	**(49,859)**	(32,614)
Share of (profits) losses from joint venture	6	**(19,615)**	27,505
Other income	21	**(1,928)**	(3,538)
Profit before income taxes		**(19,244)**	(234,392)
Income tax (recovery) expense			
Current tax	15	**122**	84
Deferred tax	15	**(330)**	349
		(208)	433
PROFIT FOR THE YEAR		**(19,452)**	(233,959)
(Profit) loss attributable to:			
Owners of the Company		**(26,098)**	(170,218)
Non-controlling interests		**6,646**	(63,741)
		(19,452)	(233,959)
Other comprehensive loss (profit)			
Items that may subsequently be reclassified to loss (profit):			
Exchange losses (gains) on translation of foreign operations		**33,047**	(13,822)
Other comprehensive loss (profit) for the year, net of tax		**33,047**	(13,822)
TOTAL COMPREHENSIVE LOSS (PROFIT) FOR THE YEAR		**13,595**	(247,781)
Total comprehensive loss (profit) attributable to:			
Owners of the Company		**3,892**	(182,872)
Non-controlling interests	19	**9,703**	(64,909)
		13,595	(247,781)

Ivanhoe Mines Ltd.
Consolidated statements of financial position
as at December 31, 2018
(stated in U.S. dollars)

	Notes	**December 31, 2018**	December 31, 2017
		$'000	$'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	**294,956**	198,583
Mineral properties	5	**261,297**	260,287
Investment in joint venture	6	**681,661**	552,384
Long term loan receivable	7	**36,471**	34,065
Promissory notes receivable	10	**12,713**	11,313
Deferred tax asset	15	**957**	766
Other assets		**7,413**	8,385
Total non-current assets		**1,295,468**	1,065,783
Current assets			
Cash and cash equivalents	8	**574,048**	181,419
Prepaid expenses	9	**7,664**	8,416
Other receivables	11	**5,497**	4,750
Financial assets at fair value through profit or loss	12	**1,924**	8,563
Current tax assets		**187**	83
Promissory notes receivable	10	**-**	2,297
Total current assets		**589,320**	205,528
Total assets		**1,884,788**	1,271,311
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	17	**1,764,710**	1,141,514
Share option reserve	17	**126,526**	128,809
Foreign currency translation reserve	18	**(38,845)**	(8,855)
Accumulated profit		**44,349**	18,251
Equity attributable to owners of the Company		**1,896,740**	1,279,719
Non-controlling interests	19	**(77,932)**	(68,229)
Total equity		**1,818,808**	1,211,490
Non-current liabilities			
Borrowings	13	**31,291**	29,204
Advances payable	14	**2,502**	2,344
Deferred tax liability	15	**2,082**	2,082
Rehabilitation provision		**314**	38
Total non-current liabilities		**36,189**	33,668
Current liabilities			
Trade and other payables	16	**26,442**	23,548
Cash settled share based payment liability		**3,349**	2,605
Total current liabilities		**29,791**	26,153
Total liabilities		**65,980**	59,821
Total equity and liabilities		**1,884,788**	1,271,311

Continuing operations (Note 1)
Commitments and contingencies (Note 31)

(Signed) Peter Meredith
Peter Meredith, Director

(Signed) Livia Mahler
Livia Mahler, Director

Ivanhoe Mines Ltd.

Consolidated statements of changes in equity

(stated in U.S. dollars)

	Share capital							
	Number of shares	Amount	Share option reserve	Foreign currency translation reserve	Accumulated profit (deficit)	Equity attributable to owners	Non-controlling interests	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at January 1, 2017	**781,585,485**	**1,125,434**	**135,217**	**(21,509)**	**(151,967)**	**1,087,175**	**(130,913)**	**956,262**
Net loss for the year	-	-	-	-	170,218	170,218	63,741	233,959
Other comprehensive profit	-	-	-	12,654	-	12,654	1,168	13,822
Total comprehensive loss	-	-	-	12,654	170,218	182,872	64,909	247,781
Transactions with owners								
Shares issued (Note 17(a))	30,000	128	-	-	-	128	-	128
Share-based payments charged to operations (Note 20)	-	-	4,174	-	-	4,174	-	4,174
Reversal of impairment of common share investment funded on behalf of non-controlling interest (Note 5(b))	-	-	-	-	-	-	(2,225)	(2,225)
Restricted share units vested (Note 17(c))	2,400,678	1,134	(1,134)	-	-	-	-	-
Options exercised (Note 17(b))	6,371,005	14,818	(9,448)	-	-	5,370	-	5,370
Balance at December 31, 2017	**790,387,168**	**1,141,514**	**128,809**	**(8,855)**	**18,251**	**1,279,719**	**(68,229)**	**1,211,490**
Net profit (loss) for the year	-	-	-	-	26,098	26,098	(6,646)	19,452
Other comprehensive loss	-	-	-	(29,990)	-	(29,990)	(3,057)	(33,047)
Total comprehensive profit (loss)	-	-	-	(29,990)	26,098	(3,892)	(9,703)	(13,595)
Transactions with owners								
Shares issued (Note 17(a))	217,829,575	611,647	-	-	-	611,647	-	611,647
Share-based payments charged to operations (Note 20)	-	-	6,133	-	-	6,133	-	6,133
Restricted share units vested (Note 17(c))	3,072,565	3,497	(3,497)	-	-	-	-	-
Deferred share units issued (Note 17(a))	108,803	189	-	-	-	189	-	189
Options exercised (Note 17(b))	3,682,722	7,863	(4,919)	-	-	2,944	-	2,944
Balance at December 31, 2018	**1,015,080,833**	**1,764,710**	**126,526**	**(38,845)**	**44,349**	**1,896,740**	**(77,932)**	**1,818,808**

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

Ivanhoe Mines Ltd.
Consolidated statements of cash flows
years ended December 31, 2018
(stated in U.S. dollars)

	Notes	2018	2017
		$'000	$'000
Cash flows from operating activities			
Profit before income taxes		**19,244**	234,392
Items not involving cash			
Transfer from other assets to working capital items		**6,995**	2,179
Share-based payments	20	**6,871**	4,908
Decrease (increase) in fair value of financial asset	12	**6,639**	(5,843)
Depreciation and amortization	4	**4,256**	4,397
Finance costs	23	**946**	1,710
Unrealized foreign exchange loss (gain)		**498**	(2,626)
Non-cash directors fees		**189**	-
Other taxes		**30**	-
Finance income	22	**(49,859)**	(32,614)
Share of (profits) losses from joint venture	6	**(19,615)**	27,505
Profit on disposal of property, plant and equipment		**(129)**	(2)
Reversal of impairment of mineral property, goodwill and other	5(b)	**-**	(286,283)
Promissory note fair value adjustment		**-**	(985)
		(23,935)	(53,262)
Interest received		**7,074**	3,681
Change in working capital items	27	**3,173**	11,332
Interest paid		**(787)**	(101)
Income taxes paid		**(212)**	(153)
Net cash used in operating activities		**(14,687)**	(38,503)
Cash flows from investing activities			
Property, plant and equipment acquired	4	**(127,904)**	(61,781)
Loan advanced to joint venture		**(69,284)**	(78,847)
Other assets acquired		**(6,558)**	(6,205)
Cash paid on behalf of joint venturer		**(1,400)**	(1,822)
Purchase of exploration licences		**(1,010)**	(1,010)
Proceeds from settlement of promissory note		**2,297**	-
Proceeds from sale of property, plant and equipment		**206**	3
Proceeds from cancellation of mining guarantee		**-**	29
Net cash used in investing activities		**(203,653)**	(149,633)
Cash flows from financing activities			
Shares issued, net of transaction costs		**611,647**	-
Options exercised		**2,944**	5,497
Proceeds from the partial sale of subsidiary, now jointly controlled		**-**	82,400
Transaction costs paid on partial sale of subsidiary, now jointly controlled		**-**	(4,685)
Net cash generated by financing activities		**614,591**	83,212
Effect of foreign exchange rate changes on cash		**(3,622)**	1,314
Net cash outflow		**392,629**	(103,610)
Cash and cash equivalents, beginning of year		**181,419**	285,029
Cash and cash equivalents, end of year		**574,048**	181,419

Supplemental cash flow information (Note 27)

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 (collectively referred to as the Company), is focused on the exploration, development and recovery of minerals and precious metals from its property interests located primarily in Africa.

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

These consolidated financial statements have been prepared on the historical cost basis with the exception of financial instruments and share based payments. 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 $44.3 million at December 31, 2018. As at December 31, 2018, the Company's total assets exceeds its total liabilities by $1,818.8 million and current assets exceeds current liabilities by $559.5 million. The Company's total current assets exceeds the Company's total liabilities. The Company currently has no producing properties and expects to fund all of its exploration and development activities through debt and equity financing until operating revenues are generated.

2. Significant accounting policies

The significant accounting policies used in these consolidated financial statements are as follows:

(a) *Statement of compliance*

The Company's consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") and Interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting year ended December 31, 2018. The Company has not adopted any new or amended standards which are not yet effective.

(b) *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of Ivanhoe Mines Ltd. and entities it controls (its subsidiaries).

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

2. Significant accounting policies (continued)

(b) Basis of consolidation (continued)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in all investees are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with those used by other members of the group.

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

Changes in the Company’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The Company accounts for a change in the Company’s share of comprehensive loss of the joint venture in the consolidated statement of comprehensive income. The carrying amount of the Company’s interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity attributed to the owners of the Company. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

(c) Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Company has two joint operations, as described in Note 25.

2. Significant accounting policies (continued)

(c) Interests in joint operations (continued)

When a group entity undertakes its activities under joint operations, the Company as a joint operator recognizes in relation to its interest in the joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its share of the revenue from the sale of the output by the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

The Company accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRS applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Company is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Company's consolidated financial statements only to the extent of other parties interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Company does not recognize its share of the gains and losses until it resells those assets to a third party.

(d) Interests in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and the other comprehensive income of the joint venture. When the Company's share of losses of the joint venture exceeds the Company's interest in that joint venture (which includes any long term interests that in substance form part of the Company's net investment in the joint venture), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

2. Significant accounting policies (continued)

(d) Interests in joint ventures (continued)

When a group entity transacts with a joint venture of the Company, profits and losses resulting from the transactions with the joint venture are recognized in the Company's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Company.

(e) Foreign currencies

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

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

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

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

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

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

2. Significant accounting policies (continued)

(e) Foreign currencies (continued)

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

(f) Cash and cash equivalents

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

(g) Mineral properties

Direct costs related to the acquisition of mineral properties are capitalized on a property by property basis. Exploration costs are charged to operations in the period incurred, until such time as the Company determines that a property is technically feasible and commercially viable, whereafter development costs are capitalized as property, plant and equipment. In making this determination the Company considers whether a proposed project is capable of being developed at a sufficient return to justify the capital and managerial resources that must be committed to the project. The determination is made on a property by property basis and generally coincides with the finalization of a preliminary economic assessment or pre-feasibility study of the property.

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 expenditures are capitalized to the extent that they are necessary to bring the property to commercial production.

The Company reviews the carrying values of its mineral properties whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts determined by reference to estimated future operating results and discounted net cash flows. An impairment loss is recognized when the carrying value of those assets are not recoverable and exceeds their recoverable amount. Amortization of mineral properties will commence when commercial production starts. Mineral properties will be amortized over the expected life of mine.

On the commencement of commercial production, net capitalized costs are charged to operations on a unit-of-production basis, by property, using estimated proven and probable recoverable reserves as the depletion base. Where the Company's exploration and development activities are conducted jointly with others, these consolidated financial statements reflect only the Company's interests in such activities.

2. Significant accounting policies (continued)

(h) Financial instruments: Financial assets

Classification

From January 1, 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss. Impairment losses are presented as separate line item in the statements of comprehensive income.

- FVTPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss.

2. Significant accounting policies (continued)

(h) Financial instruments: Financial assets (continued)

Impairment

From January 1, 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables

Until December 31, 2017, all financial instruments are initially recorded at fair value. Financial assets were designated upon inception as either (i) held-to-maturity, (ii) at fair value through profit or loss, (iii) available-for-sale, or (iv) loans and receivables. The designation determined the method by which the financial assets were measured on the statement of financial position subsequent to inception and how changes in value were recorded.

(i) Financial instruments: Financial liabilities

Financial liabilities are designated as either (i) at fair value through profit or loss or (ii) other liabilities at amortized cost. All the Company's financial liabilities have been designated as other liabilities and are carried on the statements of financial position at amortized cost.

(j) Property, plant and equipment

All property, plant and equipment are initially recorded at historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation commences once the asset is available for use and is calculated on the straight line method to write off the cost of each asset to its residual value over their estimated useful life. The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each financial year end. Any changes are accounted for prospectively as a change in accounting estimate. Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and assets under construction) less their residual values over their useful lives, using the straight-line method.

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

- Office equipment and furniture and fixtures 3 – 6 years
- Motor vehicles 5 years
- Plant and equipment 5 years
- Buildings 10 years

2. Significant accounting policies (continued)

(j) Property, plant and equipment (continued)

The Company reviews the carrying values of its property, plant and equipment whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts determined by reference to estimated future operating results and discounted net cash flows. An impairment loss is recognized when the carrying value of those assets is not recoverable and exceeds their fair value.

The gain or loss arising on the disposal of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in profit and loss.

Freehold land is not depreciated.

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

(k) Prepaid expenses and deposits

Prepaid expenses is cash paid for which a service or benefit is expected to be derived in the future. The future write-off period of the incurred cost will normally be determined by the period of benefit covered by the prepayment. Prepaid expenses specific to a particular period will be expensed when the period arrives and the costs will be treated as a period cost for that period. Prepaid costs for an extended period of time are normally written off equally during the period in which the benefit will be derived.

Prepaid expenses are generally classified as current assets unless a portion of the prepayment covers a period longer than twelve months or the prepayment relates to a non-current asset to be received in the future. When payments may be accounted for as prepaid expenses but the payment will be amortized within the current period and is not considered material to the presentation of financial position, such payments may be expensed in the month the payment is made.

2. Significant accounting policies (continued)

(l) Borrowing costs

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

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

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

(m) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the statements of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(n) Rehabilitation provision

The Company recognizes provisions for statutory, contractual or legal obligations associated with the reclamation of mining property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a provision for rehabilitation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the provision, the corresponding asset is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the rehabilitation provision, the carrying amount of the provision is increased for the passage of time and adjusted for changes to the amount or timing of the underlying cash flows needed to settle the obligation.

2. Significant accounting policies (continued)

(o) Taxation

Current tax

The tax currently payable is based on taxable income for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit or loss nor the accounting profit or loss.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred taxes are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in the accounting for the business combination.

2. Significant accounting policies (continued)

(p) *Share-based payments*

Equity settled share-based payments to employees providing services are measured at the fair value of the equity instruments at the grant date.

The fair value of share options is estimated as of the date of the grant using a Black-Scholes option valuation model and are recorded in profit and loss over their vesting periods. Share options with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values. Changes to the estimated number of awards that will eventually vest are accounted for prospectively. When the share options are ultimately exercised, the amount in the share-based payment reserve is moved to share capital.

The share-based payment expense relating to the B-BBEE transaction described in Note 20, was determined by using a Monte Carlo simulation of the underlying share, together with its dividends, to estimate the closing share price at vesting date, as well as the remaining funding balance. Cash settled share-based payments are remeasured at each reporting period.

Restricted share units are equity settled share-based payments and are valued using the fair value of a common share at time of grant and are recorded in profit and loss over their vesting periods.

(q) *Significant accounting estimates and judgements*

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

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

Recoverability of assets

Property, plant and equipment, including capitalized development costs and finite lived intangible assets are assessed at each reporting period to determine whether there is any indication that those assets have suffered an impairment loss.

In assessing whether an impairment is required, the carrying value of the asset or cash generating unit ("CGU") is compared with its recoverable amount. The recoverable amount is the higher of the CGU's fair value less costs of disposal and value in use. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss.

Given the nature of the Company's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequently, the fair value less costs of disposal for each CGU is estimated based on discounted future estimated cash flows that are expected to be generated from the continued use of the CGUs. They are estimated using market consensus based commodity price and exchange assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements, including any expansion projects, and its eventual disposal, based on the CGU development plans and latest technical reports. These cash flows were discounted using a discount rate that reflected current market assessments of the time value of money and the risks specific to the CGU.

2. Significant accounting policies (continued)

(q) Significant accounting estimates and judgements (continued)

Recoverability of assets (continued)

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is impaired to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income.

Where an impairment loss subsequently reverses the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, and is limited to the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in the statement of comprehensive income.

Determination of functional currency

The Company has used its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and determined that the Company's functional currency is the U.S. dollar.

The Company's subsidiaries have a variety of functional currencies that include, but are not limited to, South African Rand ("ZAR") , U.S. dollar ("USD") and Canadian dollar ("C$").

Technical feasibility and commercial viability of projects

In determining whether an exploration and evaluation property is technically feasible and commercially viable, the Company considers the following elements:

- a technical analysis of the basic geology of the project,
- a mine plan for accessing and exploiting the ore body,
- a process flow sheet for processing the ore generated from mining,
- projections as to the capital cost of constructing the project,
- projections as to the cost of operating the project in accordance with the mine plan,
- projections as to revenues from the concentrate or other mineral product to be generated from operations in accordance with the mine plan, and
- an economic analysis of the project based on the projected capital and operating costs and production revenues.

Classification of Kamoa Holding Limited as a joint venture

- Kamoa Holding Limited is a limited liability company whose legal form confers separation between the parties to the joint arrangement and the company itself. Furthermore, there is no contractual arrangement or any other facts and circumstances that indicate that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, Kamoa Holding Limited is classified as a joint venture of the Company. See Note 6 for details.

2. Significant accounting policies (continued)

(r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The Company's executive management team has been identified as the chief operating decision-makers, and are responsible for allocating resources and assessing performance of the operating segments.

(s) Profit or loss per share

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

(t) Future accounting changes

The following new standards, amendments to standards and interpretations have been issued but are not effective during the year ended December 31, 2018. The Company has not yet adopted these new and amended standards.

- IFRS 16 – Leases. IFRS 16 was issued in January 2016 and will result in almost all leases being recognized on the statement of financial position by lessees, as the distinction between operating and finance leases has been removed. An asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases. (i)

  The Company has reviewed all of its leasing arrangements in light of the new lease accounting as required in IFRS 16. The standard will primarily affect the accounting for the Company's operating leases.

  As at the reporting date, the Company has non-cancellable operating lease commitments of $15.0 million. Of these commitments, approximately $0.2 million relate to short-term leases and $0.1 million to low value leases which will both be recognized on a straight-line basis as an expense in profit or loss.

  For the remaining lease commitments the Company expects to recognize right-of-use assets of approximately $11.4 million on January 1, 2019, lease liabilities of $11.4 million (after adjustments for prepayments and accrued lease payments recognized as at December 31, 2018) and deferred tax assets of nil. Overall net assets and net current assets will not be impacted.

  The Company expects that net profit after tax will increase by approximately $0.7 million for 2019 as a result of adopting the new rules. Adjusted EBITDA used to measure segment results is expected to increase by approximately $0.7 million, as the operating lease payments were included in EBITDA, but the amortization of the right-of-use assets and interest on the lease liability are excluded from this measure.

  Operating cash flows will increase and financing cash flows will decrease by approximately $0.7 million as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities. The Company's activities as a lessor are not material and hence the Company does not expect any significant impact on the financial statements.

2. Significant accounting policies (continued)

(t) Future accounting changes (continued)

- IFRS 13 – Business Combinations. The amendment to the definition of a business confirmed that a business must include inputs and a process and clarified that the process must be substantive and that the inputs and process must together significantly contribute to creating outputs. Furthermore, the amendment narrowed the definition of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than providing dividends or other economic benefits directly to investors or lowering costs. (ii)

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

- Annual improvements 2015-2017 Cycle: IFRS 3 – Business Combinations and IFRS 11 – Joint arrangements. The amendment clarifies that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. (i)

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

- Annual improvements 2015-2017 Cycle: IAS 12 – Income Taxes. The amendment clarifies that all income tax consequences of dividends should be recognized in profit or loss, regardless of how the tax arises. (i)

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

- Annual Improvements 2015 - 2017 Cycle: IAS 23 – Borrowing Costs. The amendment clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. (i)

  The Company is in the process of determining the impact of the adoption of this amendment on the consolidated financial statements, if any.

- IFRIC 23 – Uncertainty over income tax treatments. The interpretation specifies how an entity should reflect the effects of uncertainties in accounting for income taxes. (i)

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

(i) Effective for annual periods beginning on or after January 1, 2019
(ii) Effective for annual periods beginning on or after January 1, 2020

3. Application of new and revised standards

(a) *Newly adopted accounting standards*

The following standards became effective for annual periods beginning on or after January 1, 2018. The Company adopted these standards in the current period and they did not have a material impact on its consolidated financial statements.

- IFRS 15 - Revenue from contracts with customers. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue.

- Amendments to IFRS 2 - Share-based payments. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled.

- Amendment to IFRS 9 - Financial instruments. The standard replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

  On transition, the new expected credit loss impairment model on financial assets did not result in a material amount and therefore opening retained earnings was not adjusted.

  The Company has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy.

  The reclassification of financial assets and liabilities are summarized in the table below.

Financial Instrument	Classification in terms of IAS 39	Classification in terms of IFRS 9
Financial Assets		
Loan advanced to joint venture	Loans and receivables	Amortized cost
Long term loan receivable	Loans and receivables	Amortized cost
Promissory note receivable	Loans and receivables	Amortized cost
Financial assets at fair value through profit or loss	Fair value through profit or loss	Fair value through profit or loss
Cash and cash equivalents	Amortized cost	Amortized cost
Financial Liabilities		
Borrowings – Loans from other entities	Amortized cost	Amortized cost
Borrowings – Citi bank loan	Amortized cost	Amortized cost
Advances payable	Amortized cost	Amortized cost
Trade and other payables	Amortized cost	Amortized cost
Financial liability	Amortized cost	Amortized cost

- IFRIC 22 - Foreign currency transactions and advance consideration. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency.

- Annual improvements 2014-2016. IFRS 1 - First-time adoption of IFRS.

4. Property, plant and equipment

	Land	Buildings	Office equipment	Motor vehicles	Plant and equipment	Mining infrastructure	Assets under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2018								
Cost								
Beginning of the year	2,506	12,613	6,178	3,319	20,782	6,104	168,320	219,822
Additions	-	-	1,051	212	1,318	-	125,323	127,904
Borrowing costs capitalized	-	-	-	-	-	-	2,347	2,347
Disposals	-	-	(107)	-	(1,071)	-	-	(1,178)
Transfers	-	-	-	-	259	262	(521)	-
Foreign exchange translation	(361)	(909)	(670)	(164)	(190)	(923)	(27,277)	(30,494)
End of the year	**2,145**	**11,704**	**6,452**	**3,367**	**21,098**	**5,443**	**268,192**	**318,401**
Accumulated depreciation and impairment								
Beginning of the year	-	1,207	4,503	1,504	13,478	547	-	21,239
Depreciation	-	142	669	360	2,895	190	-	4,256
Disposals	-	-	(97)	-	(1,005)	-	-	(1,102)
Foreign exchange translation	-	(126)	(504)	(72)	(151)	(95)	-	(948)
End of the year	**-**	**1,223**	**4,571**	**1,792**	**15,217**	**642**	**-**	**23,445**
Carrying value								
Beginning of the year	2,506	11,406	1,675	1,815	7,304	5,557	168,320	198,583
End of the year	**2,145**	**10,481**	**1,881**	**1,575**	**5,881**	**4,801**	**268,192**	**294,956**

Assets under construction

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 and Kipushi Projects are deemed necessary to bring the projects to commercial production and are therefore capitalized (see Note 5).

4. Property, plant and equipment (continued)

Assets pledged as security

Buildings with a carrying amount of $9.4 million (December 31, 2017 - $10.0 million) have been pledged to secure borrowings of the Company (see Note 13). 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	Assets under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2017								
Cost								
Beginning of the year	2,278	11,379	5,210	2,070	16,637	4,020	100,441	142,035
Additions	-	99	543	1,145	4,010	1,564	54,420	61,781
Disposals	-	-	(5)	-	-	-	-	(5)
Foreign exchange translation	228	1,135	430	104	135	520	13,459	16,011
End of the year	**2,506**	**12,613**	**6,178**	**3,319**	**20,782**	**6,104**	**168,320**	**219,822**
Accumulated depreciation and impairment								
Beginning of the year	-	1,234	3,598	1,220	10,115	81	-	16,248
Depreciation	-	141	601	242	3,265	148	-	4,397
Disposals	-	-	(4)	-	-	-	-	(4)
Transfers	-	(283)	-	-	-	283	-	-
Foreign exchange translation	-	115	308	42	98	35	-	598
End of the year	**-**	**1,207**	**4,503**	**1,504**	**13,478**	**547**	**-**	**21,239**
Carrying value								
Beginning of the year	2,278	10,145	1,612	850	6,522	3,939	100,441	125,787
End of the year	**2,506**	**11,406**	**1,675**	**1,815**	**7,304**	**5,557**	**168,320**	**198,583**

5. Mineral properties and exploration expenditure

Mineral properties

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

	December 31, 2018	December 31, 2017
	$'000	$'000
Platreef property, South Africa (a)	**6,940**	6,940
Kipushi Properties, Democratic Republic of Congo (b)	**252,337**	252,337
Other properties (d)	**2,020**	1,010
	261,297	260,287

Direct costs related to the acquisition of mineral properties are capitalized on a property by property basis. 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 expenditures 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 platinum, palladium, nickel, copper, gold and rhodium on the Northern Limb of South Africa's Bushveld Complex approximately 11 km from Mokopane and 280 km northeast of Johannesburg, South Africa.

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

The Company announced the positive results of the pre-feasibility study for the planned first phase of the Platreef Project's platinum-group metals, nickel, copper and gold mine in South Africa in January 2015 and the independent, definitive feasibility study (DFS) in July 2017.

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 (see Note 20).

(b) *Kipushi properties*

The Kipushi Project is a past-producing, high-grade underground zinc–copper mine in the Central African Copperbelt, in Haut-Katanga Province, Democratic Republic of Congo ("DRC"). The Kipushi Project lies adjacent to the town of Kipushi and the border with Zambia, and about 30 km southwest of the provincial capital of Lubumbashi. Costs incurred at the Kipushi Project subsequent to the finalization of its pre-feasibility study in December 2017, have been capitalized as property, plant and equipment.

5. Mineral properties and exploration expenditure (continued)

Mineral properties (continued)

(b) Kipushi properties (continued)

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

During the financial year ended December 31, 2013, the Company recorded an impairment charge of $334.3 million, upon completion of its annual assessment of the carrying value of Kipushi's CGU.

During the financial year ended December 31, 2017 the company completed its NI 43-101 compliant Pre-feasibility Study ("PFS") for the Kipushi Project. This PFS included updated estimates for the following key assumptions:

- Increased long term consensus on the zinc price;
- Optimization of the zinc processing methodology;
- Reduced capital expenditure estimates; and
- Reduced transport, treatment & refining cost estimates.

These updated estimates resulted in a significant increase in the estimated recoverable amount for the Kipushi Project. As a result, the Company recorded a reversal of the impairment charge of $286.3 million in 2017.

The reversal of the impairment charge, which was recorded within a separate line in the consolidated statement of comprehensive income, included the following:

	December 31, 2017
	$'000
Kipushi mineral properties	252,337
Long-term loan receivable (see Note 7)	34,065
Advances payable to Gecamines (see Note 14)	(2,344)
Common share investment funded on behalf of non-controlling interest (see Note 19)	2,225
	286,283

Significant judgments and assumptions are required in making estimates of the recoverable amount (value in use). This is particularly so in the assessment of long life assets. It should be noted that the valuations are subject to variability in key assumptions including, but not limited to, long-term commodity prices, capital expenditures, discount rates, transport costs and the cost of production and operating costs.

5. Mineral properties and exploration expenditure (continued)

(b) *Kipushi properties (continued)*

The assumptions made in 2017 included, but were not limited to, the following:
- A life of mine of 11 years;
- A zinc price of $1.10 per pound;
- A copper price of $3.02 per pound; and
- A real discount rate of 8%.

A change in one or more of the assumptions used to estimate the recoverable amount could result in a reduction or an increase in a CGU's recoverable amount. The assumptions made in 2017 are still deemed reasonable as at December 31, 2018. The estimated recoverable amount for the Kipushi Project would still exceed its carrying value if the assumed real discount rate is increased to 12% or if the assumed zinc price is reduced to $0.90 per pound.

(c) *Kamoa-Kakula properties*

The Company is a joint venturer in the Kamoa-Kakula Project which is located within the Central African Copperbelt in Lualaba Province, DRC. The Kamoa-Kakula Project lies approximately 25 km west of the town of Kolwezi, and about 270 km west of the provincial capital of Lubumbashi (see Note 6).

(d) *Other properties*

The Company continues to evaluate other opportunities and most notably holds an extensive land package, totalling approximately 700 square kilometres, of prospective exploration licences in the Western Foreland area, west of the Kamoa-Kakula mining licence in the DRC. The Company began exploration drilling on the licences in the third quarter of 2017 and announced its Makoko Copper Discovery in October 2018.

Makoko is the first of multiple high-potential target areas identified by the Company's exploration team to be tested by drilling. In addition, the Company is exploring other targets identified in the Western Foreland area to test for high-grade copper.

Exploration and project expenditure

Exploration costs are expensed in the period incurred, until such time as the Company determines that a property is technically feasible and commercially viable, where after costs associated with development are capitalized as property, plant and equipment in the assets under construction category (see Note 4).

5. Mineral properties and exploration expenditure (continued)

Exploration and project expenditure (continued)

The following table summarizes the exploration and project expenditure for the years ended December 31, 2018 and December 31, 2017:

	December 31, 2018	December 31, 2017
	$'000	$'000
Exploration and project expenditure		
Drilling	**5,725**	4,125
Office, administration and other expenditure	**4,214**	6,647
Salaries and benefits	**1,073**	13,898
Depreciation	**234**	4,125
Studies	**209**	3,136
Repairs and maintenance	**28**	1,596
Utilities	**4**	5,871
Community liaison	**-**	1,105
	11,487	40,503

Exploration and project expenditure for 2018 related almost entirely to the Company's Western Foreland exploration licences. $36.7 million of the exploration and project expenditure in 2017 related to the Kipushi Properties. In 2018, exploration and project expenditure relating to the Kipushi properties have been designated as development costs and are capitalized as property, plant and equipment in the assets under construction category (see Note 4).

6. Investment in joint venture

Kamoa Holding Limited ("Kamoa Holding"), a joint venture between the Company and Zijin Mining Group Co., Ltd. ("Zijin"), holds a direct 80% interest in the Kamoa-Kakula Project. The Company holds an effective 39.6% interest in the project through its 49.5% shareholding in Kamoa Holding. The Kamoa-Kakula Project is the largest copper discovery ever made on the African continent, with adjacent prospective exploration areas within the Central African Copperbelt in the DRC.

On February 6, 2019, the Company announced the results of the Kakula 2019 pre-feasibility study (PFS) at the Kamoa-Kakula Project. The study assesses the potential development of the Kakula Deposit as a 6 Mtpa mining and processing complex, which the Kamoa-Kakula Project is currently developing. The Company also announced an updated independent preliminary economic assessment (PEA) for an expanded Kakula-Kamoa production rate of 18 Mtpa, supplied initially by a 6 Mtpa mine at Kakula, followed by two 6 Mtpa mines at Kansoko and Kakula West, and a world-scale direct-to-blister smelter.

The costs associated with mine development at the Kamoa-Kakula Project's Kansoko and Kakula sites are capitalized as development costs in Kamoa Holding, while the project continued to conduct exploration in 2017 and 2018. Expenditure attributable to exploration at Kamoa North, Kakula West and in the saddle area between Kakula West and Kakula was still expensed in 2018.

6. Investment in joint venture (continued)

Company's share of comprehensive (profit) loss from joint venture

The following table summarizes the Company's share of Kamoa Holding's comprehensive (profit) loss for the years ending December 31, 2018 and December 31, 2017.

	December 31, 2018	December 31, 2017
	$'000	$'000
Interest expense	**57,083**	42,137
Exploration costs	**19,921**	26,631
Foreign exchange loss	**168**	4,333
Interest income	**(3,742)**	(1,747)
Reversal of VAT impairment	**(15,557)**	-
Loss before taxes	**57,873**	71,354
Deferred tax recovery	**(110,416)**	-
(Profit) loss for the period	**(52,543)**	71,354
Non-controlling interest	**12,917**	(15,788)
(Profit) loss for the period	**(39,626)**	55,566
Share of (profits) losses from joint venture (49.5%)	**(19,615)**	27,505

Following the release of the pre-feasibility study of the Kakula Copper mine in February 2019, the Company considers it probable that taxable profits will be available against which previously unrecognized deductible temporary differences can be utilized. As a consequence, a deferred tax asset of $110.4 million was recognized in 2018.

6. Investment in joint venture (continued)

Net assets of the joint venture

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

	December 31, 2018		December 31, 2017	
	100%	49.5%	100%	49.5%
	$'000	$'000	$'000	$'000
Assets				
Property, plant and equipment	**423,183**	**209,476**	317,180	157,004
Deferred tax asset	**110,416**	**54,656**	-	-
Other assets	**87,775**	**43,449**	58,185	28,802
Mineral property	**802,021**	**397,000**	802,021	397,000
Indirect taxes receivable	**30,427**	**15,061**	-	-
Prepaid expenses	**14,791**	**7,321**	10,479	5,187
Cash and cash equivalents	**34,916**	**17,283**	40,645	20,119
Liabilities				
Shareholder's loans	**(968,173)**	**(479,246)**	(746,182)	(369,360)
Rehabilitation provision	**(2,394)**	**(1,185)**	(2,394)	(1,185)
Accruals and payables	**(17,990)**	**(8,905)**	(17,507)	(8,666)
Non-controlling interest	**(106,609)**	**(52,771)**	(93,691)	(46,377)
Net assets of the joint venture	**408,363**	**202,140**	368,736	182,524

Investment in joint venture

	December 31, 2018	December 31, 2017
	$'000	$'000
Company's share of net assets in joint venture	**202,140**	182,524
Loan advanced to joint venture	**479,521**	369,860
	681,661	552,384

The Company earns interest at USD 12 month LIBOR plus 7% on the loan advanced to the joint venture (see Note 22). 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 shall be required in the absence of residual cash flow.

6. Investment in joint venture (continued)

Commitments in respect of joint venture

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

	Less than1 year	1 - 3 years	4 - 5 years	After 5 years	Total
	$'000	$'000	$'000	$'000	$'000
Advancement of loan	83,074	-	-	-	83,074
Road construction	4,193	-	-	-	4,193
Kakula decline development	3,881	-	-	-	3,881
Other commitments	16,396	-	-	-	16,396
	107,544	-	-	-	107,544

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

Under the agreement, the subsidiary of Kamoa Holding agreed to provide a loan relating to the power upgrade, which is estimated to be $141 million (including a $4.5 million pre-finance loan), but is capped at a maximum commitment of $250 million.

The loan advanced as at December 31, 2018 by the subsidiary of Kamoa Holding amounted to $82.2 million (December 31, 2017: $56.3 million).

The term for repayment of accrued interest and future costs is estimated to be 15 years, beginning after the expiry of a two year grace period from the signing date of the agreement. The actual repayment period will ultimately depend on the amount actually financed and on the amounts deducted from electricity bills based on a fixed percentage of 40% of the actual bill as per the loan repayment terms. Interest is earned at a rate of USD 6 month LIBOR + 3%.

The Kamoa-Kakula Project will be given a priority electricity right by which SNEL commits to make available as per an agreed power requirements schedule, sufficient energy from its grid to meet the energy needs of the project and following the upgrade, on an exclusivity and priority basis, up to 200 MW depending on the production and mine expansion scenarios.

7. Long term loan receivable

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

The loan receivable is unsecured and earns interest at USD 12 month LIBOR plus 3%. Repayment will be made by offsetting the loan against future royalties and dividends payable to Gecamines from future profits earned in Kipushi. The fair value of the receivable at acquisition date has been estimated by the Company by calculating the present value of the future expected cash flows using an effective interest rate of 9.2%, which is deemed to be as follows:

	December 31, 2018	December 31, 2017
	$'000	$'000
Social development loan	**36,471**	34,065
	36,471	34,065

8. Cash and cash equivalents

	December 31, 2018	December 31, 2017
	$'000	$'000
Cash and cash equivalents	**574,048**	181,419
	574,048	181,419

9. Prepaid expenses

	December 31, 2018	December 31, 2017
	$'000	$'000
Other prepayments	**2,211**	890
Advance payment on shaft construction	**2,168**	4,158
Deposits	**1,985**	1,340
Consumable stores	**1,300**	2,028
	7,664	8,416

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

10. Promissory note receivable

The Company has the following promissory note receivable:

	December 31, 2018	December 31, 2017
	$'000	$'000
Promissory note receivable from Crystal River (a)	**12,713**	11,313
A$3 million promissory note receivable (b)	**-**	2,297
	12,713	13,610
Non-current promissory note	**12,713**	11,313
Current promissory note	**-**	2,297
	12,713	13,610

(a) The promissory note receivable with a carrying value of $12.7 million is a non interest-bearing, 10 year promissory note, of which $8.3 million was received by the Company as the purchase consideration for selling 1% of its share in Kamoa Holding (see Note 6). The remaining $4.4 million is 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.

(b) The promissory note receivable with a carrying value of $2.3 million at December 31, 2017 was a A$3 million promissory note received as part of the consideration when the Company sold its Australian subsidiaries. The promissory note was settled in cash on March 29, 2018.

11. Other receivables

	December 31, 2018	December 31, 2017
	$'000	$'000
Refundable taxes (a)	**1,881**	1,053
Administration consulting receivable from joint venture	**1,675**	1,344
Accounts receivable	**1,515**	816
Other	**412**	494
Advances	**14**	1,043
	5,497	4,750

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

12. Financial assets at fair value through profit or loss

The Company holds listed shares which have been classified as financial assets at fair value through profit or loss. The trading value of the listed shares as at December 31, 2018 is $1.9 million (December 31, 2017: $8.6 million).

13. Borrowings

	December 31, 2018	December 31, 2017
	$'000	$'000
Unsecured - at amortized cost		
(a) Loans from other entities	**27,194**	24,847
Secured - at amortized cost		
(b) Citi bank loan	**4,097**	4,357
	31,291	29,204

(a) On June 6, 2013, the Company, through its subsidiary Ivanplats (Pty) Ltd, ("Ivanplats") the owner of the Platreef Project, became party to a $28.0 million loan payable to ITC Platinum Development Limited,. The loan is repayable only once Ivanplats has residual cashflow, which is defined in the loan agreement as gross revenue generated by Ivanplats, less all operating costs attributable thereto, including all mining development and operating costs. The loan incurs interest of USD 3 month LIBOR plus 2% calculated monthly in arrears. Interest is not compounded. Using prevailing market interest rates for an equivalent loan of USD 3 month LIBOR plus 7% at June 6, 2013, the carrying value of the loan as at December 31, 2018, is estimated at $27.2 million (2017: $24.8 million). The difference of $5.4 million (2017: $6.6 million) between the contractual amount due and the carrying value of the loan is the benefit derived from the low-interest loan. Interest of $1.2 million (2017: $0.9 million) was recognized during the year ended December 31, 2018 and was capitalized as borrowing costs together with the low interest loan accretion of $1.1 million (2017: $1.0 million).

(b) The Citi bank loan of $4.1 million (£3.23 million) is secured by the Rhenfield property (see Note 25). The loan is an interest only term loan repayable at August 31, 2020, and incurs interest at a rate of USD LIBOR plus 1.90% payable monthly in arrears.

14. Advances payable

	December 31, 2018	December 31, 2017
	$'000	$'000
Advances payable to Gecamines	**2,502**	2,344
	2,502	2,344

Advances payable to Gecamines are unsecured and bear interest at USD LIBOR plus 4% and represent the loan advanced to Kipushi by Gecamines prior to the acquisition of Kipushi by the Company.

15. Income taxes

(a) Rate reconciliation

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

	December 31, 2018	December 31, 2017
	$'000	$'000
Profit before income taxes	**(19,244)**	(234,392)
Statutory tax rate	**27.00%**	26.00%
Expected recovery of income taxes based on combined Canadian Federal and provincial statutory rates	**5,196**	60,942
Add (deduct):		
Tax effect of tax losses not recognized	**11,973**	(57,184)
Non-taxable income	**(21,002)**	(10,340)
Non-deductible expenses	**6,700**	9,315
Different effective tax rates in foreign jurisdictions	**(7,292)**	(3,206)
Amendments to prior year tax submissions	**4,217**	-
Effect of change in future tax rates	**-**	906
Income tax (recovery) expense	**(208)**	433

(b) Deferred tax balances

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

	2018	2017
	$'000	$'000
Deferred tax liability to be recovered after more than 12 months		
Property, plant and equipment	**(2,082)**	(2,082)
Deferred income tax liability	**(2,082)**	(2,082)
Deferred tax asset to be recovered after more than 12 months		
Unrealised foreign exchange losses	**907**	694
Deferred tax asset to be recovered within 12 months		
Provisions and prepayments	**50**	72
Deferred income tax asset	**957**	766

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.

15. Income taxes (continued)

(c) Unrecognized and taxable temporary differences

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

	2018	2017
	$'000	$'000
Non-capital loss carryforwards	**203,435**	169,233
Investment in RK1	**11,289**	11,289
Foreign exploration expenses and share issuance costs	**5,503**	2,936
Capital assets	**20,708**	127
Unrecognized deductible temporary differences	**240,935**	183,585

The Company has foreign subsidiaries that have undistributed earnings of $383.9 million (2017: $299.9 million). The Company can control the timing of the repatriation and it is probable that these amounts will not be repatriated for the foreseeable future. Therefore, deferred tax has not been provided in respect of these earnings.

(d) Loss carryforwards

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

		Local currency	U.S. dollar equivalent	
		'000	$'000	
South African rand	R	326,294	22,551	(a)
Congolese franc	CDF	63,657,652	40,533	(b)
Canadian dollar	C$	115,073	84,414	2028 to 2038
Gabonese franc	XAF	6,951,258	12,126	(a)
British pound	£	4,726	6,002	(a)
Barbados	BBD	1,956	978	(c)
Euro	€	31,926	36,533	(a)
Namibian dollar	NAD	4,315	298	(a)
			203,435	

(a) These losses can be carried forward indefinitely, subject to continuity of trading.
(b) These losses are accumulated and set-off against future taxable income when mining operations commence.
(c) These tax losses can be carried forward for 7 years.

16. Trade and other payables

	December 31, 2018	December 31, 2017
	$'000	$'000
Trade accruals	**13,041**	10,701
Trade payables	**10,428**	8,714
Other payables	**2,829**	3,733
Indirect taxes payable	**144**	438
	26,442	23,586

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

17. Share capital

(a) Shares issued

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

As at December 31, 2018, 1,015,080,833 (December 31, 2017: 790,387,168) Class A Shares, nil Class B Shares and nil Preferred Shares were issued and outstanding.

On September 19, 2018 the Company issued 196,602,037 common shares to CITIC Metal Africa Investments Limited upon the completion of a private placement at a price of C$3.68 per unit for gross proceeds of C$723 million ($555 million). Issue costs amounted to $3.4 million. A further 21,227,538 common shares were issued to Zijin as an anti-dilution subscription at the same price per unit yielding additional proceeds of C$78 million ($60 million).

During 2018, 108,803 (2017: 30,000) Class A Shares were issued to certain non-executive directors as settlement of deferred share units granted as part of their director compensation.

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

17. Share capital (continued)

(b) Options

Share options are granted at an exercise price equal to the weighted average price of the shares on the TSX for the five days immediately preceding the date of the grant. As at December 31, 2018, 54,870,000 share options have been granted and exercised, and 19,900,000 have been granted and are outstanding. All outstanding share options 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 options awarded is five years.

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

		2018		2017
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		$		$
Balance at the beginning of year	**22,348,500**	**1,36**	32,050,000	1,54
Granted	**6,000,000**	**2,22**	-	-
Exercised	**(6,293,500)**	**1,58**	(9,576,500)	1,91
Expired	**(2,130,000)**	**4,78**	(75,000)	4,90
Forfeited	**(25,000)**	**0,86**	(50,000)	1,11
Balance at the end of the period	**19,900,000**	**1,18**	22,348,500	1,36

6,000,000 options were granted in 2018. The fair value of options granted is estimated on the date of grant using the Black-Scholes option pricing model. An expense of $6.9 million for the options granted during 2018 will be amortized over the vesting period, of which $2.1 million was recognized in the year ended December 31, 2018.

The following weighted average assumptions were used for the share option grants in 2018:

	2018
Risk free interest rate	2.50%
Expected volatility (i)	69.96%
Expected life	3.75 years
Expected dividends	$Nil

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

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

17. Share capital (continued)

(b) Options (continued)

The following table summarizes information about share options outstanding and exercisable as at December 31, 2018:

	Options outstanding		Options exercisable	
Expiry date	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
		$		$
June 16, 2019	250,000	1,20	250,000	1,20
August 15, 2019	250,000	1,33	250,000	1,33
December 8, 2019	8,312,500	0,86	8,312,500	0,86
December 15, 2020	5,087,500	0,47	3,542,500	0,47
March 12, 2023	3,500,000	2,38	-	2,38
May 7, 2023	500,000	2,07	-	2,07
December 4, 2023	2,000,000	1,98	-	1,98
	19,900,000	1,18	12,355,000	0,76

(c) Restricted share units

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

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

A summary of changes in the Company's RSUs is presented below:

	December 31, 2018	December 31, 2017
Balance at the beginning of the year	**4,457,947**	6,814,942
RSUs issued	**1,520,813**	43,683
RSUs vested	**(3,072,565)**	(2,400,678)
RSUs cancelled	**(27,997)**	-
Balance at the end of the year	**2,878,198**	4,457,947

An expense of $4.2 million for the RSUs granted during the year ended December 31, 2018 (December 31, 2017: $0.1 million), using the fair value of a common share at time of grant, will be amortized over the vesting period (see Note 20). The weighted average fair value of a common share at time of RSUs granted in 2018 was $2.82 (2017: $3.35).

18. Foreign currency translation reserve

	December 31, 2018	December 31, 2017
	$'000	$'000
Balance at the beginning of the period	**(8,855)**	(21,509)
Exchange differences arising on translation of the foreign operations	**(29,990)**	12,654
Balance at the end of the period	**(38,845)**	(8,855)

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 profit and accumulated in the foreign currency translation reserve.

19. Non-controlling interests

	December 31, 2018	December 31, 2017
	$'000	$'000
Balance at beginning of the period	**(68,229)**	(130,913)
Share of comprehensive (loss) profit for the period	**(9,703)**	64,909
Reversal of impairment of common share investment funded on behalf of non-controlling interest	**-**	(2,225)
Balance at the end of the period	**(77,932)**	(68,229)

The total non-controlling interest at December 31, 2018 is $77.9 million (2017: $68.2 million), of which $66.1 million (2017: $61.1 million) is attributed to Ivanplats (Pty) Ltd and $14.5 million (2017: $9.2 million) is attributed to Kipushi Corporation SA. The remainder relates to the non-controlling interest attributable to Ivanplats Holding SARL.

19. Non-controlling interests (continued)

Set out below is the summarized financial information for each subsidiary that has non-controlling interests that are material to the Group.

Summarized balance sheet

	Ivanplats (Pty) Ltd		Kipushi Corporation SA	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Non-current assets	**210,963**	174,061	**338,200**	273,258
Non-current liabilities	**(505,244)**	(453,161)	**(360,258)**	(276,305)
Total non-current net liabilities	**(294,281)**	(279,100)	**(22,058)**	(3,047)
Current assets	**7,379**	37,442	**7,144**	3,679
Current liabilities	**(9,331)**	(9,879)	**(8,672)**	(7,512)
Current net (liabilities) assets	**(1,952)**	27,563	**(1,528)**	(3,833)
Net liabilities	**(296,233)**	(251,537)	**(23,586)**	(6,880)

Summarized income statement

	Ivanplats (Pty) Ltd		Kipushi Corporation SA	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Loss (profit) for the year	**19,732**	14,107	**16,706**	(202,724)
Other comprehensive loss	**30,565**	(11,685)	**-**	-
Total comprehensive loss (profit)	**50,297**	2,422	**16,706**	(202,724)
Total comprehensive loss (profit) allocated to non-controlling interests	**5,030**	242	**5,346**	(64,872)

20. Share-based payments

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

	December 31, 2018	December 31, 2017
	$'000	$'000
Equity settled share-based payments		
Share options (Note 17(b))	**2,628**	1,879
Restricted share unit expense (Note 17(c))	**3,505**	2,295
	6,133	4,174
Cash settled share-based payments		
B-BBEE transaction expense	**738**	734
	6,871	4,908

Of the share-based payment expense recognized for the year ended December 31, 2018, $0.7 million (2017: $0.7 million) related to the Platreef B-BBEE transaction, with the remaining $6.1 million (2017: $4.2 million) being the expense for options and restricted share units granted to employees recognized over the vesting period.

21. Other income

Other income is summarized as follows:

	December 31, 2018	December 31, 2017
	$'000	$'000
Administration consulting income (a)	**(2,392)**	(2,412)
Other taxes	**464**	-
Other income	**-**	(141)
Promissory notes unwinding discount (b)	**-**	(985)
	(1,928)	(3,538)

(a) Administration consulting income is fees charged by the Company to the Kamoa Holding joint venture for administration services performed on behalf of the joint venture (see Note 6).
(b) The unwinding discount relates to the unwinding of the promissory notes receivable (see Note 10).

22. Finance income

Finance income is summarized as follows:

	December 31, 2018	December 31, 2017
	$'000	$'000
Interest from loan to joint venture (a)	**(40,378)**	(27,394)
Other interest income	**(7,074)**	(3,682)
Interest on long term loan receivable (b)	**(2,407)**	-
Unwinding discount (c)	**-**	(1,538)
	(49,859)	(32,614)

(a) 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 6).
(b) The Company earns interest at a rate of USD 12 month LIBOR plus 3% on the long term loan receivable from Gecamines (see Note 7), although an effective interest rate of 9.2% was applied from initial recognition. Interest was not recognized during the year ended December 31, 2017 as the loan was impaired during that period.
(c) The unwinding discount relates to the unwinding of the purchase price receivable from Zijin, which arose when the Company sold a 50.5% stake in Kamoa Holding on December 8, 2015. The Company had received the last of five installments of the purchase price in May 2017.

23. Finance costs

The finance costs of the Company are summarized as follows:

	December 31, 2018	December 31, 2017
	$'000	$'000
Interest on non-current borrowings (Note 13)	**776**	1,707
Other financing costs	**170**	3
	946	1,710

24. (Profit) loss per share

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

	December 31, 2018	December 31, 2017
	$'000	$'000
Basic (profit) loss per share		
(Profit) loss attributable to owners of the Company	**(26,098)**	(170,218)
Weighted average number of basic shares outstanding	**853,738,370**	785,895,643
Basic (profit) loss per share	**(0.03)**	(0.22)
Diluted (profit) loss per share		
(Profit) loss attributable to owners of the Company	**(26,098)**	(170,218)
Weighted average number of diluted shares outstanding	**870,363,991**	808,803,191
Diluted (profit) loss per share	**(0.03)**	(0.21)

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:

	December 31, 2018	December 31, 2017
	$	$
Weighted average number of basic shares outstanding	**853 738 370**	785 895 643
Shares deemed to be issued for no consideration in respect of:		
- employee options	**11 555 327**	16 164 224
- restricted share units	**5 070 294**	6 743 324
Weighted average number of diluted shares outstanding	**870 363 991**	808 803 191

25. Joint operations

The Company has a 50% interest in Rhenfield Limited, a British Virgin Islands registered company. Rhenfield Limited purchased buildings in London, England which the Company uses for office space. The buildings have a carrying value of $9.4 million (2017: $10.0 million) and are included in property, plant and equipment (see Note 4).

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

26. 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 December 31, 2018	% equity interest as at December 31, 2017	
Direct Subsidiaries				
Ivanhoe Mines (Barbados) Limited	Barbados	**100%**	100%	(i)
African Copperbelt Exploration Ltd.	Barbados	**100%**	100%	(i)
Gabon Holding Company Ltd.	Barbados	**100%**	100%	(i)
Ivanhoe Mines US LLC	United States of America	**100%**	100%	(i)
Ivanhoe Mines UK Limited	United Kingdom	**100%**	100%	(ii)
Ivanplats Holding SARL	Luxembourg	**97%**	97%	(i)
Indirect Subsidiaries				
Ivanhoe DRC Holding Ltd.	Barbados	**100%**	100%	(i)
Kipushi Holding Limited	Barbados	**100%**	100%	(i)
Ivanhoe Mines DRC SARL	Democratic Republic of Congo	**100%**	100%	(ii)
Ivanhoe Mines Exploration DRC SARL	Democratic Republic of Congo	**100%**	100%	(iii)
Lufupa SASU	Democratic Republic of Congo	**100%**	100%	(iii)
Magharibi Mining SAU	Democratic Republic of Congo	**100%**	-	(iii)
Kipushi Corporation SA	Democratic Republic of Congo	**68%**	68%	(iii)
Ivanhoe Gabon SA	Gabon	**100%**	100%	(iii)
Ivanplats Finance Limited	Ireland	**97%**	97%	(iv)
Ivanplats Finance Lux SARL	Luxembourg	**97%**	-	(iv)
Ivanhoe (Namibia) (Pty) Ltd.	Namibia	**100%**	100%	(iii)
Kamoa Services (Pty) Ltd.	South Africa	**100%**	100%	(ii)
GB Mining & Exploration (SA) (Pty) Ltd.	South Africa	**100%**	100%	(iv)
Ivanhoe Mines SA (Pty) Ltd.	South Africa	**100%**	100%	(ii)
Ivanplats (Pty) Ltd.	South Africa	**64%**	64%	(iii)
Kico Services (Pty) Ltd.	South Africa	**100%**	100%	(ii)
Ivanhoe (Zambia) Ltd.	Zambia	**100%**	100%	(iii)
Joint ventures				
Kamoa Holding Limited	Barbados	**49.50%**	49.50%	(i)
Joint operations				
Rhenfield Limited	British Virgin Islands	**50%**	50%	(iv)

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

26. Related party transactions (continued)

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

	December 31, 2018	December 31, 2017
	$'000	$'000
Global Mining Management Corporation (a)	**3,926**	2,256
Ivanhoe Capital Aviation LLC (b)	**2,457**	2,000
GMM Tech Holdings Inc. (c)	**996**	681
HCF International Advisers (d)	**838**	601
Ivanhoe Capital Services Ltd. (e)	**481**	465
Ivanhoe Capital Pte Ltd (f)	**335**	285
Global Mining Services Ltd. (g)	**22**	24
Ivanhoe Capital Corporation (UK) Limited (h)	**8**	(44)
Kamoa Copper SA (i)	**(4,304)**	(3,746)
Ivanhoe Mines Energy DRC Sarl (j)	**(363)**	(383)
	4,396	2,139
Salaries and benefits	**3,244**	2,154
Travel	**2,925**	2,258
Consulting	**2,657**	1,655
Office and administration	**237**	201
Cost recovery and management fee	**(4,667)**	(4,129)
	4,396	2,139

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 December 31, 2018, trade and other payables included $1.21 million (2017: $0.93 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 December 31, 2018 amounted to $0.19 million (2017: $0.18 million).

(a) Global Mining Management Corporation ("Global") is a private company based in Vancouver. 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.

(b) Ivanhoe Capital Aviation LLC ("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.

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

26. Related party transactions (continued)

(d) HCF International Advisers ("HCF") is a corporate finance adviser specializing in the provision of advisory services to clients worldwide in the metals, mining, steel and related industries. HCF has a director in common with the Company and provides financial advisory services to the Company.

(e) 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.

(f) 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.

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

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

(i) Kamoa Copper SA ("Kamoa Copper") is a company incorporated in the DRC. Kamoa Copper is 80% owned by the Kamoa Holding joint venture (see Note 6). The Company provides administration, accounting and other services to Kamoa Copper on a cost-recovery basis.

(j) Ivanhoe Mines Energy DRC Sarl ("Energy") is a company incorporated in the DRC. Energy is 100% owned by the Kamoa Holding joint venture (see Note 6). The Company provides administration, accounting and other services to Energy on a cost-recovery basis.

27. Cash flow information

Net change in working capital items:

	December 31, 2018	December 31, 2017
	$'000	$'000
Net decrease (increase) in		
Other receivables	**(747)**	1,903
Prepaid expenses	**752**	983
Net decrease in		
Trade and other payables	**3,168**	8,446
	3,173	11,332

28. Financial instruments

(a) *Fair value of financial instruments*

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

Financial instrument	Level	**December 31, 2018**	December 31, 2017
		$'000	$'000
Financial assets			
Financial assets at fair value through profit or loss			
Investment in listed entity	Level 1	**1,924**	8,563
Amortized cost			
Cash and cash equivalents	Level 1	**574,048**	181,419
Loan advanced to joint venture	Level 3	**479,521**	369,860
Promissory note receivable	Level 3	**12,713**	13,610
Long term loan receivable	Level 3	**36,471**	34,065
Financial liabilities			
Amortized cost			
Borrowings	Level 3	**31,291**	29,204
Trade and other payables	Level 3	**26,442**	**23,586**
Advances payable	Level 3	**2,502**	2,344
Fair value through profit or loss			
Financial liability	Level 3	**3,349**	2,605

IFRS 13 - "Fair value measurement", requires an explanation about how fair value is determined for assets and liabilities measured in the financial statements at fair value and established a hierarchy into which these assets and liabilities must be grouped based on whether inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions. The two types of inputs create the following fair value hierarchy:

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

The long term loan receivable and promissory note receivable are evaluated based on parameters such as interest rates, specific country risk factors, creditworthiness of the creditor and the risk characteristics of the financed projects. Based on this evaluation, allowances are taken into account for the estimated losses of the receivable.

The fair value of borrowings are determined in accordance with generally accepted pricing models based on discounted future cashflow analysis. The fair value of the loan payable to ITC Platinum Development Limited (Note 13 (a)) is determined assuming an interest rate of USD 3 month LIBOR plus 7%. The carrying value of borrowings does not significantly differ from its fair value.

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

28. Financial instruments (continued)

(b) Financial risk management objectives and policies

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

(i) Foreign exchange risk

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

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

	December 31, 2018	December 31, 2017
	$'000	$'000
Assets		
Canadian dollar	**180,321**	2,597
South African rand	**16,848**	46,030
British pounds	**5,257**	452
Australian dollar	**1,924**	8,563
Liabilities		
South African rand	**(7,325)**	(11,100)
British pounds	**(3,427)**	(180)
Canadian dollar	**(571)**	(384)
Australian dollar	**-**	(57)

Foreign currency sensitivity analysis

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

	December 31, 2018	December 31, 2017
	$'000	$'000
Canadian dollar	**8,987**	110
Australian dollar	**96**	425
South African rand	**(85)**	(97)

28. Financial instruments (continued)

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

(ii) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Credit risk for the Company is primarily associated with trade and other receivables and cash equivalents as well as long term loan receivables.

The Company reviews the recoverable amount of their 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. Under the general approach the 12 month expected credit losses is calculated unless there has been a significant increase in credit risk in which case the lifetime credit losses are calculated.

The credit risk on cash equivalents is limited because the cash equivalents are composed of deposits with major banks who have investment grade credit ratings assigned by international credit rating agencies and have low risk of default. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the parties to settle the receivables. Repayment of the long term loan receivable will be made by offsetting the loan against future royalties and dividends payable to Gecamines which arise from future profits earned in Kipushi. The promissory note receivable will be repaid using proceeds from the sale of Crystal River's 1% stake in Kamoa Holding. The loan advanced to the joint venture will be repaid as and when there is residual cash flow in Kamoa Holding. Due to the excellent economics of the Kamoa-Kakula's recently announced PFS and PEA, repayment of the loan is deemed to be highly probable.

Therefore, the Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from prior years. There are no expected credit losses on financial assets.

(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.

28. Financial instruments (continued)

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

(iii) Liquidity risk (continued)

The following table details the Company's expected remaining contractual maturities for its financial liabilities. The table is based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to satisfy the liabilities.

	Less than 1 month	1 to 3 months	3 to 12 months	More than 12 months	**Total un-discounted cash flows**
	$'000	$'000	$'000	$'000	**$'000**
As at December 31, 2018					
Trade and other payables	24,247	1,296	899	-	**26,442**
Non-current borrowings	-	-	-	36,656	**36,656**
As at December 31, 2017					
Trade and other payables	21,154	1,452	940	2	**23,548**
Non-current borrowings	-	-	-	35,711	**35,711**

(iv) 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 loss for the year ended December 31, 2018 would have increased or decreased by $3.4 million.

29. Capital risk management

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

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

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

30. Key management personnel compensation

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

	December 31, 2018	December 31, 2017
	$'000	$'000
Short-term benefits	**9,387**	9,070
Share-based payments	**4,936**	3,815
	14,323	12,885

31. Commitments and contingencies

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

As at December 31, 2018, the Company's commitments that have not been disclosed elsewhere in the consolidated financial statements are as follows:

	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years	Total
	$'000	$'000	$'000	$'000	$'000
Shaft 1 construction (Platreef project)	29,968	6,911	-	-	36,879
Shaft 2 construction (Platreef project)	1,816	-	-	-	1,816
Operating leases	454	789	-	-	1,243
	32,238	7,700	-	-	39,938

The Company contracted Moolmans (formerly known as Aveng Mining) for the sinking of shaft 1 at the Platreef Project. The contract will conclude once the shaft reaches the contracted depth of 982 metres below surface.

The commitments in respect of the joint venture are set out in Note 6.

32. Segmented information

At December 31, 2018, 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; exploration and development of mineral properties through a joint venture in the DRC; and the upgrading of mining infrastructure and refurbishment of a mine in the DRC respectively.

32. Segmented information (continued)

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

	South Africa	DRC	Other	**Total**
	$'000	$'000	$'000	**$'000**
Non-current assets				
As at December 31, 2018	212,599	1,023,342	59,527	**1,295,468**
As at December 31, 2017	175,435	826,568	63,780	**1,065,783**

	December 31, 2018	December 31, 2017
	$'000	$'000
Segment assets		
Kamoa Holding joint venture	**681,661**	552,384
Treasury (ii)	**572,033**	158,969
Kipushi properties	**381,843**	311,030
Platreef property	**221,313**	221,353
All other segments (i)	**27,938**	27,575
Total	**1,884,788**	1,271,311
Segment liabilities		
Platreef property	**132,053**	34,472
All other segments (i)	**(82,785)**	11,981
Kipushi properties	**10,000**	9,193
Treasury (ii)	**6,712**	4,175
Total	**65,980**	59,821
Segment losses (profits)		
Kamoa Holding Limited joint venture	**(19,615)**	27,505
All other segments (i)	**10,439**	5,872
Platreef properties	**4,125**	4,280
Kipushi properties	**(2,079)**	(249,914)
Treasury (ii)	**(12,322)**	(21,702)
Total	**(19,452)**	(233,959)
Capital expenditures		
Kipushi properties	**69,085**	11,649
Platreef properties	**59,925**	49,095
All other segments (i)	**(1,106)**	1,037
Total	**127,904**	61,781
Exploration expenditure		
All other segments (i)	**11,487**	6,304
Platreef properties	**-**	175
Kipushi properties	**-**	34,024
Total	**11,487**	40,503

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

(ii) Treasury includes cash balances, the promissory note receivable and the financial asset at fair value through profit and loss.

33. Approval of the financial statements

The Consolidated Financial Statements of Ivanhoe Mines Ltd., for the year ended December 31, 2018, were approved and authorized for issue by the Board of Directors on March 26, 2019.