Condensed consolidated interim financial statements of

Ivanhoe Mines Ltd.

March 31, 2016
(Stated in U.S. dollars)

(Unaudited)

Ivanhoe Mines Ltd.
March 31, 2016

Table of contents

Ivanhoe Mines Ltd.

Condensed consolidated interim statements of comprehensive loss

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

	Notes	Three months ended March 31, 2016	2015
		$	$
Expenses			
Exploration and project expenditure		**6,917**	13,241
Salaries and benefits		**1,849**	1,390
Share-based payments	16	**1,473**	1,986
Office and administration		**738**	607
Travel		**526**	464
Professional fees		**299**	418
Legal		**94**	179
Other expenditure		**414**	677
Foreign exchange (gain) loss		**(227)**	2,040
Loss from operating activities		**12,083**	21,002
Finance income	17	**(8,469)**	(295)
Other income		**(1,022)**	(89)
Finance costs	18	**428**	34
Share of losses from joint venture	6	**4,216**	-
Mark-to-market gain on revaluation of warrants	13(c)	**-**	(4,212)
Loss before income taxes		**7,236**	16,440
Income tax expense			
Current		**-**	-
Deferred tax recovery		**142**	-
		142	-
LOSS FOR THE PERIOD		**7,378**	16,440
Other comprehensive (profit) loss			
Items that may subsequently be reclassified to loss:			
Exchange (gains) losses on translation of foreign operations		**(278)**	2,569
Other comprehensive (profit) loss for the period, net of tax		**(278)**	2,569
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**7,100**	19,009
Loss attributable to:			
Owners of the Company		**4,405**	13,107
Non-controlling interests		**2,973**	3,333
		7,378	16,440
Total comprehensive loss attributable to:			
Owners of the Company		**4,203**	15,511
Non-controlling interests	15	**2,897**	3,498
		7,100	19,009
Basic and diluted loss per share	19	**0.01**	0.02
Weighted average number of basic and diluted shares outstanding	19	**778,959,807**	702,142,787

Ivanhoe Mines Ltd.

Condensed consolidated interim statements of financial position
as at

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

	Notes	**March 31, 2016**	December 31, 2015
		$	$
ASSETS			
Non-current assets			
Property, plant and equipment	4	**87,109**	77,386
Mineral properties	5	**6,940**	6,940
Investment in joint venture	6	**420,032**	411,984
Purchase price receivable	6	**35,511**	70,072
Promissory notes receivable	7	**9,535**	9,076
Deferred tax asset		**1,490**	1,621
Other assets		**4,143**	6,462
Total non-current assets		**564,760**	583,541
Current assets			
Purchase price receivable	6	**111,368**	121,784
Other receivables	8	**9,652**	15,627
Prepaid expenses		**11,632**	6,651
Financial assets at fair value through profit or loss	9	**842**	1,027
Cash and cash equivalents	10	**314,007**	293,948
Total current assets		**447,501**	439,037
Total assets		**1,012,261**	1,022,578
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	13	**1,124,032**	1,124,032
Share option reserve	13	**132,448**	131,129
Foreign currency translation reserve	14	**(30,456)**	(30,658)
Accumulated deficit		**(131,910)**	(127,505)
Equity attributable to owners of the Company		**1,094,114**	1,096,998
Non-controlling interests	15	**(121,071)**	(118,174)
Total equity		**973,043**	978,824
Non-current liabilities			
Non-current borrowings	11	**26,266**	26,021
Deferred tax liabilities		**2,082**	2,082
Total non-current liabilities		**28,348**	28,103
Current liabilities			
Financial liability		**1,358**	1,204
Trade and other payables	12	**9,390**	14,327
Current tax liabilities		**122**	120
Total current liabilities		**10,870**	15,651
Total liabilities		**39,218**	43,754
Total equity and liabilities		**1,012,261**	1,022,578

Continuing operations (Note 1)
Commitments and contingencies (Note 23)

(Signed) Oyvind Hushovd
Oyvind Hushovd, Director

(Signed) William Lamarque
William Lamarque, Director

Ivanhoe Mines Ltd.

Condensed consolidated interim statements of changes in equity

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

(Unaudited)

	Share capital							
	Number of shares	Amount	Share option reserve	Foreign currency translation reserve	Accumulated deficit	Equity attributable to owners	Non-controlling interests	Total
		$	$	$	$	$	$	$
Balance at January 1, 2015	**702,142,787**	**1,038,868**	**124,179**	**(11,549)**	**(827,888)**	**323,610**	**(121,207)**	**202,403**
Loss for the period	-	-	-	-	(13,107)	(13,107)	(3,333)	(16,440)
Other comprehensive loss	-	-	-	(2,404)	-	(2,404)	(165)	(2,569)
Total comprehensive loss	-	-	-	(2,404)	(13,107)	(15,511)	(3,498)	(19,009)
Transactions with owners								
Share-based payments								
charged to operations (Note 16)	-	-	1,986	-	-	1,986	-	1,986
Balance at March 31, 2015	**702,142,787**	**1,038,868**	**126,165**	**(13,953)**	**(840,995)**	**310,085**	**(124,705)**	**185,380**
Balance at January 1, 2016	**778,959,807**	**1,124,032**	**131,129**	**(30,658)**	**(127,505)**	**1,096,998**	**(118,174)**	**978,824**
Loss for the period	-	-	-	-	(4,405)	(4,405)	(2,973)	(7,378)
Other comprehensive profit	-	-	-	202	-	202	76	278
Total comprehensive (profit) loss	-	-	-	202	(4,405)	(4,203)	(2,897)	(7,100)
Transactions with owners								
Share-based payments								
charged to operations (Note 16)	-	-	1,319	-	-	1,319	-	1,319
Balance at March 31, 2016	**778,959,807**	**1,124,032**	**132,448**	**(30,456)**	**(131,910)**	**1,094,114**	**(121,071)**	**973,043**

Ivanhoe Mines Ltd.

Condensed consolidated interim statements of cash flows

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

	Notes	Three months ended March 31, 2016	2015
		$	$
Cash flows from operating activities			
Loss before income taxes		**(7,236)**	(16,440)
Items not involving cash			
Share of losses from joint venture	6	**4,216**	-
Share-based payments	16	**1,473**	2,194
Depreciation and amortization		**1,148**	888
Finance costs		**428**	34
Increase in fair value of financial asset		**185**	-
Finance income	17	**(8,469)**	(295)
Unrealized foreign exchange (gain) loss		**(312)**	1,645
Promissory note fair value adjustment		**(303)**	-
Profit on disposal of property, plant and equipment		**(10)**	(21)
Loss on disposal of assets held for sale		**-**	309
Mark-to-market gain on revaluation of warrants	13(c)	**-**	(4,212)
		(8,880)	(15,898)
Change in non-cash working capital items	21	**(5,599)**	(4,539)
Income taxes paid		**-**	(190)
Interest received		**676**	295
Interest paid		**(33)**	(34)
Net cash used in operating activities		**(13,836)**	(20,366)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**19**	41
Property, plant and equipment acquired	4	**(10,284)**	(19,660)
Investment in joint venture		**(7,725)**	-
Other assets acquired		**(1,970)**	(529)
Proceeds from the sale of other assets		**-**	1,111
Decrease in investment in short-term deposits		**-**	(12)
Net cash used in investing activities		**(19,960)**	(19,049)
Cash flows from financing activities			
Cash received from partial sale of subsidiary		**51,947**	-
Transaction costs on partial sale of subsidiary		**(2,060)**	-
Cash paid on behalf of joint venturer		**(156)**	-
Net cash generated by financing activities		**49,731**	-
Effect of foreign exchange rate changes on cash		**4,124**	(2,498)
Net cash inflow (outflow)		**20,059**	(41,913)
Cash and cash equivalents, beginning of period		**293,948**	110,983
Cash and cash equivalents, end of period		**314,007**	69,070
Cash and cash equivalents consists of			
Cash		**288,007**	48,530
Short-term fixed deposits		**26,000**	20,540
		314,007	69,070

Supplemental cash flow information (Note 21)

1. Basis of presentation and continuing operations

Ivanhoe Mines Ltd. is a Canadian 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 gems from its property interests located primarily in Africa.

The registered and records office of the Company are 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.

These consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets and financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The financial statements are also prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business.

The Company has an accumulated deficit of $131.9 million at March 31, 2016. Continuation of the Company as a going concern is dependent upon establishing profitable operations, the confirmation of economically recoverable reserves, and the ability of the Company to obtain further financing to develop properties. Although the Company has been successful in raising funds in the past, there can be no assurance that it will be able to raise sufficient funds in the future. The Company's total current assets exceeds the Company's total liabilities and spending plan for 2016. As at March 31, 2016, the Company's total assets exceeds its total liabilities by $973.0 million and current assets exceeds current liabilities by $436.6 million. The Company therefore believes it has sufficient resources to continue as a going concern for the foreseeable future.

2. Significant accounting policies

(a) *Statement of compliance*

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

These condensed consolidated interim financial statements do not include all of the information and footnotes required by International Financial Reporting Standards ("IFRS") for complete financial statements for year-end reporting purposes. Results for the period ended March 31, 2016, are not necessarily indicative of future results. The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company in its most recent annual consolidated financial statements as at and for the year ended December 31, 2015 except for the adoption of the new and amended accounting policies mentioned in Note 3.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2015.

2. Significant accounting policies (continued)

(b) Significant accounting estimates and judgements

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

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

Significant accounting estimates and judgments include, amongst other things, the recoverability of assets, share-based payment assumptions, the determination of the functional currency, technical feasibility and commercial viability of projects, the classification of Kamoa Holding Limited as a joint venture and the preparation of the financial statements on a going concern basis.

(c) 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, 2015:

- Amendment to IAS 12 – Income taxes. The amendments were issued to clarify the requirements for recognising deferred tax assets on unrealised losses. (i)

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

- Amendment to IAS 7 – Cash flow statements. In January 2016, the International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. (i)

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

- 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. (ii)

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

- IFRS 9 – Financial Instruments (2009 &2010). IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. (ii)

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

2. Significant accounting policies (continued)

(c) Future accounting changes (continued)

- Amendment to IFRS 9 -'Financial instruments', on general hedge accounting. The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. (ii)

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

- IFRS 16 – Leases. The standard requires lessees to recognise assets and liabilities arising from all leases (with limited exceptions) on the balance sheet. Lessor accounting has not substantially changed in the new standard. (iii)

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

(i) Effective for annual periods beginning on or after January 1, 2017
(ii) Effective for annual periods beginning on or after January 1, 2018
(iii) Effective for annual periods beginning on or after January 1, 2019

The Company has not yet adopted these new and amended standards.

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, 2016. The Company adopted these standards in the current period and they did not have a material impact on its consolidated financial statements.

- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28,'Investments in associates and joint ventures' on sale or contribution of assets. Those changes affect how an entity should determine any gain or loss it recognises when assets are sold or contributed between the entity and an associate or joint venture in which it invests.

- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28,'Investments in associates and joint ventures' on applying the consolidation. The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

- Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation. In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

- Amendments to IAS 1,'Presentation of financial statements' disclosure initiative. In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38,'Intangible assets', on depreciation and amortization. In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

- Amendments to IAS 27, 'Separate financial statements' on equity accounting. In this amendment the IASB has restored the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

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

4. Property, plant and equipment

	Land	Buildings	Office equipment	Motor vehicles	Plant and equipment	Assets under construction	Total
	$		$	$	$	$	$
Cost							
Balance as at December 31, 2014	2,005	14,768	6,673	6,857	19,128	18,778	68,209
Additions	555	3,629	552	2	1,099	81,678	87,515
Disposals	-	(21)	(233)	(287)	(57)	-	(598)
Partial sale of subsidiary	(90)	(1,136)	(1,849)	(4,253)	(5,238)	(38,542)	(51,108)
Foreign exchange translation	(556)	(1,663)	(825)	(310)	(325)	(11,049)	(14,728)
Balance as at December 31, 2015	1,914	15,577	4,318	2,009	14,607	50,865	89,290
Additions	79	76	45	8	422	9,654	10,284
Disposals	-	-	(1)	(24)	-	-	(25)
Foreign exchange translation	19	(322)	(2)	8	-	793	496
Balance as at March 31, 2016	**2,012**	**15,331**	**4,360**	**2,001**	**15,029**	**61,312**	**100,045**
Accumulated depreciation and impairment							
Balance as at December 31, 2014	-	892	4,064	4,339	8,055	-	17,350
Depreciation	-	555	1,085	631	3,194	-	5,465
Disposals	-	(14)	(207)	(287)	(20)	-	(528)
Reclassified to assets held for sale	-	(249)	(1,479)	(3,691)	(3,956)	-	(9,375)
Foreign exchange translation	-	(177)	(637)	(26)	(168)	-	(1,008)
Balance as at December 31, 2015	-	1,007	2,826	966	7,105	-	11,904
Depreciation	-	192	180	63	714	-	1 149
Disposals	-	-	-	(16)	-	-	(16)
Foreign exchange translation	-	(79)	(24)	3	(1)	-	(101)
Balance as at March 31, 2016	**-**	**1,120**	**2,982**	**1,016**	**7,818**	**-**	**12,936**
							-
Carrying value							-
December 31, 2015	1,914	14,570	1,492	1,043	7,502	50,865	77,386
March 31, 2016	**2,012**	**14,211**	**1,378**	**985**	**7,211**	**61,312**	**87,109**

Assets under construction

Assets under construction includes development costs capitalised 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.

Assets pledged as security

Buildings with a carrying amount of $10.6 million (December 31, 2015 - $10.6 million) have been pledged to secure borrowings of the Company (see Note 11). The buildings have been pledged as security for bank loans under a mortgage. The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

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

5. Mineral properties

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

	March 31, 2016	December 31, 2015
	$	$
Platreef property, South Africa	**6,940**	6,940
	6,940	6,940

Direct costs related to the acquisition of mineral properties are capitalized on a property by property basis. Exploration costs are expensed in the period incurred (refer below), until such time as the Company determines that a property is technically feasible and commercially viable, where after development costs are capitalized as property, plant and equipment in the assets under construction category (see Note 4).

Platreef property

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

In November 2014 the mining right for the development and operation of the company's Platreef mining project had been granted and 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.

Itochu, together with other Japanese-based investors, holds an effective 10% interest in the Platreef Project. The Company transferred an additional 26% of Platreef to a B-BBEE special purpose vehicle in compliance with South African ownership requirements (see Note 16).

6. Joint arrangements

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 $10.8 million (December 31, 2014: $10.8 million) and are included in Property, Plant and Equipment (see Note 4).

The Company has a 25% interest in the RK1 consortium ("RK1") through its subsidiaries Gardner and Barnard Mining (UK) Limited ("GBUK") and RKR Mining (UK) Ltd. and their subsidiaries, the remainder of which is held 50% by Aquarius Platinum Limited and 25% by Sylvania Resources Limited, operating at the Aquarius Kroondaal platinum mine on the western limb of the Bushveld Complex in South Africa's North West Province. The RK1 Consortium is currently undergoing care and maintenance which is managed by a subsidiary of Aquarius Platinum Limited.

6. Joint arrangements (continued)

Joint venture

Partial sale of Kamoa Holding Limited

On December 8, 2015 the Company sold a 50.5% stake in Kamoa Holding Limited ("Kamoa Holding"), the company that owns 95% of the Kamoa project.

The Company sold a 49.5% stake to Zijin Mining Group Co., Ltd. ("Zijin") – through its subsidiary, Gold Mountains (H.K.) International Mining Company Limited. Under the terms of the share acquisition agreement, Zijin bought a 49.5% share interest for an aggregate consideration of $412 million. The purchase price was satisfied by an initial payment of $206 million in cash upon the closing of the transaction. The agreements specify that the remaining $206 million will be paid in five equal instalments, payable every 3.5 months from closing and continuing through 2016 and into 2017.

In addition, the Company sold 1% of its share interest in Kamoa Holding to Crystal River Global Limited ("Crystal River") for $8.32 million – which Crystal River will pay through a non-interest bearing, 10-year promissory note. Crystal River is a private company incorporated in the British Virgin Islands.

Upon closing of the transaction, each shareholder is required to fund Kamoa Holding in an amount equivalent to its proportionate shareholding interest.

(a) Consideration received

Zijin bought a 49.5% share interest in Kamoa Holding for an aggregate consideration of $412 million. In addition, the Company sold 1% of its share interest in Kamoa Holding to Crystal River for $8.32 million, which Crystal River will pay through a non-interest-bearing, 10 year promissory note. The consideration received, net of transaction costs, was discounted using a risk free rate adjusted for country risk premium of 8.3% on the date of closing, resulting in a purchase price receivable of $390.4 million.

Zijin paid $206 million of the purchase consideration on closing and the remaining $206 million will be received in five equal instalments, payable every 3.5 months from the date of closing. The first installment of $41.2 million was received in March 2016. The present value of the remaining consideration receivable, net of transaction costs, is $147 million as at March 31, 2016 (December 31, 2015: $192 million), of which $111 million (December 31, 2015: $122 million) is expected to be received before March 31, 2017 and the remaining $36 million (December 31, 2015: $70 million) in the year thereafter.

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

6. Joint arrangements (continued)

Joint venture (continued)

(b) Assets and liabilities over which the Company lost control

	December 8, 2015
	$
Non-current assets	
Property, plant and equipment	41,731
Current assets	
Prepaid expenses	4,154
Cash and cash equivalents	9,143
Current liabilities	
Trade and other payables	(6,254)
	48,774

(c) Gain on partial sale of subsidiary

	December 8, 2015
	$
Present value of consideration received (net of transaction costs)	390,382
Fair value of interest retained	408,213
	798,595
Net assets disposed of	(48,774)
Non-controlling interest	(16,002)
Re-measurement to fair value of the interest retained in joint venture	(376,148)
Gain on partial sale of subsidiary	357,671

Non-controlling interest of $16 million relating to Kamoa Holding up until the date of partial sale was re-allocated to the statement of comprehensive income as part of the gain on the partial sale of subsidiary.

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

6. Joint arrangements (continued)

Joint venture (continued)

The following table summarizes the Company's share of comprehensive loss of Kamoa Holding for the period ending March 31, 2016.

	March 31, 2016
	$
Interest expense	7,064
Exploration costs	1,684
Foreign exchange gains	189
Loss for the period	8,937
Non-controlling interest	(419)
Loss for the period	8,518
Share of losses from joint venture (49.5%)	4,216

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

	March 31, 2016		December 31, 2015	
	100%	**49.5%**	100%	49.5%
	$	**$**	$	$
Non-current assets				
Property, plant and equipment	**56,588**	**28,011**	44,281	21,919
Other assets	**2,493**	**1,234**	3,133	1,551
Mineral property	**802,022**	**397,001**	802,022	397,001
Current assets				
Prepaid expenses	**2,581**	**1,278**	3,537	1,751
Cash and cash equivalents	**21,743**	**10,763**	9,836	4,869
Current liabilities				
Accruals and payables	**(12,153)**	**(6,016)**	(5,376)	(2,661)
Non-controlling interest	**(24,724)**	**(12,238)**	(25,143)	(12,446)
Company's share of net assets in joint venture	**848,550**	**420,032**	832,290	411,984

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

6. Joint arrangements (continued)

Joint venture (continued)

Commitments in respect of joint venture

The Company is required to fund its Kamoa 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
	$	$	$	$	$
Advancement of interest free loan	126,250	-	-	-	126,250
	126,250	-	-	-	126,250

On March 21, 2014, a financing agreement was entered into between a subsidiary of Kamoa Holding and La Société Nationale d'Electricieé 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 project.

Under the agreement, the 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, 2015 by the subsidiary of Kamoa Holding amounted to $3.1 million and is included in the investment in joint venture. 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 the actual bill as per the terms of the loan repayment. The interest rate is 6 month LIBOR + 3%.

The Kamoa 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 Kamoa project, and following the upgrade, on an exclusivity and priority basis, up to 200 MW depending on the production and mine expansion scenarios.

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

7. Promissory notes receivable

The Company has the following promissory notes receivable:

	March 31, 2016	December 31, 2015
	$	$
A$3 million promissory note receivable (a)	**1,948**	1,827
Promissory note receivable from Crystal River (b)	**7,587**	7,249
	9,535	9,076

(a) The promissory note receivable with a carrying value of $1.9 million is an A$3 million promissory note which bears no interest and is receivable on March 31, 2018. This note was received as part of the purchase consideration when the Company sold its Australian subsidiaries (see Note 9).

(b) The promissory note receivable with a carrying value of $7.6 million is an $8.70 million non-interest-bearing, 10 year promissory note, of which $8.32 million was received by the Company as the purchase consideration for selling 1% of its share in Kamoa Holding (see Note 6).

8. Other receivables

	March 31, 2016	December 31, 2015
	$	$
Refundable taxes (a)	**2,467**	9,587
Advances	**1,057**	1,046
Loan receivable from joint venture	**73**	2,537
Other	**6,055**	2,457
	9,652	15,627

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

9. Financial assets at fair value through profit or loss

On March 31, 2015, the Company disposed of its Australian subsidiaries. The carrying value of assets net of liabilities immediately prior to the sale amounted to $2.9 million. The Company received listed shares with a value of $0.8 million, which has been classified as financial assets at fair value through profit or loss, and an A$3 million promissory note with a deemed present value of $1.8 million as the purchase consideration. The loss recognised on sale of $0.3 million has been included in other expenditure on the statements of comprehensive loss. The trading value of the listed shares as at March 31, 2016 is $0.8 million.

10. Cash and cash equivalents and short term deposits

As at March 31, 2016, the cash and cash equivalents of $314.0 million (December 31, 2015 - $293.9 million) included $43.9 million (December 31, 2015 - $57.1 million) which are subject to contractual restrictions as to their use and are reserved for the Platreef Project and were not available for the Company's general corporate purposes.

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

11. Borrowings

	March 31, 2016	December 31, 2015
	$	$
Unsecured - at amortised cost		
(a) Loans from other entities	**21,630**	21,235
Secured - at amortised cost		
(b) Citi bank loan	**3,386**	3,495
(c) Citi bank loan	**1,250**	1,291
	26,266	26,021

(a) On June 6, 2013, the Company became party to a $28.0 million loan payable to ITC Platinum Development Limited, through its subsidiary Ivanplats (Pty) Ltd ("Ivanplats") the owner of the Platreef Project. 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 attracts interest of LIBOR plus 2% calculated monthly in arrears. Interest is not compounded. Using prevailing market interest rates for an equivalent loan of LIBOR plus 7% at June 6, 2013, the fair value of the loan at March 31, 2016 was estimated at $21.6 million (December 31, 2015: $21.2 million). The difference of $8.5 million (December 31, 2015: $8.4 million) between the contractual amount due and the fair value of the loan is the benefit derived from the low-interest loan. An interest expense of $0.4 million (December 31, 2015: $1.4 million) was recognised during the three months ended March 31, 2015.

(b) The Citi bank loan of $3.4 million (£2.36 million) is secured by the Rhenfield property acquired during May, 2007 (see Note 4), is repayable on demand and incurs interest at a rate of LIBOR plus 2.25% payable monthly in arrears.

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

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

12. Trade and other payables

	March 31, 2016	December 31, 2015
	$	$
Trade payables	**2,807**	8,384
Trade accruals	**5,618**	3,720
Indirect taxes payable	**145**	280
Other payables	**820**	1,943
	9,390	14,327

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

13. Share capital

(a) Shares issued

The Company is authorized to issue an unlimited number of Class A Shares, an unlimited number of Class B Shares (together with the Class A Shares, the "common shares") and an unlimited number of Preferred Shares. As at March 31, 2016, 778,959,807 Class A Shares, nil Class B Shares and nil Preferred Shares were issued and outstanding. As at March 31, 2016, nil shares were subject to a lock-up, pursuant to lock-up agreements.

In April 2015, the Company concluded a private placement for 76,817,020 Class A Shares, which were sold at a price of C$1.36 per unit for gross proceeds of C$104 million ($85 million). Issue costs amounted to $0.2 million.

(b) Options

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

As at March 31, 2016, 38,775,000 share options have been granted and exercised, and 32,895,000 have been granted and are outstanding.

All share options granted prior to December 31, 2012, vest in five equal stages with the first stage vesting on the date of the grant, and the remainder in four equal annual stages commencing on the first anniversary of the date of the grant. The Company established a new equity incentive plan for all options granted after December 31, 2012. Options granted under this plan 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.

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

13. Share capital (continued)

(b) Options (continued)

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

	2016		2015	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		$		$
Balance, beginning of year	**40,825,000**	**1.68**	40,190,000	1.92
Granted	**-**	**-**	6,350,000	0.47
Exercised	**-**	**-**	-	-
Expired	**(7,330,000)**	**2.40**	(4,690,000)	1.80
Forfeited	**(600,000)**	**1.03**	(1,025,000)	2.95
Balance, end of year	**32,895,000**	**1.52**	40,825,000	1.68

No options were granted in the three months ended March 31, 2016. The fair value of options granted is estimated on the date of grant using the Black-Scholes option pricing model. The following weighted average assumptions was used for the share option grants in 2015 and 2014:

	2015	2014
Risk free interest rate	**1.17%**	1.17%
Expected volatility (i)	**67%**	63%
Expected life	**3.75 years**	3.75 years
Expected dividends	**$Nil**	$Nil
Forfeiture rate	**1.0%**	1.0%

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

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

13. Share capital (continued)

(b) Options (continued)

The following table summarizes information about share options outstanding and exercisable as at March 31, 2015:

	Options outstanding		Options exercisable	
Expiry date	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
		$		$
March 22, 2017	100,000	3.00	100,000	3.00
April 1, 2017	1,000,000	3.00	800,000	3.00
April 20, 2017	2,500,000	3.00	2,000,000	3.00
January 11, 2018	1,650,000	4.90	1,237,500	4.90
February 1, 2018	100,000	4.81	75,000	4.81
April 1, 2018	530,000	4.45	265,000	4.45
May 17, 2018	30,000	2.44	15,000	2.44
August 14, 2018	100,000	1.44	50,000	1.44
August 16, 2018	750,000	1.45	375,000	1.45
December 13, 2018	6,110,000	1.86	3,055,000	1.86
March 31, 2019	200,000	1.57	100,000	1.57
June 16, 2019	500,000	1.20	125,000	1.20
August 15, 2019	1,000,000	1.33	250,000	1.33
December 8, 2019	11,975,000	0.86	2,993,750	0.86
December 15, 2020	6,350,000	0.47	-	0.47
	32,895,000	1.52	11,441,250	2.26

(c) Warrants

The Company's warrants issued on June 10, 2014, remained unexercised and expired on December 10, 2015.

(d) Restricted share units

The Company started issuing restricted share units ("RSUs") as a security based compensation arrangement during December 2015. Each restricted share unit represents the right of an eligible participant to receive one Class A Share or a cash payment equal to the equivalent thereof.

RSUs vest in three equal parts, commencing on the one year anniversary of the date of grant and on each of the two anniversaries thereafter, subject to the satisfaction of any performance conditions.

During December 2015, a total of 7,277,081 restricted share units were issued to senior executives and some employees as a performance reward. An expense of $3.4 million for the RSUs granted during the year ended December 31, 2015, using the fair value of a common share at time of grant, will be amortized over the vesting period, of which $0.1 million was recognized in the three months ended March 31, 2016 (see Note 16).

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

14. Foreign currency translation reserve

	March 31, 2016	December 31, 2015
	$	$
Balance at the beginning of the year	**(30,658)**	(11,549)
Exchange differences arising on translation of the foreign operations	**202**	(19,109)
Balance at the end of the period	**(30,456)**	(30,658)

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

15. Non-controlling interests

	March 31, 2016	December 31, 2015
	$	$
Balance at beginning of the year	**(118,174)**	(121,207)
Share of comprehensive loss for the period	**(2,897)**	(12,969)
Changes in non-controlling interest on partial sale of subsidiary	**-**	16,002
Balance at end of the period	**(121,071)**	(118,174)

Non-controlling interest of $16 million relating to Kamoa Holding up until the date of the partial sale of the subsidiary on December 8, 2015 was re-allocated to the statement of comprehensive income as part of the gain on the partial sale of subsidiary in December 2015.

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

16. Share-based payments

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

	Three months ended March 31,	
	2016	2015
	$	$
Equity settled share-based payments		
Options granted (Note 12(b))	**1,188**	1,986
Restricted share unit expense	**131**	-
Cash settled share-based payments		
B-BBEE transaction expense	**154**	208
	1,473	2,194

In addition to the options granted share-based payment expense noted above the Company has a restricted share unit expense (see Note 13(d)).

Of the share-based payment expense recognised for the period ending March 31, 2016, $0.2 million (2015: $0.2 million) related to the B-BBEE transaction, with the remaining $1.3 million (2015: $2.0 million) being the expense for options granted to employees recognised over the vesting period.

17. Finance income

Finance income is summarized as follows:

	Three months ended March 31,	
	2016	2015
	$	$
Unwinding discount	**(4,285)**	-
Interest income	**(4,184)**	(295)
	(8,469)	(295)

The unwinding discount is the unwinding of the purchase price receivable from Zijin (see Note 6).

18. Finance costs

The finance costs of the Company are summarized as follows:

	Three months ended March 31,	
	2016	2015
	$	$
Interest on non-current borrowings	**427**	10
Interest on current borrowings	**-**	24
Other financing costs	**1**	-
	428	34

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

19. Loss per share

The basic loss per share is computed by dividing the loss attributable to the owners of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. All outstanding stock options and share purchase warrants were anti-dilutive for the three months ended March 31, 2016.

	Three months ended March 31, 2016	2015
	$	$
Basic and diluted loss per share	**0.01**	0.02
Weighted average number of basic and diluted shares outstanding	**778,959,807**	702,142,787

20. Related party transactions

The financial statements include the financial statements of Ivanhoe Mines Ltd. and its subsidiaries listed in the following table:

Name	Country of Incorporation	% equity interest as at March 31, 2016	December 31, 2015
Ivanhoe Mines (Barbados) Limited	Barbados	**100%**	100%
Ivanplats Holding SARL	Luxembourg	**97%**	97%
Ivanplats Finance Limited	Ireland	**100%**	100%
Gabon Holding Company Ltd.	Barbados	**100%**	100%
Ivanhoe (Zambia) Ltd.	Zambia	**100%**	100%
Kipushi Holding Limited	Barbados	**100%**	100%
Ivanhoe DRC Holding Ltd.	Barbados	**100%**	100%
Kipushi Corporation SA	Democratic Republic of Congo	**68%**	68%
Ivanhoe Mines Exploration DRC SARL	Democratic Republic of Congo	**100%**	100%
Ivanhoe Mines DRC SARL	Democratic Republic of Congo	**100%**	100%
Africa Consolidated Mineral Exploration (Pty) Ltd.	South Africa	**100%**	100%
Ivanplats (Pty) Ltd.	South Africa	**64%**	64%
Ivanhoe Mines SA (Pty) Ltd.	South Africa	**100%**	100%
GB Mining & Exploration (SA) (Pty) Ltd.	South Africa	**100%**	100%
RK Mining (SA) (Pty) Ltd.	South Africa	**100%**	100%
Ivanhoe Mines UK Limited	United Kingdom	**100%**	100%
Ivanhoe (Namibia) (Pty) Ltd.	Namibia	**100%**	100%
Ivanhoe Gabon SA	Gabon	**100%**	100%
Joint ventures			
Kamoa Holding Limited	Barbados	**49.5%**	49.5%
Joint operations			
Rhenfield Limited	British Virgin Islands	**50%**	50%
RK1 Consortium	South Africa	**25%**	25%

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

20. Related party transactions (continued)

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

	Three months ended March 31,	
	2016	2015
	$	$
Global Mining Management Corporation (a)	**689**	745
Ivanhoe Capital Aviation LLC (b)	**300**	300
Ivanhoe Capital Services Ltd. (c)	**218**	129
Ivanhoe Capital Pte Ltd (d)	**66**	22
HCF International Advisors (e)	**55**	45
Global Mining Services Ltd. (f)	**-**	39
Ivanhoe Capital Corporation (UK) Ltd (g)	**-**	5
	1,328	1,285

Salaries and benefits	**709**	864
Travel	**377**	319
Office and administration	**178**	39
Consulting	**64**	63
	1,328	1,285

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

As at March 31, 2016, trade and other payables included $0.1 million (March 31, 2015: $0.5 million) with regards to amounts due to related parties related by way of director or officers in common. These amounts are unsecured and non-interest bearing.

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

20. Related party transactions (continued)

(a) Global Mining Management Corporation ("Global") is a private company based in Vancouver. The Company holds an equity interest in Global, and has each of a director and significant shareholder in common therewith. Global provides administration, accounting and other services to the Company on a cost-recovery basis.

(b) Ivanhoe Capital Aviation LLC ("Aviation") is a private company 100% owned by a director of the Company. Aviation operates an aircraft for which the Company contributes toward the running costs.

(c) Ivanhoe Capital Services Ltd. ("Services") is a private company 100% owned by a director of the Company. Services provide for salaries administration and other services to the Company in Singapore and Beijing on a cost-recovery basis.

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

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

(f) 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.

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

21. Cash flow information

Net change in non-cash working capital items:

	Three months ended March 31,	
	2016	2015
	$	$
Net decrease (increase) in		
Other receivables	**5,975**	1,425
Prepaid expenses	**(4,981)**	(157)
Net (decrease) increase in		
Trade and other payables	**(6,593)**	(5,807)
	(5,599)	(4,539)

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

22. Financial instruments

(a) Fair value of financial instruments

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

Financial instrument	Level	**March 31, 2016**	December 31, 2015
Financial assets			
Financial assets at fair value through profit or loss			
Investment in listed entity	Level 1	**842**	1,027
Loans and receivables			
Purchase price receivable	Level 2	**146,879**	191,856
Promissory note receivable	Level 2	**9,535**	9,076
Financial liabilities			
Borrowings	Level 2	**26,266**	26,021
Option liability	Level 2	**1,358**	1,204

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 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 (see Note 11 (a)) was originally determined assuming repayment occurs on August 31, 2022 and using an interest rate of LIBOR plus 7%. The carrying value of borrowings is not significantly different to their fair value.

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

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

22. Financial instruments (continued)

(b) Financial risk management objectives and policies

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

(i) Foreign exchange risk

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

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

	March 31, 2016	December 31, 2015
	$	$
Assets		
Canadian dollar	**1,345**	1,786
Australian dollar	**-**	-
South African rand	**23,953**	22,266
British pounds	**1,038**	1,316
Liabilities		
Canadian dollar	**(98)**	(246)
Australian dollar	**(58)**	(21)
South African rand	**(3,907)**	(4,262)
British pounds	**(38)**	(92)

<u>Foreign currency sensitivity analysis</u>

The following table details the Company's sensitivity to a 5% increase and decrease in the U.S. dollar against the foreign currencies presented. The sensitivity analysis includes only outstanding foreign currency denominated monetary items 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.

	Three months ended March 31,	
	2016	2015
	$	$
Canadian dollar	**62**	651
Australian dollar	**(3)**	(1)
South African rand	**(26)**	(216)
British Pounds	**1**	(4)

22. Financial instruments (continued)

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

(ii) Credit risk

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

The Company reviews the recoverable amount of their receivables at each statement of financial position date to ensure that adequate impairment losses are made for unrecoverable amounts. In this regard, the Company considers that the credit risk is significantly reduced. The credit risk on cash equivalents is limited because the cash equivalents are composed of financial instruments 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 historical information about counterparty default rates. The Company has a purchase price receivable from Zijin which will be received in five equal instalments, payable every 3.5 months from the date of closing. The first instalment was received in March 2016. The installment payments owing from Zijin are secured by a pledge of shares of Kamoa Holding Limited owned by Zijin and which originally represented 24.75% of the outstanding shares of that entity. Should Zijin default on any installment payment, a subsidiary of the Company is entitled to enforce on the pledge of shares, including by requiring the re-transfer of ownership of 1/5th of the pledged shares back to a subsidiary of the Company, which, if it occurred, would result in a reduction in the share ownership of Kamoa Holding Limited by Zijin.

Therefore, the Company is not exposed to significant credit risk and overall the Company’s credit risk has not changed significantly from prior years.

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

22. Financial instruments (continued)

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

(iii) Liquidity risk

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

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

	Less than 1 month	1 to 3 months	3 to 12 months	More than 12 months	**Total undiscounted cash flows**
	$	$	$	$	**$**
As at March 31, 2016					
Trade and other payables	7,836	693	7	854	**9,390**
Current income tax liabilities	122	-	-	-	**122**
Non-current borrowings	-	-	-	34,469	**34,469**
As at December 31, 2015					
Trade and other payables	10,335	3,185	10	797	**14,327**
Current income tax liabilities	120	-	-	-	**120**
Non-current borrowings	-	-	-	34,460	**34,460**

(iv) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long term borrowings. Interest rate risk is not considered to be significant for the Company. The risk is managed by borrowing at fixed rates.

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

23. Commitments and contingencies

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

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

As at March 31, 2016, the Company's commitments that have not been disclosed elsewhere in the condensed consolidated interim financial statements are as follows:

	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years	Total
	$	$	$	$	$
Shaft 1 construction Platreef project	16,066	5,692	-	-	21,758
Operating leases	98	-	-	-	98
	16,164	5,692	-	-	21,856

The Company contracted Aveng Mining for the sinking of shaft 1 at the Platreef Project. The contract will conclude once the shaft reaches the contracted depth of 777 metres below surface, which is expected in late 2017.

24. Segmented information

At March 31, 2016, the Company has four reportable segments, being the Platreef property, Kamoa property and joint venture, Kipushi property 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 exploration and development of mineral properties in South Africa, the Democratic Republic of Congo ("DRC") and the restoration of a mine in the DRC respectively. The following is an analysis of the non-current assets by geographical area and reconciled to the Company financial statements:

	South Africa	DRC	Other	Total
	$	$	$	$
Non-current assets				
As at March 31, 2016	71,486	430,247	63,027	564,760
As at December 31, 2015	62,150	429,577	91,814	583,541

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

24. Segmented information (continued)

	March 31, 2016	December 31, 2015
	$	$
Segment assets		
Platreef properties	**121,121**	120,822
Kamoa Holding Limited joint venture	**420,104**	414,521
Kipushi properties	**20,621**	22,173
Treasury (ii)	**421,090**	438,976
Unallocated (i)	**29,325**	26,086
Total	**1,012,261**	1,022,578
Segment liabilities		
Platreef properties	**25,482**	25,799
Kamoa Holding Limited joint venture	**-**	101
Kipushi properties	**3,475**	3,720
Treasury (ii)	**3,569**	6,475
Unallocated (i)	**6,692**	7,659
Total	**39,218**	43,754

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

24. Segmented information (continued)

	Three months ended March 31,	
	2016	2015
	$	$
Segment (profits) losses		
Platreef properties	**1,011**	3,459
Kamoa Holding Limited joint venture	**4,216**	(108)
Kipushi properties	**6,946**	7,027
Treasury (ii)	**(4,226)**	-
Unallocated (i)	**(569)**	6,305
Total	**7,378**	16,683
Capital expenditures		
Platreef properties	**9,745**	12,341
Kamoa Holding Limited joint venture	**-**	6,724
Kipushi properties	**432**	262
Unallocated (i)	**107**	333
Total	**10,284**	19,660
Exploration and project expenditure		
Platreef properties	**40**	-
Kamoa properties	**-**	3
Kipushi properties	**6,199**	7,069
Unallocated (i)	**678**	6,169
Total	**6,917**	13,241

(i) The Company's Corporate Division and other divisions that do not meet the quantitative thresholds of IFRS 8 Operating segments, are included in the segmental analysis under the unallocated column.
(ii) Treasury includes cash balances and the purchase price receivable.

25. Approval of the financial statements

The condensed consolidated interim financial statements of Ivanhoe Mines Ltd., for the three months ended March 31, 2016 were approved and authorized for issue by the Board of Directors on May 11, 2016.