

IVANHOE MINES LTD
Form 6-K
May 16, 2012

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934**

From: May 15, 2012

IVANHOE MINES LTD.

(Translation of Registrant's Name into English)

Suite 654 999 CANADA PLACE, VANCOUVER,

BRITISH COLUMBIA V6C 3E1

(Address of Principal Executive Offices)

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(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes: No:

(If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- .)

Enclosed:

First quarter Financial Statements and Notes

First quarter MD&A

CEO Certification

CFO Certification

FIRST QUARTER REPORT

MARCH 31, 2012

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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

IVANHOE MINES LTD.**Consolidated Balance Sheets**

(Stated in thousands of U.S. dollars)

	March 31, 2012	December 31, 2011
(Unaudited)		
ASSETS		
CURRENT		
Cash and cash equivalents (Note 3)	\$ 895,132	\$ 998,054
Accounts receivable	81,097	102,460
Inventories (Note 4)	156,972	108,483
Prepaid expenses	51,510	56,327
TOTAL CURRENT ASSETS	1,184,711	1,265,324
LONG-TERM INVESTMENTS (Note 5)	99,236	107,277
OTHER LONG-TERM INVESTMENTS (Note 6)	337,740	317,325
PROPERTY, PLANT AND EQUIPMENT (Note 7)	4,991,476	4,363,501
DEFERRED INCOME TAXES	36,579	33,062
OTHER ASSETS	52,904	50,339
TOTAL ASSETS	\$ 6,702,646	\$ 6,136,828
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 553,509	\$ 681,185
Amounts due under credit facilities (Note 8)	45,799	44,884
Interest payable on long-term debt (Note 9 and 10)	14,911	10,808
TOTAL CURRENT LIABILITIES	614,219	736,877
CONVERTIBLE CREDIT FACILITY (Note 9)	142,659	141,853
INTERIM FUNDING FACILITY (Note 10)	1,104,366	400,655
PAYABLE TO RELATED PARTY	66,140	56,783
DEFERRED INCOME TAXES	7,960	15,282
ASSET RETIREMENT OBLIGATIONS	61,101	45,553
TOTAL LIABILITIES	1,996,445	1,397,003
CONTINGENCIES (Note 17)		
EQUITY		
SHARE CAPITAL (Note 11)		
Authorized		
Unlimited number of preferred shares without par value		
Unlimited number of common shares without par value		
Issued and outstanding		
741,347,768 (2011 739,382,976) common shares	6,848,403	6,819,367
ADDITIONAL PAID-IN CAPITAL	1,401,727	1,389,721
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	17,645	(2,300)
DEFICIT	(3,564,548)	(3,483,948)
TOTAL IVANHOE MINES LTD. SHAREHOLDERS EQUITY	4,703,227	4,722,840

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NONCONTROLLING INTERESTS (Note 12)	2,974	16,985
TOTAL EQUITY	4,706,201	4,739,825
TOTAL LIABILITIES AND EQUITY	\$ 6,702,646	\$ 6,136,828

APPROVED BY THE BOARD:

/s/ J. Gardiner

/s/ L. Mahler

J. Gardiner, Director

L. Mahler, Director

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

IVANHOE MINES LTD.**Consolidated Statements of Operations**

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

	Three Months Ended March 31,	
	2012	2011
(Unaudited)		
REVENUE	\$ 40,153	\$ 20,158
COST OF SALES		
Production and delivery	(19,579)	(12,158)
Depreciation and depletion	(6,337)	(2,799)
Write-down of carrying value of inventory	(4,472)	(5,318)
COST OF SALES	(30,388)	(20,275)
EXPENSES		
Exploration (Note 11 (a))	(76,757)	(46,223)
General and administrative (Note 11 (a))	(31,518)	(25,278)
Depreciation	(1,717)	(512)
Accretion of asset retirement obligations	(953)	(162)
TOTAL EXPENSES	(141,333)	(92,450)
OPERATING LOSS	(101,180)	(72,292)
OTHER INCOME (EXPENSES)		
Interest income	5,889	5,138
Interest expense	(735)	(4,347)
Accretion of convertible credit facility (Note 9)	(31)	(14)
Foreign exchange gains	9,911	3,149
Unrealized losses on long-term investments (Note 5 (d))	(372)	(3,762)
Realized gain on sale of long-term investments (Note 5 (d))	85	
Unrealized gains on other long-term investments	8,873	388
Realized gain on redemption of other long-term investments (Note 6 (a))	8	33
Change in fair value of derivative (Note 11 (c))		(432,536)
Change in fair value of embedded derivatives (Note 9)	(776)	(36,781)
Write-down of carrying value of long-term investments (Note 5)	(3,860)	
Gain on sale of long-term investment		10,628
LOSS BEFORE INCOME TAXES AND OTHER ITEMS	(82,188)	(530,396)
(Provision) recovery of income taxes	(4,388)	12,898
Share of loss of significantly influenced investees (Note 5)	(18,287)	(3,714)
NET LOSS	(104,863)	(521,212)
NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS (Note 12)	24,263	28,712
NET LOSS ATTRIBUTABLE TO IVANHOE MINES LTD.	\$ (80,600)	\$ (492,500)
BASIC AND DILUTED LOSS PER SHARE ATTRIBUTABLE TO IVANHOE MINES LTD.	\$ (0.11)	\$ (0.79)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (000 s)	740,596	620,542

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

IVANHOE MINES LTD.**Consolidated Statements of Comprehensive Loss**

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

	Three Months Ended March 31,	
	2012	2011
(Unaudited)		
NET LOSS	\$ (104,863)	\$ (521,212)
OTHER COMPREHENSIVE (LOSS) INCOME, NET OF TAXES		
Unrealized (losses) gains on available-for-sale equity securities, net of tax recovery (provision) of \$2,075, (\$6,458)	(4,402)	46,550
Unrealized gains on available-for-sale debt securities, net of tax of \$nil, \$nil	24,548	1,820
Currency translation adjustments, net of tax of \$nil, \$nil	4,912	1,494
Less: reclassification adjustments for losses recorded in earnings:		
Long-term investments		
Other-than-temporary impairment charges	2,685	
TOTAL OTHER COMPREHENSIVE INCOME	27,743	49,864
TOTAL COMPREHENSIVE LOSS	\$ (77,120)	\$ (471,348)
COMPREHENSIVE LOSS ATTRIBUTABLE TO:		
Ivanhoe Mines Ltd.	\$ (60,655)	\$ (465,318)
Noncontrolling interests	(16,465)	(6,030)
	\$ (77,120)	\$ (471,348)

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

IVANHOE MINES LTD.**Consolidated Statements of Equity**

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

(Unaudited)

	Share Capital		Additional Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Deficit	Noncontrolling		Total
	Number of Common Shares	Amount				Interests		
Balances, December 31, 2011	739,382,976	\$ 6,819,367	\$ 1,389,721	\$ (2,300)	\$ (3,483,948)	\$ 16,985		\$ 4,739,825
Net loss					(80,600)	(24,263)		(104,863)
Other comprehensive income				19,945		7,798		27,743
Shares issued for:								
Exercise of stock options	1,517,987	20,379	(9,672)					10,707
Exercise of subscription right (Note 11 (b))	439,216	8,489						8,489
Bonus shares	(1,250)							
Share purchase plan	8,839	168						168
Other increase in noncontrolling interests (Note 12)						2,454		2,454
Dilution gains			691					691
Stock-based compensation			20,987					20,987
Balances, March 31, 2012	741,347,768	\$ 6,848,403	\$ 1,401,727	\$ 17,645	\$ (3,564,548)	\$ 2,974		\$ 4,706,201

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

IVANHOE MINES LTD.**Consolidated Statements of Cash Flows**

(Stated in thousands of U.S. dollars)

	Three Months Ended March 31,	
	2012	2011
(Unaudited)		
OPERATING ACTIVITIES		
Cash used in operating activities (Note 13)	\$ (113,250)	\$ (66,689)
INVESTING ACTIVITIES		
Proceeds from sale of discontinued operations (Note 2)	13,000	
Purchase of short-term investments		(20,657)
Purchase of long-term investments	(18,000)	(8,537)
Purchase of other long-term investments		(45,000)
Proceeds from redemption of short-term investments		80,843
Proceeds from sale of long-term investments	1,141	14,000
Proceeds from redemption of other long-term investments	15,017	30,060
Expenditures on property, plant and equipment	(733,688)	(528,704)
Expenditures on other assets	(2,179)	(11,243)
Cash used in investing activities	(724,709)	(489,238)
FINANCING ACTIVITIES		
Issue of share capital	19,364	1,156,118
Proceeds from interim funding facility (Note 10)	703,711	
(Repayment of) proceeds from credit facilities	(303)	4,608
Noncontrolling interests' reduction of investment in subsidiaries	(960)	(8,784)
Noncontrolling interests' investment in subsidiaries	104	3,980
Cash provided by financing activities	721,916	1,155,922
EFFECT OF EXCHANGE RATE CHANGES ON CASH	13,121	3,786
NET CASH (OUTFLOW) INFLOW	(102,922)	603,781
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	998,054	1,264,031
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 895,132	\$ 1,867,812
CASH AND CASH EQUIVALENTS IS COMPRISED OF:		
Cash on hand and demand deposits	\$ 605,783	\$ 668,433
Short-term money market instruments	289,349	1,199,379
	\$ 895,132	\$ 1,867,812

Supplementary cash flow information (Note 13)

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

IVANHOE MINES LTD.

Notes to the Consolidated Financial Statements

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

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The accounting policies followed in preparing these consolidated financial statements are those used by Ivanhoe Mines Ltd. (the Company) as set out in the audited consolidated financial statements for the year ended December 31, 2011.

Certain information and note disclosures normally included for annual consolidated financial statements prepared in accordance with U.S. GAAP have been omitted. These interim consolidated financial statements should be read together with the audited consolidated financial statements of the Company for the year ended December 31, 2011.

In the opinion of management, all adjustments considered necessary (including reclassifications and normal recurring adjustments) to present fairly the financial position, results of operations and cash flows at March 31, 2012 and for all periods presented, have been included in these financial statements. The interim results are not necessarily indicative of results for the full year ending December 31, 2012, or future operating periods. For further information, see the Company s annual consolidated financial statements, including the accounting policies and notes thereto.

The Company has three operating segments, its development division located in Mongolia, its coal division located in Mongolia, and its exploration division with projects located primarily in Australia and Mongolia.

References to Cdn\$ refer to Canadian currency, Aud\$ to Australian currency, and \$ to United States currency.

(b) Basis of presentation

For purposes of these consolidated financial statements, the Company, subsidiaries of the Company, and variable interest entities for which the Company is the primary beneficiary, are collectively referred to as Ivanhoe Mines .

(c) Accounting changes

In May 2011, the Financial Accounting Standards Board Accounting Standards Codification (ASC) guidance for fair value measurement and disclosure was updated to clarify the Financial Accounting Standards Board s intent on current guidance, modify and change certain guidance and principles, and expand disclosures concerning Level 3 fair value measurements in the fair value hierarchy (including quantitative information about significant unobservable inputs within Level 3 of the fair value hierarchy). In addition, the updated guidance requires disclosure of the fair value hierarchy for assets and liabilities not measured at fair value in the statement of financial position, but whose fair value is required to be disclosed. The updated guidance was effective for the Company s fiscal year beginning January 1, 2012. The adoption of the updated guidance had no impact on the Company s consolidated financial position or results of operations.

IVANHOE MINES LTD.

Notes to the Consolidated Financial Statements

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Accounting changes (continued)

In June 2011, the ASC guidance on presentation of comprehensive income was updated to improve the comparability, consistency and transparency of financial reporting and to increase the prominence of items reported in other comprehensive income. The updated guidance requires an entity to present the components of net income and other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. This update eliminates the option to present the components of other comprehensive income as part of the statement of equity, but does not change the items that must be reported in other comprehensive income. The updated guidance was effective for the Company's fiscal year beginning January 1, 2012, except for changes as they relate to the presentation of reclassification adjustments out of accumulated other comprehensive income. The adoption of the updated guidance had no impact on the Company's consolidated financial position or results of operations.

2. DISCONTINUED OPERATIONS

In February 2005, Ivanhoe Mines sold the Savage River Iron Ore Project in Tasmania, Australia, for two initial cash payments totalling \$21.5 million, plus a series of five contingent, annual payments that began on March 31, 2006. From 2006 to 2009, these contingent payments totalled \$116.4 million.

During 2010, Ivanhoe Mines received two payments totalling \$6.4 million in relation to the fifth annual contingent payment. The original purchaser of the Savage River Project disputed the estimated \$22.1 million remaining balance of the fifth annual contingent payment. In 2010, Ivanhoe Mines initiated arbitration proceedings by filing a Request for Arbitration with the ICC International Court of Arbitration. The arbitration hearing was scheduled to occur in December 2011. In November 2011, the parties reached an out-of-court settlement whereby the original purchaser agreed to pay Ivanhoe Mines a reduced balance of \$13.0 million by March 31, 2012. Ivanhoe Mines received the final payment on March 28, 2012.

Ivanhoe Mines has received a total of \$157.4 million in proceeds from the sale of the Savage River Project.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at March 31, 2012 included SouthGobi Resources Ltd.'s (Canada) (57.7% owned) (SouthGobi) balance of \$125.1 million (December 31, 2011 \$123.6 million) and Ivanhoe Australia Limited's (Australia) (58.9% owned) (Ivanhoe Australia) balance of \$103.1 million (December 31, 2011 \$170.3 million), which were not available for the Company's general corporate purposes.

IVANHOE MINES LTD.

Notes to the Consolidated Financial Statements

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

4. INVENTORIES

	March 31, 2012	December 31, 2011
Coal stockpiles	\$ 15,475	\$ 9,390
Ore stockpiles	2,282	2,875
Concentrate	5,718	
Materials and supplies	133,497	96,218
	\$ 156,972	\$ 108,483

5. LONG-TERM INVESTMENTS

	March 31, 2012	December 31, 2011
Investments in companies subject to significant influence:		
Altynalmas Gold Ltd. (a)	\$	\$
Exco Resources N.L. (b)	14,766	14,975
Available-for-sale equity securities (c)	62,233	68,637
Held-for-trading equity securities (d)	6,003	7,431
Other equity securities, cost method (e)	16,234	16,234
	\$ 99,236	\$ 107,277

(a) The Company holds a 50.0% interest in Altynalmas Gold Ltd. (Altynalmas), which owns the Kyzyl Gold Project that hosts the Bakyrchik and Bolshevik gold deposits in Kazakhstan.

	March 31, 2012	December 31, 2011
Amount due from Altynalmas	\$ 142,669	\$ 123,617
Share of equity method losses in excess of common share investment	(142,669)	(123,617)
Net investment in Altynalmas	\$	\$

Amounts advanced to Altynalmas bear interest compounded monthly at a rate per annum equal to the one month London Inter-bank Offered Rate (LIBOR) plus 3.0% and are due on demand.

During the three month period ended March 31, 2012, Ivanhoe Mines recorded a \$19.1 million (2011 \$8.9 million) share of loss on this investment.

IVANHOE MINES LTD.**Notes to the Consolidated Financial Statements**

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

5. LONG-TERM INVESTMENTS (Continued)

(b) During the three month period ended March 31, 2012, Ivanhoe Mines recorded a \$0.8 million (2011 \$5.2 million) share of income on its investment in Exco Resources N.L. (Exco).

At March 31, 2012, Ivanhoe Mines recorded an other-than-temporary impairment of \$1.2 million against its investment in Exco based on an assessment of the fair value of Exco.

At March 31, 2012, the market value of Ivanhoe Mines 22.3% investment in Exco was \$14.8 million (Aud\$14.3 million).

(c) *Available-for-sale equity securities*

	March 31, 2012				December 31, 2011			
	Equity Interest	Cost Basis	Unrealized Gain	Fair Value	Equity Interest	Cost Basis	Unrealized Gain (Loss)	Fair Value
Aspire Mining Limited	19.9%	\$ 27,911	\$ 11,138	\$ 39,049	19.9%	\$ 27,911	\$ 18,925	\$ 46,836
Entrée Gold Inc. (i)	10.8%	17,272		17,272	10.9%	19,957	(3,202)	16,755
Emmerson Resources Limited	8.7%	3,032	2,582	5,614	8.8%	2,957	1,775	4,732
Other		96	202	298		96	218	314
		\$ 48,311	\$ 13,922	\$ 62,233		\$ 50,921	\$ 17,716	\$ 68,637

(i) At March 31, 2012, Ivanhoe Mines recorded an other-than-temporary impairment of \$2.7 million against its investment in Entrée Gold Inc. (Entrée) based on an assessment of the fair value of Entree.

(d) *Held-for-trading equity securities*

During the three month period ended March 31, 2012, Ivanhoe Mines sold 7.1 million shares of Kangaroo Resources Limited (Kangaroo) for \$1.1 million. This transaction resulted in a realized gain on sale of \$0.1 million.

As at March 31, 2012, the market value of Ivanhoe Mines 1.3% investment in Kangaroo was \$6.0 million.

(e) *Other equity securities, cost method*

	March 31, 2012		December 31, 2011	
	Equity Interest	Cost Basis	Equity Interest	Cost Basis
Ivanplats Limited	8.1%	\$ 16,119	8.8%	\$ 16,119
Ibex Resources Inc.	1.5%	115	1.6%	115

\$ 16,234

\$ 16,234

IVANHOE MINES LTD.

Notes to the Consolidated Financial Statements

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

6. OTHER LONG-TERM INVESTMENTS

	March 31, 2012	December 31, 2011
Long-Term Notes (a)	\$ 40,585	\$ 32,277
Treasury Bill (b)	100,031	88,348
Prepayments (b)	150,378	