

IVANHOE MINES LTD  
Form 6-K  
March 29, 2011

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**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: March 28, 2011  
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)

(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-o      Form 40-F-p

(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: o      No: p

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

Enclosed:

Annual Financial Statements, Notes and Management Discussion & Analysis

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*Report of Independent Registered Chartered Accountants and Consolidated Financial Statements of*  
**IVANHOE MINES LTD.**  
*December 31, 2010 and 2009*

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**Report of Independent Registered Chartered Accountants**

To the Board of Directors and Shareholders of Ivanhoe Mines Ltd.

We have audited the accompanying consolidated financial statements of Ivanhoe Mines Ltd. and subsidiaries (the Company ), which comprise the consolidated balance sheets as at December 31, 2010 and December 31, 2009, and the consolidated statements of operations, equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Ivanhoe Mines Ltd. and subsidiaries as at December 31, 2010 and December 31, 2009 and the results of their operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Other Matter*

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2010, based on the criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 28, 2011 expressed an unqualified opinion on the Company's internal control over financial reporting.

***(signed) Deloitte & Touche LLP***

Independent Registered Chartered Accountants

March 28, 2011

Vancouver, Canada

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**Report of Independent Registered Chartered Accountants**

To the Board of Directors and Shareholders of Ivanhoe Mines Ltd.

We have audited the internal control over financial reporting of Ivanhoe Mines Ltd. and subsidiaries (the Company) as of December 31, 2010, based on the criteria established in *Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission*. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on the criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2010 of the Company and our report dated March 28, 2011 expressed an unqualified opinion on those financial statements.

***(signed) Deloitte & Touche LLP***

Independent Registered Chartered Accountants

March 28, 2011

Vancouver, Canada

**Table of Contents****IVANHOE MINES LTD.****Consolidated Balance Sheets****(Stated in thousands of U.S. dollars)**

	<b>December 31,</b>	
	<b>2010</b>	<b>2009</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents (Note 5)	<b>\$ 1,264,031</b>	\$ 965,823
Short-term investments (Note 6)	<b>98,373</b>	14,999
Accounts receivable (Note 7)	<b>65,741</b>	39,349
Inventories (Note 8)	<b>40,564</b>	18,015
Prepaid expenses	<b>23,338</b>	15,988
<b>TOTAL CURRENT ASSETS</b>	<b>1,492,047</b>	1,054,174
<b>LONG-TERM INVESTMENTS (Note 9)</b>	<b>151,191</b>	93,511
<b>OTHER LONG-TERM INVESTMENTS (Note 10)</b>	<b>191,816</b>	145,035
<b>PROPERTY, PLANT AND EQUIPMENT (Note 11)</b>	<b>1,332,648</b>	218,781
<b>DEFERRED INCOME TAXES (Note 16)</b>	<b>16,889</b>	6,953
<b>OTHER ASSETS (Note 12)</b>	<b>33,883</b>	16,227
<b>TOTAL ASSETS</b>	<b>\$ 3,218,474</b>	\$ 1,534,681
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 13)	<b>\$ 260,528</b>	\$ 55,128
Amounts due under credit facilities (Note 14)	<b>14,615</b>	17,544
Interest payable on long-term debt (Note 15 (b))	<b>6,312</b>	4,712
Convertible credit facility (Note 15 (a))		378,916
Rights offering derivative liability (Note 18 (d))	<b>766,238</b>	
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,047,693</b>	456,300
<b>CONVERTIBLE CREDIT FACILITY (Note 15 (b))</b>	<b>248,284</b>	544,990
<b>AMOUNTS DUE UNDER CREDIT FACILITIES (Note 14)</b>	<b>40,080</b>	37,979
<b>PAYABLES TO RELATED PARTY (Note 22 (a))</b>	<b>14,013</b>	
<b>DEFERRED INCOME TAXES (Note 16)</b>	<b>11,123</b>	10,888
<b>ASSET RETIREMENT OBLIGATIONS (Note 17)</b>	<b>40,838</b>	5,436
<b>TOTAL LIABILITIES</b>	<b>1,402,031</b>	1,055,593
<b>COMMITMENTS AND CONTINGENCIES (Note 24)</b>		
<b>EQUITY</b>		

SHARE CAPITAL (Note 18)

Authorized

Unlimited number of preferred shares without par value

Unlimited number of common shares without par value

Issued and outstanding

568,560,669 (2009 425,447,552) common shares	<b>3,378,921</b>	1,886,789
SHARE PURCHASE WARRANTS (Note 18 (b) and (c))	<b>11,832</b>	27,386
BENEFICIAL CONVERSION FEATURE (Note 15 (a))		30,250
ADDITIONAL PAID-IN CAPITAL	<b>1,303,581</b>	348,468
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) (Note 19)	<b>33,075</b>	(14,578)
DEFICIT	<b>(2,913,576)</b>	(1,800,179)

TOTAL IVANHOE MINES LTD. SHAREHOLDERS EQUITY	<b>1,813,833</b>	478,136
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NONCONTROLLING INTERESTS (Note 20)	<b>2,610</b>	952
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TOTAL EQUITY	<b>1,816,443</b>	479,088
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TOTAL LIABILITIES AND EQUITY	<b>\$ 3,218,474</b>	\$ 1,534,681
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APPROVED BY THE BOARD:

/s/ D. Korbin

/s/ L. Mahler

D. Korbin, Director

L. Mahler, Director

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

**Table of Contents****IVANHOE MINES LTD.****Consolidated Statements of Operations****(Stated in thousands of U.S. dollars, except for share and per share amounts)**

	Year Ended December 31,	
	<b>2010</b>	2009
REVENUE	\$ 79,777	\$ 36,038
COST OF SALES		
Production and delivery	<b>(66,738)</b>	(23,611)
Depreciation and depletion	<b>(13,306)</b>	(5,814)
Write-down of carrying value of inventory	<b>(14,729)</b>	
COST OF SALES	<b>(94,773)</b>	(29,425)
EXPENSES		
Exploration (Note 3 and 18 (a))	<b>(218,626)</b>	(177,062)
General and administrative (Note 18 (a))	<b>(84,427)</b>	(45,750)
Depreciation	<b>(2,096)</b>	(4,326)
Accretion of asset retirement obligations	<b>(199)</b>	(141)
Gain on sale of other mineral property rights		3,000
Write-down of carrying values of property, plant and equipment	<b>(2,338)</b>	(1,243)
TOTAL EXPENSES	<b>(402,459)</b>	(254,947)
OPERATING LOSS	<b>(322,682)</b>	(218,909)
OTHER INCOME (EXPENSES)		
Interest income	<b>16,567</b>	3,587
Interest expense	<b>(32,827)</b>	(21,601)
Accretion of convertible credit facilities (Note 15)	<b>(11,709)</b>	(14,345)
Foreign exchange gains	<b>8,700</b>	34,070
Unrealized gains on long-term investments (Note 9 (d))	<b>360</b>	1,099
Unrealized gains on other long-term investments	<b>4,508</b>	438
Realized gain on redemption of other long-term investments (Note 10 (a))	<b>151</b>	1,458
Change in fair value of derivative (Note 18 (d))	<b>135,680</b>	
Change in fair value of embedded derivatives (Note 15 (b))	<b>100,637</b>	(44,980)
Loss on conversion of convertible credit facility (Note 15 (b))	<b>(154,316)</b>	
Transaction costs on issuance of convertible debenture (Note 15 (b))		(9,399)
Write-down of carrying value of long-term investments (Note 9 (c))	<b>(485)</b>	
Gain on sale of long-term investment		1,424
SouthGobi Hong Kong listing fees		(2,470)
LOSS BEFORE INCOME TAXES AND OTHER ITEMS	<b>(255,416)</b>	(269,628)
Recovery of income taxes (Note 16)	<b>13,118</b>	13,465
Share of loss of significantly influenced investees (Note 9)	<b>(42,718)</b>	(45,898)
NET LOSS FROM CONTINUING OPERATIONS	<b>(285,016)</b>	(302,061)

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INCOME (LOSS) FROM DISCONTINUED OPERATIONS (Note 4)	<b>6,585</b>	(3,645)
NET LOSS	<b>(278,431)</b>	(305,706)
NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS (Note 20)	<b>66,952</b>	25,535
NET LOSS ATTRIBUTABLE TO IVANHOE MINES LTD.	<b>\$ (211,479)</b>	\$ (280,171)
BASIC AND DILUTED (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO IVANHOE MINES LTD. FROM CONTINUING OPERATIONS	<b>\$ (0.43)</b>	\$ (0.68)
DISCONTINUED OPERATIONS	<b>0.01</b>	(0.01)
	<b>\$ (0.42)</b>	\$ (0.69)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (000 s)	<b>502,550</b>	407,811

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

**Table of Contents****IVANHOE MINES LTD.****Consolidated Statements of Equity****(Stated in thousands of U.S. dollars, except for share amounts)**

	Share Capital		Beneficial Share Purchase Warrants	Conversion Feature	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Deficit	Noncontrolling Interests	Total
	Number of Shares	Amount							
Balances, December 31, 2008	378,046,013	\$ 1,485,864	\$ 32,560	\$ 28,883	\$ 293,485	\$ (24,222)	\$ (1,520,008)	\$ 20,692	\$ 317,254
Net loss							(280,171)	(25,535)	(305,706)
Other comprehensive income (Note 19)						9,644		1,547	11,191
Comprehensive loss									(294,515)
Shares issued for:									
Exercise of stock options	867,500	8,661			(2,560)				6,101
Private placement (Note 18 (b)), net of issue costs of \$3,032	46,304,473	390,173	(5,174)						384,999
Bonus shares	125,000	1,622							1,622
Share purchase plan	104,566	469							469
Convertible credit facility (Note 15 (a))				1,367					1,367
Other increase in noncontrolling interests (Note 20)								4,248	4,248
Dilution gains					21,368				21,368
Stock compensation charged to operations					36,175				36,175

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Balances, December 31, 2009	425,447,552	\$ 1,886,789	\$ 27,386	\$ 30,250	\$ 348,468	\$(14,578)	\$(1,800,179)	\$ 952	\$ 479,088
Net loss							(211,479)	(66,952)	(278,431)
Other comprehensive income (Note 19)						47,653		7,145	54,798
Comprehensive loss									(223,633)
Shares issued for:									
Exercise of stock options	5,619,080	67,431				(20,259)			47,172
Exercise of share purchase warrants (Note 18 (b)), net of issue costs of \$9,730	80,530,509	701,120	(15,554)						685,566
Conversion of Rio Tinto convertible credit facility (Note 15 (a))	40,083,206	437,146		(36,314)					400,832
Private placement (Note 18 (b)), net of issue costs of \$167	15,000,000	240,749							240,749
Consulting services	261,900	3,421							3,421
Bonus shares	1,581,578	41,700				1,265			42,965
Share purchase plan	36,844	565							565
Convertible credit facility (Note 15 (a))				6,064					6,064
Other increase in noncontrolling interests (Note 20)								61,465	61,465
Rights offering (Note 18 (d))							(901,918)		(901,918)
Dilution gains					931,979				931,979
					42,128				42,128

Stock-based  
compensation

Balances,  
December 31,  
2010

568,560,669	\$ 3,378,921	\$ 11,832	\$	\$ 1,303,581	\$ 33,075	\$(2,913,576)	\$	2,610	\$ 1,816,443
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The accompanying notes are an integral part of these consolidated financial statements.

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**IVANHOE MINES LTD.**  
**Consolidated Statements of Cash Flows**  
**(Stated in thousands of U.S. dollars)**

	Year Ended December 31,	
	<b>2010</b>	2009
<b>OPERATING ACTIVITIES</b>		
Cash used in operating activities (Note 21)	\$ (294,276)	\$ (183,259)
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale of discontinued operations	6,442	38,725
Purchase of short-term investments	(80,844)	(14,999)
Purchase of long-term investments	(53,109)	(30,391)
Purchase of other long-term investments	(94,999)	(147,449)
Proceeds from sale of other mineral property rights		3,000
Proceeds from redemption of short-term investments	15,000	
Proceeds from sale of long-term investments	3,900	3,844
Proceeds from redemption of other long-term investments	30,254	2,236
Expenditures on property, plant and equipment	(675,198)	(38,975)
Increase in environmental bonds	(18,889)	
Proceeds from other assets	1,027	172
Cash used in investing activities of continued operations	(866,416)	(183,837)
Cash used in investing activities of discontinued operations		(6,511)
Cash used in investing activities	(866,416)	(190,348)
<b>FINANCING ACTIVITIES</b>		
Issue of share capital	785,203	392,877
Proceeds from convertible credit facility (Note 15)		485,000
Proceeds from credit facilities		37,575
Repayment of credit facilities	(3,244)	(2,193)
Increase to deferred charges		(4,565)
Noncontrolling interests reduction of investment in subsidiaries	(10,387)	
Noncontrolling interests investment in subsidiaries	655,417	3,897
Cash provided by financing activities	1,426,989	912,591
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH</b>	<b>31,911</b>	42,729
<b>NET CASH INFLOW</b>	<b>298,208</b>	581,713
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>965,823</b>	384,110
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,264,031</b>	\$ 965,823

**CASH AND CASH EQUIVALENTS IS COMPRISED OF:**

Cash on hand and demand deposits	\$ 790,202	\$ 277,103
Short-term money market instruments	473,829	688,720
	<b>\$ 1,264,031</b>	<b>\$ 965,823</b>

Supplementary cash flow information (Note 21)

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