

IVANHOE MINES LTD  
Form 6-K  
May 16, 2011

**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 13, 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-  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:

Q1-2011 Financial Statement

Q1-2011 MD&A

CEO Certification

CFO Certification

**FIRST QUARTER REPORT**

**MARCH 31, 2011**

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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)**

<b>(Unaudited)</b>	<b>March 31, 2011</b>	December 31, 2010
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents (Note 4)	<b>\$ 1,867,812</b>	\$ 1,264,031
Short-term investments (Note 5)	<b>38,146</b>	98,373
Accounts receivable	<b>59,975</b>	65,741
Inventories (Note 6)	<b>67,727</b>	40,564
Prepaid expenses	<b>27,746</b>	23,338
<b>TOTAL CURRENT ASSETS</b>	<b>2,061,406</b>	1,492,047
<b>LONG-TERM INVESTMENTS (Note 7)</b>	<b>202,915</b>	151,191
<b>OTHER LONG-TERM INVESTMENTS (Note 8)</b>	<b>210,651</b>	191,816
<b>PROPERTY, PLANT AND EQUIPMENT (Note 9)</b>	<b>1,890,781</b>	1,332,648
<b>DEFERRED INCOME TAXES</b>	<b>25,184</b>	16,889
<b>OTHER ASSETS</b>	<b>40,780</b>	33,883
<b>TOTAL ASSETS</b>	<b>\$ 4,431,717</b>	\$ 3,218,474
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	<b>\$ 266,169</b>	\$ 260,528
Amounts due under credit facilities (Note 10)	<b>19,566</b>	14,615
Interest payable on long-term debt (Note 11)	<b>7,233</b>	6,312
Rights offering derivative liability (Note 12 (c))		766,238
<b>TOTAL CURRENT LIABILITIES</b>	<b>292,968</b>	1,047,693
<b>CONVERTIBLE CREDIT FACILITY (Note 11)</b>	<b>285,078</b>	248,284
<b>AMOUNTS DUE UNDER CREDIT FACILITIES (Note 10)</b>	<b>41,212</b>	40,080
<b>PAYABLES TO RELATED PARTY</b>	<b>20,506</b>	14,013
<b>DEFERRED INCOME TAXES</b>	<b>11,084</b>	11,123
<b>ASSET RETIREMENT OBLIGATIONS</b>	<b>41,658</b>	40,838
<b>TOTAL LIABILITIES</b>	<b>692,506</b>	1,402,031
<b>COMMITMENTS AND CONTINGENCIES (Note 19)</b>		
<b>EQUITY</b>		

SHARE CAPITAL (Note 12)

Authorized

Unlimited number of preferred shares without par value

Unlimited number of common shares without par value

Issued and outstanding

653,746,447 (2010 - 568,560,669) common shares

SHARE PURCHASE WARRANTS (Note 12 (b))

ADDITIONAL PAID-IN CAPITAL

ACCUMULATED OTHER COMPREHENSIVE INCOME (Note 13)

DEFICIT

TOTAL IVANHOE MINES LTD. SHAREHOLDERS EQUITY

NONCONTROLLING INTERESTS (Note 14)

TOTAL EQUITY

TOTAL LIABILITIES AND EQUITY

<b>5,729,438</b>	3,378,921
<b>11,832</b>	11,832
<b>1,346,958</b>	1,303,581
<b>60,257</b>	33,075
<b>(3,406,076)</b>	(2,913,576)

<b>3,742,409</b>	1,813,833
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<b>(3,198)</b>	2,610
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<b>3,739,211</b>	1,816,443
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<b>\$ 4,431,717</b>	\$ 3,218,474
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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.

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

<b>(Unaudited)</b>	Three Months Ended March 31,	
	<b>2011</b>	2010
REVENUE	\$ 20,158	\$ 13,917
COST OF SALES		
Production and delivery	(12,158)	(11,197)
Depreciation and depletion	(2,799)	(2,523)
Write-down of carrying value of inventory	(5,318)	(6,535)
COST OF SALES	(20,275)	(20,255)
EXPENSES		
Exploration (Note 2 and 12 (a))	(46,223)	(71,423)
General and administrative (Note 12 (a))	(25,278)	(8,317)
Depreciation	(512)	(916)
Accretion of asset retirement obligations	(162)	(43)
TOTAL EXPENSES	(92,450)	(100,954)
OPERATING LOSS	(72,292)	(87,037)
OTHER INCOME (EXPENSES)		
Interest income	5,138	4,629
Interest expense	(4,347)	(13,399)
Accretion of convertible credit facilities (Note 11)	(14)	(4,127)
Foreign exchange gains	3,149	1,670
Unrealized losses on long-term investments (Note 7 (d))	(3,762)	(703)
Unrealized gains on other long-term investments	388	720
Realized gain on redemption of other long-term investments (Note 8 (a))	33	61
Change in fair value of derivative (Note 12 (c))	(432,536)	
Change in fair value of embedded derivatives (Note 11)	(36,781)	(1,372)
Loss on conversion of convertible credit facility (Note 11)		(154,316)
Write-down of carrying value of long-term investments		(256)
Gain on sale of long-term investment (Note 7 (e))	10,628	
LOSS BEFORE INCOME TAXES AND OTHER ITEMS	(530,396)	(254,130)
Recovery of income taxes	12,898	3,482
Share of loss of significantly influenced investees (Note 7)	(3,714)	(10,059)
NET LOSS FROM CONTINUING OPERATIONS	(521,212)	(260,707)
INCOME FROM DISCONTINUED OPERATIONS (Note 3)		6,585
NET LOSS	(521,212)	(254,122)
	28,712	60,257

NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS (Note 14)

NET LOSS ATTRIBUTABLE TO IVANHOE MINES LTD.	\$ (492,500)	\$ (193,865)
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BASIC AND DILUTED (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO IVANHOE MINES LTD. FROM CONTINUING OPERATIONS DISCONTINUED OPERATIONS

\$ (0.79)	\$ (0.44)
	0.01

\$ (0.79)	\$ (0.43)
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WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (000 s)	<b>620,542</b>	451,681
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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		Share Purchase Warrants	Additional Paid-In Capital	Accumulated Other Comprehensive Income		Noncontrolling Interests	Total
	Number of Shares	Amount			Deficit			
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
Net loss						(492,500)	(28,712)	(521,212)
Other comprehensive income (Note 13)					27,182		22,682	49,864
Comprehensive loss								(471,348)
Shares issued for:								
Exercise of stock options	308,710	4,009		(1,256)				2,753
Rights Offering (Note 12 (c)), net of issue costs of \$27,311	84,867,671	2,346,277		5,711				2,351,988
Bonus shares	3,027	80		2,034				2,114
Share purchase plan	6,370	151						151
Other increase in noncontrolling interests (Note 14)							222	222
Dilution gains				(1,017)				(1,017)
Stock-based compensation				37,905				37,905
Balances, March 31, 2011	653,746,447	\$ 5,729,438	\$ 11,832	\$ 1,346,958	\$ 60,257	\$ (3,406,076)	\$ (3,198)	\$ 3,739,211

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)**

<b>(Unaudited)</b>	Three Months Ended March 31,	
	<b>2011</b>	<b>2010</b>
<b>OPERATING ACTIVITIES</b>		
Cash used in operating activities (Note 15)	\$ (66,689)	\$ (60,083)
<b>INVESTING ACTIVITIES</b>		
Purchase of short-term investments	(20,657)	
Purchase of long-term investments	(8,537)	(5,703)
Purchase of other long-term investments	(45,000)	(30,000)
Proceeds from redemption of short-term investments	80,843	15,000
Proceeds from sale of long-term investments	14,000	1,800
Proceeds from redemption of other long-term investments	30,060	102
Expenditures on property, plant and equipment	(528,704)	(39,448)
Purchase of other assets	(11,243)	(85)
Cash used in investing activities	(489,238)	(58,334)
<b>FINANCING ACTIVITIES</b>		
Issue of share capital	1,156,118	51,539
Proceeds from credit facilities	4,608	
Repayment of credit facilities		(82)
Noncontrolling interests reduction of investment in subsidiaries	(8,784)	
Noncontrolling interests investment in subsidiaries	3,980	420,212
Cash provided by financing activities	1,155,922	471,669
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH</b>	<b>3,786</b>	<b>4,570</b>
<b>NET CASH INFLOW</b>	<b>603,781</b>	<b>357,822</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>1,264,031</b>	<b>965,823</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 1,867,812</b>	<b>\$ 1,323,645</b>
<b>CASH AND CASH EQUIVALENTS IS COMPRISED OF:</b>		
Cash on hand and demand deposits	\$ 668,433	\$ 791,313
Short-term money market instruments	1,199,379	532,332
	<b>\$ 1,867,812</b>	<b>\$ 1,323,645</b>

Supplementary cash flow information (Note 15)

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, 2010.

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, 2010.

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, 2011 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, 2011, 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) Comparative figures*

In February 2011, the Company completed a rights offering which was open to all shareholders on a dilution free, equal participation bases at a subscription price less than the fair value of a common share of the Company (Note 12 (c)). In accordance with the Financial Accounting Standards Board Accounting Standards Codification ( ASC ) guidance for earnings per share, basic and diluted loss per share for all periods prior to the rights offering have been adjusted retroactively for a bonus element contained in the rights offering. Specifically, the weighted average number of common shares outstanding used to compute basic and diluted loss per share for the three months ended March 31, 2010 has been multiplied by a factor of 1.06.

**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)**

*(d) Accounting changes*

In January 2010, the ASC guidance for fair value measurements and disclosures was updated to require additional disclosures related to transfers in and out of level 1 and 2 fair value measurements and enhanced detail in the level 3 reconciliation. The updated guidance clarified the level of disaggregation required for assets and liabilities and the disclosures required for inputs and valuation techniques to be used to measure the fair value of assets and liabilities that fall in either level 2 or level 3. The updated guidance was effective for the Company's fiscal year beginning January 1, 2010, except for the level 3 disaggregation which is effective for the Company's fiscal year beginning January 1, 2011. The adoption of the updated guidance had no impact on the Company's consolidated financial position, results of operations or cash flows.

In December 2010, the ASC guidance for business combinations was updated to clarify existing guidance requiring a public entity to disclose pro forma revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual period only. The update also expands the supplemental pro forma disclosures required to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The updated guidance was effective for the Company's fiscal year beginning January 1, 2011. The adoption of the updated guidance had no impact on the Company's consolidated financial position, results of operations or cash flows.

**IVANHOE MINES LTD.****Notes to the Consolidated Financial Statements****(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)****2. EXPLORATION EXPENSES**

Generally, exploration costs are charged to operations in the period incurred until it has been determined that a property has economically recoverable reserves, at which time subsequent exploration costs and the costs incurred to develop a property are capitalized.

Summary of exploration expenditures by location:

	Three Months Ended March 31,	
	<b>2011</b>	2010
Mongolia		
Oyu Tolgoi <sup>(1)</sup>	\$ 5,088	\$ 52,123
Coal Division	8,484	6,564
Other Mongolia Exploration	(122)	552
	<b>13,450</b>	59,239
Australia	<b>30,363</b>	10,818
Indonesia	1,108	547
Other	1,302	819
	<b>\$ 46,223</b>	\$ 71,423

<sup>(1)</sup> Until March 31, 2010, exploration costs charged to operations included development costs associated with the Oyu Tolgoi Project in Mongolia. On April 1, 2010, Ivanhoe Mines commenced capitalizing Oyu Tolgoi Project development costs. As of this date, reserve estimates for the Oyu Tolgoi Project had been announced and the procedural and administrative conditions contained in the Investment Agreement were satisfied. During the three months ended March 31, 2011, additions to property, plant and equipment for the Oyu Tolgoi Project totalled \$525.6 million, which included development costs.

**3. DISCONTINUED OPERATIONS**

In February 2005, Ivanhoe Mines sold the Savage River Iron Ore Project in Tasmania, Australia for two initial payments totalling \$21.5 million, plus a series of five contingent, annual payments that commenced on March 31, 2006. The annual payments are based on annual iron ore pellet tonnes sold and an escalating price formula based on the prevailing annual Nibrasco/JSM pellet price.

In 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 has disputed the estimated \$22.1 million remaining balance of the fifth annual contingent payment. Ivanhoe Mines is committed to collecting this amount in full and has included the \$22.1 million in accounts receivable as at March 31, 2011. In 2010, Ivanhoe Mines initiated arbitration proceedings by filing a Request for Arbitration with the ICC International Court of Arbitration (ICC). In January 2011, the ICC determined that the location of arbitration is Sydney, Australia and that the matter will be submitted to a sole arbitrator. The procedural timetable is currently being finalized by the parties and the sole arbitrator.

To date, Ivanhoe Mines has received \$144.4 million in proceeds from the sale.

**IVANHOE MINES LTD.****Notes to the Consolidated Financial Statements****(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)****4. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at March 31, 2011 included SouthGobi Resources Ltd. s (Canada) (57.0% owned) ( SouthGobi ) balance of \$420.7 million (December 31, 2010 \$492.0 million) and Ivanhoe Australia Ltd. s (Australia) (62.0% owned) ( Ivanhoe Australia ) balance of \$97.9 million (December 31, 2010 \$59.3 million), which were not available for Ivanhoe Mines' general corporate purposes.

**5. SHORT-TERM INVESTMENTS**

Short-term investments at March 31, 2011 included SouthGobi s balance of \$17.5 million (December 31, 2010 \$17.5 million) and Ivanhoe Australia s balance of \$20.7 million (December 31, 2010 \$80.8 million), which were not available for Ivanhoe Mines' general corporate purposes.

**6. INVENTORIES**

	<b>March 31, 2011</b>	December 31, 2010
Stockpiles	\$ 20,080	\$ 3,637
Materials and supplies	47,647	36,927
	<b>\$ 67,727</b>	<b>\$ 40,564</b>

**7. LONG-TERM INVESTMENTS**

	<b>March 31, 2011</b>	December 31, 2010
Investments in companies subject to significant influence:		
Altynalmas Gold Ltd. (a)	\$	\$
Exco Resources N.L. (b)	22,349	16,991
Available-for-sale equity securities (c)	156,931	103,431
Held-for-trading equity securities (d)	6,473	10,235
Other equity securities, cost method (e)	17,162	20,534
	<b>\$ 202,915</b>	<b>\$ 151,191</b>

- (a) On October 3, 2008, Ivanhoe Mines closed an agreement with several strategic partners whereby Altynalmas Gold Ltd. ( Altynalmas ) issued shares to acquire a 100% participating interest in Bakyrchik Mining Venture ( BMV ) and a 100% participating interest in Intergold Capital LLP ( IGC ). Both IGC and BMV are limited liability partnerships established under the laws of Kazakhstan that are engaged in the exploration and development of minerals in Kazakhstan. As a result of this transaction, Ivanhoe Mines' investment in Altynalmas was diluted to 49%. Ivanhoe Mines ceased consolidating Altynalmas on October 3, 2008 and commenced equity accounting for its investment.

On March 8, 2010, all of the parties to the original agreement agreed to put themselves into the position they would be in as if a certain entity was not a party to the original agreement.





**IVANHOE MINES LTD.**

**Notes to the Consolidated Financial Statements**

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

**7. LONG-TERM INVESTMENTS (Continued)**

*(a) Continued*

The corresponding amendments made to the original agreement resulted in Ivanhoe Mines interest in Altynalmas increasing from 49% to 50%.

	<b>March 31, 2011</b>	December 31, 2010
Amount due from Altynalmas	<b>\$ 109,459</b>	\$ 100,545
Carrying amount of equity met		