

IVANHOE MINES LTD
Form 6-K
April 01, 2010

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: April 1, 2010
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:

News Release

March 31, 2010

**IVANHOE MINES ANNOUNCES 2009 FINANCIAL RESULTS
AND REVIEW OF OPERATIONS**

Ivanhoe and Rio Tinto set to begin full-scale construction at Oyu Tolgoi

SINGAPORE Ivanhoe Mines Ltd. today announced its results for the year ended December 31, 2009. All figures are in US dollars unless otherwise stated.

HIGHLIGHTS

On March 31, 2010, Ivanhoe Mines announced the successful completion of the conditions precedent that had been incorporated into the landmark Investment Agreement to build and operate the Oyu Tolgoi copper-gold mining complex in Mongolia's South Gobi Region, giving the agreement full legal effect.

Ivanhoe Mines, with its subsidiary, Oyu Tolgoi LLC (OT LLC), and its strategic partner, Rio Tinto, signed and approved the long-awaited Investment Agreement with the Government of Mongolia in October 2009, establishing a comprehensive framework for maintaining a stable tax and operating environment for the construction and operation of the Oyu Tolgoi Project. The signing culminated nine years of exploration successes that have established Oyu Tolgoi as one of the world's largest, undeveloped copper-gold porphyry projects, and nearly six years of negotiations with the Government of Mongolia for an Investment Agreement.

Provisions of the Investment Agreement include protection of the parties' investments in the Oyu Tolgoi Project, the amount and term of the parties' investments in the Oyu Tolgoi Project, the right to realize the benefits of such investments, the conduct of mining with minimum environmental impact and progressive rehabilitation, the social and economic development of the South Gobi Region and the creation of thousands of new jobs in Mongolia.

Mongolia's state-owned company, Erdenes MGL LLC, will acquire a 34% interest in the Oyu Tolgoi Project within 14 days of the approved Investment Agreement taking effect. Ivanhoe Mines will retain a controlling 66% interest in OT LLC.

Given the extent of the mineral discoveries associated with the Oyu Tolgoi Project and the potential for additional discoveries, Ivanhoe Mines and the Government of Mongolia agreed that the approved Investment Agreement should conform with the provision of Mongolia's current Minerals Law specifying that certain deposits of strategic importance qualify for 30 years of stabilized tax rates and regulatory provisions, with an option of extending the term of the Investment Agreement for an additional 20 years. Major taxes and rates stabilized for the life of the agreement include: corporate income tax, customs duty, value-added tax; excise tax; royalties; exploration and mining licences; and immovable property and/or real estate tax.

In late 2009, the joint Ivanhoe Mines-Rio Tinto Oyu Tolgoi Technical Committee conditionally approved a \$758 million budget for 2010 to begin full-scale construction of Oyu Tolgoi. The 2010 budget provides for an early start on a site-wide development program.

In March 2010, Ivanhoe Mines issued 15 million common shares to Rio Tinto at C\$16.31 per share for total proceeds of C\$244.7 million (\$241.1 million). Ivanhoe Mines used \$195.4 million of the proceeds received to purchase from Rio Tinto key mining and milling equipment to be installed during the construction of the Oyu Tolgoi mining complex. With the transaction, Rio Tinto increased its ownership in Ivanhoe Mines from 19.6% to 22.4%. Acquisition of the equipment is another significant step in building one of the world's largest copper-gold mines.

In late 2009, Ivanhoe Mines completed the first comprehensive field test of the Zeus™ proprietary, induced polarization and resistivity (IP) technology, a technological breakthrough that has significantly increased the potential for additional gold and copper resources to be discovered at the Oyu Tolgoi Project.

Ivanhoe Mines' 57%-owned subsidiary, SouthGobi Energy Resources (SouthGobi), shipped approximately 1.3 million tonnes of coal from its Ovoot Tolgoi Mine in southern Mongolia at an average realized selling price of approximately \$29 per tonne. This compares to 0.1 million tonnes of coal shipped in 2008 at an average realized selling price of \$29 per tonne. This resulted in \$36.0 million of revenue being recognized in 2009 compared to \$3.1 million in 2008.

On January 29, 2010, SouthGobi closed a global equity offering of 27.0 million common shares at a price of C\$17.00 per common share, for gross proceeds of C\$459.0 million to expand SouthGobi's coal mining and exploration activities in southern Mongolia. SouthGobi also commenced trading on the Main Board of the Hong Kong Stock Exchange (HK: 1878), the first Canadian mining company to have dual listings on the Hong Kong Stock Exchange and the Toronto Stock Exchange.

In November 2009, SouthGobi entered into a financing agreement with a wholly-owned subsidiary of China Investment Corporation for \$500 million in the form of a secured, convertible debenture.

Ivanhoe Mines' 81%-owned subsidiary, Ivanhoe Australia (IVA: ASX), discovered a new, high-grade molybdenum and rhenium deposit at its Merlin Project on its Cloncurry tenements in northwestern Queensland.

Ivanhoe Mines, through its 50% interest in Altynalmas Gold Ltd., is advancing the Kyzyl Gold Project in Kazakhstan, one of the world's largest undeveloped gold projects. Altynalmas has completed 21,800 metres of a 39,000-metre drilling program intended to upgrade the mineral resource.

In 2009, Ivanhoe Mines incurred \$177.1 million in exploration and development activities, compared to \$250.6 million in 2008. In 2009, Ivanhoe Mines' exploration activities were largely focused in Mongolia and Australia.

MONGOLIA: OYU TOLGOI COPPER-GOLD PROJECT

In 2009, Ivanhoe Mines incurred exploration expenses of \$107.4 million at Oyu Tolgoi compared to the \$156.0 million incurred in 2008. A significant portion of the 2009 expenditures was related directly to development work. Ivanhoe Mines expects to begin capitalizing Oyu Tolgoi development costs in the second quarter of 2010.

Rio Tinto increased its interest in Ivanhoe Mines to 22.4%

In March 2010, Ivanhoe Mines issued 15 million common shares to Rio Tinto at C\$16.31 per share, for total proceeds of C\$244.7 million (\$241.1 million). Ivanhoe Mines used C\$198.2 million (\$195.4 million) of the proceeds to purchase from Rio Tinto key mining and milling equipment to be installed during the construction of the Oyu Tolgoi Project. Ivanhoe Mines will use the balance of the proceeds, C\$46.4 million (\$45.7 million), to purchase additional equipment and for general corporate purposes. With this transaction, Rio Tinto has increased its ownership in Ivanhoe Mines from 19.6% to 22.4%.

In October 2009, Rio Tinto had also increased its ownership interest in Ivanhoe Mines when it completed Tranche 2 of the original October 2006 private placement financing consisting of 46,304,473 Ivanhoe Mines shares at \$8.38 per share for proceeds to Ivanhoe Mines of \$388 million. The financing increased Rio Tinto's equity ownership at that time in Ivanhoe Mines from 9.9% to 19.7%. The proceeds of \$388 million will be used to help build and commission the open-pit mine at Oyu Tolgoi and to advance development of the underground block-cave mine.

Under the current agreement with Ivanhoe Mines, Rio Tinto has rights to subscribe for common shares from Ivanhoe Mines representing up to 44.3% of Ivanhoe Mines and, during the next 19 months, Rio Tinto may increase this stake to a maximum of 46.6% through purchases on the open market.

Procedural and administrative conditions have been satisfied

On March 31, 2010, the Mongolian Government confirmed that the procedural and administrative conditions contained in the Investment Agreement had been satisfied within the allocated six-month period that has followed the agreement's official signing on October 6, 2009. The comprehensive Investment Agreement now has taken full legal effect.

Ivanhoe Mines and Rio Tinto signed long-term Investment Agreement with the Mongolian Government to build and operate Oyu Tolgoi

On October 6, 2009, Ivanhoe Mines, with its subsidiary, Oyu Tolgoi LLC (OT LLC)(formerly Ivanhoe Mines Mongolia Inc LLC) and its strategic partner, Rio Tinto, signed and approved the long-awaited Investment Agreement with the Government of Mongolia. The agreement established a comprehensive framework for maintaining a stable tax and operating environment for the construction and operation of the Oyu Tolgoi Project. The signing, at a nationally-televised state ceremony, culminated nine years of exploration successes that have established Oyu Tolgoi as one of the world's largest, undeveloped copper-gold porphyry projects, and nearly six years of negotiations with the Government of Mongolia for an Investment Agreement.

The Government will acquire a 34% interest in Oyu Tolgoi's licence holder, OT LLC, and Ivanhoe Mines will retain a controlling 66% interest in OT LLC. Provisions of the Investment Agreement include protection of the parties' investments in the Oyu Tolgoi Project, the amount and term of the parties' investments in the Oyu Tolgoi Project, the right to realize the benefits of such investments, the conduct of mining with minimum environmental impact and progressive rehabilitation, the social and economic development of the South Gobi Region and the training and employment of thousands of new workers in Mongolia.

The Shareholders Agreement, which was also signed and approved on October 6, 2009, established the basis upon which the Government of Mongolia will, through its wholly-state-owned company, Erdenes MGL LLC (Erdenes), acquire and hold the initial 34% equity interest in OT LLC and provides for the respective rights and obligations of the parties as shareholders of OT LLC. The Shareholders Agreement also addresses the circumstances and the requirements pursuant to which Ivanhoe Mines and Rio Tinto will arrange financing for Erdenes' portion of the investment capital needed for the Project.

A 50-year assurance of stability

Given the extent of the mineral discoveries associated with the Oyu Tolgoi Project and the potential for additional discoveries, Ivanhoe Mines and the Government of Mongolia agreed that the approved Investment Agreement should conform with Mongolia's current Minerals Law specifying that certain deposits of strategic importance qualify for 30 years of stabilized tax rates and regulatory provisions, with an option of extending the term of the Investment Agreement for an additional 20 years.

Major taxes and rates stabilized for the life of the Investment Agreement include: corporate income tax, customs duty, value-added tax; excise tax; royalties; exploration and mining licences; and immovable property and/or real estate tax. OT LLC also will receive a 10% investment tax credit on all capital expenditures and investments made throughout the initial Oyu Tolgoi construction period. Any future taxes introduced will not be imposed on the Project unless future legislation is more favourable, in which case Ivanhoe Mines may request the more favourable treatment. If Mongolia enters a tax or bilateral treaty that provides greater benefits to the investor, Ivanhoe Mines may request the benefit of such law, regulation or treaty to help ensure that a stable taxation and operating environment is maintained. In addition, Ivanhoe Mines will have the opportunity to apply a favourable loss-carry-forward benefit to the Project as previously enacted into law by Parliament and clarified for application to the Project by the Investment Agreement.

The Mongolian Government will join Ivanhoe Mines and Rio Tinto as a partner in Oyu Tolgoi