IVANHOE MINES LTD
Form 6-K
November 16, 2009

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: November 13, 2009
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- þ
(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: þ
(If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-__________.)
Enclosed:
Financial Statements, Notes and MD&A to September 30, 2009
CEO Certification
CFO Certification
Press release

THIRD QUARTER REPORT
SEPTEMBER 30, 2009

TABLE OF CONTENTS

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

(Unaudited)		**September 30, 2009**		December 31, 2008 (Note 1 (c))
ASSETS				
CURRENT				
Cash and cash equivalents (Note 4)	**$**	**341,653**	$	384,110
Accounts receivable		**33,599**		47,520
Inventories		**13,086**		16,136
Prepaid expenses		**13,143**		11,160
Other current assets		**144**		144
TOTAL CURRENT ASSETS		**401,625**		459,070
LONG-TERM INVESTMENTS (Note 5)		**90,764**		55,945
OTHER LONG-TERM INVESTMENTS (Note 6)		**23,792**		22,301
PROPERTY, PLANT AND EQUIPMENT		**203,818**		199,281
DEFERRED INCOME TAXES		**8,609**		
OTHER ASSETS		**7,187**		5,605
TOTAL ASSETS	**$**	**735,795**	$	742,202
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	**$**	**37,829**	$	41,103
Amounts due under credit facilities (Note 7)		**14,653**		15,963
Convertible credit facility (Note 8)		**372,327**		
TOTAL CURRENT LIABILITIES		**424,809**		57,066
CONVERTIBLE CREDIT FACILITY (Note 8)				349,128
AMOUNTS DUE UNDER CREDIT FACILITIES (Note 7)		**37,401**		
DERIVATIVE CONTRACT (Note 9)				5,320
DEFERRED INCOME TAXES		**10,877**		9,512
ASSET RETIREMENT OBLIGATIONS		**5,795**		3,922
TOTAL LIABILITIES		**478,882**		424,948
SHAREHOLDERS EQUITY				
SHARE CAPITAL (Note 10)				

Authorized		
Unlimited number of preferred shares without par value		
Unlimited number of common shares without par value		
Issued and outstanding		
378,379,726 (2008 378,046,013) common shares	**1,489,001**	1,485,864
SHARE PURCHASE WARRANTS AND SHARE ISSUANCE COMMITMENT (Note 10 (b) and (c))	**32,560**	32,560
BENEFICIAL CONVERSION FEATURE (Note 8)	**29,364**	28,883
ADDITIONAL PAID-IN CAPITAL	**336,977**	293,485
ACCUMULATED OTHER COMPREHENSIVE INCOME (Note 11)	**22,507**	(24,222)
DEFICIT	**(1,670,711)**	(1,520,008)
TOTAL IVANHOE MINES LTD. SHAREHOLDERS EQUITY	**239,698**	296,562
NONCONTROLLING INTERESTS (Note 12)	**17,215**	20,692
TOTAL SHAREHOLDERS EQUITY	**256,913**	317,254
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**$ 735,795**	$ 742,202

APPROVED BY THE BOARD:

/s/ D. Korbin /s/ K. Thygesen

D. Korbin, Director K. Thygesen, 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 September 30,		Nine Months Ended September 30,	
(Unaudited)	**2009**	2008	**2009**	2008
REVENUE	**$ 11,871**	$	**$ 26,078**	$
COST OF SALES				
Production and delivery	**(6,435)**		**(16,746)**	
Depreciation and depletion	**(2,202)**		**(4,243)**	
COST OF SALES	**(8,637)**		**(20,989)**	
EXPENSES				
Exploration (Note 2 and 10 (a))	**(43,467)**	(59,652)	**(118,990)**	(184,207)
General and administrative (Note 10 (a))	**(12,464)**	(5,125)	**(30,778)**	(19,375)
Depreciation	**(1,339)**	(2,721)	**(3,167)**	(5,390)
Mining property care and maintenance		(5,895)		(10,342)
Accretion of convertible credit facility (Note 8)	**(3,603)**	(2,448)	**(10,549)**	(6,496)
Accretion of asset retirement obligations	**(40)**	(162)	**(104)**	(401)
Gain on sale of other mineral property rights			**3,000**	
Write-down of carrying values of property, plant and equipment (Note 2)	**(23,029)**		**(23,029)**	(4)
TOTAL EXPENSES	**(92,579)**	(76,003)	**(204,606)**	(226,215)
OPERATING LOSS	**(80,708)**	(76,003)	**(178,528)**	(226,215)
OTHER INCOME (EXPENSES)				
Interest income	**512**	3,093	**1,942**	7,759
Interest expense	**(4,066)**	(4,124)	**(13,083)**	(11,973)
Foreign exchange gains (losses)	**19,482**	(20,026)	**31,945**	(22,393)
Listing fees SouthGobi	**(1,599)**		**(1,932)**	
Unrealized gain on other long-term investments (Note 6)	**649**		**15**	
Realized gain on redemption of other long-term investments (Note 6)	**198**		**1,334**	
Gain on sale of equipment				911
Loss on sale of equipment		(2,525)		(2,525)
Write-down of carrying value of long-term investments		(3,790)		(3,790)
Gain on sale of long-term investment and note receivable	**1,424**		**1,424**	201,428
LOSS BEFORE INCOME TAXES AND OTHER ITEMS	**(64,108)**	(103,375)	**(156,883)**	(56,798)

Provision for income taxes		**7,778**		398		**7,552**		(391)
Share of loss of significantly influenced investees (Note 5)		**(23,041)**				**(30,839)**		(809)
NET LOSS FROM CONTINUING OPERATIONS		**(79,371)**		(102,977)		**(180,170)**		(57,998)
INCOME FROM DISCONTINUED OPERATIONS (Note 3)		**3,644**		10,677		**19,309**		25,836
NET LOSS		**(75,727)**		(92,300)		**(160,861)**		(32,162)
NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS (Note 12)		**5,969**		4,272		**10,158**		8,035
NET LOSS ATTRIBUTABLE TO IVANHOE MINES LTD.	**$**	**(69,758)**	$	(88,028)	**$**	**(150,703)**	$	(24,127)
BASIC AND DILUTED (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO IVANHOE MINES LTD. FROM								
CONTINUING OPERATIONS	**$**	**(0.19)**	$	(0.26)	**$**	**(0.45)**	$	(0.13)
DISCONTINUED OPERATIONS		**0.01**		0.03		**0.05**		0.07
	$	**(0.18)**	$	(0.23)	**$**	**(0.40)**	$	(0.06)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (000 s)		**378,190**		375,507		**378,133**		375,300

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

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

(Unaudited)	Share Capital Number of Shares	Share Capital Amount	Share Purchase Warrants and Share Issuance Commitment	Beneficial Conversion Feature	Additional Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Noncontrolling Interests	Deficit	Total
Balances, December 31, 2008	378,046,013	$ 1,485,864	$ 32,560	$ 28,883	$ 293,485	$ (24,222)	$ 20,692	$ (1,520,008)	$ 317,254
Net loss								(150,703)	(150,703)
Other comprehensive income (Note 11)						46,729			46,729
Comprehensive loss									(103,974)
Shares issued for:									
Exercise of stock options	242,050	2,795			(844)				1,951
Share purchase plan	91,663	342							342
Convertible credit facility (Note 8)				481					481
Movement in noncontrolling interests (Note 12)							(3,477)		(3,477)
Dilution gains					16,804				16,804
Stock compensation charged to operations					27,532				27,532
Balances, September 30, 2009	378,379,726	$ 1,489,001	$ 32,560	$ 29,364	$ 336,977	$ 22,507	$ 17,215	$ (1,670,711)	$ 256,913

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)

(Unaudited)	Three Months Ended September 30, **2009**	Three Months Ended September 30, 2008	Nine Months Ended September 30, **2009**	Nine Months Ended September 30, 2008
OPERATING ACTIVITIES				
Cash used in operating activities (Note 13)	**$ (46,881)**	$ (77,243)	**$ (125,547)**	$ (232,920)
INVESTING ACTIVITIES				
Proceeds from sale of discontinued operations	**1,725**	1,230	**38,725**	29,230
Purchase of long-term investments	**(35)**	(13,341)	**(13,495)**	(26,269)
Proceeds from sale of other mineral property rights			**3,000**	
Proceeds from sale of long-term investments and note receivable	**2,625**		**2,625**	216,730
Proceeds from redemption of other long-term investments	**320**		**2,041**	
Expenditures on property, plant and equipment	**(11,427)**	(38,717)	**(28,354)**	(135,871)
Proceeds from sale of property, plant and equipment		47,033		47,033
Expenditures on other assets	**(177)**	(2,623)	**(856)**	(6,351)
Cash (used in) provided by investing activities	**(6,969)**	(6,418)	**3,686**	124,502
FINANCING ACTIVITIES				
Proceeds from convertible credit facility (Note 8)				200,000
Proceeds from credit facilities (Note 7)			**34,575**	
Repayment of credit facilities (Note 7)	**(1,628)**		**(1,997)**	
Issue of share capital	**2,070**	893	**2,293**	1,680
Noncontrolling interests investment in subsidiaries	**626**	107,194	**1,006**	246,869
Cash provided by financing activities	**1,068**	108,087	**35,877**	448,549
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**26,406**	(21,265)	**43,527**	(24,997)
NET CASH (OUTFLOW) INFLOW	**(26,376)**	3,161	**(42,457)**	315,134
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	**368,029**	457,667	**384,110**	145,694

CASH AND CASH EQUIVALENTS, END OF PERIOD	**$**	**341,653**	$	460,828	**$**	**341,653**	$	460,828
CASH AND CASH EQUIVALENTS IS COMPRISED OF:								
Cash on hand and demand deposits	**$**	**173,454**	$	191,829	**$**	**173,454**	$	191,829
Short-term money market instruments		**168,199**		268,999		**168,199**		268,999
	$	**341,653**	$	460,828	**$**	**341,653**	$	460,828

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 United States of America generally accepted accounting principles (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, 2008.

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, 2008.

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 September 30, 2009 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, 2009, or future operating periods. For further information, see the Company s annual consolidated financial statements, including the accounting policies and notes thereto, included in the Annual Information Form.

The Company operates two reportable segments, being its coal division located in Mongolia and Indonesia, and its exploration and development division with projects located primarily in Mongolia and Australia.

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 June 2009, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles a replacement of FASB Statement No. 162 (SFAS 168). The FASB Accounting Standards Codification (the Codification) becomes the source of authoritative U.S. GAAP to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission (SEC) under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The Codification supersedes all non-SEC accounting and reporting standards. All other nongrandfathered non-SEC accounting literature not included in the Codification will become nonauthoritative. The Company adopted the provisions of the Codification on July 1, 2009. The Codification 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)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Accounting changes (Continued)

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 160, Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51 (SFAS 160) (Codified within ASC 810). SFAS 160 establishes accounting and reporting standards pertaining to (i) the nature and classification of the noncontrolling interest in the Consolidated Statement of Financial Position, (ii) attributing net income and comprehensive income to the parent and the noncontrolling interest, (iii) changes in a parent s ownership interest in a subsidiary, and (iv) deconsolidation of a subsidiary. For presentation and disclosure purposes, SFAS 160 requires noncontrolling interests to be classified as a separate component of shareholders equity.

The Company adopted the provisions of SFAS 160 on January 1, 2009. Except for presentation changes, the adoption of SFAS 160 had no impact on the Company s consolidated financial position, results of operations or cash flows.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141 (revised 2007), Business Combinations (SFAS 141(R)) (Codified within ASC 805). SFAS 141(R) changes accounting for acquisitions that close beginning in 2009. More transactions and events will qualify as business combinations and will be accounted for at fair value under the new standard. SFAS 141(R) promotes greater use of fair values in financial reporting. Some of the changes will introduce more volatility into earnings. SFAS 141(R) was effective for the Company s fiscal year beginning on January 1, 2009. The adoption of SFAS 141(R) had no impact on the Company s consolidated financial position or results of operations.

In November 2008, the Emerging Issues Task Force (EITF) reached a consensus on Issue No. 08-6, Equity Method Investment Accounting Considerations (EITF 08-6) (Codified within ASC 323), which clarifies the accounting for certain transactions and impairment considerations involving equity method investments. EITF 08-6 provides guidance on a number of factors, including, determination of the initial carrying value of an equity method investment, performing an impairment assessment of an underlying indefinite-lived intangible asset of an equity method investment, accounting for an equity method investee s issuance of shares, and accounting for a change in an investment from the equity method to the cost method. EITF 08-6 was effective for the Company s fiscal year beginning on January 1, 2009 and has been applied prospectively. The adoption of EITF 08-6 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 October 2008, the Emerging Issues Task Force reached a consensus on EITF 08-8, Accounting for an Instrument (or an Embedded Feature) with a Settlement Amount That is Based on the Stock of an Entity s Consolidated Subsidiary (EITF 08-8) (Codified within ASC815). EITF 08-8 was effective for the Company s fiscal year beginning on January 1, 2009 and is discussed in greater detail in Note 9.

In May 2008, the FASB issued FASB Staff Position (FSP) No. APB 14-1, Accounting for Convertible Debt Instruments That May be Settled in Cash upon Conversion (Including Partial Cash Settlement) (FSP APB 14-1) (Codified within ASC 470 and ASC 825). FSP APB 14-1 applies to convertible debt instruments that, by their stated terms, may be settled in cash (or other assets) upon conversion, including partial cash settlement, unless the embedded conversion option is required to be separately accounted for as a derivative under FAS 133. Convertible debt instruments within the scope of FSP APB 14-1 are not addressed by the existing APB 14-1. FSP APB 14-1 requires that the liability and equity components of convertible debt instruments within the scope of FSP APB 14-1 be separately accounted for in a manner that reflects the entity s nonconvertible borrowing rate. This requires an allocation of the convertible debt proceeds between the liability component and the embedded conversion option (i.e., the equity component). The difference between the principal amount of the debt and the amount of the proceeds allocated to the liability component will be reported as a debt discount and subsequently amortized to earnings over the instrument s expected life using the effective interest method. FSP APB 14-1 was effective for the Company s fiscal year beginning on January 1, 2009 and has been applied retrospectively to all periods presented. The adoption of FSP APB 14-1 had no impact on the Company s consolidated financial position or results of operations.

In April 2009, the FASB issued FSP No. FAS 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly (FSP FAS 157-4) (Codified within ASC 820), which provides additional guidance on determining fair value when the volume and level of activity for an asset or liability have significantly decreased and includes guidance on identifying circumstances that indicate when a transaction is not orderly. FSP FAS 157-4 is effective for interim and annual reporting periods ending on or after June 15, 2009, and shall be applied prospectively. The Company adopted the provisions of FSP FAS 157-4 for the interim period ended June 30, 2009. The adoption of FSP FAS 157-4 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)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Accounting changes (Continued)

In April 2009, the FASB issued FSP No. FAS 107-1 and APB 28-1, Interim Disclosures about Fair Value of Financial Instruments (FSP FAS 107-1 and APB 28-1) (Codified within ASC 825), which requires disclosure about the fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. FSP FAS 107-1 and APB 28-1 is effective for interim and annual reporting periods ending on or after June 15, 2009. The Company adopted the provisions of FSP FAS 107-1 and APB 28-1 for the interim period ended June 30, 2009. The adoption of FSP FAS 107-1 and APB 28-1 had no impact on the Company s consolidated financial position, results of operations or cash flows.

In May 2009, the FASB issued Statement of Financial Accounting Standards No. 165, Subsequent Events (SFAS 165) (Codified within ASC 855). SFAS 165 establishes accounting and reporting standards for events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The statement sets forth (i) the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, (ii) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet in its financial statements, and (iii) the disclosures that an entity should make about events or transactions occurring after the balance sheet date in its financial statements. The Company adopted the provisions of SFAS 165 for the interim period ended June 30, 2009. The adoption of SFAS 165 had no impact on the Company s consolidated financial position, results of operations or cash flows.

2. EXPLORATION EXPENSES

Generally, exploration costs are charged to operations in the period incurred until such time as 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. Included in exploration costs are engineering and development costs associated with the Company s Oyu Tolgoi Project located in Mongolia. It is expected that the Company will commence capitalizing costs of this nature once the conditions precedent in the Investment Agreement with the Government of Mongolia have been addressed and the agreement takes full effect.

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

2. EXPLORATION EXPENSES (Continued)

Ivanhoe Mines incurred exploration and development costs as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	**2009**	2008
Mongolia				
Oyu Tolgoi	**$ 22,154**	$ 27,890	**$ 65,117**	$ 105,196
Coal Division	**5,598**	8,490	**14,061**	21,454
Other Mongolia Exploration	**385**	1,476	**1,058**	8,897
	28,137	37,856	**80,236**	135,547
Australia	**11,464**	16,993	**26,352**	37,272
Indonesia (a)	**3,621**	4,204	**11,503**	9,945
Other	**245**	599	**899**	1,443
	$ 43,467	$ 59,652	**$ 118,990**	$ 184,207

(a) During the three month period ended September 30, 2009, Ivanhoe Mines became aware of the requirement for additional capital expenditures at the Mamahak coal project in Indonesia beyond what was originally budgeted to develop the project. As a result, Ivanhoe Mines has suspended future development works at Mamahak pending a more detailed operational review. Based on these developments, Ivanhoe Mines recorded a write-down of $23.0 million against the carrying value of property, plant and equipment.

3. DISCONTINUED OPERATIONS

In February 2005, Ivanhoe Mines sold the Savage River Iron Ore Project (the 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.

On April 1, 2009 Ivanhoe Mines received $37.0 million of the fourth annual contingent payment, with the remaining $1.7 million received during the third quarter of 2009. This payment of $38.7 million includes $10.7 million in contingent income recognized in the first quarter of 2009.

At September 30, 2009, Ivanhoe Mines has accrued $8.6 million in relation to the fifth contingent annual payment due in March 2010.

To date, Ivanhoe Mines has received $137.9 million in proceeds from the sale of the Project.

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 September 30, 2009 included SouthGobi Energy Resources Ltd. s (Canada) (79.5% owned) (SouthGobi) balance of $2.7 million (December 31, 2008 $10.3 million) and Ivanhoe Australia Ltd. s (Australia) (82.9% owned) (Ivanhoe Australia) balance of $23.4 million (December 31, 2008 $40.5 million), which were not available for Ivanhoe Mines general corporate purposes.

5. LONG-TERM INVESTMENTS

	September 30, 2009	December 31, 2008
Investments in Companies subject to significant influence:		
Altynalmas Gold Ltd. (a)	**$ 22,792**	$ 31,290
Exco Resources N.L. (b)	**8,543**	6,785
Investments available for sale (c)	**59,429**	17,870
	$ 90,764	$ 55,945

(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 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.

	September 30, 2009	December 31, 2008
Amount due from Altynalmas	**$ 66,508**	$ 57,997
Carrying amount of equity method investment	**(43,716)**	(26,707)
Net investment in Altynalmas	**$ 22,792**	$ 31,290

(b) During the three month period ended June 30, 2009, Ivanhoe Mines acquired an additional 5,100,000 shares of Exco Resources N.L. (Exco) at a cost of $965,000 (Aud$1,199,000).

During the three month period ended March 31, 2009, Ivanhoe Mines acquired 1,774,024 shares of Exco at a cost of $113,000 (Aud$169,000).

Also during the nine month period ended September 30, 2009, Ivanhoe Mines recorded a $1,156,000 (2008 nil) equity loss on its investment in Exco.

At September 30, 2009, the market value of Ivanhoe Mines 20.2% investment in Exco was $13,952,000 (Aud$15,804,000).

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)
(c) Investments available for sale

	September 30, 2009				December 31, 2008			
	Equity Interest	**Cost Basis**	**Unrealized Gain**	**Fair Value**	Equity Interest	Cost Basis	Unrealized Loss	Fair Value
Entrée Gold Inc.	**14.6%**	**$ 19,957**	**$ 19,009**	**$ 38,966**	14.6%	$ 19,957	$ (8,635)	$ 11,322
Emmerson Resources Limited (i)	**10.0%**	**2,891**	**9,874**	**12,765**	0.0%			
Jinshan Gold Mines Inc. (ii)	**0.0%**				0.9%	554		554
Intec Ltd.	**5.0%**	**521**	**61**	**582**	6.1%	521		521
GoviEx Gold Inc.	**1.5%**	**1,043**		**1,043**	1.5%	1,043		1,043
Ivanhoe Nickel & Platinum Ltd. (iii)	**4.0%**	**5,950**		**5,950**	1.9%	4,370		4,370
Other		**60**	**63**	**123**		60		60
		$ 30,422	**$ 29,007**	**$ 59,429**		$ 26,505	$ (8,635)	$ 17,870

(i) During the three month period ended June 30, 2009, Ivanhoe Mines acquired 22,610,000 common shares of Emmerson Resources Limited (Emmerson) and 27,900,000 Emmerson share purchase options for a total cost of $2,141,000 (Aud$2,939,000). Each Emmerson share purchase option is exercisable until June 1, 2011 to purchase an additional Emmerson common share at a price of Aud$0.20.

(ii) During the three month period ended September 30, 2009, Ivanhoe Mines disposed of its entire 1,500,000 common shares of Jinshan Gold Mines Inc. for $1,978,000. This transaction resulted in a gain of $1,424,000 being recognized.

(iii) During the three month period ended June 30, 2009, Ivanhoe Mines acquired 973,856 common shares of Ivanhoe Nickel and Platinum Ltd. (Ivanplats) at a cost of $1,461,000.

During the three month period ended March 31, 2009, Ivanhoe Mines acquired 200,000 common shares of Ivanplats at a cost of $120,000.

As at September 30, 2009, Ivanhoe Mines held a 8.3% equity interest in Ivanplats on a fully diluted basis.

6. OTHER LONG-TERM INVESTMENTS

As at December 31, 2008, the Company held $60.2 million principal amount of non-bank-sponsored Asset-Backed Commercial Paper (Montreal Proposal ABCP) which was recorded at a fair value of $22.3 million. On January 12, 2009, the Ontario Superior Court of Justice granted the Amended Plan Implementation Order filed by the Pan-Canadian Restructuring Committee (the Committee) under the Companies Creditors Arrangement for the restructuring of the Montreal Proposal ABCP.

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 (Continued)

On January 21, 2009, the Amended Plan restructuring was completed. Upon closing of the Amended Plan, the Company received $60.2 million of long-term investments (the Long-Term Notes) consisting of:

- $22.7 million of MAV2 Class A-1 Notes;
- $22.7 million of MAV2 Class A-2 Notes;
- $4.1 million of MAV2 Class B Notes;
- $1.5 million of MAV2 Class C Notes;
- $1.3 million of MAV2 IA Class 1 Notes;
- $1.0 million of MAV2 IA Class 2 Notes;
- $0.9 million of MAV2 IA Class 3 Notes;
- $1.2 million of MAV2 IA Class 13 Notes;
- $1.6 million of MAV3 TA Class 14 Notes; and
- $3.2 million of MAV3 TA Class 25 Notes.

As at September 30, 2009, the Company held $64.6 million of the Long-Term Notes. The increase from December 2008 in principal of $4.4 million was due to the strengthening of the Canadian dollar ($6.4 million), offset by principle redemptions on the Traditional Asset Notes ($2.0 million). There are currently no market quotations available for Long-Term Notes. The Company has designated the notes as held-for-trading. The notes are recorded at fair value with unrealized holding gains and losses included in earnings.

There is a significant amount of uncertainty in estimating the amount and timing of cash flows associated with the Long-Term Notes. The Company has estimated the fair value of the Long-Term Notes considering information provided on the restructuring, the best available public information regarding market conditions and other factors that a market participant would consider for such investments.

The Company has used a discounted cash flow approach to value the Long-Term Notes at September 30, 2009 incorporating the following assumptions:

Bankers Acceptance Rate:	0.30%
Discount Rates:	9% to 25%
Maturity Dates:	7.2 years
Expected Return of Principal:	
A-1 Notes	100%
A-2 Notes	100%
B Notes	10%
C Notes	0%
IA Notes	0%
TA Notes	100%

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 (Continued)

Based on the discounted cash flow model as at September 30, 2009, the fair value of the Company s Long-Term Notes was estimated at $23.8 million. As a result of this valuation, the Company recorded an unrealized trading gain of $0.6 million for the three months ended September 30, 2009 and a gain of $nil for the nine months ended September 30, 2009.

Continuing uncertainties regarding the value of the assets that underlie the notes, the amount and timing of cash flows and changes in general economic conditions could give rise to a further change in the fair value of the Company s investment in the notes, which would impact the Company s results from operations. A 1.0% increase, representing 100 basis points, in the discount rate will decrease the fair value of the long-term notes by approximately $1.4 million.

7. AMOUNTS DUE UNDER CREDIT FACILITIES

In October 2007, Ivanhoe Mines obtained non-revolving bank loans which are due on demand and secured against certain securities and other investments.

In April 2009, Ivanhoe Mines obtained a non-revolving, two-year extendible loan facility, which is secured against certain securities and other investments.

8. CONVERTIBLE CREDIT FACILITY

	September 30, 2009	December 31, 2008
Principal amount of convertible credit facility	**$ 350,000**	$ 350,000
Accrued interest	**37,073**	24,165
	387,073	374,165
(Deduct) add		

In September 2007, Rio Tinto provided Ivanhoe Mines with a $350.0 million convertible credit facility to finance ongoing mine development activities at the Oyu Tolgoi Project pending the finalization of an Investment Agreement between Ivanhoe Mines and the Government of Mongolia. In October 2007, Ivanhoe Mines made an initial draw against the credit facility of $150.0 million. A second draw of $100.0 million was made in January 2008. The final draw on the credit facility of $100.0 million was made in April 2008.

Amounts advanced under the credit facility bear interest at a rate per annum equal to the three-month London Inter-Bank Offered Rate plus 3.3%, and mature on September 12, 2010. The outstanding principal amount and up to $108.0 million in interest are convertible into a maximum of 45.8 million common shares of Ivanhoe Mines at a price of $10.00 per share and will be automatically converted into common shares upon maturity.

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

8. CONVERTIBLE CREDIT FACILITY (Continued)

As part of the credit facility transaction, Rio Tinto also received share purchase warrants exercisable to purchase up to 35.0 million common shares of Ivanhoe Mines at a price of $10.00 per share for a period of five years (Note 10 (c)). These warrants may be exercised on a basis proportionate to the amount of funds drawn down by Ivanhoe Mines under the credit facility, plus interest.

Amounts drawn on the credit facility are allocated to the convertible credit facility liability and incremental exercisable share purchase warrants based on their respective fair values at the time of the draw. The existence of a beneficial conversion feature is then assessed using an effective conversion price based on the proceeds allocated to the convertible credit facility liability in accordance with EITF 00-27, Application of Issue No. 98-5 to Certain Convertible Instruments (Codified within ASC 470).

Allocating proceeds to share purchase warrants and, if necessary, a beneficial conversion feature results in discounts on the convertible credit facility liability. These discounts are recognized as accretion expense over the life of the credit facility using the effective interest rate method. Any unamortized balance of the beneficial conversion feature discount will be expensed immediately upon conversion of the credit facility.

The accounting treatment for paid-in-kind interest is the same as that described above for amounts drawn on the credit facility.

During the three and nine months ended September 30, 2009, Ivanhoe Mines capitalized $0.1 million and $0.3 million of interest expense and $0.1 million and $0.2 million of accretion expense, respectively, incurred on the convertible credit facility.

9. DERIVATIVE CONTRACT

In November 2008, Ivanhoe Mines entered into a Share Purchase Agreement with a third party (the Transferor) to acquire two million shares of SouthGobi for an initial payment of $7.0 million. Contemporaneously, Ivanhoe Mines entered into an Option Agreement which provides the Transferor with the option to acquire up to two million SouthGobi shares from Ivanhoe Mines at any time on or before the third anniversary of the agreements at an escalating price agreed upon in the Option Agreement.

At the time of entering into the contract, the Option Agreement was considered a freestanding contract indexed to the stock of a consolidated subsidiary and was initially recorded as a liability at fair value and subsequently marked to fair value through earnings in accordance with EITF 00-6, Accounting for Freestanding Derivative Financial Instruments Indexed to, and Potentially Settled in, the Stock of a Consolidated Subsidiary (Codified within ASC 810).

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

9. DERIVATIVE CONTRACT (Continued)

The fair value of the option was determined using a Black-Scholes option pricing model, using the following assumptions at December 31, 2008:

Risk-free interest rate		**1.05%**
Expected life		**1.4 years**
Expected volatility		**84%**
Expected dividends	**$**	**Nil**

EITF 08-8 (Codified within ASC 815) states that a financial instrument for which the payoff to the counterparty is based, in whole or in part, on the stock of an entity s consolidated subsidiary is not precluded from qualifying for the first part of the scope exception in paragraph 11(a) of FAS 133, Accounting for Derivative Instruments and Hedging Activities (Codified within ASC 815) or from being within the scope of EITF 00-19, Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company s Own Stock (Codified within ASC 815).

The adoption of EITF 08-8 (Codified within ASC 815) resulted in the reclassification of the fair value of the derivative contract to noncontrolling interest on January 1, 2009 (Note 12) and any subsequent changes to the fair value of the derivative contract will no longer be recorded through earnings.

During the three month period ended September 30, 2009, the Transferor exercised their option to acquire 700,000 SouthGobi shares. As a result, a portion of the fair value of the derivative contract has been removed from noncontrolling interest (Note 12).

10. SHARE CAPITAL

(a) Equity Incentive Plan

Stock-based compensation charged to operations was allocated between exploration expenses and general and administrative expenses as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	**2009**	2008
Exploration	**$ 4,513**	$ 9,862	**$ 16,085**	$ 14,655
General and administrative	**2,244**	895	**11,447**	7,603
	$ 6,757	$ 10,757	**$ 27,532**	$ 22,258

IVANHOE MINES LTD.
Notes to the Consolidated Financial Statements
(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)
10. SHARE CAPITAL (Continued)
(a) Equity Incentive Plan (Continued)

Stock-based compensation charged to operations was incurred by Ivanhoe Mines as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	**2009**	2008
Ivanhoe Mines Ltd. (i)	**$ 3,272**	$ 1,794	**$ 16,909**	$ 10,503
SouthGobi Energy Resources Ltd.	**1,688**	1,934	**5,598**	4,726
Ivanhoe Australia Ltd.	**1,797**	7,029	**5,025**	7,029
	$ 6,757	$ 10,757	**$ 27,532**	$ 22,258

(i) During the nine months ended September 30, 2009, 242,050 options were exercised, 6,169,200 options were cancelled and 6,350,500 options were granted. These granted options have a weighted average exercise price of Cdn$7.58, lives of seven years, and vest over periods ranging from grant date to four years. The weighted average grant-date fair value of stock options granted during the nine months ended September 30, 2009 was Cdn$4.08. The fair value of these options was determined using the Black-Scholes option pricing model. The option valuation was based on an average expected option life of 3.5 years, a risk-free interest rate of 1.8%, an expected volatility of 74.3%, and a dividend yield of nil%. Stock-based compensation for the cancelled options of $5.2 million was charged to operations in full upon cancellation.

(b) Rio Tinto Placement

Under the terms of the Rio Tinto Agreement, Rio Tinto is committed to take up the second tranche of the private placement following the date upon which Ivanhoe Mines enters into an Investment Agreement with the Government of Mongolia that is mutually acceptable to Ivanhoe Mines and Rio Tinto. Rio Tinto has the option to exercise the second tranche earlier. This second tranche will consist of approximately 46.3 million shares at a subscription price of $8.38 per share, for proceeds totalling $388.0 million. Rio Tinto s obligation to complete the second tranche of the private placement will terminate on October 27, 2009 if an Investment Agreement with the Government of Mongolia has not been finalized. On October 27, 2009, Rio Tinto exercised the second tranche private placement (also refer to Note 17).

The following share purchase warrants granted to Rio Tinto during 2006 were outstanding as at September 30, 2009:

(i) 46,026,522 share purchase warrants with exercise prices ranging between $8.38 and $8.54 per share. These warrants are exercisable until October 27, 2010.

IVANHOE MINES LTD.
Notes to the Consolidated Financial Statements
(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)
10. SHARE CAPITAL (Continued)

(b) Rio Tinto Placement (Continued)

(ii) 46,026,522 share purchase warrants with exercise prices ranging between \$8.38 and \$9.02 per share. These warrants are exercisable until October 27, 2011.

In addition to the share purchase warrants granted to Rio Tinto during 2006, the following were granted to Rio Tinto during 2008 and were outstanding as at September 30, 2009:

(i) 720,203 share purchase warrants with exercise prices of Cdn\$3.15 per share. These warrants are exercisable until October 27, 2010.

(ii) 720,203 share purchase warrants with exercise prices of Cdn\$3.15 per share. These warrants are exercisable until October 27, 2011.

(c) Rio Tinto Financing

As part of the credit facility transaction disclosed in Note 8, Rio Tinto received share purchase warrants exercisable to purchase up to 35.0 million common shares of Ivanhoe Mines at a price of \$10.00 per share at any time on or before October 24, 2012. These warrants may be exercised on a basis proportionate to the sum of all amounts drawn down on the facility and interest added to the principal amount of the facility. As at September 30, 2009, 35.0 million share purchase warrants were exercisable.

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

11. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	**2009**	2008
Accumulated OCI at beginning of period				
Investments, net of tax of $nil	$ (3,674)	$ 10,269	$ (8,635)	$ 17,498
Currency translation adjustments, net of tax of $nil	(11,622)		(18,256)	
Noncontrolling interests	2,042		2,669	
	$ (13,254)	$ 10,269	$ (24,222)	$ 17,498
Other comprehensive income (loss) for the period:				
Changes in fair value of investments	$ 34,105	$ (21,544)	$ 39,066	$ (28,773)
Currency translation adjustments	4,497	(7,618)	11,131	(7,618)
Noncontrolling interests (Note 12)	(1,417)	2,609	(2,044)	2,609
Less: reclassification adjustments for gains/losses recorded in earnings:				
Investments:				
Other than temporary impairment charges		2,339		2,339
Gains realized on sale	(1,424)		(1,424)	
Other comprehensive income (loss), before tax	35,761	(24,214)	46,729	(31,443)
Income tax recovery (expense) related to OCI				
Other comprehensive income (loss), net of tax	$ 35,761	$ (24,214)	$ 46,729	$ (31,443)
Accumulated OCI at end of period				
Investments, net of tax of $nil	$ 29,007	$ (8,936)	$ 29,007	$ (8,936)
Currency translation adjustments, net of tax of $nil	(7,125)	(7,618)	(7,125)	(7,618)
Noncontrolling interests	625	2,609	625	2,609
	$ 22,507	$ (13,945)	$ 22,507	$ (13,945)

12. NONCONTROLLING INTERESTS

At September 30, 2009 there were noncontrolling interests in SouthGobi and Ivanhoe Australia.

	Noncontrolling Interests		
	SouthGobi	Ivanhoe Australia	Total
Balance, December 31, 2008	$ 17,623	$ 3,069	$ 20,692

Change in noncontrolling interests arising from changes in ownership interests		669		(8)		661
Noncontrolling interests share of loss		(6,350)		(3,808)		(10,158)
Derivative contract (Note 9)		3,458				3,458
Purchase Metals division from subsidiary		518				518
Noncontrolling interests share of other comprehensive loss (Note 11)				2,044		2,044
Balance, September 30, 2009	$	15,918	$	1,297	$	17,215

IVANHOE MINES LTD.
Notes to the Consolidated Financial Statements
(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)
13. CASH FLOW INFORMATION
Reconciliation of net loss to net cash flow used in operating activities

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	**2009**	2008
Net (loss) income	**$ (75,727)**	$ (92,300)	**$ (160,861)**	$ (32,162)
Income from discontinued operations	**(3,644)**	(10,677)	**(19,309)**	(25,836)
Items not involving use of cash				
Stock-based compensation	**6,757**	10,757	**27,532**	22,258
Accretion expense	**3,643**	2,610	**10,653**	6,897
General and administrative expenses	**1,978**		**1,978**	
Accrued mining property care and maintenance				448
Depreciation	**3,541**	2,721	**7,410**	5,390
Gain on sale of other mineral property rights			**(3,000)**	
Write-down of carrying values of property, plant and equipment	**23,029**		**23,029**	4
Accrued interest expense	**3,804**	4,006	**12,644**	11,489
Unrealized gain on other long-term investments	**(649)**		**(15)**	
Realized gain on redemption of other long-term investments	**(198)**		**(1,334)**	
Unrealized foreign exchange (gains) losses	**(23,092)**	16,094	**(37,298)**	20,003
Share of loss of significantly influenced investees	**23,041**		**30,839**	809
Gain on sale of long-term investments and note receivable	**(1,424)**		**(1,424)**	(201,428)
Write-down of carrying value of long-term investments		3,790		3,790
Gain on sale of equipment				(911)
Loss on sale of equipment		2,525		2,525
Deferred income taxes	**(8,673)**	(441)	**(8,734)**	63
Net change in non-cash operating working capital items:				
(Increase) decrease in:				
Accounts receivable	**1,293**	(3,128)	**(5,495)**	199
Inventories	**(189)**	(6,311)	**2,724**	(7,863)
Prepaid expenses	**(1,290)**	(1,690)	**(1,983)**	(4,063)
Other current assets				(1)
Decrease in:				
Accounts payable and accrued liabilities	**919**	(5,199)	**(2,903)**	(34,531)
Cash used in operating activities	**$ (46,881)**	$ (77,243)	**$ (125,547)**	$ (232,920)

14. FAIR VALUE ACCOUNTING

ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets of liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy under ASC 820 are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable.

IVANHOE MINES LTD.
Notes to the Consolidated Financial Statements
(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)
14. FAIR VALUE ACCOUNTING (Continued)

The following table sets forth the Company s assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy. As required by FAS 157, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Fair Value at September 30, 2009			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets:				
Long-term investments	**$ 73,381**	$ 60,708	$ 12,673	$
Other long-term investments	**23,792**			23,792
	$ 97,173	$ 60,708	$ 12,673	$ 23,792

The Company s long-term investments are classified within Level 1 and 2 of the fair value hierarchy as they are valued using quoted market prices of certain investments, as well as quoted prices for similar investments.

The Company s other long-term investments are classified within Level 3 of the fair value hierarchy and consist of Long-Term Notes received upon the completion of the Asset Backed Commercial Paper restructuring.

The table below sets forth a summary of changes in the fair value of the Company s Level 3 financial assets (other long-term investments) for the nine months ended September 30, 2009.

Balance at beginning of period	**$ 22,301**
Foreign exchange gain	**2,183**
Fair value of other long-term investments redeemed	**(707)**
Unrealized gain on other long-term investments	**15**
Balance at end of period	**$ 23,792**

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

15. DISCLOSURES REGARDING FINANCIAL INSTRUMENTS

(a) The estimated fair value of Ivanhoe Mines financial instruments was as follows:

	September 30, 2009		December 31, 2008	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Cash	**$ 341,653**	**$ 341,653**	$ 384,110	$ 384,110
Accounts receivable	**33,599**	**33,599**	47,520	47,520
Other current assets	**144**	**144**	144	144
Long-term investments	**90,764**	**139,890**	55,945	78,427
Other long-term investments	**23,792**	**23,792**	22,301	22,301
Accounts payable and accrued liabilities	**37,829**	**37,829**	41,103	41,103
Amounts due under credit facilities	**52,054**	**52,054**	15,963	15,963
Convertible credit facility	**372,327**	**387,073**	349,128	374,165
Derivative contract			5,320	5,320

The fair value of Ivanhoe Mines long-term investments was determined by reference to published market quotations, which may not be reflective of future values.

The fair value of Ivanhoe Mines other long-term investments, consisting of Long-Term Notes received upon the completion of the Asset Backed Commercial Paper restructuring, was determined by considering the best available data regarding market conditions for such investments, which may not be reflective of future values.

The fair values of Ivanhoe Mines remaining financial instruments were estimated to approximate their carrying values, due primarily to the immediate or short-term maturity of these financial instruments.

IVANHOE MINES LTD.
Notes to the Consolidated Financial Statements
(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)
16. SEGMENT DISCLOSURES

	Nine Months Ended September 30, 2009			
	Exploration	Coal	Corporate	**Consolidated**
REVENUE	$	$ 26,078	$	**$ 26,078**
COST OF SALES				
Production and delivery		(16,746)		**(16,746)**
Depreciation and depletion		(4,243)		**(4,243)**
COST OF SALES		(20,989)		**(20,989)**
EXPENSES				
Exploration	(95,807)	(23,183)		**(118,990)**
General and administrative			(30,778)	**(30,778)**
Depreciation	(3,087)	(14)	(66)	**(3,167)**
Mining property care and maintenance				
Accretion of convertible credit facility			(10,549)	**(10,549)**
Accretion of asset retirement obligations	(66)	(38)		**(104)**
Gain on sale of other mineral property rights	3,000			**3,000**
Write-down of carrying values of property, plant and equipment		(23,029)		**(23,029)**
TOTAL EXPENSES	(95,960)	(67,253)	(41,393)	**(204,606)**
OPERATING LOSS	(95,960)	(41,175)	(41,393)	**(178,528)**
OTHER INCOME (EXPENSES)				
Interest income	913	16	1,013	**1,942**
Interest expense			(13,083)	**(13,083)**
Foreign exchange (losses) gains	(1,065)	(1,222)	34,232	**31,945**
Listing fees SouthGobi		(1,932)		**(1,932)**
Unrealized gain on other long-term investments			15	**15**
Realized gain on redemption of other long-term investments			1,334	**1,334**
Gain on sale of equipment				
Loss on sale of equipment				
Write-down of carrying value of long-term investments				
Gain on sale of long-term investment and note receivable			1,424	**1,424**
LOSS BEFORE INCOME TAXES AND OTHER ITEMS	(96,112)	(44,313)	(16,458)	**(156,883)**
Provision for income taxes	(168)	7,796	(76)	**7,552**

Share of loss of significantly influenced investees		(1,156)				(29,683)		**(30,839)**
NET LOSS FROM CONTINUING OPERATIONS		(97,436)		(36,517)		(46,217)		**(180,170)**
INCOME FROM DISCONTINUED OPERATIONS						19,309		**19,309**
NET LOSS		(97,436)		(36,517)		(26,908)		**(160,861)**
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS		3,808				6,350		**10,158**
NET LOSS ATTRIBUTABLE TO IVANHOE MINES LTD.	$	(93,628)	$	(36,517)	$	(20,558)	**$**	**(150,703)**
CAPITAL EXPENDITURES	$	2,685	$	25,643	$	26	**$**	**28,354**
TOTAL ASSETS	$	208,161	$	120,471	$	407,163	**$**	**735,795**

During the nine months ended September 30, 2009, all of the coal division s revenue arose from coal sales in Mongolia to three customers. Total revenues by customer were $16.2 million, $9.6 million and $0.3 million.

IVANHOE MINES LTD.
Notes to the Consolidated Financial Statements
(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)
16. SEGMENT DISCLOSURES (Continued)

	Three Months Ended September 30, 2009			
	Exploration	Coal	Corporate	**Consolidated**
REVENUE	$	$ 11,871	$	**$ 11,871**
COST OF SALES				
Production and delivery		(6,435)		**(6,435)**
Depreciation and depletion		(2,202)		**(2,202)**
COST OF SALES		(8,637)		**(8,637)**
EXPENSES				
Exploration	(35,007)	(8,460)		**(43,467)**
General and administrative			(12,464)	**(12,464)**
Depreciation	(1,327)	(7)	(5)	**(1,339)**
Mining property care and maintenance				
Accretion of convertible credit facility			(3,603)	**(3,603)**
Accretion of asset retirement obligations	(22)	(18)		**(40)**
Gain on sale of other mineral property rights				
Write-down of carrying values of property, plant and equipment		(23,029)		**(23,029)**
TOTAL EXPENSES	(36,356)	(40,151)	(16,072)	**(92,579)**
OPERATING LOSS	(36,356)	(28,280)	(16,072)	**(80,708)**
OTHER INCOME (EXPENSES)				
Interest income	181	4	327	**512**
Interest expense			(4,066)	**(4,066)**
Foreign exchange (losses) gains	36	(276)	19,722	**19,482**
Listing fees SouthGobi		(1,599)		**(1,599)**
Unrealized gain on other long-term investments			649	**649**
Realized gain on redemption of other long-term investments			198	**198**
Gain on sale of equipment				
Loss on sale of equipment				
Write-down of carrying value of long-term investments				
Gain on sale of long-term investment and note receivable			1,424	**1,424**
LOSS BEFORE INCOME TAXES AND OTHER ITEMS	(36,139)	(30,151)	2,182	**(64,108)**
Provision for income taxes	(190)	7,973	(5)	**7,778**

Share of loss of significantly influenced investees		(804)				(22,237)		**(23,041)**
NET LOSS FROM CONTINUING OPERATIONS		(37,133)		(22,178)		(20,060)		**(79,371)**
INCOME FROM DISCONTINUED OPERATIONS						3,644		**3,644**
NET LOSS		(37,133)		(22,178)		(16,416)		**(75,727)**
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS		1,752				4,217		**5,969**
NET LOSS ATTRIBUTABLE TO IVANHOE MINES LTD.	$	(35,381)	$	(22,178)	$	(12,199)	**$**	**(69,758)**
CAPITAL EXPENDITURES	$	987	$	10,430	$	10	**$**	**11,427**
TOTAL ASSETS	$	208,161	$	120,471	$	407,163	**$**	**735,795**

During the three months ended September 30, 2009, all of the coal division s revenue arose from coal sales in Mongolia to three customers. Total revenues by customer were $7.5 million, $4.1 million and $0.3 million.

IVANHOE MINES LTD.
Notes to the Consolidated Financial Statements
(Stated in U.S. dollars unless otherwise noted; tabular amounts in thousands)
16. SEGMENT DISCLOSURES (Continued)

	Nine Months Ended September 30, 2008			
	Exploration	Coal	Corporate	**Consolidated**
REVENUE	$	$	$	**$**
COST OF SALES				
Production and delivery				
Depreciation and depletion				
COST OF SALES				
EXPENSES				
Exploration	(144,640)	(39,567)		**(184,207)**
General and administrative			(19,375)	**(19,375)**
Depreciation	(4,766)	(95)	(529)	**(5,390)**
Mining property care and maintenance			(10,342)	**(10,342)**
Accretion of convertible credit facility			(6,496)	**(6,496)**
Accretion of asset retirement obligations	(57)		(344)	**(401)**
Gain on sale of other mineral property rights				
Write-down of carrying values of property, plant and equipment			(4)	**(4)**