

IVANHOE ENERGY INC
Form 10-Q
November 12, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2013
Commission file number: 000-30586

Ivanhoe Energy Inc.
(Exact name of registrant as specified in its charter)

Yukon, Canada

98-0372413

(State or other jurisdiction of
incorporation or organization)

(IRS Employer
Identification No.)

654-999 Canada Place

Vancouver, BC, Canada V6C 3E1

(604) 688-8323

(Address and telephone number of the registrant's principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☐ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☒

Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

As at October 31, 2013, Ivanhoe Energy Inc. had 114,824,253 common shares outstanding with no par value.

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Table of ContentsPART I FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS
IVANHOE ENERGY INC.****Condensed Consolidated Statements of Financial Position****(Unaudited)**

(US\$000s)	Note	September 30, 2013	December 31, 2012
Assets			
Current Assets			
Cash and cash equivalents		35,209	62,819
Restricted cash		500	20,500
Accounts receivable		4,592	14,848
Note receivable		225	230
Prepaid and other		406	1,593
		40,932	99,990
Intangibles	4	299,101	285,311
Property, plant and equipment		10,237	10,205
Long term receivables		7,407	6,551
		357,677	402,057
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities		10,217	14,436
Income taxes			1,720
		10,217	16,156
Long term debt		64,628	65,214
Long term derivative instruments			181
Long term provisions		3,447	3,157
Deferred income taxes		11,687	14,351
		89,979	99,059
Shareholders' Equity			
Share capital		586,358	586,108
Contributed surplus		31,851	29,759
Accumulated deficit		(350,511)	(312,869)

	267,698	302,998
	357,677	402,057
Nature of operations and going concern	1	
(See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements)		

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IVANHOE ENERGY INC.

Condensed Consolidated Statements of Loss and Comprehensive Loss

(Unaudited)

		Three Months Ended September 30,		Nine Months Ended September 30,	
(US\$000s, except share and per share amounts)	Note	2013	2012	2013	2012
Interest and other income		292	11	382	21
Expenses and other					
Operating		905	1,243	3,119	3,499
Exploration and evaluation		4,699	22,648	4,699	22,800
General and administrative		9,069	7,050	30,187	23,307
Depreciation		255	232	739	731
Foreign currency exchange loss (gain)		978	2,707	(1,949)	1,924
Derivative instruments (gain) loss		(1)	11	(177)	(1,538)
Finance		525	1,502	1,958	2,088
Loss on debt repayment					309
		16,430	35,393	38,576	53,120
Loss before income taxes		(16,138)	(35,382)	(38,194)	(53,099)
Recovery of (provision for) income taxes					
Current				(41)	
Deferred		928	1,385	2,665	1,901
		928	1,385	2,624	1,901
Net loss and total comprehensive loss from continuing operations		(15,210)	(33,997)	(35,570)	(51,198)
Net (loss) income and total comprehensive (loss) income from discontinued operations	3		(550)	(2,072)	1,286
Net loss and comprehensive loss		(15,210)	(34,547)	(37,642)	(49,912)
Net loss per common share, basic and diluted					
From continuing operations		(0.13)	(0.30)	(0.31)	(0.45)
From discontinued operations				(0.02)	0.01
		(0.13)	(0.30)	(0.33)	(0.44)
	2	114,824	114,713	114,729	114,713

**Weighted average number of common shares Basic and
diluted (000s)**

(See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements)

Table of Contents**IVANHOE ENERGY INC.****Condensed Consolidated Statements of Changes in Equity****(Unaudited)**

(US\$000s, except share amounts)	Note	Share Capital		Contributed Surplus	Accumulated Deficit	Total
		Shares (000s)	Amount			
Balance January 1, 2012		114,713	586,108	26,524	(298,495)	314,137
Net loss and comprehensive loss					(49,912)	(49,912)
Funding of equity-settled share-based awards				(54)		(54)
Share-based compensation expense	6			2,475		2,475
Balance September 30, 2012		114,713	586,108	28,945	(348,407)	266,646

(US\$000s, except share amounts)	Note	Share Capital		Contributed Surplus	Accumulated Deficit	Total
		Shares (000s)	Amount			
Balance January 1, 2013		114,713	586,108	29,759	(312,869)	302,998
Net loss and comprehensive loss					(37,642)	(37,642)
Funding of equity-settled share-based awards				(132)		(132)
Share-based compensation expense	6	111	250	2,224		2,474
Balance September 30, 2013		114,824	586,358	31,851	(350,511)	267,698

(See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements)

Table of Contents**IVANHOE ENERGY INC.****Condensed Consolidated Statements of Cash Flows****(Unaudited)**

		Three Months Ended		Nine Months Ended	
(US\$000s)	Note	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Operating Activities					
Net loss		(15,210)	(34,547)	(37,642)	(49,912)
Adjustments to reconcile net loss to cash from operating activities					
Depletion and depreciation		255	2,134	739	6,371
Exploration and evaluation expense		4,699	22,648	4,699	22,800
Share-based compensation expense		1,231	336	3,335	2,575
Unrealized foreign currency exchange loss (gain)		972	2,103	(1,789)	1,483
Unrealized derivative instruments (gain) loss		(1)	11	(177)	(1,721)
Current income tax expense			397	41	1,566
Deferred income tax recovery		(928)	(845)	(2,665)	(577)
Finance expense		525	1,502	1,958	2,088
Loss on debt repayment and other		371	14		322
Current income tax paid			(946)	(1,761)	(1,810)
Interest paid		(11)	(785)	(531)	(1,087)
Share-based payments				(188)	(166)
Changes in non-cash working capital items	9	(2,326)	4,889	2,932	