IVANHOE MINES LTD
Form 6-K
December 01, 2006

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 30, 2006

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:
Amended Press release of November 30, 2006

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

IVANHOE MINES LTD.

Date: November 30, 2006

By: */s/ Beverly A. Bartlett*
BEVERLY A. BARTLETT
Vice President & Corporate Secretary

November 30, 2006

Ivanhoe Mines Shareholders Overwhelmingly Approve Strategic Partnership Terms With Rio Tinto To Develop Oyu Tolgoi Mining Complex In Mongolia

VANCOUVER, CANADA Robert Friedland, founder and Chairman of Ivanhoe Mines, and John Macken, Ivanhoe s President and CEO, announced that a majority of the shareholders of Ivanhoe Mines, excluding the 9.95% interest held by Rio Tinto, today voted overwhelmingly in favour of approval of provisions of the formation of a strategic partnership with Rio Tinto to develop the Oyu Tolgoi copper-gold project in Mongolia s South Gobi region.

Shareholders participating in the vote at a special meeting held in Vancouver today voted 99.9% in favour of the right of Rio Tinto to exercise the warrants granted to it under terms of the agreement between Ivanhoe (IVN: TSX, NYSE & NASDAQ) and Rio Tinto (RTP: NYSE; RIO: LSX, ASX) that were announced on October 18, 2006.

The vote is a gratifying affirmation of support by our shareholders for this significant step in the development of Oyu Tolgoi into a world-scale mine that will produce long-lasting benefits for Mongolians and Ivanhoe s shareholders, Mr. Macken said.

Rio Tinto has made an initial investment in the equity of Ivanhoe Mines of approximately US$303 million, an amount that can increase, under defined conditions, to up to approximately US$1.5 billion. Terms of the strategic partnership agreement can be found in Ivanhoe s October 18, 2006, news release.

Rio Tinto is joining Ivanhoe in current talks with the Mongolian Government and its appointed Working Group for a long-term Investment Agreement that will confirm, among other things, a tax, legal and fiscal framework for the development of the Oyu Tolgoi project.

Rio Tinto and Ivanhoe have established a Technical Committee to manage all aspects of the engineering, construction, development and operation of the Oyu Tolgoi complex. The Technical Committee is chaired by Mr. Macken.

More information about Ivanhoe Mines, its mining interests and exploration projects is available at www.ivanhoemines.com.

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Coventry purposely did not develop a strategy of specialty or ancillary products. If they make those available to their customer, they are generally private labeled, white labeled, or just brought through the relationship, but provided by other carriers.

And look at what Aetna has developed over the years. We enjoy fantastic results and profits from dental, vision, group life, and long-term disability, our pharmacy benefit management business, behavioral business, etc. So we did not even account for the cross-sell and penetration rate that we will enjoy when we bring all of those specialty products to bear on the Coventry membership.

The second point I would make -- so there is specialty revenue. The second point I would make is, and we didn't count this as well, but I'm quite excited about it, because it's been a vision of ours for many, many years, to unlock the value of workforce optimization by combining the skills of long-term disability, health care, and workers compensation. And when you think about it, all of those three lines of business and coverages intersect with the healthcare system, and somebody is not at their desk every day.

They have the best and largest workers compensation platform in the industry. We have dabbled in that industry over the years, but we've never been able to unlock its secret of profitable growth. So now that we have a fantastic long-term disability platform, what we think is the industry-leading healthcare platform, and now with the world's or the US's largest worker's compensation platform, we believe we will be able to embark upon a strategy of workforce optimization, presenteeism that has not been seen before. But that's probably out a ways and may be a futuristic view, but we think there is value there.

Melissa McGinnis - Morgan Stanley - Analyst

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Great. Another big focus after this deal has been the capital generation for the combined enterprise. I guess, first, can you provide some color around the capital deployment opportunities amid the integration of Coventry? Setting aside some of the blackout periods, how soon can you reenter the repurchase market and how meaningfully?

And then, also, is there room for you to even still do bolt-on acquisitions, if there is some market dislocation from 2013 and 2014?

Joe Zubretsky - Aetna Inc. - Senior EVP & CFO

The capital -- I mean one of the hallmarks of our business profile -- and we think part of the investment thesis is Aetna's ability to generate free cash flow, deploy it accretively and then pocket in very creative ways like our Vitality Re transactions. We have not yet factored in the ability to launch Vitality Re types of securitization transactions on the Coventry capital base, one.

Two is their business cash flow is very, very well, and the combined cash flows of the business, depending on how you measure it, $2.2 billion pre-synergy, $2.5 billion after synergy is very, very robust.

To your near-term question about how do I think about the next 18 months to 24 months, here's the way to think about it very simply. And there's always exceptions to these rules, so this is a general look.

We basically will be out of the market of buying shares for the balance of the year. Maybe the window opens up later in the year, but think about it that way. I would actually argue -- and I've made this argument many times -- that it doesn't matter.

What really matters is the cash flow. So if I'm out of the market but I am cash flowing from my regulated subsidiaries and I'm building up a $1 billion parent company cash balance, all you've lost is the ability to buy it at $37 today when you might have to buy it back at $38 six months from now.

The cash flow is still there. So I would argue that the valuation of the Company has still improved, apply the market multiple to our earnings per share, which has not been benefit by the share repurchases, but then I have $2, $3 or maybe even $4 of cash per share sitting on the balance sheet. So it really doesn't matter as long as the cash flow is there.

So the question to ask isn't whether I'm buying shares. The question to ask is, what's my parent company cash balance between now and year end?

We have said that we are going to take the out-of-the-gate, out-of-the-box, 40% debt-to-cap ratio and bring it down to 35% in two years, and we've committed to the agencies that we're going to do that. We can do that and still have over $1 billion of free cash flow with which to buy shares, buy other companies and deploy in accretive ways.

So the cash flow characteristics of this transaction are absolutely fabulous, and we are going to continue on our path of finding new and creative ways to capitalize the business to create more ROE for you.

Melissa McGinnis - Morgan Stanley - Analyst

Great. I want to ask again, we have a little over three minutes, any other questions from the audience?

Okay. Maybe we will switch away from Coventry for a moment. During 2011, Aetna spent roughly $1.6 billion on the acquisition of a bunch of capabilities that have proven critical, I think, to your ACS strategy. I believe in 2012 we only saw about $0.09 of accretion from that, and there's some commentary at last year's Investor Day that led us to believe that potentially in 2013 the accretion would ramp significantly, potentially above $0.20.

Recognizing you probably won't give me the exact numbers on 2013, are we on track with the integration and synergies and returns for those acquisitions that were made in 2011?

Joe Zubretsky - Aetna Inc. - Senior EVP & CFO

Yes, we are. In fact, we just recently went through another review of the integration of all these assets and are they producing their acquisition case numbers?

I'll just go down what I'd call the class of 2011. PayFlex is growing nicely and doing a great job for a national account customer base, hitting all its numbers, fully integrated.

Prodigy, our low-cost TPA platform, doing very well, hitting all its numbers, fully integrated, and giving our customers a choice between the gold-plated, high-touch platform that is Aetna's legacy and a lower-touch, disaggregated platform when cost becomes more important.

The Genworth Medicare Supplement business is doing great. It has growing very nicely, and we haven't yet even seen the amount of growth that we're going to get as we make that product more available to our brokerage system, as we sell Medicare Advantage. That hasn't even manifested itself.

And Medicity -- we would not have signed the banner deal in Arizona without the Medicity HIE platform and many others. So Medicity was that key missing ingredient as we tried to develop an integrated technology stack to install in provider groups to allow them to engage in patient population management.

The premise of your question was, are we on track to see accretion beyond the $0.09 you mentioned for 2012? And the answer is yes for two reasons. One, the earnings grow; two, the synergies begin to manifest; and three, the integration costs, which we just expensed, begin to wear off.

So we are on track for additional accretion in 2013 from those transactions.

Melissa McGinnis - Morgan Stanley - Analyst

Great. During your opening commentary, you talked a little bit about Aetna's vision of helping transform the healthcare system, and I think of lot of that feeds into your ACS strategy.

Joe Zubretsky - Aetna Inc. - Senior EVP & CFO

Yes.

Melissa McGinnis - Morgan Stanley - Analyst

Can you provide us an update on those initiatives? And then, also, how investors should start thinking about the financial returns on those arrangements and how they might manifest in our financial models over time?

Joe Zubretsky - Aetna Inc. - Senior EVP & CFO

I'll answer the last part first. And we will begin at the end of this year, whether it is the third quarter or the fourth, we are at Investor Day, begin to talk about the financial returns, and it's all going to be in the context of membership. Because the whole thing is a membership play. And while we absolutely believe that there is a noble cause to help providers shift from a volume-based model to a value-based model, certainly that is good for the economy and good for you and me as consumers, but we need to provide financial returns to our shareholders.

So this is all about getting the best contract in that market because we help them save money, launching new products off of that contract that have a better price point than Blue Cross Blue Shield, or whoever is in that marketplace, creating membership growth.

We've already had significant membership growth, having launched this business only a year ago, and toward the end of this year, we will start -- when we are giving you membership numbers on a quarterly basis, we will start to refer to how many of those members were generated out of ACO arrangements. Because that is really the meaningful statistic. It's all about membership growth and all about getting the best cost structure of launching new products and services and growing membership faster than the competitors.

Melissa McGinnis - Morgan Stanley - Analyst

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Great. Well, I think we're out of time. Thank you, Joe, for joining us, and thank you, all of you, for joining us --

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Joe Zubretsky - Aetna Inc. - Senior EVP & CFO

All right, Melissa. Thank you.

Melissa McGinnis - Morgan Stanley - Analyst

-- for joining us this morning as well.

Joe Zubretsky - Aetna Inc. - Senior EVP & CFO

Thank you very much.

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