

IVANHOE ENERGY INC
Form 10-Q
October 30, 2014

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, 2014

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 (IRS Employer
incorporation or organization) 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)

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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 September 30, 2014, Ivanhoe Energy Inc. had 16,403,465 common shares outstanding with no par value.

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

IVANHOE ENERGY INC.

Condensed Consolidated Statements of Financial Position

(Unaudited)

(US\$000s)	Note	September 30, 2014	December 31, 2013
Assets			
Current Assets			
Cash and cash equivalents		357	23,556
Restricted cash		500	500
Accounts receivable		118	534
Prepaid and other		452	942
Assets held for sale		52,773	51,929
		54,200	77,461
Intangible assets			
Property, plant and equipment	4	64,989	152,823
Long term receivables		347	1,066
Notes receivable		807	603
		—	220
		120,343	232,173
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities		5,377	6,295
		5,377	6,295
Long term debt			
Long term provisions		61,319	63,012
		3,414	2,589
		70,110	71,896
Shareholders' Equity			
Share capital		586,358	586,358
Contributed surplus		34,059	32,614
Accumulated deficit		(570,184)	(458,695)
		50,233	160,277
		120,343	232,173

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)

(US\$000s, except share and per share amounts)	Note	Three Months Ended September 30,		Nine Months Ended September 30,	
		2014	2013	2014	2013
Interest and other income		8	292	58	382
Expenses and other					
Operating		32	905	1,491	3,119
Exploration and evaluation		–	4,699	–	4,699
General and administrative		5,282	9,069	18,576	30,187
Impairment of intangible assets	4	89,156	–	89,156	–
Depreciation		130	255	255	739
Foreign currency exchange (gain) loss		(2,917)	978	(2,958)	(1,949)
Derivative instruments gain		–	(1)	–	(177)
Finance		1,874	525	4,723	1,958
Other (income) expenses		(106)	–	304	–
		93,451	16,430	115,547	38,576
Loss before income taxes		(93,443)	(16,138)	(111,489)	(38,194)
Recovery of (provision for) income taxes					
Current		–	–	–	(41)
Deferred		–	928	–	2,665
		–	928	–	2,624
Net loss and total comprehensive loss from continuing operations		(93,443)	(15,210)	(111,489)	(35,570)
Net loss and total comprehensive loss from discontinued operations	3	–	–	–	(2,072)
Net loss and comprehensive loss		(93,443)	(15,210)	(111,489)	(37,642)
Net loss per common share, basic and diluted					
From continuing operations		(5.70)	(0.93)	(6.80)	(2.17)
From discontinued operations		–	–	–	(0.13)
		(5.70)	(0.93)	(6.80)	(2.30)
Weighted average number of common shares Basic and diluted (000s)	5	16,403	16,403	16,403	16,390

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

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, 2013		16,387	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	16	250	2,224	–	2,474
Balance September 30, 2013	5	16,403	586,358	31,851	(350,511)	267,698

(US\$000s, except share amounts)	Note	Share Capital		Contributed Surplus	Accumulated Deficit	Total
		Shares (000s)	Amount			
Balance January 1, 2014		16,403	586,358	32,614	(458,695)	160,277
Net loss and comprehensive loss		–	–	–	(111,489)	(111,489)
Funding of equity-settled share-based awards		–	–	(93)	–	(93)
Share-based compensation expense	6	–	–	1,538	–	1,538
Balance September 30, 2014	5	16,403	586,358	34,059	(570,184)	50,233

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

IVANHOE ENERGY INC.

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(US\$000s)	Three Months Ended		Nine Months Ended		
	September 30,	September 30,	September 30,	September 30,	
	Note	2014	2013	2014	2013
Operating Activities					
Net loss		(93,443)	(15,210)	(111,489)	(37,642)
Adjustments to reconcile net loss to cash used in operating activities					
Depreciation		130	255	255	739
Exploration and evaluation expense		–	4,699	–	4,699
Impairment of intangible assets		89,156	–	89,156	–
Share-based compensation expense		408	1,231	1,726	3,335
Unrealized foreign currency exchange (gain) loss		(2,813)	972	(3,128)	(1,789)