

# MARKET RELEASE

31 August 2012



## Sale of Exco Limited Shares

Ivanhoe Australia Limited (IVA: ASX/TSX), (Ivanhoe) announced to the ASX on 23 August 2012 the sale of some of its shares in Exco Resources Ltd (Exco) to Washington H. Soul Pattinson & Company Limited (Soul Pattinson) for a consideration of \$4.61m (\$0.19 per share).

In a release to the ASX on 28 August 2012, Exco made two statements regarding this sale that Ivanhoe would like to correct. Ivanhoe did engage with Exco management regarding our decision to exit our investment in Exco. We talked with a number of parties introduced by Exco management that expressed an interest in purchasing our Exco investment. The highest price offered for our investment from these parties was substantially lower than the Soul Pattinson offer. The offer from Soul Pattinson of \$0.19c per share was accepted to optimise the value of the investment for our shareholders as our Exco shareholding is not considered to be core business.

Ivanhoe is not experiencing any financial difficulties and we did not complete the sale in order to secure funding for the Merlin Molybdenum & Rhenium project. Ivanhoe announced on 16 August 2012 that we are completing further metallurgical testwork on the Merlin project which we are expecting will reduce the estimated capital cost. As a result we are not currently seeking funding for this project.

We have rationalised our costs and we are preparing to ship our second concentrate parcel of approximately 10,500wmt which has already been sold and we currently have 8,000t of concentrate ready to move to port for our third shipment of between 10,000 – 11,000wmt. Our production is ahead of schedule and we will be updating the market in our next quarterly report.

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