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## Ivanhoe into Exco

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Paul Garvey

**THE Australian arm of Robert Friedland's Ivanhoe Mines will become the major shareholder in Cloncurry explorer Exco under a far-reaching agreement between the two announced today.**

Exco will raise \$12.27 million through the issue of 40.9 million new 30c shares, the price representing a 7% premium to Exco's 20-day volume weighted average price.

Ivanhoe Australia will take up almost two thirds of the placement and become Exco's major shareholder with a 12.2% stake. The remaining 14.5 million shares will be taken up by long-time Exco backer Lion Selection and clients of Stripe Capital.

In addition, the participants will receive four 35c options for every five shares issued.

Exco will also joint venture a selection of its tenements with Ivanhoe, which holds a number of leases around Cloncurry including several that adjoin those of Exco.

Exco managing director Michael Anderson told *MiningNews.net* further details of the joint venture arrangement would be released next week.

Anderson said the funding package and Ivanhoe relationship would bring about a "step-change" in the company's Cloncurry exploration strategy.

"We've spent around \$12.5 million around Cloncurry in the nine years we've been assembling this ground position," he said.

"We're now going to spend that amount and then some over the next three years or so."

The Ivanhoe JV will not affect Exco's existing JVs in the region with mining giants Xstrata and BHP Billiton, and Anderson said the Ivanhoe deal would not involve resources defined by Exco to date.

At present, Exco has its foot on resources spread through several deposits around Cloncurry containing a total 344,768 tonnes copper and 347,900oz gold.

Anderson said the new funding would allow Exco to accelerate its plans for a "more intensive" resource development program without having to rely on cash flow from its White Dam gold project in South Australia. White Dam is not expected to come into production until 2008.

Anderson agreed that the Ivanhoe relationship could help smooth the path toward the development of a central processing facility at Cloncurry.

He added he was pleased to have received the endorsement of Friedland, a Canadian mining entrepreneur arguably best known for the discovery and sale of the Voisey's Bay nickel deposit. Friedland was also behind the discovery and current development of the huge Oyu Tolgoi copper-gold deposit in Mongolia.

"He's a very successful, proactive player in our industry, and [his involvement] is a huge vote of confidence in our ground and in our company," Anderson said.

Beyond Oyu Tolgoi, Ivanhoe has picked up a series of exploration leases around Cloncurry.

Earlier this year, Ivanhoe said it had made copper-gold-uranium discoveries at the Swan and Amethyst Castle prospects, as well as a copper-gold-molybdenum find at Metal Ridge from within its Queensland ground holding.



Exco Resources is exploring the Cloncurry region of Queensland for high grade copper deposits

Shares in Exco rose were up 3c at 34c apiece in early afternoon trade after hitting an earlier high of 38c.

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**Aspermont Limited**  
**Street Address** 613-619 Wellington Street, Perth WA Australia 6000  
**Postal Address** PO Box 78, Leederville, WA Australia 6902  
**Head Office Tel** +61 8 6263 9100 **Head Office Fax** +61 8 6263 9148  
**e-mail** contact@aspermont.com **website** www.aspermont.com **ABN** 66 000 375 048