

## Canadian's Aussie search assets to fossick Mt Isa



**Float Watch**

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**Company: Ivanhoe Australia Ltd**

**Proposed ASX code: IVA**

**Proposed listing date: August 5**

**Shares on offer: 62.5 million**

**Issue price: \$2**

**Recommendation: None**

ROBERT Friedland's \$4 billion Canadian-based Ivanhoe Mines is spinning off its Australian exploration assets and listing them on the ASX as Ivanhoe Australia.

Ivanhoe Mines and its founder, Robert Friedland, are famous for the discovery and current development of the Oyu Tolgoi deposit in Mongolia.

Oyu Tolgoi is the world's largest undeveloped, and one of the highest-grade, porphyry copper and gold deposits, attracting the attention of Rio Tinto as a development partner.

Ivanhoe Australia's exploration assets are concentrated in the Mt Isa-Cloncurry region of northwest Queensland, a famous mining area, hosting Xstrata's Ernest Henry and Mt Isa mines.

Ivanhoe Australia's three flagship projects in the area are Mt Eliot, Mt Dore, and Starra Line, all targeting copper-gold style deposits.

Wise-owl.com analyst Tim Morris says all three are well on their way to having a resource delineated.

"After boring thousands of holes across these projects and spending \$48 million since 2003, the

company has proven that each hosts a very large body of mineralisation under the ground.

"Mt Eliot is the largest, with an estimated 300-400Mt of copper mineralisation, while the potential for Mt Dore and Starra Line has been flagged at 50-80Mt and 20-30Mt, respectively".

Official estimates of copper and gold grades have not been released, and it is important to note that these figures are not compliant with the Joint Ore Reserve Committee (JORC) standards that govern the mining industry.

However, Morris notes: "Official JORC resource estimates are due to be released in August, and given the company's \$625 million implied market cap, the market is expecting them to be as impressive as these estimates suggest."

Just over half of the \$125 million to be raised is set to be used to advance these Cloncurry exploration projects, while \$38.4 million will be used to partly repay an inter-company loan to the Canadian parent, Ivanhoe Mines.

Following the float, Ivanhoe Australia will still hold a \$52.6 million debt to its parent on the balance sheet.

The debt is part of a line of credit that can be extended up to \$91 million, with the parent retaining an 80 per cent shareholding following the float.

Robert Friedland is set to chair both companies.

