COURT FILE NUMBER	25-1963517
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANT	IVANHOE ENERGY INC.
DOCUMENT	SECOND REPORT OF THE PROPOSAL TRUSTEE APRIL 24, 2015
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	PROPOSAL TRUSTEE Ernst & Young Inc. 1000, 440 - 2nd Avenue SW Calgary, Alberta T2P 5E9 Attention: Neil Narfason / Alex Corbett Telephone: (403) 206-5067 / (403) 206-5001 Fax: (403) 290-4265 Email: Neil.Narfason@ca.ey.com Alex.B.Corbett@ca.ey.com COUNSEL Gowlings Lafleur Henderson LLP 421 7 Avenue SW Suite 1600 Calgary, AB T2P 4K9 Attention: Tom Cummings/Jeffrey Oliver Telephone: (403) 298-1938-7097 / (403) 298-1818 Facsimile: (403) 263-9193 Email: Tom.Cummings@gowlings.com Jeffrey.Oliver@gowlings.com

TABLE OF CONTENTS TO THE SECOND REPORT OF THE TRUSTEE

INTRODUCTION

1. On February 20, 2015 (the "Filing Date"), Ivanhoe Energy Inc. ("Ivanhoe" or the "Company") sought and obtained protection from their creditors through the filing of a Notice of Intention to Make a Proposal (the "NOI") under Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended (the "BIA"). Ernst & Young Inc. (the "Trustee") was named as Trustee under the NOI.

2. On March 6, 2015 the Court granted Orders approving the extension of the NOI period to May 5, 2015, the Interim Financing, and the Claims Process.

3. The purpose of this Second Report of the Trustee under the NOI (the "Second Report") is to provide this Honourable Court with an update in respect of the following:

   a) The activities of the Trustee following the filing of the First Report;

   b) Ivanhoe's progress towards developing a restructuring proposal;

   c) the Company's forecast in accordance with the statutory cash flow statement filed on February 27, 2015 (the "Cash Flow Statement") to actual cash flow results for the period February 20, 2015 to April 14, 2015 (the "Reporting Period");

   d) the Company's cash flow projection (the "Revised Cash Flow Forecast") for the period April 15, 2015 to May 31, 2015 (the "Forecast Period");

   e) The Trustee's comments with respect to Ivanhoe's application for an extension of time for filing its Proposal to May 31, 2015 (the "Extension"); and

   f) The Trustee's recommendations.

4. All references to dollars are in US currency unless otherwise noted.

TERMS OF REFERENCE

5. In developing this Second Report, the Trustee has relied upon unaudited financial information previously prepared by Ivanhoe's management, Ivanhoe's books and records and discussions with its former management. The Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Trustee expresses no opinion or other form of assurance in respect of the information. Future orientated financial information relied upon in this report is based on assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.

BACKGROUND

6. Ivanhoe is an independent oil and gas company. The Company's principal assets include an in-situ oil sands property for development in the Western Canadian Sedimentary Basin ("Tamarack") and intellectual property in respect of technology related to the development and production of heavy to light oil partial upgrading technology ("HTL"). The Company, along with its subsidiaries, principally operates in Canada and the United States but has no active ongoing operations.

7. Further background information is presented in the First Report and other information regarding the NOI proceeding has been posted by the Receiver on its website at: www.ey.com/ca/ivanhoeenergy.

ACTIVITIES OF THE TRUSTEE

8. The Trustee has undertaken the following since filing the First Report:

    a) Monitored the activities of the Company, including actual to forecast cash flows;

    b) Assisted the Company in finalizing its Revised Cash Flow Forecast for the Forecast Period;

    c) Commenced an investigation into potential preferences ("preferences") and transfers at undervalue ("transfers at undervalue") pursuant to sections 95 and 96 of the BIA, in accordance with its duty pursuant to section 50 (10) (b) of the BIA;

    d) Assisted the Company in drafting an initial proposal outline (the "Draft Proposal Outline") and with discussions as to the terms of the Draft Proposal Outline with certain significant creditors; and

    e) Liaised with creditors.

9. To date, the Trustee has obtained the full cooperation and assistance of Ivanhoe board and management.

RESTRUCTURING

10. Ivanhoe, with the assistance of the Trustee, has drafted an Initial Proposal Outline setting out the proposed key terms of its Proposal.

11. The Company shared a preliminary Draft Proposal Outline with certain significant creditors, followed by a revised version designed to address matters raised in negotiations with the creditors.

12. The Company awaiting a response from a specific creditor which is expected to include a counter-proposal in relation to its unsecured claims.

13. The Company is optimistic that its discussions with creditors will be successful and that Ivanhoe will be in a position to file a viable proposal by mid May, 2015.

CLAIMS PROCESS UPDATE

14. This Honourable Court granted the Claims Process Order dated March 5, 2015.

15. In accordance with the Claims Process Order, the Trustee:

a) Placed a Newspaper Notice in the Calgary Herald, Fort McMurray Today, and San Antonio Express-News on March 12, 2015;

b) Posted the Claims Package on the Trustee's website on March 10, 2015; and

c) Mailed or emailed a Claims Package to each Know Creditor on March 10, 2015.

16. By the Voting Claims Bar Date of April 10, 2015 the Trustee received an aggregate of 77 Proof of Claims from 75 different parties. No late Proof of Claims have been received to date.

17. The Trustee, with the assistance of the Company, is in the process of reviewing the Proof of Claims received.

COMPARISON OF CASH FLOW FORECAST TO ACTUAL RESULTS

18. Table 1 below summarizes the variances between the Cash Flow Statement and actual results for the Reporting Period.

TALBE 1

COMPARISON OF FORECAST TO ACTUAL CASH FLOW RESULTS FOR THE REPORTING PERIOD

	Reference	Forecast	Actual	Variance
Receipts				
GST refund	*a*	-	*$23,341*	$23,341
Legal services refund	*a*	-	*$19,784*	$19,784
Interim Financing		*$1,000,000*	*$1,000,000*	-
Total receipts		*$1,000,000*	*$1,043,125*	$43,125
Disbursements				
Office administration costs		*(18,775)*	*(10,365)*	$8,410
Corporate, statutory and accounting costs	*b*	*(128,800)*	*(141,581)*	(12,781)
Employee and management compensation	*b*	*(112,770)*	*(95,649)*	$17,121
Tamarack - consultant costs		*(3,600)*	*(2,466)*	$1,134
Tamarack - Alberta Government fees		*(55,010)*	*(51,472)*	$3,538
Heavy to Light plant maintenance		*(6,000)*	-	$6,000
Ecuador environmental audits	*b*	*(20,000)*	-	$20,000
Information Technology costs		*(10,000)*	*(6,243)*	$3,757
Interim financing fees and interest		*(20,000)*	*(19,975)*	$25
Professional fees	*b*	*(215,100)*	*(154,632)*	$60,468
Lender travel and legal expense	*b*	*(30,000)*	-	$30,000
Contingency		*(22,500)*	*(13,813)*	$8,687
Total disbursements		*(642,555)*	*(496,198)*	$146,357
Net receipts		*$357,445*	*$546,928*	$189,483
Opening cash		$118,797	$114,769	(4,028)
Closing cash		$476,242	$661,696	$185,454

Note: Ivanhoe's Cash Flow Statement was prepared on a monthly basis. The Company's forecast cash flows for the month of April, 2015 were prorated by 50% for the purposes of the forecast to actual cash flow variance analysis presented above.

Note a) The Company received $20,000 in respect of the unused portion of retainer and collected a GST refund of $23,000. These receipts were not originally contemplated in the cash flows.

Note b) The variance in Corporate, statutory, and accounting costs; employee and management compensation; Ecuador environmental audit costs; professional fees; and lender travel and legal expenses are principally due temporary differences as a result of the timing of payments.

19. The net receipts less disbursements totaled approximately $547,000, which is $189,000 higher than forecast. A description of significant variances from forecast has been provided in the notes to Table 1.

REVISED CASH FLOW FORECAST

20. Exhibit B below summarizes Ivanhoe's Cash Flow Projections for the Forecast Period. A copy of the Company's Revised Cash Flow Forecast is attached to the affidavit of Blair Vago dated April 24, 2015.

TABLE 2

SUMMARY OF REVISED CASH FLOW FORECAST

	Revised Forecast *April 15 to May 31, 2015*
Receipts	
GST refund	-
Legal services refund	-
Interim Financing	-
Total receipts	-
Disbursements	
Office administration costs	*(16,302)*
Corporate, statutory and accounting costs	*(56,000)*
Employee and management compensation	*(90,000)*
Tamarack - consultant costs	*(4,800)*
Tamarack - Alberta Government fees	-
Heavy to Light plant maintenance	*(16,000)*
Ecuador environmental audits	-
Information Technology costs	-
Interim financing fees and interest	-
Professional fees	*(375,814)*
Lender travel and legal expense	-
Storage	*(4,000)*
Contingency	*(15,000)*
Total disbursements	*(577,916)*
Net receipts	*(577,916)*
Opening cash	$661,696
Closing cash	$83,780

21. The Company's Revised Cash Flow Forecast excludes payments in respect of post Filing Date obligations associated with an office lease in Houston, Texas (the "Houston Lease"). The Company sent a notice dated April 14, 2015 to BOP Heritage, LLC, the landlord under the Houston Lease, disclaiming the Houston Lease effective May 13, 2015, pursuant to section 65.2(1) of the BIA.

22. The Company has advised the Trustee that it is in the process of reviewing the Houston Lease post Filing Date costs with its counsel. Based on information provided by the lessor, the Trustee estimates that Ivanhoe could be indebted to the lessor in the approximate sum of $36,000 in respect of the Houston Lease obligation from the Filing date to May 13, 2015.

23. The Trustee notes that the Company's estimated cash balance of $84,000 as at May 31, 2015 is sufficient to allow for the payment of the estimated value of the post Filing Date obligation associated with the Houston Lease.

24. The Trustee believes that the Company's Revised Cash Flow Forecast for the Forecast Period is reasonable.

APPLICATION TO EXTEND THE TIME TO PREPARE A PROPOSAL

25. Ivanhoe has made application to extend the date for filing of its Proposal to May 31, 2015.

26. The Extension is needed to provide the Company with additional time to continue to negotiate with its creditors, develop a viable Proposal and circulate it to its creditors.

27. The Trustee believes that Ivanhoe is acting in good faith and with due diligence and that the Extension will allow the Company to put forward a viable proposal to its creditors; and

28. The Trustee does not believe that any creditor will be materially prejudiced if the Extension is granted.

RECOMMENDATION

29. The Trustee recommends this Honourable Court approve the Extension.

All of which is respectfully submitted this 24th day of April, 2015.

ERNST & YOUNG INC.
in its capacity as Trustee under the
Notice of Intention to Make a Proposal of
Ivanhoe Energy Inc.

Neil Narfason, CA, CIRP, CBV
Senior Vice-President

Alex Corbett, CA, CIRP
Vice President