Significant High-Grade Copper-Gold Intercepts in Resource Definition Drilling on Ivanhoe Australia's Starra 276 Deposit

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Resource Update for Starra 276 on Track for Completion in First Quarter of 2012

MELBOURNE, AUSTRALIA -- (Marketwire - Jan. 18, 2012) - Robert Friedland, Chairman, and Peter Reeve, Chief Executive Officer of Ivanhoe Australia Limited (TSX:IVA) (ASX:IVA), are pleased to announce the completion of the Starra 276 resource definition program, which has continued to record significant high-grade copper-gold intercepts on the company's Cloncurry tenements in northwestern Queensland.

“Results from the three most recent holes in Starra 276 continue to provide a strong degree of confidence in the resource model, ensuring a robust and reliable contribution of Starra 276 to the Osborne Copper Gold Project mill feed,“ said Mr Reeve.

During 2011, Ivanhoe Australia completed a 31-hole resource definition program. Assay results for 27 of these holes have been received; the most recent include high-grade copper-gold intercepts from the following three holes:
STQ1078 - 20 m @ 2.56% copper and 0.75 g/t gold from 310 metres.
including 15 m @ 3.02% copper and 0.98 g/t gold from 315 metres;
and 19 m @ 1.32% copper and 0.58 g/t gold from 373 metres;
including 1.6 m @ 9.45% copper and 1.62 g/t gold from 380 metres.
STQ1073 - 18 m @ 2.01% copper and 0.91 g/t gold from 318 metres;
including 13 m @ 2.60% copper and 1.00 g/t gold from 318 metres;
including 2 m @ 4.50% copper and 3.51 g/t gold from 329 metres;
and 2 m @ 2.26% copper and 0.06 g/t gold from 384 metres.
STQ1074 - 16 m @ 0.88% copper and 0.82 g/t gold from 404 metres;
including 2 m @ 3.30% copper and 0.95 g/t gold from 404 metres;
and 17 m @ 1.32% copper and 1.31 g/t gold from 444 metres;
including 2 m @ 2.26% copper and 1.17 g/t gold from 446 metres;
including 9.7 m @ 1.63% copper and1.85 g/t gold from 451.3 metres;

A complete set of intercepts is presented in Table 1, below. Refer to Figure 2 for the location of these holes and potential resource extension zones.

Mr. Reeve said that the updated Mineral Resource at the Starra 276 ironstone-hosted mineral system is on track for completion in the first quarter of 2012.

“Significant results from drilling undertaken outside the current resource definition block model highlight the potential to increase the Mineral Resource.

“These results are an early and exciting taste of what Ivanhoe Australia's strategy of focusing exploration on the Starra Line might provide in the way of additional copper-gold ore sources for the Osborne mill complex.“

Resource Extension Potential

Potential resource extensions of the Starra 276 deposit have been identified from down hole electromagnetic (geophysical) surveys. The Q1 2012 drilling program of the two conductive bodies has commenced with hole pST276A, refer to Figure 1 for the location of this hole.

To view Figures 1-3 click on: http://media3.marketwire.com/docs/iva.pdf

Ivanhoe Mines (TSX:IVN)(NYSE:IVN)(NASDAQ:IVN) is Ivanhoe Australia's largest shareholder and currently owns, directly and indirectly, approximately 59% of Ivanhoe Australia's issued and outstanding shares.

Table 1: Starra 276 Intersections at 0.50%, 1.50% and 2.00% eCu cut off

Note: eCu = Cu + (Au x 0.6)

HoleID	From (m)	To (m)	Interval	eCu (%)	Cu (%)	Au (g/t)	Ag (ppm)	Co (ppm
STQ1049	383.0	388.0	5.0	0.76	0.67	0.14		
and	409.0	438.0	29.0	1.45	1.20	0.42		
inc	424.0	431.0	7.0	1.96	1.86	0.17		
inc	424.0	425.0	1.0	4.16	3.89	0.45		
inc	434.0	438.0	4.0	3.65	2.55	1.84		
and	447.0	470.0	23.0	2.04	0.63	2.35		
inc	457.0	467.0	10.0	3.54	1.03	4.18		
STQ1050	437.0	502.0	65.0	1.23	0.93	0.50		
inc	442.7	445.6	2.9	2.84	1.65	1.99		
inc	461.0	465.0	4.0	1.97	1.24	1.21		
inc	464.0	465.0	1.0	2.96	1.63	2.21		
inc	473.0	480.0	7.0	1.75	1.64	0.18		
inc	478.0	479.0	1.0	2.39	2.21	0.30		
inc	484.0	486.0	2.0	2.47	2.23	0.41		
STQ1051	714.7	721.5	6.8	0.85	0.79	0.09		
and	833.0	850.0	17.0	0.67	0.62	0.08		
STQ1052	257.0	266.0	9.0	0.72	0.56	0.27		
inc	258.0	259.0	1.0	2.23	1.98	0.41		
and	298.0	306.0	8.0	3.12	1.52	2.68		
inc	298.0	302.0	4.0	5.40	2.42	4.97		
inc	299.0	302.0	3.0	6.61	3.16	5.74		
and	320.0	324.0	4.0	0.68	0.59	0.15		
STQ1053	331.0	353.2	22.2	2.02	1.30	1.21		
inc	339.0	352.0	13.0	2.83	1.69	1.90		
inc	339.0	340.0	1.0	2.79	2.45	0.56		
inc	341.0	342.0	1.0	2.99	2.57	0.70		
inc	343.0	352.0	9.0	3.19	1.68	2.52		
and	364.0	374.0	10.0	1.41	1.26	0.25		
inc	371.0	373.0	2.0	4.08	3.47	1.01		
STQ1054	391.5	409.0	17.5	1.33	1.18	0.25		
inc	391.5	393.0	1.5	3.63	3.26	0.61		
and	414.0	419.5	5.5	1.74	1.56	0.29		
inc	416.8	419.5	2.7	2.62	2.34	0.45		
inc	416.8	419.0	2.2	2.86	2.52	0.55		
and	428.0	445.1	17.1	1.82	0.67	1.91		
inc	428.0	431.0	3.0	1.89	0.62	2.12		
inc	428.0	429.0	1.0	2.29	0.53	2.94		
inc	434.0	442.0	8.0	2.56	0.81	2.92		
inc	435.0	436.0	1.0	2.50	0.47	3.38		
inc	438.0	439.0	1.0	2.47	0.63	3.07		
inc	439.4	442.0	2.6	3.97	1.48	4.15		
STQ1056	327.0	356.0	29.0	2.41	1.93	0.81		
inc	328.0	331.0	3.0	2.26	1.81	0.76		
inc	335.0	336.0	1.0	2.04	1.76	0.46		
inc	341.0	342.0	1.0	2.11	1.77	0.57		
inc	343.0	355.0	12.0	3.21	2.43	1.30		
and	403.0	407.0	4.0	0.82	0.28	0.91		
and	411.0	418.0	7.0	1.05	0.67	0.63		
inc	415.0	416.0	1.0	3.46	1.83	2.72		
and	432.0	437.0	5.0	1.49	0.89	1.00		
inc	436.0	437.0	1.0	2.21	2.00	0.35		
STQ1057	397.4	424.0	26.6	1.58	1.38	0.32		
inc	398.0	410.0	12.0	1.82	1.65	0.28		
inc	398.0	399.0	1.0	2.49	2.05	0.73		
inc	406.0	407.0	1.0	2.51	2.31	0.34		
inc	412.0	413.0	1.0	2.05	1.80	0.41		
inc	421.0	424.0	3.0	2.60	2.26	0.58		
inc	421.0	423.0	2.0	3.12	2.75	0.63		
and	465.0	470.0	5.0	3.26	2.45	1.34		
inc	465.0	468.0	3.0	4.45	3.24	2.01		
inc	469.0	470.0	1.0	2.49	2.12	0.61		
STQ1058W	782.0	789.0	7.0	0.70	0.57	0.22		
STQ1059	353.0	355.0	2.0	2.42	0.52	3.18		
STQ1060	444.0	452.0	8.0	1.18	0.49	1.14		

STQ1063	482.0	486.0	4.0	0.90	0.85	0.08
STQ1065	514.6	533.0	18.4	1.50	0.66	1.40
inc	519.0	522.0	3.0	3.56	1.17	3.99
inc	519.0	520.0	1.0	2.06	0.53	2.56
inc	521.0	522.0	1.0	6.73	2.49	7.07
inc	526.5	529.8	3.2	2.79	1.56	2.05
inc	528.0	529.8	1.8	3.83	2.42	2.36
and	549.0	564.0	15.0	2.61	1.25	2.26
inc	550.4	564.0	13.6	2.77	1.35	2.37
inc	551.0	564.0	13.0	2.82	1.38	2.40
and	590.0	594.0	4.0	1.31	0.93	0.64
inc	590.0	591.0	1.0	2.35	1.83	0.87
STQ1066	335.0	347.0	12.0	1.07	0.94	0.22
inc	345.0	347.0	2.0	2.42	2.15	0.45
STQ1067	431.0	440.0	9.0	1.23	1.01	0.37
inc	437.0	439.0	2.0	1.91	1.47	0.74
inc	437.0	438.0	1.0	2.19	1.69	0.84
and	519.3	527.0	7.8	1.12	1.06	0.10
inc	520.0	521.0	1.0	2.30	2.19	0.18
STQ1070	262.5	297.0	34.5	1.96	1.70	0.42
inc	262.5	284.0	21.5	2.22	2.00	0.38
inc	262.5	265.0	2.5	2.14	1.83	0.52
inc	268.0	269.0	1.0	2.21	1.86	0.58
inc	270.0	283.0	13.0	2.53	2.32	0.34
inc	287.0	291.0	4.0	3.41	3.03	0.63
STQ1073	318.0	336.0	18.0	2.55	2.01	0.91
inc	318.0	331.0	13.0	3.20	2.60	1.00
inc	319.0	320.0	1.0	2.12	1.90	0.36
inc	321.0	327.0	6.0	3.34	2.91	0.73
inc	329.0	331.0	2.0	6.61	4.50	3.51
and	341.0	347.0	6.0	0.64	0.60	0.06
and	384.0	386.0	2.0	2.29	2.26	0.06
inc	385.0	386.0	1.0	2.88	2.86	0.03
STQ1074	404.0	420.0	16.0	1.37	0.88	0.82
inc	404.0	406.0	2.0	3.87	3.30	0.95
inc	418.0	420.0	2.0	1.54	0.84	1.16
and	426.0	436.0	10.0	0.69	0.44	0.41
and	444.0	461.0	17.0	2.10	1.32	1.31
inc	446.0	448.0	2.0	2.96	2.26	1.17
inc	446.0	447.0	1.0	4.28	3.16	1.87
inc	451.3	461.0	9.7	2.74	1.63	1.85
inc	451.3	460.0	8.7	2.82	1.80	1.70
STQ1077	480.0	484.0	4.0	1.00	0.84	0.27
STQ1078	310.0	330.0	20.0	3.01	2.56	0.75
inc	310.0	312.0	2.0	2.55	2.55	0.01
inc	315.0	330.0	15.0	3.61	3.02	0.98
and	373.0	392.0	19.0	1.67	1.32	0.58
inc	380.0	381.6	1.6	10.42	9.45	1.62
STQ1081	347.9	352.0	4.1	0.97	0.90	0.11
and	366.0	370.0	4.0	0.83	0.54	0.48
and	392.4	393.4	1.0	3.52	2.97	0.91
and	399.0	405.0	6.0	0.71	0.64	0.12

Quality Control and Qualified Person Statement

Quality control and assurance programs are implemented in line with the standards of National Instrument 43-101. The exploration program on Starra 276 is overseen by Geoff Phillips, the Manager Resource Geology of the Company and a Qualified Person as defined under National Instrument 43-101. Mr Phillips has overseen the Resource Definition program at Starra 276 and supervised the scientific and technical information contained in this news release.

QAQC Statement

Ivanhoe Australia's core sampling within mineralised zones is generally taken on continuous one-metre intervals down each drill hole, or on smaller lengths over narrow geological units, for large disseminated or weakly mineralised zones sample lengths may increase to a maximum of two metres. The core is marked with a continuous cutting line along the middle, parallel to the long axis for the purpose of preventing a sampling bias during splitting. Core is cut with a rock saw flushed continually with fresh water and one-half of NQ/HQ core or one-quarter of PQ core is taken for analysis. Reverse circulation (RC) samples are taken on continuous one- or two-metre intervals down each drill hole and collected from a rig-based cone splitter.

Sample dispatches include Certified Reference Materials (CRMs), Field Blanks, Field Duplicates, Crushed

Duplicates, and Pulp Duplicates. The CRMs, Field Duplicates, and Field Blanks are randomly inserted during sampling, whereas the Crushed and Pulp Duplicates are inserted at the laboratory. CRMs are certified for gold, copper, molybdenum, and/or rhenium.

Samples are placed in plastic bags, sealed, and collected in large, labelled shipping bags that are secured and sealed with numbered tamper-proof security tags. Samples are shipped to ALS Laboratory Group's Mineral Division at Mount Isa for preparation. Gold, copper, molybdenum, and rhenium assays, and multi-element geochemical analyses are conducted at ALS Mount Isa, Townsville, and Brisbane laboratories. ALS operates in accordance with ISO/IEC 17025.

Reference material assay values are tabulated and compared to those from established Round Robin programs. Values outside of pre-set tolerance limits are rejected and samples subject to re-assay. A reference material assay fails when the value is beyond the 3SD limit and any two consecutive assays fail when the values are beyond the 2SD limit on the same side of the mean. A Field Blank fails if the assay is over a pre-set limit.

Ivanhoe Australia also regularly performs check assays at an independent third party laboratory, conducts onsite internal QAQC reviews, and laboratory reviews to ensure procedural compliance for maintaining industry standard best practices.

Forward-looking statements

Certain statements made herein, including statements relating to matters that are not historical facts and statements of our beliefs, intentions and expectations about developments, results and events which will or may occur in the future, constitute “forward-looking information“ within the meaning of applicable Canadian securities legislation and “forward-looking statements“ within the meaning of the “safe harbor“ provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking information and statements are typically identified by words such as “anticipate“, “could“, “should“, “expect“, “seek“, “may“, “intend“, “likely“, “plan“, “estimate“, “will“, “believe“, “potential“, “likely“ and similar expressions suggesting future outcomes or statements regarding an outlook. All such forward-looking information and statements are based on certain assumptions and analyses made by Ivanhoe Australia's management in light of their experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. These statements, however, are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information or statements. The reader is cautioned not to place undue reliance on forward-looking information or statements.

Contact Information

Ivanhoe Australia Limited
Peter Reeve
Managing Director & CEO
61 3 9090 8811
peterr@ivancorp.net
www.ivanhoeaustralia.com