Ivanhoe Australia Ltd: Quarterly Report for the Three Months Ending 31 December 2011

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MELBOURNE, AUSTRALIA -- (Marketwire - Jan. 31, 2012) - Ivanhoe Australia Limited (TSX:IVA) (ASX:IVA) -

Key Achievements

- Preparations for the milestone of first production at the Osborne Copper-Gold Project remain on schedule for March, 2012
- Decline development at Starra 276 commenced
- High grade Little Wizard ore body accessed in December
- Merlin Feasibility Study due in Q1, 2012
- Mount Dore Pre-Feasibility Study due in Q1, 2012
- HeliSAM significantly extends Kulthor structure by 3.5km
- Ivanhoe Mines Investment and Exco distribution received

Summary

Ivanhoe Australia continues to progress its four main projects with the key focus on commencing copper and gold production in March, 2012 at the Osborne facility.

Osborne Copper-Gold Project

All major refurbishment work on the Osborne processing facility was completed in December. Underground development at Osborne and Kulthor continued on schedule, sufficient ore will be stockpiled on surface by February 2012 to sustain mill throughput from production commencement. Decline development work commenced at Starra 276 as ore from this deposit will form one of the key ore sources for the Osborne Copper Gold Project in 2013.

Merlin

A key milestone was achieved with access to the Little Wizard orebody gained in late December. Significant progress was also made on the Merlin Feasibility Study which is on track for completion in Q1, 2012. Merlin Phase 1 decline development was completed on time and on budget in January 2012. Underground decline mining resources have been reallocated to Starra 276 to focus on accessing copper and gold ore. Phase 2 decline development at Merlin will commence on completion of the Feasibility Study and project approval.

Mount Dore

The Mount Dore Cathode Copper Pre-Feasibility study is on track for completion in Q1, 2012. Significant work was undertaken including the completion of the resource definition drilling program.

Mount Elliott

The Mount Elliott Scoping Study progressed during the quarter, with all technical work completed. The study is on track for completion in Q1, 2012.

Exploration

A HeliSAM survey conducted over the Kulthor and Avalon trends has extended the Kulthor structure some 3.5 kilometres to the south west and identified a new 3.4 kilometre long conductivity anomaly parallel to the Avalon trend.

Corporate

During the quarter Ivanhoe Australia received a net investment of A$62 million from Ivanhoe Mines and a $30.1 million distribution from Exco Resources Limited.

As at 31 December 2011 Ivanhoe Australia's cash balance was $166 million.

UBS Investment Bank has been appointed to advise the company in relation to formalising the process for securing a strategic partner.

Overview

Ivanhoe Australia is exploring within the Eastern Succession of the Mount Isa Inlier, located in north- western Queensland, Australia (Figure 1). Its four key projects being studied and developed are:

- The Osborne Copper-Gold Project;
- The Merlin Molybdenum and Rhenium Project;
- The Mount Dore Cathode Copper Project; and
- The Mount Elliott Copper-Gold Project.

All these projects are on granted mining leases.

Ivanhoe Australia also holds significant equity stakes in Exco Resources Limited (ASX:EXS) and Emmerson Resources Limited (ASX:ERM). Ivanhoe Australia has joint venture agreements with both companies.

During the quarter, work focused on preparation for production from the Osborne Copper-Gold Project, accessing Little Wizard orebody and preparing the Merlin Feasibility Study, the Mount Dore Pre-Feasibility Study and Mount Elliott Scoping Study.

Projects Summary

Osborne Copper-Gold Project

Ivanhoe Australia is on track to begin production from the Osborne complex in March 2012. Production commencement from Osborne will be an important strategic step for Ivanhoe Australia, moving the Company from explorer to producer.

The project's initial mine life is four years, as released in the Osborne Copper-Gold Study (Preliminary Economic Assessment - Canadian NI 43-101 compliant technical report). Ivanhoe Australia is targeting a mine life of approximately 15 to 20 years with a number of prospects identified as potential ore sources across Ivanhoe Australia's tenements.

Underground development work at Kulthor and Osborne continued during the quarter. A total of 1,125 metres were advanced including 698 metres at Kulthor and 427 metres at Osborne. Total project advance to date is 2,412 metres comprising 1,511 metres at Kulthor and 901 metres at Osborne.

Development of two production levels continued at both Kulthor and Osborne underground mines. The development of the upper production level at Osborne will be completed in mid-January, to allow commencement of initial production blasting in February. At quarter end, over 50,000 tonnes of development ore had been stockpiled on the surface ROM (run-of-mine) pad. Sufficient ore will be available from February 2012 to sustain mill throughput from the commencement of production.

Work on the Kulthor ventilation system continued during the quarter with installation expected to be completed by March 2012.

Work continued on the Osborne power station to convert the predominantly diesel-powered plant to a dual diesel/gas plant. The contract for the upgrade was awarded. Following a review of the upgrade, the contractor has agreed, for the same cost, to remove the current generators and replace them with entirely new units. Installation of the initial two generators (total of five) is scheduled to be completed by July 2012. The conversion will allow the power station to operate on up to 99% gas, resulting in significant savings in future energy costs.

Work was undertaken on the contract for transportation, storage and ship loading of copper concentrate with

the contract awarded in January 2012. The contract includes truck haulage of concentrate from Osborne to Townsville Port, container storage at the Townsville port and ship loading. The concentrate will be shipped to overseas smelters for treatment with the first shipment expected in late April.

The Osborne copper-gold concentrate is a readily marketable clean product and is planned to be sold into the spot market to copper smelters and /or traders.

Refurbishment work continued on the Osborne concentrator and shaft area. All major works were completed in December, with plant commissioning scheduled to commence in January.

Production throughput at the Osborne mill for 2012 is expected to be approximately 700,000 to 900,000 tonnes of ore (equating to an annualised rate of 930,000 - 1,200,000 tonnes). Throughput is planned to ramp up during 2013 to approximately 1.8 - 2 million tonnes of ore.

Ore from Starra 276 will form one of the key ore sources for the Osborne Copper-Gold Project in 2013. The gold rich Starra 276 mine previously produced copper-gold ore in the late 1990's to early 2000's. Preparations for underground development at the Starra 276 mine were made during the quarter. Key project infrastructure facilities were established and in December work commenced on widening the existing decline to enable access by larger haul trucks. At the end of December the decline widening program was on schedule at 106 metres. Ore production is scheduled to commence in Q1, 2013. Ore will be hauled along the Osborne - Mount Dore haul road. Tendering work on the road construction contract commenced with road construction scheduled to start after the wet season in late Q1, 2012 and completion planned for Q4, 2012.

Osborne, Kulthor and Avalon Area Exploration

Drilling programs on the Osborne Deeps and Kulthor ore bodies, aimed at further delineating the known resources and seeking to identify potential resource extensions and new prospects, continued during the quarter.

At Osborne Deeps, drilling for resource extensions north of the planned mining area and existing decline continued. Results from two down-hole geophysical surveys of the area will be consolidated for EM and radar modelling to identify the next phase of drilling targets for Osborne Deeps.

Underground drilling at the Kulthor mine allowed the preliminary grade control modelling system to commence. No assay results were reported for the quarter.

A surface drilling program to test the southwest along- strike and down-plunge extensions of mineralisation at Kulthor, outside the known resource, will commence in Q1, 2012. Seven diamond drill holes totalling 5400 m are targeting an extension of the mineralisation 600 m southwest in the direction of the Peregrine prospect (Figure 1).

Geophysical analysis has previously identified the Avalon prospect, a substantial five kilometre-long magnetic and gravity target which extends for over two kilometres in depth (Figure 2). Avalon is located two kilometres west of Kulthor and, with a coincidental magnetic and gravity response similar to Osborne and Kulthor, has strong potential to be mineralised. Previous shallow drilling by Placer Dome intersected significant shallow mineralisation. Results from follow up drilling that commenced during the quarter confirmed the presence of ironstones at depth. While no anomalous copper was detected at the locations drilled, further down-hole geophysical surveys and geophysical modelling will be conducted to refine the next drill targets within the system.

A Helicopter-borne Sub Audio Magnetic (HeliSAM) survey was conducted over the Avalon and Kulthor trends during early December. This survey was aimed at tracing conductive structures north and south of Kulthor, identifying conductivity anomalies associated with Avalon and additional structures. Preliminary results have extended the Kulthor structure some 3.5 kilometres to the south west and identified a new 3.4 kilometre long conductivity anomaly parallel to and 300-400 metres west of the Avalon trend. Further modelling of this data will be undertaken for drill targeting.

The Peregrine prospect lies 1.7 kilometres south of Kulthor. The four holes previously drilled by Placer Dome targeted a coincident conductivity and gravity anomaly with the best result 1 metre at 3.4% copper. This target has been remodelled by Ivanhoe Australia using re-interpreted gravity, magnetic and geological data. A drilling program is planned to commence in Q1, 2012.

Starra 276 Mineral Resource

The 31 hole resource definition drilling program of the Starra 276 Mineral Resource was completed during

the quarter. This program aims to further delineate the Mineral Resource, upgrade the inferred portion to indicated status and target overall resource expansion. The Starra 276 Mineral Resource, contained in the Osborne Preliminary Economic Assessment, incorporated results from 6 out of the 31 holes. The Mineral Resource update to be completed in Q1, 2012 will include results from all holes. (Figure 3)

Potential resource extensions of the Starra 276 deposit have been identified from geophysical surveys, identifying at least two conductive bodies. A drilling program to test these conductive bodies commenced in January (Figure 4).

At the end of the quarter, assay results for the final 8 holes were pending. Significant results for the quarter include:

Hole ID	From (m)	To (m)	Inter(m)	Cu%	Aug/t
STQ1073	318	331	13	2.60	1.00
STQ1073	384	386	2	2.26	0.06
STQ1074	404	406	2	3.30	0.95
STQ1074	418	420	2	0.84	1.16
STQ1074	446	448	2	2.26	1.17
STQ1074	451.3	461	9.7	1.63	1.85
STQ1078	310	312	2	2.55	0.01
STQ1078	315	330	15	3.02	0.98

Merlin Molybdenum & Rhenium Project

The Merlin Project, based on the world's highest grade molybdenum and rhenium deposit, achieved a key milestone during the quarter, accessing the Little Wizard orebody in late December. Significant progress was also made on the Merlin Feasibility Study which is on track for completion in Q1, 2012.

The Merlin Pre-Feasibility Study, released on 28 October 2011, demonstrated that the Merlin project would provide strong long term cashflows and largely confirmed the overall findings of the Scoping Study.

Construction of the Merlin Decline (North and South) continued on time and on budget during the quarter. At the end of December, the North Decline face had progressed to 1,682 metres (235 metre advance for the quarter), while the South Decline progressed 256 metres to a total of 277 metres (Work continued on the mine ventilation system. Dewatering of the Mt Dore aquifer to reduce the water table ahead of further decline mining continued. Water had a minimal impact on decline development.

The Phase 1 decline development at Merlin, approved in October 2010, was completed on time and on budget in January 2012 (Figure 5). Underground decline mining resources have been reallocated to Starra 276 to focus on accessing copper and gold ore. During 2012 underground drilling to further delineate the orebody will continue once the mine dewatering programme advances. Decline development will recommence following completion of the Feasibility Study and further project approvals.

A cross cut through the Little Wizard ore body (Figure 6) confirmed the Mineral Resource model and three ore development cuts have been stockpiled underground awaiting assay results. Bulk samples will also be obtained for metallurgical and roaster testwork.

The following work was undertaken during the quarter for the Merlin Feasibility Study, which is on track for completion in Q1, 2012.

- The mine design and mining method optimisation work was completed. A geotechnical assessment of likely mining conditions determined that increasing the mining level intervals from 15 to 20 metres is expected to reduce the mining costs estimated in the pre-feasibility study.

- Completion of metallurgical testwork to optimise concentrate grade and recovery. Testwork confirmed that the copper in concentrate can be removed prior to roasting which simplifies the roasting and hydrometallurgical plant.

- Appointment of Lycopodium Minerals Qld to prepare the Merlin Feasibility Study. Lycopodium continued work on refining the design and cost of the molybdenum/rhenium flotation and roasting plants. Technical design for the roasting and hydrometallurgical plants is provided by a specialist technology consulting group, Orchard Material Technology (OMT).

- Appointment of Xmetech Corp., Korea to undertake engineering cost estimation work of constructing the

roasting plant in Asia. This work will provide capital and operating cost data to compare with an Australian-built and operated roaster.

- Applications for environmental amendments to existing mine lease conditions to allow processing of Merlin ore at Osborne.

Merlin Mineral Reserve and Mineral Resource

In September 2011, an initial Mineral Reserve of 6.7 million tonnes at 1.1% molybdenum and 19.1 g/t of rhenium was announced for Merlin. An updated Mineral Resource and Mineral Reserve will be released in Q1, 2012 that will include results from additional surface drill holes. Significant intersections from these holes include:

MDQ0464 - 2m @ 1.3% Mo, 30.6g/t Re and 0.3% Cu
MDU0003 - 6m @ 3.1% Mo, 53.2g/t Re and 3.3% Cu
incl. 2m @ 8% Mo, 142g/t Re and 5.3% Cu.

Mount Dore Project

The Mount Dore Cathode Copper Pre-Feasibility Study (PFS) is on track for completion in Q1, 2012. The following work was undertaken during the quarter:

- Preparation of a preliminary resource model using results from the infill drilling program. This model is being used to revise the mine design and mining schedule.

- Additional metallurgical testwork to optimise particle size for heap leaching and acid consumption. Planning for the 2012 geometallurgical and column testwork. Geometallurgical testwork to assign copper extraction rates and acid consumption for different ore types is being undertaken.

- Evaluation of alternative heap leach technologies.

- Preparation of the PFS report including process flow diagrams, layouts, engineering design and estimating capital and operating costs.

- Completion of power and water supply studies.

- Planning for additional mining lease applications. While the open pit area lies within an existing mining lease, additional leases are required for waste dumps, leach pads and associated infrastructure.

Mount Dore Mineral Resource

The substantial infill drilling program for the Mount Dore Mineral Resource was completed during the quarter (Figure 7). Conducted between August and October 2011, this program aims to upgrade the Leachable Copper Zone to an Indicated Mineral Resource category. The updated Mineral Resource statement is planned to be released in Q1, 2012.

Significant results for the quarter include:

Hole ID	From(m)	To(m)	Inter(m)	Cu%	Aug/t
MDQ0418	197.2	203.8	6.6	5.35	0.28
MDQ0421	102.2	109	6.8	2.82	1.73
incl.	104	107	3	5.77	3.86
MDQ0433	86	114	28	1.91	0.26
incl.	96	110	14	3.18	0.44
and	122	158	36	2.12	0.17
incl.	136	152	16	4.26	0.36

Mount Elliott Project

The Mount Elliott scoping study progressed with all technical work largely completed by the end of December. The study is evaluating mining and processing options for the large copper-gold Mount Elliott

Mineral Resource. AMC Consultants are undertaking this work on behalf of Ivanhoe Australia.

During the quarter the following work was completed:

- Technical studies to determine potential mining and mineral processing operating scenarios.

- Establishment of project infrastructure needs and preliminary examination of potential links with other Ivanhoe Australia projects.

- Preparation of development schedules and cost estimates for operating scenarios.

- Preliminary preparation of a draft scoping study report.

The work completed indicates there is potential for development of an open pit to recover the remaining pillars from the previous Mount Elliott underground mine and either sublevel open stoping or large block caving of the SWAN mineralisation. The open pit ore could be trucked to Osborne for processing or used as initial feed for the Mount Elliott processing plant.

The work planned for Q1, 2012 includes:

- Financial modelling for the selected scenarios

- Finalisation of the scoping study report

- Establishing a development path for the Mount Elliott Project including additional resource and geotechnical drilling, metallurgical test work, and infrastructure requirements.

Mount Elliott is recognised as one of the largest copper- gold mineralised systems discovered in Australia and is Ivanhoe Australia's flagship project, with potential to provide Ivanhoe Australia with a long life production base. The Mount Elliott deposit contains an estimated:

Indicated Mineral Resource

- 1.1 million tonnes (2.4 billion pounds) of copper
- 2.2 million ounces of gold and

Inferred Mineral Resource

- 1.4 million tonnes (3.1 billion pounds) of copper
- 2.5 million ounces of gold.

The Mount Elliott Mineral Resource (cut off of 0.3% eCu1) comprises:

Indicated Mineral Resource of:

- 210 Mt @ 0.52% copper and 0.32 g/t gold and

Inferred Mineral Resource of:

- 360 Mt @ 0.40% copper and 0.22 g/t gold.

The higher grade SWAN portion of the resource (0.8% eCu1 cut off shell) comprises:

Indicated Mineral Resource of:

- 65 Mt @ 0.90% copper and 0.52 g/t gold and

Inferred Mineral Resource of:

- 49 Mt @ 0.75% copper and 0.44 g/t gold.

1 eCu% = Cu%+(Au g/t x 0.7) + (U ppm x 0.017 where U >100ppm)

Regional Exploration

The exploration effort during the fourth quarter focussed primarily on increasing the resources available for

the Osborne Copper-Gold Project (detailed in the Osborne Copper-Gold Project section above). This effort concentrated on drilling copper-gold targets at Houdini and along the Starra line. Drilling included 8,011 metres of diamond drilling and 4,359 metres of RC drilling.

More broadly, Ivanhoe Australia's long-term exploration goal is to discover the next world class ore body within IAL's extensive Cloncurry exploration tenements.

Ivanhoe Australia holds 40 Exploration Permits for Minerals (EPMs) covering a total of 4,487 km2 and 17 Mining Leases (MLs) covering a total of 104.8 km2. Ivanhoe Australia also has 17 EPM applications in process covering 2,331 km2; and three ML applications in process, covering 10.6 km2. Exco joint venture EPMs total 541 km2, and the Goldminco / Ivanhoe (Osborne) joint venture EPM covers 16 km2.

Osborne Area Exploration

Exploration within the Osborne area has focussed on down-dip and along-strike drilling at Houdini and first pass drilling of the Avalon Trend (refer to Osborne Copper-Gold Project section).

Houdini is approximately 20 km north of the Osborne Processing Complex and 30 km south of Mount Dore and within 2 km of the proposed Osborne-Merlin haul road.

Houdini was discovered as a coincident top of basement copper anomaly and Sub-Audio Magnetotellurics (SAM) geophysical anomaly.

Mineralisation at Houdini is associated with two north- trending, east-dipping shears. The lower shear hosts most of the mineralisation with chalcocite mineralisation in the shallow intercepts and chalcopyrite at depth.

High-grade mineralisation at Houdini (greater than 1% eCu2) has been drilled over a 650 metre strike length. The central 400 metre strike of this has been drilled to a 50m (N) by 100m (RL) pattern.

Drilling during the quarter totalled 2,468 metres of diamond drilling and 2,051 metres of RC drilling. Drilling targeted a shallow portion of the deposit to further optimise the potential open pit zone and infill drilling of the two northern most mineralised sections. Significant results from this program include:

Hole ID	From (m)	To (m)	Inter (m)	Cu%	Au g/t
HOD0094	111	120	9	1.43	0.70
	131	140	9	1.90	0.23
HOD0096	66	78	12	2.89	0.33
HOD0047a	439	443	4	1.63	0.20

2 eCu% = Cu% + (Au g/t x 0.6)

Exploration on the Mount Dore - Mount Elliott Trend

Exploratory drilling in the Mount Dore - Mount Elliott trend focussed on the Metal Ridge West, Victoria and Lady Ella West prospects. Stream sediment and rock chip sampling programs were also undertaken at Group 83, Twiggie Vous and Schiller prospects.

Two diamond holes drilled at the Metal Ridge West prospect, located 8 km south of the Mount Elliott and SWAN deposits, (MWD0013 and MWD0014; total 760 metres). These holes tested a strong magnetic anomaly. The holes intersected several narrow magnetite lenses with pyrite and albite alteration and trace chalcopyrite. The remaining holes proposed in the area will be reviewed and re-prioritised when all assays are received.

Four diamond holes drilled at the Victoria prospect, located 16 km south of the Mount Dore camp (VCD0008-VCD0011; total 781.1 metres). VCD0008 and VCD0009 tested along-strike extensions to black shale-hosted Cu±Mo mineralisation. VCD0010 and VCD0011 tested Cu-Au-Co anomalies located in a structurally complex area west of Stuart, intersecting several zones of massive pyrite±chalcopyrite. Preliminary results for VCD0008 include:

Hole ID	From (m)	To (m)	Inter (m)	Cu %	Au g/t
VCD0008	259	265	6	0.50	0.16

VCD0008 also intersected narrow zones of moderate to high-grade Mo-Cu-Au mineralisation. The presence of narrow but significant Mo-Cu-Au in Victoria prospect indicates the potential of this prospect to host Mount Dore- and Merlin- style mineralisation.

Six RC drill holes were drilled at the Lady Ella West prospect, located 900 m SW of the Lady Ella Pit and 9.5 km north of Mt Dore (LEQ0110 to LEQ0115; total 880 metres). These holes tested the down-dip and along-strike extensions of surface Cu-Au-Mo mineralisation hosted in brecciated and feldspar-altered carbonaceous metapelite, phyllite and schist. The holes intersected trace breccia-hosted Cu +/- Zn mineralisation. Assay results for all the holes are pending.

Mapping and rock chip sampling programs were undertaken at Schiller, Bob, Mobs Lease, Six Mile, Utah, Gidgee Flat, Lady Ella, North East, Twiggie Vous and Labour Victory prospects. These surveys targeted gossans, quartz-carbonate veins, breccia zones and altered meta-dolerite.

Recent rock-chip assay results from Schiller define an extensive zone of surface copper-gold mineralisation (i.e. 1% Cu & 0.2 g/t Au). This zone has been traced by sampling for at least 1.5 km along strike. Follow up sampling and drilling are being planned.

Stream sediment, soil and termite mound sampling at Group 83 and Mount Cobalt helped define the distribution of copper-gold-rare earth mineralisation surrounding these prospects.

A ground gravity survey undertaken around Lady Ella helped delineate the key structures in the Mount Elliott to Metal Ridge region.

A Falcon airborne gravity survey was completed in October, covering much of the Tip Top trend. Further data processing and analysis is underway to identify new targets for follow-up exploration.

Starra Line Exploration

Eight diamond drill holes totalling 1893 m were drilled at Starra 232-236, located 1 km south of the Starra 244 Mine. The aim of these holes is to determine the continuity of high Au pre-IAL intercepts. The drill holes intersected hematite and magnetite ironstones in variably sheared metasediments with broad weak to moderate visual copper intersections with rare narrow zones of strong copper mineralisation.

Assay results for 5 diamond drill holes from Starra 286 established the continuity of mineralisation along the 350 metre strike length. The northernmost hole, (STQ1510), indicates the system is still open to the north, while strong copper-gold intercepts in STQ1511 and STQ1512 indicate continuity towards Starra 276 in the south. The gap between Starra 276 and Starra 286 will be a priority target when drilling resumes in 2012. Significant results from this program include:

Hole ID	From (m)	To (m)	Inter (m)	Cu %	Au g/t
STQ1510	72	96	24	0.41	0.60
	106	118	12	0.58	0.21
STQ1511	64	134	70	0.53	0.30
STQ1512	100	152	52	0.49	0.38

Exploration within the Exco JV

Ivanhoe Australia holds a 22.6% interest in Exco Resources Limited (“Exco“) and joint venture agreements on various Exco tenements (“Exco JV“). The Exco JV covers tenements with a total area of 541 km2 (see Figure 1).

Drilling planned for the Exco JV tenements during the quarter was delayed due to early rains and will be completed during H1, 2012. Helicopter-borne SAM surveys were conducted over the Gold Reef Dam and Willy's Bore tenements. The Gold Reef Dam survey was used to trace a mineralised structure north from the Garnet Creek prospect where previous IAL drilling returned 44 metres @ 0.5% copper and 0.18 grams/tonne gold. This structure will be drilled in H1, 2012.

Exploration within the Emmerson JV

A review of previous drilling and geophysics, including the 2011 HeliTEM survey, identified a number of targets within the Emmerson JV area that will be tested in 2012.

On 9 November 2011 Emmerson announced the intersection of high-grade copper-gold mineralisation at the Monitor Prospect, located on the western margin of the Gecko copper-gold mine and on 16 November 2011 Emmerson also announced the intersection of high-grade copper-gold mineralisation at the Goanna Prospect, located on the eastern margin of the Gecko copper-gold mine.

Monitor and Goanna are located within the 100% Emmerson Gecko sole-fund area. Ivanhoe Australia has an option under the joint venture agreement to buy back into the Gecko sole-fund area by paying a premium to Emmerson's exploration expenditure.

The intersections at Goanna and Monitor highlight the use of innovative geophysics and processing to locate mineralisation in a mature exploration field. Both Goanna and Monitor were located using HeliTEM, and the majority of the remaining HeliTEM targets are located within the Emmerson JV area. These targets are scheduled for follow up exploration during the 2012 field season.

Corporate

Strategic Partner and Funding

As previously announced, Ivanhoe Australia has been actively pursuing a range of alternatives for securing a strategic corporate partner to provide further funding. A number of Corporate entities are engaged in the process and these discussions are continuing.

UBS has also been appointed to assist in accessing a range of funding options to progress our portfolio of development projects.

During the December Quarter Ivanhoe Australia received:

- A net funding contribution of A$62 million from Ivanhoe Mines (Ivanhoe Australia's largest shareholder) from the completion of the second tranche of the September 2011 equity raising; and

- A $30.1 million distribution from Exco Resources Limited in December, following finalisation of the sale of Exco's Cloncurry Copper Project to Xstrata. The distribution comprised a capital return and special dividend.

At the 31 December 2011 Ivanhoe Australia's cash balance was $166 million.

To view the accompanying Figures and Tables, please visit the following link:
http://media3.marketwire.com/docs/762326_figs_and_tables.pdf

Corporate Information
Board Members

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Robert Friedland          Chairman & Non Executive Director
Peter Reeve          CEO & Managing Director
John Macken          Non Executive Director
Peter Meredith          Non Executive Director
Sam Riggall          Non Executive Director
Ian Plimer          Independent Non Exec. Director (Lead)
Jim Askew          Independent Non-Executive Director
Inés Scotland          Independent Non Executive Director
Kyle Wightman          Independent Non Executive Director
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Issued Share Capital

At 31 December 2011 issued capital was 552.4 million ordinary shares and market capitalisation was $784 million.

ASX Stock Codes: IVA
TSX Stock Codes: IVA

Quarterly Share Price Activity

	High $	Low $	Last $
Oct - Dec 2011	1.74	0.805	1.42

Ivanhoe Australia's parent company Ivanhoe Mines trades on the NYSE, NASDAQ & TSX: Code: IVN

Qualified & Competent Persons Statement

The scientific and technical information in this Report regarding:

The Mount Elliott Mineral Resource estimate was reviewed and approved by:

- Rod Webster, MAusIMM, MAIG, for Mount Elliott Mineral Resources who is a full time employee of AMC Consultants Pty Ltd.

The exploration results for prospects and projects other than those above were reviewed and approved by:

- Mathew Brown, MAIG, Regional Exploration Manager for Ivanhoe Australia who is a full time employee of Ivanhoe Australia.

These individuals, by virtue of their education, experience and professional association, are considered Qualified Persons (QP) as defined in the NI 43-101 standard, for the relevant report. The Qualified Persons have verified the relevant data disclosed herein during their participation in the preparation of the relevant technical reports relating to the disclosure, and as further described in the Technical Report.

Mathew Brown is a member of the Australian Institute of Geoscientists, Rod Webster is a Member of the Australasian Institute of Mining and Metallurgy and a member of the Australian Institute of Geoscientists and each has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have undertaken to qualify as a 'Competent Person' as defined in the JORC code. Mathew Brown and Rod Webster consent to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

Quality Control and Qualified Person Statement

Quality control and quality assurance (QAQC) programs are implemented in line with the standards of National Instrument 43-101. These QAQC programs have been overseen and supervised by the individuals above on their respective areas of responsibility as defined above. As qualified persons they are responsible for the QAQC information contained in this report.

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“ and similar expressions suggesting future outcomes or statements regarding an outlook. These include, but are not limited to the Company's expectations on the preliminary production estimates from the copper gold business and studies and the potential outcomes of the optimisation work being undertaken.

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.

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