Scoping Study Confirms Potential of Ivanhoe Australia's Mount Elliott Project as World-Scale Copper-Gold Mine

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- Open Pit to Provide Additional Four Years Mill Feed for Osborne Processing Complex

- Significant Resource Upside Potential Remains

MELBOURNE, AUSTRALIA -- (Marketwire - April 17, 2012) - Robert Friedland, Chairman, and Peter Reeve, Chief Executive Officer of Ivanhoe Australia Limited (ASX:IVA) (TSX:IVA), are pleased to announce the completion of the scoping study for the Mount Elliott Copper-Gold Project in northwestern Queensland.

Mount Elliott is recognised as one of the largest copper-gold mineralised systems ever discovered in Australia and has the potential to provide Ivanhoe Australia with a long- life production base.

The Mount Elliott Scoping Study has significantly progressed the development prospects of this large mineral system. Additional work prior to commencing a pre- feasibility study is required, however the current key findings are as follows:

- The original Mount Elliott underground mine can be mined via open pit and processed at Osborne, thereby doubling the current Osborne mine life;

- A robust development option exists for a three million tonne per annum sub- level open-stoping of the SWAN zone; and

- A large-scale 12 million tonne per annum block cave option also exists for the SWAN zone.

All options have significant upside given the exploration potential at depth in the Mount Elliott system and regionally to the north. A major outcome of the study is that more drilling is required in the SWAN High-Grade Zone (HGZ) to extend the resources and increase the resource quality and continuity.

"There are very few copper-gold resources of this size and quality in the world and even fewer in such favourable political environments as Australia," Mr Reeve said.

"We have always considered Mount Elliott as our flagship project and this scoping study demonstrates that it clearly has the potential to become a globally significant copper and gold project.

"The study demonstrates that SWAN could become a major, long-life mine, with strong potential for increasing the resource at depth and also from nearby exploration targets. With the Mount Elliott development, this region could potentially become a second major processing hub for Ivanhoe Australia."

"A surprise and positive outcome of the study is that the original Mount Elliott underground mine now is likely to become a feed source that would add an extra four years of mill feed at our Osborne operation. This has demonstrated the leverage achieved by connecting the substantial infrastructure base we have at Osborne with our tenements to the north."

Mount Elliott is a large-scale system comprised of the previously operated Mount Elliott underground mine, which ceased production in 2003, and the SWAN, SWELL and Corbould zones. The Mount Elliott Mineral Resource (see Table 1) is on four granted Mining Leases approximately 70 kilometres north of Ivanhoe Australia's Osborne copper-gold processing centre, which resumed production of copper and gold concentrate in late February 2012.

The Mount Elliott Scoping Study focussed on two elements of the mineralised system: (see Figure 1, below)

1. The Mount Elliott Open Pit, incorporating the original Mount Elliott underground mine; and

2. The SWAN High-Grade Zone.

To view Figure 1: Mount Elliott showing SWAN HGZ and proposed open pit, please visit the following link: http://media3.marketwire.com/docs/782773A.pdf

The Mount Elliott Open Pit resource can be mined independently of the SWAN resource. The open pit is to be based on recovery of pillars from historical underground operations at Mount Elliott, with mill feed from the open pit being processed at the Osborne processing complex.

The options under investigation for recovery of the SWAN High-Grade Zone at Mount Elliott include:

- a sub-level open-stope mining operation;
- a large-scale block cave mine.

Both options for the SWAN HGZ would require a major new processing centre to be constructed at Mount Elliott.

The details of these options are shown below:

Mount Elliott Open Pit - mill feed for Osborne

The scoping study identified the following features for the Mount Elliott Open Pit (see Figure 2):

- Mining inventory of 7.8 million tonnes @ 1.51% copper and 0.75 grams of gold per tonne;
- Mill feed trucked to the Osborne processing complex along an extension to the new Osborne-Mount Dore Haul Road;
- Project capital expenditure of A$95 million;
- Total life of mine production of 108 kt copper and 152 koz gold;
- C1 cash cost of US$1.85 per pound of copper; and
- Operating costs of A$82.00 per tonne, including A$55.50 per tonne for mining; A$9.80 per tonne for haulage to Osborne; A$10.60 per tonne for processing at Osborne; and A$5.90 per tonne for site administration.

SWAN HGZ development option 1: Sub-Level Open-Stope

The initial design for the SWAN Sub-Level Open-Stope (see Figure 3) identified:
- Initial mining inventory of 25.9 million tonnes @ 0.90% copper and 0.56 grams of gold per tonne;
- Nine-year mine life processing three million tonnes of mill feed per year;
- Development time of three years;
- Project capital expenditure of A$478 million;
- Total life-of-mine production of 215 kt copper and 392 koz gold;
- C1 cash cost of US$1.20 per pound of copper; and
- Operating costs of A$44.10 per tonne, including A$24.00 per tonne for mining; A$9.60 per tonne for processing; and A$10.50 per tonne for site administration.

SWAN HGZ development option 2: Block Cave

The SWAN Block-Cave option (see Figure 4) identified:
- Processing throughput of 12 million tonnes per year for 14-year mine life;
- Initial mining inventory of 134.6 million tonnes @ 0.45% copper and 0.29 grams of gold per tonne;
- Development time of five years;
- Project capital expenditure of A$1,183 million;
- Total life-of-mine production of 560 kt copper and 1,070 koz gold;
- C1 cash cost of US$0.91 per pound of copper; and
- Operating costs of A$19.10 per tonne, including A$7.40 per tonne for mining; A$6.60 per tonne for processing; and A$5.10 per tonne for site administration.

Further Investigations

Further investigations to be undertaken during 2012 & 2013 include:

- Resource definition drilling to increase resource confidence and continuity, particularly within and surrounding the SWAN HGZ. As shown in Figure 3, the SWAN HGZ is made up of two pods of

mineralisation. Further drilling between these will be fundamental to further define the resource and assess options for grade uplift;

- Geotechnical study work to increase block-cave fragmentation knowledge;

- Studies to optimise process plant and infrastructure capex;

- Further exploration at depth at Mount Elliott and other targets nearby; and

- Preparation of a scope of work for the Mount Elliott Pre-Feasibility Study.

Further definition of the resource at the SWAN HGZ will allow more accurate assessment of the financial outcomes for the project. The Block Cave option in particular is very sensitive to small increases in grade with a minor uplift in the grade in the SWAN HGZ likely to have a dramatically positive effect on the financial outcome. Work during 2012 and 2013 will include this resource definition drilling and analysis.

Mount Elliott Region - Exploration and Resource Expansion Potential

Several SWAN-style near mine targets have been identified using Ivanhoe Australia's geophysical targeting methodologies, including magnetic, gravity and local sub-audio magnetics surveys (see Figure 5). These underexplored targets include Mobs Lease, Northern Leases, Bob, Tip Top, Dad and Metal Ridge.

In addition, the Mount Elliott system itself has the potential to grow substantially with further drilling at depth. Mineralisation at SWAN and Mount Elliott is associated with hydrothermal magnetite, and the deposits are underlain by a large untested magnetic anomaly which has the potential to add to the SWAN resources (see Figure 6).

Table 1: Mount Elliott Mineral Resource. 2

The Mount Elliott Scoping Study has been based on an overall Mount Elliott Mineral Resource comprising (cut off of 0.3% eCu1)(see Figure 7):

Mineral Resource2	Grade		Contained Metal	
Category	Million Tonnes	Copper (%)	Gold (g/t)	Copper (Mt)	Gold (Moz)
Indicated	210	0.52%	0.32	1.1	2.2
		(2.4 billion lbs)			
Inferred	360	0.40%	0.22	1.4	2.5
		(3.1 billion lbs)			

The higher-grade SWAN portion of the resource (0.8% eCu1cut off) comprises:

Mineral Resource2	Grade		Contained Metal	
Category	Million Tonnes	Copper (%)	Gold (g/t)	Copper (Mt)	Gold (Moz)
Indicated	65	0.90% (1.3 billion lbs)	0.52	0.58	1.1
Inferred	49	0.75% (0.8 billion lbs)	0.44	0.37	0.70

The Mount Elliott Scoping Study was used as the basis for an independent technical report, the NI 43-101 Preliminary Economic Assessment of the Mount Elliott project (PEA) compliant with NI 43-101 standards, compiled by AMC Consultants Pty Ltd. The PEA is conceptual in nature, includes inferred resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as mineral reserves and there is no certainty that the PEA will be realised.

1 eCu% cut off uses the following formula: Cu% + Au(g/t) x 0.7 + U(ppm) x 0.0017 (where Uppm >100ppm).

2 Effective October, 2010. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability

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.

This information is available on our website: www.ivanhoeaustralia.com

Competent Person and Qualified Person Statement

The scientific and technical information in this news release was reviewed and approved by:

- Ed Gleeson, MAusIMM (CP), RPEQ for mine engineering and economic evaluation, who is a full time employee of AMC Consultants Pty Ltd

- Ray Cantrell, FAusIMM (CP) for metallurgy, who is an independent consultant engaged by AMC Consultants Pty Ltd;

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

These individuals, by virtue of their education, experience and professional association, are considered Qualified Persons as defined under National Instrument 43-101 and Competent Persons as defined by the JORC code. They have each reviewed this statement and consent to its release. The Qualified Persons have verified the relevant data disclosed herein during their participation in the preparation of the Mount Elliot Scoping Study, to be filed on SEDAR within 45 days of the date hereof, as further described in same.

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 typically are 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.

Forward looking statements relate to any 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, which out limitation, statement with respect to:

- the economic analysis contained in the PEA;
- the development plan of the PEA and results thereof,
- the timing for completion of development and mining,
- capital expenditure programs;
- expenditures to be made by the Company to meet certain work commitments; and
- work plans to be conducted by the Company.

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 that 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.

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.

To view figures 2 to 8, please visit the following link:
http://media3.marketwire.com/docs/782773B.pdf

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