



NEWS RELEASE

Clarifications on Ivanhoe Energy's subsidiary to assign its participating interest in the Zitong gas Production Sharing Contract

CALGARY, CANADA (January 18, 2012) – Ivanhoe Energy Inc. (TSX: IE; NASDAQ: IVAN), and its wholly owned subsidiary, Sunwing Zitong Energy (SZE), announced on January 11, 2012 the intention for SZE to sell 100% of its participating interest in the Production Sharing Contract for the Zitong block in China's Sichuan basin to Shell China Exploration and Production Company Limited (Shell China). While the Production Sharing Contract (PSC) allows the Parties of the PSC to release the relevant information to the press, including the news related to the proposed participating interests, CNPC/PetroChina's prior consultation and approval is required as a condition precedent. CNPC/PetroChina has informed Ivanhoe Energy and SZE that the January 11, 2012 press release regarding the proposed transaction between SZE and Shell China was not cleared through CNPC/PetroChina in accordance with the provisions under the PSC and CNPC/PetroChina's accepted procedures prior to having been released and therefore did not comply with the terms and conditions of the PSC. Ivanhoe Energy has apologized to CNPC/PetroChina for this unintentional oversight and given CNPC/PetroChina assurances that all future communications and activities (including, but not limited to, any press release and discussion or negotiation with respect to the proposed transaction) in furtherance of the proposed transaction will strictly go through the terms and conditions of the PSC and CNPC/PetroChina's accepted procedures.

SZE has now initiated the process of seeking the requisite government and partner approvals. Key conditions, which must be satisfied before the transaction may be completed, include:

- CNPC/PetroChina transaction review;
- Waiver by CNPC/PetroChina of its Right Of First Refusal (ROFR) under the PSC;
- CNPC/PetroChina's approval of the transaction;
- Approval by the Ministry of Commerce of the People's Republic of China of the definitive Purchase and Sale Agreement, an amendment to the PSC, an amendment to the Joint Operating Agreement (JOA) and the completion of the transaction;
- Waiver by Mitsubishi Gas Chemical Company (MGC) of its ROFR under the JOA between SZE and MGC, under which the parties jointly participate (90/10) in the PSC;
- MGC approval of the transaction; and,
- Execution of the Purchase and Sale Agreement between SZE and Shell China, an amendment to the PSC between CNPC/PetroChina, Shell China and MGC and an amendment to the JOA between Shell China and MGC.

"This is an important transaction for Ivanhoe Energy, and we intend to work collaboratively and under the direction of CNPC/PetroChina and the Chinese government to effect this transaction in accordance with all legal requirements," commented Robert Friedland, Executive Co-Chairman.

All parties involved in this transaction are now fully engaged and working through the required processes.

Ivanhoe Energy is an independent international heavy oil development and production company focused on pursuing long-term growth in its reserves and production using advanced technologies, including its proprietary heavy oil upgrading process (HTL™). Core operations are in Canada, United States, Ecuador, China and Mongolia, with business development opportunities worldwide. Ivanhoe Energy trades on The Toronto Stock Exchange with the symbol IE and on the NASDAQ Capital Market with the ticker symbol IVAN.

For more information about Ivanhoe Energy please visit www.ivanhoeenergy.com.

FORWARD-LOOKING STATEMENTS: *This document includes forward-looking statements, including forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, statements related to the completion of this transaction, receipt of required waivers and approvals, satisfaction of conditions to closing and timing thereof, the execution of a definitive PSA and timing thereof, the statements relating to Ivanhoe Energy's strategy, the continued advancement of its projects and realization of the value of its assets and commercialization of its technology, and the pursuit of other transactions and initiatives and the manner in which this transaction will benefit the core business, the ability to have the security posted by Ivanhoe Energy for the performance bond released at closing and other statements which are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may," "potential," "should," and similar expressions relating to matters that are not historical facts are forward-looking statements. Although Ivanhoe Energy believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Important factors that could cause actual results to differ from these forward-looking statements include the ability to obtain all required approvals, consents and waivers from the government and third parties and the timing thereof, the risk associated with doing business in foreign countries and other risks disclosed in Ivanhoe Energy's 2010 Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission on EDGAR and the Canadian Securities Commissions on SEDAR.*

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