



Market Release

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Drilling intercepts strong copper-gold mineralisation at Ivanhoe Australia's Houdini discovery near the Osborne Mine complex in the Cloncurry region

Houdini anomaly lies on an unexplored 15-km-long fault zone and remains open in all directions

MELBOURNE, AUSTRALIA – Robert Friedland, Chairman, and Peter Reeve, Chief Executive Officer of Ivanhoe Australia Limited (IVA:ASX), (IVA:TSX), announced today that new drill intersections have identified a zone of strong copper-gold mineralisation on the Houdini prospect in northwestern Queensland.

The new intersections indicate that this zone extends at least 200 metres down-dip of the initial Houdini intercept from drilling conducted in 2008 by Barrick, the former holder of the tenements that were acquired by Ivanhoe Australia as part of the Osborne transaction in 2010. Houdini is located 20 kilometres northwest of the Osborne mine complex (see Figure 1).

“Houdini was an important part of the Osborne acquisition and these drill results confirm Ivanhoe Australia’s continuing belief that the relatively underexplored Osborne tenements hold strong potential for discoveries that will extend the company’s known resources,” Mr. Reeve said.

Intercepts from the diamond drilling include:

- **HOD0036 – 6 metres @ 5.07% copper and 0.23 g/t gold from 144 metres;**
- **HOD0037A – 23 metres @ 1.51% copper and 0.25 g/t gold from 239 metres;**
- **HOD0038A – 12.5 metres @ 1.95% copper and 0.31 g/t gold from 353.5 metres**

“Part of the significance of these initial Houdini results for Ivanhoe Australia is that they are only the first fence of step-out drilling on the system, which is shallow, open at depth and open along strike,” Mr. Reeve said.

“We will be drilling additional fences north and south of these latest intercepts, where the system remains untested. Houdini is located adjacent to the Osborne-Mount Dore Access Road, (Figure 1) providing convenient access to the Osborne mine complex where material could be processed following definition of a resource.”

The best intercept previously reported under Barrick ownership was 16 metres @ 3.0% copper and 0.58 grams of gold per tonne from 70 metres. Ivanhoe Australia began follow-up drilling immediately following its acquisition of the Osborne assets to explore the 500-metre conductivity anomaly at depth.

The Houdini prospect was first explored during the early 1990s when exploration initially focused on Starra and Osborne-style targets. Several prominent linear magnetic anomalies were drilled with no significant results; during the next 20 years, exploration focused on drilling broad-spaced air-core holes to define geochemical patterns beneath the Mesozoic Cover.

Several basement copper anomalies were identified; some associated with minor magnetic highs were drilled, with no significant copper results. A major linear anomaly of 200 to 1000 parts per million (ppm) copper was identified 200 metres east of these magnetic anomalies but was never drilled.

A sub-audio magnetics survey was completed to identify conductivity anomalies associated with the magnetic anomalies (Figure 3). This survey showed a linear conductivity anomaly associated with the linear copper anomaly which was named the Houdini anomaly. At 1000 ppm copper, the anomaly is 500 metres long; however, it extends to 1,000 metres at lower-grade anomalous thresholds.

Drilling on this anomaly by Barrick in 2009 included the following significant results:

- HORC00039 - 41 metres @ 1.4% copper from 120 metres
Incl - 16 metres @ 3.0% copper
- HORC00038 - 63 metres @ 0.75% copper from 94 metres
Incl - 8 metres @ 1.58% copper
- HORC00040 - 25 metres @ 0.25% copper from 60 metres

Following the settlement of the Osborne purchase, Ivanhoe Australia completed three pre-collared diamond-drill holes on one section in late October 2010 (Figure 2 and 3). Pre-collars for an additional six diamond drill holes were drilled 100 metres north and south of the completed drill section. Heavy rains at the start of the wet season has presently halted further drilling.

This drilling returned the following significant widths and grades of copper and gold:

- HOD0036 - 6 metres @ 5.07% Cu and 0.23g/t Au from 144 metres
- HOD0037A - 14 metres @ 0.68% Cu and 0.10g/t Au from 123 metres
 - Incl - 4 metres @ 1.55% Cu and 0.28g/t Au from 133 metres
 - and - 23 metres @ 1.51% Cu and 0.25g/t Au from 239 metres
- HOD0038A - 26 metres @ 1.15% Cu and 0.17g/t Au from 340 metres
 - Incl - 12.5 metres @ 1.95% Cu and 0.31g/t Au from 353.5 metres
 - Incl - 2.2 metres @ 3.47% Cu and 0.47g/t Au from 353.8 metres

The copper and gold mineralisation occurs as chalcopyrite within a carbonate breccia, dominantly on the footwall of the fault. Within the fault, the main copper-bearing mineral is chalcocite, with minor bornite and chalcopyrite (Figures 4-8).

The grade across the mineralised zone appears to be uniform, with a true width between 10 and 15 metres. Below the supergene enrichment zone mineralisation also appears to be consistent between holes (HOD0037A and HOD0038A; see Figure 2). The fault zone is hosted within a package of amphibolite between biotite and muscovite schist.

A significant feature of the Houdini mineralisation is its association with a north-south striking fault zone that is interpreted to be a splay off the southern extension of the Mount Dore fault zone. A recent large scale SAM survey mapped this structure over a 15-kilometre strike length providing the potential for extensions or repeats of the Houdini mineralisation.

Three drilling rigs will continue drilling 100-metre-spaced sections north and south of the current section as soon as the current wet season ends. Infill drilling will be initiated when a 500-metre strike length of mineralisation is drilled and further drilling will continue along both the 15-kilometre strike of the main fault and also down dip these new intercepts. Down-hole EM is planned for the deeper holes to help target down-dip extensions. A significant top-of-basement air-core program is planned north and south of the previous air-core patterns on targets selected with results of the recent extensive SAM survey. The survey highlighted the position of the Mount Dore fault zone and numerous splays.

Ivanhoe Mines (IVN: TSX, NYSE, NASDAQ) is Ivanhoe Australia's largest shareholder and currently owns, directly and indirectly, approximately 62% of Ivanhoe Australia's issued and outstanding shares.

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Figure 1: Location of the Houdini Prospect – 20 kilometres NW of Osborne

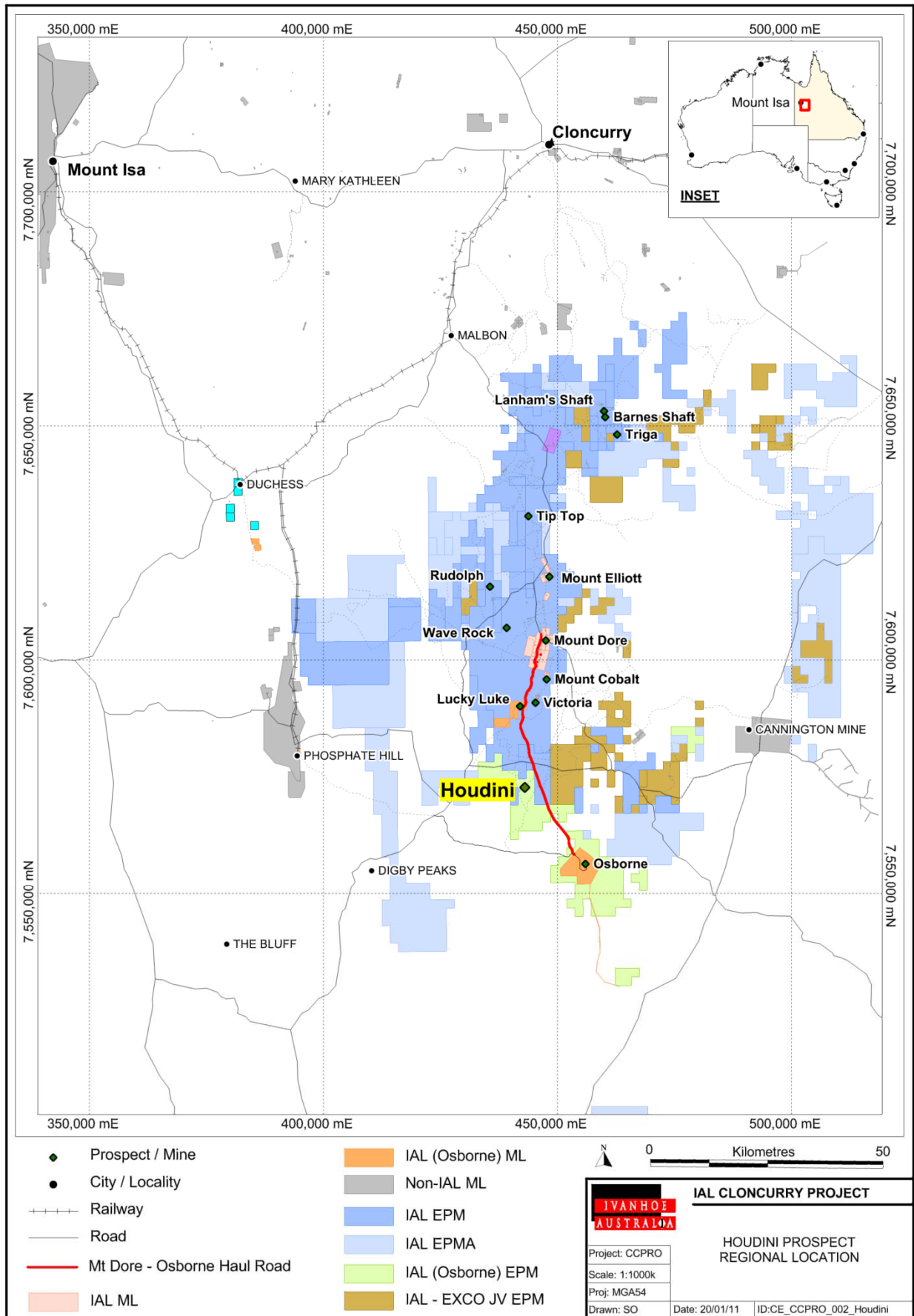


Figure 2: Houdini Cross Section N7573250mN looking North

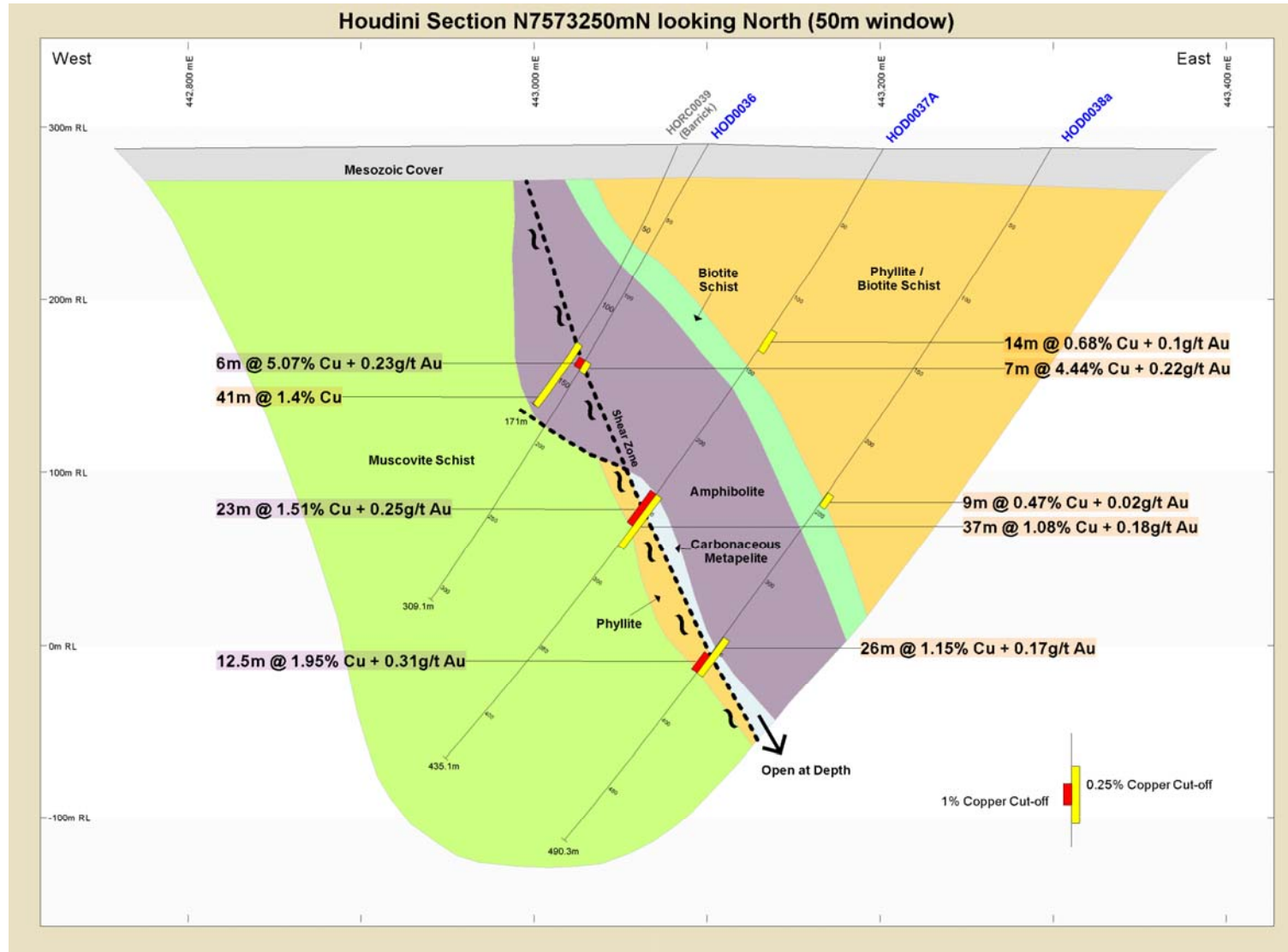


Figure 3: Barrick Drill Results on the Houdini Magnetic Anomaly

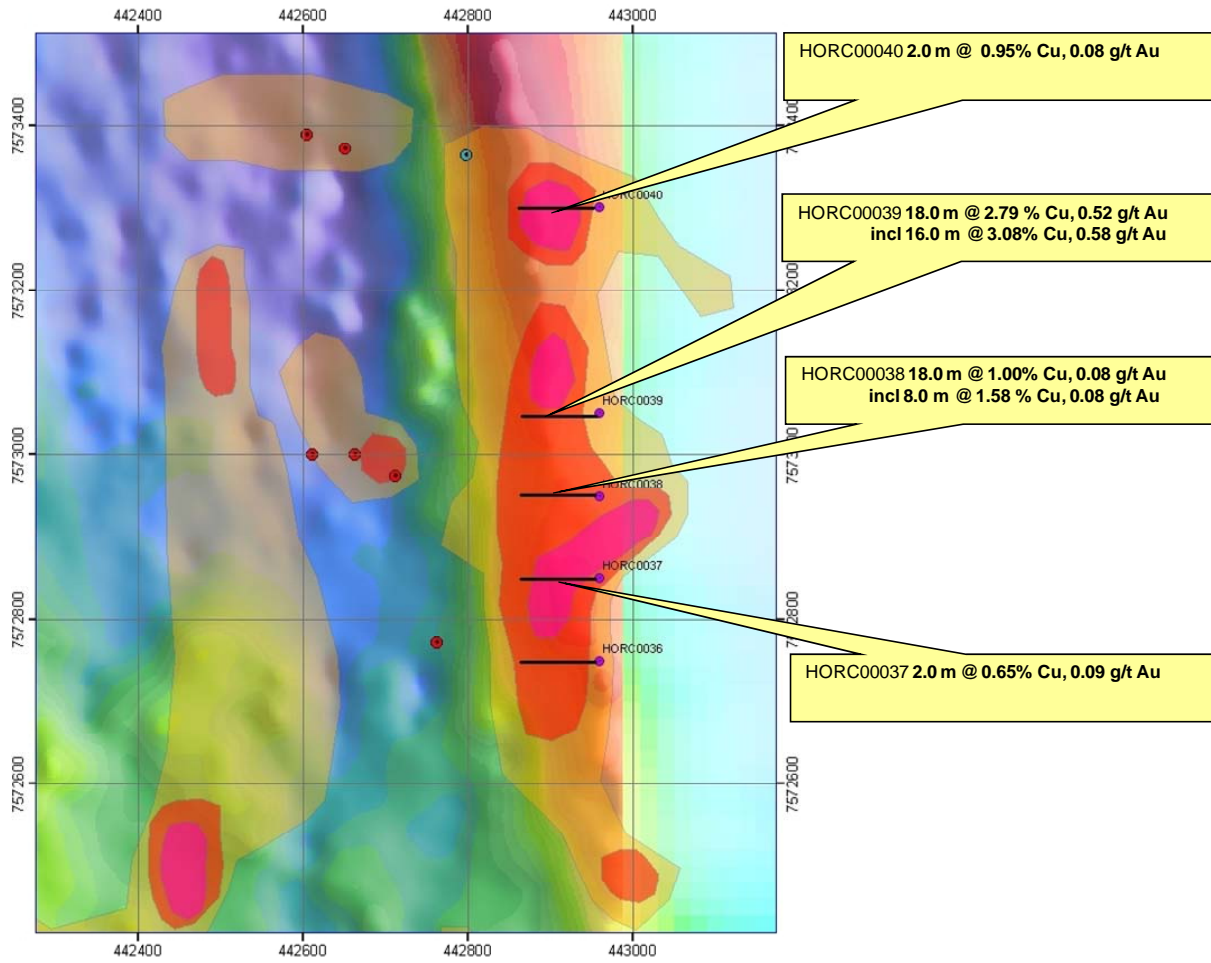


Figure 4: HOD0038 - Brecciated amphibolite. Breccia matrix consists of calcite, chalcopryite, quartz and hematite stained feldspar



Figure 5: HOD0038 - Brecciated amphibolite. Breccia matrix consists of calcite, chalcopryite, quartz and hematite stained feldspar



Figure 6: HOD0037A - Massive chalcopyrite veining with feldspar altered muscovite schist



Figure 7: HOD0036 - Brecciated amphibolite with strongly hematite stained feldspar altered fragments. Matrix consists of calcite, chalcopyrite, quartz and hematite stained feldspar



Figure 8: HOD0038A - Brecciated amphibolite. Breccia matrix consists of calcite, chalcopyrite, quartz and hematite stained feldspar



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 Houdini is overseen by Paul Carter, BSc(Hons), the General Manager Exploration of the Company and a Qualified Person as defined under National Instrument 43-101. Mr Carter has overseen the exploration program at Houdini 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 performs check assays on a regular basis at an independent third party laboratory. Ivanhoe Mines Ltd regularly conducts onsite reviews, internal audits, and laboratory audits 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 that the grade across the mineralised zone is uniform and that mineralisation is consistent between holes HOD0037A and HOD0038A and the Company's intentions to undertake further exploration drilling at Houdini in an attempt to extend this high grade zone both along strike and to depth.

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.