

Ivanhoe Energy announces completion of merger transaction with PanAsian Petroleum

Ivanhoe Energy subsidiary Sunwing Energy to develop Block XVI in central Mongolia in a major expansion of Asia-focused interests

ULAANBAATAR, MONGOLIA — Ivanhoe Energy Inc. (TSX: IE; NASDAQ: IVAN) announced today that the merger between PanAsian Petroleum Inc. and an Ivanhoe Energy subsidiary has been completed. This merger, announced on November 18, 2009, provides Ivanhoe Energy with the exclusive right to explore, develop and produce oil or gas within Block XVI in Mongolia's Nyalga Basin.

Ivanhoe Energy intends to combine the Block XVI development rights with Sunwing Energy Ltd., Ivanhoe's 100%-owned subsidiary for oil and gas operations in Asia.

Block XVI covers 16,839 square kilometres and is located approximately 100 kilometres southeast of the capital of Mongolia, Ulaanbaatar. The Trans-Mongolian Railway, linking railway networks and markets in Russia, to the north, and China, to the south, runs through the western end of Block XVI, closely following Mongolia's main north-south highway. The target on Block XVI is light oil, consistent with discoveries by Petrochina and Sinopec in Mongolia and other similar discoveries in China's adjacent Inner Mongolia region.

Block XVI was partially explored in the 1950s by Russian interests and was included in a regional appraisal conducted by BP International for the Mongolian Government in 1990. This work demonstrated that Nyalga has hydrocarbons and the potential to become a significant oil producer. The Russian drilling program reportedly encountered oil shows in 20 of approximately 40 wells drilled to depths of 700 to 1,800 metres; one well flowed oil. The 1990 BP appraisal of central Mongolia's hydrocarbon potential concluded that the Nyalga Basin had the best potential for an active petroleum system among the sites evaluated in the region. In addition, Block XVI contains a large, visible, surface bitumen deposit that is evidence of hydrocarbon generation and migration and requires further evaluation.

Exploration to date has established that the Nyalga Basin possesses many of the characteristics of interior rift basins that produce light oil in Mongolia, east and south of Nyalga, and in northern China. These include: Petrochina's Tamsag project in eastern Mongolia; Sinopec's Zuunbayan project in southeastern Mongolia; and a 980-million-barrel discovery of light, sweet crude oil in the Bameng region of China's Inner Mongolia, announced by a Sinopec subsidiary last August.

The transaction with PanAsian Petroleum resulted in Ivanhoe Energy issuing 2,683,291 common shares in exchange for all of the issued and outstanding common shares of PanAsian. In addition,

existing stock-purchase warrants in PanAsian were rolled-over into 735,449 Ivanhoe Energy purchase warrants that entitle the holders to purchase Ivanhoe Energy common shares at C\$4.05 for a period of approximately 18 months.

Further details of the transaction are available in Ivanhoe Energy's November 18 news release (http://www.ivanhoe-energy.com/i/pdf/2009-11-18_NR.pdf) and November 19 conference call presentation available through the link posted on the home page of the company's website (www.ivanhoe-energy.com/s/Home.asp).

Sunwing Energy Ltd.

Sunwing Energy is Ivanhoe's 100%-owned subsidiary for oil and gas operations in Asia. Sunwing has a 15-year history of oil and gas exploration and production in China and has signed three production-sharing agreements with Petrochina. Sunwing currently produces approximately 1,800 barrels of light oil per day in Dagang, in China's Hebei province, in a production-sharing agreement with Petrochina in which Sunwing is the operator. In addition, Sunwing is the operator in a 650,000-acre gas exploration block in Zitong, Sichuan Province, with its 10% partner, Mitsubishi Gas Chemical Company.

Sichuan is the oldest and one of the most prolific gas producing regions of China. Sunwing plans to begin drilling in its Zitong Block in Sichuan province in the first quarter of 2010, targeting the Xu2 formation in the Guan structure, the largest structure on the block. This well will take up to six months to drill and test, and will include a 750-metre horizontal section.

Sinopec and Petrochina have made significant discoveries of gas from the Xu2 formation in blocks adjacent to Sunwing's Zitong Block. Any gas produced in Zitong will be able to be fed directly into an existing regional gathering and sales distribution system.

The addition of Block XVI in Mongolia to Sunwing's portfolio of projects will build critical mass as Sunwing considers a listing on a major Asian stock exchange.

Ivanhoe Energy Inc.

Ivanhoe Energy is an international oil and gas company focussed on a) heavy-oil development and production opportunities worldwide; and b) oil and gas exploration and development projects in Asia. Ivanhoe Energy uses technologically innovative methods to significantly improve the development of heavy oil and other oil and gas assets, including the application of its patented HTL (heavy-to-light) heavy-oil upgrading process. Core operations are in Canada, Ecuador, China and Mongolia. Ivanhoe Energy trades on the NASDAQ Capital Market, with the ticker symbol IVAN, and on the Toronto Stock Exchange with the symbol IE.

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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 by Ivanhoe Energy and Sunwing Energy concerning the potential for oil and gas production in Block XVI and the Nyalga region of Mongolia, the potential benefits of Ivanhoe Energy's heavy oil upgrading technology, the potential for commercialization and future application of the heavy oil upgrading technology and other technologies, statements relating to the continued advancement of Ivanhoe Energy's projects, the potential for successful exploration and development drilling, dependence on new product development and associated costs, statements relating to anticipated capital expenditures, the necessity to seek additional funding, statements relating to increases in production 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 and Sunwing Energy believe 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 potential that Block XVI and the Nyalga region of Mongolia may not have the oil and gas production potential anticipated, that the company's projects will experience technological and mechanical problems, new product development will not proceed as planned, the HTL technology to upgrade bitumen and heavy oil may not be commercially viable, geological conditions in reservoirs may not result in commercial levels of oil and gas production, the availability of drilling rigs and other support services, uncertainties about the estimates of reserves, the risk associated with doing business in foreign countries, environmental risks, changes in product prices, our ability to raise capital as and when required, competition and other risks disclosed in Ivanhoe Energy's Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission on EDGAR and the Canadian Securities Commissions on SEDAR.