



NEWS RELEASE

January 5, 2010

Ivanhoe Energy Commences Drilling First Appraisal Well in the Pungarayacu Field in Ecuador

QUITO, ECUADOR – Ivanhoe Energy Inc. (TSX: IE: NASDAQ: IVAN) is pleased to announce that Ivanhoe Energy Ecuador Inc. has spud its first appraisal well, IP-15, in the Pungarayacu field in Ecuador. Ivanhoe Energy Ecuador, a Canadian company, is a wholly-owned subsidiary of Ivanhoe Energy Latin America Inc., the parent company of Ivanhoe Energy Inc.'s Latin America corporate group.

The commencement of operations was marked by a ceremony at the IP-15 well drill site, attended by several local government and indigenous leaders as well as other key officials including Mr. Julio Gonzales, Acting Minister of Non Renewable Resources and Mr. Andrew Shisko, Canada's Ambassador to Ecuador.

David Martin, Chairman and CEO of Ivanhoe Energy Latin America told guests at the ceremony, "Today is a historic day. IP-15 is our first appraisal well to be drilled in the Pungarayacu field, believed to be Ecuador's largest known accumulation of heavy oil. We look forward to the development of this important resource for the people of Ecuador."

The well is expected to be drilled to approximately 1,300 feet (400 metres) and operations will include capturing valuable core data from all identified oil bearing zones. Drilling and coring will be followed by an extensive logging and testing evaluation program and may continue into February 2010. State-of-the-art evaluation equipment and coring methods will be employed and steam equipment will be used if lower gravity oil is encountered. Ivanhoe will provide updates as key results are received. Completion of IP-15 will be followed by drilling and testing of additional wells in different areas of Block 20, three of which are already permitted. Permitting for 20 additional wells will begin in January 2010.

An independent review completed by Gaffney, Cline & Associates estimated that within the 250-square-mile delineated portion of the block, and within the formation of primary interest, the Hollin, there are 4.3 billion barrels (low case), 6.4 billion barrels (mid case) and 12.1 billion barrels (high case) of original oil in place. Ivanhoe Energy Ecuador holds a 100% working interest in the contract for the exploration and development of Block 20.

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, patented heavy-oil upgrading process (HTL™). Core operations are in Canada, Ecuador, China and Mongolia, with business development opportunities worldwide. Ivanhoe Energy's shares trade on the NASDAQ Capital Market with the ticker symbol IVAN and on the Toronto Stock Exchange with the symbol IE.

For more information about Ivanhoe Energy Inc. please visit our web site at www.ivanhoeenergy.com

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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 concerning the anticipated quantities of recoverable barrels of bitumen from Block 20, the anticipated drill depth of appraisal well IP-15, the scope and timing of the evaluation activities in respect of the results obtained from appraisal well IP-15, the schedule for commencement of drilling and testing of additional wells in different areas of Block 20 for which permits have already been obtained, the commencement of the permitting process for additional wells on Block 20 for which permits have not, to date, been obtained and other statements which are not historical facts. When used in this document, the words such as "could", "plan", "estimate", "anticipate", "intend", "may", "potential", "should", and similar expressions relating to matters that are not historical facts are forward-looking statements. Although Ivanhoe Energy and Ivanhoe Energy Ecuador believe that their 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 result to differ from these forward-looking statements include the possibility that the company will be unable to raise financing, the potential 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, heavy oil samples from Block 20 may not have the product qualities anticipated, Ivanhoe Energy's lack of history in developing commercial HTL opportunities, 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 the reserves, the risk associates with doing business in foreign countries, environmental risks, changes in product prices, our availability to generate cash flow and raise capital as and when required, competition and other risks disclosed in Ivanhoe Energy's Annual Report on Form 10-K files with the U.S. Securities and Exchange Commission on EDGAR and the Canadian Securities Commissions on SEDAR.*



Attending the launch ceremony (from left to right): Julio Gonzales (Acting Minister of Non-Renewable Resources; David Martin, Chairman & CEO, Ivanhoe Energy Latin America; Carlos Espinoza, General Manager, Ivanhoe Energy Ecuador; and Andrew Shisko, Canadian Ambassador to Ecuador