



March 15, 2006

Ivanhoe Energy 2005 Fourth Quarter and Year-End Results and Production Update

VANCOUVER, CANADA - Ivanhoe Energy Inc. (NASDAQ: IVAN and TSX: IE, IE.U) will today file its Annual Report on Form 10-K for the year ended December 31, 2005.

“Revenue for 2005 was up 66% from 2004, due to higher oil prices and increased production,” said David Martin, Ivanhoe Energy’s Chairman. “Production volumes were up 26% for the year, as we grew our production in both the U.S. and China. Cash flow from operating activities for the year doubled over that of 2004 to \$9.4 million, more than meeting our goal of funding our ongoing operations, excluding capital investments. Our net loss for the year was \$13.5 million, which was \$7.2 million lower than our 2004 loss.

“Our main focus continues to be the commercial implementation of our proprietary, patented heavy oil upgrading process that we acquired in 2005. In the fourth quarter, we made a number of enhancements to our commercial demonstration facility in California, which has allowed us to move forward with testing in a commercial mode. These tests are an important step toward finalizing commercial agreements for the design, construction and ownership of full-scale 10,000 to 15,000 barrel-per-day upgrading facilities.

“In China, although our independent year-end review of reserves resulted in a \$5 million write-down of the Dagang asset in the fourth quarter of 2005, we have taken some important steps with regard to our China operations. First, we have increased our working interest in the Dagang field to 100% as a result of a subsidiary of CITIC Group (formerly China International Trust and Investment Corporation) converting its working interest into common stock of Ivanhoe Energy. Secondly, we announced the proposed merger of our China subsidiary with a U.S. publicly traded company, after which we would own between 75% and 80% of the ongoing company. We believe that these two transactions will provide our operations in China with enhanced cash flow, new capital and a financing platform to independently grow our oil and gas operations in China.”

Consolidated Corporate Highlights

(unaudited; thousands of U.S. dollars except per share and production amounts)

	Three Months Ended			Year Ended	
	Dec. 31 2005	Sept. 30 2005	Dec. 31 2004	Dec. 31 2005	Dec. 31 2004
<i>Financial</i>					
Net loss	\$ (8,885)	\$ (2,113)	\$ (17,184)	\$ (13,512)	\$ (20,725)
Net loss per share – basic and diluted	\$ (0.04)	\$ (0.01)	\$ (0.09)	\$ (0.07)	\$ (0.12)
Cash flow from operating activities	\$ 4,233	\$ 2,500	\$ 2,898	\$ 9,358	\$ 4,032
Revenue	\$ 8,651	\$ 8,907	\$ 6,212	\$ 29,939	\$ 17,997
Depletion and depreciation	\$ 5,197	\$ 4,476	\$ 2,243	\$ 14,447	\$ 7,482
Capital investments	\$ 9,195	\$ 9,769	\$ 12,709	\$ 43,301	\$ 46,454
Total assets (at end of period)	\$ 240,877	\$ 229,039	\$ 118,486		
Cash and cash equivalents (at end of period)	\$ 6,724	\$ 3,800	\$ 9,322		
<i>Operating</i>					
Net production (after royalties):					
Barrel of oil equivalent (BOE)	159,258	175,004	153,555	634,492	503,549
BOE/day for the period	1,731	1,902	1,669	1,738	1,376

Heavy-to-Light Oil Upgrading Activities

We are continuing discussions with a number of heavy oil resource owners and others for the potential commercial deployment of our HTL heavy oil upgrading technology in heavy oil fields around the world. These discussions are at various stages and we are contemplating a number of different contract formats, including production sharing, profit sharing and other joint venture arrangements. We believe that the value of this technology can be maximized by using it to create opportunities to acquire interests, and actively participate, in heavy oil development projects by building and owning the facilities rather than licensing the technology to third parties.

We are continuing to negotiate a definitive agreement with Aera Energy LLC to build a 15,000-barrel-per-day HTL heavy oil upgrading facility that would yield both upgraded oil and excess thermal energy. The excess thermal energy from this facility would provide Aera with an alternative to high and volatile natural gas prices, lowering Aera's steam generation costs, which are a significant component of heavy oil operating expenses. The HTL facility would be owned and operated by Ivanhoe Energy. Aera is a California limited liability company owned by affiliates of Shell and ExxonMobil.

The HTL heavy oil upgrading commercial demonstration facility (CDF) that has a processing capacity of 1,000-barrels-per-day, located on Aera's property in the Belridge heavy oil field in California, successfully achieved a number of important performance goals in the fourth quarter of 2005, which culminated in an extended run in early 2006. The successful extended test followed enhancements made to the CDF during the fourth quarter. Testing has continued, and in early March we announced a successful run, which upgraded the heaviest fraction of California heavy oil. The CDF is currently undergoing a series of upgrades, which are expected to be completed in April in preparation for extended commercial testing of heavy crude oil from California and Western Canada, including bitumen from Canada's Athabasca oil sands region.

Our heavy oil upgrading technology produces lighter, more valuable crude oil at lower cost and in smaller-sized plants than conventional technologies. The technology addresses four key challenges to heavy oil development:

- the facilities can be field-located and effective at a scale as low as 10,000 to 15,000 barrels per day;
- the value of the upgraded heavy oil is substantially increased;
- the viscosity of the upgraded product is dramatically reduced, allowing it to be transported by pipeline without the need for light blend oils; and
- significant amounts of by-product energy are produced for use as an on-site source for the production of the steam and/or power needed in heavy oil recovery.

U.S. Oil and Gas Operations

(unaudited; thousands of U.S. dollars except per share and production amounts)

	Three Months Ended			Year Ended	
	Dec. 31 2005	Sept. 30 2005	Dec. 31 2004	Dec. 31 2005	Dec. 31 2004
<u>Financial</u>					
Revenue	\$ 3,581	\$ 4,344	\$ 2,758	\$ 14,099	\$ 9,321
Depletion and depreciation	\$ 1,271	\$ 1,286	\$ 1,115	\$ 5,039	\$ 4,594
Capital investments	\$ 1,259	\$ 2,770	\$ 4,005	\$ 6,541	\$ 17,428
Identifiable assets (at end of period)	\$ 48,070	\$ 47,564	\$ 48,465		
<u>Operating</u>					
Net production (after royalties):					
Barrel of oil equivalent (BOE)	69,695	88,118	76,773	319,674	268,614
BOE/day for the period	758	958	834	876	734

California

South Midway – We have 57 producing wells in the 1,400-acre South Midway heavy oil field, with a working interest of 100%. In the fourth quarter, we commenced a pilot project to supplement the cyclic steam project with continuous steam injection into four wells. Pilot performance is showing good response and, if successful, could lead to production increases.

Citrus (Lost Hills) – We have completed a farmout of three wells to be drilled to test the shallow Etchegoin gas potential on three of our leases south of our producing section at Citrus. Drilling of the first well has been delayed and it is now expected to be drilled in the second quarter of 2006 and may extend the producing area of the shallow field. We hold a working interest of 83% to 100% in this 3,400-acre block and are the operator.

North Salt Creek – During the third quarter, we commenced production from this new field discovery in Kern County, California. The initial well commenced production at approximately 1,000 Mcf/day of natural gas and we completed the drilling of two additional wells in the fourth quarter of 2005 and encountered hydrocarbons in both of the wells. Production testing indicates a thick oil zone in the Diatomite that contains heavy 12° API gravity oil which will require steam to produce commercially. We are in the process of obtaining permits to steam test these wells. We are the operator and own a 24% working interest in the well and the 900-acre lease block.

Knights Landing (Sacramento Basin) – We completed a 3-D seismic acquisition program in the fourth quarter of 2005 and interpretation of the seismic data is underway. We expect to complete processing and interpretation of the seismic data by the end of the second quarter of 2006 and to recommence drilling in the third quarter of 2006. We averaged gross production of approximately 1.1 MMcf of natural gas per day in the third quarter of 2005, but by the end of 2005 production had been fully depleted in all but one well, which is intermittently producing small amounts of natural gas.

Peach (North South Forty) – During the first quarter of 2005, we discovered natural gas at the Peach prospect in the North Antelope Hills area of Kern County. We have a 50% interest in the initial well after payout and a 50% working interest in the 1,800-acre prospect. Production from the discovery well is expected to commence by the end of the first quarter of 2006.

North Yowlumne – In December 2005, drilling commenced on the North Yowlumne prospect. The 13,000-foot well has been cased and a liner has been run and cemented over multiple zones of indicated hydrocarbon content that was encountered. Initial interpretation of the well data is encouraging and indicates that a sequence of sandstone beds were encountered from 12,000 to 13,000 feet. Up to three intervals may be tested for hydrocarbon content and flow potential starting in mid-March 2006.

Ivanhoe Energy developed the North Yowlumne prospect after an extensive 3-D seismic survey. We farmed out 87.5% of this exploration prospect. If the well is successful the farmin parties interest drops to 43.75%. Following payout of the first producing well, we will have a 56.25% working interest in the approximate 6,900-acre block and will be the operator for any subsequent operations.

Northwest Lost Hills – The Aera NWLH #1-22 deep well, tested in January 2006 at no cost to us, flowed non-commercial natural gas rates in two separate tests. Aera, the operator of the well, has recommended abandoning the well, and we concur. Abandonment operations will commence in the third quarter of 2006 at an anticipated net cost to us of approximately \$700,000. We have no further plans to explore in this prospect.

Wyoming

LAK Ranch – We commenced continuous steaming in the fourth quarter of 2005 at the LAK Ranch enhanced oil recovery pilot program. An early production response was realized from the steam injection, with oil rates increasing to 40 - 50 barrels of oil per day. We plan continuous steam injection throughout 2006 while monitoring the production response. Based on observed production and temperature responses, we expect to be in a position to reach a decision regarding the development phase by the fourth quarter of 2006. We currently have a 43% working interest in this project.

Texas

Spraberry – Our working interests range from 31% to 48% in 25 wells, which are producing approximately 75 net barrels of oil equivalent per day.

China Oil and Gas Operations

(unaudited; thousands of U.S. dollars except per share and production amounts)

	Three Months Ended			Year Ended	
	Dec. 31 2005	Sept. 30 2005	Dec. 31 2004	Dec. 31 2005	Dec. 31 2004
<u>Financial</u>					
Revenue	\$ 5,039	\$ 4,550	\$ 3,278	\$ 15,738	\$ 8,500
Depletion and depreciation	\$ 3,921	\$ 3,185	\$ 1,104	\$ 9,378	\$ 2,864
Capital investments	\$ 6,611	\$ 5,860	\$ 8,333	\$ 30,722	\$ 26,965
Identifiable assets (at end of period)	\$ 65,020	\$ 64,612	\$ 44,960		
<u>Operating</u>					
Net production (after royalties):					
Barrel of oil equivalent (BOE)	89,563	86,886	76,782	314,818	234,935
BOE/day for the period	973	944	835	863	642

Dagang – The year-end 2005 gross production rate at the Dagang project was 2,310 barrels of oil per day, compared to 1,655 barrels per day at the end of 2004. By the end of 2005, we had drilled a total

of 39 development wells, bringing the total number of wells on production or available for production at year-end to 43, as compared to the original estimate of 115 wells. We suspended drilling to allow for detailed evaluation of well productivity and production performance and, in the fourth quarter of 2005, we reached agreement with China National Petroleum Corporation to reduce the overall scope of the project to approximately 60 wells and have retained four of the original six blocks. We continue to conduct technical reviews and evaluate the results of our stimulation program to provide the information necessary to make critical decisions on resuming our drilling program.

In 2004, Richfirst Holdings Limited, a subsidiary of CITIC Group, acquired a 40% working interest in the Dagang field. The farm-out agreement gave Richfirst the right to convert its working interest in the Dagang field for our common shares at any time prior to eighteen months after closing the farm-out agreement. Richfirst elected to convert its 40% interest in the Dagang field into our common shares and in February 2006 we acquired Richfirst's 40% working interest, giving us a 100% working interest in the project. Richfirst acquired approximately eight million shares, or 3.7% of our issued and outstanding common shares, and becomes a strategic shareholder as we continue to develop oil and gas opportunities in China.

Zitong – In December 2005, we were granted an extension of the first phase of our exploration contract and expect to spud our second exploration well by May 1, 2006. In January 2006, we finalized a farm-out agreement with Mitsubishi Gas Chemical Company Inc., where Mitsubishi will pay us \$4 million for a 10% interest in the Zitong block. After the drilling of the second exploration well in 2006, we will evaluate the results and make an election, along with Mitsubishi, to enter into the next three-year exploration phase. We have a 90% working interest in this project and are the operator.

In February 2006, we announced the proposed merger of our China subsidiary, Sunwing Energy Ltd., with China Mineral Acquisition Corporation. If the proposed merger is successfully completed the resulting public corporation would be approximately 75% to 80% owned by Ivanhoe Energy.

Liquidity, Capital Resources and Going Concern Matters

On December 31, 2005, our cash position was \$6.7 million and we had negative working capital of \$11.4 million, an improvement over the negative working capital of \$17.2 million that we had at the end of the third quarter of 2005. Our operating activities provided \$4.2 million in cash for the fourth quarter of 2005. Our capital investments for the fourth quarter of 2005 were \$9.2 million (\$43.3 million for the full year 2005).

For the past two years, our Annual Report on Form 10-K contained a discussion of our financial position and our need to raise additional capital. Our Annual Report on Form 10-K this year includes an audit report on our consolidated financial statements from our Independent Registered Chartered Accountants, Deloitte & Touche LLC, which expresses an unqualified opinion and in addition, includes a separate report titled "Comments by Independent Registered Chartered Accountants for U.S. Readers on Canada-U.S. Reporting Differences" referring to our ability to continue as a going concern. We will require additional funding, which we will seek from equity markets, alliances or other partnership agreements with entities with the resources to support our projects as well as convertible loan, debt and mezzanine financing.

Extended negotiations are continuing with a third party for the formation of a joint venture for the deployment, in a specific region of the world, of the HTL and GTL technologies we own or license. The transaction that is being discussed would, if consummated, include a potentially significant equity

investment in us by the third party. No assurances can be given that we, and the third party, will successfully conclude this potential transaction.

This news release summarizes our 2005 fourth quarter and full year results of operations and financial condition and should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 31, 2005, which contains full financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations. Copies of the Form 10-K may be obtained from the Ivanhoe Energy website at www.ivanhoe-energy.com, on EDGAR at www.sec.gov or SEDAR at www.sedar.com.

Ivanhoe Energy is an independent international oil and gas exploration and development company focused on pursuing long-term growth in its reserve base and production using key technologies, including its proprietary heavy oil upgrading process, state-of-the-art drilling and enhanced oil recovery (EOR) techniques and the conversion of natural gas to liquids (GTL). Core operations are in the United States and China, with business development opportunities worldwide.

Ivanhoe Energy trades on the NASDAQ Capital Market with the ticker symbol IVAN and on the Toronto Stock Exchange (TSX) with the symbol IE. On the TSX, Ivanhoe Energy is listed and traded in both Canadian and U.S. dollars. The U.S. dollar trading symbol on the TSX is IE.U.

Conference Call:

Ivanhoe Energy will host a conference call tomorrow, Thursday, March 16, for investors and analysts at 4:30 p.m. EST (1:30 p.m. PST) to discuss 2005 fourth quarter and year-end results. The conference call may be accessed by dialing 1-866-540-8136 in Canada and the United States, or 1-416-340-8010 in the Toronto area and internationally. A simultaneous webcast of the conference call will be provided through www.ivanhoeenergy.com and www.newswire.ca/webcast. If you are unable to participate in the call it will be archived for later playback by dialing 1-800-408-3053 or 1-416-695-5800 and entering the pass code 3178750#, or via www.ivanhoeenergy.com. The archived playback will be available until April 15, 2006.

Information contacts:

All locations: Cindy Burnett 1-604-331-9830 (North America)
In Asia: Patrick Chua 86-1370-121-2607 / 852-9193-4056
Website: www.ivanhoe-energy.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 concerning the potential benefits of Ivanhoe Energy's heavy oil upgrading technology, the potential for and future application of the heavy oil upgrading technology and other technologies, statements relating to the continued advancement of Ivanhoe Energy's projects, planned additional exploration and development drilling, dependence on new product development and associated costs, statements relating to anticipated capital expenditures, the necessity to seek additional funding to address our ability to continue as a going concern, 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 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 potential that the company's projects will experience technological and mechanical problems, new product development will not proceed as planned, the RTP™ process 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.

RESERVES DATA AND OTHER OIL AND GAS INFORMATION: Ivanhoe Energy's disclosure of reserves data and other oil and gas information is made in reliance on an exemption granted to Ivanhoe Energy by Canadian securities regulatory authorities, which permits Ivanhoe Energy to provide disclosure in accordance with U.S. disclosure requirements.

The information provided by Ivanhoe Energy may differ from the corresponding information prepared in accordance with Canadian disclosure standards under National Instrument 51-101 (NI 51-101). Further information about the differences between the U.S. requirements and the NI 51-101 requirements is set forth under the heading "Reserves, Production and Related Information" in Ivanhoe Energy's Annual Report on Form 10-K.