



March 14, 2007

Ivanhoe Energy 2006 Fourth Quarter Results and Update on Operations

VANCOUVER, CANADA - Ivanhoe Energy Inc. (NASDAQ: IVAN and TSX: IE) announces summary financial results for the fourth quarter of 2006 and will file its Annual Report on Form 10-K for the year ended December 31, 2006 on Friday, March 16, 2007.

Highlights

We made a number of advancements this past quarter as we move towards our goal of building a heavy oil development and production company based on our proprietary HTL heavy oil upgrading technology.

- The full year 2006 marks our third consecutive year of positive cash flow from operating activities. This cash, generated by our existing operations, was largely used to fund the growth of our HTL business.
- In the fourth quarter, we appointed LaSalle Bank N.A., who along with their parent, ABN AMRO Incorporated, will act as our lead corporate bank to support our technology implementation activities worldwide.
- We continued to advance the development of our HTL technology by performing successful testing at our Commercial Demonstration Facility (CDF) in California, expanding the HTL patent coverage and advancing the development of new commercial HTL configurations.
- Our internal capabilities were supplemented through the addition of Dr. Robert Graham, HTL co-inventor, to Ivanhoe Energy's core technical team full-time on an interim basis.

HTL Technology Development Activities

Our HTL technology development achievements were primarily related to advancing CDF test operations, demonstrating new commercial HTL configurations, expanding patent coverage and adding capability to our HTL technical team.

Following a multi-month program of enhancements to the HTL heavy oil upgrading CDF in California, we announced a successful test run in early February. The stability of the run exceeded our expectations and confirmed modifications completed over recent months. The run also generated data regarding our new processing configuration.

This was followed by a second successful test run in late February. The second run was 31 hours, the longest to date, and processed California vacuum tower bottoms (VTBs), the heaviest component of California heavy oil, primarily in the High Yield configuration. This run was concluded in a mechanical High Quality recycle mode, with a controlled shutdown.

A "High Quality" product has been produced at the CDF using an innovative operating method based on a simple, once-through configuration. This novel operating mode represents an additional processing option for Ivanhoe Energy and significantly extends the flexibility of the HTL technology.

Operated on its own, the new configuration, compared with other High Quality processing configurations, will allow for the production of a higher quality product together with higher amounts of by-product energy, offset by slightly lower liquid volume yields. Operated in conjunction with other configurations, this new process allows us to better tailor HTL plant design configurations to market opportunities. In addition to our current patent protection and new patent claims that have been applied for, a patent application has been filed for this new process design.

Test work will continue with extended runs, the High Quality configuration, and additional work related to the recent development of new commercial configurations matched to specific commercial opportunities.

In January 2007 we received a Notice of Allowance from the U.S. Patent Office for the first of a family of additional petroleum upgrading patent applications. Since we acquired the patented heavy oil upgrading technology we have been working to expand patent coverage to protect innovations to the HTL Technology as they are developed. This allowance is the first that has been granted directly to Ivanhoe Energy, and significantly broadens our portfolio of HTL intellectual property for petroleum upgrading and opens up additional HTL patenting opportunities.

Dr. Robert Graham, the co-inventor of the original Rapid Thermal Process (RTP™), which forms the basis for Ivanhoe Energy's HTL heavy oil upgrading technology will join Ivanhoe Energy's core technical team as Chief Technology Officer full-time on an interim basis. Dr. Graham is stepping down as President and CEO of Ensyn Corporation, in order to assume this new role with Ivanhoe Energy. Dr. Graham will initially be located in Bakersfield and will work exclusively on HTL technology development, including the recently-announced potential innovations to the technology.

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 2006	Sept. 30 2006	Dec. 31 2005	Dec. 31 2006	Dec. 31 2005
Financial					
Revenue	\$ 2,213	\$ 3,442	\$ 3,581	\$ 11,780	\$ 14,099
Depletion and depreciation	\$ 1,472	\$ 1,445	\$ 1,271	\$ 5,378	\$ 5,039
Capital investments	\$ 568	\$ 2,929	\$ 1,205	\$ 5,550	\$ 6,514
Identifiable assets (at end of period)	\$ 42,158	\$ 43,296	\$ 48,070		
Operating					
Net production (after royalties):					
Barrel of oil equivalent (BOE)	53,274	57,058	69,695	219,930	319,674
BOE/day for the period	579	627	758	603	876

South Midway

We have 67 wells in the 1,400-acre South Midway heavy oil field in California, with a working interest of 100%. Production has steadily increased from the ten new wells drilled in the third quarter of 2006. This field, which makes up the majority of our U.S. production, is currently producing approximately 600 barrels-per-day. We intend to drill eight additional wells in this field in 2007.

Knights Landing

The principal reason for the year-over-year decline in U.S. production was the decline in production from the Knights Landing field in California's Sacramento Basin. We have completed an extensive seismic program, identified a number of potential drilling locations and plan to resume production from this project through the drilling of four wells in the second half of 2007.

Other U.S. Activities

Final testing of the 13,000-foot North Yowlumne exploration well, which began drilling in December 2005, is complete. The well did not produce commercial quantities of hydrocarbons during several tests and has been suspended by the operator. In a further move to sharpen our focus on the HTL technology, we have sold our 56.25% interest in this 6,900-acre prospect for US\$1 million, retaining a 15% carried interest in any future commercial discovery.

China Oil and Gas Operations

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

	Three Months Ended			Year Ended	
	Dec 31 2006	Sept. 30 2006	Dec. 31 2005	Dec. 31 2006	Dec. 31 2005
<u>Financial</u>					
Revenue	\$ 8,774	\$ 10,376	\$ 5,039	\$ 35,746	\$ 15,738
Depletion and depreciation	\$ 5,772	\$ 5,910	\$ 3,921	\$ 23,345	\$ 9,378
Capital investments	\$ 2,794	\$ 1,630	\$ 6,610	\$ 9,086	\$ 30,730
Identifiable assets (at end of period)	\$ 72,970	\$ 84,036	\$ 65,020		
<u>Operating</u>					
Net production (after royalties):					
Barrel of oil equivalent (BOE)	143,282	152,767	89,563	575,131	314,818
BOE/day for the period	1,557	1,679	973	1,576	863

Dagang

The gross production rate at the end of 2006 at the Dagang project was 1,877 barrels of oil per day, from 41 wells, compared to 2,148 barrels per day at the end of the third quarter of 2006. In the fourth quarter of 2006, we reached agreement with China National Petroleum Corporation (CNPC) to reduce the overall scope of the Dagang development to approximately 44 wells. In addition, we relinquished two of the six blocks that were part of the original development plan. We expect to commence drilling the final five wells in the second quarter of 2007 and will continue with our fracture stimulation program in order to maximize production from this field.

Zitong

Drilling is continuing at the second exploratory well on the Zitong natural gas exploration block, Yixin #1, which was spudded on October 23, 2006. Results of the well are expected in the second quarter of 2007.

After the drilling of the Yixin #1 well, we will evaluate the results and make an election, along with our partner Mitsubishi Gas Chemical Company Inc., whether to enter into the next three-year exploration phase. We have a 90% working interest in this project and are the operator.

Consolidated Financial Highlights

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

	Three Months Ended			Year Ended	
	Dec. 31 2006	Sept. 30 2006	Dec. 31 2005	Dec. 31 2006	Dec. 31 2005
Financial					
Net loss	\$ (11,323)	\$ (4,388)	\$ (8,885)	\$ (25,492)	\$ (13,512)
Net loss per share – basic and diluted	\$ (0.05)	\$ (0.02)	\$ (0.04)	\$ (0.11)	\$ (0.07)
Cash flow from operating activities	\$ 3,007	\$ 5,643	\$ 4,233	\$ 14,352	\$ 9,870
Revenue	\$ 11,137	\$ 14,015	\$ 8,651	\$ 48,100	\$ 29,939
Depletion and depreciation	\$ 7,742	\$ 7,772	\$ 5,197	\$ 32,550	\$ 14,447
Capital investments	\$ 4,220	\$ 5,019	\$ 9,198	\$ 17,842	\$ 43,282
Total assets (at end of period)	\$ 248,544	\$ 264,242	\$ 240,877		
Cash and cash equivalents (at end of period)	\$ 13,879	\$ 19,535	\$ 6,724		

Operating

Net production (after royalties):					
Barrel of oil equivalent (BOE)	196,556	209,825	159,258	795,061	634,492
BOE/day for the period	2,136	2,306	1,731	2,178	1,738

Summary of Fourth Quarter

Cash flow from operating activities remained positive for the ninth consecutive quarter, generating US\$3.0 million, with capital investments for the quarter at US\$4.2 million. Revenue fell 21% from the third quarter of 2006 as benchmark crude prices fell 30% from their high in the third quarter of 2006 to fourth quarter lows. Our loss widened from the third quarter primarily due to a non-cash impairment of our China oil and gas properties of \$4.7 million and increased business and technology development expenses as we continue our focus on the deployment of our HTL Technology. Revenue was up 29% from the same quarter a year earlier on higher prices and production, but was more than offset by higher depletion and depreciation expense.

Summary of Full Year 2006

Cash flow from operating activities increased 45% in 2006, generating US\$14.4 million for the year. Capital investments for 2006 were US\$17.8 million. Revenue rose by 61%, or \$18.2 million due to continued high oil prices and increased production; however this gain was offset by an increase in non-cash depletion and depreciation expense of \$18.1 million. In addition we incurred increased business and technology development and general and administrative expenses and a non-cash impairment of our China oil and gas properties of \$5.4 million, resulting in a loss of \$25.5 million for the year.

Liquidity and Capital Resources

On December 31, 2006, our cash position was US\$13.9 million. Our operating activities provided US\$3.0 million in cash for the fourth quarter of 2006 and US\$14.4 million for the full year 2006. Capital investments for the fourth quarter of 2006 were US\$4.2 million and for the full year 2006 were US\$17.8 million. Based on our current plans, we estimate that we will need approximately \$20 to \$25 million to fund our capital investment programs for 2007, which significantly emphasizes the development of the HTL technology.

Our Annual Report on Form 10-K includes an audit report on our consolidated financial statements from our Independent Registered Chartered Accountants, Deloitte & Touche LLP, which expresses an unqualified opinion and in addition, includes a separate report titled "Comments by Independent Registered Chartered Accountants on Canada - United States of America Reporting Differences" referring to our ability to continue as a going concern. We will require additional funding and management's plans to fund its activities include alliances or other arrangements with entities with the resources to support our projects as well as project financing, debt and mezzanine financing or the sale of equity securities in order to generate sufficient resources to assure continuation of our operations and achieve our capital investment objectives. We intend to utilize revenue from existing operations to fund our transition to a heavy oil exploration, production and upgrading company and non-heavy oil related investments in our portfolio will be leveraged or monetized to capture value and provide maximum return.

Conference Call

Ivanhoe Energy will host a conference call today, March 14, 2007, for investors and analysts at 4:30 p.m. EDT (1:30 p.m. PDT) to discuss recent announcements, 2006 fourth quarter results and provide an update on operations. 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 1-416-695-5800 and entering the pass code 3215469#, or via www.ivanhoeenergy.com. The archived playback will be available until April 14, 2007.

This news release summarizes our 2006 fourth quarter results of operations and financial condition and should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2006, which contains condensed financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations. The Form 10-K is expected to be filed on March 16, 2007 and copies may be obtained from the Ivanhoe Energy website at www.ivanhoeenergy.com, on EDGAR at www.sec.gov or SEDAR at www.sedar.com.

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 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 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 concerning 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 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 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.

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.