



Market Release

February 24 2011

Ivanhoe Australia drilling continues to intersect high-grade copper and gold mineralisation at the Starra 222 Mine

Gold-rich Starra 222 results open the mineralised zone 200 metres down-plunge from original Mineral Resource

MELBOURNE, AUSTRALIA – Robert Friedland, Chairman, and Peter Reeve, Chief Executive Officer of Ivanhoe Australia Limited (IVA:ASX),(IVA:TSX), are pleased to announce that the Starra Line drilling program, on Ivanhoe Australia's Cloncurry tenements in northwestern Queensland, has intersected further high-grade copper-gold mineralisation adjacent to the existing Mineral Resource at the gold-rich Starra 222 ore body.

These drilling results follow on from the recent high-grade results in hole STQ1036 and extend the mineralised zone up-plunge by at least 200 metres. This high-grade mineralised zone in Starra 222, which forms an important part of the Osborne Copper Gold Study plan, has a true thickness of between 5 to 30 metres and a strike-length of at least 250 metres. The mineralised zone is adjacent to the developed Starra 222 decline and is open below the existing drilling results.

STQ1042, the fifth hole drilled by Ivanhoe Australia at Starra 222, intersected the following high-grade gold mineralisation (see Table 1 for details):

STQ1042 – 19.4 metres @ 1.98% copper and 4.27 g/t gold from 384.6 metres, including 13 metres @ 2.92% copper and 3.9 g/t gold from 390 metres; and including 1.4 metres @ 0.06% copper and 21.1 g/t gold from 384.6 metres.

“These high-grade gold results are important because they are expected to lead to a significant increase in the resources contained at Starra 222,” Mr Reeve said.

“As the Starra mineralised system is adjacent to the planned Osborne-Merlin haul road and contains similar copper-gold mineralisation to the Osborne Deposit, the resource upgrade will be key to Ivanhoe Australia’s strategy of identifying nearby sources of ore for the Osborne mill complex.

“Our ability to economically mine the Starra 222 resources is greatly enhanced by the existing decline. The decline was inspected by Ivanhoe mining engineers in December 2010 who found it to be in good working condition.

“The Starra Line is significantly underexplored, having been subject only to limited shallow drilling. Ivanhoe Australia believes there is strong potential for further discoveries along the line’s 52-kilometre length, demonstrated by Barrick’s earlier discovery of the Lucky Luke Deposit located on the Starra Line nine kilometres south of the Starra 222 Mine.” (See Figure 1).

The results from hole STQ1042, which targeted the along-strike extension of the deposit’s most northern mineralisation, indicate that copper-gold mineralisation at Starra 222 remains open 200 metres up-plunge of recent drilling. These mineralised ironstones are located 220 metres north of the base of the Starra 222 decline and 30 to 70 metres north of the existing Starra Mineral Resource (QG, 2008).

The independent JORC-compliant Mineral Resource estimate for Starra 222 utilising a 0.5% eCu cut off, released in 2008 by Quantitative Group (QG), prior to Ivanhoe Australia commencing detailed work along the Starra line, was:

Category	MT	Cu (kt)	Au (Koz)	Cu %	Au g/t
Indicated	7.15	45	217	0.63	0.94
Inferred	5.45	31	123	0.57	0.7
Indicated & Inferred	12.6	76	340	0.6	0.84

(1) These mineral resource estimates are reported in accordance with the Australasian Code of reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Competent Person: Michael Job, a full time employee of Quantitative Group, an independent consultant. Results of the estimates are the same under CIM Definition Standards.

(2) CuEq is calculated as follows: Cu(%) + Au(g/t) * 0.4.

This 2008 QG resource estimate was not 43-101 compliant as historic data was not reviewed in detail. Ivanhoe Australia’s development team is planning further drilling on Starra 222 to test the potential northern extensions of the mineralisation and produce a NI-43 101 compliant Mineral Resource estimate. This drilling program will commence once the current resource definition drilling underway at Starra 276 has been completed.

Mineralisation at Starra 222 is hosted within magnetite ironstones that have been strongly hematite-altered, with gold grades increasing with the degree of hematite alteration. The drilling at 222 has yet to test the full depth of the IOCG system, which is estimated from recent geophysical surveys to be at least two kilometres deep (see Figure 4).

Starra Line history

The Starra Line is a 52-kilometre-long regional structure that is strongly magnetite altered and hosts widespread copper-gold mineralisation. The six-kilometre section of this structure exposed in the Selwyn region hosts five mines that produced approximately 170,000 tonnes of copper and one million ounces of gold from **6.8 million tonnes of ore @ 2.1% copper and 4.6 grams of gold per tone** between 1987 and 2002.

Starra 222 is particularly gold-rich and produced 290,000 ounces of gold and 22,000 tonnes of copper from 2.2 million tonnes of ore @ 1.0 % copper and 4.1 grams of gold per tonne. Significant resources remained when mining ceased at Starra 222 in 2002. Ivanhoe commenced drilling at Starra 222 in August 2010.

The remaining 46 kilometres of the Starra Line lie under approximately 5 to 50 metres of cover; approximately 10 kilometres of this strike are north of Starra 276 and the remaining 36 kilometres are south of Starra 222.

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 Starra Line Prospect

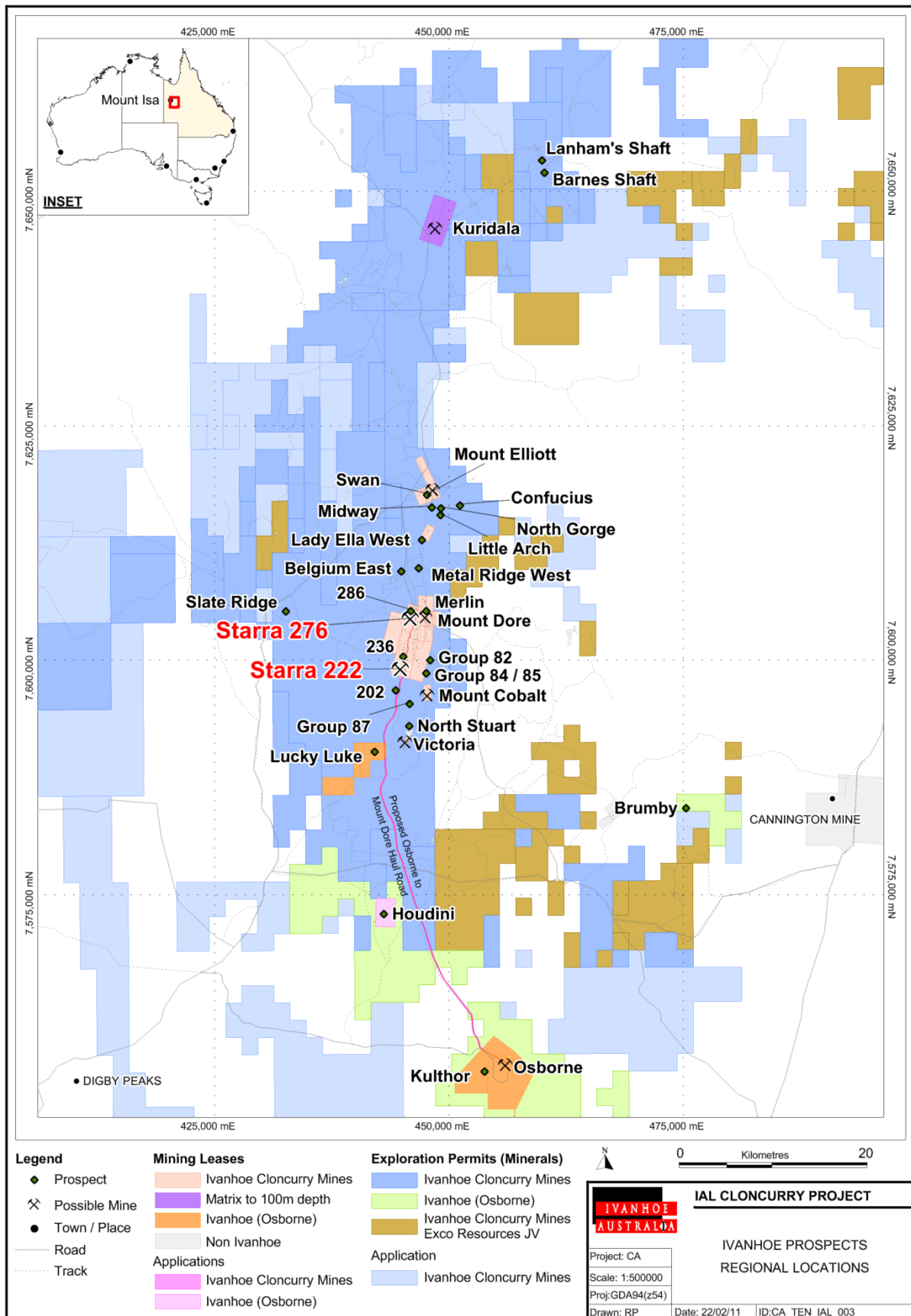


Figure 2: Starra 222 Cross Section

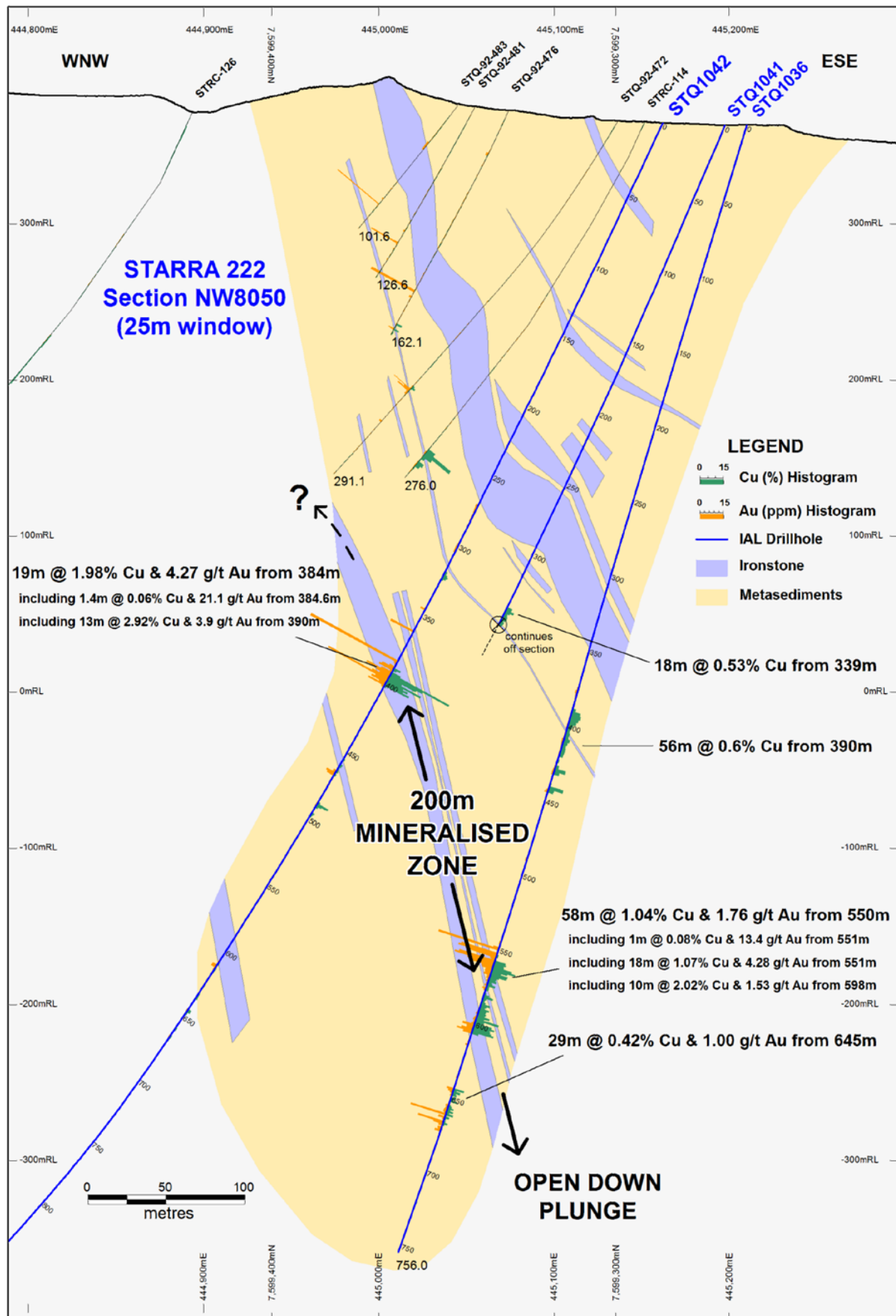


Figure 3: Starra 222 Long Section (view west)

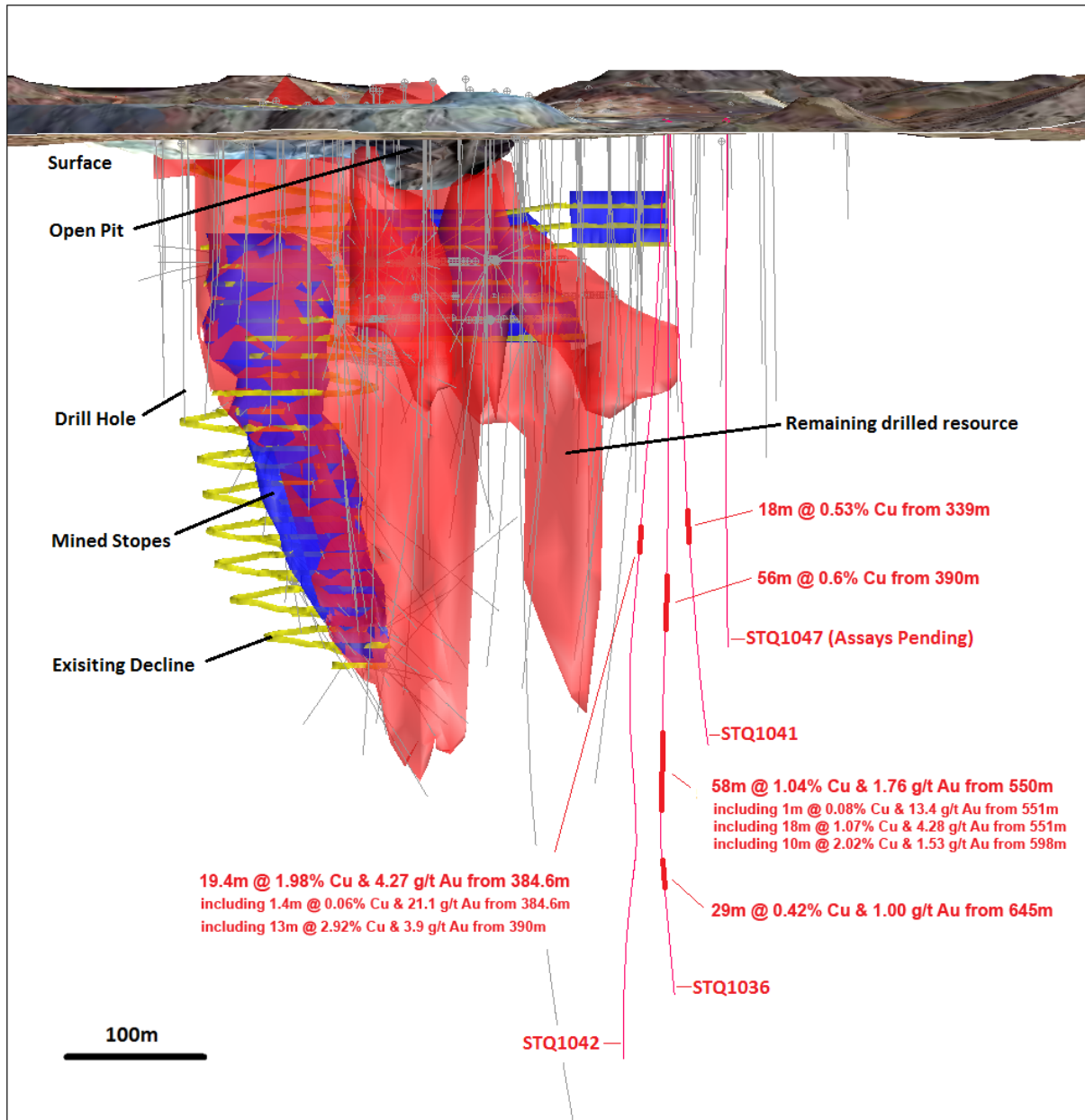


Figure 4: Starra Line Magnetic Inversion

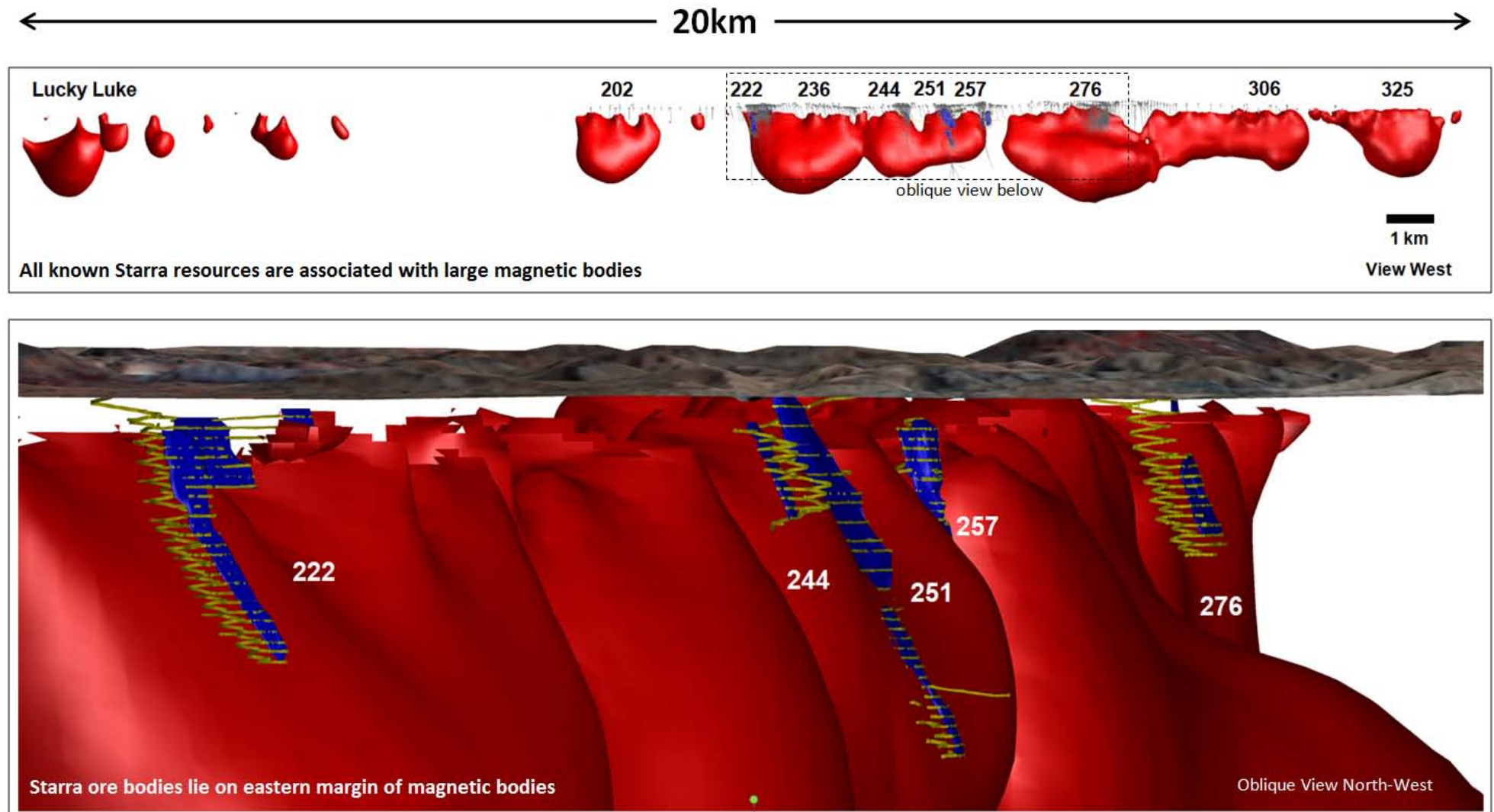


Figure 5 Chalcopyrite mineralisation intersected in STQ1041



Table 1: Exploration Copper Intersections at 0.25% and 1.00% eCu Cut-offs

Exploration Copper Intersections at 0.25% and 1.00% eCu Cut-offs										Collar Coordinates				
HoleID	From (m)	To (m)	Interval	eCu (%)	Cu (%)	Au (g/t)	Ag (ppm)	U (ppm)	Co (ppm)	East	North	RL	Azi	Dip
STQ1035	94	110	16	0.55	0.48	0.10	0.27	9.69	202.69	444900	7609600	352	270	-60
STQ1036	390	446	56	0.71	0.60	0.16	0.35	5.00	22.96	445210	7599262	363	297	-73
inc	392	400	8	1.21	1.13	0.12	0.68	5.00	33.75	445210	7599262	363	297	-73
inc	410	412	2	1.01	0.80	0.31	0.30	5.00	34.00	445210	7599262	363	297	-73
inc	430	434	4	1.31	1.05	0.38	0.50	5.00	16.50	445210	7599262	363	297	-73
inc	442	446	4	1.53	1.26	0.39	0.88	5.00	11.00	445210	7599262	363	297	-73
and	550	608	58	2.28	1.04	1.76	0.27	5.34	8.33	445210	7599262	363	297	-73
inc	551	573	22	3.57	1.05	3.60	0.39	5.23	8.00	445210	7599262	363	297	-73
inc	591	608	17	2.36	1.64	1.03	0.26	5.00	9.47	445210	7599262	363	297	-73
and	645	674	29	1.12	0.42	1.00	0.31	5.17	3.90	445210	7599262	363	297	-73
inc	645	648	3	1.64	0.88	1.08	0.63	5.00	10.00	445210	7599262	363	297	-73
and	667	669	2	3.09	0.40	3.84	0.60	7.50	1.25	445210	7599262	363	297	-73
STQ1037	54.4	56.88	2.48	6.58	0.00	9.39	0.76	5.00	1.58	445016	7599333	382	297	-50
STQ1041	339	357	18	0.61	0.53	0.12	0.23	5.56	27.28	445198	7599269	363	301	-67
and	380	384	4	2.39	0.93	2.08	0.90	5.00	2.50	445198	7599269	363	301	-67
and	517	523	6	0.46	0.40	0.09	0.23	5.83	46.50	445198	7599269	363	301	-67
STQ1042	272	278	6	0.31	0.03	0.40	0.25	8.33	37.00	445160	7599283	364	294	-65
and	320	326	6	0.46	0.44	0.02	0.29	7.50	12.50	445160	7599283	364	294	-65
and	384.6	404	19.4	4.96	1.98	4.27	1.66	7.16	5.74	445160	7599283	364	294	-65
inc	390	403	13	5.65	2.92	3.90	1.91	6.92	6.65	445160	7599283	364	294	-65
and	461	469.4	8.4	0.68	0.21	0.68	0.25	6.79	16.23	445160	7599283	364	294	-65
inc	467	469.4	2.4	1.42	0.15	1.82	0.25	5.00	5.33	445160	7599283	364	294	-65

Note:

1. eCu% = Cu% + (0.7 x Au g/t)

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 the Starra 222 Mine 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 the Starra 222 mine 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.

Competent Persons Statement

The information in this announcement that relates to Ivanhoe Australia's mineral resource estimates for the Starra 222, is based on information compiled by Mike Job, who is a full time employee of Quantitative Group and a Member of the Australasian Institute of Mining and Metallurgy. Mike Job has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a 'Competent Person' as defined in the JORC code. Mike Job consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

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 STQ1036 and STQ1042 and the Company's intentions to undertake further exploration drilling at Starra 222 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.