

Production Successfully Commenced at Starra 276 Underground Mine

Starra 276 on Track for Full Ramp-Up during 2nd Quarter 2013

MELBOURNE, AUSTRALIA – Ivanhoe Australia Limited (IVA:ASX/TSX), announces that stope production at the Company's Starra 276 underground mine commenced successfully this week, with stope blasting and production loading being achieved. This follows completion of development at Starra 276 in February 2013. Starra 276 is the third underground mine that Ivanhoe Australia has successfully re-commissioned for its Osborne Copper-Gold Project and is a key pillar in the copper-gold strategy at Osborne.

Mining at Starra 276 will continue to ramp up until its full production rate of approximately 650,000 tonnes per year is reached – expected in the second quarter 2013.

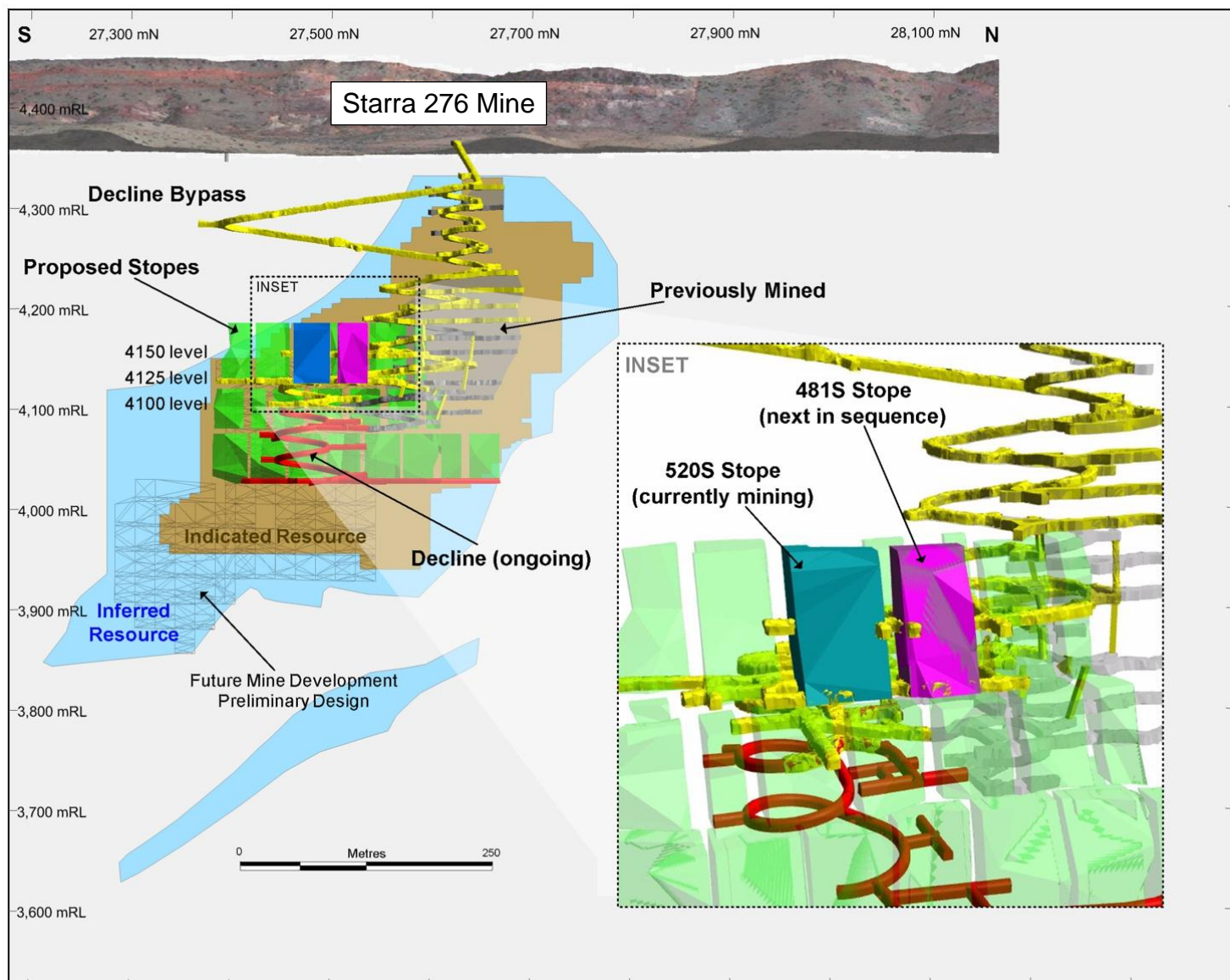
Bob Vassie, Ivanhoe Australia CEO, commented; "This is another milestone for the Company's Osborne copper-gold story. The Starra 276 mine contains another two to three years of ore that we will be able to exploit at current rates, with our expectation being that further ore will be identified, potentially increasing the mine's life. The recommencement of mining at Starra 276 has been achieved safely and reflects well on the project development and operating capabilities within Ivanhoe Australia."

Development ore from Starra 276 has been processed at the Osborne mill since late February 2013 at blends of between 20% and 50% with ore from the Osborne and Kulthor mines. Recoveries and concentrate grades are being maintained with the addition of Starra ore and efforts are now focused on optimising the mill's on-going performance. Current Starra 276 ore stocks total approximately 40,000 tonnes at the mine and at the processing plant as a result of development and stope production commencement.

Starra 276 ore is being trucked to Osborne via the new Mount Dore – Osborne haul road. The road is meeting expectations with daily truck movements ramping up to a capacity of 2,400 tonnes per day.

Figure 1 shows the current mining level at Starra 276 with the stopes planned to be mined and development progressed to-date.

Figure 1. Starra 276 Stope Mining at the 4125 Level.



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Forward-looking statements

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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.