Ivanhoe Australia Limited: Upgrade to Mineral Resource; Over 60% Increase in Contained Metal at Kulthor; Results Are Expected to Extend Osborne Mine Life

19.09.2012 | Marketwire

MELBOURNE, AUSTRALIA -- (Marketwire - Sept. 18, 2012) - Ivanhoe Australia Limited (TSX:IVA) (ASX:IVA) announces a significant upgrade to the Mineral Resource estimate for the Kulthor underground mine. The contained metal content of the Measured and Indicated Mineral Resource has increased by over 60% for both copper and gold.

The Kulthor deposit is currently being mined as part of the Osborne copper-gold operation, located on the Cloncurry tenements in north-western Queensland.

Ivanhoe Australia CEO, Ms. Inés Scotland, commented, "The identification of additional resources at Kulthor is consistent with our strategy of increasing the mine life of the Osborne operation at low capital cost. We will be continuing work at Kulthor and other brownfield exploration areas close to the Osborne process plant to identify further feed for the Osborne mill."

The significant increase in the Measured and Indicated portion of the Mineral Resource and identification of additional Inferred Mineral Resources is the result of a resource extension drilling program underway since late 2011.

The Measured and Indicated Mineral Resource reported totals:
- 7.4 million tonnes @ 1.6 % copper and 1.0 grams per tonne gold

The Inferred Mineral Resources reported totals:
- 5.4 million tonnes @ 1.3 % copper and 0.9 grams per tonne gold

This mineral resource estimate includes adjustment for mining depletion to September 2012. Refer to Appendix 1 for further details.

Drilling undertaken at Kulthor from late 2011 through 2012 has successfully converted a substantial tonnage of Inferred Mineral Resources to Measured & Indicated status (refer to Figure 1). Figure 2 summarises the movements in these resources from 2011 to 2012. In addition, the volume of Inferred Mineral Resources has increased and extended the overall footprint of the Kulthor Mineral Resources.

Further studies based on this upgraded resource are currently underway to update the Kulthor Mineral Reserve with the aim of including the current (2012) Measured & Indicated Mineral Resources in the Mineral Reserves, thereby increasing the volume of mill feed (and thus mine life) to the Osborne operation. This has the potential to provide an additional one to two years of mill feed for the Osborne operation.

IAL will issue an independent NI 43-101 technical report for this Mineral Resource which will be lodged on SEDAR (www.sedar.com) in due course.

To view the Figures associated with this Press Release, please visit the following link:
http://media3.marketwire.com/docs/iva-0918-figures.pdf

Appendix 1 - MINERAL RESOURCE ESTIMATE FOR THE KULTHOR DEPOSIT AT THE COPPER GOLD PROJECT, CLONCURRY, NORTH QUEENSLAND

A Mineral Resource estimate as outlined in the table below have been estimated for the Kulthor deposit by Mr Richard Lewis, FAusIMM, who is a full time employee of Lewis Mineral Resource Consulting Pty Ltd. The Kulthor deposit Mineral Resource has been classified and reported in accordance with Canada's National Instrument 43-101 - Standards of Disclosure for Mineral Projects (NI 43-101). The Mineral Resource classification under NI 43-101 is equivalent to that defined by the JORC code.

The Kulthor Mineral Resource estimate is outlined in Table 1 where it is compared to the previous resource

estimate. This estimate was recently updated based on results from an additional 116 diamond drill holes and is classified in accordance with both JORC guidelines and NI 43-101. The copper equivalence is based the expected gold recovery from a copper concentrate product where eCu%= Cu% + 0.6 x Au g/t. This is in turn based on a long term metal price assumption of USD3.75/lb Cu and USD1400/oz Au.

Table 1 - Kulthor Mineral Resources

GLOBAL COMPARISON OF KULTHOR MINERAL RESOURCES			Grade	Metal	
	CLASS	QUANTITY	DENSITY	eCu	Cu	Au
	Mt	t/m3	%	%	g/t	000't	000't
Sept-12*Cut off >= 1.2% eCu	Measured			2.9	3.1	2.3
Indicated	4.5	3.0	2.1	1.5	1.0	93.3
Sub-Total	7.4	3.0	2.2	1.6	1.0	160.3
Inferred	5.4	3.0	1.9	1.3	0.9	100.5
Jun-11Cut off >= 1.2% eCu	Measured		0.3	3.1	2.2	1
Indicated	4.3	3.1	2.1	1.5	1.0	90.0
Sub-Total	4.7	3.1	2.1	1.5	1.0	97.3
Inferred	5.5	3.1	1.7	1.2	0.8	96.1
2012 - 2011 Difference	Measured		2.6	0.0	0.1	0.1
Indicated	0.1	0.0	0.0	0.0	0.0	3.3
Sub-Total	2.7	0.0	0.1	0.1	0.0	63.0
Inferred	-0.1	-0.1	0.1	0.1	0.0	4.3
2012 - 2011 Percentage Difference			Measured	780.3%	0.4%	4
Indicated	3.0%	-1.1%	0.7%	0.7%	0.6%	3.7%
Sub-Total	57.8%	-0.4%	4.4%	4.8%	3.4%	64
Inferred	-2.4%	-3.0%	6.6%	8.0%	2.7%	4.3%

(eCu=Cu% + Au g/t x 0.6) *Depleted by mining to Sept 12 Note: some totals may not add due to the effects of rounding

Depletion to Sept 2012	CLASS	QUANTITY	DENSITY	eCu
Mt	t/m3	%	%	g/t	000't	000't
Measured	0.1	3.1	2.3	1.7	1.1	1.9
Indicated	0.0	3.0	2.4	1.6	1.3	0.6
Sub-Total	0.1	3.1	2.4	1.7	1.1	2.5
Inferred	0.0	3.0	1.6	1.3	0.6	0.0

Qualified & Competent Persons Statement

The scientific and technical information in this Mineral Resource statement regarding the Kulthor deposit was approved by Mr. Richard Lewis, FAusIMM, who is a full time employee of Lewis Mineral Resource Consulting Pty Ltd.

Mr. Lewis, by virtue of his education, experience and professional association, is considered Qualified Persons (QP) as defined in the NI 43-101 standard, for this report and has verified the relevant data disclosed herein.

Mr. Lewis is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a 'Competent Person' as defined in the JORC code. Mr. Lewis consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

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 regularly performs check assays at an independent third party laboratory, conducts onsite internal QAQC reviews, and laboratory reviews to ensure procedural compliance for maintaining industry standard best practices.

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" "potential", "likely" and similar expressions suggesting future outcomes or statements regarding an outlook. These include but are not limited to the company's expectations about the potential to upgrade and/or extend the Kulthor Mineral Reserve and the potential mine life increases at the Osborne Operation.

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.

Contact

Ivanhoe Australia Limited
Stephen Nossal, Senior VP Corporate Development
+61 3 9090 8800
stephenn@ivancorp.net

Ivanhoe Australia Limited
Karen McRae, Manager Investor Relations
+61 3 9090 8800
karenm@ivancorp.net
www.ivanhoeaustralia.com