No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in the provinces of British Columbia and Ontario but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from securities regulatory authorities. These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws. Accordingly, the securities may not be offered or sold in the United States or to U.S. persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. See "Private Placement and Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with securities regulatory authorities in Canada. *Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Ivanhoe Energy Inc. at World Trade Centre, Suite 654, 999 Canada Place, Vancouver, B.C. V6C 3E1 (telephone (604) 688-8323).*

Preliminary
Short Form Prospectus
dated October 29, 2001

New Issue

IVANHOE ENERGY INC.

US$18,016,800

up to 11,886,550 Common Shares to be issued upon the exercise of 11,260,500 Special Warrants

This short form prospectus qualifies for distribution (i) up to 6,886,550 common shares ("Common Shares") of Ivanhoe Energy Inc. ("Ivanhoe" or the "Corporation") to be issued upon the exercise of 6,260,500 special warrants of Ivanhoe (the "First Special Warrants") issued as to 4,195,000 First Special Warrants on October 16, 2001 and as to 2,065,500 First Special Warrants on October 23, 2001 pursuant to various subscription agreements (the "First Subscription Agreements") between Ivanhoe and each of the purchasers under the First Subscription Agreements (the "First Purchasers") at a price of US$1.60 per Special Warrant (the "First Offering"); and (ii) 5,000,000 Common Shares to be issued upon the exercise of 5,000,000 special warrants of Ivanhoe (the "Second Special Warrants") issued on October 23, 2001 pursuant to various subscription agreements (the "Second Subscription Agreements") between Ivanhoe and each of the purchasers under the Second Subscription Agreements (the "Second Purchasers") at a price of US$1.60 per Second Special Warrant (the "Second Offering"). The price of the First Special Warrants was determined by negotiation between Ivanhoe and the First Purchasers and the price of the Second Special Warrants was determined by negotiation between Ivanhoe and the Second Purchasers. Ivanhoe sold the First Special Warrants directly to the First Purchasers and the Second Special Warrants directly to the Second Purchasers without use of an agent or underwriter pursuant to registration and prospectus exemptions under applicable securities legislation. See "Private Placement and Plan of

Distribution". No underwriter has been involved in the preparation of, or reviewed, the contents of this short form prospectus.

Subject to adjustment, each First Special Warrant entitles the holder thereof to acquire one Common Share, at no additional cost, at any time until 5:00 p.m. (Vancouver time) on the fifth business day after the earlier of (i) the date of issuance of a receipt for this prospectus by the securities commissions in each of the provinces of British Columbia and Ontario (the "Filing Provinces"); and (ii) October 16, 2002 (the "Expiry Time"). Any First Special Warrants not exercised prior to the Expiry Time will be deemed to have been exercised immediately prior to the Expiry Time without any further action on the part of the holder. If all receipts for this prospectus have not been issued by the securities commissions in each of the Filing Provinces by November 30, 2001 (the "Qualification Deadline"), each First Special Warrant will entitle the holder to receive, upon the exercise or deemed exercise thereof, 1.1 Common Shares.

Subject to adjustment, each Second Special Warrant entitles the holder thereof to acquire one Common Share, at no additional cost, at any time until 5:00 p.m. (Vancouver time) on the fifth business day after the earlier of (i) the date of issuance of a receipt for this prospectus by the securities commissions in each of the Filing Provinces; and (ii) the Expiry Time. Any Second Special Warrants not exercised prior to the Expiry Time will be deemed to have been exercised immediately prior to the Expiry Time without any further action on the part of the holder.

Ivanhoe paid no fees or commissions in connection with the First Offering or the Second Offering, nor will any fees or commissions be payable by Ivanhoe in connection with the issuance of the Common Shares on the exercise of the First Special Warrants and the Second Special Warrants (collectively, the "Special Warrants"). The expenses of the First Offering and the Second Offering (collectively, the "Offerings"), including the cost of preparation of this prospectus, will be borne by Ivanhoe. See "Private Placement and Plan of Distribution".

The Common Shares are traded on the Toronto Stock Exchange (the "TSE") under the symbol "IE" and the NASDAQ National Market under the symbol "IVAN". The price of the Common Shares as reported by the TSE at the close of business on October 26, 2001 was Cdn$2.40 (approximately US$1.52) per Common Share.

All references to "US$" in this short form prospectus are to United States dollars.

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DOCUMENTS INCORPORATED BY REFERENCE

The following documents of Ivanhoe, filed with the various securities commissions or similar authorities in all of the provinces and territories of Canada, are specifically incorporated by reference into, and form an integral part of, this short form prospectus:

1. Annual Report dated March 16, 2001 on Form 10-K for the year ended December 31, 2000, filed with all of the securities commissions or similar regulatory authority in each of the provinces of Canada in lieu of an annual information form, including the management's discussion and analysis of financial condition and results of operations for the financial year ended December 31, 2000 incorporated therein (the "AIF");

2. comparative consolidated financial statements of Ivanhoe for the years ended December 31, 2000 and 1999, together with the notes thereto and the auditors' report thereon;

3. comparative unaudited consolidated interim financial statements of Ivanhoe for the six month periods ended June 30, 2001 and 2000, together with management's discussion and analysis of financial condition and results of operation for such periods; and

4. Management Information Circular dated March 26, 2001 prepared in connection with Ivanhoe's annual meeting of shareholders held May 15, 2001 excluding the report on executive compensation, the performance graph and the statement of corporate governance practices.

Any documents of the type referred to in the preceding paragraph, interim financial statements and any material change reports (excluding confidential reports) filed by Ivanhoe with the securities commissions or similar authorities in the provinces of British Columbia and Ontario subsequent to the date of this short form prospectus and prior to the termination of the Offering shall be deemed to be incorporated by reference in this short form prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this short form prospectus, to the extent that a statement contained herein or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or replaces such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed in its unmodified or superseded form to constitute a part of this short form prospectus.

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in the provinces of British Columbia and Ontario. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Ivanhoe, World Trade Centre, Suite 654, 999 Canada Place, Vancouver, B.C., V6C 3E1 (telephone (604) 688-8323).

NAME AND INCORPORATION

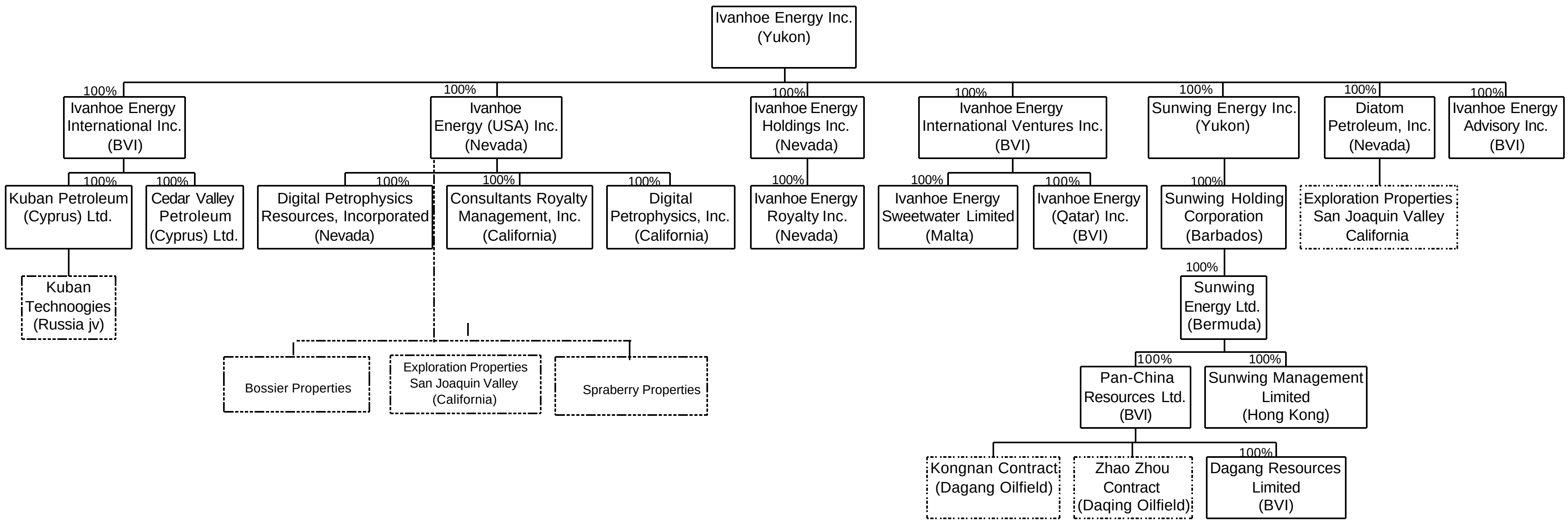
In February 1995, Ivanhoe was incorporated under the *Business Corporations Act* (Yukon) under the name 888 China Holdings Limited. On June 3, 1996, Ivanhoe changed its name to Black Sea Energy Ltd. In June 1999, Ivanhoe changed its name to Ivanhoe Energy Inc. Ivanhoe's authorized capital consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

Ivanhoe's principal executive offices are located at World Trade Centre, Suite 654, 999 Canada Place, Vancouver, B.C. V6C 3E1. The Corporation's registered office is located at Suite 300, 204 Black Street, Whitehorse, Yukon, Canada, Y1A 2M9.

Subsidiaries and Management Structure

The corporate structure of Ivanhoe, its active subsidiaries, the percentage ownership in subsidiaries which are not wholly-owned by Ivanhoe and the jurisdiction of incorporation of such corporations as at the date of this short form prospectus are set out in the following chart.

IVANHOE ENERGY INC.
ORGANIZATION CHART



Updated:
25 June 2001

SUMMARY
DESCRIPTION OF BUSINESS

General

Ivanhoe is an international energy company focussed on three major strategies: (1) production of cleaner burning fuels from natural gas using proven gas-to-liquids technology; (2) conventional exploration and production, primarily natural gas in the U.S.; and (3) enhanced oil recovery and natural gas projects, on a production sharing basis, with national petroleum companies. See Item 1 and 2 on pages 4 through 15 of Ivanhoe's AIF, which is incorporated by reference in this short form prospectus.

Recent Developments

Gas-to –Liquids

Negotiations continue for gas-to-liquids ("GTL") joint ventures with two mid-eastern national petroleum companies holding the rights to massive fields of stranded gas. Ivanhoe has completed detailed feasibility studies for the two projects, which will utilize Syntroleum Corporation's proprietary process. Although the events of September 11, 2001 have hindered progress in advancing the negotiation of binding agreements for these opportunities, Ivanhoe remains optimistic that it will succeed in obtaining rights to these projects. However, in the meantime, no assurance can be given as to if or when Ivanhoe may obtain such rights.

California

In late August, Ivanhoe and its partners began drilling the NWLH 1-22 well located at Lost Hills in Kern County, California. The well is currently drilling at a depth of approximately 14,000 feet and is proceeding on schedule and within budget to a planned depth of 20,000 feet. The Company expects that the well will encounter the top of the targeted Temblor formation during November 2001 to determine the presence of natural gas. The well is expected to reach total depth in the first quarter of 2002, when logging analysis and production tests may be scheduled. Ivanhoe owns a 42% working interest in the NWLH 1-22 well and an overall average 46% working interest in the surrounding 6,300-acre block at Lost Hills.

Ivanhoe has conducted an extensive evaluation of an area of approximately 320,000 acres in the San Joaquin Basin that is covered under its exploration agreement with Aera Energy LLC ("Aera"). Ivanhoe's exclusive rights to explore the area originally covered by the exploration agreement with Aera expired in September, 2001 and the parties have now entered the exploration drilling phase for a period of two years over those areas designated by Ivanhoe as preliminary prospects. As of September 30, Ivanhoe had presented 42 preliminary prospects covering 72,800 gross acres to Aera for its review. Of these prospects, three have been drilled, one (NWLH 1-22) is being drilled and 38 remain undrilled. The Company believes that it has approximately 25 drillable prospects in the San Joaquin basin.

To date, Ivanhoe has earned working interests ranging from 12.5% to 100% in approximately 124,000 gross acres, including the high-potential, deep-gas prospects at Lost Hills. In addition, Ivanhoe holds over-riding royalty interests ranging from 1.4% to 8.2% on prospects within the same area of the San Joaquin basin.

In the South Midway area, Ivanhoe is currently producing more than 400 gross barrels per day of 16-degree API oil from 29 shallow wells. In October, the Company began a cyclic steam injection process at the field. Over the next several months the Company will complete a four-well pilot program and then will apply cycling steam to each well. The steam process is designed to reduce the viscosity of the oil, thereby increasing daily oil production and the ultimate recovery of oil-in-place.

Elsewhere, Ivanhoe found non-commercial quantities of hydrocarbons at its exploration wells on the Oro Fino Prospect in San Luis Obispo County, the Magic Mountain Prospect in Los Angeles County and the Belgian Anticline Prospect in Kern County and has now abandoned these prospects.

Texas

In September, 2001 Ivanhoe and Unocal Corp. agreed to explore for oil and natural gas in East Texas on a 50/50 joint venture basis. The joint venture plans to drill prospects over approximately 46,000 gross (37,000 net) leasehold acres held primarily by Ivanhoe. Most of the acreage is located in Henderson, Anderson and Freestone counties.

Unocal will be the operator of the joint venture and will fund the drilling costs for the first several exploration wells to offset the $10 million in leasehold, seismic and processing costs already incurred by Ivanhoe. After their respective investments in the joint venture have been equalized, the parties will share exploration and development costs equally. Company personnel are working with Unocal to finalize definitive agreements and expect that the first well at Cresslenn Ranch will begin drilling in November 2001. Subject to a successful exploration phase, Ivanhoe intends to project-finance its share of field development costs.

Ivanhoe has now drilled and completed 30 wells, with a success rate of 100%, on its 5,700 net-acre development in the Spraberry trend in West Texas. These wells are currently producing on a gross basis more than 500 barrels of oil and 0.8 million cubic feet of natural gas per day.

Kentucky

Ivanhoe is involved in a joint venture to explore for natural gas in the Rome Trough of Eastern Kentucky. The Rome Trough extends throughout the Appalachian States. To date, the joint venture has drilled three wells. Preliminary analysis of the logs indicates several potential gas pay zones in two of the wells: Cantrell #1 and Jr. Lewis #1. Completion operations on these two wells will begin in November subject to equipment availability.

China

Ivanhoe's feasibility study activities at the Zitongxi, Zitongdong and Yudong blocks in southwest China's Sichuan Province remain ongoing. Ivanhoe expects to commence negotiations with PetroChina Company Limited ("PetroChina") for production sharing contracts on these blocks after the feasibility studies are completed.

Nippon Oil Exploration Limited ("Nippon") has elected not to proceed with the development phase of Dagang Project and will relinquish its 20% participating interest. Ivanhoe will assume ownership of the interest relinquished by Nippon.

Ivanhoe plans to sell, farm out or relinquish its interest in the Daqing Project and is actively seeking buyers among existing oil and gas operators in China.

DESCRIPTION OF SHARE CAPITAL

The authorized share capital of Ivanhoe consists of an unlimited number of Common Shares without par value and an unlimited number of preferred shares without par value ("Preferred Shares"). As of the date of this prospectus, there are 128,006,154 Common Shares and no Preferred Shares issued and outstanding. Rights and restrictions in respect of the Common Shares and the Preferred Shares are set out in Ivanhoe's articles of incorporation and in the *Business Corporations Act* (Yukon) (the "YBCA"), and its regulations, Ivanhoe's governing statute.

The holders of Common Shares are entitled to one vote per Common Share at all meetings of shareholders, to receive dividends as and when declared by the directors, and to receive a pro rata share of the remaining property and assets of the Corporation in the event of liquidation, dissolution or winding up of the Corporation. The Common Shares have no pre-emptive, redemption, purchase or conversion rights. There are no sinking fund provisions in relation to the Common Shares and they are not liable to further calls or to assessment by the Corporation. The YBCA provides that the rights and provisions attached to any class of shares may not be modified, amended or varied unless consented to by special resolution passed by a majority of not less than ? of the votes cast in person or by proxy by holders of shares of that class.

The Preferred Shares as a class rank senior to the Common Shares as to the payment of dividends and the distribution of property and assets on the liquidation, dissolution or winding-up of the Corporation. Holders of Preferred Shares are not entitled to any voting rights as a class except as may be provided under the YBCA and except that the directors of the Corporation are empowered to attach to any series voting rights relating to the election of directors on a default in payment of dividends.

Preferred Shares are issuable in one or more series, each consisting of such number of Preferred Shares as may be fixed by the Corporation's directors. The Corporation's directors may from time to time, by resolution passed before the issue of any Preferred Shares of any particular series, alter the constating documents of the Corporation to determine the designation of the Preferred Shares of that series and to fix the number of Preferred Shares therein and alter the constating documents to create, define and attach special rights and restrictions to the preference shares of that series, including, without limitation, the following: (i) the nature, rate or amount of dividends and the dates, places and currencies of payment thereof; (ii) the consideration for, and the terms and conditions of, any purchase of the Preferred Shares for cancellation or redemption; (iii) conversion or exchange rights; and (iv) the terms and conditions of any share purchase plan or sinking fund.

PRIVATE PLACEMENT AND PLAN OF DISTRIBUTION

The First Special Warrants were issued by Ivanhoe pursuant to the First Offering to the First Purchasers in accordance with the First Subscription Agreements at a price of US$1.60 per First Special Warrant. The First Offering closed as to 4,195,000 First Special Warrants on October 16, 2001 and as to 2,065,500 First Special Warrants on October 23, 2001. The price of the First Special Warrants was determined by negotiation between Ivanhoe and the First Purchasers based on the prevailing market price of the Common Shares on the TSE. The Second Special Warrants were issued by Ivanhoe pursuant to the Second Offering to the Second Purchasers in accordance with the Second Subscription Agreements at a price of US$1.60 per Second Special Warrant. The Second Offering closed on October 23, 2001. The price of the Second Special Warrants was determined by negotiation between Ivanhoe and the Second Purchasers based on the prevailing market price of the Common Shares on the TSE. Ivanhoe sold the First Special Warrants directly to the First Purchasers and the Second Special Warrants directly to the Second Purchasers without use of an agent or underwriter pursuant to registration and prospectus exemptions under applicable securities legislation and paid no fees or commissions in connection with either of the Offerings. No fees or commissions will be payable by Ivanhoe in connection with the issuance of the Common Shares on the exercise of the Special Warrants. The expenses of the Offerings, including the cost of preparation of this prospectus, will be borne by Ivanhoe. Ivanhoe will not receive any proceeds upon exercise of the Special Warrants.

Each First Special Warrant allows the holder to acquire, without any additional payment, one Common Share or, under certain conditions, one and one-tenth Common Shares for each First Special Warrant held.

The First Special Warrants may be exchanged or exercised at any time after their issuance, subject to the terms and conditions of the special warrant indenture dated October 16, 2001 between Ivanhoe and CIBC Mellon Trust Company, and will be deemed to be exercised on the fifth business day following the earlier of: (i) the day on which a receipt has been issued for a final prospectus qualifying the issuance of the Common Shares issuable upon exercise of the First Special Warrants by the last of the securities commissions to do so in the Filing Provinces; and (ii) the Expiry Time.

The Second Special Warrants may be exchanged or exercised at any time after their issuance, subject to the terms and conditions of the special warrant Indenture dated October 16, 2001 between Ivanhoe and the CIBC Mellon Trust Company, and will be deemed to be exercised on the fifth business day following the earlier of: (i) the day on which a receipt has been issued for a final prospectus qualifying the issuance of the Common Shares issuable upon exercise of the Second Special Warrants by the last securities commission to do so in the Filing Provinces; or (ii) the Expiry Time.

Pursuant to the First Subscription Agreements, Ivanhoe has agreed to use reasonable efforts to qualify the issuance of the Common Shares issuable upon exercise of the First Special Warrants by filing and obtaining a receipt for a final short form prospectus from the securities commissions in the Filing Provinces by the Qualification Deadline. If a receipt for a final short form prospectus has not been issued by the securities commissions in each of the Filing Provinces by the Qualification Deadline, each Purchaser will be entitled to receive from Ivanhoe for each First Special Warrant held, upon the exercise or deemed exercise of the First Special Warrants, one and one-tenth (1.1) Common Shares.

This prospectus is being filed in the Filing Provinces to qualify the distribution of the Common Shares to be issued upon the exercise of the Special Warrants. Common Shares issued to holders of Special Warrants in any province in which a receipt for this prospectus has not been issued may be subject to resale restrictions under applicable securities legislation.

The TSE has accepted notice of the Offerings and conditionally approved for listing the Common Shares issuable upon the exercise of the Special Warrants, subject to filing of customary listing documentation.

The Special Warrants and the Common Shares issuable upon exercise of the Special Warrants have not been registered under the United States Securities Act of 1933 (the "U.S. Securities Act") or any state securities laws and may not be offered or sold or otherwise transferred in the United States to any U.S. Person (as defined in Regulation S under the U.S. Securities Act) and may not be sold in the United States or to U.S. Persons except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. Ivanhoe has no plans to register the Common Shares issuable upon the exercise of the Special Warrants under the U.S. Securities Act.

USE OF PROCEEDS

The aggregate net proceeds received by Ivanhoe from the sale of the Special Warrants pursuant to the Offerings was US$17,941,800 after payment of expenses of the Offerings, including preparation of this short form prospectus, estimated to be US$75,000. Ivanhoe plans to use the net proceeds of the Offerings as follows:

(i) to fund expenditures of approximately US$10,000,000 to complete the drilling of the NWLH 1-22 deep well in California. See “Summary Description of Business – Recent Developments” in this short form prospectus;

(ii) to fund estimated exploration, development and other expenses of approximately US$3,000,000 in respect of the Company's other projects in the U.S. and China. See "Summary Description of Business – Recent Developments" in this short form prospectus; and

(iii) as to the balance of the net proceeds, for working capital and general corporate purposes.

Pending expenditure, Ivanhoe will invest the proceeds in short term money market instruments or treasury bills.

RISK FACTORS

Investment in securities of Ivanhoe involves a significant degree of risk and should be considered speculative due to the nature of Ivanhoe's business and the present stage of its development. See "Item 2 – Risk Factors" on pages 26 through 29 of Ivanhoe's AIF, which is incorporated by reference in this short form prospectus.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of Ivanhoe are Deloitte & Touche LLP, Chartered Accountants, Calgary, Alberta. The registrar and transfer agent for the Common Shares in Canada is CIBC Mellon Trust Company at its principal offices in Vancouver.

LEGAL MATTERS

Certain Canadian legal matters in connection with this Offering will be passed upon by Goodmans on behalf of Ivanhoe. As at the date hereof, the partners and associates of Goodmans, as a group, beneficially own directly or indirectly less than one percent of the outstanding Common Shares.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in British Columbia and Ontario provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment thereto. In British Columbia and Ontario, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. Purchasers should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

CONTRACTUAL RIGHTS OF ACTION FOR RECISSION

In the event that a holder of a Special Warrant who acquires a Common Share upon the exercise of the Special Warrant as provided for in this prospectus, is or becomes entitled under applicable legislation to the remedy of recission by reason of this prospectus or any amendment thereto containing a misrepresentation, the holder will be entitled to recission not only of the holder's exercise of their Special Warrant but also of the private placement transaction pursuant to which the Special Warrant was initially acquired and shall be entitled, in connection with such recission, to a full refund of all consideration paid on the acquisition of the Special Warrant. In the event the holder is a permitted assignee of the interest of the original Special Warrant subscriber, that permitted assignee shall be entitled to exercise the rights of recission and refund granted hereunder as if the permitted assignee was the original subscriber. The foregoing is in addition to any other right or remedy available to a holder of a Special Warrant under section 131 of the *Securities Act* (British Columbia), equivalent provisions of the securities laws of the other Filing Province or otherwise at law.

CERTIFICATE OF IVANHOE ENERGY INC.

Dated: October 29, 2001

The foregoing, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities being offered by this short form prospectus as required by the securities laws of the provinces of British Columbia and Ontario.

(Signed) E. Leon Daniel
President and Chief Executive Officer

(Signed) John O'Keefe
Executive Vice President and
Chief Financial Officer

On behalf of the Board of Directors

(Signed) David Martin
Director

(Signed) R. Edward Flood
Director