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

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 Suite 654, 999 Canada Place, Vancouver, B.C. V6C 3E1 (telephone (604) 688-8323).*

Preliminary
Short Form Prospectus
dated May 28, 2002

New Issue

IVANHOE ENERGY INC.

U.S.$10,000,000

up to 6,451,613 Common Shares to be issued upon the exercise of 5,000,000 Special Warrants

This short form prospectus qualifies for distribution up to 6,451,613 common shares ("Common Shares") of Ivanhoe Energy Inc. ("Ivanhoe" or the "Company") to be issued upon the exercise of 5,000,000 special warrants (the "Special Warrants") of Ivanhoe. The Special Warrants were issued at a price of U.S.$2.00 per Special Warrant on April 18, 2002 pursuant to subscription agreements (the "Subscription Agreements") between Ivanhoe and certain Canadian institutional investors (the "Purchasers"). The price of the Special Warrants was determined by negotiation between Ivanhoe and the Purchasers. Ivanhoe sold the Special Warrants directly to the Purchasers without use of an agent or underwriter pursuant to registration and prospectus exemptions under applicable securities legislation. No underwriter has been involved in the preparation of, or has reviewed, the contents of this short form prospectus.

Subject to adjustment, each 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) August 18, 2002 (the "Expiry Time"). Any 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 this offering (the "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 Special Warrants. The expenses of the Offering, including the cost of preparation of this prospectus, will be borne by Ivanhoe. See “Private Placement and Plan of Distribution”.

Each Purchaser has represented and warranted in its respective Subscription Agreement that it is acquiring the Special Warrants and the underlying Common Shares for investment purposes only and not with a view to immediate resale or distribution. Ivanhoe has no reason to believe that such Purchasers have any different investment intent than that represented in the Subscription Agreements.

The Common Shares are traded on the Toronto Stock Exchange (the “TSX”) under the symbol “IE” and the NASDAQ National Market under the symbol “IVAN”. The price of the Common Shares as reported by the TSX at the close of business on May 28, 2002 was Cdn.$3.00 (approximately U.S.$1.96) per Common Share.

In this short form prospectus, all references to “U.S.$” are to United States dollars and all references to “Cdn.$” are to Canadian 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 14, 2002 on Form 10-K for the year ended December 31, 2001, 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, 2001 incorporated therein (the "AIF");

2. comparative consolidated financial statements of Ivanhoe for the years ended December 31, 2001 and 2000, together with the notes thereto and the auditors' report thereon;

3. comparative unaudited consolidated interim financial statements of Ivanhoe for the three month periods ended March 31, 2002 and 2001, together with management's discussion and analysis of financial condition and results of operation for such periods; and

4. Management Information Circular dated April 2, 2002 prepared in connection with Ivanhoe's annual meeting of shareholders held May 16, 2002 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, Suite 654, 999 Canada Place, Vancouver, B.C., V6C 3E1 (telephone (604) 688-8323).

NAME AND INCORPORATION

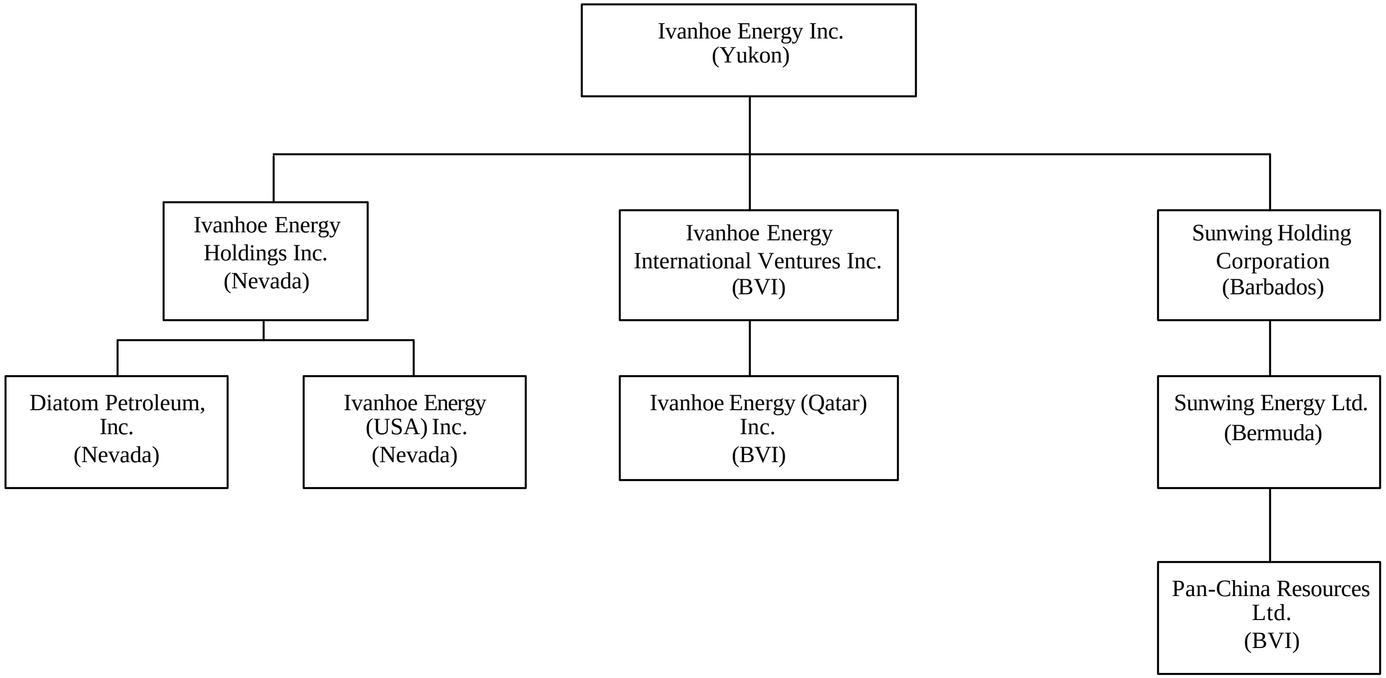
In February 1995, Ivanhoe was incorporated under the *Business Corporations Act* (Yukon) under the name 888 China Holdings Limited. On June 3, 1996, Ivanhoe changed its name to Black Sea Energy Ltd. In June 1999, Ivanhoe changed its name to Ivanhoe Energy Inc. Ivanhoe's authorized capital consists of 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 Suite 654, 999 Canada Place, Vancouver, B.C. V6C 3E1. The Company'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



Note:

"BVI" means British Virgin Islands
all subsidiaries are 100% owned

SUMMARY
DESCRIPTION OF BUSINESS

Ivanhoe is an international energy company engaged in conventional exploration and production, enhanced oil recovery projects and the development of gas-to-liquids projects. Ivanhoe's short-term objective is to focus on areas where production can be achieved quickly and efficiently to create cash flow to fund operations and allow it to pursue its medium and long-term objectives. To date, Ivanhoe has established production in the Spraberry Trend of West Texas and at South Midway Sunset in the San Joaquin Basin of California. The Company's wholly-owned subsidiary, Sunwing Energy Ltd. ("Sunwing") has also established production at its Dagang project in China as part of its completed pilot-test program.

The cornerstone of the Company's medium term strategy is deep gas exploration in the San Joaquin Basin of California and in the Bossier gas sands of east Texas. Since 1999 Ivanhoe has accumulated substantial acreage in the San Joaquin Basin and generated more than 25 prospects and leads. The Company is in the process of interpreting an 80,000 acre three-dimensional seismic survey along the west side of the San Joaquin Valley which it is using to identify drilling targets. In August 2001, Ivanhoe spud its first deep gas exploration well in the Northwest Lost Hills area of the San Joaquin Basin with its partner, Aera Energy LLC as the operator. In November 2001 Ivanhoe spud its first well in the Cresslen Ranch prospect in the Bossier gas sands of east Texas with its partner, a subsidiary of Unocal Corporation.

Sunwing continues to pursue enhanced oil recovery initiatives in China and larger natural gas project opportunities under several memoranda of understanding with China's national petroleum company, PetroChina. Sunwing remains encouraged by the results achieved in its pilot program at Dagang and intends to proceed with the development phase of the project once its development plan is approved by Chinese government authorities. Sunwing is also seeking other opportunities in China and elsewhere to acquire interests in fields with economic development potential.

The Company's long-term objective is to be come a leader in the development of "gas-to-liquids" ("GTL") projects. Ivanhoe foresees rapidly increasing future demand for clean energy as environmental regulations become more stringent and the world's crude oil becomes more sour and heavy. Ivanhoe believes that the proprietary GTL technology it licenses from Syntroleum Corporation ("Syntroleum") holds significant potential for the economic production of synthetic fuels and other specialty petroleum products from stranded natural gas deposits throughout the world, which would otherwise be uneconomic to exploit. Although there are several competing GTL technologies under development, Ivanhoe believes that the Syntroleum technology offers several key advantages. Plant construction is less expensive and the plant is safer to operate because, unlike competing technologies, it uses compressed air rather than oxygen.

With its master license to use Syntroleum's proprietary GTL technology, Ivanhoe is currently pursuing opportunities in Qatar and Egypt to obtain rights to stranded natural gas deposits to use as feedstock for gas-to-liquids projects. Ivanhoe believes that synthetic fuels and specialty products produced using GTL processes will eventually present an attractive, economic and environmentally superior alternative to traditional fuels derived from crude oil.

For a description of Ivanhoe's business and properties, see Items 1 and 2 on pages 8 through 18 of Ivanhoe's AIF, which is incorporated by reference in this short form prospectus.

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 139,547,708 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 Company in the event of liquidation, dissolution or winding up. 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 Company. 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 2/3 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 Company. 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 Company 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 Company's directors. The Company's directors may from time to time, by resolution passed before the issue of any Preferred Shares of a particular series, alter the constating documents of the Company 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 Special Warrants were issued pursuant to the Subscription Agreements at a price of U.S.$2.00 per Special Warrant (the "Subscription Price"). The price of the Special Warrants was determined by negotiation between Ivanhoe and the Purchasers. Ivanhoe sold the Special Warrants directly to the 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 therewith. 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 Offering, 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 Special Warrant entitles the holder to acquire, without any additional payment, one Common Share subject to adjustment on the terms described below. If, on or before the earlier of June 17, 2002 or the date upon which the Company obtains a receipt for a prospectus qualifying the distribution of the Common Shares issuable upon exercise of the Special Warrants, the Company issues Common Shares or securities exercisable into Common Shares at a price which is less than the Subscription Price (a "Discount Price"), each Special Warrant will entitle the holder to acquire, without any additional payment, that number of Common Shares equal to a fraction of which the numerator is the Subscription Price and the denominator is the Discount Price. The Discount Price cannot be less than U.S.$1.55. If the Special Warrants become subject to adjustment using the minimum Discount Price of U.S.$1.55, each Special Warrant will be exercisable to acquire 1.29 Common Shares, and all of the Special Warrants will be exercisable to acquire 6,451,613 Common Shares.

The 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 April 17, 2002 between Ivanhoe and CIBC Mellon Trust Corporation, 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 Special Warrants by the last of the securities commissions to do so in the Filing Provinces; and (ii) the Expiry Time.

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 TSX has approved for listing the Common Shares issuable upon the exercise of the Special Warrants.

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 Offering was U.S.$9,950,000 after payment of expenses of the Offering, including preparation of this short form prospectus, estimated to be U.S.$50,000. Ivanhoe plans to use the net proceeds of the Offering to fund its ongoing exploration and development activities in California, Texas and China and to fund its ongoing pursuit of GTL project development opportunities in Qatar and Egypt.

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 "Risk Factors" on pages 4 through 8 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 Corporation 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: May 28, 2002

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