



## NEWS RELEASE

*All Dollar Amounts are in U.S. Dollars Unless Otherwise Indicated*

### IVERNIA REPORTS FIRST QUARTER 2010 FINANCIAL RESULTS

**TORONTO, ONTARIO – May 17, 2010** – Ivernia Inc. (TSX: IVW) today reported a net loss of \$5.9 million, or \$0.03 per common share for the first quarter of 2010 compared with a net loss of \$3.3 million, or \$0.02 per share for the same period last year. Revenue for the first quarter of 2010 was \$11.0 million resulting from the completion of shipments of the remaining mine site inventory stockpile which totaled 8,400 dry metric tonnes of lead carbonate concentrate, compared to revenue for the first quarter of 2009 of \$0.5 million.

#### FIRST QUARTER 2010 HIGHLIGHTS

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##### Financial

- Recorded revenue for the first quarter of 2010 of \$11.0 million
- First quarter 2010 loss after operating costs and amortization was \$5.4 million
- First quarter 2010 net loss was \$5.9 million
- Generated \$1.2 million in cash from operating activities during first quarter 2010
- Cash balances at quarter end were \$16.5 million

##### Operational

- Completed the shipment of the mine site stockpile - shipped the remaining 8,400 dry metric tonnes of lead carbonate concentrate during the quarter
- February 2010 – commenced a staged restart of Magellan Mine operations using ore stockpiled on the run of mine (“ROM”) pad
- March 2010 - Magellan Mine mining activities recommenced with the remobilization of Mining and Civil Australia Pty Ltd. (“MACA”) as the mining contractor
- Commissioned the new pressure filter plant
- Significant refurbishment of the processing plant took place ahead of restart
- Exploration drilling program commenced to extend the life of the Magellan Mine
- Recruited a new mining, geology, processing, maintenance and administration workforce

Alan De'ath, President and Chief Executive Officer commented, “Good progress has been made on the restart of Magellan. The plant was offstream for almost three years so it is not surprising that we faced a number of initial challenges on the restart. The Magellan team have worked through those challenges in a focused manner and we are on track to reach full production levels towards the end of third quarter of 2010.”

## Financial and Operating Highlights

Three months ended March 31 (in thousands of United States dollars, unless otherwise indicated and per share amounts)	2010 \$	2009 \$
<b>Financial Highlights</b>		
Revenue <sup>(1)</sup>	11,021	456
Operating costs	(16,175)	(627)
Amortization	(283)	(152)
	<b>(5,437)</b>	<b>(323)</b>
General and administrative	(1,827)	(1,239)
Net interest expense	(734)	(321)
Stock option costs	(40)	(32)
Inventory recovery	886	1,650
Accretion	(788)	(2,260)
Esperance/Fremantle and related costs <sup>(2)</sup>	–	(94)
Debt settlement expense	–	(753)
Foreign exchange gain	401	250
	<b>(2,102)</b>	<b>(2,799)</b>
Loss before income taxes	(7,539)	(3,122)
Income tax recovery (expense)	1,676	(177)
Net loss	(5,863)	(3,299)
Basic and fully diluted loss per share <sup>(3)</sup>	(0.03)	(0.02)
Weighted average shares outstanding (000's)	188,536	180,153
Unrealized gain on investment	–	15
Comprehensive loss	(5,863)	(3,284)
Cash (used in) operations before changes in non-cash working capital	(6,602)	(2,197)
Cash flow provided by (used in) operating activities	1,217	(3,880)
<b>Operating Highlights</b>		
Ore milled – (000's tonnes)	32	-
Average head grade – (% lead)	6.9	-
Recovery – (%)	54.0	-
Concentrate produced – (000's dry tonnes)	2.0	-
Concentrate sold – (000's dry tonnes)	8.4	0.6
Lead metal in concentrate produced – (000's tonnes)	1.2	-
Lead metal in concentrate sold – (000's tonnes)	5.4	0.4
Concentrate inventory – (000's of dry tonnes)	2.0	28.4
Average lead price – LME 3-month – (\$ per pound)	1.02	0.53
Ivernia's average lead sale price – (\$ per pound)	0.92	0.59

(1) Shipments of lead carbonate concentrate from the Magellan Mine were curtailed by the suspension of lead shipments through the Port of Esperance on March 12, 2007. This suspension was lifted in December 2008, following which two shipments were made in March and May 2009 to remove the stockpile. Following receipt of Ministerial approval on August 13, 2009 to commence shipments through the Port of Fremantle the Company has exported all of the mine site inventory stockpile as at March 31, 2010.

(2) Costs incurred in the advancement of the application for regulated shipping approvals through the Port of Fremantle, the removal of the stranded lead carbonate concentrate stockpile at the Port of Esperance and other related activities

(3) Per share data was calculated on the basis of the weighted average shares outstanding (basic and diluted) for the relevant period

## Outlook

Magellan Metals is ramping-up production over the course of 2010. Production restart commenced late February 2010 producing approximately 1,200 tonnes of contained lead in concentrate during first quarter. The staged ramp-up of production will continue during the second and third quarters of 2010 with planned full production levels forecast to be reached towards the end of third quarter 2010.

Production during the first quarter of 2010 was slightly below forecasted levels due to a number of unplanned processing issues and longer than anticipated commissioning time for the pressure filter. This led to higher than expected plant downtime and lower than expected concentrate production. With these issues now essentially

resolved, plant availability and concentrate production is expected to improve and the Company remains on track to achieve plant throughput capacity by the end of the third quarter of 2010. Magellan Metals plans to process 1.9 million tonnes per annum of ore from 2011 onwards producing on average approximately 85,000 tonnes per annum of contained lead in concentrate for the mine life.

Whilst the production performance at Magellan Metals is continuing to improve, management has reduced the forecast production for the second quarter of 2010 to reflect the slower than planned ramp up in production during March and April 2010. Short and medium term plans to address the plant bottleneck and concentrate bagging issues have been implemented and are expected to deliver planned concentrate production targets for the third and fourth quarters of 2010.

Ivornia provided earlier 2010 quarterly production guidance in a February 25, 2010 news release. The following revised guidance is lower than the previous guidance by 5% or 3,000 tonnes of contained lead in concentrate – principally as a result of the above reported short term processing issues during the initial restart period.

Revised quarterly production guidance:

('000 tonnes)	1Q 2010 Forecast	1Q 2010 Actual	2Q 2010	3Q 2010	4Q 2010	2010
Ore Mined	0	15	225	415	525	1,180
Ore Milled	70	32	270	430	460	1,192
Contained Lead in Concentrate	3	1	13	20	23	57

As at May 10, 2010 Ivornia held unrestricted cash balances of \$9.3 million. At current lead price levels, management anticipates that Magellan Metals will require approximately \$3 to \$5 million of further funding from Ivornia treasury to fund the ramp-up of operations at the Magellan Mine until mid-year, with the Magellan Mine operations expected to turn cash flow positive in the third quarter. Management believes that once Magellan Metals turns cash flow positive, sales proceeds generated will be sufficient to fund ongoing business activities.

### **Restart of the Magellan Mine**

During the first quarter of 2010, work at the Magellan Mine site progressed well with a clear focus on restarting lead concentrate production. The major maintenance and re-commissioning projects required ahead of restart were substantially completed during January and February 2010. One of the key objectives was to ensure a high level of plant availability during 2010 and 2011. Major projects included: the refurbishment of the ROM ore bin and apron feeder; re-lining of the SAG mill; refurbishment of the surge tank; refurbishment of the flotation circuit; commissioning of the pressure filter; upgrades to the process control systems and instrumentation; refurbishment of the lead carbonate concentrate storage shed; re-commissioning of the power station; completion of construction of a wastewater treatment plant; and maintenance on the process water dam.

On February 23, 2010 the processing plant was restarted with a plan to increase throughput in a staged manner, targeting full production levels by the end of the third quarter of 2010. A number of unplanned processing and maintenance issues during the first quarter of 2010 led to lower than expected initial plant performance and concentrate production. By the end of the first quarter of 2010 many of these issues had been addressed, with concentrate bagging performance being the main outstanding issue. Short-term and medium-term projects to overcome this bottleneck were identified and implemented during April. Performance continues to improve during the second quarter and the Company is on track to achieve its target of full production levels by the end of the third quarter of 2010.

During the first quarter of 2010, the mill treated 32,000 dry metric tonnes of stockpiled ore with an average grade of 6.9% lead. The plant recovered 54.0% of the lead to produce approximately 2,000 dry metric tonnes of concentrate with an average grade of 60% lead. While less than planned, plant throughput and recovery for the first quarter of 2010 are consistent with a plant restart. As the throughput ramps up and processing stabilizes, plant performance is expected to improve towards target levels. In April, the plant treated 59,000 dry metric tonnes of ore with an average grade of 6.5% lead. The plant recovered 68.5% of the lead to produce 4,100 dry metric tonnes of concentrate with an average grade of 63.5% lead. May performance month to date (as at May

16, 2010) is continuing the improvement in plant performance with recoveries averaging 74.5% and concentrate grades averaging 65% lead.

Magellan Metals reinstated the existing mining contract with MACA to restart the mining of the Magellan and Cano open pits and all future mining activities until December 31, 2014. MACA is a medium-sized Australian mining contractor with whom Magellan Metals has a good working relationship. MACA have purchased a new excavator and three new 85-tonne haulage trucks for the project. Work commenced on March 1, 2010 with blasting activities recommencing on March 16, 2010. First quarter activities were primarily preparation work and waste removal with ore delivery to the mill feed pad commencing in April.

The power station was re-commissioned in January 2010 and has been operating efficiently since that time with very little downtime. On May 14, 2010 Magellan Metals exercised its option to purchase the power station and paid the option price of A\$1.6 million. The final purchase terms for the power station remain to be settled between the company and the seller.

A grade control drilling program at Magellan C and Cano C pit extensions was completed during the quarter.

Capital projects planned for the Magellan Mine over the remaining three quarters of 2010 include replacement of half the light vehicle fleet; installation of a fibre optic communication and data transfer link; the next two planned expansions of the tailings storage facility; converting the power station to use more cost efficient natural gas; a program of further reductions in bottlenecks in the process plant; and upgrading the concentrate bagging process.

### **Shipping of Concentrate Stockpiles**

The remaining mine site stockpiles of lead carbonate concentrate were shipped during the first quarter of 2010 (approximately 8,400 dry metric tonnes of concentrate). A total of 21 vessels sailed during the quarter carrying 384 containers. Shipments of new production commenced in April 2010.

### **Exploration Program**

A drilling program is underway to discover new lead deposits near the existing mine ore-bodies to increase the confidence of the estimated Inferred Resources and define further deposits that should further extend the mine life. A first stage program of 300 holes with a budget of A\$1.4 million has commenced and is expected to be completed by August 2010, followed by re-optimization of life of mine plans with an updated Ore Reserve and mine-life update expected by year-end.

The drilling program targets the high priority geochemical targets in the vicinity of the known deposits which were generated utilizing Niton XRF handheld devices for soil sampling. New areas to test include the geochemical targets at Balboa to the north of the main Magellan pit and at Columbus to the north-west of the Pizarro deposit.

The drilling program is also focused on known areas of Inferred Resources that require further definition and understanding before they can be included in the life of mine planning and Ore Reserves determination. Projects include detailed drilling surrounding Pinzon, and at Gama, Pizarro and Drake where previous work has defined significant accumulations of lead in a similar setting to the main deposits of Magellan, Pinzon and Cano but are currently classified as Inferred Resource estimates due to the wider-spaced drilling density and lack of diamond drilling.

The drilling will predominantly be shallow reverse circulation holes on a grid pattern to define the mineralization and understand its distribution and variability for resource modeling. Diamond drilling will provide detailed data on the geology, density, geotechnical, mineralogical and metallurgical properties of the new deposits planned for mining. Further evaluation and testing will continue after the initial drill program.

Exploration in the region beyond the immediate vicinity of the Magellan Mine is in the preliminary stage with the infrastructure comprising the Magellan Metals plant being of significant benefit to exploration activities. Exploration is not restricted to lead, as the existing plant could be modified to treat other ores.

Detailed mine optimisations will focus on the most effective exploitation of the deposits with the plant improvements and steady state operations. The new mineral resource estimate may allow an extension of the mine life and provide improvements in the scheduling.

### **Conference Call and Webcast**

Ivernia invites you to join its first quarter 2010 conference call on Tuesday, May 18 at 10:00 am. (ET). Participants may access the call by dialing: 1 866 804 6924 (Canada and USA) or +1 857 350 1670 (International). The participant passcode is: 57572704. The call will also be broadcast live on the internet at [www.ivernia.com](http://www.ivernia.com).

For those unable to participate in the conference call or webcast at the scheduled time, a telephone replay will be available until May 24, 2010 by dialing: 1 888 286 8010 (Canada and USA) or +1 617 801 6888 (International). The playback passcode is: 24378318.

A webcast replay will remain available on the investor relations section of the Company's website at [www.ivernia.com](http://www.ivernia.com).

### **Management's Discussion and Analysis and Consolidated Financial Statements**

Ivernia's Financial Statements and Management's Discussion and Analysis for the quarter ended March 31, 2010 were filed today and are available on the Ivernia website at [www.ivernia.com](http://www.ivernia.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

### **About Ivernia**

Ivernia is an international base metals mining, exploration and development company. The Company is the sole owner and operator of the Magellan lead mine in Western Australia. At full production, Magellan is expected to be one of the top 10 lead producing mines in the world accounting for approximately 2% of the total world lead mine production.

Ivernia trades under the symbol "IVW" on the Toronto Stock Exchange.

### **Forward-Looking Statements**

*Certain statements contained in this release constitute forward-looking information within the meaning of securities laws. All statements included herein (other than statements of historical facts) which address activities, events or developments that management anticipates will or may occur in the future are forward-looking statements, including statements as to the following: future targets and estimates for production, capital expenditures, operating costs, cash costs, Mineral Resources and Ore Reserves, recovery rates, grades and prices; business strategies and measures to implement such strategies; competitive strengths; estimated goals and plans for Ivernia's future business operations; and other such matters. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "contemplate", "target", "believe", "plan", "estimate", "expect", and "intend" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. These statements are based upon certain reasonable factors, assumptions and analyses made by management in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. However, whether actual results and developments will conform with management's expectations is subject to a number of risks and uncertainties, including factors underlying management's assumptions such as metal price volatility, lead carbonate concentrate treatment charges, exchange rates, regulatory proceeding and litigation, single mineral property, Mineral Resources and Ore Reserves, health and safety, environmental factors, mining risks, metallurgy, labour and employment regulations, government regulations, insurance, refinancing risk, dependence on key personnel, constraints on cash flow and nature of mineral exploration and development. Additional factors and considerations are described in the Company's 2009 AIF under "Description of the Business of the Company – Doing Business in Australia" and elsewhere in this release and in other documents filed from time to time by Ivernia with Canadian securities regulatory authorities. While Ivernia considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. These factors may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements and there can be no assurance that the actual results or developments anticipated by management will be realized or, even if substantially realized, that they will have the expected results on the Company. Undue importance should not be placed on forward-looking information nor should reliance be placed upon this information as of any other date. Except as required by law, while it may elect to, Ivernia is under no obligation and does not undertake to update this information at any particular time.*

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