



Scotia Plaza, Suite 3510  
40 King Street West  
Toronto, Ontario, Canada M5H 3Y2

## NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

Notice is hereby given that the annual and special meeting of shareholders (the "Meeting") of Ivernia West Inc. (the "Company") will be held at The National Club, 303 Bay Street, Toronto, Ontario, Canada on Thursday, May 30, 2002 at 11:00 a.m. (Toronto time) for the following purposes:

- (i) to receive and consider the audited consolidated financial statements of the Company for the year ended December 31, 2001 together with the report of the auditors thereon;
- (ii) to elect directors;
- (iii) to appoint auditors and to authorize the board of directors of the Company to fix their remuneration;
- (iv) to consider and, if deemed advisable, to pass, with or without variation, a resolution in the form set out in Schedule "A" to the management information circular of the Company dated April 26, 2002 accompanying this notice (the "Circular") approving the issuance of up to 9,786,667 common shares of the Company ("Common Shares") upon the exercise of common share purchase warrants of the Company, as more particularly described under the heading "Issue of Common Shares Upon Exercise of Warrants" in the Circular;
- (v) to consider and, if deemed advisable, to pass, with or without variation, a resolution in the form set out in Schedule "B" to the Circular approving an amendment to the Company's 2000 Employee Stock Option Plan increasing the maximum number of Common Shares reserved for issuance thereunder from 11,700,000 to 14,400,000, as more particularly described under the heading "Amendment of Option Plan" in the Circular; and
- (vi) to transact such other business as may properly come before the Meeting or any adjournment thereof.

Accompanying this notice are the Company's 2001 Annual Report containing the audited consolidated financial statements of the Company for the year ended December 31, 2001 and the Circular containing details of the matters to be dealt with at the Meeting.

Shareholders who are unable to attend the Meeting in person are requested to complete and sign the enclosed form of proxy and return it by mail in the enclosed return envelope or by facsimile. To be effective, proxies must be received by the Company's transfer agent, Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario, Canada M5J 2Y1 (facsimile number (001) 416 981 9803 or in North America toll-free facsimile 1 888 665 5666), prior to 5:00 p.m. (Toronto time) on the last business day prior to the date on which the Meeting or any adjournment thereof is to be held, or may be deposited with the Chairman of the Meeting at any time prior to the commencement of the Meeting or any adjournment thereof.

DATED at Toronto, Ontario, Canada this 26th day of April, 2002.

By Order of the Board of Directors

ALAN DE'ATH  
Vice-President, Chief Financial Officer  
and Secretary





## MANAGEMENT INFORMATION CIRCULAR

April 26, 2002

### SOLICITATION OF PROXIES

This management information circular (the "Circular") is furnished in connection with the solicitation of proxies by the management of Ivernia West Inc. (the "Company") for use at the annual and special meeting of shareholders of the Company (the "Meeting") to be held on Thursday, May 30, 2002 at 11:00 a.m. (Toronto time) at The National Club, 303 Bay Street, Toronto, Ontario, Canada and at any adjournment thereof for the purposes set forth in the accompanying notice of meeting.

The solicitation will be primarily by mail. However, proxies may be solicited by telephone or in writing by directors, officers or designated agents of the Company. The cost of solicitation will be borne by the Company.

### APPOINTMENT OF PROXYHOLDERS

The persons named in the accompanying form of proxy are directors or officers of the Company. A registered holder of common shares of the Company ("Common Shares") has the right to appoint a person, who need not be a shareholder of the Company, other than the persons designated in the accompanying form of proxy, to attend and act on behalf of the shareholder at the Meeting. To exercise this right, a shareholder may either insert such other person's name in the blank space provided in the accompanying form of proxy or complete another appropriate form of proxy.

To be valid, a proxy must be dated and signed by the shareholder or his or her attorney authorized in writing or, if the shareholder is a corporation, by a duly authorized officer or attorney. All proxies must be received by the Company's transfer agent, Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario, Canada M5J 2Y1 (facsimile number (001) 416 981 9803 or in North America toll-free facsimile 1 888 665 5666), prior to 5:00 p.m. (Toronto time) on the last business day prior to the date on which the Meeting or any adjournment thereof is to be held, or may be deposited with the Chairman of the Meeting at any time prior to the commencement of the Meeting or any adjournment thereof.

Only registered holders of Common Shares or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a person (a "Non-Registered Holder") are registered either (i) in the name of an intermediary (an "Intermediary") (including banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP's, RRIF's, RESP's and similar plans) that the Non-Registered Holder deals with in respect of the Common Shares, or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with the requirements of the Canadian Securities Administrators, the Company will have distributed copies of the notice of the Meeting, this Circular and the enclosed form of proxy (collectively, the "meeting materials") to Intermediaries and clearing agencies for onward distribution to Non-Registered Holders of Common Shares.

Intermediaries are required to forward the meeting materials to Non-Registered Holders unless a Non-Registered Holder has waived his or her right to receive them. Intermediaries often use service companies to forward the meeting materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive meeting materials will either:

- (i) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile stamped signature), which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder, but which is otherwise uncompleted. This form of proxy need not be signed by the Non-Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should properly complete the applicable form of proxy and deliver it to the Company's transfer agent, Computershare Trust Company of Canada, at the address set out above, with respect to the Common Shares beneficially owned by such Non-Registered Holder; or
- (ii) more typically, be given a form of proxy which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute authority and instructions (often called a "proxy authorization form") which the Intermediary must follow. Typically, the Non-Registered Holder will be given a page of instructions which includes a removable label containing a bar-code or other information. In order for the form of proxy to validly constitute a proxy authorization form, the Non-Registered Holder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit the Non-Registered Holder to direct the voting of the Common Shares he or she beneficially owns.

Should a Non-Registered Holder who receives either form of proxy wish to vote at the Meeting in person, the Non-Registered Holder should strike out the persons named in the proxy and insert the Non-Registered Holder's name in the blank space provided. In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.

#### REVOCATION OF PROXIES

A registered shareholder who has given a proxy may revoke it by depositing an instrument in writing (including another proxy of later date) executed by the shareholder or by the shareholder's attorney authorized in writing at the Company's registered office at any time up to and including the last business day prior to the day of the Meeting or any adjournment thereof, or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law including attending the Meeting in person. Any such revocation will have effect only in respect of those matters upon which a vote has not already been cast pursuant to the authority conferred by a previously deposited proxy.

A Non-Registered Holder may revoke a proxy authorization form (voting instructions) or a waiver of the right to receive meeting materials and to vote given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of proxy authorization form (voting instructions) or of a waiver of the right to receive materials and to vote that is not received by the Intermediary at least seven days prior to the Meeting.

#### VOTING BY PROXY

The Common Shares represented by the accompanying form of proxy will be voted or withheld from voting on any ballot that may be called for at the Meeting in accordance with the shareholder's instructions and, if such shareholder has specified a choice with respect to any matter to be acted on at the Meeting, the shares will be voted accordingly. **In the absence of such instructions, Common Shares represented by such proxies will be voted: (i) FOR the election as directors of the Company of the nominees named in this Circular; (ii) FOR the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Company and the authorization of the board of directors of the Company to fix their remuneration; and (iii) FOR each of the resolutions set out in Schedules "A" and "B" to this Circular and more particularly described elsewhere in this Circular.**

The *Business Corporations Act* (New Brunswick) (the "Act") provides for cumulative voting for the election of directors so that each shareholder entitled to vote for the election of directors has the right to cast a number of votes equal to the number of votes attached to the Common Shares held by such shareholder multiplied by the number of directors to be elected, and may cast all such votes in favour of one nominee or distribute them among the nominees in any manner. If a shareholder does not specify the manner in which votes are to be distributed among the nominees, they are deemed to be distributed equally among all nominees voted for. The Act further provides that a separate vote of shareholders shall be taken with respect to each nominee for director unless a resolution is unanimously passed by the Meeting permitting two or more persons to be elected by a single resolution. If no further nominees for director are proposed for election at the Meeting, management of the Company currently intends to propose such a resolution at the Meeting, and the persons named in the enclosed form of proxy intend to vote the Common Shares represented thereby in favour of such resolution.

The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the accompanying notice of meeting, and with respect to any other matter which may properly come before the Meeting. As of the date of this Circular, management is not aware of any such amendment, variation or other matter proposed or likely to come before the Meeting. However, if any such amendment, variation or other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the Common Shares represented thereby in accordance with their judgement.

### VOTING SHARES AND PRINCIPAL HOLDERS

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares issuable in series. As of April 25, 2002, the record date for the Meeting, there were 144,868,179 Common Shares and no preferred shares issued and outstanding. All of the outstanding Common Shares are entitled to be voted at the Meeting. Except as described elsewhere in this Circular, each resolution identified in the accompanying notice of meeting will be an ordinary resolution requiring for its approval a majority of the votes cast in respect of the resolution.

Except as described under "Voting by Proxy" above, each holder of Common Shares is entitled to one vote for each Common Share shown as registered in such holder's name on the list of shareholders prepared as of the close of business on April 25, 2002 with respect to all matters to be voted on at the Meeting. However, in the event of any transfer of Common Shares by any such holder after such date, the transferee is entitled to vote those Common Shares if such transferee produces a certificate in his or her name or properly endorsed share certificates or otherwise establishes that such transferee owns the Common Shares, and requests, not later than ten days before the Meeting, that the Company's transfer agent, Computershare Trust Company of Canada, include the transferee's name in the list of shareholders entitled to vote at the Meeting.

To the knowledge of the directors and senior officers of the Company, no person beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the Common Shares except as follows:

Name	Number of Common Shares	Percentage of Outstanding Common Shares
Linden Investments Limited <sup>(1)</sup> .....	27,107,183	18.71%
Resources Investment Trust Plc.....	22,555,000	15.57%

<sup>(1)</sup> A subsidiary of Anglo American plc.

## THE REORGANIZATION

The Company was established for the purpose of becoming the new Canadian holding company of Ivernia West plc ("Ivernia plc"), an Irish company, pursuant to a court-approved scheme of arrangement under Irish law (the "Reorganization") which became effective on December 15, 2000. Prior to the Reorganization, the ordinary shares of Ivernia plc were listed on the Exploration Securities Market (the "ESM") of the Irish Stock Exchange (the "ISE") and traded on the London Stock Exchange. Upon the Reorganization becoming effective, (i) Ivernia plc became a wholly-owned subsidiary of the Company, (ii) the ordinary shares of Ivernia plc were delisted from the ESM of the ISE and (iii) the shareholders of Ivernia plc received one Common Share in the Company in exchange for each ordinary share in Ivernia plc held immediately before the Reorganization. The Common Shares are listed on The Toronto Stock Exchange (the "TSE").

## EXCHANGE RATE INFORMATION

Unless otherwise specified, all financial information relating to the Company contained in this Circular is expressed in US dollars. The following table sets out the rates of exchange for Canadian dollars ("C\$") per US dollar in effect at the end of the periods indicated and the average rates of exchange during such periods based on the noon spot rate quoted by the Bank of Canada:

	<u>12 months ended December 31</u>		
	2001	2000	1999
Rate at end of period (C\$)	1.5926	1.5002	1.4433
Average rate for period (C\$)	1.5489	1.4850	1.4857

## PARTICULARS OF MATTERS TO BE ACTED UPON

### ELECTION OF DIRECTORS

The articles of the Company provide that the board of directors of the Company shall consist of a minimum of two and a maximum of twelve directors, the number of which may be fixed from time to time by a resolution of the board of directors. The number of directors of the Company proposed to be elected at the Meeting is four. Each nominee for election as a director is currently a director of the Company.

The following table lists certain information concerning the nominees for election as directors of the Company. The information as to principal occupations and the number of Common Shares beneficially owned or over which control or direction is exercised by each nominee has been furnished by the respective nominees individually.

<u>Name</u>	<u>Position with Company and Principal Occupation Within the Past Five Years</u>	<u>Director Since</u>	<u>Common Shares Beneficially Owned or Subject to Control or Direction</u>
<b>J. Trevor Eyton</b> <sup>(2) (3)</sup>	Chairman of the Company. Member of the Senate of Canada and Company Director.	2000 <sup>(4)</sup>	357,143
<b>David Hough</b>	President and Chief Executive Officer of the Company; prior to the effective date of the Reorganization, was Managing Director of Ivernia plc.	1988 <sup>(4)</sup>	730,458
<b>David Armstrong</b> <sup>(1) (3)</sup>	Director of the Company. Partner, McCarthy Tétrault LLP (law firm).	2000	Nil
<b>Walter Murray</b> <sup>(1) (2)</sup>	Director of the Company. Vice-Chairman, Global Banking, RBC Capital Markets Inc. (investment banking firm); prior to February 2000, was Senior Vice-President of the Royal Bank of Canada (Canadian chartered bank).	2000	Nil

<sup>(1)</sup> Member of the Audit Committee.

<sup>(2)</sup> Member of the Compensation Committee.

<sup>(3)</sup> Member of the Corporate Governance Committee.

<sup>(4)</sup> Includes time served as a director of Ivernia plc prior to the Reorganization.

Management of the Company does not anticipate that any of the nominees for election as directors will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each director elected will hold office until the next annual meeting of shareholders of the Company or until his successor is elected or appointed.

#### APPOINTMENT OF AUDITORS

At the Meeting, it is proposed to re-appoint PricewaterhouseCoopers LLP as auditors of the Company to hold office until the next annual meeting of shareholders at a remuneration to be fixed by the board of directors of the Company. PricewaterhouseCoopers LLP and its affiliates and predecessors have been the auditors of the Company or, prior to the Reorganization, Ivernia plc, since 1988.

The aggregate fees billed by PricewaterhouseCoopers LLP for audit and audit-related services in relation to the Company during the financial year ended December 31, 2001 were C\$31,560. The aggregate fees billed by PricewaterhouseCoopers LLP for all non-audit services (consisting primarily of tax services) rendered in relation to the Company during the year were C\$49,504. The Audit Committee has determined that the nature of the non-audit services rendered during 2001, and the aggregate fees billed in respect of those services, were consistent with maintaining the auditors' independence.

#### ISSUE OF COMMON SHARES UPON EXERCISE OF WARRANTS

In December 2001, the TSE conditionally approved the issuance by the Company of up to 29,360,000 Common Shares and up to 9,786,667 common share purchase warrants ("Warrants") to be issued pursuant to private placements (collectively, the "Private Placement") to a number of purchasers (the "Placees"). From January 24 to April 25, 2002, the Company issued an aggregate of 27,402,053 Common Shares and 9,134,017 Warrants pursuant to the Private Placement, and may in the future issue additional Common Shares and Warrants up to the maximum number of such securities approved by the TSE. These securities were, and any such securities issued in the future will be, issued in units, each consisting of one Common Share and one-third of a Warrant. Of the units issued pursuant to the Private Placement to April 25, 2002, 11 million units were issued for a purchase price consisting of 685,632 ordinary shares of Resources Investment Trust PLC which were issued to a subsidiary of the Company. The balance of 16,402,053 units were purchased for cash, including the satisfaction of certain cash obligations of the Company. Each full Warrant is exercisable into one Common Share at an exercise price of C\$0.20 per Common Share until December 31, 2002.

It is a condition of the TSE's approval of the Private Placement that the issuance of Common Shares upon the exercise of the Warrants must be approved by a majority of the votes cast in person or by proxy at a meeting of shareholders of the Company, other than votes cast by or on behalf of any Placee in respect of Common Shares acquired pursuant to the Private Placement. The terms and conditions of the Warrants provide that the holders may not exercise any of the Warrants until the day immediately after the day on which such shareholder approval is obtained. If the approval of shareholders in such manner is not obtained, the Warrants may not be exercised.

Shareholders will be asked at the Meeting to approve a resolution in the form set out in Schedule "A" to this Circular authorizing the Company to issue up to 9,786,667 Common Shares upon the exercise of the Warrants. To the Company's knowledge there were, as at April 25, 2002, 27,402,053 Common Shares held by Placees which were acquired pursuant to the Private Placement, and votes in respect of these Common Shares will not be counted for purposes of determining such approval. Linden Investments Limited, the Company's largest shareholder holding 27,107,183 Common Shares, has given notice to the Company that it intends to vote in favour of this resolution.

**The board of directors has determined that the approval of the proposed resolution is in the best interests of the Company and its shareholders. The board of directors recommends that shareholders vote in favour of the resolution set out in Schedule "A" to this Circular. In the absence of contrary instructions, the persons named in the accompanying form of proxy intend to vote any Common Shares represented by proxies held by them FOR this resolution.**

#### AMENDMENT OF OPTION PLAN

The board of directors of the Company has approved, subject to approval by the shareholders and any necessary regulatory approval, an amendment to the Company's 2000 Employee Stock Option Plan (the "Option Plan"). The principal terms of the Option Plan are set out under the heading "Executive Compensation – Stock Options". The amendment to the Option Plan would, upon approval by shareholders, increase the maximum number of Common Shares reserved for issuance under the Option Plan from 11,700,000 to 14,400,000 Common Shares.

As at April 25, 2002, options to purchase an aggregate of 10,250,000 Common Shares were outstanding under the Option Plan. Of these outstanding options, an aggregate of 3,500,000 were granted to certain executive officers and directors of the Company in March 2002 as follows: (i) David Hough, the President and Chief Executive Officer of the Company, was granted 700,000 options in lieu of salary owing to him as at March 1, 2002, and an additional 800,000 options as compensation for a change in his pension plan from a defined benefit plan to a defined contribution plan and the suspension of his pension plan contributions by the Company for the one year period commencing March 1, 2002; (ii) each of Alan De'ath and Kenneth Sangster, executive officers of the Company, was granted 450,000 options in lieu of salary owing to him as at March 1, 2002, and an additional 300,000 options as compensation for the suspension of his pension plan contributions by the Company for the one year period commencing March 1, 2002; and (iii) 250,000 options were granted to each of David Armstrong and Walter Murray, each of whom is a director of the Company, as compensation for agreeing to forego their directors' fees for the period from October 1, 2001 through September 30, 2002. These arrangements resulted in estimated aggregate cash savings to the Company of US\$250,000 in respect of salaries and pension plan contributions and an additional C\$50,000 in directors' fees.

The Option Plan is designed to advance the interests of the Company by providing directors, officers, employees and consultants with a financial incentive tied to the financial performance of the Company and continued service or employment with the Company. The proposed amendment to the Option Plan would increase the number of Common Shares reserved for issuance under the Plan from 8.1% to 9.9% of the currently outstanding Common Shares. Particularly in light of the recent grants of options to the executive officers and directors of the Company described above which resulted in cash savings to the Company, management of the Company believes this greater number of Common Shares reserved for issuance will provide management and the board of directors with a greater ability to attract and retain key personnel.

In accordance with the rules of the TSE, the proposed resolution, in the form set out in Schedule "B" to this Circular, approving the proposed amendment to the Option Plan must be approved by a majority of the votes cast in person or by proxy at the Meeting.

**The board of directors has determined that the proposed amendment to the Option Plan is in the best interests of the Company and its shareholders. The board of directors recommends that shareholders vote in favour of the resolution set out in Schedule "B" to this Circular. In the absence of contrary instructions, the persons named in the accompanying form of proxy intend to vote any Common Shares represented by proxies held by them FOR this resolution.**

## EXECUTIVE COMPENSATION

### COMPENSATION OF EXECUTIVE OFFICERS

The following table sets forth the compensation paid by the Company during its three most recently completed financial years to the Chief Executive Officer and the four other most highly compensated executive officers of the Company whose total salary and bonus exceeded C\$100,000 (collectively, the "Named Executive Officers").

**Summary Compensation Table<sup>(1)</sup>**

Name and Principal Position During the 2001 Financial Year	Year	Annual Compensation			Long-term Compensation	All Other Compensation <sup>(8)</sup>
		Salary	Bonus	Other Annual Compensation <sup>(6)</sup>	Securities Under Options Granted	
		(US\$)	(US\$)	(US\$)	(#)	
David Hough President and Chief Executive Officer	2001	229,164 <sup>(2)</sup>	–	–	1,600,000	123,103
	2000	205,135	–	22,647	1,125,000 <sup>(7)</sup>	–
	1999	171,408	–	24,221	–	–
Denis Murphy Vice-President and Chief Financial Officer <sup>(3)</sup>	2001	139,998	–	–	800,000	45,725
	2000	131,286	–	–	500,000 <sup>(7)</sup>	7,034
	1999	117,624	–	11,916	–	5,276
Kenneth Sangster Vice-President and Chief Operating Officer	2001	143,293 <sup>(2)</sup>	–	–	800,000	26,288
	2000	136,653	–	–	200,000 <sup>(7)</sup>	17,632
	1999 <sup>(4)</sup>	67,289	–	–	–	–
Alan De'ath Vice-President, Corporate Finance and Administration <sup>(2)</sup>	2001	146,667 <sup>(2)</sup>	–	–	800,000	28,000
	2000 <sup>(5)</sup>	153,928	–	–	100,000 <sup>(7)</sup>	4,667
	1999	–	–	–	–	–
Brendan McMorrow Treasurer	2001	71,624	–	–	200,000	–
	2000	82,892	–	–	255,000 <sup>(7)</sup>	–
	1999	75,961	–	–	–	–

- (1) Figures for the 1999 and 2000 financial years include compensation paid to the Named Executive Officers as officers of Ivernia plc prior to the Reorganization.
- (2) These amounts represent the cash salary paid to these Named Executive Officers during the 2001 financial year. In addition, these Named Executive Officers were granted options in March 2002 as compensation for agreeing to forego the following cash salary amounts in respect of the 2001 financial year: David Hough – 350,000 options in lieu of US\$20,832; Kenneth Sangster – 225,000 options in lieu of US\$13,332; and Alan De'ath - 225,000 options in lieu of US\$13,332. All of these options were exercisable immediately upon issuance at an exercise price of C\$0.10 (which exercise price was at a premium to the market price of the Common Shares on the date of grant).
- (3) Effective from December 31, 2001, Denis Murphy retired as Vice-President and Chief Financial Officer of the Company and was succeeded by Alan De'ath.
- (4) Kenneth Sangster was appointed an officer of Ivernia plc in May 1999.
- (5) Alan De'ath was appointed an officer of Ivernia plc in January 2000.
- (6) Except as otherwise disclosed above, the value of perquisites and other personal benefits, securities or property received by the Named Executive Officer in each financial year was no greater than the lesser of C\$50,000 and 10% of the total annual salary and bonus paid to the Named Executive Officer for the financial year. The amounts disclosed above include the following: David Hough – US\$13,776 represents the benefit of the provision of a company car in 2000 (US\$14,734 in 1999), and the remainder represents disability insurance premiums paid on his behalf; and Denis Murphy – US\$8,360 represents the benefit of the provision of a company car in 1999, and the remainder represents disability insurance premiums paid on his behalf.
- (7) These options were granted in connection with the Reorganization to persons holding previously issued options to purchase shares of Ivernia plc. The terms and conditions attached to these options, in terms of number, vesting, exercise price and expiry date, were determined with the intent of putting option holders in substantially the same position they were in prior to the Reorganization.
- (8) Amounts shown in this column represent accrued and paid contributions to pension plans maintained by or for the benefit of the Named Executive Officers. In addition, the amount shown for Denis Murphy in 2001 includes a lump sum termination payment.

### STOCK OPTIONS

The Company has adopted the Option Plan in order to advance the interests of the Company by providing directors, officers, employees and consultants with a financial incentive tied to the financial performance of the Company and continued service or employment with the Company. An amendment to the terms of the Option Plan has been approved by the board of directors, and shareholders are being asked to approve such amendment at the Meeting. See "Particulars of Matters to be Acted Upon – Amendment of Option Plan".

The Company has currently reserved 11,700,000 Common Shares for the purposes of the Option Plan, but this number will be increased to 14,400,000, subject to the approval of shareholders at the Meeting and applicable regulatory approval. The number of shares reserved is subject to adjustment if the Common Shares are subdivided, consolidated, converted or reclassified or the number of Common Shares varies as a result of a stock dividend or an increase or a reduction in the share capital of the Company.

Under the Option Plan, options may be granted to all directors, officers, employees and consultants of the Company. The exercise price for Common Shares subject to an option may not be less than the market price of the Common Shares at the time the option is granted. An option may be for a term of up to ten years and may not be assigned.

The board of directors may permit an option holder who exercises an option to select one of two methods of exercise. Under the first method, the purchase method, the option holder will receive the Common Shares subject to the option upon payment to the Company of the exercise price for the Common Shares. If an option holder selects the second method, the market growth method, the option holder will receive a number of Common Shares equal to the growth amount (i.e., the in-the-money amount), which is determined by multiplying the number of Common Shares subject to the option by the amount by which the market price for the Common Shares at the time the option is exercised exceeds the exercise price for the Common Shares. The number of whole Common Shares to be received is determined by dividing the growth amount by the market price at the time of exercise. No fractional shares will be issued under the Option Plan.

As at April 25, 2002, options to purchase an aggregate of 10,250,000 Common Shares were outstanding under the Option Plan.

The following table sets forth information concerning options granted by the Company to each of the Named Executive Officers during the financial year ended December 31, 2001.

#### Option Grants During the Financial Year Ended December 31, 2001

Name	Securities Under Options Granted	% of Total Options Granted to Employees and Directors in Financial Year	Exercise or Base Price (C\$/Security)	Market Value of Securities Underlying Options the Date of Grant (C\$/Security)	Expiration Date
David Hough	1,600,000 <sup>(1)</sup>	29.6%	\$0.50	\$0.40	January 26, 2006
Denis Murphy	800,000 <sup>(2)</sup>	14.8%	\$0.50	\$0.40	January 26, 2006
Kenneth Sangster	800,000 <sup>(1)</sup>	14.8%	\$0.50	\$0.40	January 26, 2006
Alan De'ath	800,000 <sup>(1)</sup>	14.8%	\$0.50	\$0.40	January 26, 2006
Brendan McMorrow	200,000 <sup>(1)</sup>	3.7%	\$0.50	\$0.40	January 26, 2006

(1) Options are exercisable as to 25% on or after January 26, 2001, the date of grant, with an additional 25% becoming exercisable on or after each of the first, second and third anniversaries of the date of grant.

(2) These options were originally granted with the vesting terms described in footnote (1). However, as a result of Denis Murphy's resignation as an officer of the Company effective from December 31, 2001, only 200,000 of such options may be exercised on or before December 31, 2002. The remaining options have been cancelled.

The following table sets forth information concerning the exercise of options during the most recently completed financial year by each of the Named Executive Officers and the financial year-end value of unexercised options, on an aggregated basis.

#### Aggregated Option Exercises During the Financial Year Ended December 31, 2001 and Financial Year-End Option Values

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (US\$)	Unexercised Options at December 31, 2001 (Exercisable/Unexercisable)	Value of Unexercised in-the-Money Options at Financial Year-End (US\$) (Exercisable/Unexercisable)
David Hough	—	—	1,400,000/1,200,000	Nil/Nil
Denis Murphy	—	—	700,000/600,000 <sup>(1)</sup>	Nil/Nil
Kenneth Sangster	—	—	400,000/600,000	Nil/Nil
Alan De'ath	—	—	300,000/600,000	Nil/Nil
Brendan McMorrow	—	—	250,000/150,000	Nil/Nil

(1) As a result of Denis Murphy's resignation as an officer of the Company effective from December 31, 2001, Mr. Murphy's 600,000 unexercisable options have been cancelled. His 700,000 remaining exercisable options may be exercised on or before December 31, 2002.

## EMPLOYMENT CONTRACTS

David Hough has negotiated a renewal of his service agreement with the Company on substantially the same terms as his previous service agreement. Pursuant to his service agreement, Mr. Hough was appointed President and Chief Executive Officer of the Company, and his period of employment will continue until terminated in accordance with the service agreement. Mr. Hough's current salary under this agreement is US\$250,000 per annum, and the Company has arranged a defined contribution pension plan for him to which the Company is required to make annual contributions of 17.5% of his annual base salary.

Kenneth Sangster has entered into a service agreement with the Company dated November 1, 2000 pursuant to which he was appointed Vice-President and Chief Operating Officer of the Company. His period of employment will continue until terminated in accordance with the service agreement. Pursuant to his service agreement, Mr. Sangster's current salary is US\$160,000 per annum, and the Company is also required to make annual contributions of 17.5% of his annual base salary to his personal pension plan.

Alan De'ath has entered into a service agreement with the Company dated November 1, 2000 pursuant to which he is currently Vice-President, Chief Financial Officer and Secretary of the Company. His period of employment will continue until terminated in accordance with the service agreement. Pursuant to his service agreement, Mr. De'ath's current salary is US\$160,000 per annum, and the Company is also required to make annual contributions of 17.5% of Mr. De'ath's annual base salary to his personal pension plan.

During the one year period commencing March 1, 2002, each of Mr. Hough, Mr. Sangster and Mr. De'ath has agreed to forego any contributions to his pension plan required under their respective service agreements, in consideration of which they were granted options under the Option Plan in March 2002. See "Particulars of Matters to be Acted Upon – Amendment of Option Plan".

The Company has also negotiated key employee termination benefits agreements with each of Mr. Hough, Mr. Sangster and Mr. De'ath. The negotiated terms include provisions for the payment of termination benefits equivalent to twice the employee's contractual annual salary and benefits payable if there has been a change of control of the Company and the employment of the employee with the Company has been terminated by an involuntary termination.

## COMPOSITION OF THE COMPENSATION COMMITTEE

The Compensation Committee of the board of directors was composed of J. Trevor Eyton, Clayton Love Jnr. and Tony Barry during the Company's 2001 financial year. Each such individual was an independent member of the board of directors during the 2001 financial year. Mr. Love Jnr. and Mr. Barry resigned as directors of the Company on December 31, 2001. The current members of the Compensation Committee are J. Trevor Eyton and Walter Murray.

## REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee reviews and makes recommendations to the board of directors with respect to all matters pertaining to the appointment, compensation and benefits of senior management of the Company. The Company's compensation policies are designed to attract and retain talented senior management, reward individual performance, provide a competitive level of compensation and benefits, reinforce business strategies and corporate priorities, and link the interests of senior management with those of the Company's shareholders.

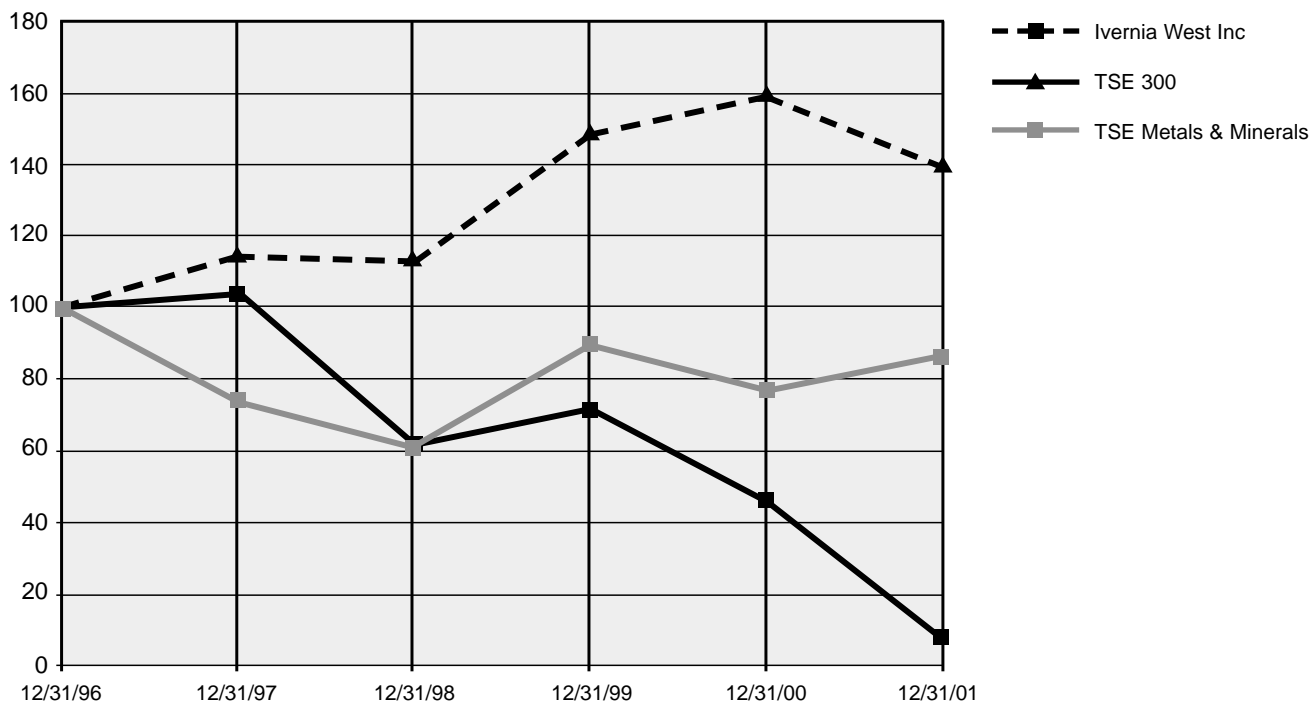
The Company's executive compensation program may include base salary, bonus and participation in the Company's Option Plan. To date, no specific formula has been developed to assign relative weightings to each of these components. Base salary ranges are determined based upon appropriate information regarding compensation policies for Canadian companies of comparable size operating in similar industries. Individual levels are reviewed periodically and are dependent upon the executive's experience level, his particular responsibilities related to the position and his overall performance. Bonuses for executives may be paid in the discretion of the board of directors. The Compensation Committee considers and, if thought fit, approves the issuance of options in accordance with the Company's Option Plan. Such option grants are dependent upon individual performance and competitive conditions. See "- Stock Options".

The base salary of the Company's Chief Executive Officer, David Hough, is targeted at a level consistent with base salaries paid to chief executive officers of comparable Canadian companies. In addition, Mr. Hough may receive a bonus and stock option awards as part of his compensation. In the financial year ended December 31, 2001, Mr. Hough was granted twice the number of options granted to any other executive of the Company. Mr. Hough did not receive a bonus payment during such year.

Submitted on behalf of the Compensation Committee as at April 25, 2002: J. Trevor Eyton (Chairman) and Walter Murray.

**PERFORMANCE GRAPH**

The following graph illustrates, over the past five financial years of the Company, the cumulative shareholder return of an investment in Common Shares of the Company compared to the cumulative shareholder return of an investment in the TSE 300 Composite Index and the TSE Metals and Minerals Index, assuming that \$100 was invested on December 31, 1996 and, where applicable, reinvestment of dividends.



	December 31, 1996	December 31, 1997	December 31, 1998	December 31, 1999	December 31, 2000	December 31, 2001
Ivernia West Inc.	\$100	\$104	\$62	\$72	\$46	\$7
TSE 300	\$100	\$115	\$113	\$149	\$160	\$140
TSE Metals & Minerals	\$100	\$74	\$61	\$90	\$77	\$87

(1) All share price information relating to the Company for dates prior to the effective date of the Reorganization is based on the closing price of the ordinary shares of Ivernia plc on the ESM of the ISE, and has been converted from Irish pounds to Canadian dollars based on the prevailing rates of exchange on the relevant dates. The information relating to the Company for December 31, 2000 and 2001 is based on the closing price of the Common Shares on the TSE on those dates.

**INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS**

At no time since the beginning of the Company’s last financial year was any director, executive officer, senior officer, proposed nominee for election as a director, or any of their respective associates, indebted to the Company or any of its subsidiaries, nor was the indebtedness of any such person to another entity the subject of any guarantee, support agreement or similar arrangement provided by the Company or any of its subsidiaries.

## COMPENSATION OF DIRECTORS

The Company has adopted a policy for the compensation of its directors who are not full-time employees of the Company. Each such director is remunerated at the rate of C\$25,000 per annum, with the exception of the Chairman of the Company who is entitled to receive C\$50,000 per annum. All directors are reimbursed for payments on account of travelling and other out-of-pocket expenses incurred in attending board of directors meetings. In addition, each director is eligible to receive stock options of the Company under the Option Plan. See "— Stock Options".

During the 2001 financial year, an aggregate of 700,000 options were granted to non-employee directors under the Option Plan as follows: J. Trevor Eyton - 100,000 options; Walter Murray – 200,000 options; Clayton Love Jnr. - 200,000 options; Tony Barry - 200,000 options. Mr. Love Jnr. and Mr. Barry resigned as directors of the Company on December 31, 2001.

In consideration of their agreeing to forego their directors' fees for the period from October 1, 2001 through September 30, 2002 (representing an aggregate cash saving of C\$50,000 to the Company for the period), each of David Armstrong and Walter Murray was granted 250,000 options under the Company's Option Plan in March 2002.

The Company has engaged McCarthy Tétrault LLP, of which David Armstrong is a partner, to provide legal services to the Company from time to time.

## DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has entered into a directors and officers liability insurance policy for the benefit of the directors and officers of the Company and its subsidiaries. The annual limit for all claims under the policy is C\$25 million, subject to a per claim deductible of C\$25,000. The annual premium payable by the Company under the policy is C\$41,200. The Company's current coverage under the policy continues until July 2002.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The TSE has issued a series of guidelines (the "TSE Guidelines") for effective corporate governance. These guidelines deal with matters such as the constitution and independence of corporate boards, their functions, the effectiveness and education of board members and other items dealing with sound corporate governance. The TSE requires that each listed corporation disclose on an annual basis its approach to corporate governance. The Company's approach to corporate governance is described below.

The board of directors has considered the guidelines for corporate governance adopted by the TSE and believes that its approach to corporate governance is appropriate and effective for the Company and its shareholders.

### MANDATE OF THE BOARD

The board of directors is responsible for managing the business and affairs of the Company. Under applicable law, the board is required to carry out its duties with a view to the best interests of the Company. Toward this end, the board of directors has specifically recognized its responsibility for the following areas:

- (i) adoption of a strategic planning process;
- (ii) the identification of the principal risks of the Company's business and monitoring the implementation of appropriate systems to manage these risks;
- (iii) succession planning and monitoring senior management;
- (iv) the implementation of a communications policy to facilitate effective communications between the Company, its shareholders and the public; and
- (v) the integrity of the Company's internal control and management information systems.

The frequency of the meetings of the board of directors and the nature of agenda items depend upon the state of the Company's affairs and the opportunities or risks which the Company faces from time to time. The board of directors holds a minimum of four meetings in each financial year. In addition, communications between the board of directors and senior management regularly occur apart from scheduled board of directors and committee meetings.

## COMPOSITION OF THE BOARD

The TSE Guidelines recommend that a board of directors be constituted with a majority of individuals who qualify as "unrelated directors". An "unrelated director" is defined in the TSE Guidelines as a director who is independent of management and free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with that director's ability to act with a view to the best interests of the corporation, other than interests and relationships arising from shareholding. The TSE Guidelines also recommend that, in circumstances where a corporation has a "significant shareholder" (a shareholder with the ability to exercise a majority of votes for the election of directors), the board of directors should include a number of directors who do not have interests in or relationships with either the corporation or the significant shareholder.

The directors of the Company have determined, on the basis of these definitions, that three of the board's four members are unrelated within the meaning of the TSE Guidelines. David Hough is related by virtue of being a member of management. The Chairman of the Company is not a member of management. The Company does not have a significant shareholder (as defined above). The board of directors considers its current size of four directors to be appropriate at this time.

The board of directors currently has no education program in place for new directors. The board will consider what orientation is appropriate as and when new directors are elected or appointed.

At present, in addition to those matters which must by law be approved by the board of directors, management seeks board approval for any transaction which is out of the ordinary course of business or could be considered to be material to the business of the Company.

## COMMITTEES

The board of directors has established three committees: the Audit Committee, the Compensation Committee and the Corporate Governance Committee. Each of these committees is composed entirely of unrelated directors. The Company does not have an executive committee.

### *Audit Committee*

The Audit Committee is responsible for assisting the board of directors in fulfilling its responsibilities for the oversight of the quality and integrity of the accounting, auditing, internal control and financial reporting practices of the Company. The Committee is also responsible for ensuring that management of the Company has designed and implemented appropriate accounting systems, policies and practices as well as an effective internal control system. Among other things, the Committee is charged with reviewing the Company's annual and interim financial statements and certain other financial disclosure and making recommendations to the board relating thereto; reviewing the Company's accounting policies and any changes thereto; assessing the steps management has taken to minimize financial and other risks facing the Company; and working with the Company's auditors in a number of areas relating to the Company's accounting systems, internal controls and annual audit plan. In addition, the board of directors may refer appropriate questions relating to the financial position of the Company and its subsidiaries to the Committee for its consideration. The Committee meets at least four times per year. The current members of the Committee are Walter Murray and David Armstrong.

### *Compensation Committee*

The Compensation Committee is responsible for reviewing and making recommendations to the board of directors with respect to all matters pertaining to the appointment, compensation and benefits of senior management of the Company, as well as any other significant human resource or organizational policies generally impacting employees of the Company. The Committee reviews the performance of officers and senior employees of the Company and management's succession planning. The report of this Committee for the last financial year is set out in this Circular under "Executive Compensation – Report on Executive Compensation". In addition, the Compensation Committee is empowered to grant stock options under the Company's Option Plan in accordance with the terms of such plan. The current members of the Committee are J. Trevor Eyton and Walter Murray.

### *Corporate Governance Committee*

The Corporate Governance Committee is responsible for reviewing and making recommendations to the board of directors with respect to all matters pertaining to the Company's corporate governance policy, including structure, organization and compensation (other than board membership), and the development of appropriate systems and procedures to enable the board to exercise and discharge its responsibilities. The Committee is also responsible for recommending suitable candidates for election or appointment to the board of directors from time to time. In addition, it is the Committee's responsibility to review and recommend appropriate changes from time to time in the Company's approach to corporate governance matters, including terms of reference for board committees; membership of board committees; retirement ages for directors; the relationship between the board and senior management; procedures for board and committee meetings; and compensation of directors for service on the board and committees thereof. The current members of the Committee are J. Trevor Eyton and David Armstrong.

## SHAREHOLDER COMMUNICATION

The Company communicates regularly with its shareholders. While management is available to shareholders to respond to questions and concerns on a prompt basis, the Chief Executive Officer and the Chief Financial Officer are primarily responsible for investor relations. The board of directors believes that management's communications with shareholders and the avenues available for shareholders and others interested in the Company to have their inquiries about the Company answered are responsive and effective.

## EXPECTATIONS OF MANAGEMENT

The board of director's access to information relating to the operations of the Company, through the membership on the board of directors of the Chief Executive Officer and, as necessary, the attendance by other members of management at the request of the board, are key elements to the effective and informed functioning of the board. The board expects the Company's management to take the initiative in identifying opportunities and risks affecting the Company's business and finding ways to deal with these opportunities and risks for the benefit of the Company. The board approves and develops, on an ongoing basis in conjunction with management, the corporate objectives for which management, and the Chief Executive Officer in particular, are responsible for meeting. The board of directors continues to be confident in management's ability to meet its expectations.

## INTERESTS OF INSIDERS IN MATERIAL TRANSACTIONS

In connection with the Private Placement, the Company issued during January and February 2002 an aggregate of 15,655,000 Common Shares and 5,218,333 Warrants to Resources Investment Trust Plc, a company incorporated in England and Wales ("RIT"). As a result of the issuance of these securities and additional purchases of Common Shares by RIT, RIT is an insider of the Company by virtue of its beneficial ownership of more than 10% of the Common Shares. The purchase price for 11,000,000 of such Common Shares and 3,666,667 of such Warrants was satisfied by RIT issuing 685,632 of its ordinary shares to a subsidiary of the Company. The remaining Common Shares and Warrants were subsequently issued to RIT for aggregate cash proceeds of C\$651,700. The material terms of the Warrants are described under the heading "Particulars of Matters to be Acted Upon – Issue of Common Shares Upon Exercise of Warrants" in this Circular.

In April 2002, J. Trevor Eyton of Toronto, Ontario, the Chairman of the Company, purchased 357,143 Common Shares and 119,048 Warrants as a Placee pursuant to the Private Placement for aggregate cash proceeds of C\$50,000.

Except as otherwise disclosed in this Circular, no insider of the Company or proposed nominee for election as a director of the Company, nor any of their respective associates or affiliates, has had any material interest, direct or indirect, in any transaction since the commencement of the Company's last financial year or in any proposed transaction which has materially affected or will materially affect the Company or any of its subsidiaries.

No person who has been a director or senior officer of the Company since the commencement of the Company's last financial year, nor any proposed nominee for election as a director of the Company, nor any of their respective associates or affiliates, has any material interest, direct or indirect, in any matter to be acted upon at the Meeting other than the election of directors, the amendment to the Option Plan and, in respect of any such person who was a Placee pursuant to the Private Placement, the issuance of Common Shares upon the exercise of Warrants.

## APPROVAL BY BOARD OF DIRECTORS

The contents and the sending of this Circular have been approved by the board of directors of the Company.

DATED at Toronto, Ontario, Canada, this 26th day of April, 2002.



ALAN DE'ATH  
Vice-President, Chief Financial Officer  
and Secretary

## **SCHEDULE "A"**

### **Resolution Approving Issuance of Common Shares Upon Exercise of Warrants**

BE IT RESOLVED THAT:

1. The Company is hereby authorized to issue up to 9,786,667 Common Shares upon the exercise of common share purchase warrants of the Company in accordance with the terms and conditions of such warrants, as summarized in the management information circular of the Company dated April 26, 2002.
2. Any officer or director of the Company is hereby authorized, for and on behalf of the Company, to execute and deliver such documents and instruments and to take such other actions as such officer or director may determine to be necessary or advisable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of such documents or instruments and the taking of any such actions.

## **SCHEDULE "B"**

### **Resolution Approving Amendment of 2000 Employee Stock Option Plan**

BE IT RESOLVED THAT:

1. An amendment to the 2000 Employee Stock Option Plan of the Company (the "Option Plan") to increase the maximum number of Common Shares reserved for issuance pursuant to options granted under the Option Plan from 11,700,000 to 14,400,000, is hereby approved, subject to regulatory approval.
2. Any officer or director of the Company is hereby authorized, for and on behalf of the Company, to execute and deliver such documents and instruments and to take such other actions as such officer or director may determine to be necessary or advisable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of such documents or instruments and the taking of any such actions.

