



ANNUAL INFORMATION FORM

June 30, 2003

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PRELIMINARY NOTES

The information contained in this Annual Information Form (“AIF”) is presented as at June 30, 2003 except where otherwise indicated. Certain terms used in this AIF are defined in the Technical Glossary set out at the end of this AIF. Except as otherwise noted or unless the context otherwise requires, (i) the "Company" refers to Ivernia West Inc., (ii) "Ivernia West" refers to the Company together with its subsidiaries, (iii) the financial information contained in this AIF is presented as if the Reorganization referred to under “Corporate Structure – Incorporation” had been effective on January 1, 1999, (iv) "\$", "US dollars" or "dollars" refers to United States dollars and (v) "Common Shares" refers to common shares in the capital of the Company. References in this AIF to "2000", "2001" or "2002" mean the 12 months ended December 31, 2000, 2001 or 2002, respectively.

EXCHANGE RATE DATA

Unless otherwise specified, the financial information relating to the Company contained in this AIF is expressed in US dollars. Certain financial information relating to the Company contained in this AIF originated in Euros (“€”) or Australian dollars (“A\$”) and has been translated into US dollars based on prevailing exchange rates if such information relates to prior periods, or otherwise at the rate on December 31, 2002.

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:

	12 months ended December 31,		
	2002	2001	2000
Rate at end of period (C\$)	1.5796	1.5926	1.5002
Average rate for period (C\$).....	1.5703	1.5489	1.4850

MEASUREMENT EQUIVALENTS

The rates for converting imperial measurements to metric equivalents and *vice versa* are as follows:

<u>Imperial Measurement</u>	=	<u>Metric Equivalent</u>	=	<u>Metric Measurement</u>	=	<u>Imperial Equivalent</u>
2.4709 acres	=	1 hectare	=	0.4047 hectares	=	1 acre
3.2808 feet	=	1 metre	=	0.3048 metres	=	1 foot
0.6214 miles	=	1 kilometre	=	1.6093 kilometres	=	1 mile
1.1025 tons (US)	=	1 tonne	=	0.9072 tonnes	=	1 ton (US)

FORWARD-LOOKING STATEMENTS

This AIF includes certain "forward-looking statements". All statements included in this AIF (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 capital expenditures; business strategies and measures to implement such strategies; competitive strengths; goals, expansion and growth of the business and operations; plans and references to Ivernia West’s future successes; and other such matters. These statements are based upon certain 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 the special considerations discussed in this AIF, general economic, market or business conditions, the opportunities (or lack thereof) that may be presented to and pursued by management, competitive actions by other companies, changes in laws or regulations and other factors, many of which are beyond the Company's control. Consequently, all of the forward-looking statements made in this AIF are qualified by these cautionary 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 result on Ivernia West.

CORPORATE STRUCTURE

Overview of Ivernia West

Ivernia West is an international base metals mining and exploration group. Its principal assets comprise (i) a 57.47% equity interest in Magellan Metals Pty. Limited ("Magellan Metals"), which has a 100% interest in the Magellan lead project (the "Magellan Project") in Western Australia, (ii) a 50% interest in a joint venture (the "Lisheen Joint Venture") which owns and operates the Lisheen zinc/lead mine (the "Lisheen Mine") in the Republic of Ireland ("Ireland"), and (iii) interests in a number of exploration properties in Ireland and Australia.

Ivernia West has entered into definitive agreements with The Sentient Global Resources Fund (together with its affiliates, "Sentient") for a joint venture to develop the Magellan Project (the "Magellan Transaction"). Pursuant to the Magellan Transaction, Sentient provided \$4.6 million in initial financing to Magellan Metals and acquired a 40% interest in Magellan Metals. On an ongoing basis, 40% of the funding for the Magellan Project will be provided by Sentient, with 60% to be funded by or on behalf of Ivernia West, subject to adjustment if Sentient increases its interest in Magellan Metals.

Once in production, it is expected that up to 1.2 million tonnes per annum of oxidized lead ore will be extracted via an open pit. Current reserves are sufficient for a 10 year mine life. Construction of all mining, plant and related infrastructure is expected to require an approximate 12 month period prior to commencing production. In March 2002, as a result of further drilling within the Magellan Project the Company announced the discovery of additional mineral resources ("Cano Deposit"). Work is continuing to complete the feasibility study that includes these additional resources.

The Lisheen Mine is one of the largest zinc mines in the world based on annual design production of contained zinc in concentrate. Ivernia West's joint venture partner in the Lisheen Mine is Anglo American plc ("Anglo American"), one of the largest natural resource companies in the world, together with certain of its subsidiaries (collectively, "Anglo"). A subsidiary of Anglo American manages the day-to-day operations of the Lisheen Mine. The Company has reduced the carrying value of its investment in the Lisheen Mine to the amount of its subsidiaries' portion of the related project debt. As of the date of this AIF, the Company is in negotiations with Anglo for the purchase by Anglo of the Company's subsidiary Ivernia West Limited and its 50% interest in the Lisheen Mine.

Incorporation

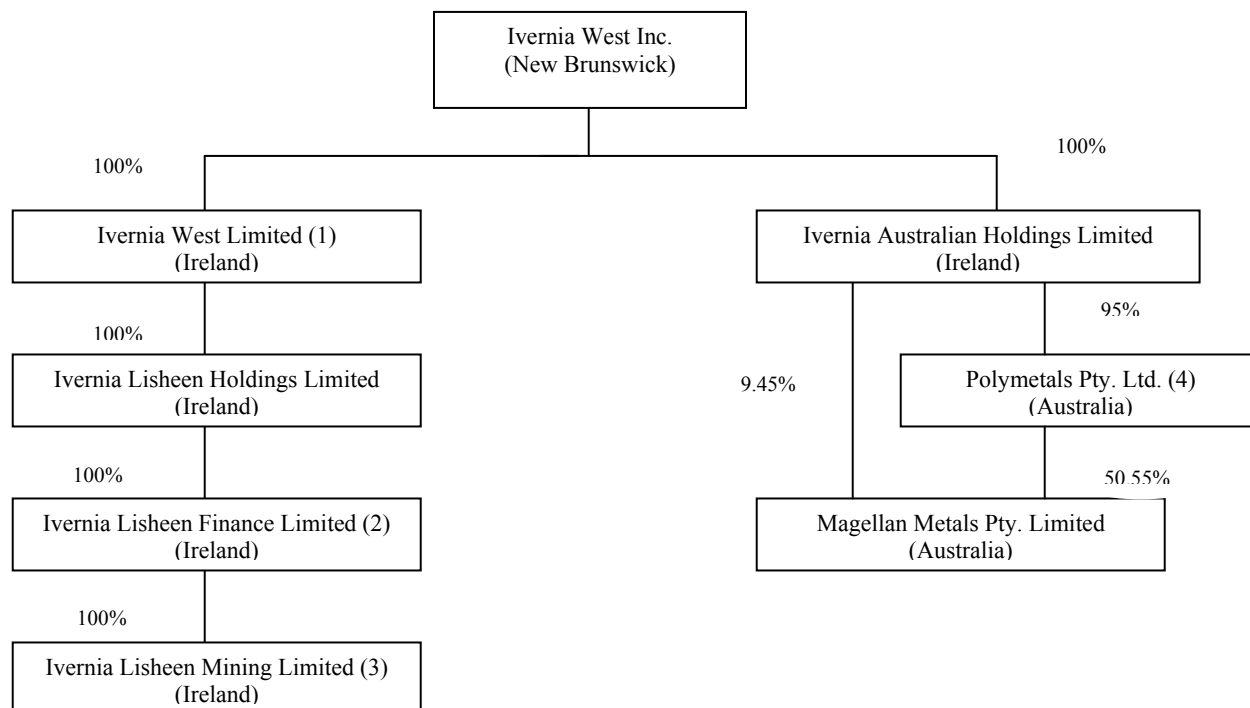
Ivernia West Inc. was incorporated on June 16, 2000 under the *Business Corporations Act* (New Brunswick). The registered office of the Company is at Brunswick House, 44 Chipman Hill, Saint John, New Brunswick, Canada E2L 4S6. The principal place of business of the Company in Canada is at 44 Victoria Street, Suite 400, Toronto, Ontario, M5C 1Y2.

The Company was established for the purpose of becoming the Canadian holding company of Ivernia West 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 West 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 West plc became a wholly-owned subsidiary of the Company, (ii) the ordinary shares of Ivernia West plc were delisted from the ESM of the

ISE and (iii) the shareholders of Ivernia West plc received one Common Share in the Company in exchange for each ordinary share in Ivernia West plc held immediately before the Reorganization.

Principal Subsidiaries

The diagram below illustrates the intercorporate relationships between the Company and its principal subsidiaries, their jurisdictions of incorporation and the percentage of voting securities owned directly or indirectly, as at June 30, 2003.



- (1) Ivernia West plc was re-registered as a private limited company, Ivernia West Limited, under the laws of Ireland in December 2001. Ivernia West plc and its successor Ivernia West Limited are each referred to in this AIF as "IWL".
- (2) Ivernia Lisheen Finance Limited ("Ivernia Finance") holds a 50% equity interest in Lisheen Milling Limited ("Lisheen Milling"). See "Narrative Description of the Business – Lisheen Mine – Lisheen Joint Venture".
- (3) Ivernia Lisheen Mining Limited ("Ivernia Mining") holds a 50% partnership interest in the Lisheen Mining Partnership (the "Lisheen Partnership"). See "Narrative Description of the Business – Lisheen Mine – Lisheen Joint Venture".
- (4) Ivernia West has given notice of exercise of a secondary call option whereby Ivernia Australian Holdings Limited intends to acquire in August 2003 the remaining 5% equity interest in Polymetals Pty. Ltd. ("Polymetals") not held by it. See "Narrative Description of the Business – Magellan Project – Overview".

GENERAL DEVELOPMENT OF THE BUSINESS

The following is a summary of certain major developments in the business of Ivernia West during its last three completed financial years and the first six months of 2003:

In May 2000, IWL issued a total of 10,380,780 shares in a private placement to a number of institutional investors for net proceeds of approximately \$7.41 million.

In September 2000, pursuant to a share sale agreement with the shareholders of Polymetals (the "Polymetals Shareholders") and certain other parties, IWL acquired 90% of the issued and outstanding shares of Polymetals for A\$4 million (\$2.27 million). In January 2002, IWL exercised a primary call option to acquire a

further 5% of Polymetals, and gave notice of exercise of a secondary call option whereby Ivernia West intends to acquire the remaining 5% of Polymetals in August 2003.

On December 15, 2000, the Reorganization became effective. Pursuant to the Reorganization, the Company became the new public holding company for Ivernia West, and IWL became a wholly-owned subsidiary of the Company. The ordinary shares of IWL were delisted from the ESM of the ISE, and the Common Shares were listed and began trading on the Toronto Stock Exchange (“TSX”) and the ESM of the ISE.

In January 2001, the Lisheen Mine commenced commercial production for reporting purposes and reached design production levels in November 2001.

In March 2001, the Company announced the completion of a feasibility study of the Magellan Project (the “FS”) by Magellan Metals which envisions the production of one million tonnes of ore per annum. The acquisition by Magellan Metals of a 100% interest in the Magellan Project was conditional on Magellan Metals committing to develop a mine and plant with a capacity of not less than 300,000 tonnes of ore per annum, and such commitment was made in September 2001. In March 2002, the Company announced the discovery of significant mineral resources at the Cano deposit adjacent to the Magellan deposit.

In January 2002, the listing of the Common Shares on the ESM of the ISE was cancelled at the Company’s request. The Common Shares continue to be listed on the TSX.

From January to April 2002, the Company issued an aggregate of 27,402,053 Common Shares and 9,134,017 common share purchase warrants pursuant to private placements to a number of purchasers for aggregate cash and share consideration of C\$3.84 million (\$2.34 million net of issue costs).

In August 2002, the Company entered into an agreement with one of its major shareholders, Resources Investment Trust plc (“RIT”), whereby RIT would underwrite the issue of up to \$1.95 million aggregate principal amount of convertible notes, together with up to 30 million common share purchase warrants of the Company. This transaction received the approval of the Company’s shareholders at a special meeting held on October 10, 2002 and all the notes and warrants have been subscribed, but as of the date of this AIF, the notes and warrants have not been issued.

In September 2002, completion at the Lisheen Mine occurred for purposes of a completion agreement with the mine’s syndicate of project lenders (the “Completion Agreement”). As of such completion, all of Ivernia West’s obligations pursuant to the Completion Agreement were terminated, including IWL’s guarantee of the portion of the project loans incurred by its subsidiaries. Such loans are now secured only on the assets of the Lisheen Mine and repayment of these loans is wholly dependent on cash flows deriving from the Lisheen Mine. The Company’s 2002 annual consolidated financial statements reflected a reduction in the carrying value of its investment in the Lisheen Mine and certain related assets by \$16.99 million, with the result that the Company’s investment in the Lisheen Mine has been written down to the amount of its subsidiaries’ portion of the related project debt.

In May 2003, the Company announced that it had accepted in principle the concept of a purchase by Anglo, for an aggregate price of \$1.8 million, of IWL and its other subsidiaries holding the Company’s 50% participating interest in the Lisheen Mine, and the assumption by Anglo of all Ivernia West’s related debt obligations. As of the date of this AIF, no definitive binding agreements have been entered into with respect to this transaction.

On May 21, 2003, the TSX announced that it was reviewing the eligibility of the Company for continued listing on the TSX. This review is continuing as of the date of this AIF.

On June 19, 2003, Ivernia West entered into definitive agreements with Sentient with respect to the Magellan Transaction. See “Narrative Description of the Business – Magellan Project – Joint Venture With Sentient”. Prior to the Magellan Transaction, Ivernia West completed a reorganization with the result that the Company’s interests in the Magellan Project and the Lisheen Mine are held through separate wholly-owned subsidiaries.

NARRATIVE DESCRIPTION OF THE BUSINESS

Magellan Project

Overview

The Magellan Project is situated in the East Murchison Mineral Field in Western Australia, approximately 30 kilometres west of the Wiluna township and 900 kilometres north-east of Perth. The site is accessed from the Wiluna-Meekatharra road. Apart from the presence of pastoralists, the Magellan Project area is uninhabited.

The Magellan Project area can be divided into four main land types consisting of thickly wooded drainages, extensive strike ridges, small isolated mesas and sparsely vegetated flats. The Magellan and Cano area outcrops as a mesa of approximately 5 kilometres by 2.5 kilometres, which is raised above the surrounding alluvial plain by approximately 25 to 50 metres. The climate is semi-arid, with dry periods of up to nine months expected in most years. Droughts have lasted for up to five years. Temperatures vary from very hot in summer to cool during winter. The region can be affected by high intensity summer storms, usually accompanied by widespread heavy rain. Average annual rainfall in the region is 249mm.

The Magellan Project comprises four mining leases (the "Renison Leases") expiring in 2020 as well as two exploration licenses expiring in 2004 (the "Renison Properties"). All of the tenements are now held by Magellan Metals or Polymetals for the benefit of Magellan Metals. The tenements are referred to collectively in this AIF as the "Magellan Properties", and cover an aggregate area of approximately 6,500 hectares. Legal title to the area of the Magellan Project is held by the Crown and leased to pastoralists. Magellan Metals has been granted all approvals required to date for access to, and the development of, the Magellan Project.

The Magellan deposit was discovered in 1991 by Renison Limited ("Renison"), which merged with Westralia Sands in December 1998 to become Iluka Resources. Pursuant to a farm-in agreement dated January 23, 1997 between Renison and Magellan Metals, Magellan Metals had the right to acquire a 100% interest in the Renison Properties, subject to payment to Renison of certain royalties including a lead ore process royalty for all lead ore extracted by Magellan Metals from the Renison Properties (the "Renison Royalty"). It was agreed that the acquisition by Magellan Metals of a 100% interest was conditional upon Magellan Metals completing a bankable feasibility study for the Magellan Project by January 2002 and committing to develop a mine and plant with a design capacity of not less than 300,000 tonnes of ore per annum. The FS, which envisions the production of one million tonnes of ore per annum, was completed by Magellan Metals in March 2001. See "— Geology, Ore Reserves and Mineral Resources". In September, 2001 Magellan Metals committed to develop a mine and plant with a capacity of not less than 300,000 tonnes of ore per annum, and thereby secured its rights to a 100% interest in the Magellan Project. The Magellan Properties were transferred to Magellan Metals during 2002.

Ivernia West currently holds 9.45% of the outstanding shares of Magellan Metals through its subsidiary Ivernia Australian Holdings Limited ("IAHL"). A further 50.55% of the outstanding shares of Magellan Metals are held by Polymetals, in which IAHL has a 95% interest. The remaining 40% of the shares of Magellan Metals are held by Sentient as a result of the Magellan Transaction. In January 2002, Ivernia West exercised a primary call option to increase its then ownership of shares of Polymetals from 90% to 95% by acquiring a further 5% of Polymetals for consideration of A\$2 million. At such time, Ivernia West gave notice of exercise of a secondary call option whereby it intends to acquire the remaining 5% of Polymetals in August 2003 for further consideration of A\$2 million. Upon its exercise of the secondary call option, Ivernia West's effective interest in the Magellan Project will increase from 57.47% to 60%.

Joint Venture with Sentient

In February 2003, IAHL entered into a loan agreement with Sentient for a \$2.10 million twelve month interest free secured loan to IAHL (the "First Sentient Loan"). Of this amount, \$2.08 million was applied in March 2003 to settle in full Ivernia West's obligations in the amount of \$2.85 million under the Company's standby facility with an Irish financial institution. Pursuant to a March 2003 amendment to the loan agreement, Sentient advanced by way of secured loan an additional \$2.50 million (the "Second Sentient Loan") to IAHL from March 2003 through June 2003. Proceeds from the Second Sentient Loan were used to fund the feasibility study and detailed engineering

work on the Magellan Project, and were also applied in May 2003 by Magellan Metals to terminate the Renison Royalty.

On June 19, 2003, the Company signed definitive agreements with Sentient in connection with the Magellan Transaction. Pursuant to the Magellan Transaction, Sentient agreed to provide US\$4.60 million in financing to Magellan Metals. This amount was advanced by way of a US\$1.70 million subscription for 40% of the shares of Magellan Metals, US\$2.40 million in secured loans (the “Magellan Loans”) and US\$0.50 million in notes (the “Magellan Notes”) which are convertible into shares of Magellan Metals. The total amount provided by Sentient under these arrangements was used to extinguish the First Sentient Loan and the Second Sentient Loan.

On an ongoing basis, 40% of the funding for the Magellan Project will be provided by Sentient, with 60% to be funded by or on behalf of Ivernia West. If Sentient acquires additional Magellan Metals shares upon the conversion of Magellan Notes as described below, Sentient’s share of the funding requirement will be increased, with retroactive effect from June 19, 2003, to the extent of its percentage share ownership following such conversion. In the event that the Company is unable to fund its share of contributions to the Magellan Project, Sentient will make contributions on the Company’s behalf under an interim funding arrangement (the “Cash Flow Note”). Such contributions will be repaid by Magellan Metals to Sentient out of project cash flow with interest at a rate that provides Sentient with a 30% internal rate of return.

Of the US\$0.50 million principal amount of the Magellan Notes, US\$0.40 million is convertible at Sentient’s option into an additional 9% of the shares of Magellan Metals. If certain default events occur, then the final US\$0.10 million of Magellan Notes will become convertible into a further 2% of the shares of Magellan Metals, which would result in Sentient owning 51% of Magellan Metals. These default events include the inability of the Company to arrange, by January 31, 2004, project financing for Magellan Metals from a financial institution.

The obligations of Magellan Metals under the Magellan Loans, the Magellan Notes and the Cash Flow Note are secured by a charge over the assets of Magellan Metals. In addition, IAHL and Polymetals have guaranteed Magellan Metals’ obligations under these facilities. The guarantees are secured by equitable mortgages over the Company’s shares of IAHL, Magellan Metals and Polymetals. The events of default which would entitle Sentient to increase its ownership of Magellan Metals to 51% would also entitle Sentient to exercise its security.

Geology, Ore Reserves and Mineral Resources

The Magellan Project is situated in the south-eastern corner of the Proterozoic Yerrida Basin, at the northern end of the Archaean Yilgarn Craton. The basin comprises shelf, margin and basinal sediments of the Yerrida Group and remnant outliers of Yelma Formation of the Earaheedy Group. The Yerrida Group is divided into two units, the lowermost Juderina Formation (comprising Finlayson Member sediments) and the unconformably overlying Maraloou Formation (carbonaceous shale). Yelma Formation sandstone and carbonate unconformably overlie the Yerrida Group in the Magellan Project area and are the host rocks to the lead carbonate mineralisation that is defined by the Magellan and Cano deposits.

At Magellan, the Yelma Formation is up to 55m thick and comprises a basal fining-upwards clastic sequence of quartz sandstone and siltstone (~ 30m thick) that is overlain by a coarsening-upwards, poorly lithified and variably silcretized, solution collapse breccia (~ 30m thick) thought to be of carbonate and evaporite origin. The solution collapse breccia contains fragments of silicified carbonate, siltstone, chert and euhedral and colloform quartz in a clay and silt matrix (quartz-clay breccia).

The Magellan and Cano deposits are thought to represent ancient carbonate-hosted, base-metal deposits. They have become enriched in secondary lead minerals through prolonged and extensive weathering causing dissolution and volume reduction of the precursor carbonate rocks and oxidation of primary base-metal sulphide minerals. The mineralisation consists primarily of oxidised lead minerals, mainly as cerussite (lead carbonate), with lesser occurrences of anglesite (lead sulphate) and minor pyromorphite (lead phosphate). Minor amounts of pyrite, galena and trace sphalerite occur in the underlying Maraloou Formation; however no sulphides have been recorded within the Yelma Formation host rocks.

The main style of mineralisation is pervasive/disseminated (supergene-enrichment), with high-grade zones interpreted to surround relict primary mineralised structures. Some vertical ore mineral zonation occurs with anglesite more prevalent in the upper parts of the deposits above the cerussite-rich bulk of the resource.

The following tables set forth the Company's estimates of the mineral resources (which include ore reserves) and ore reserves of the Magellan and Cano deposits, as at April 30, 2003, based upon the FS and subsequent studies. The information set out in the following tables was reviewed by Franciscus Sibbel (F AusIMM), who is a qualified person independent of the Company for purposes of National Instrument 43-101 and certain portions of the underlying studies were verified by the qualified persons named below.

Mineral Resources (1)(2)(3)

	Magellan deposit		Cano deposit	
	Tonnage (millions)	Lead (%)	Tonnage (millions)	Lead (%)
Measured	5.4	8.06	3.55	5.50
Indicated	<u>5.0</u>	<u>5.48</u>	<u>0.25</u>	<u>5.50</u>
Total Measured and Indicated .	<u>10.4</u>	<u>6.82</u>	<u>3.80</u>	<u>5.50</u>

Ore Reserves (1)(3)

	Magellan deposit		Cano deposit	
	Tonnage (millions)	Lead (%)	Tonnage (millions)	Lead (%)
Proven	5.1	8.09	0.11	5.09
Probable	<u>3.4</u>	<u>5.69</u>	<u>2.52</u>	<u>5.76</u>
Total Proven and Probable	<u>8.5</u>	<u>7.12</u>	<u>2.63</u>	<u>5.74</u>

- (1) The mineral resources and ore reserves for the Magellan deposit set out above are based upon a study conducted for Magellan Metals by Snowden Mining Industry Consultants ("Snowden"). Mineral resources and ore reserves and the underlying sampling and analytical data were verified by Mark Noppe (MSc. Resource Geology, MAusIMM) of Snowden. In preparing this study, Snowden reviewed the results of drilling conducted on the property by Renison prior to 1997 and by Magellan Metals since 1997, for a total of over 200 holes and over 11.1 kilometres drilled using percussion, air-core and diamond drilling as the principal drilling methods, which resulted in drill-hole spacing of a nominal 71 metres (offset grid of 100 metres x 50 metres). The majority of these holes were sampled at one-metre intervals. A number of quality assurance measures were employed to enhance the reliability and quality of samples, including sample weight study, collection and storage of field duplicate samples and twin-hole drilling. A total of 8,793 primary drill samples were submitted for lead analysis, the majority of which were analysed by Genalysis Laboratory Services Pty Ltd. ("Genalysis") with the remainder being analysed by Australian Laboratory Services Pty Ltd. ("ALS"), both based in Australia. All samples were initially analysed by Genalysis or ALS using a low-level method of lead analysis, and samples showing higher levels of lead were re-analysed using a stronger multi-acid digest for more precise grade determination. The analytical quality assurance measures employed by Magellan Metals included the analysis of field duplicate, field blank, laboratory duplicate and standard samples, check assays on certain samples from Renison's prior drilling programmes and the use of further analytical techniques to check for bias in laboratory results. Mineral resources and ore reserves for the Magellan deposit have been estimated based on the FS, details of which included a cut-off grade of 3.0% lead, a lead price of A\$524 per tonne and an operating cost including mining, processing, refining, transport (ex the port of Geraldton), royalties and overhead charges. Ore reserves have been estimated based on the life-of-mine plan as determined in a Snowden study completed in January 2001.
- (2) The mineral resources for the Cano deposit included in the above table are based upon studies by Micromine Pty Ltd. ("Micromine"). Mineral resources and the underlying sampling and analytical data were verified by Dean O'Keeffe (BSc. Geology MAusIMM) of Micromine. A total of 57 drill holes for 1,711 metres were drilled at the Cano deposit during 2000 and 2001 at a spacing of approximately 100 metres. The majority of these holes were sampled at one-metre intervals. The samples were analysed by Genalysis using flame atomic absorption spectrometry. Mineral resources for the Cano deposit have been estimated by Snowden on the basis of a cut-off grade of 3.0% lead. Ore reserves for the Cano deposit have been estimated on the basis of a lead price of A\$524 per tonne and an operating cost including mining, processing, refining, transport (ex the Port of Geraldton), royalties and overhead charges and are based on the life-of-mine plan as determined in the Snowden study conducted January 2003.
- (3) The mineral resources and ore reserves for the Magellan deposit and the Cano deposit are reported in accordance with the 1999 update of the JORC Code.

Mining and Milling Potential

The Magellan Project has access to existing infrastructure by virtue of numerous precious and base metal mines and mineral prospects located nearby. Accommodation, meals and fuel are available in Wiluna, as are

medical, police and school services. The Goldfields Gas Pipeline passes some 40km east of Wiluna and a spur to service the Magellan Project is planned. Mining personnel are expected to be sourced from the surrounding communities, however given the relatively small number of inhabitants within daily commuting distance to the operation, mine personnel will be sourced from as far away as Perth working on an in-out rotation basis with accommodations provided at the project's camp facilities. An extensive water exploration programme has defined sufficient water resources for the life of the operation. Two water production bore holes have been established, with another five drilled, but not yet commissioned.

The current mine plan contemplates that approximately 1.2 million tonnes per annum of oxidized lead ore will be extracted via an open pit during an approximate ten-year mine life. Ore is expected to be processed on-site through a process of conventional milling and flotation concentration. It is estimated that lead recoveries will vary from 77% to 88% to produce a concentrate grading from 67% to 75% lead. The Company expects that lead concentrate will undergo on-site batch refining to ultimately produce up to 70,000 tonnes per annum of marketable soft lead metal.

Locations for waste rock, tailings, the mill and refinery are all located within an approximate two kilometre radius of the proposed open pit. The camp facilities are located approximately three kilometres from the industrial site. These facilities are all located to minimize their exposure to any potential dust arising from the open pit.

Capital/Development Expenditures

In 2002, development expenditures incurred by the Company in connection with the Magellan Project were approximately \$566,000.

The Company is currently updating the FS with a view to expanding the throughput which has been facilitated by the addition of the Cano ore reserves. It is currently planned to increase throughput to 1.2 Mtpa and ramp up to a production of 70,000 tpa of metal. The review is expected to be complete in the third quarter of 2003.

The capital cost required to develop the Magellan Project to the commissioning stage is expected to be approximately \$30 million. These capital costs are lower than they might otherwise have been as a result of the current availability of redundant processing and infrastructure equipment available in Western Australia and overseas.

Lisheen Mine

Overview

The Lisheen Mine is situated in County Tipperary in the Irish midlands, approximately 12 kilometres north-east of Thurles, Ireland. The mine is situated at an elevation of 130 metres on a broad plain with occasional low hills rising to 200 metres. The area, which is primarily grassland with local areas of peat bog, is drained by both the Suir and Drish river systems. Access to the mine is by the N8 national road between Dublin and Cork and paved local/country roads for approximately nine kilometres.

The mine operates pursuant to a state mining lease (the "Lisheen Mining Lease") granted to Ivernia West and Anglo on October 7, 1997 by the Minister for the Marine and Natural Resources of Ireland. The Lisheen Mining Lease covers an area of approximately 950 hectares which fully encompasses the Lisheen ore body and any possible extensions thereof. The Lisheen Mining Lease is for a term of 30 years commencing from October 1997. The Lisheen Joint Venture owns surface rights over a total of approximately 463 hectares within which surface facilities, including the mill and tailings management facility, are situated. The Lisheen Joint Venture also holds prospecting licences over a total of approximately 50,000 hectares including licence areas located adjacent to or in close proximity to the area covered by the Lisheen Mining Lease.

In November 1989, Ivernia West entered into a joint venture with Chevron Mineral Corporation of Ireland ("CMCI") pursuant to which it acquired a 47.5% interest in CMCI's prospecting licences in Ireland (the "Chevron Properties") by incurring certain exploration expenditures over a three year period. In April 1990, during Ivernia West's initial drilling program on the Chevron Properties, the Lisheen ore body was discovered. In November 1994, Ivernia West acquired Chevron's 52.5% interest in the joint venture and simultaneously sold a 50% interest in the

prospecting licences relating to the Lisheen ore body to Minorco Lisheen Mining Limited, a subsidiary of Minorco SA ("Minorco").

In November 1997, Ivernia West and Minorco and certain of their respective subsidiaries entered into agreements (the "Lisheen Joint Venture Agreements") governing the ownership, management and financing of the Lisheen Mine. In March 1999, following the acquisition of Minorco by Anglo American, Anglo American and certain of its subsidiaries were substituted for Minorco and its subsidiaries under the Lisheen Joint Venture Agreements.

Lisheen Joint Venture

The Lisheen Mine is owned and operated by the Lisheen Joint Venture pursuant to the Lisheen Joint Venture Agreements. The Lisheen Joint Venture was established pursuant to the terms of a master agreement (the "Master Agreement") dated November 6, 1997 between IWL, Anglo American and certain of their respective subsidiaries. The Master Agreement (i) establishes a management committee (the "Management Committee") which is responsible for setting policy relating to the management of the Lisheen Mine, (ii) regulates the ownership interests of Ivernia West and Anglo in, and the financing of, the Lisheen Mine and (iii) regulates the ownership and management of certain prospecting licences in respect of properties located in the Rathdowney Trend.

The Lisheen Joint Venture Agreements collectively also provide for mining and milling operations at the Lisheen Mine to be conducted by separate, jointly-owned entities as follows:

- a partnership agreement dated November 6, 1997 between Ivernia Mining and Anglo American Lisheen Mining Limited (a wholly-owned subsidiary of Anglo American) provides for the formation of the Lisheen Partnership which is responsible for the development of underground mining operations, the employment of mining personnel and other related services; and
- a shareholders' agreement dated November 6, 1997 between Ivernia Finance and Anglo American Lisheen Finance Limited ("Anglo Finance") (a wholly-owned subsidiary of Anglo American) provides for the establishment of Lisheen Milling, which is responsible for (i) milling operations including the construction and development of the mill, milling, concentrate storage, transportation and tailings management, (ii) the marketing and sale of zinc and lead concentrates and (iii) the employment of related personnel.

Pursuant to technical services agreements (the "Technical Services Agreements") each dated November 6, 1997 (i) Anglo Base Metals (Ireland) Limited ("Anglo Ireland"), a wholly owned subsidiary of Anglo American, has been appointed as agent of the Lisheen Joint Venture, the Lisheen Partnership and Lisheen Milling, for so long as Anglo's participating interest in the Lisheen Joint Venture exceeds 33%, to procure, when requested to do so, the provision of services in relation to the construction, development and operation of the Lisheen Mine and the marketing and sale of zinc and lead concentrates and (ii) such entities have agreed to reimburse Anglo for all costs incurred in procuring the provision of such services as well as to pay management fees to Anglo which during the operational phase are fixed at \$600,000 annually subject to annual adjustments based on the consumer price index of Ireland.

Each of Ivernia West and Anglo is entitled to appoint one representative to the Management Committee for every 10% of participating interest held in the Lisheen Joint Venture, subject to a maximum of four representatives each. Currently, each of Ivernia West and Anglo holds a 50% participating interest and Anglo has appointed four representatives and Ivernia West has appointed three representatives to the Management Committee. For so long as each of Ivernia West and Anglo holds a 40% or greater participating interest in the Lisheen Joint Venture, all Management Committee decisions will, subject to the provisions of the Lisheen Joint Venture Agreements, require the approval of both Ivernia West and Anglo. If, and for so long as, either Ivernia West or Anglo holds less than a 40% participating interest in the Lisheen Joint Venture, decisions taken by the Management Committee will require approval by a simple majority vote. Failure by either Ivernia West or Anglo to fund its pro rata share of Lisheen Mine expenditures may under certain circumstances result in a loss of such party's voting entitlement at the Management Committee.

The Lisheen Joint Venture Agreements provide that the partnership interests and equity interests of Ivernia West and Anglo in the Lisheen Partnership and Lisheen Milling, respectively, will be identical to their respective participating interests in the Lisheen Joint Venture, and that the partnership committee and board of directors of such entities will be constituted on the same basis as the Management Committee.

Anglo Negotiations

The Company has been engaged in discussions with Anglo concerning the terms on which the Company would be prepared to exit the Lisheen Joint Venture. The Company has accepted in principle the concept of a purchase by Anglo, for an aggregate price of \$1.8 million, of IWL and its other subsidiaries holding the Company's 50% participating interest in the Lisheen Mine, and the assumption by Anglo of all Ivernia West's related debt obligations including outstanding project loans to Ivernia Lisheen Finance Limited in the amount of \$73.19 million (the "Lisheen Sale"). No definitive binding agreements have been entered into with respect to the Lisheen Sale, and any such sale will be subject, among other things, to obtaining all required regulatory and shareholder approvals.

In order to provide the Company with necessary short term funding, pursuant to an agreement dated May 14, 2003, as amended, Anglo has provided to IWL a short term interest free loan (the "Anglo Loan") in the amount of \$500,000. This amount represents an advance by Anglo against the aggregate purchase price for the Lisheen Sale. This amount is repayable on demand after July 14, 2003. A further advance of \$250,000 may be drawn by IWL upon the satisfaction of certain conditions relating to the Lisheen Sale and the granting by the Company to Anglo of security over all of the shares of IWL. The proceeds from the Anglo Loan are almost entirely committed to pay existing obligations to the Company's creditors.

Since the agreement in principle for the Lisheen Sale was reached, no meetings of the Management Committee have been held and Ivernia West has not participated in any operational or policy decisions with respect to the Lisheen Mine. Such decisions have been made by Anglo.

Geology, Ore Reserves and Mineral Resources

The Lisheen ore body is located within the Rathdowney Trend, a structurally controlled mineral belt stretching approximately 40 kilometres from north-east to south-west between Abbeyleix and Thurles, Ireland. This trend also hosts the Galmoy zinc mine, which is approximately seven kilometres north-east of the Lisheen Mine. The Lisheen ore body is hosted within flat-lying Carboniferous marine carbonates, conformably overlying Upper Devonian to Lower Carboniferous continental red beds which in turn rest unconformably on complex folded and faulted Lower Paleozoic and Precambrian marine sediments, volcanics and volcanoclastic sediments. The Lisheen ore body occurs as massive to semi-massive sulphide mineralization at the base of regionally dolomitized Waulsortian limestones and, to a lesser extent, in a stratigraphically lower oolite unit, adjacent to major structures. Mineralization occurs at depths of between 80 metres and 270 metres below surface (with most occurring at a depth of approximately 190 metres), and varies from relatively flat lying to undulating, with a vertical thickness ranging from less than 0.5 metres to over 30 metres. Regionally, the strata dips five degrees to eight degrees to the south-east, however, within the deposit area local strike and dip variations occur and parts of the deposit dip shallowly towards the north-east and west-north-west. Most of the larger variations in elevation of the ore body result from gentle folding. Minor faulting accounts for local changes in dip and elevation of the ore body. The ore body occurs within a limestone unit that contains water bearing joints, faults and cavities.

The ore body is divided into two zones: the Main zone, located on the western portion of the mining lease area; and the Derryville zone, located 0.5 kilometres to the east of the Main zone. In addition, the Lisduff Oolite zone and the Bog zone have been identified as areas of possible extensions of the ore body. Most mineralization occurs within the Main and Derryville zones, which comprise a number of individual sulphide bodies which have coalesced to form a continuous sulphide layer, in which the ore body thickens and metal grades increase toward a series of major east-west orientated faults. These faults are thought to have acted as conduits for mineralizing fluids, and the thickest ore generally occurs in the hanging wall of these structures. The Main and Derryville zone limits are generally defined by the economic cut-off grade for mineralization rather than by clear geological limits, however, two major faults define the southern boundaries of these zones.

The following tables set forth the Lisheen Joint Venture's estimates of the mineral resources (which include ore reserves) and ore reserves of the Lisheen Mine as at April 30, 2002.

Mineral Resources (1)(2)

	<u>Tonnage (millions)</u>	<u>Zinc (%)</u>	<u>Lead (%)</u>
Measured	6.27	14.93	2.64
Indicated	<u>6.91</u>	<u>12.60</u>	<u>2.08</u>
Total Measured and Indicated	<u>13.17</u>	<u>13.71</u>	<u>2.35</u>
Inferred Resources:			
Massive sulphide	1.52	11.07	1.58
Disseminated sulphide	9.43	2.88	0.71
Oolite-hosted sulphide	<u>1.09</u>	<u>10.84</u>	<u>2.99</u>
Total Inferred.....	<u>12.03</u>	<u>4.63</u>	<u>1.03</u>

Ore Reserves (1)(2)

	<u>Tonnage (millions)</u>	<u>Zinc (%)</u>	<u>Lead (%)</u>
Proven	7.06	11.58	2.04
Probable.....	<u>6.55</u>	<u>10.87</u>	<u>1.87</u>
Total Proven & Probable.....	<u>13.61</u>	<u>11.24</u>	<u>1.96</u>

- (1) The mineral resources and ore reserves for the Lisheen Mine set out above are based upon the annual reserve and resource update (the "Lisheen 2002 Update") conducted by the Lisheen Joint Venture under the supervision of the qualified persons (for purposes of National Instrument 43-101) named below commencing in the second quarter 2002 and based on information collected to April 30, 2002. Qualified persons responsible for the calculation and verification of the resources and the underlying sampling and analytical data were Mr. Leonardo Fusciardi (P. Geo) and Mr. Duncan Campbell (MIMMM). Qualified persons responsible for calculating and verifying the reserves and the underlying sampling and analytical data were Mr. Wade Stephenson (MAusIMM) and Mr. Frank Weldon (MAusIMM). Each of these individuals are Anglo or Lisheen Mine employees. In preparing the Lisheen 2002 Update, the Lisheen Joint Venture relied on the results of previous exploration drilling on the Lisheen property comprising over 1,323 diamond drill holes in the mineralised area totalling in excess of 175 kilometres of drilling, plus new information collected between May 2001 and April 2002 including 380 additional surface and underground drill holes and 320 additional mapped underground mining drifts. The distance between drill holes was 30 metres or less. The ore zone was generally marked out in sample lengths of 0.5 to 1.0 metres with some variations to account for breaks due to geological contacts, faults and visual changes in grade. Sample assay work was performed at either the Lisheen Mine's analytical laboratory or by OMAC Laboratories Ltd. in Galway, Ireland (a member of the Alex Stewart Laboratory group) using atomic absorption ("AA") for samples grading up to 3% zinc and up to 2% lead, and precision AA employing Canadian zinc and lead standards together with a blank for samples of higher grading. Samples from the Lisheen Mine undergo a regular data verification procedure consisting of frequent, random, duplicate sample analysis performed by ACME Laboratories in Vancouver, Canada. Mineral resources and ore reserves in the Lisheen 2002 Update have been prepared and estimated on the basis of a cut-off grade of 6.0% zinc equivalent, which was derived using a zinc price of \$0.52 per pound and a lead price of \$0.25 per pound. Ore reserves have been estimated based on the current life-of-mine plan for the Lisheen Mine which schedules the extraction of substantially all of the mineral resource over a 10 year life using a combination of room-and-pillar, drift-and-fill and long hole stoping mining methods.
- (2) The Lisheen Joint Venture's mineral resources and ore reserves are reported in accordance with the 1999 update of the JORC Code.

Mining Operations

The Lisheen Mine commenced ore production in September 1999 and commenced commercial production for reporting purposes on January 1, 2001. The mine reached design production levels in November 2001 and is currently producing approximately 1.5 million tonnes of ore annually. The mine is expected to produce an average of approximately 150,000 tonnes per annum of contained zinc in concentrate and an average of approximately 20,000 tonnes per annum of contained lead in concentrate during the estimated 11 year remaining mine life. Approximately 1.57 million tonnes of ore were mined during 2002.

Due to the flat lying nature and high grade of the Lisheen ore body, the current mine plan contemplates that a conventional drift-and-fill mining method will be employed in most areas in order to maximize pillar recovery. In certain sections of the Main and Derryville zones where the ore body is more than 14 metres thick and grades are

relatively high, a blasthole stoping method will be used. This method will account for approximately 20% of the ore mined.

Primary access to the Lisheen ore body is by a 1.7 kilometre decline which is six metres by five metres in profile, extends to a depth of 182 metres and is equipped with an ore haulage conveyor. A vertical fresh air shaft extends to a depth of 220 metres. The Lisheen Mine's central underground facilities include a pumping station, workshops, warehouses and a main crusher station. Primary truck haul routes have been established within each of the Main and Derryville zones to minimise haul distances to and from the crusher. Mined ore undergoes primary crushing at the underground crusher station, and is transported by conveyor to a covered surface stockpile.

The Lisheen ore body is located within water bearing structures. The operation incorporates extensive pumping facilities and a dewatering program to control the head and quantity of water in these structures. The pumping facilities and dewatering program were expanded in 2000 in response to higher than predicted inflows. However, the implementation of a water management programme to allow better predictability of the behavior of water sources, and the installation of additional pumping capacity, have resulted in reduced water inflow rates and pressures. The dewatering program is under constant review with appropriate actions being taken in response to ongoing developments.

Milling Operations

The Lisheen mill has a capacity of 1.5 million tonnes of ore per annum. The Lisheen Joint Venture estimates that the mill will produce an average of approximately 270,000 tonnes of zinc concentrate and approximately 30,000 tonnes of lead concentrate per annum over the estimated 11 year remaining life of the mine. The mill is designed to recover an estimated 92% of contained zinc and 78% of contained lead from the ore, and is expected to produce zinc concentrate and lead concentrate grading an average of 58% zinc and 64% lead, respectively.

During the 12 months to December 31, 2002, the mill processed approximately 1.54 million tonnes of ore and produced approximately 278,000 dry tonnes of zinc concentrate and approximately 35,000 dry tonnes of lead concentrate. During 2002, zinc recovery was approximately 88% and zinc concentrates contained an average of approximately 55% zinc, and lead recovery was approximately 69% and lead concentrates contained an average of approximately 62% lead.

Crushed ore is stored on the surface in a covered stockpile and fed continuously into a grinding circuit consisting of a semi-autogenous grinding (SAG) mill, ball mill, and closed circuit cyclones. Finely ground ore is fed into a lead circuit, and then into a zinc circuit. Both circuits use conventional flotation and column flotation technology, thickeners and pressure filters. The zinc circuit also utilizes a regrind step to assist in the production of high-grade concentrates and to maximize metal recovery. An acid leach circuit has been installed with the capacity to treat all zinc concentrate produced in order to ensure low levels of magnesium oxide in the concentrate. Process water is provided from recycled water from the mill and water reclaimed from the tailings management facility ("TMF"). Power for the mill and the mine is supplied by the Irish national utility company (ESB) via a dedicated line from the Thurles substation located 11 kilometres from the Lisheen facility.

Zinc and lead concentrates are trucked to the port of Cork, Ireland, located 135 kilometres from the mine site, and then shipped overseas for smelting and refining into metal. See "– Marketing and Sales".

Tailings from the mill are deposited into the TMF, which is situated adjacent to the mill site. The TMF covers an area of approximately 78 hectares and has been constructed using an impermeable synthetic liner, which is underlain by peat and marl layers of low permeability. To avoid the formation of acid, the tailings are permanently covered with water. Based on the current life-of-mine plan and requirements for backfilling in mining operations, the Company estimates that 7 million tonnes of tailings will be deposited in the TMF. Following a planned increase in capacity to be completed by 2004 at an estimated cost to the Lisheen Joint Venture of approximately \$8 million, the TMF will have a capacity of 10 million tonnes which will be adequate to allow for any foreseeable increases in mineral resources or changes to the mine plan.

Other Facilities

Other surface facilities include an administration building, employees' changeroom, surface workshops, warehouse, mine rescue building, explosives magazine, electrical substation, laboratory and environmental centre.

Capital Expenditures

In 2002, capital expenditures for the Lisheen Mine were approximately \$8 million. This amount was funded as to 50% by Anglo on behalf of Ivernia West. See "Risk Factors – Lisheen Joint Venture".

Exploration

Overview

The Company has identified exploration potential in (i) the Magellan Project and certain other exploration properties in Australia, and (ii) areas covered by prospecting licences held by the Lisheen Joint Venture along the Rathdowney Trend in Ireland on which the Lisheen Mine is located. Exploration activity was at a very low level during 2002 as a result of very weak metal prices. In 2002, aggregate exploration expenditures by Ivernia West were \$47,000. Ivernia West conducted no exploration activity in Australia during 2002 other than in respect of the Magellan Project and surrounding area. During 2002, exploration activities in Ireland were curtailed and all activity by Ivernia West in the USA was abandoned.

Employees

As at June 30, 2003, 4 employees were working full time at the Magellan Project and approximately 280 persons directly employed by the Lisheen Joint Venture at the Lisheen Mine. In addition, as at such date, Ivernia West employed a total of 6 persons in its Limerick and Toronto corporate offices.

Marketing and Sales

The Lisheen Joint Venture participants have agreed a joint strategy for the marketing and sale by Lisheen Milling of all concentrates. Killoran Concentrates Limited, a company incorporated in Ireland and in which Ivernia Finance and Anglo Finance each has a 50% interest, has been established to market and sell concentrates produced by Lisheen Milling.

Lisheen Milling is currently party to concentrate sales agreements which provide for the sale of an aggregate amount of zinc and lead concentrates representing over 90% of the estimated annual production by the Lisheen Mine through to December 31, 2003. The prices payable under the existing concentrate sales agreements are generally based on the daily London Metal Exchange ("LME") settlement quotation for special high grade zinc and for lead, less refining charges and any applicable penalties. Lisheen Milling's net revenues from sales of concentrates to arm's length purchasers were \$64 million in 2002.

Regulatory Matters

Australia

Mining Regulation

Mining in Australia is regulated by the *Mining Act 1978* (the "Mining Act"). There are various mining tenements available under the Mining Act, including exploration licences, mining leases and miscellaneous licences. All mining tenements issued under the Mining Act are subject to conditions and/or endorsements. The Mining Act and regulations made thereunder automatically apply certain other covenants and conditions to mining tenements, depending on the type of tenement held. Breach of any of the terms and conditions in respect of a particular tenement renders the tenement liable to forfeiture, either at the instigation of the applicable government department or as a result of an application for forfeiture by a third party. The terms and conditions that apply to the Magellan

tenements are considered to be of a standard nature and include obligations to protect the environment and the rights of other land users.

Exploration licences and mining leases are subject to a prescribed minimum annual expenditure commitment. This requirement applies to granted tenements only and the labour cost of the tenement holders' own work on the tenement may be treated as expenditure. If a licensee/lessee cannot fulfil the expenditure obligations, it may apply for exemption from all or part of the commitment. To date all expenditure requirements on the Magellan Properties have been met or appropriate exemptions have been obtained to keep the tenements in good standing with the relevant regulatory authorities. The term of an exploration licence is five years, which may be extended by the Minister of Mines in certain circumstances. At the end of both the third and fourth year of its term, the licensee is required to surrender 50% of lands covered by the licence. The exploration licenses on the Renison Properties have previously been extended and are scheduled to expire in 2004. Partial surrender of the lands under license has already taken place.

Magellan Metals must pay to the Western Australian Government rental and prescribed royalties in respect of the Magellan Properties and adjacent properties. The annual rent is approximately A\$30,000, while the current prescribed rate of royalty for lead metal is 2.5% of realized value.

Environmental and Safety Regulations

Operators of mines are obliged to comply with Australian mining safety laws. In addition, Australian national standards and codes of practice control the use of inorganic lead. A Consultative Environmental Review (CER) and the Application for Work Approval prepared in connection with the Magellan Project have incorporated such safety laws, national standards and codes of practice as part of the proposed standards for carrying out work on the project.

Native Title

The Native Title Act 1993 (the "Native Title Act") gives native title claimants a right to negotiate with applicants before the granting of a tenement and provides for the entering into of agreements between native title claimants, the tenement holder and applicable governmental bodies.

A land use agreement was signed between Magellan Metals, Renison and certain native title claimants on December 16, 1998 which covers the Renison Leases (the "Land Use Agreement") and a heritage agreement was signed between Magellan Metals, Renison and certain other native title claimants on September 25, 1998 which also covers the Renison Leases (the "Heritage Agreement"). Following the entering into of these agreements, the Renison Leases were granted on May 5, 1999.

Under the Land Use Agreement, Magellan Metals must pay compensation to native title claimants. The compensation payable under the Land Use Agreement equals 10% of the annual rental payable to the Western Australian Government under the Renison Leases and any other tenement granted under the Mining Act which is at least partly within the claimed area. The compensation payable under the Land Use Agreement changes upon commencement of mining operations to A\$0.08 per tonne of ore removed for treatment and processing to extract minerals. The Heritage Agreement provides for similar rates of compensation payable to the applicable native title claimants under such agreement.

The Native Title Act imposes an obligation to pay compensation to persons found to be native title holders in the future, notwithstanding the entering into of land use agreements or heritage agreements. However, any such future claims will not affect the validity of tenements granted in accordance with the procedures established under the Native Title Act.

Certain of the Magellan Properties are affected by a further registered native title claim under the Native Title Act. Accordingly, it is possible that additional native title compensation could be payable pursuant to the Mining Act.

Ireland

Mining Regulation

Ownership of, prospecting for and mining of minerals in Ireland is regulated by a range of statutory and constitutional provisions including the *Irish Constitution*, the *Land Acts* and the *Minerals Development Acts 1940 to 1999* (the "Minerals Development Acts"). Generally, minerals in Ireland are owned by the State but in some instances are in private ownership.

Prospecting licences are granted by the Minister for the Marine and Natural Resources pursuant to the Minerals Development Acts with such conditions attached as are deemed appropriate. The initial term of a prospecting licence tends to be two years, however, the term of a prospecting licence may be extended by the Minister. Prospecting licences can be assigned or transferred only with the consent of the Minister. A prospecting licence must be obtained prior to commencement of exploration for minerals, although an owner of land may prospect for minerals on his own land. A prospecting licence does not entitle the licensee to enter on land and, accordingly, rights of access must be negotiated by the licensee with the individual land owner.

A mining lease or a mining licence is necessary in order to extract minerals. It is usual for a prospecting licensee to obtain an undertaking from the State that if prospecting is successful and the terms of the prospecting licence have been observed that a mining lease or a mining licence will be granted in due course. There is no statutory entitlement to such an undertaking. A mining lease is granted where the relevant minerals are State-owned and a mining licence is granted where the minerals are, or may be, privately owned. The terms of a mining lease or mining licence normally include substantial obligations on the lessee/licensee, including obligations to pay "dead rent" and a mining royalty, to provide information to the State, and obligations concerning the operating and working of the minerals and the re-instatement of lands. Mining royalties tend to be payable at progressive rates.

Under the Lisheen Mining Lease, the Lisheen Joint Venture is currently required to pay to the Minister for the Marine and Natural Resources "dead rent" of € 365,000 (\$383,000) annually until the minerals are worked out, and thereafter € 23,000 (\$24,000) per annum to the end of the lease. The mining royalties payable under the Lisheen Mining Lease are 1.75% of revenues per annum (net of smelter, refining and transportation costs and excise duties) for the first three years of production, 3% per annum for the fourth and fifth years of production and 4.50% per annum for the sixth year of production and every subsequent year thereafter until the minerals are worked out. The dead rent paid is offset against the mining royalties payable in the same period.

The grant of a mining lease or licence does not confer on the lessee or licensee a right to enter on any lands for the purpose of the work nor does it relieve the holder from compliance with planning and environmental laws.

Environmental and Planning

The *Local Government (Planning and Development) Acts 1963 to 1992* govern all aspects of development, both over and under land in Ireland. Applications for approval of a proposed development are required to be made to the Planning Authority for the area in which development is to take place. The Planning Authority may grant a planning permission with such conditions as it deems appropriate, or refuse the application. Interested third parties are entitled to object to any planning application. There is an appeals procedure in respect of any decisions of the Planning Authority, which is available to the applicant as well as to any interested third parties. Planning permission was granted in respect of the Lisheen Mine in 1997 (the "Lisheen Planning Permission") and in respect of the port facilities in Cork in 1998.

The *Environmental Agency Act 1992* obliges companies or persons engaged in mining activities to obtain an integrated pollution control licence ("IPCL"), except in certain exceptional circumstances. An IPCL generally provides for the nature and level of emissions permissible and the periods during which they may be made and usually also contains financial conditions. An IPCL is reviewed every three years or sooner if there has been any material change in the nature or extent of the emissions. Control is exercised by local authorities, which maintain a register of applicable licences and conditions, that is available for public inspection.

An IPCL has been issued in connection with the Lisheen Mine (the "Lisheen IPCL") by the Environmental Protection Agency. As part of the process of obtaining the Lisheen IPCL, an environmental impact study was

prepared for the Lisheen Mine (the "Lisheen EIS"). Both the Lisheen EIS and the Lisheen IPCL include a closure plan which extends beyond the anticipated life of the Lisheen Mine to ensure that the mine and associated facilities will be appropriately rehabilitated. Under the closure plan, the mill, related facilities and the TMF will also be rehabilitated. Each of Ivernia West and Anglo has provided a bond to cover costs associated with the implementation of the closure plan, as required by the local planning authorities and the Minister for the Marine and Natural Resources as a condition for the granting of planning permission and/or the Lisheen Mining Lease. In addition, compensation bonds have been provided by such parties under the Lisheen Mining Lease and under the Lisheen IPCL to cover environmental monitoring requirements subsequent to mine closure and, as required, under the terms of agreements providing for electricity supply and mine dewatering.

Monitoring and control of air, noise, vibration, soil/vegetation and water are conducted by a dedicated environmental health and safety department situated on the Lisheen Mine site to ensure compliance with the terms and conditions of the Lisheen IPCL and the Lisheen Planning Permission.

The Lisheen Mine facilities have been constructed on a greenfield site with no existing environmental liabilities. The Company believes that the Lisheen Mine is in material compliance with its environmental obligations, including obligations under the Lisheen IPCL and the Lisheen Planning Permission.

Health and Safety

Operators of mines in Ireland are required to comply with obligations imposed by all safety and health regulations and, in particular, with obligations imposed by the *Safety Health and Welfare at Work (Extractive Industries) Regulations 1997*. These regulations specify different requirements in respect of underground and surface extractive industries. The Company believes that the Lisheen Mine is in material compliance with statutory health and safety obligations.

Mining Taxation

The Company's subsidiaries incorporated in Ireland are subject to taxation under Irish law. Historically, Irish tax legislation has contained provisions dealing specifically with the mining industry and, although normal tax principles have applied, mining activities have been entitled to enhanced tax allowances for capital expenditure.

Companies involved in the mining industry sector are entitled to the usual corporation tax deductions and allowances and, in addition, are entitled to the following:

- 100% allowances for capital expenditure on exploration and mine development, including exploration expenditure incurred before the commencement of trade;
- an investment allowance of 20% on exploration expenditure and expenditure on plant and machinery;
- a tax deduction for the cost of acquisition of a deposit or mineral asset over the life of the mine (up to 20 years); and
- allowances for the cost of, or profits set aside for the purposes of, the rehabilitation of a mine.

Profits from the exploitation of minerals are subject to tax at a 25% corporation tax rate.

Lead and Zinc Markets

Overview

Lead and zinc metal concentrates are internationally traded commodities. Historically, the prices of lead and zinc metals and their concentrates have been volatile, affected by international economic and political conditions, levels of supply and demand, availability and cost of metal substitutes, LME, producer and other inventory levels, inventory carrying costs and international exchange rates.

Lead Production and Consumption

Lead is used primarily in the manufacturing of automotive batteries as well as in a number of industrial and chemical products. Secondary recoveries are an important source of lead.

During 2002, world lead metal production decreased slightly over 2001. However, the world consumption was steady resulting in a market that was essentially in balance. These factors resulted in an average lead price in 2002 that was at similar levels to 2001 and 2000.

Until signs of an increase in global economic growth and industrial production are evident, it is not expected that the consumption of lead will increase substantially. However, the supply of lead has also remained essentially flat.

Zinc Production and Consumption

The major use of zinc is in galvanizing steel to prevent corrosion. Galvanized steel is used extensively in the automobile and construction industries. Other applications of zinc include its use in brass and the production of diecasting alloys used in the precision manufacturing industry.

In 2002, world zinc production increased marginally over 2001. These supply increases, coupled with a marginal decrease in Western World consumption, resulted in maintaining the high world zinc metal inventories in 2002. These factors led to zinc prices maintaining the low levels in real US dollar terms suffered since the second half of 2001.

Based on published industry statistics, the Company believes that, now that it has reached design production levels, the Lisheen Mine will be a competitive producer of zinc concentrates.

Historical Prices for Lead and Zinc Metals

The following table sets forth the average lead and zinc prices for the periods indicated:

	<u>Lead (1)</u> (¢ /lb)	<u>Zinc (2)</u> (¢ /lb)
1998	24	46
1999	23	49
2000	21	51
2001	22	40
2002	21	35

(1) Average daily LME settlement price for lead for the period indicated.

(2) Average daily LME settlement price for special high-grade zinc for the period indicated.

Risk Factors

The business of Ivernia West is subject to a variety of risks including those described below. Ivernia West is also subject to the risks and uncertainties described in Management's Discussion and Analysis of Financial Condition and Results of Operations relating to the Company's audited consolidated financial statements for the year ended December 31, 2002, as filed with Canadian securities regulators.

Mining Risks

The mining operations of Ivernia West are subject to risks normally encountered in the mining business. Such risks include environmental hazards, industrial accidents, labour disputes, unusual or unexpected geological formations or pressures, rock bursts, cave-ins, flooding and periodic interruptions due to inclement or hazardous weather conditions. Such risks could result in damage to or destruction of mineral properties or production facilities, personal injury, environmental damage, delays in mining, monetary losses and possible legal liability.

Insurance

Although Ivernia West maintains insurance within ranges of coverage consistent with industry practice, no assurance can be given that such insurance will continue to be available at economically feasible premiums. To the extent that Ivernia West is subject to certain environmental or other liabilities for which it is not insured, the payment of such liabilities would reduce the funds available to Ivernia West. If Ivernia West is unable to fund fully the cost of remedying an environmental problem, Ivernia West might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy.

Nature of Mineral Exploration and Development

The exploration for and development of mineral properties includes significant financial risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore deposit may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. It is impossible to ensure that the current exploration and development programs of Ivernia West will result in profitable commercial mining operations.

Whether a mineral deposit such as the Magellan Project will be commercially viable depends on a number of factors, including the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices which are highly cyclical and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but a combination of these factors may result in Ivernia West not receiving an adequate return on invested capital.

Metal Price Volatility

All of Ivernia West's future operating revenues will be derived from the sale of lead concentrates and lead metal, and accordingly, the Company's earnings will be directly related to the price of lead. Lead prices have fluctuated, and are affected by numerous factors beyond Ivernia West's control. The effects of these factors are impossible for Ivernia West to predict. If the market price for lead falls below Ivernia West's total cash costs and remain at such levels for a sustained period, Ivernia West may, if it is not appropriately hedged, incur losses and may determine to discontinue mining operations. Currently, no lead price hedges have been put in place.

Joint Venture Arrangements Generally

Substantially all of Ivernia West's interests in mining, development and exploration projects are held through joint ventures with other entities. Any failure on the part of such other entities to meet their obligations to Ivernia West or to third parties could have a material adverse effect on such projects. In addition, Ivernia West may be unable to exert influence over certain strategic decisions and/or fundamental changes made in respect of certain projects.

Magellan Project

The 60% interest in the Magellan Project currently held by IAHL and Polymetals is subject to further dilution in the event that the outstanding Magellan Notes are converted by Sentient into additional shares of Magellan Metals. Of the \$0.5 million aggregate principal amount of Magellan Notes outstanding, \$0.4 million are convertible at Sentient's option into an additional 9% of the shares of Magellan Metals, with the result that Ivernia West's interest in the Magellan Project would be decreased to 51%.

Upon the occurrence of certain events of default under the Magellan Transaction agreements, the final US\$0.1 million of Magellan Notes will become convertible into a further 2% of the shares of Magellan Metals, upon which conversion Ivernia West would hold only a 49% non-controlling interest in the Magellan Project. These events of default would also entitle Sentient to exercise its security, which includes equitable mortgages over its shares of IAHL and Polymetals. Among the events of default that would result in these consequences are the Company's inability to arrange, by January 31, 2004, project financing for Magellan Metals from a financial institution in the amount of US\$20 million, plus an additional US\$5 million as a cost overrun facility. Ivernia West's failure to arrange this project financing by such date could have a material adverse effect on the Company.

Lisheen Joint Venture

Pursuant to the Lisheen Joint Venture Agreements, each of Ivernia West and Anglo is responsible for funding its pro rata share of all approved capital expenditure and operating budgets. Failure to provide such funding may result in dilution and certain other penalties which would adversely affect Ivernia West's current right to influence the management of the Lisheen Mine. Ivernia West currently expects that, pending the completion of the Lisheen Sale, its 50% share of any funding requirements in relation to the Lisheen Mine in 2003 which are not funded by project cash flow will be funded by Anglo. Under the terms of a funding agreement entered into with Anglo in November 2000, as amended (the "Anglo Funding Agreement"), Anglo agreed that it would make such contributions on Ivernia West's behalf until further notice. However, if Anglo delivers such notice and Ivernia West cannot make such contributions itself, the Company's Lisheen Joint Venture subsidiaries may be subject to dilution and other applicable penalties under the Lisheen Joint Venture Agreements.

In February 2003, Anglo effectively became the lender under the Project Loan and the holder of the related security since, at such time, the Project Lenders transferred all of the outstanding debt under both the Ivernia West and Anglo project loan facilities to a single financial institution, and a subsidiary of Anglo entered into a sub-participation agreement with such financial institution. As a result of the non-payment of principal and interest in the aggregate of \$8.0 million on the Project Loan in December 2002, the Project Loan is in default and the lender has the right to exercise its security. However, as a result of the termination of IWL's guarantee obligations under the Completion Agreement in September 2002, this security is limited to security over Ivernia Lisheen Holdings Limited and its subsidiaries.

While Ivernia West maintains its interest in the Lisheen Mine and the Project Loan is outstanding, the Project Loan Agreement imposes certain restrictions on the ability of Ivernia West to obtain additional debt financing.

Mineral Resources and Ore Reserves

The mineral resources and ore reserves presented in this AIF relating to the Magellan Project and the Lisheen Mine represent estimates made by the Company and the Lisheen Joint Venture, respectively. No assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated levels of metal recovery will be realized. Metal price fluctuations, as well as increased production costs or reduced recovery rates, may render ore reserves containing relatively lower grades uneconomic and may ultimately result in a restatement of such ore reserves. Moreover, short-term operating factors relating to ore reserves, such as the need for sequential development of ore bodies and the processing of new or different ore types or grades, may cause a mining operation to be unprofitable in any particular accounting period.

Exchange Rates

Substantially all of the revenues and debt of the Magellan Project, the Lisheen Joint Venture and Ivernia West are (or are expected to be) denominated in US dollars, whereas a significant portion of the operating costs relating to operations in Australia and Ireland are denominated in Australian dollars and Euros, respectively. Fluctuations in the Australian /US dollar exchange rate and the Euro/US dollar exchange rate may significantly impact the earnings and cash flows of the Magellan Project, the Lisheen Joint Venture and Ivernia West.

Limited Sources of Cash Flow

No lead production or revenue is expected from the Magellan Project prior to 2005. No future operating cash flow is expected to be realized by the Company from the Lisheen Mine. The Company accordingly has no internal sources of cash flow and is wholly dependent on its existing cash resources and cash generated from outside sources, including funding arrangements. There can be no assurance that the Company will be able to raise additional cash in a financing on economically attractive terms.

If Ivernia West is unable to fund its share of contributions to the Magellan Project, Sentient is obligated under the Cash Flow Note to make such contributions on its behalf. In addition, Ivernia West currently anticipates that its share of funding contributions for the Lisheen Mine will be funded by Anglo under the terms of the Anglo Funding Agreement until the closing of the Lisheen Sale. Upon completion of the Lisheen Sale, it is anticipated that the Company's ongoing cash requirements at the parent company level will be limited to corporate general and administration costs. The Company expects to implement a cost management program to conserve its limited cash resources at the parent company level until the Magellan Project begins to generate revenue. This program will involve, among other things, the termination of certain of the Company's Irish employees, which will result in the Company incurring severance costs. The liquidity position of the Company could be adversely affected if unforeseen events result in the utilization of significant cash resources of the Company.

To date, no definitive supply agreements have been executed with potential purchasers of production from the Magellan Project. Revenues from the Magellan Project will be dependent on these agreements being finalised and the terms of such agreements.

Government Regulation

Ivernia West's activities are subject to extensive laws and regulations controlling not only the mining of and exploration for mineral properties, but also the possible effects of such activities upon the environment and upon interests of native and/or indigenous peoples. Permits from a variety of regulatory authorities are required for many aspects of mine operation and reclamation. Future legislation and regulations could cause additional expense, capital expenditures, restrictions and delays in the development of Ivernia West's properties, the extent of which cannot be predicted. In the context of environmental permitting, including the approval of reclamation plans, Ivernia West must comply with known standards, existing laws and regulations which may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. While it is possible that the costs and delays associated with compliance with such laws, regulations and permits could become such that Ivernia West will not proceed with the development or operation of a mine, Ivernia West is not aware of any material environmental constraint affecting its existing mining or development properties that would preclude the economic development or operation of any specific mine or property.

Certain Environmental Risks

All phases of Ivernia West's operations, particularly its mining and processing operations, are subject to extensive government regulations relating to the protection of the environment, including those relating to air and water quality, solid and hazardous waste handling and disposal and mine reclamation and closure. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments on proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect Ivernia West's operations.

Forward-Looking Statements

The forward-looking statements made in this AIF are based on assumptions and judgements of management regarding future events and results. These assumptions and judgements may prove to be inaccurate as a result of a number of factors, many of which are beyond the control of Ivernia West, and Ivernia West's actual results may differ materially from the results contemplated in such forward-looking statements. The principal factors that may negatively impact the accuracy of these statements are discussed above.

Determination of Mineral Resources and Ore Reserves

The estimates of measured, indicated and inferred mineral resources and proved and probable ore reserves in relation to the Magellan Project (including the Cano Deposit) and the Lisheen Mine set out in this AIF have been prepared externally by Micromine and Snowden and internally by the Lisheen Joint Venture, respectively, with assistance from numerous external sources. All such estimates are based upon technical reports or other information prepared by or under the supervision of one or more "qualified persons", as such term is defined in National Instrument 43-101 published by the Canadian Securities Administrators ("NI 43-101").

Ivernia West's mineral resources and ore reserves are reported in accordance with the 1999 update of the JORC Code. The qualified persons named in this AIF in respect of Magellan Project (including the Cano Deposit) and the Lisheen Mine are of the view that the estimates of measured, indicated and inferred mineral resources and proved and probable ore reserves set out in this AIF would not be materially different if they were reported in accordance with definitions adopted by the Canadian Institute of Mining, Metallurgy and Petroleum on August 20, 2000.

Although the Company believes that the estimates of mineral resources and ore reserves set out in this AIF have been carefully prepared and that the methods of estimating these are reliable, no assurance can be given that the stated mineral resources and ore reserves are present in the quantities stated, or that metals will be produced in the quantities expected. Only ore reserves have demonstrated technical and economic viability. Mineral resources, ore reserves and metal production will be affected by a number of factors including the following:

- unforeseen geological variations which may render portions of the estimated ore reserves unmineable;
- metal price fluctuations may render ore reserves containing relatively lower grades uneconomic;
- changes to the relevant life-of-mine plan, including the mining method;
- short-term operating factors such as the need to develop ore bodies in an orderly manner or the processing of different grades;
- changes in laws and regulations relating to mining activities, including environmental laws and regulations, may render certain ore reserves uneconomic; and
- political and other factors.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following table sets out selected consolidated financial information for the Company for its three most recently completed fiscal years. The following selected financial information should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2002, including the notes thereto and the auditors' report thereon, as filed with Canadian securities regulators.

	12 months ended December 31,		
	2002	2001	2000
	<small>(thousands of US dollars, except per share data)</small>		
Total net revenues	Nil	\$12,981	Nil
Net income (loss)	(\$22,747)	(\$15,454)	(\$30,682)
Cash and cash equivalents	\$191	\$630	\$10,096
Total assets	\$85,173	\$110,373	\$157,762
Working capital	(\$24,742)	(\$13,640)	(\$9,418)
Long term debt	\$53,631	\$68,884	\$89,117
Shareholders' equity	\$6,492	\$26,802	\$42,256
Per Share Data: (1)			
Net income (loss):			
Basic	(\$0.16)	(\$0.13)	(\$0.28)
Fully diluted	(\$0.16)	(\$0.13)	(\$0.27)

(1) Per share data was calculated on the basis of the weighted average shares outstanding (basic and fully diluted) for the relevant fiscal year.

DIVIDEND POLICY

The Company did not pay dividends on the Common Shares during its last three completed financial years, and does not intend to pay dividends on the Common Shares during fiscal 2003. Any decision to pay dividends on the Common Shares after December 31, 2003 will be made by the board of directors of the Company on the basis of cash flow, earnings, financial position and financing requirements of the Company and other relevant factors.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company's audited consolidated financial statements for the year ended December 31, 2002, and Management's Discussion and Analysis of Financial Condition and Results of Operations relating to such period, each as filed with Canadian securities regulators, are incorporated herein by reference. These documents can be found under the Company's profile at www.sedar.com.

MARKET FOR SECURITIES

The Company's common shares are listed and posted for trading on the Toronto Stock Exchange under the symbol "IVW".

DIRECTORS AND OFFICERS

Set out below are the names, places of residence, offices within the Company and principal occupations of the directors and executive officers of the Company, together with their periods of service as directors, if applicable. Each director holds office until the next annual meeting of shareholders of the Company or until his successor is appointed.

Name and Municipality of Residence	Office	Principal Occupation	Director Since
J. Trevor Eyton Toronto, Ontario	Chairman and Director (1)(2)(3)	Member of the Senate of Canada and Company Director	2000(4)
David Hough County Clare, Ireland	Director and President and Chief Executive Officer	Officer of the Company	1988(4)
David Armstrong Toronto, Ontario	Director (1)(2)(3)	Partner, McCarthy Tétrault LLP (Law firm)	2000
Walter Murray Toronto, Ontario	Director (1)(2)(3)	Vice-Chairman, RBC Capital Markets Inc. (Investment banking firm)	2000
Kenneth Sangster Bristol, England	Vice-President and Chief Operating Officer	Officer of the Company	-
Alan De'ath Oakville, Ontario	Vice-President, Chief Financial Officer and Secretary	Officer of the Company	-

- (1) Member of the Audit Committee.
(2) Member of the Compensation Committee.
(3) Member of the Corporate Governance Committee.
(4) Includes time served as a director of IWL prior to the Reorganization.

During the past five years each of the foregoing directors and executive officers has been engaged in the principal occupation shown opposite his name or in another position with the same or an affiliated company, except as follows: Kenneth Sangster was the Senior Vice-President of TVX Gold Inc., a Canadian mining company, prior to March 1999. He was appointed technical director of IWL in May 1999; Alan De'ath was Chief Financial Officer of TVX Gold Inc. prior to August 1999. He acted as a consultant to IWL from October 1999 to January 2000, when he was appointed an executive director of IWL; Walter Murray served as Senior Vice-President of the Royal Bank of Canada, a Canadian chartered bank, prior to February 2000, when he assumed his current position with RBC Capital Markets Inc.

To the best knowledge of the Company, an aggregate of 1,087,601 Common Shares are beneficially owned, directly or indirectly, by the directors and executive officers of the Company as a group, representing approximately 0.8% of the total issued and outstanding Common Shares.

As a result of a delay in filing its 2002 audited annual consolidated financial statements and certain other disclosure documents within the periods required by Canadian securities regulators, each of the Company's directors and officers voluntarily consented to the issuance by the Ontario Securities Commission on May 22, 2003 of a "management and insider cease trade order". The order prohibited trading by them and certain other insiders in securities of the Company until the Company completed all its required disclosure filings. The delay in filing this disclosure was due to the Company's negotiations with Sentient concerning the Magellan Transaction, the failure of which would have impacted the presentation of the Company's financial statements. As of the date of this AIF, the Company is proceeding to finalize and file all outstanding disclosure documents with a view to having the order revoked.

ADDITIONAL INFORMATION

The Company's Management Information Circular dated April 26, 2002 contains additional information concerning the Company, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities and interests of insiders in material transactions. Additional financial information is provided in the Company's audited consolidated financial statements for the year ended December 31, 2002.

Upon request made to the Secretary of the Company at 44 Victoria Street, Suite 400, Toronto, Ontario, Canada M5C 1Y2, the Company will provide any person with a copy of:

- (a) this AIF, together with the pertinent pages of any document incorporated by reference herein;
- (b) the Company's audited consolidated financial statements for the year ended December 31, 2002, and the most recent unaudited interim consolidated financial statements filed by the Company subsequent to December 31, 2002;
- (c) the Company's Management Information Circular for its most recent annual meeting of shareholders involving the election of directors; and
- (d) if the Company becomes qualified to file a short form prospectus for the distribution of any of its securities, any other documents that are incorporated by reference into a preliminary short form prospectus or a short form prospectus filed in respect of a distribution of securities of the Company.

A copy of any of these documents may be obtained without charge at any time when any securities of the Company are in the course of a distribution pursuant to a preliminary short form prospectus or a short form prospectus. At any other time, any document referred to in (a), (b) or (c) above may be obtained by security holders of the Company without charge and by any other person upon payment of a reasonable charge.

TECHNICAL GLOSSARY

assay: the result of chemical testing of rock samples to determine the mineral or metal content.

backfilling: the use of tailings and/or waste rock material to fill the void underground created by mining an ore body, to provide structural support.

ball mill: a steel cylinder partly filled with steel balls into which crushed ore is fed; the steel cylinder is rotated, causing the balls to cascade and grind the ore.

blasthole stoping: a method of underground mining involving drilling long blastholes and then blasting the rock in slices which fall to an open space. The broken rock is extracted and the chamber may be supported with backfill material.

breccia: a rock type made up of angular fragments of rock usually held together by mineral cement such as calcium carbonate or silica.

capacity: the design number of units which can be produced in a given time period based on operations with a normal number of shifts and maintenance interruptions.

colloform: mineral texture that is finely-banded and kidney-like in shape.

concentrate: a metal-rich product resulting from a mineral separation process such as flotation, from which most of the waste material in the ore has been separated.

cut-off grade: the lowest grade of mineralization, based on economic factors, which is planned to be mined and processed.

decline: an inclined underground tunnel which provides access from the surface and/or a connection between levels of a mine.

dilution: the waste which is unavoidably included with ore in the mining process.

drift: a horizontal or slightly inclined excavation in rock of various size to allow the passage of personnel, machinery, equipment and ventilation.

drift-and-fill mining: a method of mining involving driving a drift in ore, removing the ore and filling the cavities formed with fill material before recovering further ore.

euohedral: describing mineral grains that exhibit well-developed crystal faces.

exploration: the activity of searching for potentially economic mineralization.

flotation: a process by which some mineral particles are induced to become attached to air bubbles so that the valuable minerals are separated from the worthless waste.

galena: lead, sulphide, the most common ore mineral of lead.

g/t: grams per tonne, used to express the precious metal content of rock or other material.

grade: the amount of valuable metal in ore, expressed as a percentage by weight for zinc, lead and other base metals, and g/t for precious metals.

JORC Code: the Australasian Code for Reporting of Mineral Resources and Ore Reserves published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists and the Minerals Council of Australia.

milling: the process of crushing and grinding rock preparatory to extracting the economically valuable components using a method such as flotation; also used to describe the whole process of crushing, grinding and extraction.

mineralization: rock containing an undetermined amount of minerals or metals.

mineral resource⁽¹⁾: a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted based on specific geological information gathered from detailed and reliable exploration, sampling and testing of outcrops, trenches, pits, workings and drill holes. Mineral resources are sub-divided, in order of decreasing geological confidence, into the following categories:

measured resource: that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. The locations of information points are spaced closely enough to confirm geological and/or grade continuity.

indicated resource: that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. The locations of information points are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

inferred resource: that part of a mineral resource for which tonnage, grade, and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed, but not verified, geological and/or grade continuity.

mtonne: a million tonnes.

ore: a natural occurrence of one or more minerals which, at a specified time and place, may be mined and sold at a profit, or from which some part may be profitably separated.

ore body: an aggregate of ore sufficiently large to be mined economically.

ore reserve⁽¹⁾: the economically mineable portion of a measured or indicated mineral resource. It includes allowances for losses and dilution of materials which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore reserves are sub-divided in order of decreasing confidence into the following categories:

proved reserve: the economically mineable part of a measured mineral resource.

probable reserve : the economical mineable part of an indicated, and in some circumstances measured, mineral resource.

payable: that portion of metal in concentrate for which the producer is paid, usually by a smelter.

reclamation or rehabilitation: the process of restoring an impacted area such as a mine site or tailings facility to an acceptable end use.

room-and-pillar mining: a method of underground mining where the ore is extracted by excavating chambers and tunnels on a regular grid layout which create pillars of ore which provide structural support.

semi-autogenous grinding (SAG): the process of grinding rock to the required size, in which the grinding medium is comprised of coarsely crushed ore and steel balls.

shaft: a vertical excavation in rock for the purpose of (i) providing access to an underground ore body (in which case it is usually equipped with a conveyance for transportation of personnel, equipment and materials) and/or (ii) ventilating the underground workings.

smelting: a pyro-metallurgical operation in which metal in concentrate is separated from impurities by a thermal process.

sphalerite: zinc-iron sulphide, the most common ore mineral of zinc.

tailings: the waste material that remains after the mineral separation process.

(1) The Lisheen Joint Venture's mineral resources and ore reserves are reported in accordance with the 1999 update of the JORC Code.