



Ivernia Inc.
44 Victoria Street, Suite 400
Toronto, Ontario, Canada
M5C 1Y2

Notice of Annual and Special Meeting of Shareholders

Notice is hereby given that the annual and special meeting of shareholders (the "Meeting") of Ivernia Inc. (the "Company") will be held at The Ontario Club, 5th Floor, Commerce Court South, 30 Wellington Street West, Toronto, Ontario, Canada on Thursday, June 16, 2005 at 10:00 a.m. (Toronto time) for the following purposes:

1. to receive and consider the audited consolidated financial statements of the Company for the year ended December 31, 2004 together with the report of the auditors thereon;
2. to elect directors;
3. to appoint auditors and authorize the board of directors of the Company to fix their remuneration;
4. to consider and, if deemed advisable, pass, with or without variation, a resolution in the form set out in Schedule "A" to the management information circular of the Company dated May 12, 2005 (the "Circular") approving an amendment to the Company's 2000 Employee Stock Option Plan increasing the maximum number of Common Shares reserved for issuance thereunder from 5,660,000 to 9,800,000, as more particularly described in the Circular; and
5. to transact such other business as may properly come before the Meeting or any adjournment thereof.

Accompanying this notice are the Circular containing details of the matters to be dealt with at the Meeting, the Company's 2004 Annual Report containing the audited consolidated financial statements of the Company for the year ended December 31, 2004 together with management's discussion and analysis thereon, and a form of proxy.

Shareholders who are unable to attend the Meeting in person are requested to complete and sign the accompanying form of proxy and return it by mail in the enclosed return envelope or by facsimile. Shareholders may also be able to submit a proxy by use of the internet in the manner set out in the form of proxy. To be effective, proxies must be received by the Company's transfer agent, Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario, Canada M5J 2Y1 (or by toll-free facsimile 1 866 249 7775 and, outside North America, facsimile number 1 416 263 9524, or over the internet at www.computershare.com/ca/proxy) prior to 5:00 p.m. (Toronto time) on the last business day prior to the date on which the Meeting or any adjournment thereof is to be held, or may be deposited with the Chairman of the Meeting at any time prior to the commencement of the Meeting or any adjournment thereof.

DATED at Toronto, Ontario, Canada this 12th day of May, 2005.

By Order of the Board of Directors

A handwritten signature in black ink, appearing to read 'A.M. De'ATH', written over a horizontal line.

ALAN M. DE'ATH
President and Chief Executive Officer



IVERNIA INC.
MANAGEMENT INFORMATION CIRCULAR

May 12, 2005

Solicitation of Proxies

This management information circular (the "Circular") is furnished in connection with the solicitation of proxies by the management of Ivernia Inc. (the "Company" and, together with its subsidiaries, "Ivernia") for use at the annual and special meeting of shareholders of the Company (the "Meeting") to be held on Thursday, June 16, 2005 at 10:00 a.m. (Toronto time) at The Ontario Club, 5th Floor, Commerce Court South, 30 Wellington Street West, Toronto, Ontario, Canada and at any adjournment thereof for the purposes set forth in the accompanying notice of meeting.

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

Appointment of Proxyholders

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

To be valid, a proxy returned by mail or by facsimile must be dated and signed by the shareholder or his or her attorney authorized in writing or, if the shareholder is a corporation, by a duly authorized officer or attorney. All proxies must be received by the Company's transfer agent, Computershare Trust Company of Canada ("Computershare"), 100 University Avenue, 9th Floor, Toronto, Ontario, Canada M5J 2Y1 (toll-free facsimile 1 866 249 7775 or, outside North America, facsimile number 1 416 263 9524), prior to 5:00 p.m. (Toronto time) on the last business day prior to the date on which the Meeting or any adjournment thereof is to be held, or may be deposited with the Chairman of the Meeting at any time prior to the commencement of the Meeting or any adjournment thereof. Shareholders may also be able to submit proxies over the internet in the manner set out in the form of proxy.

Non-Registered Holders

Only registered holders of Common Shares ("Registered Holders") or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a person (a "Non-Registered Holder") are registered either (i) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the Common Shares, such as a bank, trust company, securities dealer or broker or a trustee or administrator of a self-administered RRSP, RRIF, RESP or similar plan, or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited) of which the Intermediary is a participant.

There are two kinds of Non-Registered Holders, those who object to their name being made known to the Company (referred to as "objecting beneficial owners" or "OBOs"), and those who do not object to the Company knowing their name (referred to as "non-objecting beneficial owners" or "NOBOs"). In accordance with National Instrument 54-101 of the Canadian Securities Administrators, the Company has opted this year to distribute copies of the notice of meeting, this Circular, the Company's 2004 Annual Report containing the audited consolidated financial statements of the Company for the year ended December 31, 2004 together with management's discussion and analysis thereon and the form of proxy (collectively, the "meeting materials") to NOBOs directly through Computershare. The

meeting materials will continue to be distributed to OBOs through clearing agencies and Intermediaries, who often use a service company to forward meeting materials to Non-Registered Holders.

The meeting materials are being sent to both Registered Holders and Non-Registered Holders of the Common Shares. If you are a Non-Registered Holder, and the Company or its agent has sent these meeting materials directly to you, your name and address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf.

If you are a NOBO, by choosing to send the meeting materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed the responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

Voting by Objecting Beneficial Owners (OBOs) - Intermediaries are required to forward the meeting materials to an OBO unless the OBO has waived his or her right to receive them. Generally, an OBO who has not waived the right to receive meeting materials will receive from his or her Intermediary a voting instruction form which must be completed and signed by the OBO and returned in accordance with the directions of the Intermediary. Should an OBO wish to attend and vote at the Meeting in person or to appoint a third party to represent the OBO at the Meeting, the OBO should write his or her name, or such third party's name, in the space provided for that purpose on the voting instruction form and return it in accordance with the directions of the Intermediary. The Intermediary will send the OBO a form of proxy which has already been signed by the Intermediary (typically by a facsimile stamped signature), which is restricted as to the number of Common Shares beneficially owned by the OBO and which names the OBO or such third party as proxyholder. This form of proxy need not be signed by the OBO. In this case, the OBO should deposit this form of proxy with Computershare in accordance with the instructions set out under "Appointment of Proxyholders" above.

Voting by Non-Objecting Beneficial Owners (NOBOs) - NOBOs can expect to receive with the meeting materials a voting instruction form from Computershare, which should be completed and returned to Computershare in the envelope provided or by following the instructions contained on the voting instruction form. Computershare will tabulate the results of the voting instruction forms received from NOBOs and will provide appropriate instructions at the Meeting with respect to the Common Shares represented by the voting instruction forms they receive. Should a NOBO wish to attend and vote at the Meeting in person or to appoint a third party to represent the NOBO at the Meeting, the NOBO should follow the instructions set out on the voting instruction form provided by Computershare.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. **Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies or Computershare, as the case may be, including those regarding when and where a voting instruction form or form of proxy is to be delivered.**

Revocation of Proxies

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

A Non-Registered Holder who wishes to revoke a voting instruction form, a proxy or a waiver of the right to receive meeting materials should contact his or her Intermediary or Computershare, as the case may be, for instructions.

Voting by Proxy

The Common Shares represented by the accompanying form of proxy will be voted or withheld from voting on any ballot that may be called for at the Meeting in accordance with the shareholder's instructions and, if the shareholder has specified a choice with respect to any matter to be acted on at the Meeting, the shares will be voted accordingly. **In the absence of such instructions, Common Shares represented by such proxies will be voted (i) FOR the election as directors of the Company of the nominees named in this Circular, (ii) FOR the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Company and the authorization of the board of directors of the Company to fix their remuneration, and (iii) FOR the resolution amending the Company's 2000 Employee Stock Option Plan as set out in Schedule "A" to this Circular and more particularly described elsewhere in this Circular.**

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

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

Voting Shares and Principal Holders

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of preference shares issuable in series. On June 30, 2004, the Company completed a five-to-one consolidation of its outstanding Common Shares (the "Consolidation"). As of May 9, 2005, the record date for the Meeting, there were 121,960,710 Common Shares and no preference shares issued and outstanding. All of the outstanding Common Shares are entitled to be voted at the Meeting and, unless otherwise stated herein, each resolution identified in the accompanying notice of meeting will be an ordinary resolution requiring for its approval a majority of the votes cast in respect of the resolution.

Except as described under "Voting by Proxy" above with respect to the election of directors, each holder of Common Shares is entitled to one vote for each Common Share shown as registered in such holder's name on the list of shareholders prepared as of the close of business on May 9, 2005 with respect to all matters to be voted on at the Meeting. However, in the event of any transfer of Common Shares by any such holder after such date, the transferee is entitled to vote those Common Shares if such transferee produces a certificate in his or her name or a properly endorsed share certificate or otherwise establishes that such transferee owns the Common Shares, and requests, not later than ten days before the Meeting, that such transferee's name be included by Computershare in the list of shareholders entitled to vote at the Meeting.

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

| <u>Name</u> | <u>Number of Common Shares</u> | <u>Percentage of Outstanding Common Shares</u> |
|---|--|--|
| Sentient Global Resources Fund I, LP ⁽¹⁾ | 23,500,000 | 19.3% |

(1) 4,218,759 of such Common Shares are held by Sentient Global Resources Trust No. 1, an affiliated entity. Sentient Global Resources Fund I, LP (together with its affiliates, associates and nominees, "Sentient") is a limited partnership formed under the laws of the Cayman Islands.

Exchange Rate Information

Certain financial information relating to the Company contained in this Circular is expressed in United States dollars ("US dollars" or "US\$"). 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 | | |
|--|------------------------------------|-------------|-------------|
| | 2004 | 2003 | 2002 |
| Rate at end of period (C\$/US\$) | 1.2036 | 1.2924 | 1.5796 |
| Average rate for period (C\$/US\$) | 1.3015 | 1.4010 | 1.5703 |

PARTICULARS OF MATTERS TO BE ACTED UPON

Election of Directors

The articles of the Company provide that the board of directors of the Company (the "Board") shall consist of a minimum of two and a maximum of twelve directors, the number of which may be fixed from time to time by a resolution of the Board. The Company currently has five directors. The number of directors proposed to be elected at the Meeting is seven.

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

| <u>Name</u> | <u>Position with Company and Principal Occupation Within the Past Five Years</u> | <u>Period(s) of Service as a Director</u> | <u>Common Shares Beneficially Owned or Subject to Control or Direction</u> |
|---|--|---|--|
| J. Trevor Eyton ⁽¹⁾⁽²⁾⁽³⁾ Ontario, Canada | Chairman of the Company. Member of the Senate of Canada and company director. | 2000 – present | 123,600 |
| Alan De'ath Ontario, Canada | President and Chief Executive Officer of the Company; from June 2000 to July 2003, was a Vice-President of the Company; from October 1999 to June 2000, was initially a consultant to, and later an executive officer of, Ivernia West plc ⁽⁴⁾ . | 2000 – 2002 ⁽⁵⁾ ; 2003 – present | 273,300 |

| | | | |
|---|--|--|--------------------|
| Kenneth Sangster Bristol, England | Executive Vice-Chairman of the Company; from the 2000 Reorganization until September 2004 was Chief Operating Officer of the Company; from May 1999 until the 2000 Reorganization, was technical director of Ivernia West plc. | 2000 – 2002 ⁽⁵⁾ ; 2003 – present | 180,800 |
| Kevin Ross Cornwall, England | Senior Vice-President and Chief Operating Officer of the Company; from February 2001 to August 2004, was Chief Executive Officer of ARCON International Resources plc (mining company); prior to February 2001, was Chief Executive Officer of TVX Hellas, a subsidiary of TVX Gold Inc. (mining company). | – | 25,000 |
| David Armstrong ⁽¹⁾⁽²⁾⁽³⁾ Ontario, Canada | Director of the Company. Partner, McCarthy Tétrault LLP (law firm). | 2000 – present | 15,000 |
| Walter Murray ⁽¹⁾⁽²⁾⁽³⁾ Ontario, Canada | Director of the Company. Retired as Vice-Chairman, Global Banking, RBC Capital Markets Inc. (investment banking firm) in April 2005; prior to February 2000, was Senior Vice-President of the Royal Bank of Canada (Canadian chartered bank). | 2000 – present | 36,000 |
| Peter Cassidy New South Wales, Australia | Proposed director of the Company. Director, The Sentient Group Limited (private equity mining fund). | – | Nil ⁽⁶⁾ |

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Member of the Corporate Governance Committee.

(4) Ivernia West plc, an Irish public company, was the Company's predecessor. On December 15, 2000, pursuant to a scheme of arrangement under Irish law (the "2000 Reorganization"), Ivernia West plc became a wholly owned subsidiary of the Company and the ordinary shares of Ivernia West plc were exchanged on a one-for-one basis for Common Shares of the Company.

(5) Each of Mr. De'ath and Mr. Sangster was a director of the Company from the time of the 2000 Reorganization until their respective resignations in January 2002 in connection with a reduction in the size of the Board.

(6) Mr. Cassidy is a director of Sentient Executive GP 1, Limited, which is the general partner of the general partner of Sentient Global Resources Fund I, LP. Sentient Global Resources Fund I, LP and its affiliated entity Sentient Global Resources Trust No. 1 collectively hold 23,500,000 Common Shares. See "Voting Shares and Principal Holders".

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

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 then 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. These filings were delayed as a result of

then-ongoing negotiations with Sentient concerning the Magellan Joint Venture (as hereinafter defined) and the obtaining of financing for Ivernia, the outcome of which would impact the presentation of the Company's financial statements. Following the entering into of definitive agreements for the Magellan Joint Venture on June 19, 2003, all outstanding disclosure filings were completed and the temporary cease trade order was allowed to lapse on July 23, 2003.

Appointment of Auditors

At the Meeting, it is proposed to re-appoint PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Company to hold office until the next annual meeting of shareholders at a remuneration to be fixed by the Board. PricewaterhouseCoopers LLP and its affiliates and predecessors have been the auditors of the Company and, prior to the 2000 Reorganization, Ivernia West plc, since 1988.

The aggregate fees billed by PricewaterhouseCoopers LLP for audit and audit-related services in relation to the Company during the financial year ended December 31, 2004 were C\$62,500. The aggregate fees billed by PricewaterhouseCoopers LLP for all non-audit services (consisting primarily of tax services) rendered in relation to the Company during the year were C\$14,000. The Audit Committee has determined that the nature of the non-audit services rendered during 2004, and the aggregate fees billed in respect of those services, were consistent with maintaining the auditors' independence.

Amendment of Option Plan

The Board has approved, subject to approval by the Company's shareholders and any necessary regulatory approvals, an amendment to the Company's 2000 Employee Stock Option Plan, as amended (the "Option Plan"). The principal terms of the Option Plan are set out under the heading "Executive Compensation – Stock Options". The amendment to the Option Plan would, upon approval by shareholders, increase the number of Common Shares reserved for issuance thereunder from the current 5,660,000 to 9,800,000 Common Shares. This represents an increase from 4.64% to 8.04% of the number of currently outstanding Common Shares. As stock options for 4,556,000 Common Shares are currently outstanding, stock options for only 1,104,000 Common Shares remain available under the Option Plan.

The Option Plan is designed to advance the interests of the Company by providing directors, officers, employees and consultants with a financial incentive tied to the long-term financial performance of the Company and continued service or employment with the Company. The Board considers that stock options are a critical element of the Company's compensation program given the current stage of development of the Company's business. Stock options help the Company attract and retain talented executives and employees in a competitive global environment and focus management on creating shareholder value.

The Company expects that additional individuals will need to be recruited to its management team in the near future as the Magellan lead mine in Western Australia (the "Magellan Mine") achieves commercial production and other opportunities are presented to the Company. The availability of additional stock options under the Option Plan will assist in attracting qualified candidates and in retaining and motivating the Company's existing management, while conserving cash for the Company's operations and other strategic initiatives. If the Company is not successful in attracting and retaining experienced and talented individuals, its ability to execute strategy, achieve its commercial and financial objectives and maximize shareholder value may be adversely affected.

The number of currently outstanding Common Shares has more than doubled from approximately 59.8 million in July 2004 to approximately 122 million, primarily as a result of the Company's public offering of 29.05 million Common Shares on April 29, 2005 and its issuance of 23.5 million Common Shares to Sentient as part of the consideration for the Company's concurrent acquisition of Sentient's interest in Magellan Metals Pty Ltd. ("Magellan Metals"). As a result of this increase, the number of Common Shares currently reserved for issuance under the Option Plan as a percentage of the outstanding Common Shares is, at 4.64%, significantly below the levels maintained by most other mining companies which the Company consider to be in its peer group. The proposed increase to 8.04% will bring the Company's option availability to a level more consistent with this peer group.

In accordance with the rules of the Toronto Stock Exchange (the “TSX”), the resolution approving the proposed amendment to the Option Plan must be approved by a majority of the votes cast by holders of Common Shares present in person or by proxy at the Meeting.

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

EXECUTIVE COMPENSATION

Compensation of Executive Officers

The following table sets forth the compensation paid by the Company during its three most recently completed financial years to the Chief Executive Officer and any other executive officers of the Company as at December 31, 2004 (collectively, the “Named Executive Officers”).

Summary Compensation Table

| Name and Principal Position | Year | Annual Compensation | | | Long-Term Compensation | All Other Compensation (US\$) ⁽⁴⁾ |
|---|------|------------------------------|--------------|---|--|--|
| | | Salary (US\$) ⁽¹⁾ | Bonus (US\$) | Other Annual Compensation (US\$) ⁽²⁾ | Common Shares Under Options Granted (#) ⁽³⁾ | |
| Alan De’ath, President and Chief Executive Officer | 2004 | 225,000 | 50,000 | – | 500,000 | 39,375 |
| | 2003 | 160,000 | 25,000 | – | 300,000 | 23,333 |
| | 2002 | 146,667 | – | – | 150,000 ⁽⁵⁾ | 4,258 |
| Kenneth Sangster, Executive Vice- Chairman | 2004 | 200,000 | 50,000 | – | 500,000 | 35,000 |
| | 2003 | 138,533 | – | – | 300,000 | 20,531 |
| | 2002 | 109,867 | – | – | 150,000 ⁽⁵⁾ | 4,666 |
| Kevin Ross, Senior Vice- President and Chief Operating Officer ⁽⁶⁾ | 2004 | 66,667 | – | – | 600,000 | 11,667 |
| | 2003 | – | – | – | – | – |
| | 2002 | – | – | – | – | – |

- (1) Amounts in this column represent the cash salary paid to the Named Executive Officers during the 2002, 2003 and 2004 financial years. In addition, each of Mr. De’ath and Mr. Sangster was granted the equivalent of 90,000 post-Consolidation stock options in March 2002 as compensation for agreeing to forego US\$13,332 in cash salary in respect of each of the 2001 and 2002 financial years. All of these options were exercisable immediately upon issuance at an effective post-Consolidation exercise price of C\$0.50 per Common Share (which exercise price was at a premium of approximately 25% to the market price of the Common Shares on the date of grant) and are included in the numbers shown here.
- (2) Unless otherwise stated, the value of perquisites and other personal benefits, securities or property received by the Named Executive Officer in each financial year was less than the lesser of C\$50,000 and 10% of the total annual salary and bonus paid to the Named Executive Officer for the financial year.
- (3) The numbers of Common Shares shown in this column have been adjusted to give effect to the Consolidation.
- (4) Amounts shown in this column represent accrued and paid contributions to pension plans maintained by or for the benefit of the Named Executive Officers.
- (5) During the one year period ended February 28, 2003, each of Mr. De’ath and Mr. Sangster agreed to forego any contributions to their pension plans required under their respective service agreements with the Company (see “Executive Compensation – Employment Contracts”). In consideration, in March 2002 each of Mr. De’ath and Mr. Sangster was granted the equivalent of 60,000 post-Consolidation options under the Option Plan, which are included in the numbers shown here.
- (6) Mr. Ross was appointed to this position effective September 1, 2004.

Stock Options

The following table sets forth certain summary information concerning the Company's Option Plan as at December 31, 2004. The Option Plan is the Company's only equity compensation plan.

| | Number of Common Shares to be Issued Upon Exercise of Outstanding Options | Weighted Average Exercise Price of Outstanding Options (C\$) | Number of Common Shares Remaining for Future Issuance (Excluding Common Shares to be Issued Upon Exercise of Outstanding Options) |
|--|--|---|--|
| 2000 Employee Stock Option Plan ⁽¹⁾ | 4,556,000 | \$1.22 | 1,104,000 |

(1) The Option Plan was approved by the shareholders of Ivernia West plc in connection with the 2000 Reorganization and, since such time, has been amended with the approval of the Company's shareholders.

The Company has adopted the Option Plan in order to advance the interests of the Company by providing directors, officers, employees and consultants with a financial incentive tied to the long-term financial performance of the Company and continued service or employment with the Company.

The Company currently has 5,660,000 Common Shares reserved for issuance pursuant to the Option Plan. Of these, 4,556,000 Common Shares (representing 3.74% of the currently outstanding Common Shares) are issuable upon the exercise of currently outstanding options and 1,104,000 Common Shares (representing 0.91% of the currently outstanding Common Shares) are available for future option grants. The Company proposes to increase the number of Common Shares reserved for the purposes of the Option Plan to 9,800,000 (representing 8.04% of the currently outstanding Common Shares), subject to the approval of shareholders at the Meeting (see "Particulars of Matters to be Acted Upon – Amendment of Option Plan"). The number of shares reserved is subject to adjustment if the Common Shares are subdivided, consolidated, converted or reclassified or the number of Common Shares varies as a result of a stock dividend or an increase or a reduction in the share capital of the Company.

Under the Option Plan, options may be granted to all directors, officers, employees and consultants of the Company. The maximum number of Common Shares that may be reserved for issuance to any one person under the Option Plan is 5% of the number of Common Shares outstanding at the time of reservation. The exercise price for Common Shares subject to an option is determined by the Board at the time of grant and may not be less than the market price of the Common Shares at the time the option is granted. Options are exercisable as to 25% immediately on the date of grant, with an additional 25% becoming exercisable on or after each of the first, second and third anniversaries of the date of grant, subject to the right of the Board to determine at the time of a particular grant that such options will become exercisable on different dates. An option may be for a term of up to ten years and may not be assigned.

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

Options granted under the Option Plan are subject to early termination under certain circumstances, including (i) 12 months after the death of the option holder, (ii) 12 months after the option holder's resignation or dismissal without cause as an employee, (iii) immediately upon the option holder's dismissal for cause as an employee, or (iv) 12 months after the the option holder attains the Company's mandatory retirement age from time to time. In each case, only options exercisable at the time of the event which gave rise to such early termination may be exercised by the option holder during such period.

The Option Plan and the terms of any outstanding option may be amended at any time by the Board subject to any required regulatory or shareholder approvals, provided that where such an amendment would prejudice the rights of an option holder under any outstanding option, the consent of the option holder is required to be obtained. At the Company's annual and special meeting of shareholders held on June 30, 2004, shareholders approved an amendment to the Option Plan to increase the number of Common Shares reserved for purposes of the Option Plan from 2,880,000 to 5,960,000 Common Shares (on a post-Consolidation basis).

The following table sets forth information concerning options granted by the Company to each of the Named Executive Officers during the financial year ended December 31, 2004.

Option Grants During the Financial Year Ended December 31, 2004⁽¹⁾

| Name | Common Shares Under Options Granted (#) | % of Total Options Granted in Financial Year | Exercise or Base Price (C\$/Security) | Market Value of Common Shares Underlying Options on Date of Grant (C\$/Security) | Expiration Date |
|---------------------------------|---|--|---------------------------------------|--|-------------------|
| Alan De'ath ⁽²⁾ | 500,000 | 20.6% | \$1.25 | \$1.25 | March 5, 2009 |
| Kenneth Sangster ⁽²⁾ | 500,000 | 20.6% | \$1.25 | \$1.25 | March 5, 2009 |
| Kevin Ross ⁽³⁾ | 600,000 | 24.7% | \$1.25 | \$0.95 | September 1, 2009 |

(1) The numbers of Common Shares and dollar amounts shown in this table have been adjusted to give effect to the Consolidation.

(2) Mr. De'ath's and Mr. Sangster's options are exercisable as to 25% on or after March 5, 2004, the date of grant, with an additional 25% becoming exercisable on or after each of the first, second and third anniversaries of the date of grant.

(3) Mr. Ross' options are exercisable as to one-third on or after each of September 1, 2005, 2006 and 2007.

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

Aggregated Option Exercises During the Financial Year Ended December 31, 2004 and Financial Year-End Option Values

| Name | Common Shares Acquired on Exercise (#) | Aggregate Value Realized (C\$) | Unexercised Options at December 31, 2004 (#) (Exercisable/Unexercisable) | Value of Unexercised in-the-Money Options at December 31, 2004 (C\$) (Exercisable/Unexercisable) |
|------------------|--|--------------------------------|--|--|
| Alan De'ath | - | - | 605,000/525,000 | \$297,250/\$201,750 |
| Kenneth Sangster | - | - | 625,000/525,000 | \$297,250/\$201,750 |
| Kevin Ross | - | - | Nil/600,000 | Nil/\$102,000 |

Employment Contracts

Alan De'ath has entered into a service agreement with the Company dated November 1, 2000 pursuant to which he is currently President and Chief Executive Officer of the Company. His period of employment will continue until terminated in accordance with the service agreement. Mr. De'ath's current salary is US\$225,000 per annum and the Company is required to make annual contributions of 17.5% of Mr. De'ath's annual base salary to his personal pension plan.

Kenneth Sangster has entered into a service agreement with the Company dated November 1, 2000 pursuant to which he is currently Executive Vice-Chairman of the Company. His period of employment will continue until terminated in accordance with the service agreement. Mr. Sangster's current salary is US\$200,000 per annum and the

Company is required to make annual contributions of 17.5% of his annual base salary to his personal pension plan. By arrangement with the Company, Mr. Sangster may accept outside consulting engagements provided that his entitlement to salary from the Company will then be reduced *pro rata* based on his time actually spent in service to the Company.

Kevin Ross has entered into a service agreement with the Company dated May 20, 2004 pursuant to which he is currently Senior Vice-President and Chief Operating Officer of the Company. His period of employment commenced on September 1, 2004 and will continue until terminated in accordance with the service agreement. Mr. Ross' current salary is US\$200,000 per annum and the Company is required to make annual contributions of 17.5% of Mr. Ross' annual base salary to his personal pension plan. Mr. Ross is also entitled to a relocation allowance of US\$40,000 and reimbursement for certain expenses incurred in connection with his relocation from Ireland to Toronto, Ontario.

The Company has negotiated key employee termination benefits agreements with each of Mr. De'ath, Mr. Sangster and Mr. Ross. The terms of these agreements include provisions for the payment of termination benefits equivalent to twice the executive's contractual annual salary and benefits payable if there is a change of control of the Company and the employment of the executive with the Company is terminated involuntarily.

Report on Executive Compensation

The following is the report of the Compensation Committee of the Board on executive compensation. During the financial year ended December 31, 2004, the Compensation Committee was composed of J. Trevor Eyton (Chairman), Walter Murray and David Armstrong.

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

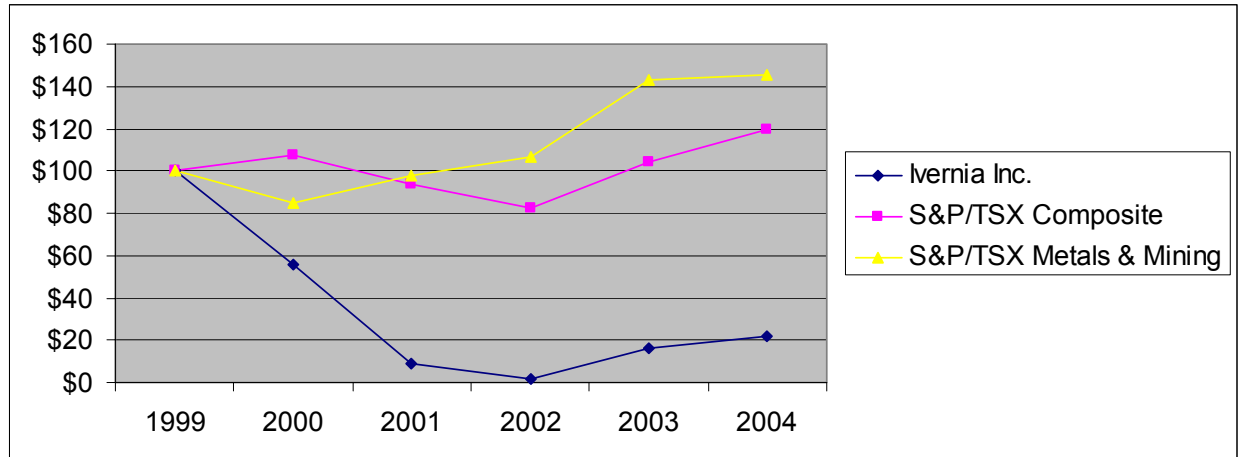
The Company's executive compensation program may include cash salary, cash bonus and participation in the Company's Option Plan. To date, no specific formula has been developed to assign relative weightings to each of these components or to establish any particular relationships between measures of Company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

The base salary of the Company's Chief Executive Officer is targeted at a level consistent with base salaries paid to chief executive officers of comparable Canadian and foreign companies in the base metals mining sector. The Compensation Committee believes that the Chief Executive Officer's compensation is currently below the median level for chief executive officers of such companies. The Chief Executive Officer is entitled to receive a bonus and stock option awards as part of his compensation. In the financial year ended December 31, 2004, Alan De'ath, who holds the offices of President and Chief Executive Officer, received, in addition to his salary, a grant of 500,000 post-Consolidation options and a bonus of US\$50,000 in recognition of his efforts during 2003 in negotiating the agreements for the Magellan Joint Venture and the sale of the Company's interest in the Lisheen zinc/lead mine to Anglo American plc, and also his efforts in arranging financing for the commencement of construction of the Magellan Mine.

Submitted by the members of the Compensation Committee as at May 11, 2005: J. Trevor Eyton (Chairman), Walter Murray and David Armstrong.

Performance Graph

The following graph illustrates, over the past five financial years of the Company, the cumulative shareholder return of an investment in Common Shares of the Company compared to the cumulative return of an investment in the S&P/TSX Composite Index and the S&P/TSX Metals and Mining Index, assuming that C\$100 was invested on December 31, 1999 and, where applicable, reinvestment of dividends.



| | Dec. 31, 1999 | Dec. 31, 2000 | Dec. 31, 2001 | Dec. 31, 2002 | Dec. 31, 2003 | Dec. 31, 2004 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Ivernia Inc. ⁽¹⁾ | \$100 | \$56 | \$9 | \$2 | \$17 | \$22 |
| S&P/TSX Composite | \$100 | \$107 | \$94 | \$82 | \$104 | \$119 |
| S&P/TSX Metals & Mining ⁽²⁾ | \$100 | \$85 | \$98 | \$107 | \$143 | \$146 |

- (1) Share price information relating to the Company for December 31, 1999, being prior to the 2000 Reorganization, is based on the closing price of the ordinary shares of Ivernia West plc on the Exploration Securities Market of the Irish Stock Exchange and has been converted from Euros to Canadian dollars based on the prevailing rate of exchange on such date. The information relating to the Company for December 31, 2000, 2001, 2002, 2003 and 2004 is based on the closing price of the Common Shares on the TSX on those dates. Prices of the Common Shares have been adjusted to give effect to the Consolidation.
- (2) The Company has previously compared its cumulative shareholder return with the cumulative return of an investment in the S&P/TSX Metals and Minerals Index. Such index has been discontinued by the TSX and replaced with the S&P/TSX Metals and Mining Index shown here.

Indebtedness of Directors, Executive Officers and Others

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

Compensation of Directors

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

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

Directors' and Officers' Liability Insurance

The Company has entered into a directors and officers liability insurance policy for the benefit of the directors and officers of the Company and its subsidiaries. The annual limit for all claims under the policy is C\$20 million, subject to a per claim deductible of C\$50,000. The annual premium payable by the Company under the policy is C\$79,125. The Company's current coverage under the policy continues until October 8, 2005.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

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

The Board has considered the guidelines for corporate governance adopted by the TSX and believes that its approach to corporate governance is appropriate and effective for the Company and its shareholders.

Mandate of the Board (TSX Guideline 1)

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

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

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

Composition of the Board (TSX Guidelines 2, 3, 6 & 7)

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

The directors of the Company have determined, on the basis of these definitions, that three of the Board's five current members and four of the seven nominees for election at the Meeting are unrelated within the meaning of the TSX

Guidelines. Each of Alan De'ath, Kenneth Sangster and Kevin Ross is related by virtue of being a member of management. The Company does not have a significant shareholder (as defined above). The Board considers the proposed increase in its size from five to seven directors to be appropriate at this time.

The Board currently has no orientation or education program in place for new directors. The Board considers what orientation or education is appropriate for new directors as and when they are elected or appointed.

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

Committees (TSX Guideline 9)

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

Audit Committee (TSX Guideline 13)

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

Compensation Committee

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

Corporate Governance Committee (TSX Guidelines 4, 5, 8 & 10)

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

and compensation of directors for service on the Board and committees thereof. The current members of the Corporate Governance Committee are J. Trevor Eyton (Chairman), Walter Murray and David Armstrong.

Shareholder Communication

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

Relationship with Management (TSX Guidelines 11, 12 & 14)

The Board's access to information relating to the operations of the Company, through the membership on the Board of the Chief Executive Officer and the Executive Vice-Chairman and, as necessary, the attendance by other members of management at the request of the Board, are key elements to the effective and informed functioning of the Board. The Board expects the Company's management to take the initiative in identifying opportunities and risks affecting the Company's business and finding ways to deal with these opportunities and risks for the benefit of the Company.

The Board believes that appropriate structures and procedures are in place to ensure that the Board can function independently of management, including (i) the appointment of a Chairman who is independent of management and is charged with ensuring that the Board discharges its responsibilities, (ii) periodic meetings of the Board without management present, and (iii) the Corporate Governance Committee whose responsibilities include monitoring the relationship between the Board and senior management.

The Board approves and develops, on an ongoing basis in conjunction with management, the scope of management's responsibilities and the corporate objectives for which management, and the Chief Executive Officer in particular, are responsible for meeting. The Board has not adopted a formal charter or a position description for the Chief Executive Officer.

The Board has adopted no formal procedure for enabling individual directors to engage outside advisers at the expense of the Company. Any such proposed engagement would be considered by the Corporate Governance Committee under its general mandate to develop appropriate systems and procedures to enable the Board to exercise and discharge its responsibilities.

INTERESTS OF INSIDERS IN MATERIAL TRANSACTIONS

On March 25, 2004, the Company completed a private placement of 16 million Common Shares and warrants to purchase an additional 8 million Common Shares for gross proceeds of C\$20 million (the "March 2004 Private Placement"). Of the securities issued in the March 2004 Private Placement, (i) 74,400 Common Shares and warrants to purchase an additional 37,200 Common Shares were issued to Alan De'ath, the President and Chief Executive Officer of the Company, for aggregate proceeds of C\$93,000, (ii) 40,000 Common Shares and warrants to purchase an additional 20,000 Common Shares were issued to Kenneth Sangster, the Executive Vice-Chairman of the Company, for aggregate proceeds of C\$50,000, and (iii) 35,600 Common Shares and warrants to purchase an additional 17,800 Common Shares were issued to other senior officers of the Company and its subsidiaries for aggregate proceeds of C\$44,500. (All references to numbers of Common Shares in the foregoing have been adjusted to give effect to the Consolidation.)

On March 31, 2004, in connection with a restructuring of the funding arrangements under the Company's joint venture with Sentient to develop the Magellan Mine (the "Magellan Joint Venture"), Sentient increased its equity interest in Magellan Metals from 40% to 49%, with Ivernia holding the remaining 51%. Ivernia and Sentient also agreed that all obligations of Ivernia under an interim funding arrangement, pursuant to which Sentient had advanced certain funds to Magellan Metals on Ivernia's behalf to finance the development of the Magellan Mine, was to be repaid by the Company out of the proceeds of the March 2004 Private Placement and such facility was to be terminated with effect from March 31, 2004.

On May 4, 2004, Ivernia and Sentient further amended the Magellan Joint Venture funding arrangements to increase their loan commitments from an aggregate of US\$10 million to US\$33.7 million (inclusive of US\$7.2 million previously funded by them), in proportion to their respective joint venture interests. They also created a contingency facility under which, if Ivernia was for any reason unable to fund its share of commitments to the ongoing funding of the Magellan Mine beyond US\$14.7 million (inclusive of US\$3.7 million previously funded), then at Ivernia's request Sentient would provide up to an additional US\$5 million in loans to Magellan Metals to cover Ivernia's and Sentient's respective portions of the required ongoing funding.

On April 29, 2005, the Company completed a public offering of 29,050,000 Common Shares (the "Offering") at a price of C\$1.55 per Common Share for gross proceeds of C\$45,027,500. Of the Common Shares issued under the Offering, 30,000 were purchased by Alan De'ath, 50,000 by Kenneth Sangster, 10,000 by Kevin Ross, 20,000 by Walter Murray and a further 8,000 by other senior officers of the Company and its subsidiaries.

Also on April 29, 2005, the Company acquired from Sentient all of the outstanding shares (the "RHL Shares") of Resources Holdings Limited ("Resources Holdings"), a company incorporated in the Cayman Islands that at the time of completion held Sentient's 49% interest in Magellan Metals together with certain loans, for consideration consisting of C\$35 million in cash, the issuance to Sentient of 23.5 million Common Shares, and the delivery to Sentient of a promissory note (the "Sentient Note") in the principal amount of C\$20 million (the "Magellan Acquisition"). The Sentient Note bears interest at 8% per annum and has a twelve month term but may be prepaid in whole or in part at any time by the Company without penalty. The Sentient Note (i) is secured by a charge over the RHL Shares, and (ii) is to be further secured by a charge over the benefit of certain loans held by Resources Holdings at the time of completion, which charge is to be granted by the Company's subsidiary Ivernia Australian Holdings Limited ("IAHL") following the assignment to IAHL of all loans made by RHL to Magellan Metals. The aggregate cost to Sentient of its joint venture interest in the Magellan Mine, including the amount of loans made by Sentient to Magellan Metals, was approximately US\$23,442,000.

Pursuant to the terms of the Magellan Acquisition, Sentient is required to reimburse the Company for the underwriters' fee and certain of the Company's expenses in connection with the Offering and the Magellan Acquisition, to a maximum of C\$5 million. In addition, Sentient is required to make payment to the Company for certain other matters related to the transaction totalling approximately C\$0.7 million.

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

Except as otherwise disclosed in this Circular, no person who has been a director or senior officer of the Company since the commencement of the Company's last financial year, nor any proposed nominee for election as a director of the Company, nor any of their respective associates or affiliates, has any material interest, direct or indirect, in any matter to be acted upon at the Meeting.

ADDITIONAL INFORMATION

Additional financial information for the Company is available in the Company's audited consolidated financial statements for the year ended December 31, 2004 and related management's discussion and analysis of financial condition and results of operations, which have been filed with Canadian securities regulators and are available under the Company's profile at www.sedar.com.

Upon request made to the Controller of the Company at 44 Victoria Street, Suite 400, Toronto, Ontario, Canada M5C 1Y2, the Company will provide a shareholder of the Company with a copy of its financial statements and related management's discussion and analysis of financial condition and results of operations.

APPROVAL BY BOARD OF DIRECTORS

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

DATED at Toronto, Ontario, Canada, this 12th day of May, 2005.

By Order of the Board of Directors

A handwritten signature in black ink, appearing to read "A.M. De'ATH", written over a horizontal line. The signature is stylized and somewhat cursive.

ALAN M. DE'ATH
President and Chief Executive Officer

SCHEDULE "A"

AMENDMENT TO 2000 EMPLOYEE STOCK OPTION PLAN

RESOLVED THAT:

1. An amendment to the 2000 Employee Stock Option Plan of the Company, as amended (the "Option Plan"), to increase the maximum number of Common Shares reserved for issuance pursuant to options granted under the Option Plan from 5,660,000 to 9,800,000, is hereby approved, subject to regulatory approval.
2. Any director or officer of the Company is hereby authorized and directed to execute and deliver all documents and instruments and to take such other actions as such director or officer may determine to be necessary or desirable to carry out the intent of the foregoing resolution, such determination to be conclusively evidenced by the execution and delivery of any such documents and instruments and the taking of any such actions.