



**IVERNIA INC.**

**RENEWAL ANNUAL INFORMATION FORM**

**March 30, 2006**

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## PRELIMINARY NOTES

**The information contained in this Annual Information Form (“AIF”) is presented as at March 30, 2006 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 Inc., (ii) “Ivernia” refers to the Company together with its subsidiaries, (iii) “US\$” or “US dollars” refers to United States dollars and (iv) “Common Shares” refers to common shares in the capital of the Company. References in this AIF to “2003”, “2004” or “2005” mean the 12 months ended December 31, 2003, 2004 or 2005, respectively. The Company completed a five-to-one consolidation of its Common Shares on June 30, 2004. References in this AIF to Common Shares issued prior to June 30, 2004 set out the number of Common Shares on both a pre-consolidation and post-consolidation basis.

## 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 Canadian dollars (“C\$”), Euro (“€”) or Australian dollars (“A\$”) and has been converted into US dollars based on prevailing exchange rates if such information relates to prior periods, or otherwise at the rate on December 31, 2005.

The following table sets out the rates of exchange for Canadian dollars and Australian dollars 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 and the noon buying rate for cable transfers by the Federal Reserve Bank of New York, respectively:

	<b>12 months ended December 31,</b>		
	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>Canadian Dollar:</b>			
Rate at end of period (C\$/US\$)	1.1659	1.2036	1.2924
Average rate for period (C\$/US\$)	1.2114	1.3015	1.4010
<b>Australian Dollar:</b>			
Rate at end of period (A\$/US\$)	1.3620	1.2812	1.3298
Average rate for period (A\$/US\$)	1.3112	1.3578	1.5337

## MEASUREMENT EQUIVALENTS

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

<u><b>Imperial Measurement</b></u>	=	<u><b>Metric Equivalent</b></u>	=	<u><b>Metric Measurement</b></u>	=	<u><b>Imperial Equivalent</b></u>
2.4711 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
1.1023 tons (US)	=	1 tonne	=	0.9072 tonnes	=	1 ton (US)
2.2046 pounds	=	1 kilogram	=	0.4536 kilograms	=	1 pound
0.0394 inches	=	1 millimetre	=	25.4 millimetres	=	1 inch

## FORWARD-LOOKING STATEMENTS

This AIF contains 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 targets and estimates for production, capital expenditures, operating costs, mineral resources and ore reserves, recovery rates, grades and prices; business strategies and measures to implement such strategies; competitive strengths; estimated goals, expansion and growth of the business and operations; plans and references to Ivernia’s future successes; and other such matters. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “contemplate”, “target”, “believe”, “plan”, “estimate”, “expect”, and “intend” and statements that an event or result “may”, “will”, “can”, “should”, “could” or “might” occur or be achieved and other similar expressions. These statements are based upon certain assumptions and analyses made by management in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. However, whether actual results and developments will conform with management’s expectations is subject to a number of risks and uncertainties, including factors such as; resources and reserves, metal price volatility, exchange rates, single mineral property, metallurgy, environmental factors, mining risks, insurance, labour and employment regulations, health and safety, and government regulations dependence on key personnel, constraints on cash flow and nature of mineral exploration and development. Additional factors and considerations are discussed herein under “Description of the Business of Ivernia – Doing Business in Australia”, and elsewhere in this AIF and in other documents filed from time to time by the Company with Canadian securities regulatory authorities, 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. These factors may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and there can be no assurance that the actual results or developments anticipated by management will be realized or, even if substantially realized, that they will have the expected results on Ivernia. The reader should not place undue reliance on them. All of the forward-looking statements made in this AIF are qualified by the foregoing cautionary statements. The Company expressly disclaims any obligation to update or revise any such forward-looking statements.

## CORPORATE STRUCTURE

### **Incorporation**

The Company was incorporated as “Ivernia West Inc.” on June 16, 2000 under the *Business Corporations Act* (New Brunswick) (the “NBBCA”). The articles of the Company were amended on October 17, 2000 to provide that if at any time cumulative voting for directors ceases to be required for companies incorporated under the NBBCA, each shareholder entitled to vote for the election of directors will have the right to cast, in respect of the election of directors, only the number of votes attached to the shares of the Company held by such shareholder, instead of, as is currently required, such number of votes multiplied by the number of directors to be elected. The articles of the Company were further amended on June 30, 2004 to change the Company’s name to “Ivernia Inc.” and to consolidate its outstanding Common Shares on the basis of one consolidated Common Share for each five pre-consolidation common shares.

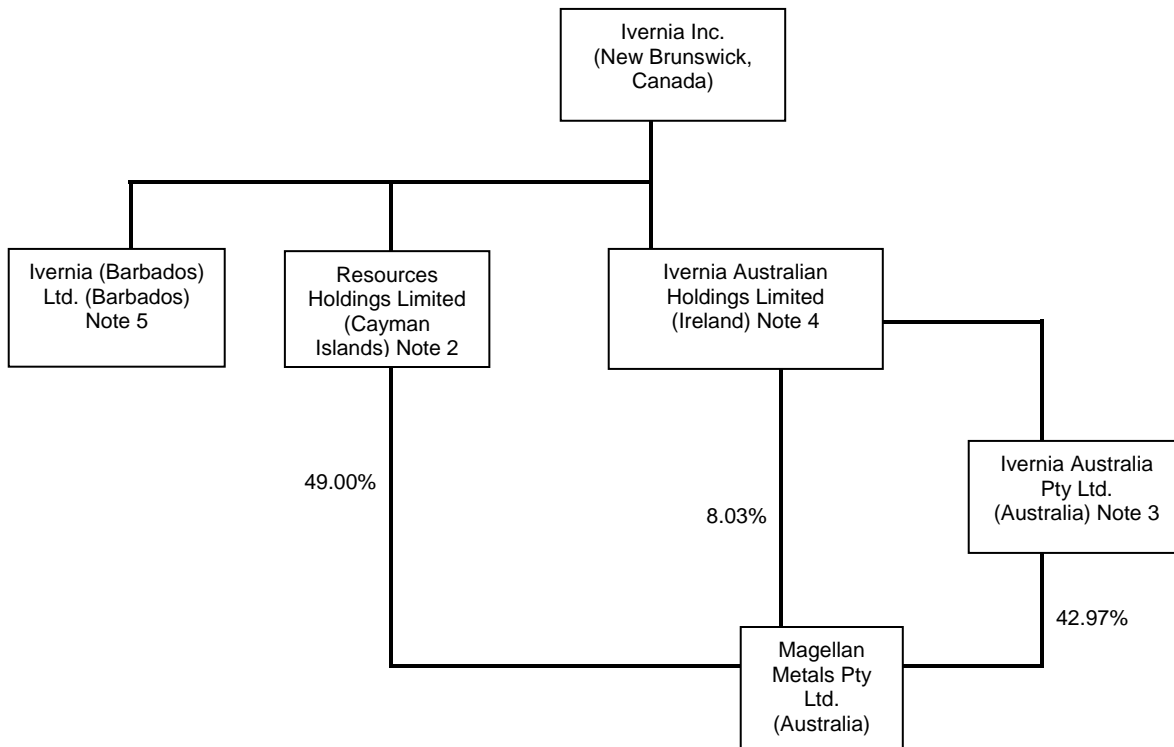
The registered office of the Company is at Brunswick House, 44 Chipman Hill, Saint John, New Brunswick, Canada E2L 4S6. The head office of the Company is at 44 Victoria Street, Suite 300, Toronto, Ontario, Canada M5C 1Y2.

The Company was originally 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 and (iv) the Common Shares were listed on the Toronto

Stock Exchange (the “TSX”). The Company sold all of its interest in Ivernia West plc (subsequently re-registered as a private limited company, Ivernia West Limited) on September 29, 2003.

**Principal Subsidiaries**

The diagram below illustrates the inter-corporate relationships between the Company and its material subsidiaries, their jurisdictions of incorporation and the percentage of voting securities owned directly or indirectly by the Company as at the date of this AIF.



Note 1 - All ownership is 100% unless otherwise indicated.

Note 2 - Ivernia Inc. acquired Resources Holdings Ltd on April 29, 2005 in connection with the acquisition of Sentient Global Resources Fund I, LP’s 49% interest in Magellan Metals Pty Ltd.

Note 3 - Ivernia's ownership in Magellan Metals Pty Ltd is 100% as of April 29, 2005 - following Note 2 above.

Note 4 - Ivernia Australian Holdings Limited has been resident in The Netherlands since June 10, 2004.

Note 5 - Ivernia (Barbados) Ltd. was incorporated on August 23, 2004.

## GENERAL DEVELOPMENT OF THE BUSINESS

### Overview of Ivernia

Ivernia is an international base metals mining and exploration company. Its principal asset is a 100% equity interest in Magellan Metals Pty Ltd. (“Magellan Metals”), which has a 100% interest in the Magellan lead mine (the “Magellan Mine”) in Western Australia. Magellan Metals also holds 100% interests in a number of exploration properties in the vicinity of the Magellan Mine.

Until April 2005, Ivernia was part of a joint venture with Sentient Global Resources Fund I, LP (together with its affiliates, associates and nominees, “Sentient”) to develop the Magellan Mine (the “Magellan Joint Venture”) pursuant to definitive agreements entered into between Ivernia and Sentient on June 19, 2003. The joint venture resulted in 51% of the joint venture partner funding for the Magellan Mine being provided by or on behalf of Ivernia, with 49% being funded by Sentient. On April 29, 2005 Ivernia completed the acquisition of Resources Holdings Limited (“RHL”) a company incorporated in the Cayman Islands, which held Sentient’s 49% interest in Magellan Metals (the “Magellan Acquisition”). The Magellan Acquisition resulted in Ivernia having a 100% interest in the Magellan Mine and Sentient holding a 19.3% interest in the Company. Sentient’s interest in the Company has since been reduced to 17.9% as at March 30, 2006.

Three principal deposits have been identified to date at the Magellan Mine: Magellan, Cano and Pinzon. An inferred resource was also identified at the satellite Drake deposit during 2005. The Magellan Mine has proven and probable reserves to support a mine life of 12 years, based upon the 2004 Technical Report, however the current life-of-mine plan is in the process of being updated. The ore is being mined by open pit methods and concentrate is being produced for sale to third party smelters. Ivernia is studying potential plans to construct a refinery.

The Magellan Mine was constructed during 2004, was commissioned during 2005, and achieved commercial production on October 1, 2005. The Magellan Mine is expected to achieve full targeted production levels in mid 2006. An infill drilling program was completed in 2005 as planned, with a view to upgrading the Magellan and Pinzon inferred resources and the Company published updated measured, indicated and inferred resources on March 6, 2006. The Company continues to work towards releasing an updated reserve estimate and life of mine plan. It is anticipated that the new reserve estimate and life of mine plan will be completed in 2006.

Prior to September 29, 2003, Ivernia’s other principal asset was a 50% interest in a joint venture which owned and operated the Lisheen zinc/lead mine in the Republic of Ireland (the “Lisheen Mine”). On September 29, 2003, the Company sold all of the shares of its subsidiary Ivernia West Limited and certain other subsidiaries holding the Company’s interest in the Lisheen Mine to its joint venture partner, Anglo American plc (“Anglo”).

### Three-Year History

The following is a summary of certain major developments in the business of Ivernia since January 1, 2003.

On June 19, 2003, Ivernia entered into definitive agreements with Sentient to form the Magellan Joint Venture. See “Description of the Business of Ivernia – History and Ownership”. Pursuant to these definitive agreements, among other things, Sentient provided US\$4.60 million in initial 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 first ranking secured loans (the “First Ranking Loans”) and US\$0.50 million in notes (the “Magellan Notes”) which were convertible into shares of Magellan Metals. Prior to entering into these agreements with Sentient, the Company completed a reorganization of its subsidiaries with the result that the Company’s interests in the Magellan Mine were held through Ivernia Australian Holdings Limited (“IAHL”) and its interests in the Lisheen Mine were held separately through Ivernia West Limited.

On July 18, 2003, the Company signed a definitive agreement (the “Lisheen Sale Agreement”) with joint venture partner Anglo American plc for the purchase by Anglo of Ivernia’s 50% participating interest in the Lisheen Mine. At the time the Lisheen Sale Agreement was entered into, Anglo beneficially owned, through its subsidiary Linden Investments Limited, approximately 18.71% of the Common Shares of the Company. Under the Lisheen Sale

Agreement, Anglo agreed to purchase all of the shares of Ivernia West Limited and its other subsidiaries holding Ivernia's interest in the Lisheen Mine for consideration consisting of an aggregate cash purchase price of US\$1.8 million and the assumption by Anglo of all Ivernia's existing debt obligations relating to the Lisheen Mine, including outstanding project loans in the amount of US\$73.19 million. The sale was approved by the Company's shareholders at an annual and special meeting held on August 28, 2003, and was completed on September 29, 2003. Following the completion of this transaction, Ivernia closed its office in Limerick, Ireland.

On August 29, 2003, the Company issued US\$1.95 million aggregate principal amount of 10% convertible notes and 30 million (6 million post-consolidation) common share purchase warrants to certain purchasers, including Sentient, in a private placement. All of the proceeds for the sale of these convertible notes and warrants had been advanced by the purchasers prior to the date of issuance of these securities, including US\$0.90 million advanced by Sentient upon the entering into of the Magellan Joint Venture.

On November 14, 2003, the Company announced the completion of a final feasibility study (the "Final Feasibility Study") for the Magellan Mine. The Final Feasibility Study contemplated, among other things, a two stage approach to development of the Magellan Mine whereby, in the first stage commencing in the first quarter of 2005, lead concentrate would be produced and sold, and in the second stage, a refinery would be constructed at or near the mine to enable the refining and sale of lead metal.

On January 5, 2004, the Company announced that the holders of all of the 39,134,017 (7,826,803 post-consolidation) outstanding common share purchase warrants had exercised or given notice of exercise of their warrants for total proceeds of US\$2.54 million. By the end of February 2004, the holders of the Company's US\$1.95 million aggregate principal amount of convertible notes also converted all their notes into 30 million (6,000,000 post-consolidation) Common Shares.

On March 25, 2004, the Company issued units consisting of, in aggregate, 80 million Common Shares and warrants to purchase an additional 40 million Common Shares (the "March 2004 Private Placement") for gross proceeds of C\$20.00 million (US\$15.04 million) before cash issue costs of C\$1.58 million (US\$1.19 million). These 80 million Common Shares became 16 million Common Shares upon the share consolidation becoming effective. Post-consolidation, the warrants collectively entitled the holders to purchase an aggregate of 8 million Common Shares at a price of C\$1.25 (C\$1.325 for insiders of the Company for securities regulatory purposes) per Common Share until March 25, 2006. As part of their compensation for the March 2004 Private Placement, the agents were issued 936,000 post consolidation broker warrants (the "March Broker Warrants") (each unit consisting of one Common Share and one-half common share purchase warrant) for a price of C\$1.25 per exercisable unit until September 25, 2005. Each whole common share purchase warrant issuable upon the exercise of the March Broker Warrants were exercisable at a price of C\$1.25 per Common Share until March 25, 2006.

On March 31, 2004, in connection with a restructuring of the Magellan Joint Venture funding arrangements, all of the Magellan Notes were converted or cancelled and Sentient increased its equity interest in Magellan Metals from 40% to 49%. Ivernia and Sentient also agreed that all obligations of Ivernia under a Cash Flow Note (as defined below), pursuant to which Sentient had advanced certain funds to Magellan Metals on Ivernia's behalf to finance the development of the Magellan Mine, would be repaid by Ivernia out of the proceeds of the Company's private placement that closed on March 25, 2004 and that the Cash Flow Note would be terminated with effect from March 31, 2004. Ivernia and Sentient also agreed to terminate the equitable mortgages granted by IAHL and Ivernia Australia Pty Ltd. ("IAPL") over their shares of Magellan Metals.

On May 5, 2004, the Company announced that the Magellan Joint Venture had formally determined to proceed with the development of mining operations and construction of the processing plant. Ivernia and Sentient committed to fund up to an additional US\$26.6 million in capital expenditures and startup costs beyond the US\$7.2 million previously funded by them. The construction contract was awarded to Roche Mining (JR) Pty Ltd. ("Roche Mining JR") and construction on the facilities commenced in mid-May 2004.

At the annual and special meeting of shareholders of the Company on June 30, 2004 certain resolutions were approved, including an amendment to the Company's articles of incorporation to change the name of the Company to

“Ivernia Inc.” and to consolidate the issued and outstanding Common Shares by consolidating every issued and outstanding five pre-consolidation Common Shares into one post-consolidation Common Share.

On July 12, 2004, the Company announced the results of its resource and reserve update following its drilling program in the first quarter of 2004. Total contained lead metal in the reserves was 1.00 million tonnes, comprised of proven mineral reserves of 0.73 million tonnes and probable mineral reserves of 0.27 million tonnes. The drilling program also identified inferred resources containing 0.57 million tonnes of lead metal. The resources have since been updated, and the reserves and a new life of mine plan are in the process of being updated as described below.

On November 18, 2004, the Company completed a private placement of 8 million units (the “November 2004 Private Placement”), each consisting of one Common Share and one-half of one common share purchase warrant at a price of C\$1.25 per unit for gross proceeds of C\$10.00 million (US\$8.28 million) before cash issue costs of C\$840,000 (US\$696,000). Each whole warrant entitles the holder to purchase an additional Common Share at a price of C\$1.40 per share until November 18, 2009. As part of their compensation for the November 2004 Private Placement, the underwriters were issued broker warrants (the “November Broker Warrants”) which give them the right to purchase an aggregate of 480,000 units (each consisting of one Common Share and one-half common share purchase warrant) for a price of C\$1.25 per unit at any time until May 18, 2006. Each whole common share purchase warrant issuable upon the exercise of the November Broker Warrants is exercisable at a price of C\$1.40 per Common Share until November 18, 2009.

In December 2004, construction of the processing plant was substantially completed and commissioning began in January 2005.

On March 24, 2005, the Company entered into a definitive agreement (the “Acquisition Agreement”) with Sentient to acquire its 49% interest in Magellan Metals as disclosed in the Business Acquisition Report filed on May 11, 2005 which is incorporated herein by reference and a copy of which is available under the Company’s profile at [www.sedar.com](http://www.sedar.com). Pursuant to the Acquisition Agreement which closed on April 29, 2005, the Company purchased all of the outstanding shares of RHL which at the time of completion of the purchase, held Sentient’s 49% in Magellan Metals, together with certain loans, for consideration consisting of (i) C\$35 million in cash, (ii) the issuance of 23,500,000 Common Shares to Sentient and (iii) a C\$20 million secured promissory note in favour of Sentient (the “Sentient Note”). Upon the completion of the Magellan Acquisition, 100% ownership of the Magellan Mine was consolidated in the Company and all debt of Magellan Metals, other than approximately US\$1.1 million of third party lease liabilities, was consolidated as inter-company debt.

On April 29, 2005 the Company closed the public equity offering of approximately C\$45 million by way of an offering of 29,050,000 Common Shares at a price of C\$1.55 per share. On May 27, 2005, the Company completed the sale of an additional 2,493,100 Common shares for gross proceeds of C\$3,864,000, from a partial exercise by the underwriters of their overallotment option. The total financing size was an aggregate of 31,543,100 Common shares with total proceeds of C\$48,892,000 (the “2005 Public Offering”).

Commercial production of lead concentrate was achieved on October 1, 2005. For the year ended December 31, 2005, 623,900 tonnes and 207,400 tonnes of ore were mined from the Cano and Magellan pits, respectively, totalling 831,300 tonnes during the year. Ore mining was controlled to maintain adequate stockpiles for the mill. Construction of the second cell of the tailings storage facility using waste rock from the Magellan pit pre-stripping was completed in the fourth quarter of the year.

On December 28, 2005, pursuant to the successful negotiation of an agreement with Sentient, the Company was granted an irrevocable option to extend the maturity date of the Sentient Note by one year from April 29, 2006 to April 29, 2007. Ivernia agreed to pay Sentient a commitment fee amounting to 450,000 Common Shares for the grant of the option to extend. If Ivernia exercises the option to extend it will issue to Sentient an additional 400,000 Common Shares. Additionally, the Company may at its option issue additional Common Shares to Sentient so as to defer payment of all or part of the accrued interest payable of approximately C\$1.6 million on April 29, 2006 for one full year to April 29, 2007. If the interest is deferred, the Company will pay Sentient 65,000 additional Common Shares (or a prorated amount if less than all is deferred). Upon exercising the one year option, the outstanding principal amount of the Sentient Note and any portion of accrued interest payable which the Company should elect to defer, will bear interest at the rate of 9.25% per annum. The option to extend may be exercised by the Company at any time up to April 29, 2006.

The Company is entitled to prepay the principal amount of the Sentient Note and any interest, in whole or in part, at any time prior to maturity without premium or penalty.

On March 6, 2006 the Company announced increased measured and indicated resources following the first-half 2005 infill drilling program and the first 12 months of mining activity at Magellan. The infill drilling program targeted areas of inferred resources at the Pinzon deposit and at the margins of the Magellan deposit. The 2005 resource model for the Magellan Mine (comprising the Magellan, Cano and Pinzon deposits) was updated incorporating new drilling data from the first-half of 2005, the conclusions from grade control and density studies and revised modelling parameters. The measured and indicated resource tonnage as at December 31, 2005 was 21.4 million tonnes at a grade of 5.8% lead containing 1.24 million tonnes of lead. In addition, inferred resources were a further 7.2 million tonnes at a grade of 4.6% lead containing 0.33 million tonnes of lead, including an inferred resource of 2.3 million tonnes at 4.4% lead identified at the satellite Drake deposit located approximately 11 km southwest of the Magellan deposit.

On March 27, 2006 the Company announced that it had received total proceeds of C\$10.59 million and issued 8.468 million common shares from treasury resulting from the exercise of outstanding common share purchase warrants from the March 2004 Private Placement prior to the scheduled expiry of these warrants on March 25, 2006.

## **DESCRIPTION OF THE BUSINESS OF IVERNIA**

### **Magellan Mine**

#### *Overview*

The Magellan Mine is situated in the East Murchison Mineral Field in Western Australia, approximately 30 kilometres west of Wiluna and 900 kilometres by road north-east of Perth. The plant site is approximately 2 kilometres north of the Wiluna-Meekatharra section of the Goldfields highway and is accessed from the highway by an all-weather road. The Magellan Mine comprises three shallow, lead carbonate and lead sulphate deposits located within granted mining licences in close proximity to the plant site. The Magellan deposit is adjacent to and north of the plant site, the smaller Cano and Pinzon deposits are located approximately 1.5 kilometres to the northwest and 0.5 kilometres to the south respectively. Apart from the presence of two pastoralists, the Magellan Mine area is uninhabited.

The Magellan Mine 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 area of the Magellan, Cano and Pinzon deposits 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 to an elevation of from 550 to 570 metres above sea level. 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 250 millimetres.

The Magellan Mine currently comprises four mining leases expiring in May 2020 (M53/501 to 504, referred to as the “Renison Leases”) and one mining lease (M53/1002) expiring in 2025. In addition, there are two exploration licenses (E53/695 and E53/644) expiring in May 2006 and June 2006, respectively; a further exploration license expiring in February 2009 (E51/980); and three miscellaneous licenses required for site infrastructure expiring in 2020 (L53/106, 107 & 108). These are referred to collectively in this AIF as the “Magellan Properties” and cover an aggregate area of approximately 26,052 hectares. One mining lease application (MA53/1003) and one exploration license application (EA69/1510) are pending. An application for a miscellaneous license (L53/149) to cover the route of a proposed gas pipeline to the site has been submitted and is pending. All of the tenements for which leases or licenses have been granted are held by Magellan Metals or IAPL for the benefit of Magellan Metals. Legal title to the area of the Magellan Mine is held by the Crown (State of Western Australia) (the “Crown”). Magellan Metals has been granted all approvals for the development and operation of the Magellan Mine.

#### *History and Ownership*

The Magellan deposit was discovered in 1991 by Renison Limited (“Renison”), which was acquired in 1998 by Westralian Sands Ltd., subsequently renamed Iluka Resources Limited (“Iluka”). 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 Leases and certain other tenements (collectively, 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 Royalties”). 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 Mine 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. In September 2001, following the completion of such a feasibility study, Magellan Metals committed to develop a mine and plant with the required capacity, and thereby secured its rights to a 100% interest in the Magellan Mine. The Renison Properties were transferred to Magellan Metals during 2002. In May 2003, Ivernia entered into a termination agreement with Iluka pursuant to which all of Iluka’s remaining rights under the 1997 farm-in agreement, including the Renison Royalties, were terminated in consideration of a one-time payment to Iluka of A\$2.1 million.

On June 19, 2003, Ivernia signed definitive agreements (the “Joint Venture Agreements”) with Sentient to form the Magellan Joint Venture. Pursuant to the Joint Venture Agreements, Sentient agreed to provide US\$4.60 million in initial financing to Magellan Metals. This amount was advanced by way of a US\$1.70 million subscription by Sentient for 40% of the shares of Magellan Metals, US\$2.40 million in First Ranking Loans and US\$0.50 million in Magellan Notes.

Certain ongoing funding of Magellan Metals was also provided by Ivernia and Sentient under the terms of a project funding agreement which provided that, to the extent financing was not obtained from a bank or other lender, the development of the Magellan Mine would be financed by periodic loans (“Progress Loans”) from Ivernia and Sentient in proportion to their equity interest in Magellan Metals. On March 31, 2004, all of the Magellan Notes were converted or cancelled with the result that Sentient increased its equity interest in Magellan Metals from 40% to 49%.

On April 29, 2005, the Company closed the Magellan Acquisition and acquired Sentient’s 49% interest in Magellan Metals. Pursuant to the Acquisition Agreement, the Company purchased all of the outstanding shares of RHL at the time of the completion of the Magellan Acquisition, including Sentient’s 49% interest in Magellan Metals, which together with its portion of the First Ranking Loans and Progress Loans, for consideration consisting of (i) C\$35 million in cash, (ii) the issuance of 23,500,000 Common Shares to Sentient and (iii) the Sentient Note.

The First Ranking Loans and the Progress Loans are now recorded as inter-company debt obligations. The Sentient Note bears interest at 8% per annum. The Sentient Note is secured by a charge over the shares of RHL and a charge over the benefit of the Progress Loans held by IAHL.

On December 28, 2005, the Company announced that they had reached an agreement with Sentient whereby the Company was granted an irrevocable extension on the maturity date of the Sentient Note by one year from April 29, 2006 to April 29, 2007. In exchange for the option to extend Sentient was issued 450,000 Common Shares as a commitment fee with an additional 400,000 Common Shares to be issued if the option to extend is exercised. Included in the extension was the option to defer payment of all or part of the accrued interest payable of approximately C\$1.6 million on April 26, 2006 for one full calendar year. The deferral of the accrued interest would require the Company to issue up to an additional 65,000 common shares to Sentient. Upon exercising the one year option, the outstanding principal amount of the secured promissory note and any portion of accrued interest payable which the Company should elect to defer, will bear interest at the rate of 9.25% per annum. The option to extend may be exercised at any time up to April 29, 2006. The Company may prepay the principal amount of the Sentient Note and any interest, in whole or in part, at any time prior to maturity without premium or penalty.

### *Geology, Ore Reserves and Mineral Resources*

The Magellan Mine 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 the 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 Maralouou Formation (carbonaceous shale). Yelma Formation sandstone and carbonate unconformably overlie the Yerrida Group in the Magellan Mine area and are the host rocks to the lead carbonate mineralization.

At Magellan, the Yelma Formation is up to 55 metres thick and comprises a basal fining-upwards clastic sequence of quartz sandstone and siltstone (approximately 30 metres thick) that is overlain by a coarsening-upwards,

poorly lithified and variably silcretised, solution collapse breccia (approximately 30 metres 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 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 mineralization occurs as relatively flat lying zones of lead enrichment within the Yelma Formation at depths of from 0 to 50 metres from the surface. Mineralization at the Magellan deposit extends for approximately 1,200 metres in a northerly direction with an average width of approximately 650 metres and an average vertical thickness of approximately 12 metres. At the Cano deposit, the ore body lies along a generally northwest axis, extending for approximately 800 metres with an average width of 400 metres and an average vertical thickness of approximately 7 metres. Continuity of both deposits is generally consistent within these parameters. The Pinzon deposit comprises two zones of mineralization, one trending in a north-northwest direction and the second having a northeast trend. Both zones have approximate dimensions of 1000m length by 200m width and average vertical thickness of 5 metres. The mineralization consists primarily of oxidized 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 Maralooou Formation, however no sulphides have been recorded within the Yelma Formation host rocks.

The main style of mineralization is pervasive/disseminated (supergene-enrichment), with high-grade zones interpreted to surround relict primary mineralized 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 table sets forth Ivernia's estimates of the mineral resources of the Magellan, Cano, Pinzon and Drake deposits as at December 31, 2005. These estimates were announced by the Company on March 6, 2006.

**Mineral Resources as at December 31, 2005 (@ 2.5% lead cut-off) (1)(2)(3).**

	<b>Magellan deposit</b>		<b>Cano deposit</b>		<b>Pinzon deposit</b>		<b>Drake deposit</b>	
	<b>Tonnes (millions)</b>	<b>Lead (%)</b>	<b>Tonnes (millions)</b>	<b>Lead (%)</b>	<b>Tonnes (millions)</b>	<b>Lead (%)</b>	<b>Tonnes (millions)</b>	<b>Lead (%)</b>
Measured	8.3	6.5	1.7	6.0	-	-	-	-
Indicated	5.6	5.1	1.0	5.1	4.8	5.3	-	-
Total Measured and Indicated	13.9	6.0	2.7	5.6	4.8	5.3	-	-
Inferred	3.3	5.0	0.1	4.4	1.5	4.2	2.3	4.4

(1) Resources have been reported based on a cut-off grade of 2.5% Pb, an exchange rate of US\$0.75/A\$1.00, a lead price of US\$750 per tonne equivalent to A\$1,000 per tonne, and estimated operating costs. Resources are based on reports prepared by Jeffrey Elliott of CSA Australia Pty Ltd ("CSA") and Malcolm Titley of Finore Pty Ltd ("FinOre") which is a division of CSA.

(2) Resources are reported in accordance with the 2004 update of the JORC code. Jeffrey Elliott and Malcolm Titley are qualified persons for purposes of National Instrument 43-101 and have verified the above resource figures and the underlying sampling and analytical data.

(3) Table entries are rounded to two significant figures.

*Ore Reserves and Life of Mine Plan*

Following the December 31, 2005 resource update and the first 12 months of mining activity the Company continues to work with Cube Consultancy in Perth, Western Australia on an updated ore reserve estimate and life of mine plan. It is anticipated that the work will be completed during 2006. The following table sets forth Ivernia's previous estimates of the ore reserves of the Magellan and Cano deposits as at July 9, 2004 and are based on the previously reported resource model. These estimates are reflected in the 2004 Technical Report prepared by Franciscus Sibbel, of F&A Sibbel Mining Consultants Pty Ltd., who is a qualified person for purposes of National Instrument 43-101.

**Ore Reserves as at July 9, 2004 (@ 3% lead cut-off) (1)(2)(3).**

	<b>Magellan deposit</b>		<b>Cano deposit</b>	
	<b>Tonnes (millions)</b>	<b>Lead (%)</b>	<b>Tonnes (millions)</b>	<b>Lead (%)</b>
Proven	6.4	8.0	3.9	5.6
Probable	5.6	4.6	0.4	4.1
Total Proven and Probable	12.0	6.4	4.2	5.5

- (1) Ore reserves have been reported based on a cut-off grade of 3.0% lead, an exchange rate of US\$0.70/A\$1.00, a lead price of US\$700 per tonne (A\$1,000 per tonne) and estimated operating costs. Reserves are based upon studies prepared by Snowden Mining Industry Consultants Pty Ltd ("Snowden") under the supervision of Allan Blair.
- (2) All reserves are reported in accordance with the 1999 update of the JORC Code. Qualified persons for purposes of National Instrument 43-101 have verified the above reserve figures and the underlying sampling and analytical data. Allan Blair of Snowden is a qualified person for the purpose of National Instrument 43-101.
- (3) Table entries (other than totals) are rounded to two significant figures.

*Development of the Magellan Mine*

Following a tendering process in which three Australian contractors submitted bids for the contract, Magellan Metals selected Roche Mining JR to be the primary contractor for the construction of the processing and ancillary facilities. Construction of the mining, plant and related infrastructure began in May 2004 and was substantially completed in December 2004. Commissioning of the processing plant commenced in January 2005 and commercial production was achieved on October 1, 2005.

Ore is mined by open pit methods and commenced in the Cano deposit during the first quarter of 2005, where the ore is closer to the surface. The Magellan deposit has also been developed with the first ore being mined in July 2005. The first shipment of 4,600 dmt of concentrate was despatched from the port of Esperance on July 4, 2005 with a total of 37,700 dmt being shipped for the year. All concentrate is currently being sold to third party smelters. The plant is now fully operational with a current capacity to treat approximately 1.1 Mtpa. Throughputs have generally been less than the anticipated levels due to the higher portion of harder quartz content than estimated in the ore blends. A secondary ball mill is being installed in series with the existing SAG mill to ensure that throughputs of 1.4 Mtpa can be achieved at any ore blend. Installation and commissioning of the ball mill is expected in mid 2006. The concentrate produced totalled 49,200 dmt at an overall recovery rate of 64.8% for the year ended December 31, 2005. Concentrate will continue to be exported to third party smelters until such time as a decision is made regarding the construction of a refinery at the Magellan Mine site.

A potential Phase 2 of the Magellan Mine's development is the possible construction of a refinery to produce soft lead metal from the concentrate. Initial scoping work was conducted in 2005 on the key operating parameters which materially affect layout and overall design. Engineering consultants were commissioned to undertake a design and costing study for the on-site plant and completed an initial engineering study during the fourth quarter of 2005. The refinery study will continue during 2006.

*Mining*

Mining and Civil Australia is in the second year of a five year contract to carry out the mining and supply of ore to the concentrator. The ore is currently and will continue to be extracted via open pit operations over the life of the mine. The pits are shallow with a maximum depth of 50m and excavators are used to dig and load waste and ore into 85 tonne haulage trucks. Qualified personnel employed or contracted directly by Magellan Metals carry out mine planning and grade control.

Apart from some blasting required for removal of silcretised overburden, very little of the ore requires drilling and blasting. The ore is mined concurrently from a number of faces to provide a homogeneous blend to the concentrator. It is then stockpiled and further blended on the ROM pad.

Waste rock has been used for construction of the tailings storage facility, with excess being stockpiled into two categories based on lead content: (i) "barren" material, containing not more than 500 ppm of lead, and (ii) material which is above 500 ppm but is less than the cut-off grade. The second cell of the tailings storage facility was constructed in late 2005, with an area 50% larger than the first cell. The cells will be raised annually over the life of the mine. The barren material will be used for the final capping of tailings and to cover the sub-economic waste rock.

### *Processing*

Ore is processed on-site through a process of conventional crushing, milling and flotation concentration. During 2005 743,900 tonnes of ore were processed at an average grade of 6.5% lead yielding 49,200 tonnes of concentrate containing 31,300 tonnes of lead.

### *Crushing and Milling*

Ore is delivered to the ROM pad by haul trucks from the mine and blended as required. Stockpiled ore is fed into the ROM bin through a 60mm wide static grizzly. A single stage primary crushing circuit is utilized which has a capacity in excess of 300 tph. Dust control is managed by water sprays over the ROM bin, ducting and covers over the conveyor. A secondary ball mill is being installed in series with the existing SAG mill to ensure that throughputs of 1.4 Mtpa can be achieved at any ore blend. Installation and commissioning of the ball mill is expected in mid 2006.

Crushed ore is conveyed directly to the mill feed chute and milled in a Morgardshammer 4.2m x 5.2m grate discharge semi-autogenous grinding (SAG) mill. The mill is rubber lined and operates in closed circuit with a cluster of five Krebs 10" cyclones with cyclone underflow reporting to the mill feed chute. The mill discharge hopper is fitted with two centrifugal pumps, which transfer slurry to the cyclone distributor. The overflow product discharges directly into a surge tank having a live volume of 500 cubic metres.

### *Flotation, Dewatering and Drying*

Concentration of lead bearing minerals is carried out by sulphidized froth flotation. The flotation circuit consists of two parallel roughing stages, and three cleaning stages. Slurry is pumped from the surge tank to two conditioning tanks in series where sulphidizing agent (sodium hydrosulphide), frother (Interfroth 53) and collector (sodium isobutyl xanthate) are added. Slurry in the conditioning tanks gravitates to the first stage of roughing flotation, utilizing two parallel 3-cell banks of Outokumpu OK-38 cells. These six cell banks provide roughing and scavenging requirements and operate in open circuit with all products gravitating to the head of the primary cleaner cells. The primary cleaning circuit also consists of six OK-38 cells, with the secondary and tertiary cleaning circuits comprising six and four Denver DR-300 flotation cells, respectively. Final concentrate averages approximately 65% lead.

Flotation concentrate is thickened with the thickener overflow gravitating to the process water dam. Underflow is pumped to a concentrate storage tank and the slurry is pumped to two Metso belt press filters. Metallurgical recoveries continue to improve as the plant moves towards targeted production levels. The current recoveries at the plant are averaging approximately 80%.

A secondary concentrate thickener was purchased and commissioned in February of 2006. The additional capacity will prevent overflow of some very fine concentrate into the water storage pond at times of high concentrate loading.

Due to transportable moisture levels of concentrate being lower than originally anticipated, an intermediate drying facility has been constructed on site and utilizes air and solar drying to reduce the concentrate moisture. Initially it was determined that the required reduction to 11% could be achieved within the concentrate storage shed on the mine site. However, following the initial transport of concentrate to Esperance Port it has become apparent that the concentrate moisture needs to be below 9% in order to minimise concentrate from sticking in the conveyor system.

A drying pad has been constructed from waste rock lined with an impermeable compacted clay top layer. This type of material has been used in the construction of the tailings storage facility to prevent seepage. The pad has been constructed to a height of one metre with waste rock and has been contoured to collect runoff. The concentrate is trucked from the concentrate shed and laid in approximately 60cm thick layers. Once the targeted moisture level is

reached the concentrate is transported to the port of Esperance in road trains. Upon decommissioning of the pad any residual concentrate will be re-processed. The area chosen for the pad is destined to be covered by the ROM pad when fully constructed. As such, it has already been cleared and is included in the unconditional performance bond calculations. Statutory approval was received for the pad construction and operation.

### *Tailings Disposal*

Flotation (scavenger) tailings are thickened before being pumped to the tailings dam. The tailings storage facility, consisting of two cells, is of conventional paddock impoundment design, with multi point spigotting and a surface area of 91.0 hectares. During the year the design of the second bay was changed to increase the area of that cell by 50%. Statutory approvals were sought and granted for the expansion. Each cell has a central decant collection point located at the end of a causeway. Submersible pumps return decant water from the collection points to the process water dam in a single stage.

### *Other Facilities*

Most of the workforce being sourced from Perth works on a fly-in-fly-out rotational basis. Accommodations are provided in a village, which has been established approximately three kilometres to the east of the plant facility.

Power is generated on-site from a diesel-fired power station (approximately 5.5 megawatts) provided on a build-own-operate basis. The Goldfields Gas Pipeline passes some 37km east of the mine. The power station engines can be converted to run on a combined diesel and natural gas mixture at any time in the future should oil prices remain high. Magellan Metals has submitted a planning application to construct a lateral gas pipeline to allow delivery of gas to the site. All pre-requisite surveys for the pipeline route have been completed. The pipe has been ordered and is expected to be delivered in April 2006. Commitments for the supply and transportation of gas have also been obtained. It is anticipated that the installation of the line will be complete in July 2006 at a capital cost of approximately US\$5 million.

An extensive water exploration program has defined sufficient water resources for the life of the operation. Water production boreholes have been established and provide water to satisfy ongoing operational needs. To guarantee long term water supplies, further definition of known aquifers will be conducted during 2006 so that if an additional bore field is required in the future, the preparatory work will have been completed.

### *Capital and Start-up Costs*

In 2004 capital expenditures were US\$12.8 million and in 2005 capital expenditures were US\$28.2 million. In 2006 capital expenditures are estimated to be US\$19.9 million with US\$7.7 million for mine development and US\$12.2 million for various projects including US\$5 million for the installation of a secondary ball mill and US\$5 million for the construction of a gas pipeline.

### *Permits*

The tenements comprising the Magellan Properties provide sufficient surface and mining rights to operate over the projected exploitation period for the Magellan, Cano and Pinzon deposits. (See “–Magellan Mine – Overview”).

The Western Australian Environmental Protection Authority (the “EPA”) conditionally approved the Magellan Mine in November 2000 subject to Magellan Metals preparing a series of environmental management documents including:

- Health, Hygiene and Environmental Management Plan
- Decommissioning and Rehabilitation Plan
- Subterranean Fauna Sampling Plan
- Environmental Management System
- Surface Water Drainage Plan
- Waste Rock and Tailings Storage Facility Contour Plan
- Waste and Recycling Program

- Tailings Storage Facility Operating Manual

The Department of the Environment (the “DOE”) has confirmed, on behalf of the EPA, that conditions relating to the above documents have been fulfilled as appropriate to the construction and early operational phases of the Magellan Mine. While no further EPA approval is necessary regarding the fulfillment of these conditions, there are ongoing requirements for reporting and progressive updating of the above documents throughout the life of the Magellan Mine.

Magellan Metals’ Subterranean Fauna Sampling Plan required the completion of a sampling program of all aquifers in the borefield to establish whether any stygofauna were present. The initial sampling program showed that stygofauna were present in the aquifers and that there is one unidentified stygofauna strain in one bore, out of a five bore field. Magellan did not draw water from the bore pending identification of the stygofauna specimen that was collected. The specimen was identified as a “juvenile” and could not be categorised, so further action will depend on the second round of sampling to be carried out in 2006. Following the identification of the stygofauna strain the abstraction plan will be reviewed in conjunction with the DOE. The temporary pumping restriction does not have any impact on the water supply required by the processing plant due to the excess capacity of the other bores in the field.

Magellan Metals was required by the Western Australian Department of Industry and Resources (the “DOIR”) to post with the DOIR two unconditional performance bonds guaranteed by a financial institution for the restoration of the Magellan Mine site to acceptable environmental standards in the event Magellan Metals cannot fulfil its rehabilitation commitments. Following the posting of the first bond of approximately A\$0.1 million in May 2004 and a determination by the State Mining Engineer that all other mandatory permits and documentation were satisfactory, written approvals for mining and plant construction were received in May 2004. A second performance bond of approximately A\$1.1 million was posted with the DOIR in August 2004 in respect of the construction of Phase 1 of the tailings storage facility.

The second stage of performance bonds will be lodged in June 2006 and is the subject of negotiations with the DOIR. The current high end estimates regarding cost for the second stage Performance Bond is A\$1.05 million, however, it is believed that if sound rehabilitation practices can be demonstrated during site inspections in May 2006 that the cost can be substantially reduced.

While no further EPA approval is necessary regarding the fulfillment of these conditions, there are ongoing requirements for reporting and progressive updating of the above documents throughout the life of the Magellan Mine. The DOE granted the operating licence in February 2005.

Magellan Metals submitted a Works Approval Application for assessment by the Department of Environmental Protection (“DEP”) in October 1999. The refinery has been deemed to be “Not Assessed – Managed under Part V of EP Act”. The DEP concluded that the overall impact of the proposal was not so severe as to require formal assessment and the subsequent setting of formal conditions by the DOE. Magellan will still need to obtain works approval from the DOE for the construction and operation of a refinery, however the current DEP assessment is expected to considerably assist with the approval process.

#### *Environmental, Health and Safety*

Lead is a toxic substance which can become concentrated in the food chain and affect human and animal development. As part of the Australian Environmental Protection Authority approval of the Magellan Mine in 2000, Magellan Metals prepared a Health, Hygiene and Environmental Management Plan (the “HHEMP”). The HHEMP is designed to be the formal documentation of site operating procedures. The HHEMP includes all the safety procedures designed to manage and control human exposure to lead in the work area to minimize employee blood lead levels by preventing lead ingestion by members of the workforce. The procedures set out ongoing education and strict adherence by individual employees to those procedures is required to protect individual health. Ongoing monitoring of blood lead levels is conducted by independent medical personnel and using accredited medical laboratories for analyses.

The site has been designed to minimize personal exposure to lead. On a macro scale, the site is divided into two areas, operational and public, to denote the different levels of disciplines required to prevent lead ingestion. Areas

designated as operational require compliance with Occupational Health and Safety procedures, whereas the public areas require adherence to basic hygiene procedures because of the minimal chance of contamination from leaded materials.

Plans for both personal and atmospheric monitoring of dust emissions have been established and incorporate best practices. The dedicated responsibility for this activity has been contracted out to Industrial Hygiene Management who are acknowledged independent experts in the field.

Storage facilities for other potentially hazardous materials, including blasting agents, diesel fuel and chemicals used in processing and maintenance comply with Australian standards.

The Closure and Rehabilitation Plan has been updated to reflect mine developments and rising costs. The plan is required to be submitted to the DOIR bi-annually, but for internal purposes, it is recalculated annually. The plan has been prepared based on the known and current rehabilitation requirements imposed by statutory authorities and best practice undertaken by the mining industry. Progressive rehabilitation has been commenced and will continue for the life of the mine to minimize the impact on the environment during operations as well as to reduce the final closure restoration of the site. As the operation continues, the plan will be revised to take account of any changes to operating strategies or statutory requirements.

### *Royalties*

There are two royalty payments applicable to the Magellan Mine. Under the *Mining Regulations* 1981 (Western Australia), Magellan Metals will be required to pay a royalty to the state government at the prescribed rate of 5.0% of net realized value for lead concentrate and 2.5% for lead metal. Additionally, under agreements with two native title claimant groups, Magellan Metals will pay to the claimants aggregate compensation of A\$0.08 per tonne of ore mined in the area covered by each respective agreement, which amount is divided equally between the two native title claimant groups. See “Doing Business in Australia – Mining Regulation” and “Doing Business in Australia – Native Title”.

### *Marketing and Sales*

In April 2004, Magellan Metals entered into a sales representation agreement with Pechiney World Trade (USA) Inc. The sales representation agreement was assumed by Ocean Partners (USA) Inc. (“Ocean Partners”) in September 2004. Under this agreement, Ocean Partners acts as exclusive sales agent for Magellan Metals’ lead concentrate sales and provides marketing services for Magellan Metals. Ocean Partners also provides to Magellan Metals a US\$12.5 million inventory and trade financing facility to substantially finance lead concentrates in inventory and in transit to smelters.

Ocean Partners has negotiated lead concentrate sales contracts for the Company with a number of Asian smelters. These contracts commit the Company to deliver various tonnage of lead concentrate to those smelters during the period of 2006 through to 2008.

### **Exploration**

Magellan Metals has within its tenements significant exploration potential, both in areas adjacent to the Magellan Mine and in the surrounding regions. The potential for the identification of additional resources and reserves adjacent to the current deposits is still very good, where a substantial inferred resource remains following drilling campaigns completed during 2005. There also remains good potential for discovery of additional resources in the greater area of the Magellan Mine (known as the Magellan Hill) either as extensions to the existing deposits or as new finds. Exploration drilling programs will target prospective areas of the Magellan Hill in 2006.

Exploration completed in Magellan Metals’ tenements in the surrounding regions to the Magellan Mine has also indicated significant exploration potential. Reverse circulation drilling at the Drake deposit in 2005 was used along with existing data to estimate an inferred mineral resource of 2.3 million tonnes at 4.4% lead using a 2.5% lead cut-off grade. Drilling was also completed at the Pizarro and Cortez prospects in 2005 and areas of potential were identified for further drilling. Project exploration is planned to continue in 2006 at the Drake deposit, the Pizarro and Cortez prospects to the south and west, all of which are within a 15 kilometre trucking distance of the Magellan plant site. In the Yandil tenement to the northwest of the Magellan Mine, initial mapping and soil sampling was completed to select areas for

further work planning and an application for approval of a heritage survey has commenced to allow initial drill testing in early 2006.

In 2005, Magellan Metals incurred costs of A\$1.1 million for exploration programs. Magellan Metals plans to continue an aggressive program of exploration drilling within its tenements during 2006 in an attempt to identify additional resources, reserves and areas of future potential. An exploration budget of A\$1.2 million has been committed for 2006.

## **Employees**

As at December 31, 2005, 47 employees were employed by Magellan at its Perth office and onsite. In addition, 13 contractors were employed onsite, 38 individuals were employed as mining contractors and 12 as catering contractors. As at December 31, 2005, the Company employed 5 persons from its Toronto corporate offices.

## **Doing Business in Australia**

### *Political and Economic Climate*

Australia offers a stable political and economic climate. Australia is a modern, urban society with a population of approximately 20 million, a skilled workforce and established high quality infrastructure.

The minerals industry is considered to be one of the most important industries in Australia, with exports of Australian mineral resources accounting for about 35% of the country's annual export income. Western Australia accounts for the largest share (in the order of 40%) of total mineral production in Australia.

### *Mining Regulation*

Mining in Western Australia is regulated by the *Mining Act 1978* (the "Mining Act"). The Crown owns all minerals beneath the surface of the land, except for certain limited categories of mineral. As the owner of the minerals, the Crown is entitled to grant mining tenements which confer rights to explore and mine for minerals. There are various mining tenements available under the Mining Act, including exploration licences, mining leases and miscellaneous licences.

The grant of a mining tenement is generally at the discretion of the state or territory regulatory authority. The grant of a mining tenement does not in itself confer authority to commence development. Generally, further approvals need to be obtained in respect of environmental impact, aboriginal heritage, use of groundwater and other matters. The regulatory authorities have wide discretion to set the conditions on which development and mining are permitted.

All significant development and mining is carried out under the authority of long-term mining leases. Generally, mining leases are granted for terms of 21 years with a right of renewal for a further 21 years. Magellan Metals holds 21 year mining leases for the area of the Magellan, Cano and Pinzon deposits.

Exploration licences are normally a precursor to mining leases, and the terms of these licences include a right to convert title to a mining lease subject to approvals in respect of, among other things, native title and environmental issues. 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 the lands then covered by the licence.

Exploration licences and mining leases are subject to a prescribed minimum annual expenditure commitment. 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.

All mining tenements issued under the Mining Act are subject to certain obligations, principally the obligation to pay annual rent to the Crown and the obligation to carry out certain minimum mining work or expenditure upon the

tenement. As the minerals are owned by the Crown, a royalty is payable to the Crown in respect of all minerals recovered under a mining tenement. A different rate of royalty is prescribed for each state and for each mineral. The Mining Act and regulations 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.

Magellan Metals must pay to the Western Australian Government prescribed production royalties in respect of the Magellan Properties, currently 5.0% of net realized value for lead concentrate and 2.5% for lead metal. Annual rent and rates of approximately A\$55,000 are payable to the Shire of Wiluna. In order to maintain current rights of tenure to mining tenements, Magellan will be required to outlay amounts in respect of tenement lease rentals and to meet the minimum expenditure requirements of the Western Australian Department of Industry and Resources up to the date of expiry of the tenements and up to the date of expiry of any contracts entered into. The total payments for 2005 were A\$512 million.

### *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 and the application for works approval prepared in connection with the Magellan Mine have incorporated such safety laws, national standards and codes of practice as part of the proposed standards for carrying out work on the project.

As required by the EPA, Ivernia has completed the preparation of a health, hygiene and environmental management plan and a mine closure and rehabilitation plan. A groundwater monitoring program and a baseline sampling program was completed in May 2004. No further EPA approval is necessary regarding the fulfillment of these conditions. In addition, Magellan Metals was required by the DOIR to post with the DOIR two unconditional performance bonds in the amount of A\$0.1 million and A\$1.1 million guaranteed by a financial institution for the restoration of the Magellan Mine site to acceptable environmental standards in the event Magellan Metals cannot fulfil its rehabilitation commitments. See “– Magellan Mine – Permits”.

### *Native Title*

The laws of Australia recognize a form of native title held by its Aboriginal inhabitants. The nature of the native title rights held by various Aboriginal people may vary but might include rights such as the right to use and occupy, to hunt and gather, traverse, camp, conduct ceremonies and exclude non-native title holders.

Native title interests are recognized and protected under the *Native Title Act 1993* (Commonwealth) (the “Native Title Act”) which came into force on January 1, 1994. The grant, renewal or extension of certain mining titles in each state and territory which affect native title rights are subject to the provisions of the Native Title Act, and any such grant, renewal or extension of mining titles on or after January 1, 1994 may be invalid if not done in compliance with the procedures under the Native Title Act. The National Native Title Tribunal (the “Tribunal”), which is a Commonwealth Government administrative body, was established under this Act to deal with native title applications. The Tribunal provides for native title claims to be filed in the Federal Court of Australia and, if a claim satisfies certain threshold requirements, to be registered by the Tribunal pending the ultimate determination of the claim by the Federal Court. There is considerable complexity and uncertainty concerning the operation of native title laws in Australia.

Certain of the Magellan Properties, including the tenements comprising the Magellan and Cano deposits, are affected by a claim on behalf of the Wanmulla peoples lodged on December 18, 1995 (registered) and a claim on behalf of the Milangka peoples lodged on April 28, 1997 (unregistered). The existence or otherwise of these claims does not prove the existence of native title. However, the existence of these claims means that the parties to the claims must be consulted as part of the negotiation process to be followed under the Native Title Act before any act may be taken that could affect native title rights.

Prior to the granting of the Renison Leases, (i) a heritage agreement was signed between Magellan Metals, Renison and representatives of the Milangka peoples on September 25, 1998 which covers the Renison Leases (the

“Heritage Agreement”) and (ii) a land use agreement was signed between Magellan Metals, Renison and representatives of the Wanmulla peoples on December 16, 1998, also covering the Renison Leases (the “Land Use Agreement”). Neither party has been able to satisfy the federal requirements for claiming tenure. Subsequently the Milangka peoples became part of the larger Wiluna peoples claim registered in 1999. A hearing of the Central Desert claims, which includes the Wiluna claim, will take place in the Federal court in April of 2006.

Under the Heritage Agreement, Magellan Metals will pay compensation for ore removed for processing from the area covered by each respective agreement. It has been agreed with the Wiluna claimants that terms of the Milangka Heritage Agreement will apply and that the total compensation payable to all claimants will be A\$0.08/t.

The agreements also provide for, among other things, the protection of the environment and Aboriginal heritage sites, and due regard for employing qualified local Aboriginals at the Project. The Heritage Agreement also provides for compensation payments equal to 10% of the annual rental payable to the Western Australian Government for any other tenement which lies within the claimed area.

In the event that Magellan Metals exceed the scope of the Agreement, the native title claimants may seek additional compensation from the Tribunal or a court in respect of their claims. In addition, persons found to be native title holders in the future may be entitled to compensation. Any such future claims will not affect the validity of tenements granted in accordance with the procedures established under the Native Title Act.

#### *Taxation*

The taxes applying to Australian companies include Goods & Services Tax, Income Tax, Withholding Tax and other indirect taxes. A general summary of the major aspects of the Australian tax system is provided below.

##### Goods and Services Tax

A goods and services tax of 10% is imposed on the supply of most goods and services consumed in Australia.

##### Income Tax

A company resident in Australia is subject to income tax on its non-exempt worldwide taxable income at a flat rate of 30%. Taxable income equals assessable income less allowable deductions.

With reference to mining operations, the cost of depreciating assets (including plant and equipment) may be deducted over the asset’s effective life. Other capital expenditure incurred in carrying on mining operations is deductible over the life of the mining project concerned, and exploration expenditure is deductible in the year in which it was incurred.

Income tax losses incurred by Australian companies can be carried forward and utilized in future years subject to the satisfaction of specific statutory tests.

##### Withholding Tax

A withholding tax of 30% (generally reduced to 15% if the shareholder is resident in a country with which Australia has a tax treaty) is payable on non-franked dividends distributed to non-resident shareholders. A non-resident pays no Australian tax when receiving a fully franked dividend from an Australian company. Dividends may be fully franked, partially franked or unfranked. A fully franked dividend is basically a distribution of company profits that have been subject to tax at the company rate.

In general, a withholding tax is also applied to payments of interest and royalties to non-residents at a rate of 10%.

##### Other Taxes

Other taxes applicable in Australia include fringe benefits tax on certain benefits provided to employees, payroll taxes, customs duty and stamp duty.

## Lead Markets

Lead is an internationally traded commodity. It is a ductile, non-corrosive metal used primarily in manufacturing lead-acid batteries for storing energy in various situations, including starting motor vehicles, powering electric or hybrid vehicles, and providing backup power when main electricity supplies fail. Lead is also used for radiation shielding and in a number of industrial and chemical products.

World demand for lead has increased steadily over the past 40 years. Over the last 10 years, the use of lead in batteries has increased significantly and the use of lead-acid batteries for backup power in telecommunications and IT networks has also expanded. Lead supply has been generally tight since 2000 with a significant decline in LME-held lead metal stocks since the end of 2002. New lead mine production arises principally as a co-product of zinc or silver mining. However, new mine supply accounts for just over 40% of total refined lead production, with the balance obtained mainly from recycling used batteries.

Historically, the price of lead metal has been volatile, affected by international economic and political conditions, levels of supply and demand, producer and other inventory levels, inventory carrying costs and currency exchange rates. Additionally lead metal demand stagnated over a 20 year period (1975-95) as a consequence of the then relatively large market for lead in gasoline and paints being almost completely removed. During this period demand was almost flat with the growth in battery use balancing the lost market segments. During this period large excess stocks were accumulated which have only been recently exhausted.

The following table sets forth the average daily settlement price for lead metal on the LME for the periods indicated. In 2005, the LME lead cash settlement price increased from US\$1,056/tonne at the beginning of the year to a price of US\$1,100 per tonne at year-end.

<u>Year</u>	<u>Price (US\$/lb )</u>	<u>Price (US\$/tonne)</u>
2001	0.22	476
2002	0.21	453
2003	0.23	516
2004	0.40	888
2005	0.44	977

## Competition

With the Magellan Mine now in commercial production, the Company's competitive position will be determined largely by its costs compared to those of other lead producers throughout the world. Ongoing operating costs at the Magellan Mine will be determined principally by the location, grade and nature of ore bodies and mineral deposits, the efficiency of processing and refining operations, and operating management and skill. Ivernia believes that the project's open pit mining plan and the relatively shallow depth and high grade of the mineralization, among other factors, will result in the Magellan Mine having relatively low production costs of lead concentrate and lead metal production compared to other lead producers. The Company's competitive position is also affected by its ability to maintain its financial integrity through lead price and currency fluctuations.

Given the size of the world market for lead relative to individual producers of lead, Ivernia believes that no single company has sufficient market influence to significantly affect the price or supply of lead on the world market.

Over the longer term, the Company will compete with other mining and exploration companies in connection with the location, acquisition and development of mineral projects.

## **Risk Factors**

The business of Ivernia is subject to a variety of risks, including those described below. Ivernia is also subject to the risks and uncertainties described in the 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, 2005, filed with Canadian securities regulators.

### *Resources and Reserves*

Ivernia believes that the reserve and resource figures calculated for Magellan have been conducted using appropriate methodology and provide a reasonable estimate based on the available data. The reserve estimates and life of mine plan which are in the process of being updated are expected to be completed during 2006. The inherent imprecision of all such estimates is also recognized and the Company accepts that they are only estimates. Changes to the proposed mining plans that are used to generate the estimates is almost inevitable as more information becomes available and as economic parameter assumptions, such as metal prices and exchange rates, change with time. Consequently, 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.

### *Metal Price Volatility*

Ivernia's operating revenues are derived from the sale of lead concentrates and lead metal. Accordingly, the Company's earnings are directly related to the price of lead. Lead prices have fluctuated over time and are affected by numerous factors beyond Ivernia's control. The effects of these factors are impossible for Ivernia to predict. If the market price for lead falls below Ivernia's total cash costs and remains at such levels for a sustained period, Ivernia may, if it is not appropriately hedged, incur losses and may determine to discontinue mining operations. A lead price hedging strategy has been put in place by the Company.

### *Exchange Rates*

Substantially all of the revenues and debt of the Magellan Mine are (or are expected to be) denominated in US dollars, whereas a significant portion of its operating costs relating to the Magellan Mine are denominated in Australian dollars. All of the revenues and debts of Ivernia are (or are expected to be) denominated in Canadian dollars. Fluctuations in the Australian/US dollar and the Canadian/US dollar exchange rates may significantly impact the earnings and cash flows of the Magellan Mine and Ivernia.

### *Single Mineral Property*

Ivernia's only mineral property is the Magellan Mine. Any adverse development affecting the mine could have a material and adverse effect on the Company and could materially and adversely affect its lead production, profitability, financial performance and results of operations.

### *Metallurgy*

The Company is aware of the inherent risk of mineralogical changes in the planned treatment of the Magellan ore bodies. Particle liberation and the effectiveness of selective chemical collection are the key variables in any flotation-based process and these have been assessed on the sample suites available for test work, which has been limited to a relatively small weight percent of the planned mining operation. While every reasonable step has been taken to ensure that the metallurgical process is suited to the task, including third party reference advice, comparisons with similar operations both past and present and extensive test work on actual material, no assurance can be given that modifications will not be required or that the predicted performance will be achieved.

### *Environmental*

Certain environmental issues could potentially affect the operation of the Magellan Mine. Although potential issues such as storm events, tailings storage seepage, pit wall failure, dust and noise emissions have all been assessed and appropriate strategies based on practices at other lead mining and processing operations have been adopted, there can be no assurance that an unforeseen event will not occur which could have an impact on the viability of the operation.

### *Mining Risks*

The mining operations of Ivernia 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, 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 and Magellan Metals 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 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. If Magellan Metals is unable to fund fully the cost of remedying an environmental problem, Magellan Metals might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy.

### *Labour and Employment Regulations.*

Although Ivernia has good relations with its employees, production at its mining operation is dependant upon the efforts of Ivernia's employees and contractors. In addition, relations between Ivernia and its employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant governmental authorities in whose jurisdiction Ivernia carries on business. Changes in such legislation or in the relationship between Ivernia and its employees may have a material adverse effect on Ivernia's business, results of operations and financial condition.

### *Health and Safety*

Lead is a toxic substance that can become concentrated in the food chain and affect human and animal development. Although Ivernia has implemented procedures that are designed to protect the health and safety of employees and others, such procedures require strict adherence by individual employees and no assurance can be given that employees or others will not be exposed to toxic materials, which may attract liability to Ivernia. Mining and processing operations also involve a variety of other hazardous materials such as fuel, blasting agents and dangerous chemicals that could cause damage or harm to the Magellan Mine's operating facilities or employees. A risk to the operation of the Magellan Mine is that employees may not adhere to standard operating procedures that will be in place. The Company is aware that both careful monitoring and effective control are paramount but there is still a risk that incidents will occur which will require remedial action and may result in curtailment of operations.

In the event that control measures are not completely successful, employees could absorb enough lead to raise their blood lead levels above permissible levels and require their removal from the site. Temporary workers would need to be employed to maintain operational continuity, which would result in additional labour costs.

### *Government Regulation*

Ivernia'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's properties, the extent of which cannot be predicted. In the context of environmental permitting, including the approval of reclamation plans, Ivernia 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 will not proceed with the development or operation of a mine, Ivernia 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.

All phases of Ivernia'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's operations.

#### *Dependence on Key Personnel*

Ivernia's success depends to a significant extent on the continued services of certain key personnel. The failure to retain certain personnel and to attract qualified management in the future could adversely affect our ability to manage our operations.

#### *Constraints on Cash Flow from the Magellan Mine*

The Magellan Mine was commissioned on September 30, 2005 and commercial production was achieved on October 1, 2005. The cash flow generated from the commencement of commercial production at the mine is subject to constraints before it can be distributed by Magellan Metals to the Company. These constraints include ongoing operating costs for the mine, the installation of a ball mill, the construction of a gas pipeline in 2006, the possible future construction of a refinery, and royalty payments to native title claimants under the Heritage Agreement and the Land Use Agreement. Accordingly, there can be no guarantee that such distributions, if any, will be sufficient to fund any other activities which the Company may wish to undertake, or to fund the payment of dividends on the Common Shares.

#### *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. Considerable expenditure is required to assess mineralized occurrences and the progression of such discoveries to potential ore-bodies is a high risk process which requires constant review. While the discovery of an ore deposit may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. To determine the commercial viability of a mineral deposit such as the Magellan Mine is an extremely complex process which includes the consideration of technical, economic and political factors such as 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, land tenure, taxes, royalties, land use, importing and exporting of minerals and environmental protection. Accordingly there can be no assurance that Ivernia's current business plan will result in profitable and sustained commercial mining operations. While contingency levels deemed appropriate for this type of operation have been included, no assurances of achieving the targets can be given as many outside factors can interfere, such as actual availability of equipment and services at the appropriate time or unusual climatic events.

#### *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, and Ivernia'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 in relation to the Magellan Mine set out in this AIF are based upon information prepared by or under the supervision of one or more qualified persons, as that term is defined in National Instrument 43-101. The estimates of proven and probable ore reserves in relation to the Magellan Mine set out in this AIF are also based upon information prepared by or under the supervision of one or more qualified persons, as that term is defined in National Instrument 43-101 and are reflected in the 2004 Technical Report. Following the resource update and the first 12 months of mining the Company continue to work with Cube Consultancy on an updated ore reserve estimate and life of mine plan. It is anticipated that this work will be completed during 2006.

Ivernia's mineral resources are reported in accordance with the 2004 update of the JORC Code while the ore reserves are reported in accordance with the 1999 update of the JORC Code. The qualified persons named in this AIF in respect of the Magellan Mine are of the view that the estimates of measured indicated and inferred mineral resources and proven 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 metal or concentrate 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 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.

## DIVIDEND POLICY

The Company has not paid dividends on the Common Shares since its incorporation and does not intend to pay dividends on the Common Shares during fiscal 2006. Any decision to pay dividends on the Common Shares in the future 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.

## CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preference shares. As at the date hereof there are 133,667,211 Common Shares and no preference shares outstanding.

The holders of Common Shares are entitled to receive, as and when declared by the board of directors, dividends in such amounts and in such form as may be determined from time to time. Holders are entitled to receive notice of and to attend all shareholders meetings except for meetings at which only the holders of another class or series of shares are entitled to vote separately as a class or series. 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. Holders of the Common Shares are otherwise entitled to one vote for each Common Share held.

Subject to any priority of the preference shares as have been designated on their issuance, holders of the Common Shares are entitled to receive the remaining property of the Company on a pro rata basis in the event of liquidation, dissolution or winding-up.

The Board of Directors may issue preference shares from time to time in one or more series, each series having such number of shares and such designation, rights, privileges, restrictions and conditions as the board of directors may determine, including voting rights, redemption provisions, dividend rights, dividend rates, liquidation preferences and conversion rights. Unless otherwise provide by the rights, privileges, restrictions and conditions attaching to a series of preference shares or as required by law, holders of the preference shares are not entitled to receive notice of or attend at or vote at a meeting of shareholders. Similarly, depending on the rights attaching to any preference shares, same may rank prior to common shares with respect to dividends and with respect to distribution of assets in the event of a liquidation, dissolution or winding-up of the Company.

The table below summarizes the number of Common Shares issuable upon the full exercise of the common share purchase warrants and broker warrants issued pursuant to the March 2004 Private Placement and the November 2004 Private Placement.

### Common Shares Issued or Issuable Upon Exercise of Warrants

As at March 30, 2006

	Common Shares Issuable if All Warrants Fully Exercised	Common Shares Issued Pursuant to Warrants Exercised to Date	Common Shares Issuable upon Exercise of Remaining Warrants
<b>November 2004 Private Placement:</b>			
Common share purchase warrants	4,000,000	-	4,000,000
November Broker Warrants	480,000	400,000	80,000
Common share purchase warrants issuable upon exercise of November Broker Warrants	240,000	170,000	70,000
Total	4,720,000	570,000	4,150,000

## MARKET FOR SECURITIES

The Common Shares are listed and posted for trading on the Toronto Stock Exchange under the symbol “TVW”. The following provides details of the price ranges and volume traded for the fiscal year ended December 31, 2005.

	High (\$)	Low (\$)	Volume
<u>2005</u>			
January .....	1.60	1.21	322,010
February .....	2.19	1.46	1,179,330
March .....	2.35	1.70	400,777
April .....	2.09	1.45	610,304
May.....	1.66	1.30	599,085
June.....	1.77	1.50	568,990
July .....	1.62	1.39	330,840
August .....	1.62	1.25	296,618
September.....	1.79	1.33	407,923
October.....	1.79	1.40	168,470
November.....	1.64	1.30	488,309
December .....	1.86	1.42	529,910

## PRIOR SALES

On April 29, 2005, as part of the consideration for the Magellan Acquisition the Company issued to Sentient 23.5 million Common Shares. Additionally, on April 29, 2005, the Company issued, pursuant to the 2005 Public Offering, 29,050,000 Common Shares at a price of C\$1.55 per share for gross proceeds of C\$45,028,000. On May 27, 2005 the Company completed the sale of an additional 2,493,100 Common Shares for gross proceeds of C\$3,864,000 from a partial exercise of the overallotment option component of the 2005 Public Offering. Following the exercise of the option, the total financing size was an aggregate of 31,543,100 Common Shares with total gross proceeds of C\$48,892,000 (US\$38.71 million).

On December 28, 2005, the Company successfully negotiated an agreement with Sentient that granted the Company an irrevocable option to extend the maturity date of the Sentient Note by one year from April 29, 2006 to April 29, 2007. The Company agreed to pay Sentient a commitment fee amounting to the issuance of 450,000 Common Shares for the grant of the option to extend and if extended an additional issuance of 400,000 Common Shares. The Company may also, at its option, issue additional Common Shares to Sentient so as to defer payment of all or part of the accrued interest payable of approximately C\$1.6 million on April 29, 2006 for one full year to April 29, 2007. If the interest is deferred, the Company will pay Sentient 65,000 additional Common Shares (or a prorated amount if less than all is deferred).

See “General Development of the Business – Three Year History.”

## DIRECTORS AND OFFICERS

*Set out below is the name, municipality of residence, office within the Company and principal occupation of each director and executive officer of the Company, together with his period of service as a director. 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	Period(s) of Service as a Director
J. Trevor Eyton Toronto, Ontario	Chairman and Director (1)(2)(3)	Member of the Senate of Canada and Company Director	2000 – present
Alan De'ath Oakville, Ontario	Director, President and Chief Executive Officer (4)	Officer of the Company	2000 – 2002 2003 – present
Kenneth Sangster Bristol, England	Director and Executive Vice-Chairman (4)	Officer of the Company	2000 – 2002 2003 – present
David Armstrong Toronto, Ontario	Director (2)(3)	Partner, Goodman and Carr LLP (Law firm)	2000 – present
Walter Murray Bracebridge, Ontario	Director (1)(2)(3)	Director, Hydro One Inc.	2000 – present
Peter Cassidy Sydney, Australia	Director (1)	Principal, The Sentient Group	2005 – present
Mario Stifano Brampton, Ontario	Vice President and Chief Financial Officer (5)	Officer of the Company	N/A

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Member of the Corporate Governance Committee.

(4) Each of Mr. De'ath and Mr. Sangster resigned as directors in 2002 in connection with a reduction in the size of the Board at that time.

(5) Mr. Stifano was appointed Vice President and Chief Financial Officer of the Company effective June 15, 2005.

During the past five years, each of the foregoing directors and executive officers, with the exception of Walter Murray, David Armstrong and Mario Stifano, has been engaged in the principal occupation shown opposite his name or in another position with the same or an affiliated company. Walter Murray was Vice Chairman of RBC Capital Markets Inc. from 2000 to 2005. David Armstrong was a partner at the law firm of McCarthy Tétrault LLP from 1987 to 2005.

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, which were delayed as a result of continuing negotiations with Sentient concerning the Magellan Joint Venture 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 the Joint Venture Agreements, all outstanding disclosure filings were completed and the temporary cease trade order was allowed to lapse on July 23, 2003.

On June 15, 2005, Mario Stifano was appointed Vice President and Chief Financial Officer of the Company. Mr. Stifano qualified as a Chartered Accountant with Ernst & Young and his experience encompasses four years of corporate finance and business development at Coopers & Lybrand and Newcourt. He subsequently spent five years with Noranda, initially in Controller functions before being promoted to Director, Financial Planning. Before joining Ivernia, Mario was with IA Sciences Inc., where he was Vice President, Finance.

McCarthy Tétrault LLP, the law firm of which David Armstrong was a partner during 2005, is the Company's principal Canadian legal counsel.

To the best knowledge of the Company, an aggregate of 687,900 Common Shares are beneficially owned, directly or indirectly, or control or direction over such Common Shares is exercised, by the directors and executive officers of the Company as a group, representing approximately 0.51% of the total issued and outstanding Common Shares.

During 2005 two individuals who were members of the Company's board of directors and/or executive officers of the Company resigned from their respective positions. On June 15, 2005 Brendan McMorrow resigned as Chief Financial Officer of the Company and on December 9, 2005 Kevin Ross resigned as a director and Chief Operating Officer of the Company.

### **Audit Committee**

As of December 31, 2005, our Audit Committee consisted of Walter Murray, J. Trevor Eyton and Peter Cassidy. Each of these individuals is "independent", and "financially literate", as those terms are defined in relevant Canadian securities legislation. The following is the education and experience of each Audit Committee member that is relevant to his or her skills at: (a) understanding accounting principles used by the Company to prepare its financial statements; (b) assessing the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (c) preparing, auditing, analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or actively supervising one or more persons engaged in such activities; and (d) understanding of internal controls and procedures for financial reporting.

1. **Walter Murray** is a director at Hydro One Inc. a position he has held since 2005. Prior to his current position at Hydro One Inc., Mr. Murray served as Vice-Chairman of RBC Capital Markets Inc., from 2000 to 2005, an officer of the Royal Bank of Canada, as Vice-President from 1989 to 1995 and as Senior Vice-President from 1995 until 2000.
2. **J. Trevor Eyton**, is a member of the Senate of Canada and has served as President and CEO (1979-1990) and as Chairman and Senior Chairman (1990-1998) of Brascan Inc. Also, Senator Eyton has served on the boards of directors of numerous public companies in Canada, the United States and Europe including current boards of Brascan Inc., Coca-Cola Enterprises Inc., Nestlé Canada Inc., and Noranda Inc.
3. **Peter Cassidy** is a principal and co-founder of The Sentient Group, an independent private equity investment firm specializing in the resources industry and which became Ivernia's joint venture partner in the then Magellan Project in June 2003. Prior to Sentient he established AMP Life's private investments division in Australia, with significant direct investments in the natural resources sector. He is a director of Natural Soda Holdings Inc, Bowie Resources LLC and various other Sentient entities.

The Audit Committee Terms of Reference sets out explicitly the roles and responsibilities of the Audit Committee and is reviewed annually by the Board. It is attached as **Appendix 1**.

### **EXTERNAL AUDITOR SERVICE FEES**

The following table provides information about the fees billed to the Company for professional services rendered by PricewaterhouseCoopers LLP during 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Audit Fees	C\$160,000	C\$62,500
Tax Fees	C\$98,000	C\$14,000
All Other Fees	C\$202,000	Nil
Total	C\$460,000	C\$76,500

*Audit Fees.* Audit fees consist of fees for the audit of the registrant's annual financial statements or services that are normally provided in connection with statutory and regulatory filings or engagements.

*Tax Fees.* Tax fees consist of fees for tax compliance services, tax advice and tax planning. The services provided in this category included assistance and advice in relation to the preparation of corporate income tax returns and income tax provisions included in the financial statements.

*All Other Fees.* The services provided in this category included those related to offering fees, research, foreign currency risk management review and tax implications relating to the Magellan Acquisition. As part of the Acquisition Agreement, Sentient reimbursed the Company for these fees.

## **EXPERTS**

PricewaterhouseCoopers LLP, Chartered Accountants, the Company's external auditors, have prepared the audit report on the Company's audited consolidated financial statements for its most recently completed financial year. *PricewaterhouseCoopers LLP have advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.*

Each of Jeffrey Elliott of CSA, Malcolm Titley of Finore and Allan Blair of Snowden are named in this AIF as having supervised the preparation of, or reviewed, studies relating to mineral resources and ore reserves for the Magellan Mine. In addition, Franciscus Sibbel is named in this AIF as the author of the 2004 Technical Report. Each of these individuals is independent of the Company. Based on information provided to the Company by these individuals, these individuals as a group do not beneficially own, directly or indirectly, any Common Shares.

## **MATERIAL CONTRACTS**

In December 2005, the Company entered into an agreement with Sentient, an entity of which Peter Cassidy was a founder and is currently a principal, to grant the Company an option to extend the maturity date of the Sentient Note and the accrued interest thereon. Except for contracts entered into in the ordinary course of business, the only other material contracts entered into by the Company within the most recently completed financial year, or before the most recently completed financial year but that is still material and still in effect, is the Acquisition Agreement, a copy of which has been filed on SEDAR at [www.sedar.com](http://www.sedar.com).

## **TRANSFER AGENTS AND REGISTRARS**

The Company's transfer agent is Computershare Investor Services Inc. 100 University Avenue, 9<sup>th</sup> Floor Toronto, Ontario M5J 2Y1.

## **ADDITIONAL INFORMATION**

Additional financial information for the Company is available in the Company's audited financial statements for the year ended December 31, 2005 and the related management's discussion and analysis of financial condition and results of operations, which will be filed with Canadian securities regulators and will be available under the Company's profile at [www.sedar.com](http://www.sedar.com).

Information including directors' and officers' remuneration, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans will be contained in the Company's information circular for the annual meeting of security holders to be held on June 14, 2006 a copy of which will be filed with Canadian securities regulators and will be available under the Company's profile at [www.sedar.com](http://www.sedar.com).

Upon request made to the Controller of the Company at 44 Victoria Street, Suite 300, Toronto, Ontario, Canada, M5C 1Y2, the Company will provide any person or company with a copy of:

- (a) the Company's AIF together with any document, or the pertinent pages of any document, incorporated by reference in the AIF;
- (b) the Company's comparative financial statements for its most recently completed financial year for which financial statements have been filed, together with the accompanying report of the auditor, and the Company's most recent interim financial statements that have been filed, if any, for any period after the end of its most recently completed financial year;
- (c) the Company's Management Information Circular in respect of its most recent annual meeting of shareholders involving the election of directors; and
- (d) 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, any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus.

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 or company upon payment of a reasonable charge.

## TECHNICAL GLOSSARY

**2004 Technical Report:** the technical report dated September 30, 2004 prepared by Franciscus Sibbel, of F&A Sibbel Mining Consultants Pty Ltd. relating to the Magellan Mine.

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

**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.

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

**dmt:** dry metric tonnes

**ehedral:** 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 lead and other base metals, and g/t for precious metals.

**grizzly:** a coarse screen for ROM ore.

**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<sup>(1)</sup>:** 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.

**Mtpa:** million tonnes per annum

**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<sup>(1)</sup>:** 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:

**proven 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.

**ROM:** run of mine.

**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.

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

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

**tph:** tonnes per hour.

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<sup>(1)</sup> *Ivernias mineral resources are reported in accordance with the 2004 update of the JORC Code.*

## **APPENDIX 1**

### **IVERNIA INC.**

#### **TERMS OF REFERENCE FOR AUDIT COMMITTEE**

##### **Statement of Purpose**

The purpose of the Audit Committee (the “Committee”) of the board of directors (the “Board”) of Ivernia Inc. (the “Corporation”) will be to provide oversight and make recommendations to the Board with respect to the quality and integrity of the accounting, auditing, internal control and financial reporting practices of the Corporation and compliance with related legal and regulatory requirements. In addition, the Board may refer to the Committee such matters and questions relating to the financial position of the Corporation and its subsidiaries and other matters within the scope of the Committee’s responsibilities as the Board deems appropriate.

In exercising its oversight, the Committee is not responsible for preparing the Corporation’s financial statements, designing internal controls or planning or conducting audits. It is the responsibility of management of the Corporation to prepare financial statements that are complete and accurate and in accordance with generally accepted accounting principles and to design and implement an effective system of internal controls. The Corporation’s external auditors are responsible for planning and performing an audit in accordance with generally accepted auditing standards and expressing an opinion as to the fair presentation of the Corporation’s financial statements in accordance with generally accepted accounting principles.

##### **Membership**

The Committee will be appointed by the Board and will consist of at least three directors of the Corporation who meet the independence and financial literacy requirements applicable to the Corporation from time to time.

A member may be removed at any time by the Board and will cease to be a member upon ceasing to be a director of the Corporation.

##### **Meetings and Procedure**

The Committee will meet at least four times per year. Unless otherwise directed by the Board, the Committee will have the power to fix its quorum at not less than a majority of its members and to determine its own procedures for the calling and holding of meetings. The Committee will not transact business except at a meeting at which a quorum is present or by a resolution in writing signed by all of the members of the Committee.

The Chair of the Committee will be determined by the Board. If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting will be appointed to preside as chair of the meeting.

The Committee may appoint a Secretary, who need not be a director of the Corporation, to keep minutes of all Committee meetings. The Committee will, when the Committee may deem appropriate but in any event not later than the next regular meeting of the Board, report to the Board all action it has taken since its previous report to the Board, and will make such recommendations to the Board as it deems prudent as a result of such action. The Committee may require the external auditors and any officer of the Corporation to attend its meetings and to take part in the discussion and consideration at any meeting or part thereof.

##### **Relationship With External Auditors**

The Committee will recommend to the Board each year (i) the external auditors to be nominated for appointment by the shareholders for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Corporation, and (ii) the compensation of the external auditors. The Committee will

review the circumstances surrounding any proposed change in the external auditors and will recommend the removal of the external auditors if the circumstances warrant.

The external auditors of the Corporation will report to and ultimately be accountable to the Committee and the Board as representatives of the shareholders of the Corporation. The Committee will be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.

### **Duties and Responsibilities**

2. In addition to the duties and responsibilities set out elsewhere herein, the Committee will:

#### *Financial Reporting and Disclosure*

- (a) review and discuss with management and the external auditors the Corporation's financial reporting and the preparation of its financial statements, including the assessment of the external auditors as to the quality and appropriateness of the Corporation's accounting principles, material estimates and judgments as applied in its financial reporting;
- (b) review and discuss with management and the external auditors, where appropriate, the following financial documents and reports prior to public disclosure:
  - (i) the annual and interim financial statements of the Corporation and management's discussion and analysis of financial condition and results of operations with respect to such financial statements;
  - (ii) all annual and interim earnings press releases of the Corporation;
  - (iii) all certifications that may be made by the Chief Executive Officer and Chief Financial Officer regarding the Corporation's annual or quarterly financial results, disclosure controls and procedures and internal controls over financial reporting; and
  - (iv) any financial information contained in any prospectus, annual information form, management information circular or other disclosure document or regulatory filing of the Corporation;
- (c) ensure that adequate procedures are in place for the review of the Corporation's public disclosure in any other document of financial information extracted or derived from the Corporation's financial statements, and will periodically assess the adequacy of those procedures;
- (d) review with management and external counsel the status of any material pending or threatened litigation, claims, assessments and regulatory proceedings that may have a material impact on the Corporation's financial statements;

#### *Policies, Procedures and Internal Controls*

- (e) review with management and the external auditors all significant accounting practices and policies and all changes or proposed changes in such practices and policies and in financial reporting requirements that may affect the Corporation's financial statements, as well as key estimates and judgments of management that may be material to financial reporting;
- (f) review with management the adequacy of the Corporation's insurance coverage, including directors' and officers' liability coverage;

- (g) review with management the financial and other risks facing the Corporation and any changes in these risks, and assess the systems, procedures and other steps management has taken to manage such risks, including the use of any financial derivatives and hedging activities;
- (h) review with management the quality and adequacy of the Corporation's accounting systems and internal control procedures in light of legal and regulatory requirements, and where recommendations are made for the improvement of such systems and procedures, monitor management's corrective actions;
- (i) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters, including procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;

*Relationship with External Auditors*

- (j) review and discuss with the external auditors all significant relationships that the external auditors have with the Corporation and its affiliates in order to assess the external auditors' independence and recommend that the Board take appropriate action in response to any such relationships that bear on such independence;
- (k) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation to ensure compliance with the rules of any applicable regulatory authority;
- (l) review annually with management and the external auditors the audit plan for the current year, including the proposed timing, scope and fees for such audit;
- (m) review any matters raised by the external auditors as affecting the conduct of their audit, including any restrictions imposed by management on the scope of the external auditors' examinations;
- (n) review the performance of the external auditors including the relationship between the external auditors and management; and
- (o) pre-approve all non-audit services to be provided to the Corporation or any of its subsidiaries by the Corporation's external auditors, which may be by the adoption of policies and procedures for the engagement of such services which are detailed as to the particular services, require the Committee to be informed of each such service and do not include delegation of the Committee's responsibilities to management;
- (p) review any post-audit or management letters containing the recommendations of the external auditors, and management's response;

*Other*

- (q) consider any matters that management or the external auditors wish to refer to the Committee, including any unresolved disagreements between management and the external auditors; and
- (r) at the request of the Board or on the Committee's own initiative, investigate such other matters as are considered necessary or appropriate in the circumstances.

3. The Committee will be entitled in its sole discretion to (i) retain independent counsel and other advisors as it determines necessary to carry out its responsibilities, (ii) set and pay the compensation for any advisors retained by the Committee, and (iii) communicate directly with the Corporation's internal and external auditors.
4. The Committee will be entitled to delegate from time to time to any individual or subcommittee any of its responsibilities that lawfully may be delegated.
5. The Committee will review and reassess these Terms of Reference, including the Committee's performance, at least annually and otherwise as it determines to be appropriate and propose any recommended changes to the Board.