



Ivernia Inc.
44 Victoria Street, Suite 300
Toronto, Ontario, Canada
M5C 1Y2

Notice of Annual and Special Meeting of Shareholders

Notice is hereby given that the annual and special meeting of shareholders (the "Meeting") of Ivernia Inc. (the "Company") will be held at The Ontario Club, 5th Floor, Commerce Court South, 30 Wellington Street West, Toronto, Ontario, Canada on Wednesday, June 14, 2006 at 10:00 a.m. (Toronto time) for the following purposes:

1. to receive and consider the audited consolidated financial statements of the Company for the year ended December 31, 2005 together with the report of the auditors thereon;
2. to elect directors;
3. to appoint auditors and authorize the board of directors of the Company to fix their remuneration;
4. to consider and, if deemed advisable, pass, with or without variation, a resolution in the form set out in Schedule "A" to the management information circular of the Company dated May 2, 2006 (the "Circular") approving, ratifying and confirming the adoption of the Company's Shareholder Rights Plan Agreement, as more particularly described in the Circular; and
5. to transact such other business as may properly come before the Meeting or any adjournment thereof.

Accompanying this notice are the Circular containing details of the matters to be dealt with at the Meeting, the Company's 2005 Annual Report, the audited consolidated financial statements of the Company for the year ended December 31, 2005 together with management's discussion and analysis thereon, and a form of proxy.

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

DATED at Toronto, Ontario, Canada this 2nd day of May, 2006.

By Order of the Board of Directors

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

ALAN M. DE'ATH
President and Chief Executive Officer



**IVERNIA INC.
MANAGEMENT INFORMATION CIRCULAR**

May 2, 2006

Solicitation of Proxies

This management information circular (the "Circular") is furnished in connection with the solicitation of proxies by the management of Ivernia Inc. (the "Company" and, together with its subsidiaries, "Ivernia") for use at the annual and special meeting of shareholders of the Company (the "Meeting") to be held on Wednesday, June 14, 2006 at 10:00 a.m. (Toronto time) at The Ontario Club, 5th Floor, Commerce Court South, 30 Wellington Street West, Toronto, Ontario, Canada and at any adjournment thereof for the purposes set forth in the accompanying notice of meeting.

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

Appointment of Proxyholders

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

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

Non-Registered Holders

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

There are two kinds of Non-Registered Holders, those who object to their name being made known to the Company (referred to as "objecting beneficial owners" or "OBOs"), and those who do not object to the Company knowing their name (referred to as "non-objecting beneficial owners" or "NOBOs"). In accordance with National Instrument 54-101 of the Canadian Securities Administrators, the Company has opted this year to distribute copies of the notice of meeting, this Circular, the Company's 2005 Annual Report, the audited consolidated financial statements of the Company for the year ended December 31, 2005 together with management's discussion and analysis thereon and the form of proxy (collectively, the "meeting materials") to NOBOs directly through Computershare. The meeting materials

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

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

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

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

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

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

Revocation of Proxies

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

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

Voting by Proxy

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

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

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

Voting Shares and Principal Holders

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of preference shares issuable in series. As of April 28, 2006, the record date for the Meeting, there were 133,667,211 Common Shares and no preference shares issued and outstanding. All of the outstanding Common Shares are entitled to be voted at the Meeting and each resolution identified in the accompanying notice of meeting will be an ordinary resolution requiring for its approval a majority of the votes cast in respect of the resolution.

Except as described under "Voting by Proxy" above with respect to the election of directors, each holder of Common Shares is entitled to one vote for each Common Share shown as registered in such holder's name on the list of shareholders prepared as of the close of business on April 28, 2006 with respect to all matters to be voted on at the Meeting. However, in the event of any transfer of Common Shares by any such holder after such date, the transferee is entitled to vote those Common Shares if such transferee produces a certificate in his or her name or a properly endorsed share certificate or otherwise establishes that such transferee owns the Common Shares, and requests, not later than ten days before the Meeting, that such transferee's name be included by Computershare in the list of shareholders entitled to vote at the Meeting.

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

Name	Number of Common Shares	Percentage of Outstanding Common Shares
Sentient Global Resources Fund I, LP ⁽¹⁾	23,950,000	17.9%

(1) 4,299,544 of these Common Shares are held by Sentient Global Resources Trust No. 1, an affiliated entity. Sentient Global Resources Fund I, LP (together with its affiliates, associates and nominees, "Sentient") is a limited partnership formed under the laws of the Cayman Islands.

Exchange Rate Information

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

	12 months ended December 31		
	2005	2004	2003
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

PARTICULARS OF MATTERS TO BE ACTED UPON

Election of Directors

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

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

Name	Position with Company and Principal Occupation Within the Past Five Years	Period(s) of Service as a Director	Common Shares Beneficially Owned or Subject to Control or Direction
J. Trevor Eytton ⁽¹⁾⁽²⁾⁽³⁾ Ontario, Canada	Chairman and Director of the Company. Member of the Senate of Canada. Director of Brookfield Asset Management Inc., Coca-Cola Enterprises Inc. Nayarit Gold Inc. and Richview Resources Inc.	2000 – present	123,600
Alan De'ath Ontario, Canada	President and Chief Executive Officer of the Company; from June 2000 to July 2003, was a Vice-President of the Company.	2000 – 2002 ⁽⁴⁾ ; 2003 – present	298,500
Kenneth Sangster Bristol, England	Executive Vice-Chairman of the Company; from December 2000 until September 2004 was Chief Operating Officer of the Company.	2000 – 2002 ⁽⁴⁾ ; 2003 – present	142,800

<u>Name</u>	<u>Position with Company and Principal Occupation Within the Past Five Years</u>	<u>Period(s) of Service as a Director</u>	<u>Common Shares Beneficially Owned or Subject to Control or Direction</u>
David Armstrong ⁽²⁾⁽³⁾ Ontario, Canada	Director of the Company. Partner, Goodman and Carr LLP (law firm) and formerly Partner of McCarthy Tétrault LLP (law firm) from 1987 to 2005.	2000 – present	15,000
Walter Murray ⁽¹⁾⁽²⁾⁽³⁾ Ontario, Canada	Director of the Company. Director, Hydro One Inc. Retired as Vice-Chairman, RBC Capital Markets Inc. (investment banking firm) in April 2005.	2000 – present	36,000
Peter Cassidy ⁽¹⁾ New South Wales, Australia	Director of the Company. Director, The Sentient Group Limited (private equity mining fund).	2005- present	Nil ⁽⁵⁾

(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 was a director of the Company from December 2000 until their respective resignations in January 2002 in connection with a reduction in the size of the Board.

(5) Mr. Cassidy is a director of The Sentient Group Limited, which is the general partner of Sentient Global Resources Fund I, LP. Collectively with its affiliate Sentient Global Resources Trust No. 1, Sentient Global Resources Fund I, LP holds 23,950,000 Common Shares. See "Voting Shares and Principal Holders".

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

Board and Committee Attendance

Director	Number and % of Meetings Attended During 2005	
	<u>Board</u>	<u>Committees</u> ⁽¹⁾⁽²⁾⁽³⁾
J. Trevor Eyton	13/13 (100%)	11/11 (100%)
Alan De'ath	13/13 (100%)	-
Kenneth Sangster	12/13 (92%)	-
David Armstrong ⁽⁴⁾	12/13 (92%)	8/9 (89%)
Walter Murray	13/13 (100%)	11/11 (100%)
Peter Cassidy ⁽⁵⁾	4/7 (57%) ⁽⁶⁾	2/2 (100%)
Kevin Ross ⁽⁷⁾	3/3 (100%)	-

(1) 4 Audit Committee meetings were held during the 12 month period ending December 31, 2005.

(2) 6 Compensation Committee meetings were held during the 12 month period ending December 31, 2005.

(3) 1 Corporate Governance Committee meeting was held during the 12 month period ending December 31, 2005.

(4) David Armstrong resigned from the Audit Committee on June 16, 2005.

(5) Peter Cassidy was elected to the Board and appointed to the Audit Committee on June 16, 2005.

(6) Peter Cassidy was required to recuse himself with regard to 1 Board meeting during the 12 month period ending December 31, 2005 due to a conflicting material interest relating to an agreement then being negotiated between the Company and Sentient.

(7) Kevin Ross was elected to the Board on June 16, 2005 and resigned on December 9, 2005.

Appointment of Auditors

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

The aggregate fees billed by PricewaterhouseCoopers LLP for audit and audit-related services in relation to the Company during the financial year ended December 31, 2005 were C\$160,000. The aggregate fees billed by PricewaterhouseCoopers LLP for all non-audit services rendered in relation to the Company during the year were C\$300,000. These non-audit related fees related primarily to the acquisition by the Company of Resources Holdings Ltd. from Sentient. Sentient later reimbursed the Company for the fees related to the transaction in accordance with their prior agreement. The Audit Committee has determined that the nature of the non-audit services rendered during 2005, and the aggregate fees billed in respect of those services, were consistent with maintaining the auditors' independence.

APPROVAL OF SHAREHOLDER RIGHTS PLAN

Shareholder Rights Plan

Shareholders will be asked at the Meeting to consider and, if thought advisable, pass a resolution (the "Rights Plan Resolution"), the text of which is attached to this Circular as Schedule A, to approve, ratify and confirm the adoption of the shareholder rights plan agreement (the "Rights Plan") dated as of May 2, 2006 between the Company and Computershare Investor Services Inc. The full text of the Rights Plan has been filed with Canadian securities regulators and is available under the Company's profile at www.sedar.com.

The Board has determined that the Rights Plan is in the best interests of the Company and recommends that shareholders vote in favour of the Rights Plan. Sentient, the Company's largest shareholder, has confirmed their support for the adoption of the Rights Plan at the Meeting. The Rights Plan, which is subject to regulatory approval, was effective immediately upon approval by the Board on May 2, 2006.

The primary objective of the Rights Plan is to provide the Board with sufficient time to explore and develop alternatives for maximizing shareholder value if a take-over bid is made for the Company and to provide every shareholder with an equal opportunity to participate in such a bid. The Rights Plan encourages a potential acquirer to proceed either by way of a Permitted Bid (as defined in the Rights Plan), which requires the take-over bid to satisfy certain minimum standards designed to promote fairness, or with the concurrence of the Board.

In considering whether to adopt the Rights Plan, the Board considered the current legislative framework in Canada governing take-over bids. Under provincial securities legislation, a take-over bid generally means an offer to acquire voting or equity shares of a corporation that, together with shares already owned by the bidder and certain parties related thereto, amount to 20% or more of the outstanding shares.

The existing legislative framework for take-over bids in Canada presents the following concerns for shareholders:

1. *Time*

Current legislation permits a take-over bid to expire 35 days after it is initiated. The Board is of the view that this is generally not sufficient time to allow competing transactions to emerge or for other alternatives to be developed or to permit shareholders to consider the take-over bid and make a reasoned and unhurried decision.

2. *Pressure to Tender*

A shareholder may feel compelled to tender to a take-over bid which the shareholder considers to be inadequate, out of concern that in failing to do so, the shareholder may be left with illiquid or minority discounted shares. This is particularly so in the case of a partial take-over bid (a bid for less than all shares), where the bidder wishes to obtain a control position but does not wish to acquire all of the shares. The Rights Plan provides a mechanism which is intended to ensure that a shareholder can separate the decision to tender from the approval or disapproval of the particular takeover bid on its merits.

3. *Unequal Treatment*

While existing provincial securities legislation has substantially addressed many concerns in this regard, there remains the possibility that control of a public issuer may be acquired pursuant to a private agreement in which one or a small group of shareholders dispose of shares at a premium to market price which premium is not shared with the other shareholders. In addition, a person may slowly accumulate shares through stock exchange acquisitions which may result, over time, in an acquisition of control without payment of fair value for control or a fair sharing of a control premium among all shareholders.

Purpose of the Rights Plan

The purpose of the Rights Plan is to give adequate time for shareholders of the Company to properly assess the merits of a bid without undue pressure and to allow competing bids to emerge. The Rights Plan is designed to give the Board time to consider alternatives to allow shareholders to receive full and fair value for their Common Shares. The adoption of the Rights Plan does not affect the duty of the Board to act honestly and in good faith with a view to the best interests of the Company and its shareholders. The Company is not aware of any specific take-over bid for the Company that has been made or is contemplated.

The issuance of the Rights (as defined below) will not in any way alter the financial condition of the Company. The issuance is not of itself dilutive, will not affect reported earnings per Common Share and will not change the way in which shareholders would otherwise trade Common Shares. By permitting holders of Rights other than an Acquiring Person (as defined below) to acquire Common Shares of the Company at a discount to market value, the Rights may cause substantial dilution to a person or group that acquires 20% or more of the Common Shares of the Company other than by way of a Permitted Bid (as defined below) or other than in circumstances where the Rights are redeemed or the Board waives the application of the Rights Plan.

The Rights Plan should provide adequate time for shareholders to assess a bid and to permit competing bids to emerge. It also gives the Board sufficient time to explore other options. A potential bidder can avoid the dilutive features of the Rights Plan by making a bid that conforms to the requirements of a Permitted Bid.

To qualify as a Permitted Bid, a take-over bid must be made for all Common Shares and must be open for 60 days after the bid is made. If at least 50% of the Common Shares held by persons independent of the bidder are deposited or tendered pursuant to the bid and not withdrawn, the bidder may take up and pay for such shares. The bid must then remain open for a further period of 10 clear business days on the same terms.

The requirements of a Permitted Bid enable each shareholder to make two separate decisions. First, a shareholder will decide whether the bid or any competing bid is adequate on its own merits. In making this decision the shareholder need not be influenced by the likelihood that the bid will succeed. If there is sufficient support such that at least 50% of the independently held Common Shares have been tendered, a shareholder who has not already tendered to that bid will have a further 10 business days to decide whether to tender to the bid.

A large number of publicly-held corporations in Canada and the United States have adopted similar shareholder rights plans and Sentient, who holds approximately 18% of the current issued and outstanding Common Shares, has informed the Company that they support the adoption of the Rights Plan.

Summary of the Rights Plan

The following is a summary of the principal terms of the Rights Plan, which summary is qualified by and is subject to the full terms and conditions of the Rights Plan, a copy of which is filed under the Company's profile at www.sedar.com. Except as otherwise defined herein, capitalized terms used below have the meanings ascribed thereto in the Rights Plan.

Issue of Rights

Effective May 2, 2006, one right (a "Right") was issued and is attached to each outstanding Common Share of the Company. One Right will also be issued and attach to each Common Share of the Company (and any other share in the capital stock or voting interests of the Company entitled to vote generally in the election of directors) (collectively, "Voting Shares") issued thereafter, subject to the limitations set forth in the Rights Plan.

Acquiring Person

An Acquiring Person is a person that beneficially owns 20% or more of the outstanding Voting Shares. An Acquiring Person does not, however, include the Company or any Subsidiary of the Company, or any person that becomes the Beneficial Owner of 20% or more of the Voting Shares as a result of certain exempt transactions. These exempt transactions include where any person becomes the Beneficial Owner of 20% or more of the Voting Shares as a result of, among other things: (i) acquisitions pursuant to a Permitted Bid or Competing Permitted Bid (as described below), and (ii) transactions to which the application of the Rights Plan has been waived by the Board.

Rights Exercise Privilege

The Rights will separate from the Voting Shares to which they are attached and will become exercisable at the close of business (the "Separation Time") on the eighth trading day after the earliest of: (a) the first date of public announcement that a person and/or others associated, affiliated or otherwise connected to such person, or acting in concert with such person, have become an Acquiring Person; (b) the date of commencement of, or first public announcement of the intent

of any person to commence a take-over bid, other than a Permitted Bid or a Competing Permitted Bid, or such later date as the Board may determine in good faith; and (c) the date upon which a Permitted Bid or a Competing Permitted Bid ceases to be such. Subject to adjustment as provided in the Rights Plan, each Right entitles the holder to purchase one Common Share for an exercise price (the "Exercise Price") equal to C\$12 per Common Share.

The acquisition by any person (an "Acquiring Person") of 20% or more of the Common Shares, other than by way of a Permitted Bid, is referred to as a "Flip-in Event". Any rights held by an Acquiring Person will become void upon the occurrence of a Flip-in Event.

At the close of business on the eighth trading day after the first public announcement of the occurrence of a Flip-in Event, the Rights (other than those held by the Acquiring Person) will entitle the holder to purchase Voting Shares having an aggregate market price (based on the prevailing market price at the time of the consummation or occurrence of the Flip-in Event) equal to twice the Exercise Price for an amount in cash equal to the Exercise Price. That is, holders of Rights (other than the Acquiring Person) may acquire Voting Shares of the Company at a 50% discount.

Impact Once Rights Plan is Triggered

The issue of Rights is not initially dilutive. Upon a Flip-in Event occurring and the Rights separating from the attached Voting Shares, reported earnings per Voting Share on a fully diluted or nondiluted basis may be affected. Holders of Rights who do not exercise their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

By permitting holders of Rights other than an Acquiring Person to acquire Voting Shares of the Company at a discount to market value, the Rights may cause substantial dilution to a person or group that acquires 20% or more of the voting securities of the Company other than by way of a Permitted Bid or other than in circumstances where the Rights are redeemed or the Board waives the application of the Rights Plan.

Permitted Lock-Up Agreements

A bidder may enter into lock-up agreements (a "Permitted Lock-Up Agreement") with the Company's shareholders (a "Locked-Up Person") whereby such shareholders agree to tender their Voting Shares to the take-over bid (the "Subject Bid") without a Flip-in Event (as referred to above) occurring. Any such agreement must permit the Locked-Up Person to withdraw their Voting Shares from the lock-up to tender to another take-over bid or support another transaction that will provide greater value to the Locked-Up Person than the Subject Bid where the greater value offered exceeds by as much or more than a specified amount (the "Specified Amount") the value offered under the Subject Bid, provided the Specified Amount is not greater than 7% of the value offered under the Subject Bid. A Permitted Lock-Up Agreement may contain a right of first refusal or require a period of delay (or other similar limitation) to give an offeror an opportunity to match a higher price in another transaction as long as the Locked-Up Person can accept another bid or tender to another transaction.

The Permitted Lock-Up Agreement must be made available to the Company and to the public, and under the Permitted Lock-Up Agreement no "break up" fees, "top up" fees, penalties, expense reimbursement or other amounts that exceed in aggregate the greater of: (i) 2 ½% of the value payable under the Subject Bid; and (ii) 50% of the amount by which the value received by a Locked-Up Person under another take-over bid or transaction exceeds what such Locked-Up Person would have received under the Subject Bid; can be payable by such Locked-Up Person if the Locked-Up Person fails to deposit or tender their Voting Shares to the Subject Bid or withdraws such shares previously tendered thereto in order to deposit such shares to another take-over bid or to support another transaction.

Certificates and Transferability

Prior to the Separation Time, certificates for Common Shares will also evidence one Right for each Common Share represented by the certificate. Certificates issued after May 2, 2006 will bear a legend to this effect. Rights are also attached to Common Shares outstanding on May 2, 2006, although share certificates issued as at that date will not bear such a legend.

Prior to the Separation Time, Rights will not be transferable separately from the attached Common Shares. From and after the Separation Time, the Rights will be evidenced by Rights certificates which will be transferable and traded separately from the Common Shares.

Permitted Bids and Competing Permitted Bids

The Rights Plan is not triggered if an offer (a “Permitted Bid”) would allow sufficient time for the shareholders to consider and react to the offer and would allow shareholders to decide to tender or not tender without the concern that they will be left with illiquid Voting Shares should they not tender.

The requirements for a Permitted Bid include the following:

- (a) the take-over bid must be made by way of a take-over bid circular;
- (b) the take-over bid must be made to all shareholders;
- (c) the take-over bid must be outstanding for a minimum period of 60 days and Voting Shares tendered pursuant to the take-over bid may not be taken up prior to the expiry of the 60 day period and only if at such time more than 50% of the Voting Shares held by shareholders, other than the bidder, its affiliates and persons acting jointly or in concert and certain other persons (the “Independent Shareholders”), have been tendered to the take-over bid and not withdrawn; and
- (d) if more than 50% of the Voting Shares held by Independent Shareholders are tendered to the take-over bid within the 60 day period, the bidder must make a public announcement of that fact and the take-over bid must remain open for deposits of Voting Shares for an additional 10 business days from the date of such public announcement.

The Rights Plan allows for a competing Permitted Bid (a “Competing Permitted Bid”) to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all the requirements of a Permitted Bid except that it may expire on the same date as the Permitted Bid, subject to the requirement that it be outstanding for a minimum period of 35 days.

Neither a Permitted Bid nor a Competing Permitted Bid is required to be approved by the Board and such bids may be made directly to shareholders. Acquisitions of Voting Shares made pursuant to a Permitted Bid or a Competing Permitted Bid do not give rise to a Flip-in Event.

Waiver and Redemption

With the prior consent of the holders of Voting Shares, the Board may, at any time prior to the occurrence of a Flip-in Event that would occur by reason of an acquisition of Voting Shares otherwise than pursuant to a take-over bid made by means of a take-over bid circular to all holders of record of Voting Shares (or otherwise as outlined in the paragraph below), waive the application of the Rights Plan to such Flip-in Event.

The Board may also, prior to the occurrence of a Flip-In Event, waive the application of the Rights Plan to a particular Flip-In Event which would occur as a result of a take-over bid made under a circular prepared in accordance with applicable securities laws to all holders of Voting Shares. In such event, the Board shall be deemed to also have waived the application of the Rights Plan to any other Flip-In Event occurring as a result of any other takeover bid made under a circular prepared in accordance with applicable securities laws to all holders of Voting Shares prior to the expiry of any take-over bid for which the Rights Plan has been waived or deemed to have been waived.

Until the occurrence of a Flip-in Event, the Board may, with the approval of holders of the Voting Shares (or with the approval of holders of Rights if the Separation Time has occurred), elect to redeem all but not less than all of the then outstanding Rights at \$0.00001 per Right. In the event that a person acquires Voting Shares pursuant to a Permitted Bid, a Competing Permitted Bid or pursuant to a transaction for which the Board has waived the application of the Rights

Plan, then the Board shall, immediately upon the consummation of such acquisition, without further formality, be deemed to have elected to redeem the Rights at the redemption price.

Amendment

The Board may amend the Rights Plan with the approval of a majority vote of the votes cast by shareholders (or the holders of Rights if the Separation Time has occurred) voting in person or by proxy at a meeting duly called for that purpose. The Board without such approval may correct clerical or typographical errors and, subject to approval as noted above at the next meeting of the shareholders (or holders of Rights, as the case may be), may make amendments to the Rights Plan to maintain its validity due to changes in applicable legislation.

Board

The Rights Plan will not detract from or lessen the duty of the Board to act honestly and in good faith with a view to the best interests of the Company. The Board, when a Permitted Bid is made, will continue to have the duty and power to take such actions and make such recommendations to shareholders as are considered appropriate.

Exemptions for Investment Advisors

Investment advisors (for fully managed accounts), trust companies (acting in their capacities as trustees and administrations), statutory bodies whose business includes the management of funds and administrators of registered pension plans acquiring greater than 20% of the Voting Shares are exempted from triggering a Flip-in Event, provided that they are not making, or are not part of a group making, a take-over bid.

Confirmation Every Three Years

Assuming the Rights Plan is confirmed at the Meeting, the Rights Plan must be reconfirmed by a resolution passed by a majority of the votes cast by all shareholders who vote in respect of such reconfirmation at every third annual meeting following the Meeting.

For the Rights Plan to continue following the Meeting, the Rights Plan Resolution must be approved by a majority of the votes cast by the holders of the Common Shares present or represented by proxy at the Meeting. If the Rights Plan Resolution is not passed, the Rights Plan and all outstanding Rights will terminate and be void and of no further force and effect. Sentient, the Company's largest shareholder, has confirmed their support for the adoption of the Rights Plan at the Meeting.

The Board has determined that the Rights Plan is in the best interest of the Company and its shareholders. The Board recommends that shareholders vote "FOR" the resolution set out in Schedule "A" to this Circular. Unless otherwise instructed by a shareholder, the persons named in the accompanying form of proxy will vote "FOR" the Rights Plan Resolution in the form of Schedule A hereto approving, ratifying and confirming the adoption of the Rights Plan.

EXECUTIVE COMPENSATION

Compensation of Executive Officers

The following table sets forth the compensation paid by the Company during its three most recently completed financial years to the Chief Executive Officer, the Chief Financial Officer and any other executive officers of the Company as at December 31, 2005 as well as one former officer who resigned during the year (collectively, the "Named Executive Officers").

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation	All Other Compensation (US\$) ⁽⁴⁾
		Salary (US\$) ⁽¹⁾	Bonus (US\$)	Other Annual Compensation (\$) ⁽²⁾	Common Shares Under Options Granted (#) ⁽³⁾	
Alan De'ath, President and Chief Executive Officer	2005	307,380	53,755 ⁽⁵⁾	–	400,000	53,792
	2004	225,000	50,000	–	500,000	39,375
	2003	160,000	25,000	–	300,000	23,333
Kenneth Sangster, Executive Vice- Chairman	2005	226,406	53,755 ⁽⁵⁾	–	175,000	39,621
	2004	200,000	50,000	–	500,000	35,000
	2003	138,533	–	–	300,000	20,531
Kevin Ross, Former Senior Vice-President and Chief Operating Officer ⁽⁶⁾	2005	206,298	–	–	175,000	36,102
	2004	66,667	–	–	600,000	11,667
	2003	–	–	–	–	–
Mario Stifano, Chief Financial Officer ⁽⁷⁾	2005	83,330	–	–	250,000	14,583
	2004	–	–	–	–	–
	2003	–	–	–	–	–

- (1) In 2003, 2004 and the period to March 31, 2005 salaries were denominated in US dollars and converted to local or nominated currency of the Named Executive Officers at the monthly average exchange rate. From April 1, 2005 salaries were denominated in Canadian dollars and converted into the local or nominated currency of the Named Executive Officers at the monthly average exchange rate. The summary compensation table reports all compensation in equivalent US dollars which is the reporting currency of the Company.
- (2) Unless otherwise stated, the value of perquisites and other personal benefits, securities or property received by the Named Executive Officer in each financial year was less than the lesser of C\$50,000 and 10% of the total annual salary and bonus paid to the Named Executive Officer for the financial year.
- (3) The numbers of Common Shares shown in this column have been adjusted to give effect to the five-to-one consolidation of the Company's outstanding Common Shares on June 30, 2004.
- (4) Amounts shown in this column represent accrued and paid contributions to pension plans maintained by or for the benefit of the Named Executive Officers.
- (5) See section below titled "Executive Compensation – Chief Executive Officer's Compensation" for further details.
- (6) Mr. Ross was appointed to this position effective September 1, 2004 and resigned effective December 9, 2005.
- (7) Mr. Stifano was appointed to this position effective June 15, 2005.

Stock Options

The following table sets forth certain summary information concerning the Company's 2000 Employee Stock Option Plan (the "Option Plan") as at December 31, 2005. The Option Plan is the Company's only equity compensation plan.

	Number of Common Shares to be Issued Upon Exercise of Outstanding Options	Weighted Average Exercise Price of Outstanding Options (C\$)	Number of Common Shares Remaining for Future Issuance (Excluding Common Shares to be Issued Upon Exercise of Outstanding Options)
2000 Employee Stock Option Plan ⁽¹⁾	5,466,416	\$1.32	4,333,584

- (1) The Option Plan was approved by the securityholders of the Company's predecessor Ivernia West plc, in connection with the formation of the Company in 2000 and, since such time, has been amended with the approval of the Company's securityholders, including most recently in 2005 to increase the number of Common Shares reserved for issuance thereunder from 5,660,000 to 9,800,000.

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

The Company has reserved 9,800,000 Common Shares for the purpose of the Option Plan. As at May 2, 2006 5,118,750 of the Common Shares (representing 3.83% of the currently outstanding Common Shares) are issuable upon the exercise of currently outstanding options, 4,503,584 Common Shares (representing 3.37% of the currently outstanding Common Shares) are available in respect of options which may be granted in the future, and a further 101,249 Common Shares (representing 0.08% of the currently outstanding Common Shares) have already been issued upon the exercise of 177,666 previously granted options. The difference between the number of exercised options and the number of Common Shares issued is as a result of the cashless exercise of options. The number of shares reserved is subject to adjustment if the Common Shares are subdivided, consolidated, converted or reclassified or the number of Common Shares varies as a result of a stock dividend or an increase or a reduction in the share capital of the Company.

Under the Option Plan, options may be granted to all directors, officers, employees and consultants of the Company. The maximum number of Common Shares that may be reserved for issuance to insiders of the Company generally or to any one person under the Option Plan is 10% and 5%, respectively, of the number of Common Shares outstanding at the time of reservation. The exercise price for Common Shares subject to an option is determined by the Board at the time of grant and may not be less than the market price of the Common Shares at the time the option is granted. Options are exercisable as to 25% immediately on the date of grant, with an additional 25% becoming exercisable on or after each of the first, second and third anniversaries of the date of grant, subject to the right of the Board to determine at the time of a particular grant that such options will become exercisable on different dates. An option may be exercisable for a term of up to ten years and may not be assigned.

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

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

The Option Plan and the terms of any outstanding option may be amended at any time by the Board subject to any required regulatory or shareholder approvals, provided that where such an amendment would prejudice the rights of an option holder under any outstanding option, the consent of the option holder is required to be obtained.

The following table sets forth information concerning options granted by the Company to each of the Named Executive Officers during the financial year ended December 31, 2005.

Options Granted During the Financial Year Ended December 31, 2005

Name	Common Shares Under Options Granted (#)	% of Total Options Granted in Financial Year	Exercise or Base Price (C\$/Security)	Market Value of Common Shares Underlying Options on Date of Grant (C\$/Security)	Expiration Date
Alan De'ath ⁽¹⁾	400,000	26.4%	\$1.65	\$1.65	June 15, 2010
Kenneth Sangster ⁽¹⁾	175,000	11.6%	\$1.65	\$1.65	June 15, 2010
Kevin Ross ⁽²⁾	175,000	11.6%	\$1.65	\$1.65	December 9, 2006
Mario Stifano ⁽³⁾	250,000	16.5%	\$1.55	\$1.55	July 1, 2010

- (1) Mr. De'ath's and Mr. Sangster's options are exercisable as to 25% on or after June 15, 2005, the date of grant, with an additional 25% becoming exercisable on or after each of the first, second and third anniversaries of the date of grant.
- (2) Mr. Ross resigned effective December 9, 2005. Mr. Ross' options are exercisable as to 25% on or after June 15, 2005 and expire on December 9, 2006, with the remaining 75% having already expired as a consequence of his resignation.
- (3) Mr. Stifano's options are exercisable as to 1/3 on or after July 1, 2006, with an additional 1/3 becoming exercisable on or after July 1, 2007 and 1/3 becoming exercisable on or after July 1, 2008.

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

Aggregated Option Exercises During the Financial Year Ended December 31, 2005 and Financial Year-End Option Values

Name	Common Shares Acquired on Exercise (#)	Aggregate Value Realized (C\$)	Unexercised Options at December 31, 2005 (#) (Exercisable/Unexercisable)	Value of Unexercised in-the-Money Options at December 31, 2005 (C\$) (Exercisable/Unexercisable)
Alan De'ath	—	—	905,000/625,000	\$640,000/\$280,000
Kenneth Sangster	—	—	868,750/456,250	\$631,563/\$254,687
Kevin Ross	—	—	243,750/nil	\$116,563/nil
Mario Stifano	—	—	nil/250,000	Nil/\$62,500

Employment Contracts

Alan De'ath has entered into a service agreement with the Company dated November 1, 2000 pursuant to which he is currently President and Chief Executive Officer of the Company. His period of employment will continue until terminated in accordance with the service agreement. Mr. De'ath's current salary is C\$395,000 per annum and the Company is required to make annual contributions of 17.5% of Mr. De'ath's annual base salary to his personal pension plan.

Kenneth Sangster has entered into a service agreement with the Company dated November 1, 2000 pursuant to which he is currently Executive Vice-Chairman of the Company. Kenneth Sangster has announced that he will be retiring as an executive officer of the Company effective June 30, 2006. Mr. Sangster's current salary is C\$285,000 per annum and the Company is required to make annual contributions of 17.5% of his annual base salary to his personal pension plan.

Mario Stifano has entered into a service agreement with the Company dated June 2, 2005 pursuant to which he is currently Vice President and Chief Financial Officer of the Company. His period of employment will continue until terminated in accordance with the service agreement. Mr. Stifano's current salary is C\$200,000 per annum and the

Company is required to make annual contributions of 17.5% of Mr. Stifano's annual base salary to his personal pension plan.

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

Report on Executive Compensation

The following is the report of the Compensation Committee of the Board on executive compensation. During the financial year ended December 31, 2005, the Compensation Committee was composed of J. Trevor Eyton (Chairman), Walter Murray and David Armstrong.

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

The Company's executive compensation program may include cash salary, cash bonus and participation in the Option Plan. Base salary ranges are determined based upon appropriate information regarding compensation policies for Canadian companies of comparable size operating in similar industries. Individual levels are reviewed periodically and are dependent upon the executive's experience level, his particular responsibilities related to the position and his overall performance. Bonuses for executives may be paid at the discretion of the Board. The Compensation Committee considers and, if thought fit, approves the issuance of options in accordance with the Option Plan. Such option grants are dependent upon individual performance, competitive conditions and the number and terms of currently outstanding options. See "Stock Options".

In early 2005 the Compensation Committee retained D. Rainville & Associates to review and make recommendations regarding compensation for the Company's senior management and independent directors ("the Rainville Review"). The Rainville Review concluded that the Company's compensation objectives are best served by the Company adopting a core set of "Compensation Guiding Principles" which represent the philosophy and approach of the Company relating to executive compensation decisions. It is intended that such principles reflect both the Company's understanding of stakeholder expectations and normative market practice and form the core of this report to shareholders.

As part of the Rainville Review the Company adopted the following set of Compensation Guiding Principles:

Program Objectives

To reflect and support the values and expectations of shareholders and employees; to motivate senior management and reinforce the attainment of business goals as approved by the Board; to promote retention of key executives through offering attractive and competitive rewards relative to organizations with similar operating characteristics; and to recognize company and individual performance and accomplishments.

Peer Group Comparison

The primary comparator group for compensation benchmarking are publicly traded mining companies domiciled in Canada with a market capitalization range similar to that of Ivernia.

Internal/External Pay Comparisons

The primary emphasis for determining pay levels will be external competitiveness, in recognition of the importance of having a market acceptable compensation program.

Pay Positioning

Base salaries for Company executives are targeted within the third quartile between the 50th and the 75th percentile of the market, reflecting the experience of the current incumbents. Total direct compensation opportunities including salary, bonus and long term incentives will be commensurate with corporate performance. Indirect compensation, including retirement plans, benefits and perquisites are positioned relative to market.

Pay Variability

A significant portion of Ivernia's executive compensation will be variable, based on the performance of the Company. Variable rewards will be in the form of annual cash incentive awards and long term incentives. Annual cash incentives will reflect market practice, with emphasis on Ivernia's financial results. The principal form of long term incentive will be stock options, reinforcing a continued strong alignment between shareholder value and compensation.

Share Ownership and Participation

To align management's interest directly with those of shareholders, share participation, either in the form of options or outright ownership, will be an important element of the compensation program. Management and the independent director's will be encouraged to own and hold a meaningful number of shares in Ivernia.

Chief Executive Officer's Compensation

The compensation of the Company's Chief Executive Officer ("CEO") is targeted at a level consistent with base salaries paid to chief executive officers of comparable publicly traded mining companies domiciled in Canada. The Compensation Committee reported to shareholders last year that they believed the CEO's compensation was below the median level for chief executive officers of comparable companies. The Rainville Review concluded that the CEO's cash compensation was below the 25th percentile, while total direct compensation was positioned between the 25th and 50th percentile of the comparative peer group and that closing the gap to the median required changes to all three major compensation components, i.e. base salary, annual incentives and long term incentives. The Rainville Review recommended that the CEO's salary be adjusted in the first instance to the 50th percentile and then be further reviewed over time consistent with the Compensation Guiding Principles outlined above. The Compensation Committee adopted the recommendations of the Rainville Review for the CEO and the other executive officers covered by the review and increased the CEO's base salary from US\$225,000 (approximately C\$295,000) to C\$395,000 with effect from April 1, 2005.

The Rainville Review recommended the introduction of an Annual Incentive Program that provides for annual incentive award opportunities for meeting agreed financial targets. The Compensation Committee is committed to acting on these recommendations during 2006 within a framework to award an annual bonus to the CEO equating to 50% of base salary for achieving target performance to a maximum of 75% and equating to a target of 35% to a maximum of 50% for other executive officers of the company. No awards were paid during 2005 with respect to the proposed Annual Incentive Program.

The Rainville Review also concluded that during 2003 and 2004, senior management had devoted extraordinary efforts to improving the Company's financial circumstance. The Rainville Report recommended that one time awards were warranted. In acting upon the Rainville recommendations the Compensation Committee awarded the CEO and Executive Vice-Chairman a one time bonus of C\$200,000 each, of which C\$66,667 was paid in 2005 to each of them and C\$133,333 is payable in 2006 subject to their continuing to be executive officers of the Company on June 30, 2006.

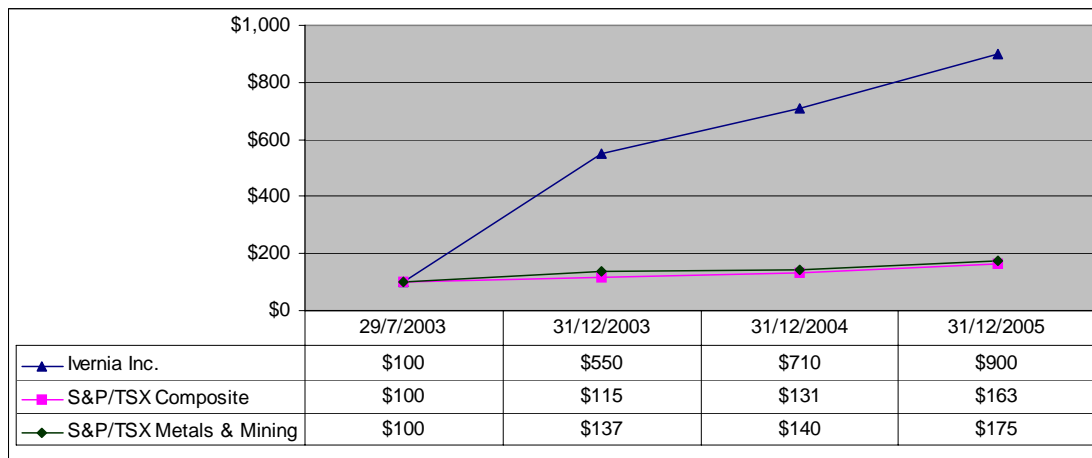
The Rainville Review further recommended the continuation of a Long Term Incentive Program using stock options as the principal vehicle, consistent with Canadian mining industry practice. Based on the recommendations of the report, the CEO was awarded 400,000 stock options in recognition of his contribution to the success of the Company in 2005.

Submitted by the members of the Compensation Committee as at May 2, 2006: J. Trevor Eytton (Chairman), Walter Murray and David Armstrong.

Performance Graph⁽¹⁾

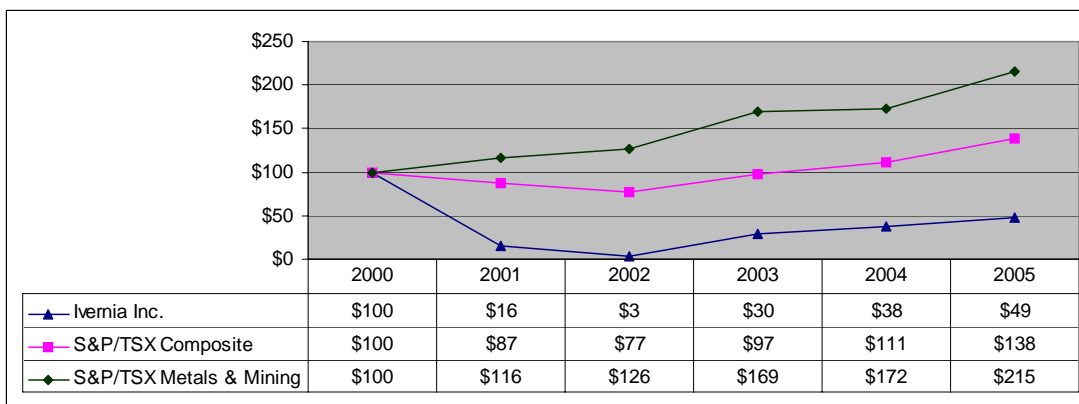
On July 29, 2003 a new management team was appointed with the primary responsibility of restructuring Ivernia West Inc. and financing, constructing and bringing into production the Magellan mine. The initial restructuring was accomplished effective September 29, 2003 through the sale of the shares of its subsidiary Ivernia West Limited and certain other subsidiaries holding the Company's interest in the Lisheen mine, to a joint venture partner.

On June 30, 2004 Ivernia West Inc. changed its name to Ivernia Inc. to reflect its change of status as a restructured company. Ivernia Inc., together with a new joint-venture partner, Sentient, advanced the development of what is now the Magellan mine. The following graph illustrates the cumulative shareholder return of an investment in the Common Shares of the Company compared to the cumulative return of an investment in the S&P/TSX Composite Index and the S&P/TSX Metals and Mining Index, assuming that C\$100 was invested on July 29, 2003 and, where applicable, reinvestment of dividends. Management feels that this graph better illustrates Ivernia's performance during this period than the five year performance graph below, which is required by applicable Canadian securities law.



5 Year Performance Graph – Including Period Prior to Restructuring

The following graph illustrates, over the past five financial years of the Company, the cumulative shareholder return of an investment in Common Shares of the Company compared to the cumulative return of an investment in the S&P/TSX Composite Index and the S&P/TSX Metals and Mining Index, assuming that C\$100 was invested on December 31, 2000 and, where applicable, reinvestment of dividends.



(1) The Company has previously compared its cumulative shareholder return with the cumulative return of an investment in the S&P/TSX Metals and Minerals Index. Such index has been discontinued by the TSX and replaced with the S&P/TSX Metals and Mining Index shown here.

Indebtedness of Directors, Executive Officers and Others

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

Compensation of Directors

The Company has adopted a policy for the compensation of its directors who are not full-time employees of the Company. Each such director is remunerated at the rate of C\$35,000 per annum, with the exception of the Chairman of the Company who is paid C\$70,000 per annum and the Chairman of the Audit Committee who is paid an additional \$10,000 per annum. All directors are reimbursed for payments on account of travelling and other out-of-pocket expenses incurred in attending Board meetings. In addition, each director is eligible to receive stock options of the Company under the Option Plan.

The Company has engaged McCarthy Tétrault LLP, to provide legal services to the Company from time to time of which David Armstrong was a partner during 2005. Mr. Armstrong resigned as a partner of McCarthy Tétrault LLP on December 31, 2005.

Directors' and Officers' Liability Insurance

The Company has entered into a directors and officers liability insurance policy for the benefit of the directors and officers of the Company and its subsidiaries, including Magellan Metals Pty Ltd. ("Magellan Metals"). The annual limit for all claims under the policy is C\$20 million, subject to a per claim deductible of C\$100,000 in respect of Employment Practices Liability claims and \$75,000 in respect of all other claims. The annual premium payable by the Company under the policy is C\$104,000. The Company's current coverage under the policy continues until November 5, 2006.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Effective June 30, 2005, the Canadian Securities Administrators (the "CSA") have adopted National Instrument 58-101 ("NI 58-101"), which requires the Company to disclose on an annual basis its corporate governance practices. NI 58-101 and the associated National Policy 58-201 deal with matters such as the constitution and independence of corporate boards, their functions, the effectiveness and education of Board members and other items dealing with sound corporate governance. The Company's approach to corporate governance is described below.

The Board has considered the CSA's guidelines for corporate governance and believes that its approach to corporate governance is appropriate and effective for the Company and its shareholders.

Independence of Directors

The Company's Board has been led by an independent Chairman since the year 2000 and the Company believes that the separation of the positions of CEO and Chairman contributes to allowing the Board to function independently of management. The Chairman is responsible for calling and presiding over Board meetings and for ensuring that all Board meetings are conducted in manner consistent with Board adopted policies and procedures. To better align the interests of the Board with those of the shareholders the majority of the nominees for election to the Board are independent within the meaning of NI 58-101. An independent director for such purposes is one who has no direct or indirect material relationship with the Company. Of the 6 nominees only Alan De'ath, the President and CEO and Kenneth Sangster, Executive Vice-Chairman are executive officers of the Company and therefore not independent. Mr. Sangster has announced that he will be retiring as an executive officer on June 30, 2006 but intends to continue as a director. The Board does not consider any of the other directors to have any direct or indirect material relationship with Ivernia. The independent directors hold meetings as and when deemed necessary at which management and non-independent directors are not present in order to facilitate candid discussion among the independent directors. Four such meetings were held during the year ended December 31, 2005.

A director or executive officer of the Company with a material interest in any transaction or agreement is required to recuse themselves from any Board decision relating to such transaction or agreement in order to ensure that directors exercise independent judgement in considering such transactions and agreements.

Code of Business Conduct and Ethics

The Board has adopted a Code of Business Conduct and Ethics (the “Code”). The Code is applicable to directors, officers and employees of the Company. It addresses several issues, including conflicts of interest, protection and proper use of Company assets and opportunities, confidentiality of Company information, fair dealing, compliance with laws and reporting of any illegal or unethical behaviour. The Board is responsible for monitoring compliance with the Code and no waiver has ever been granted to a director or executive officer in connection therewith. The Board also adopted procedures allowing interested parties (i) to submit accounting and auditing complaints to the Board and the Audit Committee; and (ii) to communicate directly with the Chairman, who presides over all non-management director sessions. The Code provides that concerns of employees regarding any potential or real wrongdoing in terms of accounting or auditing matters may be submitted to any member of the Board or the Audit Committee. The Code is available under the Company’s profile at www.sedar.com or by contacting the Company’s Director of Investor Relations.

Mandate of the Board

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

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

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

The Board is working towards the implementation of written position descriptions for the Chairman of the Board and the chairs of the committees of the Board. The Chairman of the Board and the chairs of the various committees have all held these positions for an extended period of time and their roles are understood and reinforced by the other experienced Board and committee members. The chairs of the committees are further guided by the principles of the committee terms of reference.

Composition of the Board

The directors of the Company have determined, that four of the six nominees for election at the Meeting are independent within the meaning of NI 58-101. Each of Alan De’ath and Kenneth Sangster is non-independent by virtue of being a member of management. Kenneth Sangster has announced his intention to retire as the Executive Vice-Chairman and as a member of management on June 30, 2006, but intends to continue as a director.

In an effort to properly orient new directors to the Company, each new director is provided with a copy of the Company's various committee mandates, the Company's Disclosure Policy, the Insider Trading Policy and the Code. The Board further considers what additional orientation or education is appropriate for new directors as and when they are elected or appointed. The Company is working towards the implementation of formal assessments for the Board, its committees and the individual directors with respect to their effectiveness and contributions.

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

Committees

The Board has established three committees which each operate under their respective written terms of reference: the Audit Committee, the Compensation Committee and the Corporate Governance Committee. Each of these committees is composed entirely of independent directors within the meaning of NI 58-101 and other applicable securities laws.

Audit Committee

The Audit Committee is responsible for assisting the Board in fulfilling its responsibilities for the oversight of the quality and integrity of the accounting, auditing, internal control and financial reporting practices of the Company. The Audit Committee is also responsible for ensuring that management of the Company has designed and implemented appropriate accounting systems, policies and practices as well as an effective internal control system. Among other things, the Committee is charged with reviewing the Company's annual and interim financial statements and certain other financial disclosure and making recommendations to the Board relating thereto; reviewing the Company's accounting policies and any changes thereto; assessing the steps management has taken to minimize financial and other risks facing the Company; and working with the Company's auditors in a number of areas relating to the Company's accounting systems, internal controls and annual audit plan. In addition, the Board may refer appropriate questions relating to the financial position of the Company and its subsidiaries to the Audit Committee for its consideration. The Audit Committee meets at least four times per year. The current members of the Audit Committee are Walter Murray (Chairman), J. Trevor Eyton and Peter Cassidy. Certain information relating to the Audit Committee members is set forth in the Company's Annual Information Form dated March 30, 2006, under the headings "Directors and Officers – Audit Committee" and "External Auditor Service Fees", and a copy of the Audit Committee terms of reference is set out in Appendix 1 thereto. A copy of the Company's Annual Information Form is available under the Company's profile at www.sedar.com.

Compensation Committee

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

Corporate Governance Committee

The Corporate Governance Committee is responsible for reviewing and making recommendations to the Board with respect to all matters pertaining to the Company's corporate governance policy, including structure, organization and composition (other than Board membership), and the development of appropriate systems and procedures to enable the Board to exercise and discharge its responsibilities. The Corporate Governance Committee is also responsible for recommending suitable candidates for election or appointment to the Board from time to time. In addition, it is the

Corporate Governance Committee's responsibility to review and recommend appropriate changes from time to time in the Company's approach to corporate governance matters, including terms of reference for Board committees; membership of Board committees; retirement ages for directors; the relationship between the Board and senior management; procedures for Board and committee meetings; and compensation of directors for service on the Board and committees thereof. The current members of the Corporate Governance Committee are J. Trevor Eyton (Chairman), Walter Murray and David Armstrong.

Shareholder Communication

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

Relationship with Management

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

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

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

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

INTERESTS OF INSIDERS IN MATERIAL TRANSACTIONS

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

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

Pursuant to the terms of the Magellan Acquisition, Sentient was required to reimburse the Company for the underwriters' fee and certain of the Company's expenses in connection with the Offering and the Magellan Acquisition, to a maximum of C\$5 million which included approximately \$200,000 in auditor fees. In addition, Sentient was required to make payment to the Company for certain other matters related to the transaction totalling approximately C\$700,000.

On December 28, 2005 the Company announced, pursuant to the successful negotiation of an agreement with Sentient, that 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 at an interest rate of 9.25% per annum. Ivernia agreed to pay Sentient a commitment fee amounting to 450,000 Common Shares for the grant of the option to extend. On April 27, 2006 Ivernia announced its intention to exercise the option and agreed to pay an extension fee to Sentient consisting of: (i) an initial payment of 195,883 Common Shares; (ii) equal monthly payments of 16,323 Common Shares from May 2006 to July 2006 inclusive; and (iii) equal monthly payments of 14,346 Common Shares from August 2006 to April 2007 inclusive. The maximum number of Common Shares that will be issued is approximately 374,000. The amount of the monthly Common Share payments may however be reduced pro-rata by any partial or full repayment of the Sentient Note during such time. The Company also announced on April 27, 2006 its commitment to repay during May 2006, C\$2 million cash which consists of accrued interest of approximately C\$1.6 million and C\$400,000 of principal repayment. Furthermore the Company announced its commitment to repay a further C\$2 million of the principal of the Sentient Note during August 2006.

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

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

ADDITIONAL INFORMATION

Additional financial information for the Company is available in the Company's audited consolidated financial statements for the year ended December 31, 2005 and related management's discussion and analysis of financial condition and results of operations, which have been filed with Canadian securities regulators. These and other disclosure documents relating to the Company are available under the Company's profile at www.sedar.com and at the Company's website at www.ivernia.com.

Upon request made to the Company's Director of Investor Relations at 44 Victoria Street, Suite 300, Toronto, Ontario, Canada M5C 1Y2, the Company will provide a shareholder of the Company with a copy of its financial statements and related management's discussion and analysis of financial condition and results of operations.

APPROVAL BY BOARD OF DIRECTORS

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

DATED at Toronto, Ontario, Canada, this 2nd day of May, 2006.

By Order of the Board of Directors



ALAN M. DE'ATH
President and Chief Executive Officer

SCHEDULE "A"

SHAREHOLDER RIGHTS PLAN AGREEMENT

BE IT RESOLVED as an ordinary resolution of Ivernia Inc. (the "Company") that:

1. The Shareholder Rights Plan of the Corporation be continued and the Shareholder Rights Plan Agreement (the "Rights Plan Agreement") dated as of May 2, 2006 between the Corporation and Computershare Trust Company of Canada, as Rights Agent, be and it is hereby ratified, confirmed and approved;
2. The making on or prior to June 14, 2006 of any revisions to the Rights Plan Agreement as may be required by any stock exchange or by professional commentators on shareholders rights plans to conform the Rights Plan Agreement to versions of shareholder rights plans prevalent for public reporting issuers in Canada, as may be approved by any two of the Chairman, the Chief Executive Officer, the Chief Financial Officer, any Vice President and the Corporate Secretary, is hereby approved;
3. The Rights Plan Agreement, as amended in accordance with paragraph 2, is hereby ratified, confirmed and approved; and
4. Any officer or director of the Corporation be and is hereby authorized for and on behalf of the Corporation, under corporate seal or otherwise, to do all such things and to execute all such documents or instruments as may be necessary or desirable to give effect to this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such actions.