

This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

The securities to be offered hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or the securities laws of any state of the United States. Accordingly, these securities may not be offered or sold within the United States or to U.S. Persons (as such term is defined in Regulation S under the U.S. Securities Act) except in accordance with the Underwriting Agreement (as defined herein) and pursuant to transactions exempt from registration under the U.S. Securities Act and under the securities laws of any applicable state. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See "Plan of Distribution."

Information has been incorporated by reference in this short form prospectus from documents filed with the securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Controller of the Company at 44 Victoria Street, Suite 400, Toronto, Ontario, Canada M5C 1Y2, Telephone: (416) 867-9298. For the purpose of the Province of Québec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained from the Controller of the Company at the above-mentioned address and telephone number.

Short Form Prospectus

New Issue

April 20, 2005



Ivernia
IVERNIA INC.
C\$45,027,500
29,050,000 Common Shares

This short form prospectus qualifies the distribution (the "Offering") of 29,050,000 common shares ("Common Shares") of Ivernia Inc. (the "Company"). The Common Shares are listed and posted for trading on the Toronto Stock Exchange (the "TSX") under the symbol "IVW". On March 24, 2005, the last trading day prior to the public announcement of the Magellan Acquisition (as hereinafter defined), the closing price of the Common Shares on the TSX was C\$2.02. On April 1, 2005, the last trading day prior to the public announcement of the Offering, the closing price of the Common Shares on the TSX was C\$2.02. On April 19, 2005, the closing price of the Common Shares on the TSX was C\$1.61. The TSX has conditionally approved the listing of the Common Shares offered hereby. Listing is subject to the Company fulfilling all of the requirements of the TSX on or before July 4, 2005. The Common Shares will be issued pursuant to the terms of an underwriting agreement (the "Underwriting Agreement") dated as of April 19, 2005 between the Company and BMO Nesbitt Burns Inc., Canaccord Capital Corporation, Paradigm Capital Inc. and Haywood Securities Inc. (collectively, the "Underwriters").

Price: C\$1.55 per Common Share

	<u>Price to the Public</u>	<u>Underwriters' Fee</u>	<u>Net Proceeds to the Company (1)</u>
Per Common Share	C\$1.55	C\$0.089	C\$1.461
Total (2)	C\$45,027,500	C\$2,589,081	C\$42,438,419

Notes:

- The Company's expenses of the Offering are estimated at C\$4,200,000. The Underwriters' fee and certain of the Company's expenses in relation to the Offering and the Magellan Acquisition, to a maximum of C\$5,000,000, will be reimbursed to the Company by Sentient Global Resources Fund I, LP upon completion of the Magellan Acquisition. See "The Magellan Acquisition".
- The Company has granted to the Underwriters an option (the "Over-Allotment Option"), exercisable for a period of 30 days following the closing date of the Offering, to purchase at the Offering price additional Common Shares in an amount up to 15% of the aggregate number of Common Shares issued upon the closing of the Offering. If the Over-Allotment Option is exercised in full, the total price to the public, Underwriters' fee and net proceeds to the Company (assuming Sentient Global Resources Fund I, LP reimburses the Company for all of the Underwriters' fees and expenses in relation to the Offering) will be C\$51,781,625, C\$2,977,443 and C\$51,781,625, respectively. This short form prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Common Shares to be issued or sold upon exercise of the Over-Allotment Option. See "Plan of Distribution."

The Underwriters, as principals, conditionally offer the Common Shares, subject to prior sale, if, as and when issued by the Company and delivered and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to approval of certain legal matters on behalf of the Company by McCarthy Tétrault LLP and Winston & Strawn LLP and on behalf of the Underwriters by Stikeman Elliott LLP and White & Case LLP.

Subscriptions for Common Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Closing of this Offering is expected to occur on or about April 29, 2005 or such other date as the Company and the Underwriters may agree. Definitive certificates representing the Common Shares will be available for delivery at closing. Subject to applicable laws, the Underwriters may, in connection with the Offering, effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

Prospective purchasers of the Common Shares should carefully consider the risks and uncertainties described or referred to under "Risk Factors".

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SUMMARY

The following is a summary of certain information contained in this short form prospectus and is qualified in its entirety by, and should be read in conjunction with, the more detailed information contained elsewhere in this short form prospectus. Terms with initial capital letters used in this summary are defined elsewhere in this short form prospectus.

The Company

The Company is an international base metals mining and exploration company. Its principal asset is a 51% equity interest in its subsidiary Magellan Metals, which has a 100% interest in the Magellan Mine, a lead mine in Western Australia. Magellan Metals also holds 100% interests in a number of exploration properties in the vicinity of the Magellan Mine.

The Company has entered into a joint venture with Sentient to develop the Magellan Mine pursuant to definitive agreements entered into between the Company and Sentient on June 19, 2003. The Company's wholly-owned subsidiaries, Ivernia Australian Holdings Limited and Ivernia Australia Pty Ltd., collectively own 51% of the outstanding shares of Magellan Metals. The remaining 49% of the shares of Magellan Metals are held by Sentient. Currently, 51% of the joint venture partner funding for the Magellan Mine is required to be provided by or on behalf of the Company, with 49% being funded by Sentient.

The Magellan Acquisition

On March 28, 2005, the Company announced that it had entered into a definitive agreement with Sentient to acquire its 49% interest in Magellan Metals. On April 18, 2005, the definitive agreement was amended to provide the Company with additional flexibility in the consideration to be paid to Sentient. Pursuant to the Acquisition Agreement, the Company will purchase all of the outstanding shares of Resources Holdings Limited, a company incorporated in the Cayman Islands, for consideration consisting of (i) C\$35 million in cash, (ii) the issuance of 23,500,000 Common Shares to Sentient and (iii) the delivery to Sentient of a secured promissory note in the principal amount of C\$20 million. This note will bear interest at 8% per annum and will have a twelve month term but may be prepaid in whole or in part at any time by the Company without penalty.

The Offering

Issuer:	Ivernia Inc.
Offering:	29,050,000 Common Shares of the Company.
Offering Size:	C\$45,027,500 (before giving effect to the Over-Allotment Option).
Offering Price:	C\$1.55 per Common Share.
Use of Proceeds:	The Company will use the net proceeds of the Offering primarily to fund the C\$35 million cash portion of the Purchase Price for the Magellan Acquisition. The remaining net proceeds of the Offering will be retained by the Company for general corporate purposes.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar regulatory authorities in Canada. Copies of the documents incorporated by reference herein may be obtained on request without charge from the Controller of the Company at 44 Victoria Street, Suite 400, Toronto, Ontario, Canada M5C 1Y2, Telephone: (416) 867-9298. For the purpose of the Province of Québec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained from the Controller of the Company at the above-mentioned address and telephone number. These documents are also available through the internet on the System for Electronic Document Analysis and Retrieval (“SEDAR”) which can be accessed at www.sedar.com.

The following documents filed with the securities commissions or similar regulatory authorities in each of the provinces of Canada are specifically incorporated by reference in, and form an integral part of, this short form prospectus, provided that such documents are not incorporated by reference to the extent that their contents are modified or superseded by a statement contained in this short form prospectus or in any other subsequently filed document that is also incorporated by reference in this short form prospectus:

- (a) the renewal annual information form of the Company for the year ended December 31, 2004 dated March 29, 2005 (the “AIF”);
- (b) the audited comparative consolidated financial statements of the Company as at and for the year ended December 31, 2004, together with the notes thereto and the auditors’ report thereon;
- (c) management’s discussion and analysis of financial condition and results of operations of the Company for the year ended December 31, 2004;
- (d) the management information circular of the Company dated May 11, 2004 relating to the annual meeting of shareholders of the Company held on June 30, 2004 (excluding those portions thereof which, pursuant to National Instrument 44-101 of the Canadian Securities Administrators, are not required to be incorporated by reference herein);
- (e) the corrected material change report of the Company dated February 1, 2005 relating to the approval of an accelerated stripping program and exploration program at the Magellan Mine (as defined herein);
- (f) the material change report of the Company dated April 4, 2005 relating to the Magellan Acquisition (as defined herein);
- (g) the material change report of the Company dated April 12, 2005 relating to the Offering; and
- (h) the material change report of the Company dated April 19, 2005 relating to the amendment of the Acquisition Agreement (as defined herein).

Any documents of the type referred to above (except confidential material change reports) filed by the Company with the various securities commissions or similar regulatory authorities in the provinces of Canada subsequent to the date of this short form prospectus and prior to the termination of the Offering shall be deemed to be incorporated by reference into this short form prospectus.

Any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this short form prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. Any statement so modified or superseded shall not constitute a part of this short form prospectus, except as so modified or superseded.

EXCHANGE RATE DATA

Unless otherwise specified, the consolidated financial statements of the Company and the financial information relating to the Company contained in this short form prospectus or incorporated by reference herein are expressed in United States dollars (“US dollars” or “US\$”). Certain financial information relating to the Company contained in this short form prospectus originated in Australian dollars (“A\$”) and has been converted into US dollars based on prevailing exchange rates except where otherwise indicated in notes to the Company’s consolidated financial statements.

The following table sets out the rates of exchange for Canadian dollars (“C\$”) 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:

	12 months ended December 31,		
	2004	2003	2002
Canadian Dollar:			
Rate at end of period (C\$/US\$)	1.2036	1.2924	1.5796
Average rate for period (C\$/US\$)	1.3015	1.4010	1.5703
Australian Dollar:			
Rate at end of period (A\$/US\$)	1.2812	1.3298	1.7778
Average rate for period (A\$/US\$)	1.3578	1.5337	1.8392

On April 19, 2005, the noon spot rate for Canadian dollars per US dollar quoted by the Bank of Canada was C\$1.2410 = US\$1.00 and the noon buying rate for Australian dollars per US dollar for cable transfers by the Federal Reserve Bank of New York was A\$1.2980 = US\$1.00.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

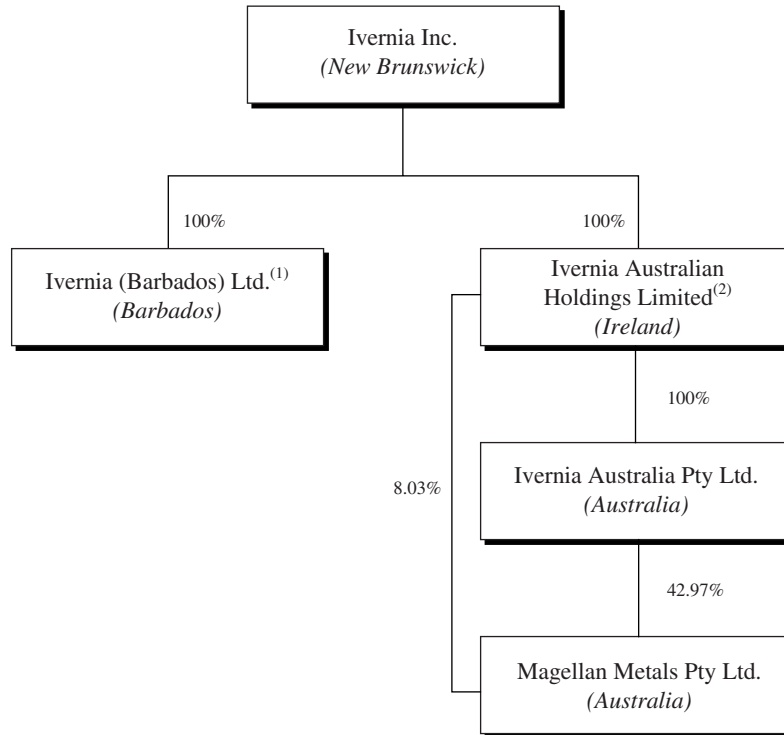
This short form prospectus, including any documents incorporated by reference herein, contains certain “forward-looking statements”. All statements included in this short form prospectus (other than statements of historical facts) which address activities, events or developments that management anticipates 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 the Company’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 the considerations discussed under “Risk Factors” and elsewhere in this short form prospectus, in any documents incorporated by reference herein 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 should not be construed as exhaustive and 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 the Company. All of the forward-looking statements made in this short form prospectus and any documents incorporated by reference herein are qualified by the foregoing cautionary statements. Such forward-looking statements are made as of the date of this short form prospectus, or in the case of documents incorporated by reference herein, as of the date of such document, and the Company expressly disclaims any obligation to update or revise any such forward-looking statements.

THE COMPANY

The Company is a corporation governed by the *Business Corporations Act* (New Brunswick). The head office of the Company is at 44 Victoria Street, Suite 400, Toronto, Ontario, Canada M5C 1Y2. The registered office of the Company is at Brunswick House, 44 Chipman Hill, Saint John, New Brunswick, Canada E2L 4S6.

Principal Subsidiaries

The diagram below illustrates the intercorporate 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 hereof (and does not give effect to the Magellan Acquisition).



(1) Ivernia (Barbados) Ltd. was incorporated in August 2004.

(2) Ivernia Australian Holdings Limited has been resident in The Netherlands since June 10, 2004.

Business of the Company

The Company is an international base metals mining and exploration company. Its principal asset is a 51% 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.

The Company has entered into a joint venture with Sentient Global Resources Fund I, LP (together with its affiliates, associates and nominees, “Sentient”) to develop the Magellan Mine pursuant to definitive agreements entered into between the Company and Sentient on June 19, 2003. The Company’s wholly owned subsidiaries, Ivernia Australian Holdings Limited (“IAHL”) and Ivernia Australia Pty Ltd. (“IAPL” and, collectively with IAHL, the “Ivernia Shareholders”) collectively own 51% of the outstanding shares of Magellan Metals. The remaining 49% of the shares of Magellan Metals are collectively held by Resources Holdings Limited (“Resources Holdings”) and Sentient (Aust) Pty Limited, as trustee of the Sentient Global Resources Trust No. 1 (“Sentient Trust”), which form part of the Sentient group of entities (collectively, the “Sentient Shareholders”). Currently, 51% of the joint venture partner funding for the Magellan Mine is required to be provided by or on behalf of the Company, with 49% being funded by Sentient.

Two principal deposits, Magellan and Cano, have been identified to date at the Magellan Mine. The Magellan Mine has proven and probable reserves to support a mine life of 12 years, as described in the technical report dated September 30, 2004 prepared by Franciscus Sibbel of F&A Sibbel Mining Consultants Pty Ltd. relating to the Magellan Mine. The ore will be mined by open pit methods and concentrate will be produced for sale to third party smelters. The Company plans to construct a refinery, which is anticipated to be operational in late 2006, which will refine most of the concentrate on site and produce lead metal for direct sale. The refinery is expected to be funded from a combination of operating cash flow from the operation, shareholder loans and debt.

Recent Developments

In January 2005, the Company announced plans to revise the production schedules to produce a constant level of lead in concentrate, currently anticipated at 100,000 tonnes per annum. Magellan Metals commenced an A\$1.2 million exploration drilling program in February 2005 within the area in which the inferred resources occur at Magellan South, Gama and Pinzon (which are located in close proximity to the Magellan Mine) with a view to potentially upgrading the inferred resources to indicated resources. Regional exploration is also proceeding on the Drake, Pizarro and Cortez prospects to the south and west, all of which are within a 15 kilometre trucking distance of the Magellan plant site. It is anticipated that a new reserve and resource estimate and mine schedule will be completed in mid 2005.

The Yandil tenement to the northeast of the mine site covers prospective geology similar to the Magellan deposit. Regional soil sampling, geological mapping, prospecting and aerial photography were completed over the Yandil tenement during January and early February 2005. In the second quarter of 2005, soil assay results and geological data will be interpreted and targets selected for follow-up exploration.

Mining of ore from the Cano open pit commenced in January 2005 with the building of ore stockpiles for processing. Commissioning of the lead processing plant facilities at the Magellan Mine also commenced in early January 2005. The reagent distribution facility was completed at the end of January 2005 and the permanent power generation facility was connected in March 2005. Pre-stripping of the higher-grade Magellan open pit deposit commenced in February 2005.

As of March 31, 2005, commissioning was well advanced and approximately 5,000 tonnes of concentrate with an average grade of approximately 65% lead were in stock at the mine site.

An initial trial shipment of approximately 150 tonnes of lead concentrate has been dispatched to France for large scale testwork to confirm furnace design criteria for the proposed refinery at the Magellan Mine site. A second trial shipment of approximately 350 tonnes of lead concentrate has been dispatched to Metal Reclamation (Industries) Sdn. Bhd. ("MRI") of Malaysia to confirm handling logistics. The Company has an agreement with MRI to supply up to a total of 100,000 tonnes of lead concentrates from the Magellan Mine during the two year period 2005 and 2006. Lead concentrates are to be transported by road 320 kilometres from the mine site to Leonora and from there a further 670 kilometres by rail to the port of Esperance where they will be stored in a dedicated storage facility. The Company estimates that the first bulk shipments of concentrates from Esperance port will take place during the second quarter of 2005.

Current indications are that the Magellan Mine's cash costs (including mining, processing, freight, royalties, smelting and refining costs) are expected to average approximately US\$0.20 per pound of lead metal (at current exchange rates) over the first 5 years of production. However, costs are expected to be above this average during the remainder of 2005 as the mine goes through the commissioning and production ramp-up phase to reach full production levels which are expected to be reached during the fourth quarter of 2005. By the first quarter of 2006 the Company anticipates that the Magellan Mine will be one of the top five lead producing mines in the world measured by tonnes of lead metal contained in concentrates produced.

Additional information concerning the Magellan Mine, including details of the deposits and prospects identified to date and the Company's estimates of the mineral resources and ore reserves of the Magellan, Cano and Pinzon deposits as at July 9, 2004, is contained in the AIF.

THE MAGELLAN ACQUISITION

On March 28, 2005, the Company announced that it had entered into a definitive agreement with Sentient to acquire its 49% interest in Magellan Metals (the "Magellan Acquisition"). On April 18, 2005, the definitive agreement was amended (as so amended, the "Acquisition Agreement") to provide the Company with additional flexibility in the consideration to be paid to Sentient. Pursuant to the Acquisition Agreement, the Company will purchase all of the

outstanding shares (the “RHL Shares”) of Resources Holdings, a company incorporated in the Cayman Islands that at the time of the completion of the Magellan Acquisition will hold Sentient’s 49% interest in Magellan Metals together with certain loans described below, for consideration consisting of (i) C\$35 million in cash, (ii) the issuance of 23,500,000 Common Shares to Sentient and (iii) the delivery to Sentient of a promissory note (the “Sentient Note”) in the principal amount of C\$20 million (collectively, the “Purchase Price”). The Sentient Note will bear interest at 8% per annum and will have a twelve month term but may be prepaid in whole or in part at any time by the Company without penalty. The Sentient Note will be secured by (i) a charge over the RHL Shares and (ii) a charge over the benefit of the Progress Loans (as hereinafter defined) held by Resources Holdings at the time of completion, which charge will be granted by IAHL following the proposed assignment of all such Progress Loans and all of the First Ranking Loans (as hereinafter defined) by Resources Holdings to IAHL shortly after completion. Sentient is not an insider, affiliate or associate of the Company.

Rationale for the Magellan Acquisition

In June 2003, the Company entered into agreements (the “Joint Venture Agreements”) to form a joint venture with Sentient to develop the Magellan Mine. Under the Joint Venture Agreements, Sentient provided certain initial financing to Magellan Metals, including subscriptions for shares and convertible notes of Magellan Metals and debt financing by way of first ranking secured loans (the “First Ranking Loans”). As a result of the conversion or cancellation of all of the convertible notes in March 2004, Sentient increased its equity interest in Magellan Metals to its current level of 49%. Ongoing funding of Magellan Metals is currently provided by the Company, the Ivernia Shareholders and the Sentient Shareholders pursuant to the terms of a project funding agreement under which the parties provide periodic loans (“Progress Loans”) to Magellan Metals in proportion to their shareholdings. Day-to-day operating control of Magellan Metals resides in the Company, with all significant decisions requiring consent of both the Company and Sentient.

The Company believes that it is in the best interests of the Company and its shareholders for it to acquire Sentient’s 49% interest in Magellan Metals at this time. At the time of entering into the Joint Venture Agreements, the Company had no internal sources of cash flow and insufficient cash resources available to fund the development of the Magellan Mine. The Company has since that time improved its financial position by, among other things, disposing of its 50% participating interest in the Lisheen zinc/lead mine in Ireland and raising an aggregate of approximately C\$32.8 million in gross proceeds to date through the issuance of Common Shares and convertible securities (excluding options and warrants) in several private placements. The Company has used the proceeds of these financing activities to fund its share of the Progress Loans, to repay all the Company’s obligations under an interim funding arrangement provided by Sentient, and for general corporate purposes. The Company believes that the combination of its improved financial condition and the cash flow expected to be generated from the Magellan Mine commencing upon the first shipments of lead concentrate taking place as anticipated in the second quarter of 2005 have created the conditions where it is in the Company’s interest to consolidate 100% ownership of the Magellan Mine in the Company.

On quantity metrics of ore reserves, mineral resources and production per Common Share, management of the Company believes the Magellan Acquisition will realize greater than 10% accretion per outstanding Common Share, after giving effect to the Offering.

The Company proposes to fund the entire C\$35 million cash portion of the Purchase Price from the proceeds of the Offering.

Acquisition Agreement

The following is a summary of the key terms of the Acquisition Agreement. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the Acquisition Agreement, a copy of which is available on SEDAR at www.sedar.com.

Completion

The Magellan Acquisition must be completed not later than April 29, 2005 unless the Company and Sentient otherwise agree or the Acquisition Agreement is terminated.

At the time of the completion of the Magellan Acquisition, Sentient Trust will have transferred and assigned to Resources Holdings all of its shares of Magellan Metals and its portion of the First Ranking Loans and Progress Loans made by Sentient (collectively, the “Pre-Completion Transactions”). Resources Holdings has no subsidiaries and,

pursuant to the Acquisition Agreement, will have no material assets upon completion of the Magellan Acquisition other than its interest in Magellan Metals and its rights as a lender under the First Ranking Loans and any Progress Loans and no material liabilities whether actual or contingent. The Company intends to cause all of these First Ranking Loans and Progress Loans to be assigned by Resources Holdings to IAHL shortly after completion.

The Company will purchase all of the outstanding shares of Resources Holdings as of the time of completion, free of any liens, charges, encumbrances or any other rights of others, for the Purchase Price, provided that the maximum number of Common Shares to be issued to Sentient as part of the Purchase Price will not exceed 19.9% of the total issued and outstanding Common Shares after giving effect to the Magellan Acquisition and the Offering. Sentient has advised the Company that it does not beneficially own any Common Shares and that it has no present intention to acquire any additional ownership or control over the Company in the future.

Sentient has agreed that it will not directly or indirectly sell or otherwise dispose, or announce any intention to dispose, of its Common Shares for a period of 90 days from the completion date of the Magellan Acquisition.

Completion Conditions

In addition to customary conditions precedent including the accuracy of representations and warranties and compliance with the respective obligations of the parties and the transaction not being otherwise prohibited by law or any government or regulatory action, the completion of the Magellan Acquisition will be conditional upon (i) the completion of the Pre-Completion Transactions, (ii) the completion of the Offering for minimum proceeds of C\$35 million, and (iii) the parties having received written notice from the Australian Treasurer pursuant to the *Foreign Acquisitions & Takeovers Act 1975* (Australia) that the Australian government does not object to the Magellan Acquisition, either unconditionally or on terms acceptable to the parties, acting reasonably.

Upon the satisfaction of all conditions precedent other than (ii) above and settlement of mutually satisfactory completion documentation, the parties will irrevocably covenant to deliver all such documentation, conditional only upon the delivery by the Company of the Purchase Price. It is the Company's intention to close the Offering promptly following this conditional completion of the Magellan Acquisition, and to deliver the Purchase Price to Sentient concurrently with, or as soon as practicable after, the closing of the Offering.

Covenants

Pending completion of the Magellan Acquisition, Sentient must ensure that Resources Holdings carries on its business in the ordinary course, does not encumber, transfer, or otherwise dispose of its assets and complies with certain other customary restrictions on the conduct of its business. Pending completion, the Ivernia Shareholders and Sentient will continue to meet any cash calls for Progress Loans that may be issued under the Joint Venture Agreements, provided that if Sentient's portion of such cash calls exceeds US\$245,000 then upon completion Sentient is entitled, in effect, to reimbursement of such excess portion. It is currently anticipated that approximately US\$0.98 million will be reimbursed by the Company to Sentient in this manner upon completion.

Costs and Expenses

If the Magellan Acquisition is completed, the Underwriters' fee and certain of the Company's expenses in relation to the Offering and the Magellan Acquisition, to a maximum of C\$5 million, will be reimbursed to the Company by Sentient. If the Magellan Acquisition is not completed for reasons other than a breach of the Acquisition Agreement by the Company, Sentient will reimburse the Company for 50% of certain of the Company's costs and expenses to a maximum amount of C\$630,000.

Effect of the Magellan Acquisition on the Company

Upon completion of the Magellan Acquisition, the Company will have acquired Sentient's US\$17.5 million portion of the aggregate US\$37.2 million in Progress Loans that the joint venture partners have contributed as part of the development of the Magellan Mine, and Sentient's US\$3.8 million First Ranking Loan, of which US\$2.8 million was listed as a liability of the Company in its audited consolidated financial statements as at and for the year ended December 31, 2004. Upon completion of the transaction, the only third party debt that was reflected on the Company's balance sheet as at December 31, 2004 and that will remain outstanding will be approximately US\$1.1 million of lease liabilities, of which US\$1.0 million is long term. In addition, the Sentient Note in the principal amount of C\$20 million will be issued in partial payment of the Purchase Price and will be due twelve months after completion.

Following completion, the Company will own 100% of the Magellan Mine and its estimated one million tonnes (2.2 billion pounds) of lead metal in reserves, consisting of approximately 730,000 tonnes (1.6 billion pounds) of lead metal in proven reserves and approximately 270,000 tonnes (0.6 billion pounds) of lead metal in probable reserves.

Selected Historical and Pro Forma Consolidated Financial Information

The following table sets forth (i) selected audited historical consolidated financial information for the Company as at and for the financial year ended December 31, 2004 and (ii) selected unaudited pro forma consolidated financial information for the Company as at and for the financial year ended December 31, 2004 after giving effect to the Magellan Acquisition and the Offering. The following information should be read in conjunction with the audited historical consolidated financial statements of the Company and the unaudited pro forma consolidated financial statements of the Company, in each case together with the notes thereto and the auditors' reports thereon, contained or incorporated by reference in this short form prospectus.

The unaudited pro forma consolidated financial information set forth below and the unaudited pro forma consolidated financial statements of the Company contained in this short form prospectus are provided for informational purposes only and are not necessarily indicative of the results of operations of the Company that would have occurred in the financial year ended December 31, 2004 had the Magellan Acquisition and the Offering been effective on or prior to such date, or of the results of operations expected in the 2005 financial year or any future period.

	<u>As at December 31, 2004</u>	<u>Pro forma as at December 31, 2004 after giving effect to the Magellan Acquisition and the Offering</u> (Unaudited) (thousands of US dollars)
Consolidated Balance Sheet:		
Cash and cash equivalents	\$ 10,376	\$ 22,942
Property, plant and equipment	\$ 24,255	\$111,995
Restricted cash and cash equivalents	\$ 534	\$ 1,048
Sentient Note	\$ —	\$ 16,116
Long-term debt		
Magellan Metals First Ranking Loans	\$ 2,835	\$ —
Lease liabilities	\$ 488	\$ 956
Reclamation provision	\$ 834	\$ 1,635
Future income tax	\$ —	\$ 19,874
Shareholders' equity	\$ 29,118	\$ 94,752
	<u>For the year ended December 31, 2004</u>	<u>Pro forma for the year ended December 31, 2004 after giving effect to the Magellan Acquisition and the Offering</u> (Unaudited) (thousands of US dollars, except per share amounts)
Consolidated Statement of Operations:		
Expenses		
General and administrative	\$ 1,262	\$ 1,262
Stock option costs	\$ 899	\$ 899
Foreign exchange loss	\$ 714	\$ 1,675
Interest expense	\$ 30	\$ 1,319
Loss for the year	\$(2,769)	\$(5,019)
Basic earnings (loss) per share	\$(0.050)	\$(0.046)
Weighted average number of shares (000's)	55,844	108,394

DESCRIPTION OF THE COMMON SHARES

The Company is authorised to issue an unlimited number of Common Shares and an unlimited number of preference shares. As at April 19, 2005 there were 69,410,710 Common Shares and no preference shares issued and outstanding. On June 30, 2004, the Company completed a five-to-one Common Share consolidation.

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 *Business Corporations Act* (New Brunswick) 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 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 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.

PRICE RANGE AND TRADING VOLUME OF THE COMMON SHARES

The issued and outstanding Common Shares are listed and posted for trading on the TSX under the trading symbol 'IVW'. The following table sets forth the price range and trading volume of the Common Shares as reported by the TSX for the periods indicated, after giving effect to the five-to-one consolidation of the Common Shares that took place on June 30, 2004.

	<u>High (C\$)</u>	<u>Low (C\$)</u>	<u>Volume</u>
2004			
January	1.42	0.95	1,618,455
February	1.50	0.925	3,217,911
March	1.35	1.075	1,362,072
April	1.30	0.65	1,475,931
May	1.20	0.75	649,318
June	1.25	1.00	1,043,154
July	1.18	1.05	3,572,952
August	1.02	0.79	1,378,054
September	1.03	0.88	737,073
October	1.40	0.90	5,333,196
November	1.48	1.14	10,820,768
December	1.42	1.21	1,541,804
2005			
January	1.60	1.21	6,301,943
February	2.19	1.46	23,076,826
March	2.35	1.70	8,163,700
April 1-19	2.09	1.50	5,141,680

On March 24, 2005, the last trading day prior to the public announcement of the Magellan Acquisition, the closing price of the Common Shares on the TSX was C\$2.02. On April 1, 2005, the last trading day prior to the public announcement of the Offering, the closing price of the Common Shares on the TSX was C\$2.02. On April 19, 2005, the closing price of the Common Shares on the TSX was C\$1.61.

USE OF PROCEEDS

The net proceeds to the Company of the Offering (assuming that the Underwriters do not exercise the Over-Allotment Option and assuming all of the Underwriters' fees and expenses are reimbursed in full by Sentient to the Company) are estimated to be C\$45,027,500. The Company will use the net proceeds of the Offering primarily to fund

the C\$35 million cash portion of the Purchase Price as set out under ‘‘The Magellan Acquisition’’. The remaining net proceeds of the Offering will be retained by the Company for general corporate purposes.

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Company has agreed to issue and sell and the Underwriters have severally agreed to purchase, subject to compliance with all necessary legal requirements and the terms and conditions contained in the Underwriting Agreement, an aggregate of 29,050,000 Common Shares on April 29, 2005, or on such other date as may be agreed among the parties to the Underwriting Agreement. Delivery of the Common Shares is conditional upon payment on closing of the Offering of C\$1.55 per Common Share by the Underwriters to the Company. The Underwriting Agreement provides that the Company will pay to the Underwriters a cash fee of 5.75% of the gross proceeds of the Offering in consideration for the services of the Underwriters in connection with the Offering. The terms of the Offering have been determined by negotiation between the Company and the Underwriters.

It is the Company’s intention to close the Offering promptly following the conditional completion of the Magellan Acquisition as described under ‘‘The Magellan Acquisition — Acquisition Agreement — Completion Conditions’’, and to deliver the Purchase Price to Sentient concurrently with, or as soon as practicable after, the closing of the Offering, thereby completing the Magellan Acquisition unconditionally. If the conditional completion of the Magellan Acquisition does not occur, the Underwriting Agreement provides that the Underwriters will not be obligated to purchase the Common Shares offered hereby.

Pursuant to the Acquisition Agreement, if the Magellan Acquisition is completed, Sentient has agreed to reimburse the Company for the Underwriters’ fee and certain of the Company’s expenses in relation to the Offering and the Magellan Acquisition, to a maximum of C\$5,000,000.

The Company has granted to the Underwriters the Over-Allotment Option, exercisable for a period of 30 days following the closing date of the Offering, to purchase at the Offering price additional Common Shares in an amount up to 15% of the aggregate number of Common Shares issued upon the closing of the Offering. If the Over-Allotment Option is exercised in full, the total price to the public, Underwriters’ fee and net proceeds to the Company (assuming Sentient Global Resources Fund I, LP reimburses the Company for all of the Underwriters’ fees and expenses in relation to the Offering) will be C\$51,781,625, C\$2,977,443 and C\$51,781,625, respectively. This short form prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Common Shares to be issued or sold upon exercise of the Over-Allotment Option.

The obligations of the Underwriters under the Underwriting Agreement are several and may be terminated at their discretion on the basis of their assessment of the state of financial markets and may also be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Common Shares offered hereby if any such Common Shares are purchased under the Underwriting Agreement. If any of the Underwriters fails to purchase the Common Shares which such Underwriter(s) have agreed to purchase, then (i) if the number of such Common Shares does not exceed 10% of the Common Shares offered hereby (before giving effect to any exercise of the Over-Allotment Option), the other Underwriters will be obligated to purchase such Common Shares in proportion to their obligations under the Underwriting Agreement, and (ii) otherwise, any one or more of the Underwriters may, but are not obligated to, purchase all but not less than all of the Common Shares not purchased by the refusing Underwriter.

The Underwriters may not, throughout the period of distribution under this short form prospectus, bid for or purchase Common Shares or any securities convertible into or exchangeable for Common Shares. This restriction is subject to certain exceptions, as long as the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in or raising the price of the Common Shares. These exceptions include a bid or purchase permitted under the by-laws and rules of the TSX relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. In connection with the Offering, the Underwriters may effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Underwriting Agreement provides that the Company will indemnify the Underwriters against certain liabilities or contribute to payments that the Underwriters may be required to make in respect of those liabilities.

Definitive certificates representing the Common Shares will be available for delivery at closing of the Offering.

The TSX has conditionally approved the listing of the Common Shares offered hereby. Listing is subject to the Company fulfilling all of the requirements of the TSX on or before July 4, 2005.

The Company has agreed that it will not, directly or indirectly, issue, sell or grant an option in respect of, or agree to or announce any intention to issue, sell or grant an option in respect of, any securities of the Company other than (i) pursuant to the Over-Allotment Option, (ii) issuances of options under the Company's existing stock option plan and securities issued upon the exercise of such options, (iii) issuances required pursuant to the Company's outstanding share purchase warrants or to satisfy other outstanding instruments and contractual commitments, and (iv) issuances of flow-through shares which are sold at a price not less than the Offering price, for a period of 90 days from the closing of the Offering, without the prior written consent of BMO Nesbitt Burns Inc., such consent not to be unreasonably withheld.

The Common Shares offered hereby have not been and will not be registered under the U.S. Securities Act or any state securities laws, and accordingly may not be offered or sold within the United States of America or to U.S. Persons (as such term is defined in Regulation S under the U.S. Securities Act) except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. However, the Underwriting Agreement permits the Underwriters to offer and resell the Common Shares that they have acquired pursuant to the Underwriting Agreement to qualified institutional buyers in the United States through certain of their U.S. broker-dealer affiliates pursuant to and in accordance with Rule 144A under the U.S. Securities Act ("Rule 144A"). Additionally, the Underwriting Agreement provides that the Underwriters may through certain of their U.S. broker-dealer affiliates designate accredited investors (as defined in Rule 501(a) of Regulation D under the U.S. Securities Act) to whom the Company will sell the Common Shares in transactions that comply with the exemption from registration provided by Rule 506 under the U.S. Securities Act. The Underwriting Agreement also provides that the Underwriters will offer and sell Common Shares outside the United States only in accordance with Regulation S under the U.S. Securities Act.

Until 40 days after the commencement of the Offering, any offer or sale of Common Shares offered hereby within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an available exemption under the U.S. Securities Act.

ELIGIBILITY FOR INVESTMENT

In the opinion of McCarthy Tétrault LLP, counsel to the Company, and Stikeman Elliott LLP, counsel to the Underwriters, based on the current provisions of the *Income Tax Act* (Canada) (the "Tax Act") and the regulations thereunder and the proposals to amend the Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, the Common Shares, if issued on the date hereof, would be qualified investments under the Tax Act and the regulations thereunder for trusts governed by registered retirement savings plans ("RRSPs"), registered retirement income funds ("RRIFs"), deferred profit sharing plans ("DPSPs") and registered education savings plans ("RESPs"). In the opinion of such counsel, based in part on a certificate of the Company as to factual matters, the Common Shares, if issued on the date hereof, would not constitute "foreign property" for the purpose of the tax imposed under Part XI of the Tax Act on RRSPs, RRIFs and DPSPs and certain other tax exempt entities, including most registered pension funds or plans. RESPs are not subject to the foreign property limits under Part XI of the Tax Act. The February 23, 2005 federal budget proposed that the foreign property limits under Part XI of the Tax Act be repealed effective for months ending in 2005 and subsequent years. This proposal is reflected in Bill C-43.

RISK FACTORS

The business of the Company is subject to a variety of risks, including those described in the AIF and the other documents incorporated by reference herein and those additional risks described below.

Failure to Complete the Magellan Acquisition

The Magellan Acquisition is subject to normal commercial risk that it may not be completed on the terms negotiated or at all. It is the Company's intention to close the Offering promptly following the conditional completion of the Magellan Acquisition as described under "The Magellan Acquisition — Acquisition Agreement — Completion Conditions", and to deliver the Purchase Price to Sentient concurrently with, or as soon as practicable after, the closing of the Offering, thereby completing the Magellan Acquisition unconditionally. However, no definitive assurance can be

given that the Magellan Acquisition will complete unconditionally as anticipated. If the conditional completion of the Magellan Acquisition does not occur, the Underwriting Agreement provides that the Underwriters will not be obligated to purchase the Common Shares offered hereby.

Increased Funding Exposure of the Company

Currently, 51% of the joint venture partner funding for the Magellan Mine is required to be provided by or on behalf of the Company, with 49% being funded by Sentient. Upon completion of the Magellan Acquisition, the Company will own 100% of the outstanding shares of Magellan Metals and will be solely responsible for the ongoing funding of any expenditures in respect of the Magellan Mine that cannot be funded from mine cash flow.

Repayment of the Sentient Note

The Company will satisfy part of the Purchase Price for the Magellan Acquisition by the delivery of the Sentient Note in the principal amount of C\$20 million. The Sentient Note will be due twelve months after completion. While the Acquisition Agreement contains no restrictions on how the Company may finance the repayment of the Sentient Note, the Company has made no provision for such repayment. There can be no assurance that the Company will be able to raise any required funds to repay the Sentient Note when it becomes due, or that the terms on which such funding may be obtained will be commercially attractive.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are PricewaterhouseCoopers LLP, Chartered Accountants, Suite 3000, Box 82, Royal Trust Tower, Toronto, Ontario, Canada M5K 1G8.

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario, Canada.

LEGAL MATTERS

Certain legal matters relating to the Offering will be passed upon by McCarthy Tétrault LLP and Winston & Strawn LLP on behalf of the Company and by Stikeman Elliott LLP and White & Case LLP on behalf of the Underwriters. The partners, counsel and associates of McCarthy Tétrault LLP, Winston & Strawn LLP, Stikeman Elliott LLP and White & Case LLP, each as a group, beneficially own, directly or indirectly, less than one percent of the outstanding Common Shares. David Armstrong, a partner of McCarthy Tétrault LLP, is a director of the Company and holds 15,000 Common Shares and options issued under the Company's employee stock option plan to acquire a further 160,000 Common Shares.

INTERESTS OF EXPERTS

Each of Jeffrey Elliot of CSA Australia Pty Ltd. and Vivienne Snowden and Allan Blair of Snowden Mining Industry Consultants Pty Ltd. are named in the 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 of F&A Sibbel Mining Consultants Pty Ltd. is named in the AIF as the author of a technical report dated September 30, 2004 relating to the Magellan Mine. 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.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the province in which the purchaser resides for the particulars of these rights or consult with a legal advisor.

AUDITORS' CONSENT

We have read the short form prospectus of Ivernia Inc. (the "Company") dated April 20, 2005 relating to the issue and sale of Common Shares of the Company. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use, in the above-mentioned short form prospectus, of our compilation report dated April 20, 2005 to the directors of the Company on the unaudited pro forma consolidated balance sheet of the Company as at December 31, 2004 and the unaudited pro forma consolidated statement of operations of the Company for the year ended December 31, 2004.

We consent to the incorporation by reference in the above-mentioned short form prospectus of our auditors' report to the shareholders of the Company on the consolidated balance sheets of the Company as at December 31, 2004 and 2003 and the consolidated statements of operations, deficit and cash flows for the years then ended. Our report thereon is dated March 4, 2005 (except for note 12, which is at March 28, 2005).

(Signed) PRICEWATERHOUSECOOPERS LLP
Chartered Accountants

Toronto, Ontario

April 20, 2005

COMPILATION REPORT
ON PRO FORMA FINANCIAL STATEMENTS

To the Directors of
IVERNIA INC.

We have read the accompanying unaudited pro forma consolidated balance sheet as at December 31, 2004 and consolidated statement of operations for the year ended December 31, 2004 of Ivernia Inc. (the "Company") as at December 31, 2004 and have performed the following procedures.

1. Compared the figures in the column captioned "Ivernia Inc. Historical" to the audited financial statements of the Company as at December 31, 2004 and found them to be in agreement.
2. Compared the figures in the column captioned "Magellan Metals 49% Historical", which takes 49% of the audited financial statements of Magellan Metals as at December 31, 2004 after adjustments to reflect conversion from Australian to Canadian generally accepted accounting principles and Australian dollars to United States dollars, and found them to be in agreement.
3. Made enquiries of certain officials of the Company who have responsibility for their respective financial and accounting matters about:
 - (a) the basis for determination of the unaudited pro forma adjustments; and
 - (b) whether the unaudited pro forma consolidated financial statements comply as to form in all material respects with the requirements of Canadian securities regulatory authorities.

The officials:

- (a) described to us the basis for determination of the unaudited pro forma adjustments, and
 - (b) stated that the unaudited pro forma consolidated financial statements comply as to form in all material aspects with the requirements of Canadian securities regulatory authorities.
4. Read the notes to the unaudited pro forma consolidated financial statements and found them to be consistent with the basis described to us for determination of the unaudited pro forma adjustments.
 5. Recalculated the application of the unaudited pro forma adjustments to the aggregate of the amounts in the columns captioned "Ivernia Inc. Historical" and "Magellan Metals 49% Historical" as at December 31, 2004 and found the amounts in the column captioned "Pro Forma Consolidated Ivernia Inc." to be arithmetically correct.

A pro forma financial statement is based on management assumptions and adjustments which are inherently subjective. The foregoing procedures are substantially less than either an audit or a review, the objective of which is the expression of assurance with respect to management's assumptions, the unaudited pro forma adjustments, and the application of the adjustments to the historical financial information. Accordingly, we express no such assurance. The foregoing procedures would not necessarily reveal matters of significance to the unaudited pro forma consolidated financial statements, and we therefore make no representation about the sufficiency of the procedures for the purposes of a reader of such statements.

(Signed) PRICEWATERHOUSECOOPERS LLP
Chartered Accountants

Toronto, Ontario

April 20, 2005

IVERNIA INC.

PRO FORMA CONSOLIDATED BALANCE SHEET

As at December 31, 2004

(Unaudited — See Compilation Report)

	Ivernia Inc. Historical	Magellan Metals 49% Historical	Pro Forma Adjustments	Reference to Note 2	Pro Forma Consolidated Ivernia Inc.
	(in thousands of United States dollars)				
ASSETS					
Current Assets					
Cash and cash equivalents	10,376	4,241	36,283 (27,958) (3,384) 3,384	(a) (b) (h) (h)	22,942
Accounts receivable, inventory and other current assets	745	440	—		1,185
	11,121	4,681	8,325		24,127
Other investments	16	—	—		16
Property, plant and equipment	24,255	17,976	27,958 29,351 16,116 (4,471) (429) (2,879) 2,970 (18,726) 19,874	(b) (c) (d) (e) (e) (f) (f) (g) (i)	111,995
Restricted cash and cash equivalents	534	514	—		1,048
Deferred charges	47	45	—		92
	<u>35,973</u>	<u>23,216</u>	<u>78,089</u>		<u>137,278</u>
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities . .	2,698	1,676	(429)	(e)	3,945
Sentient Note	—	—	16,116	(d)	16,116
	2,698	1,676	15,687		20,061
Long-term debt					
Sentient's portion of Magellan Metals					
Progress Loans and interest	—	18,726	(18,726)	(g)	—
Magellan Metals First Ranking Loans and interest	2,835	1,636	(4,471)	(e)	—
Lease liabilities	488	468	—		956
Reclamation provision	834	801	—		1,635
Future income tax	—	—	19,874	(i)	19,874
	<u>6,855</u>	<u>23,307</u>	<u>12,364</u>		<u>42,526</u>
Shareholders' Equity					
Share capital	101,140	2,879	36,283 29,351 (2,879) (3,384) 3,384	(a) (c) (f) (h) (h)	166,774
Warrants	5,595	—	—		5,595
Contributed surplus	1,048	—	—		1,048
Deficit	(78,665)	(2,970)	2,970	(f)	(78,665)
	29,118	(91)	65,725		94,752
	<u>35,973</u>	<u>23,216</u>	<u>78,089</u>		<u>137,278</u>

IVERNIA INC.

PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended December 31, 2004

(Unaudited — See Compilation Report)

	<u>Ivernia Inc. Historical</u>	<u>Magellan Metals 49% Historical</u>	<u>Pro Forma Adjustments</u>	<u>Reference to Note 2</u>	<u>Pro Forma Consolidated Ivernia Inc.</u>
(in thousands of United States dollars, except per share amounts)					
Revenue					
Interest income	136	—			136
Expenses					
General and administrative	1,262	—			1,262
Stock option costs	899	—			899
Foreign exchange loss	714	—	961	(aa)	1,675
Interest expense	30	—	1,289	(bb)	1,319
Loss for the year	<u>(2,769)</u>	<u>—</u>	<u>(2,250)</u>		<u>(5,019)</u>
Basic earnings (loss) per share	<u>(0.050)</u>				<u>(0.046)</u>
Weighted average number of shares (000's) ..	<u>55,844</u>				<u>108,394</u>

IVERNIA INC.

NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited — See Compilation Report)

1. Acquisition and Basis of Presentation

- (a) The accompanying unaudited pro forma consolidated financial statements have been compiled for purposes of inclusion in a short form prospectus dated April 20, 2005 in connection with an offering of Common Shares by the Company (the "Offering"). Pursuant to the acquisition agreement dated March 24, 2005 (as subsequently amended on April 18, 2005, the "Acquisition Agreement"), the Company will purchase all of the outstanding shares of Resources Holdings Limited ("Resources Holdings"), a wholly-owned subsidiary of Sentient Global Resources Fund I, LP (together with its affiliates, associates and nominees, "Sentient"), from Sentient for consideration consisting of (i) C\$35 million in cash, (ii) 23,500,000 Common Shares, and (iii) the delivery to Sentient of a secured promissory note in the principal amount of C\$20 million (the "Sentient Note"). The Sentient Note will bear interest at 8% per annum and will have a twelve month term but may be prepaid in whole or in part at any time by the Company without penalty. Immediately prior to the completion of the transaction described above (the "Magellan Acquisition"), Sentient will transfer to Resources Holdings the remainder of its 49% interest in Magellan Metals Pty Ltd. ("Magellan Metals") not already owned by Resources Holdings. Resources Holdings will then own the 49% of Magellan Metals shares that the Company does not currently own. Upon completion of the transaction, Magellan Metals will become a wholly-owned subsidiary of the Company. Under the terms of the Acquisition Agreement, Sentient will reimburse the Company for certain costs of the transaction and the Offering to a maximum of C\$5 million.
- (b) Resources Holdings' only asset is its investment in Magellan Metals. Accordingly, the unaudited pro forma consolidated financial statements set forth certain historical financial information derived from the audited financial statements of Magellan Metals and the audited consolidated financial statements of the Company, both for the year ended December 31, 2004, giving pro forma effect to the transaction described above, and the assumptions as described in Note 2 below.
- (c) The Company has accounted for the transaction described above using the purchase method. The preliminary allocation of the purchase price is summarized as follows:

	<u>Amount</u> (thousands of United States dollars)
Cash	4,241
Accounts receivable	440
Restricted cash	514
Deferred charges	45
Property, plant and equipment	87,740
Accounts payable and accrued liabilities	(1,676)
Long-term lease liabilities	(468)
Reclamation provision	(801)
Repurchase of Magellan Metals First Ranking A and B Loans shown in the Company's consolidated financial statements, including interest of \$429	3,264
Future income tax	(19,874)
	<u>73,425</u>
Consideration — cash	27,958
Consideration — debt	16,116
Consideration — shares	<u>29,351</u>
	<u>73,425</u>

The actual calculation and allocation of purchase price will be based on the fair value of assets and liabilities purchased at the effective date of the acquisition and other information available at that date. Accordingly, the actual amounts for each of the assets and liabilities acquired will vary from the pro forma amounts and the variation may be material.

- (d) The proposed acquisition is subject to approval of regulatory authorities.
- (e) The unaudited pro forma consolidated financial statements are not necessarily indicative of the financial position and result of operations that would have occurred if the proposed transaction had been completed on the date indicated or of the financial position or operating results which may be obtained in the future.
- (f) The unaudited pro forma consolidated financial statements should be read in conjunction with the audited consolidated financial statements of Ivernia Inc. for the year ended December 31, 2004. The unaudited pro forma adjustments contained in these unaudited pro forma consolidated financial statements are based on estimates and assumptions by management based on information available at April 19, 2005 as described in Notes 2 and 3 below.

2. Pro Forma Assumptions

The unaudited pro forma consolidated balance sheet gives effect to the following transactions as though they occurred on December 31, 2004:

- (a) The Company will complete the Offering of 29,050,000 Common Shares for proceeds of C\$45.0 million (US\$36.3 million).
- (b) The Company will pay Sentient C\$35.0 million (US\$28.2 million), less US\$0.25 million, in cash as part of the consideration for the Magellan Acquisition.
- (c) The Company will issue 23,500,000 Common Shares to Sentient at C\$1.55 per share totalling C\$36.4 million (US\$29.4 million) as part of the consideration for the Magellan Acquisition.
- (d) The Company will issue the Sentient Note in the principal amount of C\$20 million (US\$16.1 million) as part of the consideration for the Magellan Acquisition.
- (e) The Magellan Metals First Ranking A Loan and First Ranking B Loans, and interest, are acquired by the Company, comprised of the following:

	<u>Amount</u>
	(thousands of United States dollars)
a. First Ranking A Loan on Company's consolidated balance sheet	1,275
b. First Ranking B Loan on Company's consolidated balance sheet	1,560
c. Sentient's portion of First Ranking A Loan	1,225
d. Sentient's accrued interest on First Ranking Loans	<u>411</u>
	4,471
e. Company's accrued interest on First Ranking Loans	<u>429</u>
	<u>4,900</u>

- (f) The Company eliminates Sentient's portion of share capital and deficit.
- (g) The Company will acquire Sentient's portion of Magellan Metals Progress Loans and interest.
- (h) The estimated costs of the transaction and the Offering are C\$4.2 million (US\$3.4 million). Under the terms of the Acquisition Agreement, Sentient will reimburse the Company for certain costs of the transaction and the Offering to a maximum of C\$5 million (US\$4.0 million).
- (i) The Company recognizes a future income tax liability as a result of differences between carrying value and tax basis of net assets acquired.

The unaudited pro forma consolidated statement of operations gives effect to the following transactions as though they occurred as at January 1, 2004:

- (aa) The Company recognizes an additional foreign exchange loss from the translation of the monetary assets and liabilities of Magellan Metals from Australian dollars into United States dollars amounting to \$0.96 million.
- (bb) The Company recognises interest at the rate of 8% per annum on the Sentient Note (see Note 2(d)).

3. Share Capital

After giving effect to the pro forma assumptions in Note 2, the issued and outstanding Common Shares of the Company are as follows:

	<u>Common Shares</u>	<u>Amount</u>
		(thousands of United States dollars)
Balance, December 31, 2004	68,098,780	101,140
Issued subsequent to December 31, 2004:		
(a) Share issue (Note 2(a))	29,050,000	36,283
(b) Shares issued to Sentient (Note 2(c))	<u>23,500,000</u>	<u>29,351</u>
Unaudited pro forma balance, December 31, 2004	<u>120,648,780</u>	<u>166,774</u>

CERTIFICATE OF THE COMPANY

Dated: April 20, 2005

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada. For the purposes of the Province of Québec, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

IVERNIA INC.

(Signed) ALAN DE'ATH
President and Chief Executive Officer

(Signed) BRENDAN MCMORROW
Chief Financial Officer

On behalf of the Board of Directors of Ivernia Inc.

(Signed) J. TREVOR EYTON
Director

(Signed) WALTER MURRAY
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: April 20, 2005

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada. For the purpose of the Province of Québec, to our knowledge, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

BMO NESBITT BURNS INC.

CANACCORD CAPITAL CORPORATION

(Signed) JASON NEAL

(Signed) CRAIG WARREN

PARADIGM CAPITAL INC.

(Signed) JOHN WARWICK

HAYWOOD SECURITIES INC.

(Signed) JOHN WILLETT


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