



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 TSX Gallery, the Exchange Tower, 130 King Street West, Toronto, Ontario, Canada on Thursday, June 28, 2007 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, 2006 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 accompanying management information circular of the Company (the "Circular") approving, ratifying and confirming the terms and grant of the Conversion Rights attached to the Senior Loan Facility, all as more particularly described and defined in the Circular;
5. to consider and, if deemed advisable, pass, with or without variation, a resolution in the form set out in Schedule "B" to the Circular approving, the amendment of the Company's Shareholder Rights Plan Agreement as more particularly described in the Circular; and
6. 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 2006 Annual Report containing the audited consolidated financial statements of the Company for the year ended December 31, 2006 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 11th day of May, 2007.

By Order of the Board of Directors

A handwritten signature in black ink, appearing to read 'Robert M. Closner', is written over a light blue horizontal line.

ROBERT M. CLOSNER
Corporate Secretary



**IVERNIA INC.
MANAGEMENT INFORMATION CIRCULAR**

May 11, 2007

Solicitation of Proxies

This management information circular (the "Circular") is furnished in connection with the solicitation of proxies by the management of Ivernia Inc. (the "Company" and, together with its subsidiaries, "Ivernia") for use at the annual and special meeting of shareholders of the Company (the "Meeting") to be held on Thursday, June 28, 2007 at 10:00 a.m. (Toronto time) at The TSX Gallery, the Exchange Tower, 130 King 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 audited consolidated financial statements of the Company for the year ended December 31, 2006 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, (iii) FOR the resolution and approving, ratifying and confirming the conversion rights attached to the Senior Loan Facility, as set out in Schedule "A" to this Circular and more particularly described elsewhere in this Circular and (iv) FOR the resolution approving an amendment to the Company's Shareholder Rights Plan Agreement as set out in Schedule "B" 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 May 11, 2007, the record date for the Meeting, there were 134,748,766 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 May 11, 2007 with respect to all matters to be voted on at the Meeting unless otherwise provided in respect of any particular matter to be acted on herein. 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⁾	24,323,957	18.05%

(1) 4,366,674 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		
	2006	2005	2004
Rate at end of period (C\$/US\$)	1.1653	1.1659	1.2036
Average rate for period (C\$/US\$)	1.1343	1.2114	1.3013

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 seven.

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

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 Eyton ⁽¹⁾⁽²⁾⁽³⁾ Ontario, Canada	Chairman and Director of the Company. Member of the Senate of Canada.	2000 – present	149,000
Alan M. 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 ⁽⁵⁾ ; 2003 – present	406,365
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	113,855
Peter Cassidy ⁽³⁾⁽⁴⁾ New South Wales, Australia	Director of the Company. Director, The Sentient Group Limited (private equity mining fund).	2005- present	Nil ⁽⁶⁾
David N. Murray ⁽¹⁾⁽²⁾⁽⁴⁾ Leicestershire, England	Director of the Company. Was the CEO of Avgold Ltd. and Avmin Ltd. from 2000 until his retirement in 2004.	2007 - present	Nil

<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>
Patrick N. Scott, New South Wales, Australia	Executive Vice President and Chief Operating Officer of the Company, principal of PS Associates Pty Ltd, was Chief Executive Officer of Foxleigh Mining Pty Ltd. from 2000 to 2005.	-	60,000
Jay C. Kellerman Ontario, Canada	Partner, Stikeman Elliott LLP (law firm).	-	Nil

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Corporate Governance Committee.
- (4) Member of the Safety, Health and Environmental Committee.
- (5) Mr. De'ath was a director of the Company from December 2000 until his resignation in January 2002 in connection with a reduction in the size of the Board.
- (6) 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 24,323,957 Common Shares. See "Voting Shares and Principal Holders".

With the anticipated retirement of Kenneth Sangster to take effect on June 28, 2007 the Board has nominated Patrick Scott for appointment as a director. In addition to Mr. Scott being the Company's Executive Vice President and Chief Operating Officer since June 2006, Mr. Scott has almost 30 years of international experience covering all aspects of the mining industry including management of the construction, development and operation of both open pit and underground mines. He also has extensive experience in commodity marketing, transportation logistics, safety and environmental management and corporate affairs. Mr. Scott is well known and respected in the Australian mining industry where he has spent the past 17 years of his career.

The Board has additionally nominated Jay Kellerman for appointment as a director. Since 1997, Mr. Kellerman has been a partner with the Canadian law firm Stikeman Elliott LLP. Mr. Kellerman has advised numerous Canadian and foreign companies involved in the mining sector on a wide range of matters including public offerings and mergers and acquisitions. Mr. Kellerman is also a director of Anatolia Minerals Development Limited, Platmin Limited and Timminco Limited, all of which are listed on the TSX.

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

As a result of a delay in filing its 2002 audited annual consolidated financial statements and certain other disclosure documents within the periods required by Canadian securities regulators, each of the Company's directors and officers voluntarily consented to the issuance by the Ontario Securities Commission on May 22, 2003 of a "management and insider cease trade order". The order prohibited trading by them and certain other insiders in securities of the Company until the Company completed all its required disclosure filings, which were delayed as a result of continuing negotiations with Sentient concerning a joint venture agreement relating to the development of the Magellan mine and the obtaining of financing for the Company, the outcome of which would impact the presentation of the Company's financial statements. Following the entering into of the joint venture agreements, all outstanding disclosure filings were completed and the temporary cease trade order was allowed to lapse on July 23, 2003.

Board and Committee Attendance

Director	Number and % of Meetings Attended During 2006	
	<u>Board</u>	<u>Committees</u> ⁽¹⁾⁽²⁾⁽³⁾
J. Trevor Eyton ^{(4) (5) (6)}	6/6 (100%)	12/12 (100%)
Alan De'ath	6/6 (100%)	-
Walter Murray ^{(4) (5) (6)}	6/6 (100%)	12/12 (100%)
Peter Cassidy ⁽⁴⁾	6/6 (100%)	4/4 (100%)
Kenneth Sangster	5/6 (83%)	-
David Armstrong ^{(5) (6)}	5/6 (83%)	7/8 (88%)

- (1) 4 Audit Committee meetings were held during the 12 month period ending December 31, 2006.
- (2) 6 Compensation Committee meetings were held during the 12 month period ending December 31, 2006.
- (3) 2 Corporate Governance Committee meetings were held during the 12 month period ending December 31, 2006.
- (4) Member of the Audit Committee
- (5) Member of the Compensation Committee
- (6) Member of the Corporate Governance Committee

Appointment of Auditors

At the Meeting, it is proposed to re-appoint PricewaterhouseCoopers LLP, Chartered Accountants (“PWC”), as auditors of the Company to hold office until the next annual meeting of shareholders at a remuneration to be fixed by the Board. PWC 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 PWC for audit and audit-related services in relation to the Company during the financial year ended December 31, 2006 were C\$213,500. The aggregate fees billed by PWC for all non-audit services rendered in relation to the Company during the year were C\$128,362. These non-audit related fees related primarily to PWC’s assistance with tax services and the Company’s evaluation of the design of its internal controls and procedures as defined under Multilateral Instrument 52-109. The Audit Committee has determined that the nature of the non-audit services rendered during 2006, and the aggregate fees billed in respect of those services, were consistent with maintaining the auditors’ independence.

Approval of Conversion Rights

Background

On March 12, 2007, shipments of lead concentrate through the port of Esperance were suspended pending an investigation into the cause and extent of contamination in the community of Esperance. The shipping suspension impaired Ivernia’s ability to generate the financial resources necessary to repay the maturing secured promissory note in favour of Sentient (the “Sentient Note”) and the BNP Paribas credit facility and to adequately fund its ongoing operating requirements. On April 3, 2007 the Company announced the Magellan mine was being placed on temporary care and maintenance.

With the timing of the resumption of shipments difficult to predict and the need to repay the maturing BNP Paribas credit facility, which Ivernia was then not entitled to renew, the Company was then faced with serious financial difficulties thus making it imperative to obtain alternative financing in a timely and efficient manner.

Several options were pursued and each was thoroughly evaluated by management and the Board with BMO Nesbitt Burns retained by the Board as advisors. Some of the criteria in evaluating the Company's financing options included: (i) the overall cost of the financing arrangement, (ii) the potential of reaching a mutually agreeable arrangement, and (iii) the probable timing for the financing arrangement to be completed.

On May 1, 2007 the Company announced that it had completed the new financing arrangement and would be utilizing the drawdowns (i) for the repayment in full (US\$17 million) of the Sentient Note; (ii) for the repayment in full (US\$11 million) of the currently outstanding BNP Paribas credit facility and (iii) to assist with the Company's overall funding requirements during the Magellan mine's care and maintenance period. The syndicate of lenders (the "Lenders"), which included two of the Company's largest shareholding groups – The Sentient Group, and clients of investment advisor Ingalls and Snyder - participated in the \$50 million senior secured facility (the "Senior Loan Facility").

After considering various alternatives, the Board determined that the Senior Loan Facility was the preferred option and unanimously (including all directors independent of Sentient) determined that (i) the Senior Loan Facility would have the effect of improving the financial position of the Company, (ii) that the terms of the Senior Loan Facility were reasonable given the Company's current circumstances, and (iii) the familiarity of the Lenders with Ivernia would allow the financing to be conducted in a timely manner providing the Company quick access to the finances required to meet its obligations.

Financing Arrangements

The initial draw-downs of US\$36 million under the Senior Loan Facility on April 27, 2007 were used (i) for the repayment in full (US\$17 million) of the existing Sentient Note; and (ii) for the repayment in full (US\$11 million) of the currently outstanding BNP Paribas credit facility. Future drawdowns under the Senior Loan Facility will be used to assist with the Company's overall funding requirements.

The Senior Loan Facility has a one-year term and bears an interest rate of 9.25%, which will accrue and be payable at maturity or earlier repayment. The Senior Loan Facility also carries a 1% commitment fee on undrawn amounts. Ivernia may prepay amounts outstanding under the facility at any time without penalty. Balances repaid before maturity may not be redrawn by Ivernia. Approximately US\$38 million is currently drawn down under the Senior Loan Facility. The Senior Loan Facility grants first ranking security interests over all the Company's assets. As Sentient is a Lender under the Senior Loan Facility, and Peter Cassidy is a director of Sentient and a member of the Board, the transaction constitutes a "related-party" transaction for purposes of Ontario Securities Commission Rule 61-501 and Policy Statement No. Q-27 of the Autorité des marchés financiers (collectively, the "Policies"). For the reasons discussed under "Background" immediately above, the transaction is exempt from the minority approval and valuation requirements of the Policies.

Conversion Rights

Drawdowns under the Senior Loan Facility entitle the Lenders to conversion rights ("Conversion Rights"), providing for conversion of outstanding principal amounts into Ivernia common shares at a price of C\$1.20 (based on exchange rates in effect on April 26, 2007, equating to a US\$1.08 share price) per share (the "Conversion Price"). If Ivernia repays drawn balances before maturity the Lenders will be issued warrants at a C\$1.20 strike price that will expire concurrent with the maturity of the Senior Loan Facility. All Conversion Rights expire at maturity. If all Conversion Rights under the Senior Loan Facility are exercised by the Lenders, a maximum of 46,296,296 Common Shares (representing approximately 34.36% of the Company's current issued and outstanding shares) would be issued. The Toronto Stock Exchange has conditionally approved the listing of the Common Shares underlying the Conversion Rights, subject to the approval of shareholders independent of the Lenders at the Meeting and the Company's fulfillment of other customary listing conditions.

The Senior Loan Facility will not be convertible into equity until the day which is 61 days following the approval of shareholders, independent of the Lenders, of the grant and terms of the foregoing Conversion Rights (collectively, the "**Shareholder Approval Condition**"). To the knowledge of the Company, after reasonable enquiry, votes attached to the 24,323,957 Common Shares held by Sentient will be excluded in determining whether approval is

obtained. To the knowledge of the Company, after reasonable enquiry, the other Lenders do not beneficially own any Common Shares.

If the Shareholder Approval Condition is not satisfied at the Meeting, the Senior Loan Facility will not be convertible into equity, its term will be extended until April 27, 2009 and it will bear an interest rate equal to 35% per annum (or such maximum lesser amount as is required to ensure that the Senior Loan Facility does not bear a criminal rate of interest for the purposes of the Criminal Code (Canada)), with no prepayment options.

The Board (including all directors independent of Sentient) is unanimously of the opinion that the terms and grant of the Conversion Rights are 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 Conversion Rights Resolution in the form of Schedule A hereto approving the Conversion Rights.

Approval of an Amendment to the 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 Amendment Resolution”), the text of which is attached to this Circular as Schedule A, to approve an amendment to 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 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 acquiror 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 Rights Plan does not currently provide the Board with the flexibility to exceed this 20% limitation except in very limited circumstances. The Rights Plan Amendment would amend the definition of “Exempt Acquisition” to provide that a Board sanctioned private placement of securities that complies with all applicable stock exchange requirements, including the grant of the Conversion Rights discussed above, will not trigger the Plan.

If Shareholder approval to the Rights Plan Amendment is not received at the Meeting, the Conversion Rights will not apply, the Senior Loan Facility will bear a 35% interest rate, its term will be extended until April 27, 2009 and the Company will have no prepayment options.

The Board (including all directors independent of Sentient) is unanimously of the opinion that the Rights Plan Amendment is in the best interest of the Company and its shareholders. The Board recommends that shareholders vote “FOR” the resolution set out in Schedule “B” 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 B hereto approving the proposed amendment to 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, 2006 as well as one former officer who retired 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	2006	359,221	110,698 ⁽⁵⁾	–	300,000	62,864
	2005	307,380	53,755 ⁽⁵⁾	–	400,000	53,792
	2004	225,000	50,000	–	500,000	39,375
Kenneth Sangster, Executive Vice-Chairman ⁽⁶⁾	2006	124,341	117,318 ⁽⁵⁾	253,083 ⁽⁷⁾	50,000	21,760
	2005	226,406	53,755 ⁽⁵⁾	–	175,000	39,621
	2004	200,000	50,000	–	500,000	35,000
Patrick Scott, Executive Vice-President and Chief Operating Officer ⁽⁸⁾⁽⁹⁾	2006	204,278	–	–	300,000	–
	2005	–	–	–	–	–
	2004	–	–	–	–	–
Mario Stifano, Chief Financial Officer ⁽¹⁰⁾	2006	196,720	–	–	150,000	34,426
	2005	83,330	–	–	250,000	14,583
	2004	–	–	–	–	–

- (1) In 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. Sangster retired as Executive Vice-Chairman effective June 30, 2006 and intends to retire as a director on June 28, 2007.
- (7) Amounts shown are in reference to severance payments made upon Mr. Sangster’s retirement as Executive Vice Chairman.
- (8) The Company entered into a service agreement on May 3, 2006 with PS Associates Pty Ltd, of which Mr. Scott is the principal, for the providing of certain corporate services including Mr. Scott serving as Chief Operating Officer of the Company. PS Associates Pty Ltd entered into a new three year service agreement with the Company effective January 1, 2007.
- (9) PS Associates Pty Ltd is expected to devote approximately 80% of its time to providing the services to the Company in accordance with the service agreement.
- (10) 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, as amended (the "Option Plan") as at December 31, 2006. 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⁾	5,907,500	\$1.33	3,277,334

(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 11, 2007 5,647,500 of the Common Shares (representing 4.19% of the currently outstanding Common Shares) are issuable upon the exercise of currently outstanding options, 3,227,334 Common Shares (representing 2.40% of the currently outstanding Common Shares) are available in respect of options which may be granted in the future, and a further 611,367 Common Shares (representing 0.45% of the currently outstanding Common Shares) have already been issued upon the exercise of 925,166 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. On June 13, 2006, the Board voted to make a non-material amendment to the Option Plan for which shareholder approval was not required. The Company amended the definition of Consultants under the Option Plan to include a company that is engaged to provide on a bona fide basis consulting, technical, management or other services to the Company or to an affiliated entity of the Company for an initial, renewable or extended period of twelve months or more. 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, 2006.

Options Granted During the Financial Year Ended December 31, 2006

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⁾	300,000	14.35%	\$1.55	\$1.55	December 18, 2011
Kenneth Sangster ⁽¹⁾	50,000	2.39%	\$1.55	\$1.55	December 18, 2011
Patrick Scott ⁽¹⁾	300,000	14.35%	\$1.55	\$1.55	December 18, 2011
Mario Stifano ⁽¹⁾	150,000	7.18%	\$1.55	\$1.55	December 18, 2011

(1) Options are exercisable as to 1/3 on or after December 18, 2007, the first anniversary of the date of grant, with an additional 1/3 becoming exercisable on or after each of the second and third anniversaries of the date of grant.

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, 2006 and Financial Year-End Option Values

Name	Common Shares Acquired on Exercise (#)	Aggregate Value Realized (C\$)	Unexercised Options at December 31, 2006 (#) (Exercisable/Unexercisable)	Value of Unexercised in-the-Money Options at December 31, 2006 (C\$) (Exercisable/Unexercisable)
Alan De'ath	—	—	1,045,000/625,000	\$519,000/\$27,500
Kenneth Sangster	150,000	75,000	802,500/262,500	\$373,500/\$27,500
Patrick Scott	—	—	Nil/300,000	Nil/Nil
Mario Stifano	—	—	83,333/316,617	Nil/Nil

Employment Contracts

Alan De'ath has entered into a renewed employment agreement with the Company dated February 7, 2007 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 employment agreement. Mr. De'ath's current salary is C\$420,000 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. The Company may terminate this employment agreement at any time for cause without payment of any compensation either by way of anticipated earnings or damages of any kind. The Company may also terminate the employment agreement immediately upon making a lump sum payment in lieu of notice equivalent to two years annual compensation and an amount equal to two times the average cash bonus paid to Mr. De'ath for the two most recently completed financial years.

Mario Stifano has entered into an employment 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 employment agreement. Mr. Stifano's current salary is C\$245,000 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 may terminate this employment agreement at any time for cause without payment of any compensation either by way of anticipated earnings or damages of any kind. The Company may also terminate the employment agreement immediately upon making a lump sum payment in lieu of notice equivalent to six months annual compensation.

The Company has entered into a 3 year service contract with PS Associates Pty Ltd dated January 1, 2007, pursuant to which Patrick Scott, who is the principal, is currently the Executive Vice President and Chief Operating Officer of the Company. PS Associates Pty Ltd's contract may be extended for additional one year terms at the Company's option in accordance with the terms of the service contract. The annual service fee for PS Associates Pty Ltd is a maximum of A\$420,000 to be paid pro-rata based upon an allocation of time. The Company may terminate this service agreement at any time for cause, or in the event Mr. Scott is unable to directly provide his services to the Company, without payment of any compensation either by way of anticipated earnings or damages of any kind. The Company may also terminate the service contract immediately upon making a lump sum payment in lieu of notice equivalent to six months of the maximum per annum service fee.

The Company has negotiated key employee termination benefits agreements with each of Mr. De'ath and Mr. Stifano and a similar form of agreement with PS Associates Pty Ltd. The terms of these agreements include provisions for the payment of termination benefits equivalent to twice the executive's contractual annual basic compensation and benefits payable, if any, if there is a change of control of the Company and the services of the executive with the Company are terminated involuntarily; or in the event of a change of control the executive elects to terminate their service to the Company for "good reason" which includes (i) a change to the executive's position, authority, duties or responsibilities, (ii) reduction of the executive's rate of basic compensation or diminution of the executive's incentives and benefits, (iii) relocation of the executive of more than 40 kilometers from the facility where the executive was located at the time of the change in control, or (iv) the failure of the Company to obtain an explicit undertaking from a successor or potential successor to honour the terms of the key employee termination benefits agreement.

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, 2006, the Compensation Committee was composed of J. Trevor Eyton (Chairman), Walter Murray and David Armstrong. Further to David Armstrong's resignation from the Board on February 7, 2007 David Murray who filled the vacancy on the Board left by David Armstrong's resignation also filled the vacancy on the Compensation Committee.

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 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 Compensation Committee also retained D. Rainville & Associates in 2006 to update compensation information and assist in the development of an annual incentive plan. 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 directors 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 in 2004 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 at that time 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 to C\$395,000 with effect from April 1, 2005 and to C\$420,000 with effect from July 1, 2006.

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 adopted during 2006 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 40% to a maximum of 70% for other executive officers of the company. No awards were paid during 2006 with respect to the 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 Review recommended that one time awards were warranted. In acting upon the Rainville Review recommendations the Compensation Committee awarded the CEO and the then Executive Vice Chairman a one time bonus, of which C\$66,667 was paid in 2005 to each of them and C\$133,333 was paid and/or payable to each of them in 2006, which was subject to their continuing to be executive officers of the Company on June 30, 2006.

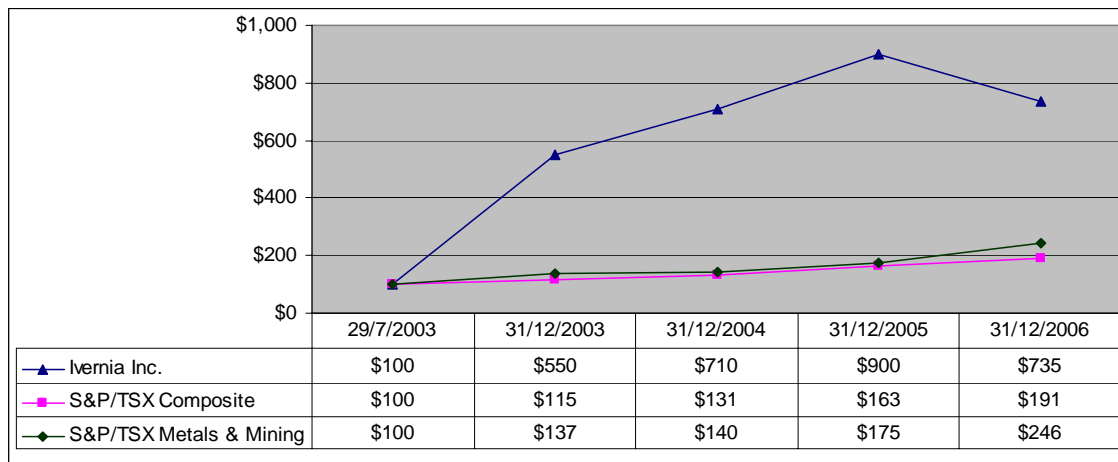
The Rainville Review further recommended the continuation of a Long Term Incentive Program using stock options as the principal vehicle, consistent with Canadian mining industry practice. This mining industry practice continued in 2006. Based on the recommendations of the report, the CEO was awarded 300,000 stock options in recognition of his contribution to the various milestones achieved by the Company in 2006.

Submitted by the members of the Compensation Committee as at May 11, 2007: J. Trevor Eyton (Chairman), Walter Murray and David Murray.

Performance Graph⁽¹⁾

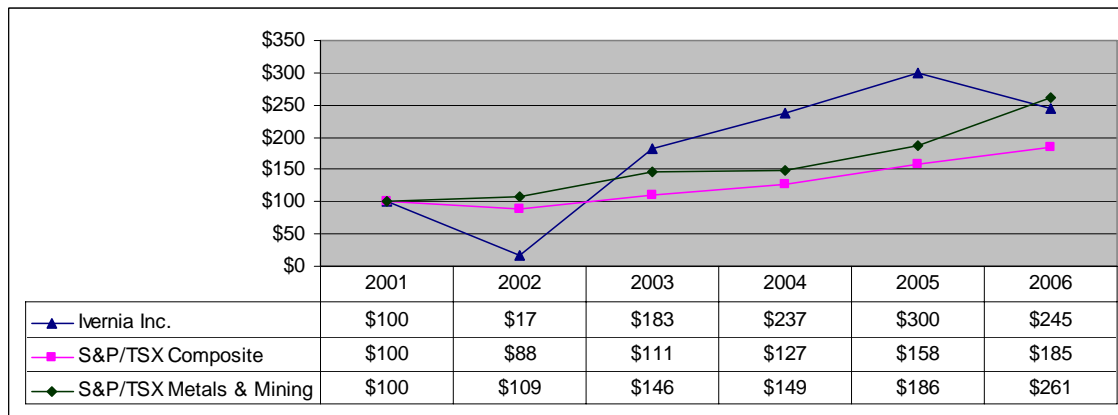
On July 29, 2003 a new management team was appointed with the primary responsibility of restructuring Ivernia West Inc. and financing, constructing and bringing into production the Magellan mine. The initial restructuring was accomplished effective September 29, 2003 through the sale of the shares of 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, 2001 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 C\$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 Stikeman Elliott LLP, of which Jay Kellerman is a partner, to provide legal services to the Company from time to time.

Directors' and Officers' Liability Insurance

The Company has entered into a directors and officers liability insurance policy and an excess side "A" liability 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 directors and officers policy is C\$20 million, subject to a per claim deductible of C\$100,000 in respect of Employment Practices Liability claims and C\$50,000 in respect of all other claims. The annual limit for all claims under the excess side "A" liability policy is C\$5 million. The annual aggregate premium payable by the Company under both policies is C\$110,700. The Company's current coverage under the policies continues until November 5, 2007.

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 52-110. An independent director for such purposes is one who is free from any direct or indirect relationship which could, in the view of the Board, reasonably interfere with a director's independent judgement. Of the

seven nominees, Alan De'ath, the President and CEO and Patrick Scott, the Executive Vice President and Chief Operating Officer are executive officers of the Company and therefore not independent, and Jay Kellerman is partner of Stikeman Elliott LLP a law firm which provides legal services to the Company and therefore not independent. The Board does not consider any of the other directors to have any direct or indirect material relationship with Ivernia. The independent directors hold informal meetings as and when deemed necessary at which executive officers and management are not present in order to facilitate candid discussion amongst the independent directors. A minimum of four such meetings were held during the year ended December 31, 2006.

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 Board has implemented a formal written Board mandate. A copy of the Board's mandate is attached hereto as Schedule "C". 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.

In addition to the new Board mandate, the Board developed written position descriptions for the Chairman of the Board and the chairs of the respective committees of the Board. The Chairman of the Board and the chairs of the various committees, with the exception of the recently formed Safety, Health and Environmental Committee, 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 seven nominees for election at the Meeting are independent within the meaning of NI 52-110. Each of Alan De'ath and Patrick Scott are non-independent by virtue of their being a member of management and Jay Kellerman who is a partner at Stikeman Elliott LLP, a law firm that provides legal services to the Company, is not independent.

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. During 2006 the Company implemented formal assessments for the Board, its committees and the individual directors with respect to their effectiveness and contributions. These assessments aid in determining what additional areas for continuing education are required.

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 four committees which each operate under their respective written terms of reference: the Audit Committee, the Compensation Committee, the Corporate Governance Committee and the Safety, Health and Environmental 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 Audit 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 David Murray. Certain information relating to the Audit Committee members is set forth in the Company's Annual Information Form dated April 2, 2007, 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 Murray.

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 Peter Cassidy.

Safety, Health and Environmental Committee

The Safety, Health and Environmental Committee is responsible for reviewing and ensuring management of the Company have in place the proper safety, health and environmental policies and procedures for its continuing operations. The Safety, Health and Environmental Committee is also responsible for monitoring and ensuring ongoing adherence to the Company's safety, health and environmental policies and procedures. The current members of the Corporate Governance Committee are David Murray (Chairman), Peter Cassidy and Kenneth Sangster.

Financial Whistle Blowing

The Board has adopted internal financial whistle blowing procedures regarding questionable accounting, internal accounting controls and audit matters, on a basis that preserves the anonymity of an employee complainant. All complaints are made to either the Chairman of the Audit Committee or to the Company's General Counsel, and are subsequently investigated and action taken where required. Any complainant seeking to maintain his or her confidentiality will have his or her anonymity fully protected.

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 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 27, 2006 the Company elected to exercise an option to extend the maturity date of the existing Sentient Note for one year until April 29, 2007 (the "Extension Option"). Sentient was a party to the Extension Option, an entity of which Peter Cassidy was a founder and is currently a principal. The Company announced its plans to pay Sentient C\$2 million in cash towards the Sentient Note which would consist of accrued interest of approximately C\$1.6 million and C\$400,000 of principal repayment. In accordance with the Extension Option the Company further

announced that the extension fee of 400,000 Common Shares payable in accordance with exercising the Extension Option would be paid by an initial payment of 195,883 Common Shares on the date of exercise with the remainder of the Common Shares to be paid in equal monthly payments of 16,323 Common Shares from May 2006 to July 2006 inclusive and equal monthly payments of 14,345 Common Shares from August 2006 to April 2007 inclusive. The total number of common shares issued in accordance with the Extension Option, which was reduced pro-rata by partial repayments made by the Company, was 373,957.

On May 5, 2006, the Company paid Sentient C\$2.0 million towards the Sentient Note, which consisted of accrued interest of approximately C\$1.6 million and C\$0.4 million of principal repayment. On December 29, 2006 Ivernia repaid Sentient an additional C\$2 million in principal towards the Sentient Note.

Effective April 27, 2007 the Company completed the Senior Loan Facility financing, as previously discussed herein, and retired the existing Sentient Note. Sentient participated in the Senior Loan Facility in the amount of US\$25 million and will, subject to satisfaction of the Shareholder Approval Condition, receive Conversion Rights in respect of the drawn-down amount of their participation. Assuming the Senior Loan Facility is fully drawn-down and all Lenders exercise their Conversion Rights prior to maturity, Sentient would acquire 23,148,148 Common Shares representing approximately 26.2% of the then issued and outstanding Common Shares. Sentient is also entitled to a participation fee of 5% of the drawn amount of their portion of the Senior Loan Facility, and an arrangement fee of US\$400,000, both of which are payable upon maturity of the Senior Loan Facility.

In May of 2006 the Company entered into a service contract with PS Associates Pty Ltd, of which Patrick Scott is the founder and sole director, for the providing of certain corporate services by Patrick Scott to the Company. In January of 2007 the Company entered into a new 3 year service contract with PS Associates Pty Ltd for the continuation of the corporate services. For additional information regarding the service agreement see the section above titled "Employment Contracts". In July of 2006, and further to Mr. Sangster retiring as Executive Vice Chairman of the Company, the Company entered into a 3 year agreement with Mr. Sangster for the providing of consultancy services by Mr. Sangster as and when required. Mr. Sangster shall be entitled to annual base consulting fee of \$75,000 per annum during the remainder of the agreement.

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, 2006 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 11th day of May, 2007.

By Order of the Board of Directors

A handwritten signature in black ink, appearing to read "Robert Closner", written in a cursive style.

ROBERT M. CLOSNER
Corporate Secretary

SCHEDULE "A"

CONVERSION RIGHTS

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

1. The grant of, and terms of, the Conversion Rights in respect of the Senior Loan Facility (as each is defined and more particularly described in the Management Information Circular in respect of the Company's 2007 Annual and Special Meeting of the shareholders of the Company) are hereby approved, ratified and confirmed.
2. Any officer or director of the Company be and is hereby authorized for and on behalf of the Company, 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.

SCHEDULE "B"

SHAREHOLDER RIGHTS PLAN AMENDMENT

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

1. The definition of "Exempt Acquisition" contained in section 1.1 of the Shareholder Rights Plan of the Company dated as of May 2, 2006 between the Company and Computershare Trust Company of Canada, as Rights Agent (the "Rights Plan Agreement") be amended to provide as follows:

““Exempt Acquisition” means (i) a share acquisition in respect of which the Board of Directors has waived the application of Section 3.1 pursuant to the provisions of Subsection 5.1(a) or (h), or (ii) pursuant to an issuance and sale by the Corporation of Voting Shares or securities convertible into Voting Shares by way of a private placement by the Corporation, provided that all necessary stock exchange approvals for such private placement have been obtained and such private placement complies with the terms and conditions of such approvals.”

2. Except for this amendment, the Rights Plan Agreement remains in full force and effect, unamended as of the date hereof.
3. Any officer or director of the Company be and is hereby authorized for and on behalf of the Company, 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.

SCHEDULE “C”
IVERNIA INC.
MANDATE OF THE
BOARD OF DIRECTORS

The directors are responsible for the stewardship of the business and affairs of the Company. The Board seeks to discharge this responsibility by reviewing, discussing and approving the Company’s strategic plans, annual budgets and significant decisions and transactions as well as by overseeing the senior officers of the Company in their management of its day-to-day business and affairs. The Board’s primary role is to oversee corporate performance and assure itself of the quality, integrity, depth and continuity of management so that the Company is able to successfully execute its strategic plans and complete its corporate objectives.

The Board delegates to the senior officers the responsibility for managing the day-to-day business of the Company. The Board discharges its responsibilities to oversee management directly and through the Audit Committee, the Corporate Governance Committee and the Compensation Committee. In addition to these regular committees, the Board may appoint ad hoc committees periodically to address issues of a more short-term nature. At all times, the Board will retain its oversight function and ultimate responsibility for matters that the Board may delegate to Board committees.

All the members of the Board must have the skills and qualifications required for appointment as a director. The Board as a whole must reflect a diversity of particular experience and qualifications to meet the Company’s specific needs.

The mandate of the Board also includes but is not limited to:

Management

1. Appointing the Chief Executive Officer and the other senior officers of the Company. The Board, through the Compensation Committee, is also responsible for approving the annual compensation of the Chief Executive Officer and the other officers of the Company and determining their objectives.
2. Ensuring that management succession planning programs are in place, including programs to recruit management with the highest standards of integrity and competence and train, develop and retain them. The Board is also responsible for reviewing and approving such succession plans including those concerning the current and future organizational structure of the Company, in each case.
3. Through the Compensation Committee, establishing and updating the Company’s executive compensation policy and ensuring that such policy aligns management’s interests with those of the shareholders.

Corporate Governance

4. Approving the Board’s composition and size, the selection of the Chair of the Board, the candidates nominated for election to the Board, committee and committee chair appointments, committee charters and director compensation as well as managing succession planning issues concerning the Board to ensure that it has an appropriate balance in terms of skills and experience. In doing so, the Board will respond to recommendations received from the Corporate Governance Committee but will always retain responsibility for giving its approval.
5. Directly, and through the Corporate Governance Committee, developing the Company’s approach to governance issues.
6. Putting in place appropriate structures and procedures to ensure that the Board can function independently of management.
7. Developing a mandate or position description for the Chairman, the Chief Executive Officer and each Committee Chair.

8. Reviewing annually the size and composition of the Board and its committees based on qualification, skills and personal abilities sought in Board members and as against their respective charters and mandates. Additionally, the Board members individual performance is reviewed against the Company's Statement of Expectations for Directors.

Strategic Planning

9. Participating directly, and through its committees, in the review, discussion and approval of the Company's strategic plan. The Board is also responsible for discussing and considering the strategic plan and whether it remains appropriate taking into account the risks and opportunities inherent in the Company's business.
10. Reviewing and considering the business, operating, financial and other plans proposed by management by which the Company will execute its strategic plan.
11. Reviewing and approving the Company's annual and short-term corporate objectives developed by management.
12. Providing input to management on emerging trends and issues that may affect the business of the Company, its corporate strategy or its annual and short-term corporate objectives.
13. Monitoring the Company's progress in executing its corporate strategy and achieving its annual and short-term corporate objectives and overseeing management in changing such strategic plan or objectives in light of changing circumstances affecting the Company or its businesses.
14. Taking action as the Board deems appropriate in the event that the Company does not successfully execute certain strategic plans or achieve its annual or short-term corporate objectives or when other special circumstances warrant.

Monitoring of Financial Performance/Reporting and Other Financial Matters

15. Reviewing and approving the Company's annual budget presented by management.
16. Reviewing and approving the Company's annual audited financial statements and unaudited interim financial statements and the notes for each, as well as the annual and interim Management's Discussion and Analysis, the Annual Information Form, Management Proxy Circular, other public offering documents and the Annual Report.
17. Overseeing, directly and through the Audit Committee, the processes implemented to ensure that the financial performance and results of the Company are reported fairly, accurately and in a timely manner in accordance with generally accepted accounting standards and in compliance with legal and regulatory requirements.
18. Overseeing, directly and through the Audit Committee, the process implemented to ensure integrity of the Company's internal control and management information systems.

Risk Management

19. Overseeing the processes by which the principal risks of the Company are identified, assessed and managed and for ensuring that appropriate risk management systems are implemented and maintained with a view to achieving a proper balance between risks incurred and the creation of long-term sustainable value for shareholders.

Environmental Oversight

20. Overseeing, with the assistance of management, the processes for the implementation and maintenance of environmental stewardship and health and safety management systems that are consistent with accepted industry practices and comply with applicable laws and regulatory requirements.

Corporate Policies and Procedures

21. Directly and through its Board committees, reviewing and approving, and monitoring compliance with, all significant policies and procedures by which the Company and its wholly-owned subsidiaries conduct their business and operations. In discharging such responsibility, the Board shall ensure that such policies and procedures are

consistent with the principle that the Company and its wholly-owned subsidiaries must operate at all times in compliance with applicable laws and regulatory requirements and under the highest ethical standards.

22. Adopting, and reviewing annually, a written code of business conduct and ethics that addresses, among other things, conflicts of interest; protections and use of corporate assets and information; confidentiality of corporate information; fair dealing with the Company's shareholders, customers, suppliers, competitors and employees; compliance with laws, rules and regulations; and the reporting of any illegal or unethical behaviour.
23. Either directly or through one or more Board committees, monitoring compliance with the Company's code of business conduct and ethics, and considering and if thought appropriate, granting waivers in respect of the code.

Communications and Reporting

24. Approving and reviewing annually the Company's Corporate Disclosure Policy and other communications policies and procedures that address communications with shareholders, employees, financial analysts, governments and regulatory authorities, the media and the communities in which the business of the Company and its wholly-owned subsidiaries is conducted.

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Approved by the Board of Directors on February 7, 2007.