



NEWS RELEASE

All Dollar Amounts are in U.S. Dollars Unless Otherwise Noted

IVERNIA INC. REPORTS FIRST QUARTER 2006 NET INCOME OF US\$1.6 MILLION; OPERATING INCOME AND CASH FROM OPERATING ACTIVITIES EACH OF \$4.0 MILLION

Ramp-up of World's Largest Pure Lead Mine Continues on Schedule

TORONTO, ONTARIO – May 11, 2006 – Ivernia Inc. (“Ivernia” or the “Company”) (TSX:IVW) today reported first quarter 2006 net income of \$1.6 million, (\$0.01 per common share), as its Magellan lead operation completed its second consecutive quarter of ramp-up towards target operating capacity. The Company generated \$4.0 million each in operating income and cash from operating activities. In the first quarter 2005, Ivernia initiated commissioning of Magellan and reported a net loss of \$0.2 million and cash from operating activities of \$0.1 million.

Magellan achieved on-target production of 14,500 tonnes of lead metal in concentrate for the quarter despite some production interruptions caused by the effects of several tropical cyclones that struck Western Australia during the period. Shipments however, were affected by weather-related road closures. Ivernia shipped 21,600 tonnes of concentrate at an average price of 58 cents per pound and recognized revenues of \$17.1 million. The London Metal Exchange price of lead averaged 56 cents per pound for the period, an increase of almost 27% year-over-year.

FIRST QUARTER HIGHLIGHTS

- Produced \$4.0 million in operating income; \$1.6 million (\$0.01 per share) in net income
- Generated \$4.0 million (\$0.03 per share)¹ in cash flow from operating activities
- Achieved on-target production of 14,500 tonnes of lead metal in concentrate; remain on track to deliver over 80,000 tonnes targeted for full year
- Maintained cash cost of lead sold at 36 cents per pound during ramp-up period despite the effects of globally rising input costs; on track to achieve approximately 30 cents per pound in the second half of the year with a further 10% - 15% reduction in 2007
- Completed installation and began commissioning of an additional concentrate thickener with immediate improvement to operational performance
- Increased financial flexibility with extension and partial repayment of existing cost-competitive promissory Sentient Note (C\$20 million) and secured bank approvals for new operating financing facilities (US\$25 million)
- Received C\$10.6 million of proceeds from the exercise of common share purchase warrants
- Completed new management team with addition of Patrick N. Scott as Executive Vice President and Chief Operating Officer and Sharon E. Loung as Director, Investor Relations
- Retained the services of Kenneth J. Sangster, retiring Vice Chairman, as independent director and consultant

⁽¹⁾ Cash flow per share from operating activities is a non-GAAP measure.

Financial and Operating Summary

(\$ thousands, except earnings per share)	Three months ended	Three months ended
	March 31, 2006	December 31, 2005
	Unaudited	
Revenue	17,128	14,672
Operating income	3,981	743
Net income	1,574	1,040
Basic income per share	0.01	0.01
Cash flow from operating activities	4,010	4,622
(thousands of tonnes, except percentages)		
Ore mined	253.2	241.2
Ore milled	211.2	243.9
Average head grade	8.8%	8.0%
Recovery	78.6%	75.6%
Concentrate produced	22.7	23.0
Lead metal in concentrate produced	14.5	14.7

"We continued our positive momentum into 2006," commented Alan De'ath, President and CEO of Ivernia. "Operationally, the ramp-up and optimization of Magellan progressed very well and we remain on schedule to meet our performance targets. Additionally, our cash cost of lead sold was maintained at 36 cents per pound despite the effects of globally rising input costs. We are focused on reducing that further to the 30-cent range in the second half of this year, and another 10% to 15% in 2007 once operating at full target capacity."

"Corporately, we have completed several initiatives that further strengthened Ivernia during the second quarter. We improved the efficiency of our balance sheet with a partial repayment and extension of the cost-competitive, flexible Sentient Note and secured bank operating facilities to provide Magellan with discretionary financial resources to fund its requirements. Equally important, our new management team is complete and in place with the recent additions of Patrick Scott as Executive Vice President and Chief Operating Officer and Sharon Loung as Director, Investor Relations. With the support of our Board of Directors, we are confident that Ivernia now has the right mix of skills and individuals to lead the Company forward," concluded Alan De'ath.

2006 OUTLOOK

Operations

The Company views 2006 as a year of two distinct halves. The first half continues the ramp-up of Magellan, which is progressing smoothly. As previously reported, production is capped at an annualized rate of about 60,000 tonnes of lead metal until the installation of the secondary ball mill is completed. The ball mill installation remains on track for commissioning in June 2006. Post commissioning, the plant will have significantly increased grinding capacity enabling higher ore throughput rates. In the second half, Magellan will be well positioned to operate at full target capacity.

The Company's previously announced 2006 production forecast of over 80,000 tonnes of lead metal in concentrate remains unchanged. Approximately 30,000 tonnes are expected to be produced in the first half of the year and approximately 50,000 tonnes in the second half. Ivernia is targeting cash costs of approximately 30 cents per pound in the second half of 2006

decreasing by 10% to 15% to approximately 27 cents to 25 cents per pound in 2007 once the operations have been fully optimized.

Conference call and webcast

Ivernia invites you to join its first quarter conference call on Thursday, May 11, 2006 at 10:00 am. Eastern time. The call is open to all investors and the media. To join the call, please dial (416) 695-7848 or (1-877) 323-2091 (Canada and U.S.). Alternatively, an audio feed will be available on the Company's website at www.ivernia.com. A recorded version of the call will be available on www.ivernia.com shortly after the call, and via telephone until midnight on Thursday, May 18, 2006 by calling (416) 695-5275 or 1-888-509-0081 and using the passcode 621349.

Management's Discussion and Analysis and consolidated financial statements

Ivernia's consolidated financial statements and Management's Discussion and Analysis for the three months ended March 31, 2006 are available on the Company's website www.ivernia.com and at SEDAR at www.sedar.com.

About Ivernia

Ivernia is an international base metals, exploration, development and operating company. The Company is the sole owner and operator of the low-cost, long-life Magellan lead mine in Western Australia. The mine achieved commercial production on October 1, 2005 and is expected to reach full production levels by mid-2006. When in full production, Magellan is expected to be one of the top five lead-producing mines in the world, yielding approximately 100,000 tonnes of lead metal in concentrate per year, close to 3% of total world mine production. The inferred resources and considerable regional exploration opportunities offer significant potential to extend the mine's current long reserve life.

Ivernia trades under the symbol "IVW" on the Toronto Stock Exchange. Additional information on Ivernia is available on the Company's web site at www.ivernia.com and at SEDAR at www.sedar.com.

Forward-Looking Statements

This document may contain forward-looking statements within the meaning of Canadian securities law. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "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 forward-looking statements reflect the current internal projections, expectations or beliefs of Ivernia based on information currently available to the Company. Forward-looking statements are subject to a number of risks and uncertainties, including those detailed from time to time in filings made by Ivernia with securities regulatory authorities, that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company. The reader should not place undue reliance on them. Some factors that could cause actual results to differ materially from those set forth in the forward-looking statements include: resources and reserves, metal price volatility, exchange rates, single mineral property, metallurgy, environmental factors, mining risks, insurance, labour and employment regulations, health and safety, and government regulations, dependence on key personnel, constraints on cash flow and nature of mineral exploration and development. Other risks and factors that could cause actual results to differ are described in Management's Discussion and Analysis ("MD&A") for the periods ended December 31, 2005 and December 31, 2004 under the heading "Risks and Uncertainties". Our MD&A and additional information on

Ivernia are available on the Company's web site at www.ivernia.com and on Ivernia's SEDAR profile at www.sedar.com. All of the forward-looking statements made herein are qualified by the foregoing cautionary statements. Ivernia undertakes no obligation to publicly update or revise any forward-looking statements or information whether as a result of new information, future events or otherwise.

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First Quarter 2006 Management's Discussion and Analysis

The following discussion of the financial condition and operating results of Ivernia Inc. ("Ivernia" or the "Company") should be read in conjunction with the unaudited consolidated interim financial statements of the Company for the three months ended March 31, 2006 as well as the audited consolidated financial statements for the year ended December 31, 2005 and the related management's discussion and analysis, both of which are available on Ivernia's website at www.ivernia.com and on SEDAR at www.sedar.com. The Company's financial statements and the financial data presented in this document, have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

In addition, this discussion contains forward-looking statements within the meaning of Canadian securities law. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "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 forward-looking statements reflect the current internal projections, expectations or beliefs of Ivernia based on information currently available to the Company. Forward-looking statements are subject to a number of risks and uncertainties, including those detailed from time to time in filings made by Ivernia with securities regulatory authorities, that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company. The reader should not place undue reliance on them. Some factors that could cause actual results to differ materially from those set forth in the forward-looking statements include: resources and reserves, metal price volatility, exchange rates, single mineral property, metallurgy, environmental factors, mining risks, insurance, labour and employment regulations, health and safety, government regulations, dependence on key personnel, constraints on cash flow and nature of mineral exploration and development. Other risks and factors that could cause actual results to differ are described in Management's Discussion and Analysis ("MD&A") for the periods ended December 31, 2005 and December 31, 2004 under the heading "Risks and Uncertainties". Our MD&A and additional information on Ivernia are available on the Company's web site at www.ivernia.com and on Ivernia's SEDAR profile at www.sedar.com. All of the forward-looking statements made herein are qualified by the foregoing cautionary statements. Ivernia undertakes no obligation to publicly update or revise any forward-looking statements or information whether as a result of new information, future events or otherwise.

All dollar amounts are expressed in United States dollars, except as otherwise indicated.

This information is presented as at May 10, 2006.

FINANCIAL REVIEW

Comparability of Results

Ivernia achieved commercial production at the Magellan mine on October 1, 2005 and began production accounting at the same time to reflect its new status as an operating company. Prior to October 1, 2005, the Company was engaged in the construction and commissioning of the mine. Therefore, comparisons of the financial results between the first quarters of 2006 and 2005 may not be meaningful or informative.

Summary Financial Information

The following table is a summary of Ivernia's financial and operating highlights for the periods ended March 31:

(\$ thousands, unless otherwise noted and per share amounts)	Three months ended March 31 Unaudited	
	2006	2005 ⁽¹⁾
Financial Highlights		
Revenue	17,128	-
Treatment charges and freight	(4,026)	-
Mining and processing costs	(7,296)	-
Amortization	(1,825)	-
Operating income	3,981	-
General and administrative	(1,076)	(340)
Net interest expense (income)	(476)	28
Stock option costs	(152)	(91)
Other expenses ²	(150)	179
Income (loss) before income taxes	2,127	(224)
Income tax	(553)	-
Net income (loss)	1,574	(224)
Basic income (loss) per share	0.01	(0.00)
Average shares outstanding – thousands	126,854	68,320
Cash flow from operating activities	4,010	137
Operating Highlights		
Ore milled - (000's tonnes)	211.2	-
Average head grade – (% lead)	8.8%	-
Recovery	78.6%	-
Concentrate produced - (000's dry tonnes)	22.7	-
Concentrate sold - (000's dry tonnes)	21.6	-
Lead metal in concentrate produced - (000's tonnes)	14.5	-
Lead metal in concentrate sold - (000's tonnes)	14.2	-
Average lead price – LME cash - (cents per pound)	56	-
Ivernia's average lead sale price - (cents per pound)	58	-
Cash cost per pound sold - (cents) ⁽³⁾	36	-

Note: Per share data was calculated on the basis of the weighted average post-consolidation shares outstanding (basic and fully diluted) for the relevant fiscal year.

- (1) Ivernia was engaged in the construction and commissioning of the Magellan mine prior to the start of commercial production on October 1, 2005.
- (2) Other costs consist mainly of foreign exchange gains and losses, derivative and financing transactions and gain on sale of investments.
- (3) Cash cost per pound sold is a non-GAAP measure. See "Cash cost of lead sold" on page 3 of this document.

FIRST QUARTER

The first quarter of 2006 marked the second quarter of commercial production at the Magellan operation. Magellan, located in Western Australia, is in the process of ramping up operations to its annual target capacity of 100,000 tonnes of lead metal in concentrate by the second half of the year.

Revenue

Ivornia sold 14,200 tonnes of lead metal in concentrate at an average price of 58 cents per pound and recognized revenues of \$17.1 million. The London Metal Exchange (“LME”) average price of lead, for the period, was 56 cents per pound, an increase of almost 27% year-over-year.

Cash cost of lead sold

The cash cost of lead sold, including treatment and freight charges and mining and processing costs, was \$11.3 million or 36 cents per pound of lead. As the ramp-up of operations progresses and optimization projects become complete by mid-2006, the Company estimates its cash cost of production will be in the 30 cents per pound range. In 2007, once operating at full target capacity, management expects the cash cost to decrease by a further 10% to 15% to approximately 27 cents to 25 cents per pound.

The following table demonstrates how the Company calculates its cash cost per pound of lead sold. Ivornia believes that this information enables investors to better assess its performance and understand changes in production costs, which in turn affect profitability and the Company’s ability to generate operating cash flow. The disclosure here of “cash cost” is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with Canadian GAAP. The measures are not necessarily indicative of operating profit or cash flow from operations as determined under Canadian GAAP. “Cash costs” have no standard meaning under Canadian GAAP and therefore is unlikely to be comparable to measures used and disclosed by other issuers.

Cash cost of lead sold (\$ thousands, unless otherwise specified)	Three months ended March 31 Unaudited	
	2006	2005⁽¹⁾
Lead metal in concentrate sold – (tonnes)	14,200	-
Treatment charges and freight	4,026	-
Mining and processing costs	7,296	-
Total cash costs	11,322	-
Amortization	1,825	-
Total costs	13,147	-
Cash costs – (cents per pound of lead)	36	-
Total costs – (cents per pound of lead)	42	-

⁽¹⁾ Ivornia was engaged in the construction and commissioning of the Magellan mine prior to the start of production on October 1, 2005.

Amortization

Amortization expense, calculated on a units of production basis, totaled \$1.8 million. There were no comparative amortization numbers in 2005 as the mine was not in commercial production.

General and administrative

General and administrative expenses increased \$0.7 million over the amount incurred in the first quarter of 2005 to total \$1.1 million. The increase is due principally to the inclusion of Australian corporate costs this quarter, which were capitalized during the construction phase in 2005, and higher costs associated with additional functions required of an operating company.

Interest expense

Net interest expense of \$0.5 million includes \$0.3 million of interest expense on the Sentient Note and \$0.2 million from operating leases and inventory finance costs. These were slightly offset by interest income earned from cash on hand. Prior to commercial production, interest expense related to mine development was capitalized.

Stock option costs

The stock option cost of \$0.2 million is slightly higher than the comparable period in 2005 and reflects the cost of options issued in the current period, as well as stock option expenses from options vesting in 2006 but issued in prior years. The stock-based compensation expense has been calculated using the Black-Scholes option pricing model.

Other expenses

In November 2005, Ivernia entered into lead price put option agreements to mitigate the risk in the event of a downturn in market prices for lead metal. While these agreements protect the Company from a downturn to metal prices they do not limit the upside potential if prices are higher than the agreement.

Ivornia has 9,000 tonnes of lead put options maturing at 1,000 tonnes per month from April 2006 to December 2006 at an exercise price of \$850 per tonne or 39 cents per pound. The unrealized loss of \$95,000 on these options results from marking-to-market all the open positions at the end of the quarter. The unrealized loss is included in the "Other expenses" category.

Exercise price per tonne	Lead Metal Tonnes	March 31, 2006 Market Price (\$000's)	December 31, 2005 Put Option Value (\$000's)	Difference (\$000's)
\$850	9,000	106	201	95

Other expenses also include \$0.1 million relating to amortization of financing costs from the December 2005 Sentient note extension and a \$0.1 million gain on the sale of investments.

Income tax

Income tax for the quarter of \$0.6 million was calculated based on an estimated annual accounting tax rate of 26% on income. The Company does not expect to be cash taxable in 2006 due to Magellan's A\$45 million (\$33 million) in loss carryforwards.

Net income (loss)

The net income was \$1.6 million or \$0.01 per share for the period and compares with a loss of \$0.2 million or \$0.00 per share in the first quarter of 2005.

LIQUIDITY AND FINANCIAL CONDITION

The comparability of the selected consolidated financial information below is affected by Ivernia's new status as an operating company effective October 1, 2005. Prior to October 1, 2005, the Company was engaged in the construction and commissioning of the Magellan operation. Therefore, comparisons of the financial results between the first quarters of 2006 and 2005 may not be meaningful or informative.

Statement of Cash Flows (\$ thousands, unless otherwise specified)	Three months ended March 31 Unaudited	
	2006	2005
Cash provided by operating activities	4,010	137
Cash used in investing activities	3,703	4,831
Cash provided by financing activities	8,407	1,223
Increase (decrease) in cash	8,680	(3,465)

Operating activities

Ivernia generated \$4.0 million in cash from operating activities in the first quarter or \$0.03 per share⁽¹⁾. This compares to cash from operating activities of \$0.1 million in the first quarter of 2005 while the Company was constructing and commissioning the Magellan operation.

⁽¹⁾ Cash flow per share from operating activities is a non-GAAP measure.

Investing activities

Net cash utilized in investing activities during the quarter was \$3.7 million which consists of capital expenditures for the construction and installation of the secondary ball mill, the second concentrate thickener and deferred stripping. The secondary ball mill and concentrate thickener are part of the optimization process to significantly increase grinding capacity and recoveries. The projects are expected to total approximately \$6 million and be fully operational by mid-2006 at which time Magellan is expected to be

capable of operating at target production capacity. In the first quarter of 2005, Ivernia invested \$4.8 million in the construction of the Magellan operation, primarily representing costs incurred on the commissioning of the Magellan mine, construction of the tailings storage facility and commencement of the exploration and drilling programs.

Financing activities

Approximately \$8.7 million was generated from the exercise of the common share purchase warrants most of which were issued as part of the March 2004 Private Placement. Of the 8,468,000 shares issued relating to the exercise of the March Warrants, 7,798,000 were issued in the first quarter of 2006, and the remainder already issued in 2005. The \$1.2 million generated in the same period of 2005 was from the exercise of warrants issued as part of the March 2004 Private Placement.

Working capital surplus ⁽¹⁾

At March 31, 2006, the Company had a working capital surplus of \$10.0 million. This compares to a \$0.8 million surplus at December 31, 2005.

As at March 31, 2006 Magellan Metals had restricted cash deposited with a financial institution of \$1.1 million. These deposits relate principally to unconditional performance bonds in favour of the State of Western Australia as security for the due and proper performance of the terms and conditions of Magellan Metals mining leases.

⁽¹⁾ Working capital surplus is defined as cash, inventory, accounts receivable and other current assets less accounts payable and accrued liabilities.

Short-term debt

In May 2006, the Company's Magellan operation secured bank credit approvals for a \$10 million credit facility, which can be drawn in either US dollars or equivalent Australian dollars, and a \$15 million inventory and export finance facility (collectively, the "Facilities"). The Facilities have been arranged with BNP Paribas of Australia and are expected to be finalized in the second quarter of 2006, subsequent to the completion of the loan documentation.

The \$15 million inventory and export finance facility replaces the Company's existing \$14 million inventory finance facility with Ocean Partners (USA) Inc., the Company's sales representative for Magellan lead concentrates. The Facilities will be secured by the Magellan assets in Australia.

In April 2006, Ivernia elected to exercise the Extension Option of its C\$20 million secured promissory note (the "Note") payable to Sentient Global Resources Fund. The Company has agreed to pay an extension fee to Sentient consisting of:

- (i) an initial payment of 195,883 common shares;
- (ii) equal monthly payments of 16,323 common shares from May 2006 to July 2006 inclusive; and
- (iii) equal monthly payments of 14,346 common shares from August 2006 to April 2007 inclusive.

The total maximum number of common shares that will be issued is approximately 374,000. The amount of the monthly common share payments may however be reduced pro-rata by any partial or full repayment of the Sentient Note during such time. Simultaneously, the Company paid C\$2 million to Sentient in May 2006, which consists of accrued interest of approximately C\$1.6 million and C\$400,000 of principal repayment. Furthermore the Company announced its commitment to repay a further C\$2 million of the principal of the Sentient Note during August 2006.

Long-term debt

Long-term debt includes a five-year finance lease with Kalgoorlie Power Systems for generating equipment to supply power at the Magellan mine site and a five-year lease for a reagent facility (see note 6 to the Company's consolidated financial statements).

Outstanding shares

During the first quarter, 200,000 options were granted, 177,666 options were exercised for 101,249 shares and 420,000 options expired.

As at March 31, 2006 there were outstanding options to purchase 5,068,750 common shares of the Company.

As at March 31, 2006 the Company had 133,667,211 common shares and no preference shares issued and outstanding.

As at May 10, 2006 the Company had 133,667,211 common shares and no preference shares issued and outstanding.

The table below summarizes the number of common shares issuable upon the full exercise of the common share purchase warrants and broker warrants issued pursuant to the November Private Placement:

Common shares issued or issuable upon exercise of warrants - as at May 10, 2006					
	Common Shares Issuable if All Warrants Fully Exercised	Common Shares Issued Pursuant to Warrants Exercised to Date	Common Shares Issuable upon Exercise of Remaining Warrants	Proceeds Received	
				C\$	US\$⁽¹⁾
November 2004 Private Placement:					
Common share purchase warrants	4,000,000	-	4,000,000	-	-
November Broker Warrants	480,000	400,000	80,000	500,000	420,000
Common share purchase warrants issuable upon exercise of November Broker Warrants	240,000	170,000	70,000	238,000	200,000
Total	4,720,000	570,000	4,150,000	738,000	620,000

⁽¹⁾ All proceeds were received in Canadian dollars. This column is the US dollar equivalent.

OPERATIONS REVIEW – MAGELLAN LEAD MINE, WESTERN AUSTRALIA

The Magellan operation is located in the mineral-rich East Murchison Mineral Field in Western Australia, approximately 30 kilometres west of Wiluna and 900 kilometres northeast of Perth. The operation is easily accessible by road, rail and air transportation and is close to high-demand, high-growth Asian markets.

It was commissioned on October 1, 2005 and is currently in its ramp-up phase towards full target capacity of 100,000 tonnes of lead metal in concentrate per year. This will make Magellan the world's largest pure lead mine accounting for approximately 3% of the total world mine production.

During the first quarter, Magellan made substantial progress in its ramp-up and process optimization:

- Achieved targeted production of 14,500 tonnes of lead metal in concentrate despite some production interruptions caused by the effects of several tropical cyclones hitting Western Australia during the quarter. Shipments to the Port of Esperance were delayed however due to weather-related road closures.
- Successfully installed and commissioned the second concentrate thickener with immediate improvement in operating performance.
- Advanced construction of a secondary ball mill towards an on-target completion by mid-2006. This will significantly increase grinding capacity enabling higher throughput rates and thereby lead metal in concentrate production.
- Secured a license for gas pipeline which is expected to result in cost savings of approximately 1.5 cents per pound of lead annualized when complete.
- Initiated evaluation of long-term options to consistently achieve transportable moisture levels for concentrate below 9%.

Operating Summary

Mining

In the first quarter, over 253,000 tonnes were mined for processing of which 79,000 tonnes were from the Cano deposit and 174,000 tonnes from the Magellan deposit. Ore mining was controlled to maintain adequate stockpiles for the mill.

The following table summarizes mine production to date:

	Three Months Ended March 31, 2006	Three Months Ended December 31, 2005
Ore mined - ('000's tonnes)	253.2	241.2
Low grade ore mined - ('000's tonnes)	44.8	104.1
Waste mined - ('000's bcm)	677	744
Total mined - ('000's bcm)	830	909

Note: BCM = bank cubic metres

Processing

The mill processed a total of 211,200 tonnes of ore during the quarter. Compared to the previous quarter, the throughput was almost 15% lower due to a higher proportion of ores containing harder quartz content. The proportion of harder quartz will reduce as mining progresses further into the pit. The higher average head grade in the first quarter provided some offset.

Bulk shipments totalling 21,600 tonnes of lead in concentrates were made to Asian smelters during the quarter. Transportation of concentrates to the Port of Esperance for shipment was affected by road closures in the Gascoyne Region when four tropical cyclones struck the area. The Company is working on reducing the resultant built-up of inventory to more normal levels during the third quarter.

The table below summarizes process production in the quarter:

	Three Months Ended March 31, 2006	Three Months Ended December 31, 2005
Ore milled - ('000's tonnes)	211.2	243.9
Head grade - (% lead)	8.8%	8.0%
Recovery	78.6%	75.6%
Concentrate produced - ('000's dry tonnes)	22.7	23.0
Contained lead metal - ('000's tonnes)	14.5	14.7
Concentrate shipped - ('000's dry tonnes)	21.6	23.4

The second concentrate thickener was successfully installed and commissioned in the quarter. Already, it has removed the constraint that the single thickener had on concentrate production. Ongoing optimization focused on improving lead recovery and modifications to the cleaner flotation circuit enabled higher recoveries to be achieved consistently during the quarter. Further work in optimizing the cleaner circuit is underway and is expected to result in additional improvement in the second quarter.

During the quarter, management initiated an evaluation of long-term options to achieve transportable moisture levels for concentrate below 9% while maintaining the current non-dusting nature of the concentrate. Test work has begun on alternative filter and drying solutions that will meet the requirements for a potential plant expansion.

During the first half of 2006, the processing plant will focus on optimizing ore blend and throughput until the secondary ball mill is commissioned. The throughput rate, for the first half of the year, is expected to be approximately 500,000 tonnes of ore due to the high quartz content of the ore predominately from the upper zones of the Magellan pit. Post commissioning of the secondary ball mill by the end of the second quarter, the throughput rate is expected to increase to approximately 700,000 tonnes of ore achieving the Company's targeted annual throughput rate of 1.4 million tonnes per annum.

Installation of the secondary ball mill remains on track for commissioning in June 2006. Engineering design, fabrication and the foundation have been completed. The refurbished mill is in place and the final phase of electrical work commenced in May.

Construction of Gas Pipeline

During the quarter, the Company received approval for the construction of a gas pipeline. Negotiations with respect to Native Title continue in regards to the granting of a Miscellaneous Licence for the pipeline corridor. If the licence is granted construction of the \$5 million pipeline could commence in the third quarter of 2006 and be complete by year-end. Management estimates that the gas pipeline will result in savings of 1.5 cents per pound of lead production per year when compared to current diesel prices.

Exploration

Limited field activities were carried out due to inclement weather caused by tropical cyclone activity in Western Australia during the period. Pegging and clearing of sites within the Pizzaro, Drake and Cortez tenements will be completed during the second quarter for a drilling program planned to commence during May 2006.

Negotiations continue with the Yamajti Land and Sea council in regards to the carrying out of a Heritage Survey in the Yandil area.

OTHER BUSINESS

In May, the Company announced the appointment of Patrick N. Scott as Executive Vice President and Chief Operating Officer effective June 1, 2006. Mr. Scott will be based at the Company's operating office in Perth, Australia while working closely with Chief Executive Officer, Alan De'ath, and other members of the management team and directors based in Toronto, Canada. Patrick Scott brings 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.

In April, Sharon E. Loung was appointed Director, Investor Relations. Ms. Loung is an experienced investor relations professional with extensive experience in the base metals and gold mining industries. Prior to joining Ivernica, she held similar positions at Noranda Inc. (now Falconbridge) and Centerra Gold where she developed and executed comprehensive investor relations programs.

The Company also announced that Kenneth J. Sangster, Executive Vice Chairman, would retire from this position on June 30, 2006. Mr. Sangster informed the Board of Directors and management of his decision a year ago and the Company was able to prepare itself for the transition. Mr. Sangster joined the Company in 1999 and is one of the visionaries of the new Ivernia. He is responsible for the acquisition of the Magellan property, which is now the only major pure lead mine developed in decades. Mr. Sangster will remain a director of Ivernia and provide consultancy services to the Company.

2006 OUTLOOK

Operations

The Company continues to view 2006 as a year of two distinct halves. The first half continues the ramp-up of Magellan, which is progressing smoothly. As previously reported, production is capped at an annualized rate of about 60,000 tonnes of lead metal until the installation of the secondary ball mill is completed. The ball mill installation remains on track for commissioning in June 2006. Post commissioning, the plant will have significantly increased grinding capacity enabling higher ore throughput rates. In the second half, Magellan will be well positioned to operate at full target capacity.

The Company's previously announced 2006 production forecast of over 80,000 tonnes of lead metal in concentrate remains unchanged. Approximately 30,000 tonnes are expected to be produced in the first half of the year and approximately 50,000 tonnes in the second half. Ivernia is targeting cash costs of approximately 30 cents per pound in the second half of 2006 decreasing by 10% to 15% to approximately 27 cents to 25 cents per pound in 2007 once the operations have been fully optimized.

An update to the reserve estimates and life of mine plan, based on the new resource model, is expected to be completed during 2006.

Exploration Program

Significant exploration potential exists within Ivernia's tenements at the Magellan mine both in areas adjacent to the Magellan mine and in the surrounding regions. The Company has committed a budget of A\$1.2 million (\$0.9 million) in 2006 towards exploration at these tenements.

The 2006 program will continue to target areas of high potential for addition of resources, while continuing to test the existing lead deposits and progress work on new areas. This will allow Ivernia to rationalize its existing licenses and pursue new exploration or acquisition opportunities.

The program will focus on three main areas - drilling prospective targets of the Magellan Hill, following up on the 2005 results at the Drake, Pizarro and Cortez prospects to the south and west of the Magellan mine and starting work at the Yandil tenement to the northwest of the mine.

Growth Strategy

2006 will mark the launch of the Company's growth plans beyond the Magellan mine, which provides a solid foundation upon which to build. However, the Company will continue to give priority to exploration and expansion at Magellan, with its high potential for the addition of resources and reserves.

Ivernia intends to leverage its leading position in lead mining and focus on advanced exploration opportunities or early stage projects in base metals. The Company's investment in its people and the Australian infrastructure provides it with a strategic advantage in executing its growth strategy.

Risks and Uncertainties

The business of Ivernia is subject to a variety of risks and uncertainties. For a detailed discussion of these risks and uncertainties, please refer to the Company's most recent annual information form and 2005 Management's Discussion and Analysis which were filed by the Company with Canadian securities regulators. These documents are available on the Company's website at www.ivernia.com and on SEDAR at www.sedar.com.

May 10, 2006

IVERNIA INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

(in thousands of United States dollars, except per share amounts)
(unaudited)

	Three month period ended	
	March 31	
	2006	2005
	\$	\$
Revenue	17,128	-
Treatment charges and freight	4,026	-
Mining and processing costs	7,296	-
Amortization	1,825	-
Operating income	3,981	-
Expenses		
General and administrative	1,076	340
Stock option costs (note 8(b))	152	91
Foreign exchange loss/(gain)	24	(179)
Net interest expense/(income)	476	(28)
Other	126	-
	1,854	224
Income/(loss) before income taxes	2,127	(224)
Income tax	553	-
Income/(loss) for the period	1,574	(224)
Deficit – Beginning of period	(79,311)	(78,665)
Deficit – End of period	(77,737)	(78,889)
Basic earnings/(loss) per share	0.01	(0.00)
Fully diluted earnings/(loss) per share	0.01	(0.00)
Weighted average number of common shares outstanding (000s)	126,854	68,320

IVERNIA INC.
CONSOLIDATED BALANCE SHEETS

(in thousands of United States dollars)
(unaudited)

	March 31, 2006	December 31, 2005
	<u>\$</u>	<u>\$</u>
Assets		
Current assets		
Cash and cash equivalents	15,700	7,020
Accounts receivable and other current assets	2,508	4,541
Inventory (note 2)	7,569	6,867
	<u>25,777</u>	<u>18,428</u>
Property, plant and equipment (note 3)	138,104	136,119
Restricted cash and cash equivalents (note 4)	1,148	1,175
Deferred charges and other assets	702	135
	<u>165,731</u>	<u>155,857</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 5(a))	15,826	17,653
Short-term note payable (notes 5(b) and 9)	18,295	17,978
	<u>34,121</u>	<u>35,631</u>
Long-term debt (note 6)	3,064	3,312
Reclamation provision (note 7)	1,674	1,695
Future income tax	19,748	19,195
	<u>58,607</u>	<u>59,833</u>
Shareholders' Equity		
Share capital (note 8(a))	181,199	168,730
Share warrants (note 8(c))	1,669	4,713
Contributed surplus	1,993	1,892
Deficit	(77,737)	(79,311)
	<u>107,124</u>	<u>96,024</u>
	<u>165,731</u>	<u>155,857</u>

IVERNIA INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of United States dollars)
(unaudited)

	Three month period ended	
	March 31	
	2006	2005
	\$	\$
Cash provided by (used in)		
Operating activities		
Income/(loss) for the period	1,574	(224)
Non-cash items:		
Stock option costs (note 8(b))	152	91
Amortization	1,825	-
Future income tax	553	-
Other	67	1
Changes in non-cash working capital:		
Accounts receivable and other current assets	2,033	(62)
Inventory	(702)	-
Accounts payable and accrued liabilities	(1,492)	318
Change in restricted cash and cash equivalents	-	13
	4,010	137
Investing activities		
Additions to property, plant and equipment	(3,810)	(4,831)
Sale of investments	106	-
	(3,704)	(4,831)
Financing activities		
Net cash proceeds on issue of shares and warrants	8,655	1,216
(Decrease)/increase in long-term debt	(248)	17
	8,407	1,233
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	(35)	(4)
Net increase/(decrease) in cash and cash equivalents	8,680	(3,465)
Cash and cash equivalents – Beginning of period	7,020	10,376
Cash and cash equivalents – End of period	15,700	6,911

IVERNIA INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three month periods ended March 31, 2006 and 2005

(all dollar amounts are in United States dollars unless otherwise stated)
(unaudited)

1. Significant accounting policies

The interim consolidated financial statements of Ivernia Inc. (“Ivernia”) and its subsidiaries (collectively, the “Company”) have been prepared in accordance with Canadian generally accepted accounting principles, using the same accounting policies and basis as those disclosed in note 1 (Nature of operations) and note 2 (Summary of significant accounting policies) to the Company’s audited consolidated financial statements for the year ended December 31, 2005.

These interim consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2005. Capitalized terms used in these notes to the interim consolidated financial statements and not otherwise defined herein have the meanings given to them in the Company’s audited consolidated financial statements for the year ended December 31, 2005.

Certain comparative figures have been reclassified to conform to the presentation adopted in 2006.

2. Inventory

Refer to note 4 to the Company’s audited consolidated financial statements for the year ended December 31, 2005.

	March 31, 2006	December 31, 2005
	(\$000’s)	(\$000’s)
Concentrate	4,115	4,605
Ore stockpiles	1,863	1,141
Other	1,591	1,121
	7,569	6,867

3. Property, plant and equipment

	March 31, 2006	Net Book Value	December 2005	Net Book Value
Cost	Accumulated Amortization			Value
	(\$000’s)			(\$000’s)
Magellan mine				
Plant and equipment	28,121	(1,902)	26,219	26,617
Leasehold improvements	74	(17)	57	60
Office equipment	401	(165)	236	253
Leased assets	4,155	(330)	3,825	3,905
Development costs and other	109,784	(2,017)	107,767	105,284
	142,535	(4,431)	138,104	136,119

IVERNIA INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three month periods ended March 31, 2006 and 2005

(all dollar amounts are in United States dollars unless otherwise stated)
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4. Restricted cash

As at March 31, 2006 Magellan Metals had restricted cash deposited with a financial institution of \$1.15 million. These deposits principally relate to unconditional performance bonds in favour of the State of Western Australia as security for the due and proper performance of the terms and conditions of Magellan Metals mining leases. See note 7.

5. Current liabilities

(a) Inventory facility

Accounts payable and accrued liabilities include an inventory facility provided by Ocean Partners (USA) Inc. as part of a sales representation agreement for Magellan's lead concentrates. \$4.00 million of the \$14.00 million facility has been drawn down. The facility is secured against the inventory.

(b) Short-term note payable

On April 29, 2005 the Company issued a C\$20.00 million (\$17.12 million) secured promissory note to Sentient (the "Sentient Note") which bears interest at 8% per annum. The Sentient Note is secured by a charge over the RHL shares and a charge over the benefit of the Magellan Metals Progress Loans held by RHL at the time of completion. See note 6(b) to the audited consolidated financial statements.

On December 28, 2005 the Company announced that it had successfully negotiated an agreement with Sentient that grants Ivernia an irrevocable option (the "Extension Option") to extend the maturity date of its secured promissory note (the "Note") payable to Sentient by one year from April 29, 2006 to April 29, 2007. The Extension Option may be exercised at any time up to April 29, 2006. The Company issued 450,000 common shares in January 2006 as consideration for the Extension Option.

The Company subsequently renegotiated the terms of the Extension Option in April 2006. See Note 9.

IVERNIA INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month periods ended March 31, 2006 and 2005

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6. Long-term debt

	March 31, 2006	December 31, 2005
	(\$000's)	(\$000's)
Lease liabilities	3,547	3,873
Less current portion:	483	561
	3,064	3,312

Magellan Metals has entered into a five-year power supply contract and has various equipment and vehicle leases in place as at March 31, 2006. The equipment and vehicle leases range in length from three to five years.

7. Reclamation provision

As at March 31, 2006 the reclamation provision relating to Magellan Metals asset retirement obligations was \$1.67 million (December 31, 2005 - \$1.70 million).

The following assumptions were used to estimate the fair values of the obligations as at March 31, 2006:

Total undiscounted amount of estimated cash flows	\$2,845,000
Expected year of payment of cash flows	2016
Discount rate	7.5%

The estimate of the total liability for future asset retirement obligations is subject to change based on amendments to laws and regulations and as new information concerning the Company's operations become available. Future changes, if any, to the estimated total liability as a result of amended requirements, laws, regulations and operating assumptions may be significant and would be recognized prospectively as a change in estimate, when applicable.

IVERNIA INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month periods ended March 31, 2006 and 2005

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8. Share Capital

Refer to note 9 to the Company's audited consolidated financial statements for the year ended December 31, 2005.

(a) Issued and outstanding shares

Details of issued and outstanding shares are as follows:

	<u>Number of common shares</u> (000's)	<u>Amount</u> (\$000's)
Outstanding as at December 31, 2005	125,085	168,730
Issued in connection with exercise of warrants	8,031	8,655
Issued in connection with exercise of options	101	51
Issued in connection with short-term debt (note 5(b))	450	719
Amount attributed to fair value of warrants	-	3,044
Outstanding as at March 31, 2006	<u>133,667</u>	<u>181,199</u>

(b) Employee stock options

At March 31, 2006 there were outstanding options to purchase 5,068,750 common shares of the Company, of which 3,386,416 were exercisable at that date. During the quarter 420,000 options expired, 200,000 new options were granted and 177,666 options were exercised for 101,249 shares.

The compensation expense has been calculated using the Black-Scholes option-pricing model. A total of \$152,000 has been expensed in the quarter in respect of both new stock options for the portion vesting in 2006 and stock options which were granted in 2003, 2004 and 2005 but for which a portion vests in 2006 (Quarter 1, 2005 – \$91,000). The pricing assumes a 5 year term, expected Common Stock price volatility of 45% (2005 – 45%), a weighted average risk-free interest rate of 4% and an assumption that dividends are reinvested in the Company.

(c) Share warrants

As at March 31, 2006 the Company has outstanding instruments, comprising common share purchase warrants and broker warrants, which are ultimately exercisable in one or more steps for 4,150,000 common shares of the Company (December 31, 2005 – 12,181,000).

	<u>Outstanding Warrants</u> (000's)	<u>Applicable Shares</u> (000's)	<u>Fair Value of Warrants</u> (\$000's)
Outstanding at January 1, 2006	43,248	12,181	4,713
March Warrants exercised (i)	(38,230)	(7,646)	(2,866)
March Broker Warrants exercised (ii)	(761)	(152)	(80)
November Broker Warrants exercised (iii)	(147)	(233)	(98)
Outstanding at March 31, 2006	<u>4,110</u>	<u>4,150</u>	<u>1,669</u>

IVERNIA INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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The fair value of the warrants has been calculated using the Black-Scholes option-pricing model. The pricing model assumes a common stock price volatility of 67% – 114%, a weighted average risk-free interest rate of 4%, and used the expiry dates of the warrants for the term.

- (i) On March 25, 2004 the Company issued 80 million units (the “March Private Placement”) for gross proceeds of C\$20.00 million. Each unit consisted of one common share and one-half of one common share purchase warrant (the “March Warrants”). Post consolidation, the March Warrants collectively entitled the holders to purchase an aggregate of 8 million common shares for the effective exercise price of C\$1.25 (or C\$1.325 for insiders of Ivernia for security regulatory purposes) per common share until March 25, 2006. See notes 9(a) and 9(b) to the Company’s audited consolidated financial statements for the year ended December 31, 2005. All of the warrants were exercised prior to their expiry.
- (ii) As part of their compensation for the March Private Placement on March 25, 2004 (note 7(c)(i)), the agents were issued an aggregate of 4.68 million broker warrants (the “March Broker Warrants”) which post consolidation gives them the right to purchase, at any time until September 25, 2005 for proceeds of C\$1.25 per March Broker Warrant, an aggregate of 936,000 common shares and warrants exercisable for an additional 468,000 common shares. Each whole warrant issuable upon exercise of the March Broker Warrants was exercisable at an effective price of C\$1.25 per common share until March 25, 2006. See note 9(b) to the Company’s audited consolidated financial statements for the year ended December 31, 2005. All of the warrants were exercised prior to their expiry.
- (iii) On November 18, 2004 the Company issued 8 million units (the “November Private Placement”), each consisting of one common share and one-half of one common share purchase warrant at a price of C\$1.25 per unit for total gross proceeds of C\$10.00 million. Each whole warrant entitles the holder to purchase an additional common share at a price of C\$1.40 per whole common share until November 18, 2009.

As part of their compensation for the November Private Placement, the underwriters were issued an aggregate of 480,000 broker warrants (the “November Broker Warrants”) which gives them the right to purchase at any time until May 18, 2006 for proceeds of C\$1.25 per November Broker Warrant, an aggregate of 480,000 common shares and warrants exercisable for an additional 240,000 common shares. Each whole warrant issuable upon exercise of the November Broker Warrants is exercisable at an effective price of C\$1.40 per common share until November 19, 2009. See note 9(b) to the Company’s audited consolidation financial statements for the year ended December 31, 2005. The 570,000 shares issued on exercise of November Broker Warrants includes 170,000 shares issued on exercise of warrants that were issued on exercise of November Broker Warrants.

9. Subsequent events

The Company exercised the Extension Option of its C\$20.00 million secured promissory note (the “Note”) payable to Sentient Global Resources Fund (“Sentient”) on April 27, 2006.

During May 2006, the Company will pay to Sentient C\$2.00 million in cash which consists of accrued interest of approximately C\$1.60 million and C\$400,000 of principal repayment. The Company has also committed to repay a further C\$2.00 million of the principal of the Note in August 2006. The Company and Sentient have also agreed that the original extension fee of 400,000 common shares of Ivernia will now be satisfied by the following schedule of payments:

IVERNIA INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three month periods ended March 31, 2006 and 2005

(all dollar amounts are in United States dollars unless otherwise stated)
(unaudited)

1. An initial payment of 195,883 shares on the exercise of the option.
2. Equal monthly payments of 16,323 shares from May 2006 to July 2006 inclusive.
3. Equal monthly payments of 14,346 shares from August 2006 to April 2007 inclusive.

The total maximum number of shares that will be issued under this schedule is approximately 374,000 shares. The amount of the monthly share payments will be reduced pro-rata by any further partial or a full cash repayment of the Note.

With the exercise of the Extension Option, interest on the Note will accrue at a rate of 9.25% per annum payable on the maturity date of April 29, 2007. The security for the Note remains unchanged. Ivernia may prepay the principal amount of the Note and any interest, in whole or in part, at any time prior to maturity without premium or penalty.

The payment of the extension fee will not materially increase Sentient's equity interest in Ivernia, which currently stands at approximately 18% of shares outstanding.