

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

The securities to be offered hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or the securities laws of any state of the United States. Accordingly, these securities may not be offered or sold within the United States except pursuant to transactions exempt from registration under the U.S. Securities Act and under the securities laws of any applicable state. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with the securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Ivernia Inc. at 44 Victoria Street, Suite 300, Toronto, Ontario, Canada M5C 1Y2, Telephone: (416) 867-9298 and are also available electronically at www.sedar.com.

Short Form Prospectus

New Issue

July 25, 2007



Ivernia

IVERNIA INC.

C\$20,006,250

12,125,000 Common Shares

This short form prospectus qualifies the distribution (the "Offering") of 12,125,000 common shares ("Common Shares") of Ivernia Inc. ("Ivernia" or the "Company"). Ivernia's outstanding Common Shares are listed and posted for trading on the Toronto Stock Exchange (the "TSX") under the symbol "IVW". On July 11, 2007, the last trading day prior to the public announcement of the Offering, the closing price of the Common Shares on the TSX was C\$1.92. On July 17, 2007, the closing price of the Common Shares offered hereby on the TSX was C\$1.75. The TSX has conditionally approved the listing of the Common Shares. Listing will be subject to the Company fulfilling all of the requirements of the TSX on or before October 10, 2007. The Common Shares will be issued pursuant to the terms of an underwriting agreement (the "Underwriting Agreement") dated as of July 18, 2007 between the Company and BMO Nesbitt Burns Inc. and Paradigm Capital Inc. (collectively, the "Underwriters").

An investment in the Common Shares is subject to a number of risks. Prospective purchasers of the Common Shares should carefully consider the risks and uncertainties described or referred to under "Risk Factors" and "Note Regarding Forward Looking Statements". The Company's mining and milling operations have been temporarily suspended until such time as the Company receives approvals necessary to ship lead concentrate out of a port in Western Australia (see "Recent Developments" and "Risk Factors"). There can be no assurances as to the date of the resumption of the Company's mining and milling operations or that the Company will be able to secure additional financing in the event of any delay in the restart of operations (see "Risk Factors"). The Company may be subject to regulatory action or civil liability in connection with recent events relating to the shipment of lead concentrate through the Port of Esperance, Western Australia. On April 4, 2007 the Government of Western Australia initiated a parliamentary inquiry into the cause and extent of lead pollution in the Esperance Area and a written report with respect thereto must be provided by August 16, 2007. The outcome of the parliamentary inquiry, including the impact of any regulatory response or litigation arising therefrom, may adversely affect the market price of the Common Shares (see "Recent Developments" and "Risk Factors").

Price: C\$1.65 per Common Share

	Price to the Public	Underwriters' Fee ⁽¹⁾	Net Proceeds to the Company ⁽²⁾
Per Common Share	C\$1.65	C\$0.09075	C\$1.55925
Total ⁽³⁾	C\$20,006,250	C\$1,100,344	C\$18,905,906

Notes:

- (1) The Company has agreed to pay to the Underwriters a cash commission equal to 5.5% of the gross proceeds of the Offering. See "Plan of Distribution".
- (2) The Company has granted to the Underwriters an option (the "Over-Allotment Option"), exercisable for a period of 30 days following the closing date of the Offering, to purchase at the offering price additional Common Shares in an amount up to 15% of the aggregate number of Common Shares issued upon the closing of the Offering. If the Over-Allotment Option is exercised in full, the total price to the public, Underwriters' fee and net proceeds to the Company (before deducting the expenses of the Offering) will be C\$23,007,188, C\$1,265,395 and C\$21,741,793, respectively. This short form prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Common Shares to be issued or sold upon exercise of the Over-Allotment Option. See "Plan of Distribution."
- (3) After deducting the Underwriters' fee but before deducting the expenses of the Offering, which are estimated to be approximately C\$525,000, which will be paid by the Company from the proceeds of the Offering.

The Underwriters, as principals, conditionally offer the Common Shares, subject to prior sale, if, as and when issued by the Company and delivered and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement and subject to approval of certain legal matters on behalf of the Company by Stikeman Elliott LLP and on behalf of the Underwriters by Osler, Hoskin & Harcourt LLP. See "Plan of Distribution".

The following table sets out the terms of any options that have been issued by the Company to the Underwriters:

<u>Underwriters' Position</u>	<u>Maximum Size</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-Allotment Option	Option to purchase up to 1,818,750 additional common shares	30 days from the Closing Date	C\$1.65 per Common Share

Subscriptions for Common Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Closing of this Offering is expected to occur on or about August 1, 2007 or such other date as the Company and the Underwriters may agree, but in any event not later than August 30, 2007. The Common Shares are to be taken up by the Underwriters, if at all, on or before a date not less than 42 days after the date of the receipt for the short form prospectus. The offering price of the Common Shares offered hereunder was determined by negotiation between the Company and the Underwriters. Definitive certificates representing the Common Shares will be available for delivery at closing. Subject to applicable laws, the Underwriters may, in connection with the Offering, effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

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

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ELIGIBILITY FOR INVESTMENT

In the opinion of Stikeman Elliott LLP, counsel to the Company, and Osler, Hoskin & Harcourt LLP, counsel to the Underwriters, the Common Shares will be qualified investments under the *Income Tax Act* (Canada) and the regulations thereunder for a trust governed by a registered retirement savings plan, a registered retirement income fund, a deferred profit sharing plan or a registered education savings plan.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar regulatory authorities in Canada. Copies of the documents incorporated by reference herein may be obtained on request without charge from the Corporate Secretary of the Company at 44 Victoria Street, Suite 300, Toronto, Ontario, Canada M5C 1Y2, Telephone: (416) 867-9298. These documents are also available for downloading at www.sedar.com under the Company's name.

The following documents filed with the securities commissions or similar regulatory authorities in each of the provinces of Canada are specifically incorporated by reference in, and form an integral part of, this short form prospectus:

- (a) the renewal annual information form of the Company for the year ended December 31, 2006, dated April 2, 2007 (the "AIF");
- (b) the audited comparative consolidated financial statements of the Company as at and for the year ended December 31, 2006, together with the notes thereto and the auditors' report thereon;
- (c) management's discussion and analysis of financial condition and results of operations of the Company for the year ended December 31, 2006;
- (d) the unaudited comparative consolidated financial statements of the Company for the three month period ended March 31, 2007, together with the notes thereto;
- (e) management's discussion and analysis of financial condition and results of operations of the Company for the three month period ended March 31, 2007;
- (f) the management information circular of the Company dated May 11, 2007 relating to the annual and special meeting of shareholders of the Company held on June 28, 2007;
- (g) the material change report of the Company dated March 14, 2007 relating to the temporary suspension of Magellan Metals Pty Ltd.'s ("Magellan Metals") lead concentrate shipments;

- (h) the material change report of the Company dated April 11, 2007 relating to the placing of the Magellan lead mine (the “Magellan Mine”) on care and maintenance and the securing of new financing arrangements; and
- (i) the material change report of the Company dated July 17, 2007 relating to the Offering;

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

Any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this short form prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. Any statement so modified or superseded shall not constitute a part of this short form prospectus, except as so modified or superseded. The making of such a modifying or superseding statement will not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that was required to be stated or that was necessary to make a statement not misleading in light of the circumstances in which it was made.

EXCHANGE RATE DATA

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

The following table sets out the rates of exchange for Canadian dollars and Australian dollars per US dollar in effect at the end of the periods indicated and the average rates of exchange during such periods based on the noon spot rate quoted by the Bank of Canada and the noon buying rate for cable transfers by the Federal Reserve Bank of New York, respectively:

	12 months ended December 31		
	2006	2005	2004
Canadian Dollar:			
Rate at end of Period (C\$/US\$)	1.1653	1.1659	1.2036
Average rate for period (C\$/US\$)	1.1341	1.2114	1.3015
Australian Dollar:			
Rate at end of period (A\$/US\$)	1.2684	1.3620	1.2812
Average rate for period (A\$/US\$)	1.3271	1.3112	1.3578

On July 24, 2007, the noon spot rate for Canadian dollars per US dollar quoted by the Bank of Canada was C\$1.0372 = US\$1.00 and the noon buying rate for Australian dollars per US dollar for cable transfers by the Federal Reserve Bank of New York was A\$1.1311 = US\$1.00.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This short form prospectus, including any documents incorporated by reference herein, contains certain “forward-looking statements”. All statements included in this short form prospectus (other than statements of historical facts) which address activities, events or developments that management anticipates will or may occur in the future are forward-looking statements, including statements as to the following: the duration of the suspension of the Company’s mining and milling operations, the proposal to ship lead concentrate through the Port of Fremantle, the results of the government of Western Australia’s continuing investigations into the matters resulting in the suspension of mining operations, the possibility of legal or regulatory action (and any resulting costs or liabilities) which may be taken in connection with the matters being investigated, the estimated timing of the receipt of required regulatory approvals to resume shipment of the stranded lead concentrate at the Port of Esperance and further lead shipments from the Magellan Mine (such approvals will not be received until well after August 16, 2007, the date for the presentation of the parliamentary inquiry report), future targets and estimates for production, capital expenditures, operating costs, cash costs, mineral resources and ore reserves, recovery rates, grades and prices; business strategies and measures to implement such strategies; competitive strengths; estimated goals and plans for Ivernia’s future business operations; and other such matters. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “contemplate”, “target”, “believe”, “plan”, “estimate”, “expect”, and “intend” and statements that an event or result “may”, “will”, “can”, “should”, “could” or “might” occur or be achieved and other similar expressions. These statements are based upon certain assumptions and analyses made by management in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances such as the 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. These factors may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and there can be no assurance that the actual results or developments anticipated by management will be realized or, even if substantially realized, that they will have the expected results on Ivernia. The reader should not place undue reliance on them. All of the forward-looking statements made in this short form prospectus and any documents incorporated by reference herein are qualified by the foregoing cautionary statements and are subject to the risk factors set out herein. See “Risk Factors”. Such forward-looking statements are made as of the date of this short form prospectus, or in the case of documents incorporated by reference herein, as of the date of such document, and the Company expressly disclaims any obligation to update or revise any such forward-looking statements.

All references to mineral reserves and resources contained in the documents incorporated by reference are determined in accordance with National Instrument 43-101 of the Canadian Securities Administrators. Actual recoveries of mineral products may differ from mineral reserves and resources due to inherent uncertainties in acceptable estimating techniques. In particular, “indicated” and “inferred” mineral resources have a great amount of uncertainty as to their existence and economic and legal feasibility. It cannot be assumed that all or any part of an “indicated” or “inferred” mineral resource will ever be upgraded to a higher category of resource. Purchasers are cautioned not to assume that all or any part of the mineral deposits in these categories will ever be converted into proven and probable reserves.

Purchasers should rely only on the information contained or incorporated by reference in this short form prospectus. Purchasers should be aware that references to third-party websites in this document and the documents incorporated by reference are presented for information purposes only. While the Company believes such information to be accurate, it expressly disclaims any liability for the content of such websites and, in particular, stresses that such information is not incorporated by reference into this prospectus. Neither the Company nor the Underwriters have authorized anyone to provide purchasers with different information. Neither the Company nor the Underwriters are making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

SUMMARY

The following is a summary of certain information contained in this short form prospectus and is qualified in its entirety by, and should be read in conjunction with, the more detailed information contained elsewhere in this short form prospectus and the documents incorporated by reference.

The Company

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

Three principal deposits have been identified to date at the Magellan Mine: Magellan, Cano and Pinzon. Prior to the current care and maintenance period described below, the ore was mined by open pit methods and concentrate was produced for sale to third-party smelters, primarily in China and Southeast Asia.

THE OFFERING

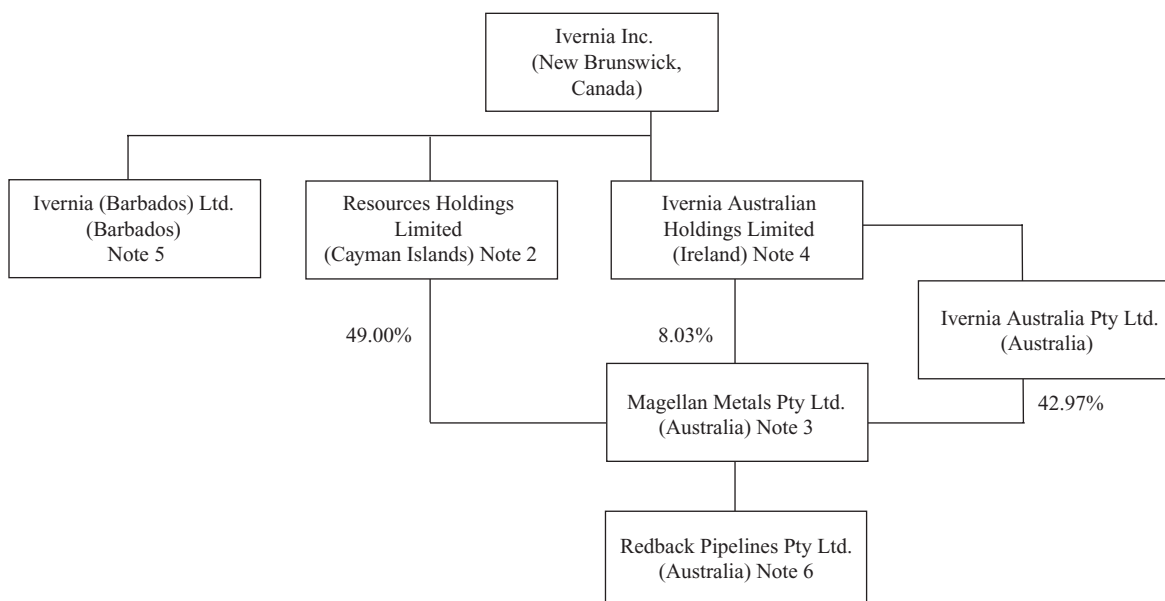
Issuer:	Ivernia Inc.
Offering:	12,125,000 Common Shares of the Company.
Offering Size:	C\$20,006,250 (before giving effect to the Over-Allotment Option).
Offering Price:	C\$1.65 per Common Share.
Over-Allotment Option:	The Company has granted the Underwriters an option, exercisable at the Issue Price for a period of up to 30 days following the closing of the Offering, to purchase up to an additional 1,818,750 Common Shares at the Offering Price to cover over-allotments, if any.
Use of Proceeds:	The Company will use the net proceeds of the Offering during the Magellan Mine's care and maintenance period primarily as an alternative source of financing to its \$50 million secured credit facility described below. To the extent that the care and maintenance period is longer than anticipated, future drawdowns under the Facility may be necessary. A portion of the net proceeds will be used to provide working capital for the resumption of operations at the Magellan Mine and to facilitate containerized lead concentrate shipments. Net proceeds will also be used to further the Company's exploration and development activities. The remaining net proceeds of the Offering will be retained by the Company for corporate development and general corporate purposes.

THE COMPANY

The Company is a corporation governed by the *Business Corporations Act* (New Brunswick). The head office of the Company is located at 44 Victoria Street, Suite 300, Toronto, Ontario, Canada M5C 1Y2. The registered office of the Company is located at Brunswick House, 44 Chipman Hill, Saint John, New Brunswick, Canada E2L 4S6.

Principal Subsidiaries

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



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

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

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

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

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

Note 6 — Redback Pipelines Pty Ltd. was incorporated on August 26, 2004 and became a wholly owned subsidiary of Magellan on July 1, 2007. Redback Pipelines Pty Ltd. holds the licenses and permits for a gas pipeline which is in the process of being commissioned.

Business of the Company

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

Three principal deposits have been identified to date at the Magellan Mine: Magellan, Cano and Pinzon. Prior to the current care and maintenance period described below, the ore was mined by open pit methods and concentrate was produced for sale to third-party smelters, primarily in China and Southeast Asia.

Recent Developments

Port of Esperance

On March 12, 2007 Magellan Metals was notified by the Esperance Port Authority that shipments of its lead concentrate had been temporarily suspended pending the outcome of government investigations into then recent bird fatalities in the Esperance area. On March 15, 2007 the Department of Environment and Conservation (the “DEC”) ordered the Esperance Port Authority via a prevention notice to cease the unloading and export of lead carbonate at the Esperance Port Authority until the DEC considers a condition of pollution unlikely to arise.

On March 23, 2007 the board of the Esperance Port Authority announced the port would no longer be accepting or shipping lead in loose concentrate form. A series of DEC press releases subsequently noted that investigations had detected elevated lead levels in and around Esperance, including elevated marine lead levels in certain areas and elevated blood lead levels among some residents of Esperance, including children.

The Company announced on April 2, 2007 that it had placed the Magellan Mine operation under temporary care and maintenance and had suspended operations at the Magellan Mine due to the suspension of shipments at Esperance until such time as it received approval to ship concentrate out of a port in Western Australia. Magellan Metals also declared “force majeure” under many of its contracts, including all of its concentrate sales contracts. Two of the counterparties to services contracts have disputed Magellan Metals’ ability to claim “force majeure”. One of the counterparties has formally terminated the agreement and requested damages of approximately A\$2 million, which the Company is contesting. If and when necessary approvals are obtained, Magellan Metals will initiate the process to restart operations.

Parliamentary Inquiry

On April 4, 2007, the Western Australian Government initiated a parliamentary inquiry into the “cause and extent of lead pollution in the Esperance Area”. The terms of reference for the parliamentary inquiry are generally directed at reviewing the regulation of licensing and monitoring of the Esperance Port Authority’s activities with respect to the export of lead, the responsibility of the Esperance Port Authority for the high levels of lead detected at the Port of Esperance and the way the relevant government departments exercised their responsibility with regards to the export of lead from the Port of Esperance. Further information relating to the lead testing undertaken in the Esperance Area by the Western Australian Department of Health can be obtained from that Department’s website www.health.wa.gov.au. Magellan Metals’ involvement in the licensing process for the transport of lead and any contribution to the alleged lead pollution is necessarily being considered as a part of the review. The Company believes that its transport and storage of lead concentrate was in material compliance with applicable environmental approvals, although there can be no assurance that Magellan Metals will not be found to be in breach of these approvals.

The Committee appointed to conduct the parliamentary inquiry (the “Committee”) requested that Magellan Metals provide it with any documents held by it relevant to the terms of reference and appear before a public hearing. Magellan Metals appeared at public hearings on May 2 and June 7, 2007, and provided relevant documents, a written submission to the Committee and written answers to a series of written questions posed by the Committee. In addition, the Committee conducted a site visit to the Magellan Mine and the Esperance port facility on May 1, 2007.

The Committee must provide its written report to the Western Australian Government by August 16, 2007. That date can be extended by the Western Australian Government; although there are no current indications that it will be extended. Information relating to the inquiry can also be obtained from the Parliament of Western Australia’s web site at www.parliament.wa.gov.au.

Although the terms of reference for the parliamentary inquiry are limited in scope, the findings of that inquiry may prompt a range of further actions by the Western Australian Government or others, including pursuing alleged breaches of licence conditions or relevant legislation by the Esperance Port Authority, Magellan Metals, or both, the imposition of obligations on the Esperance Port Authority, Magellan Metals, or both to remediate excessive concentrations of lead, claims for compensation by affected residents of Esperance (by class action or through the establishment of a statutory compensation scheme), requirements to alter

transportation and handling practices for lead concentrate, amendments to licences or permits issued for the Magellan Mine, or further investigations into the adequacy of regulatory oversight of port activities and adequacy of rural port infrastructure in Western Australia. Whether or not any of these may eventuate and their potential impact upon the Company is impossible to ascertain based on information that is currently available to the Company. In particular, it should be noted that no specific material breach has been alleged or substantiated and therefore it is not possible to determine the implications, if any, if action is taken by the relevant regulatory authority.

Financing

On April 27, 2007, the Company completed a \$50 million secured facility (the “Facility”) with a syndicate of lenders. The Facility bears interest at 9.25% per annum and the principal is convertible (on or after August 29, 2007) into common shares of Ivernia at C\$1.20 per share (based on exchange rates in effect on April 26, 2007, equating to a US\$1.08 share price), for which independent shareholder approval was obtained at the Company’s annual and special meeting held on June 28, 2007. Approximately \$36 million was drawn down under the Facility immediately on closing, principally for repayment of existing credit facilities. With estimated normal monthly expenditures of approximately \$1.0 million to \$1.5 million while under care and maintenance, future drawdowns under the Facility will provide the Company with sufficient financial resources (following full utilization of cash on hand and the net proceeds of this Offering) until the required regulatory shipping approvals are anticipated to be obtained. As of the date hereof, \$40 million has been drawn down under the Facility.

Shipping

Esperance

As a result of the DEC’s prevention notice, approximately 9,000 wet metric tonnes of concentrate held in a concentrate shed at the Port of Esperance at the time of the notice has not been able to be loaded and exported. The concentrate will not be able to be moved until the DEC grants its authorization. On May 11, 2007, Magellan Metals submitted a written proposal to the DEC for review which would involve loading the stranded concentrate into one tonne bulk bags within the concentrate shed, transporting the bulk bags to a designated secure storing area, and loading the bulk bags onto a ship for export. The proposal includes monitoring measures to ensure that the lead concentrate is handled safely and efficiently including the tracking of lead dust levels, air sampling and blood testing of workers during the process. Magellan Metals has also proposed a clean-up plan for the concentrate shed. The proposal is designed to mitigate any risk which may result from the movement and export of the stranded concentrate. Magellan Metals may be liable for some or all of the costs of the clean-up plan in respect of the concentrate shed, although the portion of such costs payable by Magellan Metals, if any, is not presently determinable.

This proposal has been developed with, and will form part of, the Esperance Port Authority’s application to the DEC for authorization to resume shipments of lead concentrate. To date, the Esperance Port Authority has not submitted its application to the DEC. As the application to resume shipment of lead through the Port of Esperance is not within Magellan Metals’ control, the anticipated timing for, and costs involved in, that operation cannot be determined.

Management believes that all stakeholders, including the Esperance Port Authority, the people of Esperance and the Company will benefit from the timely and safe removal of the stranded lead concentrate.

A full community information and consultation program regarding the proposal is being conducted by Magellan Metals.

Fremantle

On March 26, 2007, the Company announced that due to the uncertainty on the timing of resumption of operations through the Port of Esperance, Magellan Metals was pursuing alternate shipping arrangements through established regulatory processes. The Company has determined that the preferred method of shipment would be in sealed shipping containers through the Port of Fremantle, the largest shipping container port in

Western Australia. The Company does not intend to seek approval (other than the removal of the stranded lead) to resume shipments through the Port of Esperance.

In order to be able to ship its concentrate through Fremantle, Magellan Metals will require an amendment to Ministerial Statement 559 (the “Environmental Licence”) under Part IV of the *Environmental Protection Act 1986* (WA) (the “Environmental Licence”). The process involved in amending the Magellan Metals Environmental Licence requires the Western Australian Minister of the Environment (the “Minister”) to consider whether the alternate shipping arrangements might have a significant detrimental effect on the environment in addition to, or different from, those contained in the existing Environmental Licence. A draft application to amend the Environmental Licence was lodged with the DEC for comment on June 14, 2007 as a preliminary step prior to formal lodgement of the application.

The amendment will require a formal report to be published by the EPA. The Minister must then decide whether to grant the amendment to the Environmental Licence and what additional conditions and procedures (if any) should apply. Magellan Metals has been advised by the DEC in meetings that, in the normal course, the anticipated timing of review is approximately three to four months from the date the application is filed. On July 3, 2007 Magellan Metals received a letter from the EPA noting the referral of the matter from the Minister and requesting certain documentation and clarifications with respect to the proposals. Magellan Metals is firmly of the view that the proposed shipping method has been designed to ensure that no dust or spillage of the concentrate will occur and that, therefore, the proposed shipping method will not have a detrimental effect on the environment. There can, however, be no assurance that the amendment to the Environmental Licence will be granted within a reasonable time, or at all. If the amendment to the Environmental Licence is not granted or is significantly delayed, the Company may be unable to resume operations.

In addition, storage of lead concentrate will require compliance with the *Explosives and Dangerous Goods (Dangerous Goods Handling and Storage) Regulations 1992* (WA). Transport of the lead concentrate from the mine to the Fremantle Port will require compliance with the requirements of the *Dangerous Goods (Transport) (Road and Rail) Regulations 1999* (WA). Handling and transport of the lead concentrate within the Port of Fremantle will require compliance with the *Dangerous Goods (Transport) (Dangerous Goods in Ports) Regulations 2001* (WA). In accordance with the aforementioned regulations, the persons responsible for the transport and the custody and storage of the lead concentrate may need to obtain various licences from the Department of Consumer and Employment Protection (“DOCEP”). To obtain the relevant licence the requisite forms need to be completed and submitted to DOCEP. After the forms have been submitted, the premises, vehicles and drivers need to be approved by DOCEP. The Company has been advised by DOCEP that once the necessary approvals and documents have been submitted to DOCEP and the necessary inspections carried out, a decision as to whether or not to grant a licence will be made within 30 days. However, DOCEP, has advised that the timing depends on the circumstance of each particular case. A delay in obtaining, or failure to obtain, necessary third party licences, permits or approvals may delay the resumption of operation at the Magellan Mine.

Under the proposal submitted, lead concentrate would be loaded into sealed bulk bags within steel shipping containers at the Magellan Mine. From the mine site, the containers would be trucked approximately 400 kilometres to a designated secure storage area in Leonora in Western Australia. The containers would then be transported by train to the Port of Fremantle for export to customers overseas. The proposal includes a number of risk identification, minimization and avoidance measures to ensure that the concentrate is handled and transported in a safe, efficient manner at every stage of the process. Initial estimates indicate the proposal is anticipated to add approximately 10% to operating costs. It must be stressed however that final cost certainty (which could vary significantly from the Company’s initial estimates) will only be achieved if and when necessary approvals are obtained, and the appropriate contracts have been entered into for container transportation, handling and shipment.

While there has been some opposition within the community of Fremantle to the Company’s proposals to date, as part of the approval process for amendment to the Environmental Licence, Magellan Metals is currently in consultation with the community. The consultation and information process gives the community the opportunity to be informed about the shipping proposal and provide feedback while providing reassurance that the proposal is safe and poses no threat to people or the environment.

Dangerous goods classification

Very recently, following an inquiry by the Department of Consumer and Employment Protection on April 23, 2007, Magellan Metals revisited its material safety data sheet with respect to the classification of its product as to whether it should be a class 9 dangerous good or a class 6.1 dangerous good. This resulted in the product being classified as D.G.6.1. The reclassification, which hinges around the solubility of the product in a weak acid solution, means that more stringent requirements with respect to labelling the containers and shipping the product will apply. Additional approvals for the importation of the product into China will also be required and are in the process of being obtained. There is no expectation that these approvals will not be obtained in a timely manner, but there can be no assurance that these approvals will be granted within a reasonable time, or at all.

Ability to sell product to existing customer base

As a result of placing the Magellan Mine on temporary care and maintenance, the Company called “force majeure” under each of its concentrate sales contracts with its customers. Customers may not accept the Company’s decision and may seek to terminate their contracts on the grounds of breach of contract by the Company. The Company is confident in its ability to call “force majeure” under its concentrate sales contracts in the current circumstances. The concentrate sales contracts may be terminated by either party if “force majeure” is not lifted within nine months of its declaration. In addition, the concentrate sales contracts will require some re-negotiation to accommodate the proposed changes in shipping processes. Accordingly, there is no guarantee that all of the Company’s existing customers will accept the concentrate in future, either on the existing contractual terms or on modified terms with a higher treatment cost to reflect the additional costs of handling the product in bagged form, and reclassification to a D.G.6.1 dangerous good.

Restart of Operations

If and when necessary environmental, transportation, shipping and other approvals are obtained, the Company will initiate the process to restart operations. The Company has put in place strategies to allow for the efficient resumption of mining operations at the Magellan Mine. There can be no assurance that the necessary approvals which will permit shipments through the Port of Fremantle will be granted within a reasonable time or at all.

If and when the Company obtains the required amendments to the Environmental Licence permitting shipments of lead in sealed containers through the Port of Fremantle, the Company will first work towards shipping approximately 20,000 wet metric tonnes of lead currently stock piled onsite (for which Magellan Metals is seeking a dangerous goods licence for stockpiling). Management estimates that it will take approximately two to three months to achieve restart of production following the approval to ship containers through the Port of Fremantle. Production will then be ramped-up to full production over a three month period. The Company anticipates shipping approximately 500 sealed containers per month through the Port of Fremantle when the mine returns to full production levels.

In order to achieve the objective of restarting operations the Company will need to recruit, retain and train qualified personnel. Approximately three quarters of the work force was eliminated when the Magellan Mine was placed under temporary care and maintenance. A core team of approximately 30 employees has been retained. While the unemployment rate in Western Australia is at historical lows and competition for skilled mining industry personnel is intense, the Company believes it will be successful in attracting the necessary personnel. There can be no assurance of success in recruiting the necessary personnel and the efficiency of the Company’s operations may be affected.

Management estimates that the capital cost to resume production and to allow for containerization of shipments will be approximately \$1.5 to \$2.5 million which will include two Bulkafill machines required to load the concentrate into sealed bulk bags to be loaded into steel containers. Initial estimates indicate that these alternate shipping arrangements could add approximately 10% to the Company’s operating costs. It must be stressed however, that final cost certainty (which could vary significantly from the Company’s initial estimates) will only be achieved if and when necessary approvals are obtained, and the appropriate contracts have been entered into for container transportation, handling and shipment.

During the temporary care and maintenance period Magellan Metals has initiated several operational improvement plans intended to increase overall efficiency of the operations. Management and regulators are working towards the decommissioning of the existing solar drying pad in parallel with this process. Management will complete the commissioning of the gas pipeline and the Metso pressure filter upon resumption of operations.

The Company's expected normal care and maintenance costs during the shutdown period are approximately \$1 million to \$1.5 million per month. Although Management believes approvals to ship material through the Port of Fremantle will be received in the timeline provided, the Company has sufficient liquidity with the funds from this Offering, cash on hand, as well as, if necessary, the \$10 million available to be drawn from the Facility to allow for a prolonged care and maintenance period. Any costs or liabilities arising from civil claims, governmental or regulatory prosecutorial action or other claims or penalties may have a significant impact on the financial position of the Company and may adversely affect the Company's ability to operate the Magellan Mine under a prolonged care and maintenance regime.

Selected Historical and Consolidated Financial Information

The following table sets forth selected audited historical consolidated financial information for the Company as at and for the financial year ended December 31, 2006 and selected unaudited financial information for the three months ended March 31, 2007. The following information should be read in conjunction with the audited and unaudited historical consolidated financial statements of the Company together with the notes thereto and the auditors' reports thereon as it relates to the audited statements, contained or incorporated by reference in this short form prospectus.

	<u>As at December 31, 2006</u>	<u>As at March 31, 2007</u> (Unaudited)
	(thousands of US dollars)	
Consolidated Balance Sheet:		
Cash and cash equivalents	17,062	10,213
Accounts receivable and other current assets	12,795	11,464
Inventory	8,865	17,162
Property, plant and equipment	146,647	144,302
Restricted cash and cash equivalents	5	5
Deferred charges and other assets	725	—
Accounts payable and other current liabilities	27,327	24,705
Credit facility	5,000	5,000
Short-term note payable	15,971	16,360
Long-term debt	2,316	2,252
Reclamation provision	2,396	2,507
Future income tax	21,372	21,130
Shareholders' equity	111,717	111,192

	<u>For the year ended December 31, 2006</u>	<u>For the three months ended March 31, 2007</u>
		(Unaudited)
	(thousands of US dollars except per share amounts)	
Consolidated Statement of Operations		
Revenue	82,909	20,014
Treatment charges and freight	14,376	3,089
Mining and processing costs	39,140	7,842
Royalties	3,509	1,047
Amortization	9,005	2,520
Expenses		
General and administrative	5,844	1,529
Stock option costs	587	174
Foreign exchange gain	(533)	(108)
Net interest expense	2,491	933
Loss on derivatives	—	3,393
Other	1,474	2
Income/(loss) for the period before taxes	7,016	(407)
Income tax expense/(recovery)	2,178	(242)
Net income/(loss)	4,838	(165)
Basic earnings (loss) per share	0.04	(0.00)
Weighted average number of shares (000's)	134,187	134,528
Comprehensive income	—	(492)

DESCRIPTION OF THE COMMON SHARES

The Company is authorised to issue an unlimited number of Common Shares and an unlimited number of preference shares. As at July 24, 2007 there were 134,799,880 Common Shares and no preference shares issued and outstanding.

The holders of Common Shares are entitled to receive, as and when declared by the board of directors, dividends in such amounts and in such form as may be determined from time to time. Holders are entitled to receive notice of and to attend all shareholders meetings except for meetings at which only the holders of another class or series of shares are entitled to vote separately as a class or series. The Business Corporations Act (New Brunswick) provides for cumulative voting for the election of directors so that each shareholder entitled to vote for the election of directors has the right to cast a number of votes equal to the number of votes attached to the Common Shares held by such shareholder multiplied by the number of directors to be elected, and may cast all such votes in favour of one nominee or distribute them among the nominees in any manner. Holders of Common Shares are otherwise entitled to one vote for each Common Share held.

Subject to any priority of the preference shares as may be designated on their issuance, holders of Common Shares are entitled to receive the remaining property of the Company on a pro rata basis in the event of liquidation, dissolution or winding-up. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company and its subsidiaries as at the dates indicated, including the expected effect of the Offering and the full exercise of the conversion rights under the Facility on the Company's share capital. This table should be read in conjunction with the consolidated financial statements of the Company and the related notes and management's discussion and analysis in respect of those statements that are incorporated by reference in this short form prospectus.

	As at March 31, 2007	Pro-forma as at March 31, 2007⁽²⁾
Common Shares ⁽¹⁾⁽³⁾⁽⁴⁾	\$182,359,000 (134,734,421 common shares)	\$199,969,000 (146,859,421 common shares)
Warrants	\$ 1,600,000 (3,952,437 warrants)	\$ 1,600,000 (3,952,437 warrants)
Equity Component of Facility	\$ —	\$ 11,170,000
Contributed surplus	\$ 2,520,000	\$ 2,520,000
Long-term debt	\$ 2,252,000	\$ 2,252,000
Debt Component of Facility	\$ —	\$ 26,253,000
Deficit	\$ (74,960,000)	\$ (74,960,000)
Accumulated other comprehensive income	\$ (327,000)	\$ (327,000)
Total capitalization	\$113,444,000	\$168,477,000

Notes:

- (1) As of date hereof, the Company has an aggregate of 5,461,250 options outstanding under its stock option plan.
- (2) Assumes no exercise of any outstanding warrants, options granted under the Company's stock option plan, or of the Over-Allotment Option.
- (3) 12,125,000 shares issued in respect of the Offering for net proceeds of \$17,553,571 (C\$18,431,250) after deducting Underwriter's fees and expenses of the Offering, estimated to be \$1,500,000 (C\$1,575,000) in aggregate.
- (4) The Company has drawn \$40,000,000 under the Facility as of the date of this prospectus.

PRICE RANGE AND TRADING VOLUME OF THE COMMON SHARES

The issued and outstanding Common Shares are listed and posted for trading on the TSX under the trading symbol 'IVW'. The following table sets forth the price range and trading volume of the Common Shares as reported by the TSX for the periods indicated.

	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
2006			
January	2.39	1.70	707,800
February	2.50	1.95	504,200
March	2.33	1.85	496,300
April	2.23	1.94	632,400
May	2.46	1.75	373,700
June	2.05	1.60	127,200
July	1.85	1.42	153,900
August	1.70	1.09	381,900
September	1.22	0.95	298,600
October	1.69	1.09	329,700
November	1.80	1.34	451,100
December	1.66	1.40	319,900
2007			
January	1.59	1.36	169,000
February	2.05	1.41	435,100
March	1.89	1.36	628,000
April	1.39	0.98	677,800
May	1.39	1.10	257,200
June	1.64	1.18	492,000
July 1-24	2.08	1.51	807,700

On July 11, 2007, the last trading day prior to the public announcement of the Offering, the closing price of the Common Shares on the TSX was C\$1.92. On July 24, 2007, the closing price of the Common Shares on the TSX was C\$1.77.

We have historically not declared or paid cash dividends on our Common Shares. Future dividend decisions will be based upon the Company's then-current results, cash requirements and financial condition.

USE OF PROCEEDS

The Company will use the net proceeds of the Offering during the Magellan Mine's care and maintenance period primarily as an alternative source of financing to the Facility. To the extent that the care and maintenance period is longer than anticipated, future drawdowns under the Facility may be necessary. A portion of the net proceeds will be used to provide working capital required to facilitate containerized lead concentrate shipments upon resumption of operations at the Magellan Mine. A portion of the net proceeds will be used to provide funding and working capital for the resumption of operations at the Magellan Mine and to facilitate containerized lead concentrate shipments. The remaining net proceeds of the Offering will be retained by the Company for corporate development and general corporate purposes. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary.

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Company has agreed to issue and sell and the Underwriters have severally agreed to purchase, subject to compliance with all necessary legal requirements and the terms and conditions contained in the Underwriting Agreement, an aggregate of 12,125,000 Common Shares on August 1, 2007, or on such other date as may be agreed among the parties to the Underwriting Agreement, but not later than August 30, 2007. Delivery of the Common Shares is conditional upon payment on closing of the Offering of

C\$1.65 per Common Share by the Underwriters to the Company. The Underwriting Agreement provides that the Company will pay to the Underwriters a cash fee of 5.5% of the gross proceeds of the Offering in consideration for the services of the Underwriters in connection with the Offering. The terms of the Offering have been determined by negotiation between the Company and the Underwriters.

The Company has granted to the Underwriters the Over-Allotment Option, exercisable for a period of 30 days following the closing date of the Offering, to purchase at the Offering price additional Common Shares in an amount up to 15% of the aggregate number of Common Shares issued upon the closing of the Offering. If the Over-Allotment Option is exercised in full, the total price to the public, Underwriters' fee and net proceeds to the Company will be C\$23,007,188, C\$1,265,395 and C\$21,741,793, respectively. This short form prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Common Shares to be issued or sold upon exercise of the Over-Allotment Option.

The obligations of the Underwriters under the Underwriting Agreement are several and may be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Common Shares offered hereby if any such Common Shares are purchased under the Underwriting Agreement. If either of the Underwriters fails to purchase the Common Shares which such Underwriter has agreed to purchase, the other Underwriter may, but is not obligated to, purchase all but not less than all of the Common Shares not purchased by the refusing Underwriter.

Pursuant to policy statements of the relevant Securities Commissions, the Underwriters may not, throughout the period of distribution, bid for or purchase Common Shares or any securities convertible into or exchangeable for Common Shares. This restriction is subject to certain exceptions, on the condition that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in or raising the price of the Common Shares. These exceptions include: (a) a bid or purchase permitted under the Universal Market Integrity Rules for Canadian marketplaces administered by Market Regulation Services Inc. relating to market stabilization and passive market making activities; (b) a bid or purchase made for and on behalf of a client, other than certain prescribed clients, provided that the client's order was not solicited by the Underwriter, or if the client's order was solicited, the solicitation occurred before the commencement of a prescribed restricted period; and (c) a bid or purchase to cover a short position entered into prior to the commencement of a prescribed restricted period. In connection with the Offering, the Underwriters may effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

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

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

The TSX has conditionally approved the listing of the Common Shares. Listing will be subject to the Company fulfilling all of the requirements of the TSX on or before October 10, 2007.

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

The Common Shares offered hereby have not been and will not be registered under the U.S. Securities Act or any state securities laws, and accordingly may not be offered or sold within the United States of America except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Underwriting Agreement permits the Underwriters to offer and resell the Common Shares that they have acquired pursuant to the Underwriting Agreement to qualified institutional buyers in the United States through certain of their U.S. broker-dealer affiliates pursuant to and in accordance with Rule 144A under the U.S. Securities Act ("Rule 144A"). The Underwriting Agreement also provides that

the Underwriters will offer and sell Common Shares outside the United States only in accordance with Regulation S under the U.S. Securities Act.

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

RISK FACTORS

The business of the Company is subject to a variety of risks, including those described in the AIF, the other documents incorporated by reference herein and the additional risks identified below. Purchasers should carefully consider all such risks, in addition to the other information included in, or incorporated by reference in this short form prospectus, before purchasing any Common Shares. Additional risks not currently known to the Company or that the Company currently deems immaterial may also impair the Company's operations. In addition to historical information, the information in this short form prospectus contains "forward-looking" statements about our future business and performance. See "Note Regarding Forward-Looking Statements".

Operations Temporarily Suspended

The Company announced on April 2, 2007 that it had placed the Magellan Mine operation under temporary care and maintenance and had suspended operations at the Magellan Mine due to the suspension of shipments at Esperance until such time as it received approval to ship concentrate out of a port in Western Australia. Magellan Metals also declared "force majeure" under many of its contracts, including all of its concentrate sales contracts. If and when the Company receives necessary approvals, the Company will initiate the process to restart operations. The Company expects to incur losses of approximately \$1 million to \$1.5 million per month until such time as the Magellan Mine resumes commercial production. There can be no assurances as to the date of the resumption of operations at the Magellan Mine or that the Company will be able to secure additional financing in the event of any delay in the restart of operations.

Matters Relating to Shipping Product

General

The risks arising out of the events following the alleged lead pollution at Esperance, the suspension of shipping of lead through Esperance and developing alternative shipping proposals can be categorised as being one or more of the following: (i) the risk that shipments of lead may not be able to be resumed (although the Company has no knowledge that this is will be the case); (ii) the risk of delay in resumption of shipping and mining (with respect to obtaining necessary approvals both in Australia and China, renegotiating contracts for transportation and sales of lead and recommencing mining); and (iii) the risk of litigation or regulatory action (with respect to allegations that the Company erroneously invoked "force majeure" under its supply contracts and other contracts, imposition of fines or prosecution by regulators with respect to alleged breaches of licence conditions or relevant legislation (which may cause further delays in grant of approvals to recommence shipping), amendment or revocation of existing consents, permits, licences or approvals, claims for compensation by the general public by way of class action or otherwise, including claims in connection with personal injury or illness, property damage and damage to local industry, or claims by the Esperance Port Authority or other affected entities). Each of these is discussed in more detail below.

Esperance

Currently, the government of Western Australia has placed a prevention notice on the Esperance Port Authority, temporarily suspending its ability to accept imports or exports of lead concentrate. Magellan Metals submitted its proposal for moving its lead that remains within the Port of Esperance by bulk bags to the Esperance Port Authority on May 11, 2007. That proposal will form part of the Esperance Port Authority's application to resume shipment of lead through its port. As the application to resume shipment of lead through the Port of Esperance is not within Magellan Metals' control, the anticipated timing for, and costs involved in, that operation cannot be determined and there can be no assurances that the application will be approved.

Management believes that the Esperance Port Authority, the people of Esperance and the regulators (based upon meetings with the Company and press releases) have indicated they want the removal of lead concentrate from the Port of Esperance expedited. Until the terms and conditions that will be placed on Magellan Metals' shipment of lead are known, Magellan Metals' costs associated with the handling, shipping and clean up cannot be determined.

Fremantle

Magellan Metals has also sought amendment to the Environmental Licence to permit shipment of lead using shipping containers through the Port of Fremantle. Based upon conversations with government officials and the normal course timelines for such applications, that such approvals will likely require three to four months to obtain from the date the application is submitted. This time frame will be extended if the Minister refers the proposal to the EPA for formal assessment. There has been some opposition from the community and elected officials to the proposals reported in the media. There can be no assurance that the necessary amendment to the Environmental Licence to permit shipments through the Port of Fremantle will be granted within a reasonable time, or at all.

Chinese customers

Prior to the current temporary care and maintenance period, Magellan's concentrate was produced for sale to third-party smelters, primarily in China and Southeast Asia. The proposed change in the method of shipping the concentrate and the reclassification of the concentrate to D.G.6.1 means that additional approvals for the importation of the product into China are required. These are in the process of being obtained. There is no expectation that these approvals will not be obtained in a timely manner, but there can be no assurance that these approvals will be granted within a reasonable time, or at all.

In addition, the supply contracts will require some re-negotiation to accommodate the change in shipping processes. Accordingly, there is no guarantee that all of the Company's existing customers will accept the concentrate in future, either on the existing contractual terms or on modified terms with a higher treatment cost to reflect the additional costs of handling the product in bagged form, and the reclassification to a D.G.6.1 dangerous good.

Government Regulation

On April 4, 2007, the Western Australian Government initiated a parliamentary inquiry into the "cause and extent of lead pollution in the Esperance Area". The terms of reference for the parliamentary inquiry are generally directed at reviewing the regulation of licensing and monitoring of the Port of Esperance's activities with respect to the export of lead, the responsibility of the Esperance Port Authority for the high levels of lead detected at the Port of Esperance and the way the relevant government departments exercised their responsibility with regards to the export of lead from the Port of Esperance. Magellan's involvement in the licensing process for the transport of lead and any contribution to the alleged lead pollution is necessarily being considered as part of the review. Although the terms of reference for the parliamentary inquiry are limited in scope, the findings of that inquiry may prompt a range of further actions by the Western Australian Government or others, including pursuing alleged breaches of licence conditions or relevant legislation by the Esperance Port Authority and, possibly, Magellan Metals, claims for compensation by affected residents of Esperance (by class action or through the establishment of a statutory compensation scheme), requirements to alter transportation and handling practices for lead concentrate, revocation of existing consents, permits, licences or approvals issued for or in connection with the Magellan Mine, or further investigations into the adequacy of regulatory oversight of port activities and adequacy of rural port infrastructure in Western Australia. The findings of the parliamentary inquiry may also adversely affect the timing and/or receipt of approvals necessary to permit shipping of lead concentrates through the Port of Esperance or to permit shipping of lead concentrates through the Port of Fremantle. Whether or not any of these may eventuate, and their potential impact upon the Company is impossible to ascertain based on information that is currently available to the Company. In particular, it should be noted that no specific material breach has been alleged or substantiated and therefore it is not possible to determine the implications, if any, if action is taken by the relevant regulatory authorities.

However, if any action is taken by a regulatory authority, that may delay the approvals necessary for a resumption of shipping and/or impose significant costs.

Recent statements in the media that the Western Australian government is investigating the status of 7 of its ports for heavy lead contamination may, in the short term, delay the report from the parliamentary inquiry or introduce greater delays in obtaining approval to recommence shipping. However, any industry wide investigation (which is not simply focussed on Magellan Metals and the Esperance Port Authority) is viewed by the Company as ultimately being to the benefit of the mining industry and, in the long term, will give the Company greater certainty as to the regulators' requirements for the handling and shipping of heavy metals. It may also hasten decisions by the regulators in respect of resumption of shipping for Magellan Metals as it is anticipated that the mining industry will not accept extended stoppages or delays in shipping produce.

Restart of Mining and Milling Operations

The Company's expected normal care and maintenance costs during the temporary shutdown period are approximately \$1 million to \$1.5 million per month until such time as the Magellan Mine resumes commercial production. There can be no assurances as to the actual costs incurred or the date of the resumption of operations at the Magellan Mine. Recruiting, retaining and training qualified personnel in connection with the restart of mining and milling operations will be critical to the Company's success. The unemployment rate in Western Australia is currently at historical lows and the competition for persons skilled in the mining industry is intense. Although the Company believes it will be successful in attracting, training and retaining qualified personnel, there can be no assurance of such success, and the efficiency of the Company's operations may be affected.

Additional events which may impact the Company's ability to resume commercial production may include, among others; shortages, delays or difficulties in obtaining equipment and materials, adverse weather conditions or natural disasters, unanticipated increases in costs of labour, supplies and equipment; accidents; and unforeseen engineering, design, environmental or geological problems.

Regulatory Proceedings and Litigation

The Company may be subject to civil claims (including class action claims), based on heads of damages including negligence, breach of statutory duty, public nuisance or private nuisance in connection with the alleged lead pollution at Esperance or investigations relating thereto. While the Company is presently unable to quantify its potential liability under any of the above heads of damage, such liability may be material to the Company and may adversely affect its ability to continue operations.

In addition, the Company may be subject to actions by governmental or regulatory authorities in connection with the alleged lead pollution at Esperance or investigations relating thereto. Such actions may include prosecution for breach of relevant legislation or failure to comply with the terms of the Company's licences and permits and may result in liability for pollution, other fines or penalties, revocations of consents, permits, approvals or licences or similar actions which could be material and which would not be anticipated in respect of similar breaches by other companies which are not subject to the scrutiny facing the Company and Magellan Metals. While the Company is presently unable to quantify its potential liability in connection with such actions, such liability may be material to the Company and may adversely affect its ability to continue operations. The Company's current insurance coverage may not be adequate to cover all the potential losses, liabilities and damages that could result from the civil and/or regulatory actions referred to above.

In the process of putting the Magellan Mine into care and maintenance, Magellan Metals claimed "force majeure" for a number of its agreements. Counterparties under two of its service contracts have disputed Magellan Metals' ability to claim "force majeure". One of the counterparties has formally terminated the agreement and requested damages of approximately A\$2 million, which the Company is contesting. Magellan Metals may be required to pay damages for breach of the relevant agreements if it is held that it could not claim "force majeure".

Common Share Price Volatility

The market price of the common shares of the Company could fluctuate significantly based on a number of factors in addition to those listed in this short form prospectus, including:

- the outcome of the Western Australia Government's parliamentary inquiry into the cause and extent of lead pollution in the Esperance area, including the impact of any regulatory response or litigation arising therefrom;
- the timing of the receipt of all regulatory approvals to commence shipment of lead concentrate;
- the timing of the restart of the Company's mining and milling operations;
- the Company's operating performance and the performance of competitors and other similar companies;
- the public's reaction to the Company's press releases, other public announcements and the Company's filings with the various securities regulatory authorities;
- changes in earning estimates or recommendations by research analysts who track the common shares of the shares of other companies in the resource sector;
- changes in the market price of lead;
- changes in general economic conditions;
- the number of common shares to be publicly traded after this Offering;
- the arrival or departure of key personnel; and
- acquisitions, strategic alliances or joint ventures involving the Company or its competitors.

In addition, the market price of Common Shares is affected by many variables not directly related to the Company's success and are, therefore, not within the Company's control, including other developments that affect the market for all resource sector shares, the fundamentals of the lead industry, the breadth of the public market for the Common Shares and the attractiveness of alternative investments. The effect of these and other factors on the market price of common shares on the Toronto Stock Exchange may cause volatility in the Company's share price.

Refinancing Risk

The Facility matures on April 27, 2008. There can be no assurance that if the conversion feature of the Facility is not exercised in full and the principal amount of the Facility becomes due that the Company will be able to refinance the Facility on commercial terms, or at all.

Potential Dilution

As at July 17, 2007, the Company had outstanding options to purchase 5,461,250 Common Shares, warrants to purchase 3,952,437 Common Shares and convertible notes entitling holders thereof to purchase 37,037,037 Common Shares. The issue of Common Shares of the Company upon the exercise of the options and warrants and the conversion of the notes will dilute the ownership interest of the Company's current shareholders. The Company may also issue additional options, warrants, convertible securities or additional Common Shares from time to time in the future. If it does so, the ownership interest of the Company's then current shareholders could also be diluted.

AUDITORS, TRANSFER AGENT AND REGISTRAR

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

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

LEGAL MATTERS

Certain legal matters relating to the Offering will be passed upon by Stikeman Elliott LLP on behalf of the Company and by Osler, Hoskin & Harcourt LLP on behalf of the Underwriters. The partners, counsel and associates of Stikeman Elliott LLP and Osler, Hoskin & Harcourt LLP, each as a group, beneficially own, directly or indirectly, less than one percent of the outstanding Common Shares. Jay Kellerman, a partner of Stikeman Elliott LLP, is a director of the Company.

INTERESTS OF EXPERTS

Each of Jeffrey Elliott of CSA, Malcolm Titley of Finore are named in the AIF as having supervised the preparation of, or reviewed, studies relating to mineral resources and reserves for the Magellan Mine. Each of these individuals is a "qualified person" as such term is defined in National Policy 43-101 — Standards of Disclosure for Mineral Projects ("NP 43-101"), and is independent of the Company. Based on information provided to the Company by these individuals, neither of these individuals beneficially owns, directly or indirectly, any Common Shares.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

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

AUDITORS' CONSENT

We have read the short form prospectus of Ivernia Inc. (the "Company") dated July 25, 2007 relating to the distribution of Common Shares of the Company. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus of our auditors' report to the shareholders of the Company on the consolidated balance sheets of the Company as at December 31, 2006 and 2005 and the consolidated statements of operations, deficit and cash flows for the years then ended. Our report thereon is dated April 2, 2007.

Toronto, Ontario
July 25, 2007

(Signed) PricewaterhouseCoopers LLP
Chartered Accountants
Licensed Public Accountants

CERTIFICATE OF THE COMPANY

Dated: July 25, 2007

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada other than Québec.

IVERNIA INC.

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

(Signed) MARIO STIFANO
Chief Financial Officer

On behalf of the Board of Directors of Ivernia Inc.

(Signed) J. TREVOR EYTON
Director

(Signed) WALTER MURRAY
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: July 25, 2007

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada other than Québec.

BMO NESBITT BURNS INC.

PARADIGM CAPITAL INC.

(Signed) JASON NEAL

(Signed) JOHN WARWICK