



NEWS RELEASE

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

IVERNIA INC. REPORTS SECOND QUARTER 2008 FINANCIAL RESULTS

TORONTO, ONTARIO – August 14, 2008 – Ivernia Inc. (“Ivernia” or the “Company”) (TSX:IVW) today reported an operating loss¹ of \$2.5 million and a net loss of \$5.1 million, or \$(0.03) per common share for the second quarter of 2008. Results for the quarter continue to be impacted by the temporary suspension of operations at the Magellan mine, which became effective April 6, 2007. Resumption of operations is pending final Ministerial sign-off that the Company has satisfied the conditions set by the Environment Minister in the January 2008 conditional approval for sealed shipments of lead concentrate through the Port of Fremantle in Western Australia. During the quarter, costs associated with maintaining the Magellan mine on care and maintenance were \$2.2 million.

SECOND QUARTER HIGHLIGHTS

- Made significant advances in meeting the Western Australian Environment Minister’s conditions for securing final sign-off to resume shipments and operations by submitting the draft plans and related documents to the necessary Government agencies for review and comment.
 - By the middle of the third quarter responses had been received from relevant Government agencies for the draft plans and related documents required to meet the conditions set by the Western Australian Environment Minister to resume shipments and operations. Final plans, incorporating all required changes will be submitted in the near future to the Environment Minister, clearing the way for a decision on formal approval for the export of product through Fremantle, and for normal mining operations to re-commence.
 - Positive collaboration with the Esperance Port Authority (“EsPA”) on the formal lead removal plan for the export of 8,000 dry tonnes of Magellan’s lead concentrate stockpiled at the port.
 - Good progress on discussions with the State Government on a framework for the Company to contribute to the cleanup of lead contamination in the Esperance port and town.
 - Developed, with the Shire of Esperance, a framework and guidelines for a community fund which will assist with a range of local projects.
 - Improved operational performance of mobile bagging equipment with additional modifications; the equipment will be utilized in the export shipment of the stockpiled lead concentrate at the Port of Esperance.
 - Continued to supplement core management team in anticipation of operations restart and pursuing growth opportunities.
 - Strengthened the Company’s financial position with:
 - The early conversion by the lenders of \$20 million of the Secured Facility into common shares of the Company
 - The closing of the C\$22 million private placement investment in Ivernia by China-based Yunnan Metallurgical Group’s (“YMG”) Australian subsidiary, Chihong International Mining Ltd.
 - Appointed Mr. Chen Zhi, YMG’s former Chairman and member of China’s Peoples’ Congress of Yunnan Province to the board of directors.
 - Appointed Bruce Hooper as Vice President – Exploration and Development.
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¹ Operating loss in 2008 is comprised of care and maintenance costs and amortization

Commentary

“During the quarter, we have made significant progress on several management and operational areas important to restarting mining, concentrate production and shipping. Submission of our draft plans marked a major step forward in the approval process. In the current third quarter we received responses to these plans from all relevant Government agencies, and the incorporation of these comments into our plans is almost complete. This will allow final plans to be submitted to the Minister in compliance with his requirement for us to meet his stringent conditions for his formal approval to allow shipping of our product through Fremantle. We are confident our plans, which have been subjected to extensive review, comment and consultation, will meet the Minister’s expectations. Good progress was also made in formalizing our commitment to contribute to Esperance and the lead-related clean-up in order to allow the community to move forward from the events of 2007.”

“We recognize it has been a long process but our future method of shipment is completely different and requires substantial review, planning and high-level approval. We believe we are on the home stretch and every effort is being made to complete this in the most efficient and timely manner,” commented Alan De’ath, Ivernia’s President and CEO.

Temporary suspension of operations

Effective April 6, 2007 operations at the Company’s Magellan mine were suspended and the mine placed on care and maintenance following the March 12, 2007 suspension of lead concentrate shipments through the Port of Esperance. The resumption of operations is pending final Ministerial sign-off from the Western Australian Government of a newly-developed sealed shipment process to export the mine’s lead concentrate through the Port of Fremantle.

A full discussion of the events, in 2007, related to the placement of Magellan on temporary care and maintenance is contained in Ivernia’s Annual Information Form (“AIF”) dated March 31, 2008 under the heading “Three-Year History”. The AIF is available at the Ivernia website www.ivernia.com and on SEDAR at www.sedar.com.

Update on progress toward the resumption of lead concentrate shipments

On January 17, 2008 the Western Australian Environment Minister, Hon. David Templeman, announced his conditional acceptance of the EPA’s recommendations regarding the sealed shipment process for the export of lead concentrate. In accepting the recommendations, the Minister imposed additional conditions which must be met before final signoff is granted. The Company accepted these conditions and, together with the relevant government agencies, has made considerable progress in meeting them.

The Minister’s conditions included:

- the lodgment of an A\$5 million bond;
- the appointment of an independent auditor approved by the Minister and funded by Magellan Metals to inspect each bag and container at the mine and the port;
- the completion of a comprehensive Health, Hygiene and Environmental Management plan for the mining and export process to be prepared to the requirement of the Minister, on advice from the Department of Health, the Department of Consumer and Employment Protection, the Department of Industry & Resources and the Department of Environment & Conservation (“DEC”); and
- baseline testing to be conducted along the transport route prior to the first movement of lead and then regularly after that.

Magellan has also committed to:

- implementing a comprehensive information and support program with local authorities and community groups along the transportation route to ensure a thorough understanding of lead concentrate, its transportation process and the Emergency Response Plan for the immediate containment and rapid and complete clean up in the unlikely event of an accident creating a spill;
- transparent communication of monitoring results and compliance reporting in an easily accessible manner; and
- continuing its community information program.

During the second quarter, good progress was made in the process towards securing final sign-off to commence containerized shipping with Magellan submitting its draft plans and related documents required for pre-start compliance with the Minister's conditions to the relevant Government agencies. These plans govern the management and monitoring of transport of sealed shipments of lead concentrate from the mine through the Port of Fremantle for export and the lodgement of an A\$5 million bond. By the middle of the third quarter responses had been received from all relevant Government agencies on the draft plans and related documents required to meet the conditions set by the Western Australian Environment Minister to resume shipments and operations. Final plans, incorporating all required changes will be submitted in the near future to the Environment Minister, clearing the way for a decision on formal approval for the export of product through Fremantle, and for normal mining operations to re-commence.

On August 7, 2008 the Western Australian Government announced that the next State election would be held on September 6, 2008. During the election period no major Government decisions are expected to be made, and therefore, final Ministerial sign-off is not anticipated until after the election is complete. During this period Magellan will continue working closely with Government agencies and regulators on finalizing all matters relating to Esperance and Fremantle so the election does not create delays.

Update on the removal of the lead concentrate stockpile at the Port of Esperance

Magellan is now working jointly with the EsPA and other relevant parties to finalize a Lead Removal Plan (LRP) addressing all safety, health and environmental risks and issues pertaining to the export of the Company's stockpiled lead concentrate. This joint approach is allowing all stakeholders to undertake a faster resolution of their respective issues prior to the EsPA formally submitting the LRP for approval by the DEC. Under the relevant regulations it is the EsPA that is required to seek approval from the DEC before the export shipment operation can be undertaken, but the plan will have had detailed input from all parties at that stage. During the third quarter detailed joint discussions were held in Esperance with the EsPA and other parties with the aim to finalize the LRP as soon as possible, allowing the remaining stockpile at the Port to be shipped.

Despite playing an integral role in developing the plan, the approval process is not directly under Magellan's control, so the anticipated timing cannot be determined at this time but is unlikely to occur until after the September 6, 2008 election.

Community Relations and Contributions

During the quarter, Magellan and the Shire of Esperance developed a process and guidelines to establish a Magellan community fund which will provide assistance to applicable projects in the Esperance community over a three-year period. The fund will be activated following formalization of the Company's contribution to the clean-up of lead related matters in the community.

Planning for the re-start of operations

Following the receipt of conditional Ministerial approval of the sealed shipment process for the export of Magellan's lead concentrate, management started to progress its detailed planning for the anticipated re-start of operations. The main areas of focus during the quarter were:

- Completion of modifications to the mobile bagging equipment to achieve expected operating performance. Development plans for a fixed bagging unit and related infrastructure, which will be the longer-term solution for the bagging operations, are continuing;
- Completion of the initial phase of the recruitment program focused on procuring the key employees required for planning and preparing the restart. While the program was conducted in a tight labor market for skilled professionals, the Company was successful in recruiting highly qualified individuals and fulfilling the mandate. The second phase of the program will follow the receipt of final sign-off; and
- Advancing the planning processes with transport and other contractors.

The Company anticipates that once final Ministerial sign-off is received, export of the lead concentrate stockpile at mine site will take several months to complete as the logistics of the sealed shipment process are perfected. This arrangement is expected to provide cash flow to fund the full recruitment and training

program for new employees and the phased re-start of operations. The Company anticipates it will take about four months from re-start to achieve normal operations.

Financial Summary

<i>(\$ millions, unless otherwise indicated and per share amounts)</i>	Three months ended June 30, 2008	Six months ended June 30, 2008
	(unaudited)	
Revenue	-	-
Operating loss ²	(2.5)	(4.7)
Net loss	(5.1)	(12.0)
Basic loss per share	(0.03)	(0.08)
Cash (used in)/generated from operations before changes in working capital	(4.4)	(9.5)
Changes in working capital	(3.6)	(3.4)
Concentrate inventory – 000's dry tonnes	27.0	27.0

Financing arrangements

As previously announced, effective April 2, 2008 Ivernia completed the early conversion of \$20 million of the drawn amount under the Secured Facility into 18,518,518 common shares of the Company. The maturity date on the remaining \$20 million that was drawn and an available \$10 million was extended from April 27, 2008 to April 27, 2009. The agreement provides the Company with additional financial flexibility during the period of care and maintenance.

Also as previously announced, on April 24, 2008 China based Yunnan Metallurgical Group (“YMG”) completed a private placement investment in the Company. A total of 14,692,488 common shares of Ivernia were issued at a price of C\$1.50 per common share for cash proceeds of C\$22 million.

Strengthening of management team

In July the Company announced the appointment of Bruce Hooper as Vice President – Exploration and Development who will be based at the Company’s regional office in Perth, Australia. Bruce Hooper has almost 30 years of exploration and development experience in Australia and internationally. He has managed many successful exploration programs and is well experienced in taking initial exploration prospects through to evaluation and into production. He is an Honours Graduate from the University of Leeds, UK in Geological Sciences and has worked for both major resource companies and junior explorers. In recent years he has primarily worked in base metals but also has experience in gold, diamonds, uranium, coal and petroleum.

About Ivernia

Ivernia is an international base metals operating, development and exploration company. The Company is the sole owner and operator of the Magellan lead mine in Western Australia. Upon recommencement of production, Magellan will be the world’s largest pure lead mine accounting for approximately 2% of total world lead mine production.

Ivernia trades under the symbol “IVW” on the Toronto Stock Exchange. Additional information on Ivernia is available on the Company’s website at www.ivernia.com and at SEDAR at www.sedar.com.

² Operating loss in 2008 is comprised of care and maintenance costs and amortization.

Forward-Looking Statements

Certain statements contained in this document constitute forward-looking information within the meaning of securities laws. All statements included in this document (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 implications 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 ship the stranded lead concentrate at the Port of Esperance and recommence lead shipments from the Magellan mine, 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 reasonable factors, assumptions and analyses made by management in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. However, whether actual results and developments will conform with management's expectations is subject to a number of risks and uncertainties, including factors underlying management's assumptions such as; the results of the Australian government's continuing investigations into lead contamination at the Port of Esperance, the timing of the receipt of final regulatory approvals required to ship lead concentrate through the Port of Fremantle, the duration of the suspension of mining and milling operations, metal price volatility, lead concentrate treatment charges, exchange rates, regulatory proceeding and litigation, single mineral property, resources and reserves, health and safety, environmental factors, mining risks, metallurgy, labour and employment regulations, government regulations, insurance, refinancing risk, dependence on key personnel, constraints on cash flow and nature of mineral exploration and development. While we consider these assumptions to be reasonable based on information currently available to us, they may prove to be incorrect. 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 the Company. Other risks and factors that could cause actual results to differ are described in Management's Discussion and Analysis ("MD&A") for the most recently completed year end under the heading "Risks and Uncertainties", and in the Company's most recently filed Annual Information Form under the heading "Risk Factors". Our MD&A, Annual Information Form and additional information on Ivernia are available on the Company's website at www.ivernia.com and on Ivernia's SEDAR profile at www.sedar.com. All of the forward-looking statements made in this document are based on our current estimates, expectations and projections, which we believe are reasonable as of the current date. You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While we may elect to, we are under no obligation and do not undertake to update this information at any particular time.

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IVERNIA INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT AND COMPREHENSIVE LOSS

(unaudited)

	Three months ended		Six months ended	
	June 30		June 30	
	2008	2007	2008	2007
(in thousands of United States dollars, except per share amounts)	\$	\$	\$	\$
Revenue	-	-	-	20,014
Treatment charges and freight	-	-	-	(3,089)
Mining and processing costs	-	-	-	(7,742)
Care and maintenance (note 10(b))	(2,171)	(2,628)	(4,214)	(2,628)
Royalties	-	-	-	(1,047)
Loss on derivatives	-	(1,286)	-	(4,679)
Amortization	(298)	(134)	(529)	(2,654)
	(2,469)	(4,048)	(4,743)	(1,825)
General and administrative	(1,435)	(1,775)	(2,945)	(3,306)
Esperance/Fremantle and related costs (note 10(a))	(353)	(1,006)	(566)	(1,106)
Stock option costs (note 9(b))	(71)	(152)	(151)	(326)
Foreign exchange gain/(loss)	152	(769)	(80)	(661)
Net interest expense	(2,316)	(2,880)	(6,674)	(3,813)
Other	10	-	35	-
	(4,013)	(6,582)	(10,381)	(9,212)
Loss before income taxes	(6,482)	(10,630)	(15,124)	(11,037)
Income tax recovery	1,380	2,094	3,093	2,336
Net loss	(5,102)	(8,536)	(12,031)	(8,701)
Deficit - Beginning of period	(102,761)	(74,960)	(95,832)	(74,795)
Deficit - End of period	(107,863)	(83,496)	(107,863)	(83,496)
Basic and diluted loss per share	(0.03)	(0.06)	(0.08)	(0.06)
Weighted average number of common shares outstanding (000's)	175,941	134,758	154,338	134,644
Net loss	(5,102)	(8,536)	(12,031)	(8,701)
Unrealized gain/(loss) on investments (note 12)	42	242	(331)	(85)
Comprehensive loss	(5,060)	(8,294)	(12,362)	(8,786)

IVERNIA INC.
CONSOLIDATED BALANCE SHEETS

(unaudited)

(in thousands of United States dollars)	June 30, 2008 \$	December 31, 2007 \$
Assets		
Current assets		
Cash and cash equivalents	22,004	13,726
Accounts receivable and other current assets	904	920
Inventory (note 3)	19,431	18,962
Investments available for sale (notes 12 and 13)	286	617
	42,625	34,225
Property, plant and equipment (note 4)	147,563	147,603
Restricted cash and cash equivalents (note 5)	3,153	2,893
	193,341	184,721
Liabilities		
Current liabilities		
Accounts payable and other current liabilities	6,196	8,694
Secured facility (note 6)	15,764	38,177
	21,960	46,871
Long-term debt (note 7)	1,939	2,049
Reclamation provision (note 8)	3,429	2,948
Future income tax	11,221	14,310
	38,549	66,178
Shareholders' Equity		
Share capital (note 9(a))	246,738	199,940
Share warrants (note 9(c))	1,600	1,600
Equity component of secured facility (note 6)	7,200	10,335
Contributed surplus (note 9(d))	7,851	2,903
	263,389	214,778
Deficit	(107,863)	(95,832)
Accumulated other comprehensive loss (note 12)	(734)	(403)
	154,792	118,543
	193,341	184,721

Contingencies and commitments note 14

IVERNIA INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

	Three months ended		Six months ended	
	June 30		June 30	
	2008	2007	2008	2007
(in thousands of United States dollars)	\$	\$	\$	\$
Cash (used in)/provided by				
Operating activities				
Net loss for the period	(5,102)	(8,536)	(12,031)	(8,701)
Non-cash items:				
Stock option costs	71	152	151	326
Amortization	298	134	529	2,654
Future income tax	(1,533)	(2,094)	(3,246)	(2,336)
Accretion	1,404	2,102	4,640	2,102
Other	430	(1,850)	481	(1,217)
Changes in non-cash working capital:				
Accounts receivable and other current assets	(351)	8,873	16	9,852
Inventory	(276)	(1,927)	(469)	(8,278)
Accounts payable and other current liabilities	(2,959)	(14,062)	(2,981)	(16,328)
	(8,018)	(17,208)	(12,910)	(21,926)
Investing activities				
Additions to property, plant and equipment	(287)	(3,009)	(486)	(5,086)
Change in restricted cash	-	(2,741)	-	(2,741)
	(287)	(5,750)	(486)	(7,827)
Financing activities				
Net cash proceeds on issue of shares and warrants	21,626	-	21,626	39
Payment of credit facility	-	(5,000)	-	(5,000)
Decrease in long-term debt	(54)	(17)	(110)	(81)
Secured facility	-	24,378	-	24,378
	21,572	19,361	21,516	19,336
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	98	80	158	51
Net increase/(decrease) in cash and cash equivalents	13,365	(3,517)	8,278	(10,366)
Cash and cash equivalents – Beginning of period	8,639	10,213	13,726	17,062
Cash and cash equivalents – End of period	22,004	6,696	22,004	6,696
Supplementary information:				
Net interest paid/(received)	1,573	235	1,478	442

IVERNIA INC.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six month periods ended June 30, 2008 and 2007

(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, 2007, except for changes as described in note 2.

These interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2007. 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, 2007.

Certain comparative figures have been reclassified to conform to the presentation adopted in 2008.

The Company currently has no operating revenue due to the placement of its Magellan mine under temporary care and maintenance pending requisite approvals to ship containerized lead concentrate through the Port of Fremantle. On January 17, 2008 the Company announced the conditional acceptance by the Environment Minister of the Environmental Protection Agency's recommendations regarding the sealed shipment process for the export of lead concentrate. In accepting the recommendations, the Minister imposed additional conditions which the Company has accepted and has committed to their implementation prior to commencing sealed shipment for the export of Magellan's lead concentrate. There is no fixed or guaranteed timeline on receiving final approval to recommence shipping and operations and no certainty on the outcome. The Company has positive working capital as of June 30, 2008. On April 2, 2008 the Company partially extended and converted the \$40 million Secured Facility. By mutual agreement, \$20 million of the \$40 million then drawn amount under the Secured Facility was converted into common shares at US\$1.08 and the maturity date for the remaining drawn and undrawn amounts was extended to April 27, 2009. There is no guarantee that prior to April 27, 2009 the amounts then drawn under the Secured Facility will be converted or extended. On April 24, 2008 the Company closed a \$20 million private placement investment by an Australian subsidiary of the China based Yunnan Metallurgical Group ("YMG") for 14,692,488 shares at a price of C\$1.50 per share.

2. Changes in accounting policies

(a) Effective January 1, 2008

On January 1, 2008 the Company adopted four new accounting standards that were issued by the Canadian Institute of Chartered Accountants ("CICA"):

Section 1535, "Capital disclosures", establishes standards for disclosing information about an entity's capital and how it is managed. Under this standard, the Company is required to disclose quantitative and qualitative information about its objectives, policies and processes for managing capital. See note 11.

Section 3031, "Inventories", provides guidance on the determination of costs and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories. There was no effect on the value of inventory on adoption.

IVERNIA INC.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six month periods ended June 30, 2008 and 2007

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

Section 3862, "Financial instruments – disclosure", and Section 3863, "Financial instruments – presentation" replaced Section 3861, "Financial instruments – presentation and disclosure". These new sections incorporate many of the disclosure requirements of Section 3861 but place an increased emphasis on disclosure about risk. The new sections require entities to disclose quantitative and qualitative information that enable users to evaluate (a) the significance of financial instruments for the Company's financial performance, and (b) the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks. The Company is required to disclose the measurement bases used, and the criteria used to determine classification of financial instruments. See note 13.

(b) Effective January 1, 2009

The CICA has issued a new standard, Section 3064, "Goodwill and intangible assets", which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning January 1, 2009. The Company will adopt the requirements commencing in the quarter ended March 31, 2009 and is considering the impact this will have on the Company's financial statements.

Section 3064 establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, "Revenues and expenses during the pre-operating period" ("EIC 27"). As a result of the withdrawal of EIC 27, the Company will no longer be able to defer costs and revenues incurred prior to commercial production at new mine operations.

(c) International Financial Reporting Standards

All Canadian publicly traded companies are required to convert to International Financial Reporting Standards no later than January 1, 2011. Early adoption is a possibility and must be approved by the Ontario Securities Commission. The Company is currently in the process of evaluating resources, building a development plan and researching the potential effects of conversion. The Company currently has no plans to adopt International Financial Reporting Standards prior to January 1, 2011.

3. Inventory

	June 30, 2008	December 31, 2007
(in thousands of United States dollars)	\$	\$
Concentrate	14,906	14,350
Ore stockpiles	1,239	1,239
Consumables and other	3,286	3,373
	19,431	18,962

IVERNIA INC.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six month periods ended June 30, 2008 and 2007

(all dollar amounts are in United States dollars unless otherwise stated)
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4. Property, plant and equipment

Refer to note 5 to the Company's audited consolidated financial statements for the year ended December 31, 2007.

	Cost	June 30, 2008 Accumulated Amortization	Net Book Value	December 31, 2007 Net Book Value
(in thousands of United States dollars)		\$		\$
Plant and equipment	38,255	(5,285)	32,970	33,137
Leasehold improvements	74	(51)	23	31
Office equipment	762	(457)	305	367
Leased assets	3,088	(945)	2,143	2,310
Deferred stripping	9,192	(284)	8,908	8,908
Development costs and other	111,406	(8,192)	103,214	102,850
	162,777	(15,214)	147,563	147,603

5. Restricted cash

As at June 30, 2008 Magellan Metals had restricted cash deposited with a financial institution of \$3.15 million (December 31, 2007 - \$2.89 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 8.

6. Secured facility

On April 27, 2007 the Company completed the closing of a \$50 million secured facility (the "Secured Facility") with a syndicate of lenders.

As at March 31, 2008 a total of \$40 million of the Secured Facility had been drawn down. The Secured Facility had a one-year term which was due to mature on April 27, 2008 and bore interest at 9.25% per annum. Interest accrued and was payable at maturity or earlier repayment. The Secured Facility granted first ranking security interests over all the Company's assets.

Drawdowns under the Secured Facility entitle the lenders to conversion rights, providing for the conversion of principal into Ivernia common shares at a price of US\$1.08 per share. If Ivernia repays drawn balances before maturity the lenders will be issued warrants for the pro rata amount at a US\$1.08 strike price that will expire concurrent with the new maturity date of the Secured Facility. These conversion rights were approved by the shareholders at the Company's 2007 annual and special meeting. Balances repaid before maturity may not be redrawn by Ivernia.

On April 2, 2008 the lenders partially converted and extended the maturity date of the Secured Facility. According to the agreement with the lenders of the Secured Facility, \$20 million of the \$40 million then drawn and outstanding against the Secured Facility was converted into common shares of the Company (see note 9(a)) and the maturity date for the remaining drawn and undrawn amounts was extended to April 27, 2009. The interest rate was lowered to 6% per annum from 9.25% per annum for the unconverted amounts effective April 3, 2008. The interest payable on the converted balance was paid in the second quarter; the balance of interest payable is payable on April 27, 2009.

IVERNIA INC.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six month periods ended June 30, 2008 and 2007

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

Other than the existing general security agreement granted by Ivernia, all other security previously in place on the Secured Facility is in the process of being discharged by the lenders. The lenders also agreed to subordinate their current facility as to permit an additional \$10 million of secured financing to rank ahead of the Secured Facility.

The Secured Facility is accounted for in accordance with CICA Section 3863, whereby debt securities which have interest payable in cash and give the holder the right to convert the principal amount into common shares are split into a liability and an equity component on the date of issuance. The debt component is recorded as Secured Facility. The remaining component, representing the value ascribed to the holders' option to convert the principal balance into common shares, is classified in shareholders' equity as "Equity component of Secured Facility". On April 27, 2008 the \$20 million not converted into common shares matured and was extended. The balance of \$4.81 million that remained in equity component of Secured Facility was transferred to contributed surplus (see note 9(d)). The principal amount of \$20 million of the extended debt was split into a liability and equity component effective April 27, 2008. Over the extended term of the Secured Facility, the debt component will be accreted to the face value of the Secured Facility by the recording of additional interest expense.

The balances for the Secured Facility are analyzed as follows:

(in thousands of United States dollars)	June 30, 2008	December 31, 2007
	\$	\$
Amount drawn on Secured Facility	20,000	40,000
Equity value of conversion option	(7,200)	(11,055)
Pro-rated costs of financing	-	(1,886)
Amortization of costs	-	1,257
Accretion of debt	955	7,370
Accrued interest	2,009	2,491
	15,764	38,177

The balances for the equity component of the Secured Facility are analyzed as follows:

(in thousands of United States dollars)	June 30, 2008	December 31, 2007
	\$	\$
Equity value of conversion option	7,200	11,055
Pro-rated costs of financing	-	(720)
	7,200	10,335

7. Long-term debt

(in thousands of United States dollars)	June 30, 2008	December 31, 2007
	\$	\$
Lease liabilities	2,518	2,659
Less current portion:	579	610
	1,939	2,049

Magellan Metals has a power supply contract and various equipment and vehicle leases in place as at June 30, 2008. The remaining terms of the leases range in length from one to three years.

IVERNIA INC.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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8. Reclamation provision

As at June 30, 2008 the reclamation provision relating to Magellan Metals asset retirement obligations was \$3.43 million (December 31, 2007 - \$2.95 million).

The following assumptions were used to estimate the fair values of the obligations as at June 30, 2008:

Total undiscounted amount of estimated cash flows	\$3,830,000
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.

9. Share capital

Refer to note 9 to the Company's audited consolidated financial statements for the year ended December 31, 2007.

(a) Issued and outstanding shares

Details of issued and outstanding shares are as follows:

	Number of common shares	Amount
	(000's)	(\$000's)
Outstanding as at January 1, 2007	134,452	182,215
Issued in connection with exercise of options	239	87
Issued in connection with short-term debt	43	57
Outstanding as at March 31, 2007	134,734	182,359
Issued in connection with exercise of options	31	6
Issued in connection with short-term debt	14	16
Outstanding as at June 30, 2007	134,779	182,381
Issued in connection with exercise of options	21	37
Public offering ⁽ⁱ⁾	12,125	17,522
Outstanding as at December 31, 2007 and March 31, 2008	146,925	199,940
Issued in connection with conversion of debt (note 6)	18,519	25,162
Issued in private placement ⁽ⁱⁱ⁾	14,692	21,626
Issued in connection with exercise of options	17	10
	180,153	246,738

(i) On August 1, 2007 the Company closed a bought deal financing. The underwriters purchased 12,125,000 common shares of the Company at a price of C\$1.65 for gross proceeds of C\$20 million (\$18.9 million) and net proceeds of C\$18.5 million (\$17.5 million) after share issuance costs.

(ii) On April 24, 2008 an Australian subsidiary of China based Yunnan Metallurgical Group ("YMG") completed a private placement investment in the Company. A total of 14,692,488 common shares of Ivernia were issued at a price of C\$1.50 per common share for cash proceeds of C\$22 million less costs of \$0.1 million.

IVERNIA INC.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(b) Employee stock options

	2008		2007	
	Options	Shares issued	Options	Shares issued
	(000's)	(000's)	(000's)	(000's)
Options outstanding January 1,	5,486		5,908	
Granted	60		50	
Exercised	-	-	(310)	239
Expired	-		-	
Outstanding March 31,	5,546		5,648	
Granted	-		-	
Exercised	(50)	17	(50)	31
Expired	(224)		(62)	
Outstanding June 30,	5,272		5,536	
Exercisable June 30,	4,094		3,395	
Valuation assumptions			2008	2007
Expected term (years)			5	5
Vesting period (years)			1-3	1-3
Expected volatility			40%	40%
Expected dividend yield			Nil	Nil
Risk-free interest rate			3%	4%
First quarter compensation expense (\$)			80,000	174,000
Second quarter compensation expense (\$)			71,000	152,000
Aggregate unexpensed fair value of stock options granted as at June 30 (\$)			241,000	605,000
Weighted average fair value of options granted (C\$)			0.54	0.58

In June 2008, a total of 50,000 options were exercised on a cashless basis and 16,666 common shares were issued.

(c) Share warrants

As at June 30, 2008 the Company has outstanding instruments, comprising common share purchase warrants and broker warrants, which are ultimately exercisable in one or more steps for 3,953,000 common shares of the Company (December 31, 2007 – 3,953,000).

	Outstanding Warrants	Applicable Shares	Fair Value of Warrants
	(000's)	(000's)	(\$000's)
Outstanding as at January 1, 2008 and June 30, 2008	3,953	3,953	1,600

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 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.

The fair value of the warrants was calculated using the Black-Scholes option-pricing model. The pricing model assumed a common stock price volatility of 67%, a weighted average risk-free interest rate of 4%, and used the expiry dates of the warrants for the term.

IVERNIA INC.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(d) Contributed surplus

Details of the movement in contributed surplus are as follows:

(in thousands of United States dollars)	2008	2007
	\$	\$
Balance as at January 1,	2,903	2,375
Option compensation recognized	80	174
Options exercised	-	(29)
Balance as at March 31,	2,983	2,520
Equity component of Secured Facility not converted	4,807	-
Option compensation recognized	71	152
Options exercised	(10)	(10)
Balance as at June 30,	7,851	2,662

10. Esperance/Fremantle, related costs and care and maintenance

(a) Esperance/Fremantle and related costs

On March 12, 2007 shipments of lead concentrate from the Port of Esperance were suspended pending the outcome of government investigations into bird fatalities. The Company is incurring costs to advance the export shipment of the 8,000 dry tonnes of lead concentrate currently held at the Port of Esperance and to finalize the details of the Minister's conditions to obtain final requisite approval to ship future lead concentrate in sealed containers through Fremantle.

(b) Care and maintenance

Effective April 6, 2007 the Magellan operation was placed on temporary care and maintenance following the March 12, 2007 suspension of lead concentrate shipments through the Port of Esperance. A core team of employees was retained to carry out site care and maintenance until requisite approvals are received, plan and implement the on-site and transportation route changes for containerized shipments and execute the phased restart of operations.

11. Capital management

The Company's objectives when managing capital are intended to: fund the restart of operations; safeguard the entity's ability to support the Company's normal operating requirements on an ongoing basis; continue the development and exploration of the Magellan mine; and support any expansionary plans.

The capital of the Company consists of items included in the shareholder's equity and the Secured Facility net of cash and cash equivalents. The Company manages the capital structure and makes adjustments in view of changes in economic conditions and risk characteristics of the Company's assets.

To effectively manage capital requirements, the Company has in place a rigorous planning and budgeting process to help determine the funds required to ensure the Company has sufficient liquidity to meet its operating and growth objectives. The Company ensures that there are sufficient committed loan facilities to meet its short term business requirements, taking into account its anticipated cash flows from operations and its holding of cash and cash equivalents.

Neither Ivernia nor any of its subsidiaries are subject to externally-imposed capital requirements.

IVERNIA INC.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(all dollar amounts are in United States dollars unless otherwise stated)
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12. Comprehensive loss

The Company holds shares in a publicly traded company. This investment is classified as available for sale. The changes in fair value are detailed below:

(in thousands of United States dollars)	2008	2007
	\$	\$
Balance as at January 1	(403)	-
Unrealized loss on investments, March 31	(373)	(327)
Unrealized gain on investments, June 30	42	242
Accumulated other comprehensive loss, June 30	(734)	(85)

13. Financial instruments

Financial Assets and Liabilities

The Company's financial instruments consist of cash and cash equivalents, accounts receivable and other current assets, restricted cash and cash equivalents, investments available for sale, accounts payable and other current liabilities, the Secured Facility, and long term debt.

The Company has designated cash and cash equivalents, accounts receivable and other current assets, restricted cash and cash equivalents and accounts payable and other current liabilities as held for trading, denoting that the carrying value is considered to be a reasonable approximation of fair value. Any gains or losses are included in net earnings.

The Company has investments designated as available for sale. The carrying value is marked to market based on the quoted value of the investments. Any gains or losses are included in other comprehensive loss. As at June 30, 2008 the investments available for sale have been reduced by \$331,000 during the year to represent its quoted market value.

The Company has designated the Secured Facility and long term debt as loans and receivables. They are measured at amortized cost using the effective interest method.

Financial Risk Factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

The Company's credit risk is primarily attributable to cash and cash equivalents, accounts receivable and other current assets and restricted cash and restricted cash equivalents. Cash and cash equivalents include cash and short-term deposits that have been invested with reputable financial institutions with an investment grade rating at the time of purchase. Financial instruments included in accounts receivable and other current assets consist mainly of receivables from unrelated parties, prepayments, and security deposits. Financial instruments included in restricted cash and restricted cash equivalents include low interest restricted savings accounts. Management believes the credit risk concentration with respect to financial instruments in cash and cash equivalents, accounts receivable and other current assets and restricted cash and restricted cash equivalents is negligible due to the credit-worthiness of the financial institutions and debtors.

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(all dollar amounts are in United States dollars unless otherwise stated)
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The Company's maximum exposure to credit risk at the balance sheet date is as follows:

(in thousands of United States dollars)	June 30, 2008	December 31, 2007
	\$	\$
Cash and cash equivalents	22,004	13,726
Accounts receivable and other current assets	904	920
Investments available for sale	286	617
Restricted cash and restricted cash equivalents	3,153	2,893
	26,347	18,156

Liquidity Risk

The Company's approach to managing liquidity is to ensure it will have sufficient liquidity to meet current and expected liabilities when due. As of June 30, 2008 the Company had a cash balance of \$22.0 million (December 31, 2007 – \$13.7 million) to settle current liabilities of \$22.0 million (December 31, 2007 - \$46.9 million). Of the \$22 million in current liabilities, \$15.8 million is the Secured Facility and the corresponding interest payable. The Company has further liquidity in the form of an additional \$10 million in credit available from the Secured Facility.

The contractual maturities of the Company's financial liabilities are as follows:

(in thousands of United States dollars)	June 30, 2008			December 31, 2007
	Within 1 year	1 to 3 years	Total	Total
	\$	\$	\$	\$
Accounts payable and other current liabilities	6,196	-	6,196	8,694
Secured facility	15,764	-	15,764	38,177
Long term debt	-	1,939	1,939	2,049
	21,960	1,939	23,899	48,920

Market Risk

(a) Interest Rate Risk

The Company has cash balances and no variable interest bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by reputable financial institutions. The Company continuously monitors the investments and is satisfied with the credit rating of its banks.

(b) Foreign Currency Risk

The Company's reporting currency is the United States dollar. The Company funds operating, capital, and exploration expenditures through its wholly-owned subsidiary Magellan Metals. These costs are paid on a cash call basis using Australian dollars converted from its Canadian dollar bank accounts held in Canada. In addition, the Company funds administration costs related to its Toronto office in Canadian dollars from its Canadian dollar bank account.

The Company currently does not hedge its foreign exchange exposure. It is at management's discretion as to the amount and tenor of hedging that may be utilized to reduce the Company's foreign exchange exposure, within Board approved limits.

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(all dollar amounts are in United States dollars unless otherwise stated)
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At the balance sheet date, the following financial assets and liabilities were denominated in Canadian and Australian dollars:

(in thousands of dollars)	June 30, 2008		December 31, 2007	
	A\$	C\$	A\$	C\$
Cash and cash equivalents	1,504	20,006	698	9,505
Accounts receivable and other current assets	713	136	721	226
Investments available for sale	286	-	615	-
Restricted cash and cash equivalents	3,153	-	2,893	-
Accounts payable and other current liabilities	4,460	402	4,000	814
Long-term debt	1,939	-	2,049	-

(c) Price Risk

The Company is exposed to price risk with respect to commodity prices, especially over the price of lead and cost inputs. At this time, the Company does not have any hedging contracts in place.

The Company aims to provide metal price exposure to its shareholders. The Company may consider opportunities to create an element of greater certainty for future cash flow streams. If management considers hedging appropriate it may use call options, put options, futures, and forwards, within Board approved limits, to meet these objectives.

Sensitivity Analysis

The Company has designated its cash and cash equivalents, accounts receivable and other current assets, restricted cash, and accounts payable and accrued liabilities and long-term debt as held for trading which are measured at fair market value. Investments are classified as available for sale and recorded at fair market value.

As of June 30, 2008 the carrying and fair market values of the Company's financial instruments are the same.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a three month period.

The Company's investments are comprised of a \$286,000 investment in a publicly traded company. Sensitivity to a 10% change in the investment's current market price would affect comprehensive income/(loss) by \$29,000.

The Company holds significant balances in Australian dollar and Canadian dollar currencies. A \$0.10USD/\$1AUD movement would affect net income (loss) by A\$76,000 before taxes. A \$0.10USD/\$1CAD movement would affect net income (loss) by C\$2 million before taxes.

Interest rate risk is negligible as the Company has no variable rate financial instruments.

Price risk is negligible as the Magellan mine site is on care and maintenance and therefore not shipping lead concentrate.

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(all dollar amounts are in United States dollars unless otherwise stated)
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Changes in approach to Financial Risk Factors:

There have been no changes in risks, objectives, policies, and procedures since December 31, 2007.

14. Contingencies and commitments

In the process of placing the Magellan mine under temporary 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". During the second quarter of 2008, one of the counterparties, Transpacific Cleanaway Ltd (formerly known as BIS Cleanaway Ltd), formally filed a Statement of Claim against Magellan Metals in the Supreme Court of Western Australia disputing the validity of the "force majeure" notice claiming damages of approximately A\$2.8 million related principally to early termination payments and alleged failures to reach tonnage quotas under the contract. Magellan Metals has filed a Defence to the Statement of Claim and intends to vigorously defend the action. While Magellan Metals is of the view that its "force majeure" claims are valid, it may be required to pay damages for breach of the relevant agreements if it is held that it could not claim "force majeure".

On January 28, 2008 the Western Australian Environment Minister, Hon. David Templeman, announced his conditional acceptance of the Environmental Protection Authority's recommendations regarding the sealed shipment process for the export of lead concentrate. The Company has accepted these conditions, which include the lodgement of an A\$5 million bond prior to the commencement of shipping.



Second Quarter 2008 Management's Discussion and Analysis

The following discussion is a review of the activities, results of operations and financial condition of Ivernia Inc. ("Ivernia" or the "Company") and its subsidiaries for the three and six months ended June 30, 2008 together with certain trends and factors that are expected to impact on future operations and financial results. This information is presented as at August 14, 2008. The discussion should be read in conjunction with the unaudited consolidated interim financial statements of the Company for the three and six months ended June 30, 2008 as well as the audited consolidated financial statements for the year ended December 31, 2007 and the related Management's Discussion and Analysis ("MD&A") and the Company's Annual Information Form, all of which are available on Ivernia's website at www.ivernia.com and on SEDAR at www.sedar.com. Ivernia's consolidated financial statements and financial data have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

In addition, this discussion contains certain forward-looking statements regarding Ivernia's businesses and operations. Actual results may differ materially from these statements as a result of a number of factors, many of which are beyond the control of Ivernia. For more detail on these factors, please refer to the sections titled "Risks and Uncertainties" and "Forward-Looking Statements" contained in this MD&A, the section titled "Risks and Uncertainties" in the Company's MD&A for the year ending December 31, 2007 and the section titled "Risk Factors" in the Company's Annual Information Form. All of the forward-looking statements made in this document 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 where C\$ = Canadian dollars and A\$ = Australian dollars.

IVERNIA INC.

FINANCIAL REVIEW

Summary Financial Information

The following table is a summary of Ivernia's financial and operating highlights for the periods ended June 30:

(\$ thousands, unless otherwise indicated and per share amounts)	Three months ended June 30 (Unaudited)		Six months ended June 30 (Unaudited)	
	2008 ¹	2007	2008	2007
Financial Highlights				
Revenue	-	-	-	20,014
Treatment charges and freight	-	-	-	(3,089)
Mining and processing costs	-	-	-	(7,742)
Care and maintenance	(2,171)	(2,628)	(4,214)	(2,628)
Royalties	-	-	-	(1,047)
Loss on derivatives	-	(1,286)	-	(4,679)
Amortization	(298)	(134)	(529)	(2,654)
	(2,469)	(4,048)	(4,743)	(1,825)
General and administrative	(1,435)	(1,775)	(2,945)	(3,306)
Esperance/Fremantle and related costs ²	(353)	(1,006)	(566)	(1,106)
Net interest expense	(2,316)	(2,880)	(6,674)	(3,813)
Stock option costs	(71)	(152)	(151)	(326)
Other income/(expense)	162	(769)	(45)	(661)
	(4,013)	(6,582)	(10,381)	(9,212)
Loss before income taxes	(6,482)	(10,630)	(15,124)	(11,037)
Income tax recovery	1,380	2,094	3,093	2,336
Net loss	(5,102)	(8,536)	(12,031)	(8,701)
Basic loss per share ^(a)	(0.03)	(0.06)	(0.08)	(0.06)
Weighted average shares outstanding – thousands	175,941	134,758	154,338	134,644
Unrealized gain/(loss) on investment	42	242	(331)	(85)
Comprehensive loss	(5,060)	(8,294)	(12,362)	(8,786)
Cash used in operations before changes in non-cash working capital	(4,432)	(10,092)	(9,476)	(7,172)
Cash flow (used in)/provided by operating activities	(8,018)	(17,208)	(12,910)	(21,926)
Operating Highlights				
Ore milled – (000's tonnes)	-	25.6	-	393.4
Average head grade – (% lead)	N/A	6.4%	N/A	7.3%
Recovery – (%)	N/A	75.5%	N/A	74.6%
Concentrate produced – (000's dry tonnes)	-	1.9	-	32.8
Concentrate sold – (000's dry tonnes)	-	-	-	18.8
Lead metal in concentrate produced – (000's tonnes)	-	1.2	-	21.4
Lead metal in concentrate sold – (000's tonnes)	-	-	-	12.0
Concentrate inventory – (000's of dry tonnes)	27.0	27.0	27.0	27.0
Average lead price – LME 3-month – (cents per pound)	104	99	118	89
Ivernia's average lead sale price – (cents per pound)	N/A	N/A	N/A	80
Cash cost per pound sold – (cents) ³	N/A	N/A	N/A	41

Note: (a) Per share data was calculated on the basis of the weighted average shares outstanding (basic and diluted) for the relevant period

¹ Shipments of lead concentrate from the Magellan mine have been temporarily curtailed since the suspension of lead shipments through the Port of Esperance on March 12, 2007

² Costs incurred in the advancement of the application for regulated shipping approvals through the Port of Fremantle, the removal of the stranded lead concentrate stockpile at the Port of Esperance and other related activities

³ Cash cost per pound sold is a non-GAAP measure, please refer to the "Cash cost of lead sold" section of this document

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FINANCIAL RESULTS

Ivernia Inc. ("Ivernia" or the "Company") is an international base metals, operating, exploration and development company. It is the sole owner and operator of the Magellan lead mine in Western Australia and controls a number of exploration properties in the vicinity of the Magellan mine. Quarter to quarter and year to year comparisons may not be relevant as effective April 6, 2007 the Company's Magellan operation was placed on care and maintenance following the temporary suspension of lead concentrate shipments from the Magellan mine.

Revenue

Revenue is recognized when the title and risk of ownership of concentrates have passed and collection is reasonably assured. Title and risk of ownership pass to the customer on shipment of concentrate. Revenue from the sale of metal contained in concentrate is provisionally priced based on a future quotational period. Revenue is adjusted during the quotational period for any variations in the forward price recognized on shipment until settlement. Final revenue is adjusted based on settlement of final weights and assays. Any variation in the price, weights or assays are offset by an increase or decrease in accounts receivable.

The Company did not record revenue in the second quarter or the first half of 2008 as Magellan remained on temporary care and maintenance during the period.

The London Metal Exchange ("LME") average 3-month price of lead for the second quarter was 104 cents per pound, an increase of over 5% from the average for the second quarter of 2007.

Lead Prices (cents per pound of lead)	Average	
	2008 ¹	2007
	¢	¢
LME 3-month official		
Second quarter	104	99
Ivernia's average lead sale price		
Second quarter	N/A	N/A

Care and maintenance expenses

The following table identifies the Company's expenses while under care and maintenance pending requisite approvals to ship containerized lead concentrate through the Port of Fremantle. Canadian GAAP does not recognize segregating cash and non-cash interest expenses; however, management feels that separate disclosure of these amounts assists investors to better understand the Company's cash and non-cash expenses.

Ongoing cash expenditures

Care and maintenance expenses for the second quarter totaled \$2.2 million and for the first six months of 2008 totaled \$4.2 million. General and administrative costs were \$1.4 million for the quarter and \$2.9 million for the half year. Costs incurred to advance the removal of 8,000 dry tonnes of lead concentrate held at the Port of Esperance and to finalize the details of the Minister's conditions to obtain final Ministerial sign-off from the Western Australian Government of a newly-developed sealed shipment process to export the mine's lead concentrate through the Port of Fremantle, amounted to \$0.4 million for the quarter and \$0.6 million in the half year. Until lead concentrate shipments and operations at Magellan resume, the Company expects cash expenditures for care and maintenance, general and administration, net cash interest expense and costs associated with securing final shipping approvals will be incurred at a rate of approximately \$4.5 million per quarter, excluding any required capital investments.

¹ Shipments of lead concentrate from the Magellan mine have been temporarily curtailed since the suspension of lead shipments through the Port of Esperance on March 12, 2007

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One-time costs, non-cash and deferred cash costs

Non-cash interest expense and accretion of \$2.5 million in the second quarter relate primarily to the Secured Facility on which the associated interest expense is deferred and payable on maturity and the accretion of the equity portion of the Secured Facility. The one-time costs also include a non-cash charge for amortization of \$0.3 million in the quarter.

Care and Maintenance Expenses	Non-GAAP		Relevant GAAP measure	
	Three months ended	Six months ended	Six months ended	Six months ended
	June 30, 2008		June 30, 2008	
	\$			\$
Continuing ongoing cash expenditures ¹				
Care and maintenance	2,171	4,214	2,171	4,214
General and administrative	1,435	2,945	1,435	2,945
Esperance/Fremantle and related costs	353	566	353	566
Net cash interest (income)/expense	(140)	235	-	-
Total continuing ongoing cash expenditures	3,819	7,960		
One-time costs, non-cash and deferred cash costs ²				
Amortization	298	529	298	529
Restructuring costs	-	-	-	-
Interest expense (payable on maturity) and accretion	2,456	6,439	-	-
Stock option costs	71	151	71	151
Foreign exchange (gains)/ losses and other	(162)	45	(162)	45
Total one-time costs, non-cash and deferred cash costs	2,663	7,164		
Net interest expense	-	-	2,316	6,674
Total expenses	6,482	15,124	6,482	15,124

Cash cost of lead sold – non-GAAP measure

The Company did not record lead concentrate sales during the second quarter or first half of 2008 as Magellan remained on temporary care and maintenance during the period.

Total cash costs for lead sold during the second quarter and first half of 2008 was therefore nil.

Costs for essentially all items in the production and sales process, including labour, reagents and other supplies, treatment charges and transport and freight costs continue to increase significantly across the industry and are expected to impact Magellan on the restart of operations.

Amortization

When operating, amortization will increase as the Company amortizes the plant and equipment, mineral properties and deferred costs, calculated on a units-of-production basis, contained metal, or proven and probable reserves where appropriate. Amortization expense will fluctuate depending on the levels of production and mining activity during the period.

General and administrative

General and administrative expenses mainly consist of corporate office costs for the Perth and Toronto offices. General and administrative expenses totaled \$1.4 million in the quarter and \$2.9 million for the year to date. The Company expects general and administrative costs to remain in the \$1.5 million range per quarter while Magellan remains in care and maintenance.

¹ Continuing ongoing cash expenditures is a non-GAAP measurement. Management believes separate disclosure of these amounts assists investors to better understand the Company's ongoing cash commitments while the Magellan mine is under temporary care and maintenance.

² One-time costs, non-cash and deferred cash costs are non-GAAP measurements. Management believes separate disclosure of these amounts assists investors to better understand the Company's ongoing non-cash commitments while the Magellan mine is under care and maintenance.

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Net interest expense

Net interest expense of \$2.3 million is primarily comprised of interest expense on the Secured Facility which accrues at 6% per annum subsequent to the agreed extension. Interest expense also includes a non-cash charge related to the accretion of the equity component of the Secured Facility and related fees of approximately \$1.4 million during the quarter. Interest and fees accrued on the \$20 million converted into common shares of the Company, totaling \$3.5 million, was paid during the second quarter of 2008. Effective April 3, 2008 the interest rate on the remaining \$20 million drawn on the Secured Facility, plus any additional amounts drawdown in the future to a maximum of \$10 million, decreased to 6% per annum from 9.25% per annum.

The net interest expense of \$2.3 million in the second quarter 2008 decreased from \$2.9 million in the second quarter of 2007. The decrease is attributable to the decrease in debt from \$40 million to \$20 million following the partial conversion of \$20 million of debt into common shares of Ivernia on April 2, 2008 and the reduction in the interest rate from 9.25% to 6% on April 3, 2008.

Stock option costs

The stock option cost of \$0.1 million for the second quarter of 2008 is a decrease of \$0.1 million compared to the same period of 2007. The stock-based compensation expense has been calculated using the Black-Scholes option-pricing model. The aggregate unexpensed fair value of stock options granted amounted to \$241,000 as at June 30, 2008 (June 30, 2007 – \$605,000).

Other (expenses)/income

A foreign exchange gain of \$0.2 million was realized as a result of the increased weakness during the quarter of the US dollar to the Canadian and Australian dollars; this is because the majority of the Company's cash is held in Canadian dollars.

Other income for the second quarter 2007 included a foreign exchange loss of \$0.8 million.

Income tax recovery

Income tax recovery for the quarter was calculated at an estimated annual accounting tax rate of 21% reflecting the mine being on care and maintenance. This compares to the 21% rate used in the second quarter of 2007. The Company was not cash taxable in 2007 and does not expect to be cash taxable in 2008. The Company's exposure to cash corporate income taxes is reduced due to the availability of tax loss carry-forwards to offset future taxable income in Australia. As at December 31, 2007 the Company had approximately A\$44 million (\$40 million) in loss carry-forwards to offset future taxable income earned in Australia. There is no expiry date for Australian tax loss carry-forwards. The Company also had approximately C\$12 million in loss carry-forwards in Canada at December 31, 2007 with expiry dates ranging from 2008 to 2027.

Net loss

The net loss was \$5.1 million or \$(0.03) per share for the quarter. This compares to a net loss of \$8.5 million or \$(0.06) per share in the second quarter of 2007. Year to date the net loss is \$12.0 million or \$(0.08) per share compared with a net loss of \$8.7 million or \$(0.06) per share in 2007. The net loss in 2007 included a loss on derivatives of \$1.3 million in the second quarter and \$4.7 million in the first two quarters.

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LIQUIDITY AND FINANCIAL CONDITION

Statement of Cash Flows

(in thousands of United States dollars)	Three months ended		Six months ended	
	June 30		June 30	
	2008	2007	2008	2007
Cash used in from operations before changes in non-cash working capital	(4,432)	(10,092)	(9,476)	(7,172)
Changes in working capital	(3,586)	(7,116)	(3,434)	(14,754)
Cash used in operating activities	(8,018)	(17,208)	(12,910)	(21,926)
Cash used in investing activities	(287)	(5,750)	(486)	(7,827)
Cash provided by financing activities	21,572	19,361	21,516	19,336
Increase/(decrease) in cash and cash equivalents	13,365	(3,517)	8,278	(10,366)

Operating activities

In the second quarter, Ivernia used \$4.4 million to finance operations before changes in working capital. Cash requirements in the quarter were funded with cash reserves. Changes in working capital mainly comprised of the payment of \$3.4 million in fees and interest to the lenders of the Secured Facility. Future cash requirements to fund operating activities will be provided by current cash balances. The Company also has \$10 million available to draw on the Secured Facility which matures in April 2009. In the second quarter of 2007, the Company used \$10.1 million of cash to finance operations before changes in working capital.

Investing activities

Net cash used for investing activities during the quarter of \$0.3 million, related mainly to commissioning of the mobile bagging equipment. In the second quarter of 2007, Ivernia invested \$5.8 million, mainly consisting of expenditures for the construction of the gas pipeline pressure filter, commissioning of the pipeline, as well as \$2.7 million in restricted cash related to posting of bonds previously secured by a credit facility.

Financing activities

(a) Partial conversion of Secured Facility

As previously announced, effective April 2, 2008 the lenders partially converted and extended the maturity date of the Secured Facility. According to the agreement with the lenders of the Secured Facility, \$20 million of the \$40 million then drawn and outstanding against the Secured Facility was converted into common shares of the Company and the maturity date for the remaining drawn and undrawn amounts was extended to April 27, 2009. The interest rate was lowered to 6% per annum from 9.25% per annum for the unconverted amounts effective April 3, 2008. The interest and fees payable on the converted balance in the amount of \$3.4 million total was paid in the second quarter; the balance of interest payable is payable on April 27, 2009.

Other than the existing general security agreement granted by Ivernia, all other security previously in place on the Secured Facility is in the process of being discharged by the lenders. The lenders also agreed to subordinate their current facility as to permit an additional \$10 million of secured financing to rank ahead of the Secured Facility.

(b) YMG transaction

On April 24, 2008 Ivernia Inc. and China-based Yunnan Metallurgical Group ("YMG") announced the closure of the private placement investment in Ivernia, by YMG's Australian subsidiary (Chihong International Mining Ltd). The investment was previously announced on November 30, 2007 as part of the visionary long-term strategic agreement between YMG and Ivernia which recently received all necessary regulatory approvals from the Chinese and Australian governments facilitating the closing.

To complete the transaction, 14,692,488 common shares of Ivernia were issued at a price of C\$1.50 per share for cash proceeds of C\$22 million, less costs of \$0.1 million.

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The long-term strategic agreement provides a strong platform for growth and diversification for both companies in Australia and Asia.

These funds will be used during the Magellan mine care and maintenance period primarily as an alternative source of financing to the remaining \$10 million available on the Secured Facility. A portion of the proceeds will be used to provide working capital for resumption of operations at the Magellan mine and to facilitate containerized lead concentrate shipments. The proceeds will also be used to further the Company's exploration and development activities. Any remaining proceeds will be retained by the Company for corporate development and general corporate purposes.

Capital Resources

As at June 30, 2008 the Company had \$22.0 million in cash to fund its on-going obligations and a further \$10 million available on the Secured Facility. Management believes the Company has sufficient cash and available facilities to fund the current operating activities, the planning and implementation of changes at the mine site and on the transport route to facilitate the new containerized shipping and the implementation of a restart and phased ramp-up of operations after the requisite approvals are received.

BALANCE SHEET

Accounts receivable and other current assets

Accounts receivable and other current assets increased approximately \$0.4 million from March 31, 2008 reflecting normal business transactions.

When shipping, accounts receivable are adjusted in every period for provisional payments to reflect the market fluctuations in the commodity prices. Accounts receivable adjustments are derived from the revenue adjustment; therefore, a change in receivables will be offset to a change in revenue.

Inventory

Inventory increased \$0.3 million from March 31, 2008 and \$0.5 million year to date. This increase includes the cost of bagging lead concentrate on mine site. Lead concentrate inventories are expected to remain at current levels until final Ministerial sign-off is received to ship containerized lead concentrate through the Port of Fremantle thereby enabling the Company to ship its 19,000 dry tonnes of concentrate currently held at the mine site.

Accounts payable and other current liabilities

Accounts payable and other current liabilities decreased \$1.6 million from March 31, 2008 to \$6.2 million. A total of \$3.4 million in fees and interest was paid to the lenders of the Secured Facility during the second quarter.

Short-term debt

On March 31, 2008 the Company announced a partial conversion of the \$50 million Secured Facility with a syndicate of lenders and an extension of the remaining portion. In April 2008, \$20 million of the \$40 million drawn and outstanding was converted into 18,518,518 common shares of the Company. The maturity date has been extended to April 27, 2009 allowing the Lenders until April 27, 2009 to convert the remaining \$20 million currently drawn on the Secured Facility and any additional funds the Company may draw prior to April 27, 2009 (up to an additional \$10 million). Interest and fees accrued on the converted \$20 million, totaling \$3.5 million, was paid during the second quarter of 2008. Future interest has been reduced to 6% per annum from 9.25% per annum. The Lenders have further agreed to subordinate their security so as to permit an additional \$10 million of secured financing to rank ahead of the Secured Facility.

Drawdowns under the Secured Facility entitle the Lenders to conversion rights, providing for the conversion of principal into Ivernia common shares at a price of US\$1.08 per share price. If Ivernia repays the drawn

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balances before maturity the Lenders will be issued warrants for the pro rata amount at a US\$1.08 strike price that will expire concurrent with the maturity of the Secured Facility. Balances repaid before maturity may not be redrawn by Ivernia. The conversion rights were approved by shareholders at the Company's 2007 annual and special meeting.

The Secured Facility is accounted for in accordance with CICA Section 3863, whereby debt securities which have interest payable in cash and give the holder the right to convert the principal amount into common shares are split into a liability and an equity component on the date of issuance. The debt component is recorded as Secured Facility. The remaining component, representing the value ascribed to the holders' option to convert the principal balance into common shares, is classified in shareholders' equity as "Equity component of Secured Facility". On April 27, 2008 the \$20 million not converted into common shares matured and was extended. The balance of \$4.81 million that remained in equity component of Secured Facility was transferred to contributed surplus. The principal amount of \$20 million of the new debt was split into a liability and equity component effective April 27, 2008. Over the term of the Secured Facility, the debt component will be accreted to the face value of the Secured Facility by the recording of additional interest expense.

The balances for the Secured Facility as at June 30, 2008 are analyzed as follows:

(\$ thousands of United States dollars)	\$
Amount drawn on Secured Facility	20,000
Equity value of conversion option	(7,200)
Pro-rated costs of financing	-
Amortization of costs	-
Accretion of debt	955
Accrued interest	2,009
	<u>15,764</u>

The balances for the equity component of the Secured Facility as at June 30, 2008 are analyzed as follows:

(\$ thousands of United States dollars)	\$
Equity value of conversion option	7,200
Pro-rated costs of financing	-
	<u>7,200</u>

Working capital surplus

The Company has a working capital surplus including the Secured Facility of \$20.7 million. As discussed previously, in April 2008, the Lenders of the Secured Facility converted \$20 million into 18,518,518 common shares of the Company. Also, on April 24, the Company received C\$22 million from the YMG private placement investment transaction, less costs of \$0.1 million.

Restricted cash

As at June 30, 2008 Magellan Metals had restricted cash deposited with a financial institution of \$3.2 million compared to \$3.0 million at March 31, 2008. 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.

Long-term debt

Long-term debt includes a finance lease for power generating equipment at the Magellan mine site (see note 7 to the Company's consolidated financial statements for the period ended June 30, 2008).

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Shares issued and outstanding

	Common Shares	Preference Shares
June 30, 2008	180,135,886	-
August 14, 2008	180,135,886	-

Common share warrants

The table below summarizes the number of common shares issuable upon the full exercise of the common share purchase warrants issued pursuant to the November 2004 Private Placement as at June 30, 2008 and August 14, 2008.

	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 C\$	Received US\$ ¹
November 2004 Private Placement:					
Common share purchase warrants	4,240,000	288,000	3,953,000	403,000	344,000
November broker warrants	480,000	480,000	-	600,000	510,000
Total	4,720,000	768,000	3,953,000	1,003,000	854,000

Stock options	Granted	Expired	Exercised	Shares Issued	Proceeds C\$²
First quarter 2008	60,000	-	-	-	-
Second quarter 2008	-	223,750	50,000	16,666	-
Total	60,000	223,750	50,000	16,666	-

As at June 30, 2008 there were outstanding options to purchase 5,272,500 common shares of the Company, of which 4,094,166 were exercisable.

Dilution

The table below summarizes the shares on a fully diluted basis, as at August 14, 2008:

	Shares
Issued and outstanding	180,135,886
Conversion of Secured Facility	18,518,520
Warrants	3,952,437
Options	5,272,500
	207,879,343

Changes in accounting policies

On January 1, 2008 the Company adopted four new accounting standards that were issued by the Canadian Institute of Chartered Accountants ("CICA"):

Section 1535, "Capital disclosures", establishes standards for disclosing information about an entity's capital and how it is managed. Under this standard, the Company is required to disclose quantitative and qualitative information about its objectives, policies and processes for managing capital.

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

² The Company's employee stock option plan provides for both cash and cashless exercise of options.

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Section 3031, "Inventories", provides guidance on the determination of costs and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories. There was no effect on the value of inventory on adoption.

Section 3862, "Financial instruments – disclosure", and Section 3863, "Financial instruments – presentation" replaced Section 3861, "Financial instruments – presentation and disclosure". These new sections incorporate many of the disclosure requirements of Section 3861 but place an increased emphasis on disclosure about risk. The new sections require entities to disclose quantitative and qualitative information that enable users to evaluate (a) the significance of financial instruments for the Company's financial performance, and (b) the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks. The Company is required to disclose the measurement bases used, and the criteria used to determine classification of financial instruments.

Future accounting changes

The CICA has issued a new standard Section 3064, "Goodwill and intangible assets". This new standard is effective January 1, 2009, which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning January 1, 2009. The Company will adopt the requirements commencing in the quarter ended March 31, 2009 and is considering the impact this will have on the Company's financial statements.

Section 3064 establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, "Revenues and expenses during the pre-operating period". As a result of the withdrawal of EIC 27, the Company will no longer be able to defer costs and revenues incurred prior to commercial production at new mine operations.

Conversion to International Financial Reporting Standards

All Canadian publicly traded companies are required to convert to International Financial Reporting Standards no later than January 1, 2011. Early adoption is a possibility and must be approved by the Ontario Securities Commission. The Company is currently in the process of evaluating resources, building a development plan and researching the potential effects of conversion. The Company currently has no plans to adopt International Financial Reporting Standards prior to January 1, 2011.

OPERATIONS REVIEW – MAGELLAN LEAD MINE, WESTERN AUSTRALIA

The Magellan mine 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 and air transportation and is close to high-demand, high-growth Asian markets.

Magellan was commissioned on October 1, 2005 and was in continuous production until April 2007 when it was placed on temporary care and maintenance. Following the resumption of operations (expected during 2008) and the achievement of target production levels, the mine is expected to be the world's most significant pure lead mine accounting for approximately 2% of the total world lead mine production.

A full discussion of the events in 2007 related to the placement of Magellan on temporary care and maintenance is contained in Ivernia's Annual Information Form ("AIF") dated March 31, 2008 under the heading "Three-Year History", and is incorporated herein by reference. The AIF is available at the Ivernia website www.ivernia.com and on SEDAR at www.sedar.com.

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Update on progress toward the resumption of lead concentrate shipments

On January 17, 2008 the Western Australian Environment Minister, Hon. David Templeman, announced his conditional acceptance of the Environmental Protection Authority's ("EPA") recommendations regarding the sealed shipment process for the export of lead concentrate. In accepting the recommendations, the Minister imposed additional conditions which must be met before final signoff is granted. The Company accepted these conditions and, together with the relevant government agencies, has made considerable progress in meeting them.

The Minister's conditions included:

- the lodgement of an A\$5 million bond;
- the appointment of an independent auditor approved by the Minister and funded by Magellan Metals to inspect each bag and container at the mine and the port;
- the completion of a comprehensive Health, Hygiene and Environmental Management plan for the mining and export process to be prepared to the requirement of the Minister, on advice from the Department of Health, the Department of Consumer and Employment Protection, the Department of Industry & Resources and the Department of Environment & Conservation; and
- baseline testing to be conducted along the transport route prior to the first movement of lead and then regularly after that.

Magellan has also committed to:

- implementing a comprehensive information and support program with local authorities and community groups along the transportation route to ensure a thorough understanding of lead concentrate, its transportation process and the Emergency Response Plan for the immediate containment and rapid and complete clean up in the unlikely event of an accident creating a spill;
- transparent communication of monitoring results and compliance reporting in an easily accessible manner; and
- continuing its community information program.

During the second quarter, good progress was made in the process towards securing final sign-off to commence containerized shipping with Magellan submitting its draft plans and related documents required for pre-start compliance with the Minister's conditions to the relevant government agencies. These plans govern the management and monitoring of transport of sealed shipments of lead concentrate from the mine through the Port of Fremantle for export and the lodgement of an A\$5 million bond. By the middle of the third quarter responses had been received from all relevant Government agencies on the draft plans and related documents required to meet the conditions set by the Western Australian Environment Minister to resume shipments and operations. Final plans, incorporating all required changes will be submitted in the near future to the Environment Minister, clearing the way for a decision on formal approval for the export of product through Fremantle, and for normal mining operations to re-commence.

On August 7, 2008 the Western Australian Government announced that the next State election would be held on September 6, 2008. During the election period no major Government decisions are expected to be made and therefore final Ministerial sign-off is not anticipated until after the election is complete. During this period Magellan will continue working closely with Government agencies and regulators on finalizing all matters relating to Esperance and Fremantle so the election does not create delays.

Update on the removal of the lead concentrate stockpile at the Port of Esperance

Magellan is now working jointly with the EsPA and other relevant parties to finalize a Lead Removal Plan (LRP) addressing all safety, health and environmental risks and issues pertaining to the export of the Company's stockpiled lead concentrate. This joint approach is allowing all stakeholders to undertake a faster resolution of their respective issues prior to the EsPA formally submitting the LRP for approval by the DEC. Under the relevant regulations it is the EsPA that is required to seek approval from the DEC before the export shipment operation can be undertaken, but the plan will have had detailed input from all parties at that stage. During the third quarter detailed joint discussions were held in Esperance with the EsPA and other parties with the aim to finalize the LRP as soon as possible, allowing the remaining stockpile at the Port to be shipped.

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Despite playing an integral role in developing the plan, the approval process is not directly under Magellan's control, so the anticipated timing cannot be determined at this time but is unlikely to occur until after the September 6, 2008 election.

Community Relations and Contributions

During the quarter, Magellan and the Shire of Esperance developed a process and guidelines to establish a Magellan community fund which will provide assistance to applicable projects in the Esperance community over a three-year period. The fund will be activated following formalization of the Company's contribution to the clean-up of lead related matters in the community.

Planning for the re-start of operations

Following the receipt of the conditional Ministerial approval for the sealed shipment process for the export of Magellan's lead concentrate, management started to progress its detailed planning for the anticipated re-start of operations. The main areas of focus during the quarter were:

- Completion of modifications to the mobile bagging equipment resulting in improved equipment and operator performance. The bagging of all stockpiled concentrate will enable the decommissioning of the solar drying pad and facilitate an efficient resumption of shipments once final shipping approvals are received. Development plans for a fixed bagging unit and related infrastructure which will be the longer-term solution for the bagging operations are continuing;
- Completion of the initial phase of the recruitment program focused on procuring the key employees required for planning and preparing the restart. While the program was conducted in a tight labor market for skilled professionals, the Company was successful in recruiting highly qualified individuals and fulfilling the mandate. The second phase of the program will follow the receipt of final sign-off; and
- Advancing the planning processes with transport and other contractors.

The Company anticipates that once final Ministerial sign-off is received, export of the lead concentrate stockpile at mine site will take several months to complete as the logistics of the sealed shipment process are perfected. This arrangement is expected to provide cash flow to fund the full recruitment and training program for new employees and the phased re-start of operations. The Company anticipates it will take about four months from re-start to achieve normal operations.

On June 3, 2008, Magellan received a force majeure notice from Apache Energy as a result of an explosion at a gas processing plant on Varanus Island, Western Australia. The explosion (and subsequent fire) has affected gas export pipelines that deliver gas to the domestic Australian gas market. The Company anticipates that the Force Majeure notice will be lifted prior to restart of operations. In the event that the Force Majeure notice is not lifted on restart of operations, Magellan will continue to use diesel fuel. Until such time as the gas supply has resumed, Magellan's costs will be negatively impacted.

LEAD MARKET FUNDAMENTALS

The 3-month lead price averaged 104 cents per pound in the quarter, including a high of 134 cents per pound. Global demand for lead remained strong lead by demand from China, India, Brazil and other developing countries which more than offset the decline in demand in OECD countries. Emerging markets are fuelling the demand for lead acid batteries for the growing vehicle and e-bike industries, which more than offset OECD countries decline in lead demand. Continued low exports out of China, mainly caused by export tax increases, solid internal demand and the record premium of Shanghai lead prices over LME lead prices, will result in China absorbing more of the Chinese lead production previously ear-marked for export. The Shanghai premium resulted in lead metal being imported into China to take advantage of the arbitrage between the Shanghai price and LME price further reducing metal available for the western world. Prolonged decline in Chinese exports potentially creates a tightening of lead supply in the western world. Supply tightness in the western world would require a marked increase in LME prices to encourage export of lead metal from China.

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RISKS AND UNCERTAINTIES

The business of Ivernia is subject to a variety of risks, including those described below. For information regarding additional risks and uncertainties which the Company is subject to please refer to the section titled "Risk Factors", in the Company's Annual Information Form dated March 31, 2008 available on Ivernia's website at www.ivernia.com and on SEDAR at www.sedar.com.

Operations temporarily suspended

On March 12, 2007 the Company was notified by the Esperance Port Authority that shipments of its lead concentrate had been temporarily suspended pending the outcome of government investigations into recent bird fatalities. On March 15, 2007 the Department of Environment and Conservation ("DEC") notified the Esperance Port Authority via a prevention notice that future imports and exports of lead concentrate were to be suspended until completion of the DEC's investigation. On March 23, 2007 the board of the Esperance Port Authority announced the port would no longer be accepting lead in loose concentrate form. On March 27, 2007 the Company announced that, due to the uncertainty on the timing of resumption of operations through the Port of Esperance, it was pursuing alternate shipping arrangements through the established regulatory processes.

The Company announced on April 2, 2007 that it had placed Magellan under temporary care and maintenance and had suspended operations at the mine due to the suspension of shipments at the Port of 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 costs of approximately \$4.5 million per quarter until such time as Magellan resumes commercial production.

Currently, approximately 8,000 dry tonnes ("dmt") of lead carbonate concentrate remains at the Port of Esperance in secure storage. Magellan is actively working with the Port of Esperance, the DEC and other regulatory bodies on a proposal to export the carbonate concentrate from the Port of Esperance in sealed shipments.

The Company submitted its application for future containerized shipments through the Port of Fremantle to the EPA on September 14, 2007. On December 10, 2007 the EPA made public its recommendation to the Environment Minister supporting the Company's proposal to transport lead concentrate inside sealed bulk bags within steel shipping containers through the Port of Fremantle.

On January 17, 2008 the Company announced the conditional acceptance by the Environment Minister, Hon. David Templeman, of the EPA's recommendations regarding the sealed shipment process for the export of lead concentrate. In accepting the recommendations, the Minister also imposed additional conditions that will further assure Western Australia's communities, governments and regulators that the export process will be safe and effective. The Company has accepted the additional conditions and is committed to their implementation prior to commencing sealed shipment of its product from its mine site.

The Minister's conditions included: the lodgement of an A\$5 million bond; the appointment of an independent auditor approved by the Minister and funded by Magellan Metals to inspect each bag and container at the mine and the port; revision of the current comprehensive mine site Health, Hygiene and Environmental Management plan to additionally cover transportation to the Port of Fremantle and the loading process at the Port of Fremantle, all to the satisfaction of the Minister, on advice from the Department of Health, the Department of Consumer and Employment Protection, the Department of Industry & Resources and the Department of Environment & Conservation; and baseline testing to be conducted along the transport route prior to the first movement of lead and ongoing transportation route monitoring and reporting. There can be no assurances as to: the date of the resumption of operations at Magellan; that the necessary approvals and amendment to the Environmental Licence which permit shipments through the Port of Fremantle and permit the removal of the stranded lead carbonate concentrate at the Port of Esperance will be granted within a reasonable time, or at all, or that when received such approvals will not be subject to challenge. There can also be no assurance that the Company will be able to secure additional financing in the event of any delay in the restart of operations.

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Matters Relating to Shipping Product

General

The risks arising out of the events following the lead pollution at Esperance, the suspension of shipping of lead through the Port of Esperance and developing alternative shipping proposals can be categorized as being one or more of the following: (i) the risk that shipments of lead carbonate concentrate may not be able to be resumed (although the Company has no knowledge that this will be the case); (ii) the risk of delay in resumption of shipping and mining (with respect to obtaining necessary approvals both in Western Australia and China, renegotiating contracts for transportation and sales of lead carbonate concentrate 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.

Fremantle

The Company submitted its application for future containerized shipments through the Port of Fremantle to the EPA on September 14, 2007. On December 10, 2007 the EPA made public its recommendation to the Environment Minister supporting the Company’s proposal to transport lead concentrate inside sealed bulk bags within steel shipping containers through the Port of Fremantle. A four-week comment period ending January 7, 2008 was initiated on release of the EPA’s recommendation to the Environment Minister.

On January 17, 2008 the Company announced the acceptance by the Environment Minister, Hon. David Templeman, of the EPA’s recommendations regarding the sealed shipment process for the export of lead concentrate through the Port of Fremantle. In accepting the recommendations, the Minister also imposed additional conditions that will further assure Western Australia’s communities, governments and regulators that the export process will be safe and effective.

The Company has accepted the additional conditions and is committed to their implementation prior to commencing sealed shipment of its product from its mine site. However, there continues to be some opposition from the community and certain elected local 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, or that when received such approvals will not be subject to challenge.

Esperance

The government of Western Australia through the DEC has placed a prevention notice on the Esperance Port Authority, temporarily suspending its ability to accept imports or exports of lead concentrate. Currently, approximately 8,000 dmt of lead carbonate concentrate remains at the Port of Esperance in secure storage. Magellan is actively working with the Port of Esperance, the DEC and other regulatory bodies on various proposals and methods to export the carbonate concentrate from the port.

Restart of mining and milling operations

The Company’s expected normal care and maintenance costs during the temporary shutdown period are approximately \$4.5 million per quarter until such time as Magellan resumes commercial production. There can be no assurances as to the actual costs incurred or the date of the resumption of operations at Magellan. 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.

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China-based customers

Prior to the current temporary care and maintenance period, Magellan's lead carbonate concentrate was produced for sale to third-party smelters, primarily in China and other parts of 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.

Regulatory proceedings and litigation

The Company may be subject to civil claims (including class action claims), based on causes of action including; breach of contract, negligence, breach of statutory duty, public nuisance or private nuisance in connection with the lead pollution at Esperance or investigations relating thereto. While the Company is presently unable to quantify its potential liability, if any, 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 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 placing the Magellan mine under temporary 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, Transpacific Cleanaway Ltd (formerly known as BIS Cleanaway Ltd), has formally filed a Statement of Claim against Magellan Metals in the Supreme Court of Western Australia disputing the validity of the "force majeure" notice and is claiming damages of approximately A\$2.8 related principally to early termination payments and alleged failures to reach tonnage quotas under the contract. Magellan Metals has filed a Defence to the Statement of Claim and intends to vigorously defend the action. While Magellan Metals is of the view that its "force majeure" claims are valid, it may be required to pay damages for breach of the relevant agreements if it is held that it could not claim "force majeure".

Implications stemming from the Inquiry

On April 4, 2007 the Western Australian Government initiated the Inquiry into the "cause and extent of lead pollution in the Esperance Area". The terms of reference for the Inquiry were generally directed at reviewing the regulation of licensing and monitoring of the EPA's activities with respect to the export of lead, the responsibility of the Esperance Port Authority (and others including Magellan Metals and its contractors) 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. Inquiries by the Parliamentary Committees are conducted as Parliamentary proceedings, as opposed to judicial processes, without formal rules of evidence, sworn testimony or the opportunity for evidence to be tested by way of cross-examination.

During the Inquiry, Magellan Metals was requested to provide documents 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 Inquiry Committee ("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 Port of Esperance facility on May 1, 2007.

The Committee's report and recommendations were tabled on September 6, 2007. The Company subsequently issued a news release commenting on the report and its recommendations on September 7, 2007. The report itself does not have binding effect, but serves to inform the Parliament of the Committee's

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view of what happened at Esperance, who may be responsible and recommended action for the Government to take.

On November 28, 2007 the government of Western Australia delivered its response to the Inquiry's Report. The recommendations of the report include that the Department of Consumer and Employment Protection ("DoCEP") review the findings of the report to determine whether Magellan Metals had potentially breached its legal obligations under the Mines Safety and Inspection Regulations 1995. In addition, the report recommends that the EPA consider whether any action should be taken against Magellan Metals.

On May 14, 2008, DoCEP notified the Company that it had completed its investigation of Magellan's compliance with the Explosives and Dangerous Goods Act 1961, the Dangerous Goods (Transport) Act 1998 and associated regulations. Based on their findings DoCEP advised that no enforcement action would be taken against Magellan at this time. To date, no other prosecutions have been commenced against the Company however there can be no assurance that future prosecutions will not be forth coming.

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FORWARD-LOOKING STATEMENTS

Certain statements contained in this document constitute forward-looking information within the meaning of securities laws. All statements included in this document (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 implications 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 ship the stranded lead concentrate at the Port of Esperance and recommence lead shipments from the Magellan mine, 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 reasonable factors, assumptions and analyses made by management in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. However, whether actual results and developments will conform with management's expectations is subject to a number of risks and uncertainties, including factors underlying management's assumptions such as; the results of the Australian government's continuing investigations into lead contamination at the Port of Esperance, the timing of the receipt of final regulatory approvals required to ship lead concentrate through the Port of Fremantle, the duration of the suspension of mining and milling operations, metal price volatility, lead concentrate treatment charges, exchange rates, regulatory proceedings and litigation, single mineral property, resources and reserves, health and safety, environmental factors, mining risks, metallurgy, labour and employment regulations, government regulations, insurance, refinancing risk, dependence on key personnel, constraints on cash flow and nature of mineral exploration and development. While we consider these assumptions to be reasonable based on information currently available to us, they may prove to be incorrect. 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 the Company. Other risks and factors that could cause actual results to differ are described in Management's Discussion and Analysis ("MD&A") for the most recently completed year end under the heading "Risks and Uncertainties", and in the Company's most recently filed Annual Information Form under the heading "Risk Factors". Our MD&A, Annual Information Form and additional information on Ivernia are available on the Company's website at www.ivernia.com and on Ivernia's SEDAR profile at www.sedar.com. All of the forward-looking statements made in this document are based on our current estimates, expectations and projections, which we believe are reasonable as of the current date. You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While we may elect to, we are under no obligation and do not undertake to update this information at any particular time.

August 14, 2008