



Ivernia Inc.  
130 Adelaide Street West, Suite 3303  
Toronto, Ontario, Canada M5H 3P5

### Notice of Annual Meeting of Shareholders

Notice is hereby given that the annual meeting of shareholders (the "Meeting") of Ivernia Inc. (the "Company") will be held in the Inverness Room, The St. Andrews Club and Conference Centre, 150 King Street West, 27<sup>th</sup> Floor, Toronto, Ontario, Canada on Wednesday, June 15, 2011 at 10:00 a.m. (Toronto time) for the following purposes:

1. to receive and consider the audited consolidated financial statements of the Company for the year ended December 31, 2010, together with the report of the auditors thereon;
2. to elect directors;
3. to appoint auditors and authorize the board of directors of the Company to fix their remuneration; and
4. to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

Accompanying this notice are the Circular, containing details of the matters to be dealt with at the Meeting, the Company's 2010 Annual Report containing the audited consolidated financial statements for the year ended December 31, 2010 together with management's discussion and analysis thereon, and a form of proxy.

Shareholders who are unable to attend the Meeting in person are requested to complete and sign the accompanying form of proxy and return it by mail in the enclosed return envelope or by facsimile. Shareholders may also be able to submit a proxy by use of the internet in the manner set out in the form of proxy. To be effective, proxies must be received by the Company's transfer agent, Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, Canada M5J 2Y1 (including by facsimile or over the internet pursuant to the instructions contained in the proxy), in each case, prior to 10:00 a.m. on Monday, June 13, 2011, (Toronto time) or two business days prior to the date on which the Meeting or any adjournment or postponement thereof is to be held, or may be deposited with the Chairman of the Meeting at any time prior to the commencement of the Meeting or any adjournment or postponement thereof.

DATED at Toronto, Ontario, Canada this 10<sup>th</sup> day of May, 2011.

By Order of the Board of Directors

*"D'Arcy Doherty"*

Corporate Secretary

This page intentionally left blank



**IVERNIA INC.  
MANAGEMENT INFORMATION CIRCULAR**

May 10, 2011

**Solicitation of Proxies**

This management information circular (the "Circular") is "furnished" in connection with the solicitation of proxies by the management of Ivernia Inc. (the "Company" and, together with its subsidiaries, "Ivernia") for use at the annual meeting of shareholders of the Company (the "Meeting") to be held on Wednesday, June 15, 2011 at 10:00 a.m. (Toronto time) in the Inverness Room, The St. Andrews Club and Conference Centre, 150 King Street West, 27<sup>th</sup> Floor, Toronto, Ontario, Canada and at any adjournment or postponement thereof for the purposes set forth in the accompanying notice of meeting.

The solicitation will be primarily by mail. However, proxies may be solicited by telephone or in writing, including e-mail and facsimile transmission, by directors, officers or designated agents of the Company. The cost of solicitation will be borne by the Company.

**Appointment of Proxyholders**

The persons named in the accompanying form of proxy are directors or officers of the Company. **A registered holder of common shares of the Company ("Common Shares") has the right to appoint a person, who need not be a shareholder of the Company, other than the persons designated in the accompanying form of proxy, to attend and act on behalf of the shareholder at the Meeting.** To exercise this right, a shareholder must strike out the name of any person named in the accompanying form of proxy and insert such other person's name in the designated space provided, or complete another appropriate form of proxy.

To be valid, a proxy returned by mail or by facsimile must be dated and signed by the shareholder or his or her attorney authorized in writing or, if the shareholder is a corporation, by a duly authorized officer or attorney. All proxies must be received by the Company's transfer agent, Computershare Investor Services Inc. ("Computershare"), 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, Canada M5J 2Y1 (including by facsimile or over the internet pursuant to the instructions contained in the proxy), in each case, prior to 10:00 a.m. (Toronto time) two business days prior to the date on which the Meeting or any adjournment or postponement thereof is to be held, or may be deposited with the Chairman of the Meeting at any time prior to the commencement of the Meeting or any adjournment or postponement thereof. Shareholders may also be able to submit proxies over the internet in the manner set out in the form of proxy.

**Non-Registered Holders**

Only registered holders of Common Shares ("Registered Holders") or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a person (a "Non-Registered Holder") are registered either (i) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the Common Shares, such as a bank, trust company, securities dealer or broker or a trustee or administrator of a self-administered RRSP, RRIF, RESP or similar plan, or (ii) in the name of a clearing agency (such as the CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant.

There are two kinds of Non-Registered Holders, those who object to their name being made known to the Company (referred to as “objecting beneficial owners” or “OBOs”), and those who do not object to the Company knowing their name (referred to as “non-objecting beneficial owners” or “NOBOs”). In accordance with National Instrument 54-101 of the Canadian Securities Administrators, the Company has opted this year to distribute copies of the notice of meeting, this Circular, the audited consolidated financial statements of the Company for the year ended December 31, 2010 together with management’s discussion and analysis thereon and the form of proxy (collectively, the “Meeting Materials”) to NOBOs directly through Computershare. The Meeting Materials will continue to be distributed to OBOs through clearing agencies and Intermediaries, who often use a service company to forward Meeting Materials to Non-Registered Holders.

**The Meeting Materials are being sent to both Registered Holders and Non-Registered Holders of Common Shares. If you are a Non-Registered Holder, and the Company or its agent has sent these Meeting Materials directly to you, your name and address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf.**

**If you are a NOBO, by choosing to send the Meeting Materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed the responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.**

*Voting by Objecting Beneficial Owners (OBOs)* - Intermediaries are required to forward the Meeting Materials to an OBO unless the OBO has waived his or her right to receive them. Generally, an OBO who has not waived the right to receive Meeting Materials will receive from his or her Intermediary a voting instruction form which must be completed and signed by the OBO and returned in accordance with the directions of the Intermediary. **Should an OBO wish to attend and vote at the Meeting in person or to appoint a third party to represent the OBO at the Meeting, the OBO should write his or her name, or such third party’s name, in the space provided for that purpose on the voting instruction form and return it in accordance with the directions of the Intermediary.** The Intermediary will send the OBO a form of proxy which has already been signed by the Intermediary (typically by a facsimile stamped signature), which is restricted as to the number of Common Shares beneficially owned by the OBO and which names the OBO or such third party as proxyholder. This form of proxy need not be signed by the OBO. In this case, the OBO should deposit this form of proxy with Computershare in accordance with the instructions set out under “Appointment of Proxyholders” above.

*Voting by Non-Objecting Beneficial Owners (NOBOs)* - NOBOs can expect to receive with the Meeting Materials a voting instruction form from Computershare, which should be completed and returned to Computershare in the envelope provided or by following the instructions contained on the voting instruction form. Computershare will tabulate the results of the voting instruction forms received from NOBOs and will provide appropriate instructions at the Meeting with respect to the Common Shares represented by the voting instruction forms they receive. **Should a NOBO wish to attend and vote at the Meeting in person or to appoint a third party to represent the NOBO at the Meeting, the NOBO should follow the instructions set out on the voting instruction form provided by Computershare.**

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. **Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies or Computershare, as the case may be, including those regarding when and where a voting instruction form or form of proxy is to be delivered.**

## Revocation of Proxies

A Registered Holder who has given a proxy may revoke it by depositing an instrument in writing (including another proxy of later date) executed by the shareholder or by the shareholder's attorney authorized in writing at the Company's registered office at any time up to and including two business days prior to the day of the Meeting or any adjournment or postponement thereof, or with the Chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof, or in any other manner permitted by law including by attending the Meeting in person. Any such revocation will have effect only in respect of those matters upon which a vote has not already been cast pursuant to the authority conferred by a previously deposited proxy.

A Non-Registered Holder who wishes to revoke a voting instruction form, a proxy or a waiver of the right to receive Meeting Materials should contact his or her Intermediary or Computershare, as the case may be, for instructions.

## Voting by Proxy

The Common Shares represented by the accompanying form of proxy will be voted or withheld from voting on any ballot that may be called for at the Meeting in accordance with the shareholder's instructions and, if the shareholder has specified a choice with respect to any matter to be acted on at the Meeting, the shares will be voted accordingly. **In the absence of such instructions, Common Shares represented by such proxies will be voted: (i) FOR the election as directors of the Company of the nominees named in this Circular; and (ii) FOR the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Company and the authorization of the board of directors of the Company to fix their remuneration, all as more particularly described elsewhere in this Circular.**

The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the accompanying notice of meeting and any other matters which may properly come before the Meeting or any adjournment(s) or postponement(s) thereof. As of the date of this Circular, management is not aware of any such amendment, variation or other matter proposed or likely to come before the Meeting. However, if any such amendment, variation or other matter properly comes before the Meeting, the persons named in the accompanying form of proxy will vote the Common Shares represented thereby in accordance with their judgment.

## Voting Shares and Principal Holders

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of preference shares issuable in series. As of May 3, 2011, the record date for the Meeting, there were 582,256,797 Common Shares and no preference shares issued and outstanding. All of the outstanding Common Shares are entitled to be voted at the Meeting and, unless noted otherwise in this Circular, each resolution identified in the accompanying notice of meeting will be an ordinary resolution requiring for its approval a majority of the votes cast in respect of the resolution.

Except as described under "Voting by Proxy" above with respect to the election of directors, each holder of Common Shares is entitled to one vote for each Common Share shown as registered in such holder's name on the list of shareholders prepared as of the close of business on May 3, 2011 with respect to all matters to be voted on at the Meeting unless otherwise provided in respect of any particular matter to be acted on herein. However, in the event of any transfer of Common Shares by any such holder after such date, the transferee is entitled to vote those Common Shares if such transferee produces a certificate in his or her name or a properly endorsed share certificate or otherwise establishes that such transferee owns the Common Shares, and requests, not later than ten days before the Meeting, that such transferee's name be included by Computershare in the list of shareholders entitled to vote at the Meeting.

To the knowledge of the directors and senior officers of the Company based solely on public filings, as at May 3, 2011, no person beneficially owned or controlled or directed, directly or indirectly, 10% or more of the Common Shares except as follows:

Name	Approximate Number of Common Shares <sup>(1)</sup>	Approximate Percentage of Outstanding Common Shares
Green SEA Resources Inc. <sup>(2)</sup>	277,947,928	47.74%
Ingalls & Snyder LLC	83,954,546 <sup>(3)</sup>	14.42%
Oppenheimer Funds, Inc.	61,954,546 <sup>(4)</sup>	10.64%

- (1) The Company and its directors and officers do not warrant the accuracy of third party share ownership information.  
(2) Green SEA Resources Inc. is a private corporation that is indirectly wholly-owned by the Sentient Group, through its affiliates, associates and nominees (collectively, "Sentient").  
(3) As confirmed to the Company by shareholder on May 7, 2011.  
(4) As confirmed to the Company by shareholder on April 29, 2011.

### Shareholder Proposals

In accordance with the *Canada Business Corporations Act*, shareholder proposals for discussion at an annual meeting of shareholders must be submitted to the Company at its registered office by no later than 90 days before the anniversary date of the Notice of Meeting in connection with the Company's previous annual meeting of shareholders. The final date for shareholder proposals for the meeting was February 11, 2011. No shareholder proposals were received by that date. The final date for shareholder proposals for the 2012 annual meeting of shareholders is February 6, 2012.

### Exchange Rate Information

Unless otherwise noted, all references herein to \$ means Canadian dollars. Certain financial information relating to the Company contained in this Circular is expressed in United States dollars ("US dollars" or "US\$") and Australian dollars ("A\$"). The following table sets out the rates of exchange for Canadian dollars and Australian dollars per US dollar in effect at the end of the periods indicated and the average rates of exchange during such periods. The rates for 2008 are based, for Canadian dollars, on the noon spot rate quoted by the Bank of Canada and, for Australian dollars, on the noon buying rate for cable transfers by the Federal Reserve Bank of New York and the rates for 2009 and 2010 are based on the noon spot rate quoted by the Bank of Canada and the closing rate from the Reserve Bank of Australia.

	2010	2009	2008
<b>Canadian Dollar:</b>			
Rate at end of period (C\$/US\$)	0.9946	1.0466	1.2246
Average rate for period (C\$/US\$)	1.0299	1.1420	1.0660
<b>Australian Dollar:</b>			
Rate at end of period (A\$/US\$)	0.9840	1.1150	1.4320
Average rate for period (A\$/US\$)	1.0873	1.2615	1.1714
<b>Australian Dollar vs. Canadian Dollar:</b>			
Rate at end of period (C\$/A\$)	1.0180	0.9395	0.8550
Average rate for period (C\$/A\$)	0.9469	0.8969	0.9002

## PARTICULARS OF MATTERS TO BE ACTED UPON

### **Election of Directors**

The articles of the Company provide that the board of directors of the Company (the "Board") shall consist of a minimum of two and a maximum of twelve directors, the number of which may be fixed from time to time by a resolution of the Board. The Company currently has seven directors. On May 10, 2011, the Board of Directors passed a resolution to increase the size of the Board to eight directors. Accordingly, the number of directors proposed to be elected at the Meeting is eight.

The following table lists certain information as at the date hereof concerning the nominees for election as directors of the Company. Each director elected will hold office until the close of the first annual meeting of shareholders of the Company following the director's election or until his successor is elected or appointed. Each director must be re-elected by the shareholders of the Company at each annual meeting of shareholders. The information as to principal occupations and the number of Common Shares beneficially owned, or controlled or directed, directly or indirectly, by each nominee has been furnished by the respective nominees individually.

<b>Name</b>	<b>Position with Company and Principal Occupation</b>	<b>Period(s) of Service as a Director</b>	<b>Common Shares Beneficially Owned or Subject to Control or Direction</b>
Peter Cassidy <sup>(2)(6)</sup> New South Wales, Australia	Director of the Company. Chairman and co-founder of The Sentient Group.	2005 – present	307,692 <sup>(6)</sup>
Alan M. De’ath <sup>(4)</sup> Ontario, Canada	President, Chief Executive Officer and Director of the Company. President and Chief Executive Officer of Green SEA Resources Inc. from August 2010.	2000 – 2002 <sup>(5)</sup> ; 2003 – present	343,365
Leigh Hall <sup>(1)(2)(3)</sup> New South Wales, Australia	Director of the Company. Corporate Director.	November 9, 2010 – present	Nil
J. Trevor Eyton <sup>(1)(2)(3)(8)</sup> Ontario, Canada	Chairman and Director of the Company. Corporate Director.	2000 – present	153,600
David N. Murray <sup>(1)(2)(4)</sup> Leicestershire, England	Director of the Company. Corporate Director.	2007 – present	Nil
Chen Zhi <sup>(4)(7)</sup> Yunnan Province, Peoples Republic of China	Director of the Company. Member of China’s Yunnan Provincial People’s Congress.	2008 – present	Nil
Gerald Shefsky <sup>(3)</sup> Ontario, Canada	Proposed nominee Director of the Company. Chairman, Aquarium Development Corporation.	New Nominee	Nil
Kenneth Sangster <sup>(4)</sup> Suffolk, United Kingdom	Proposed nominee Director of the Company. Mining Consultant.	New Nominee 2000-2002 <sup>(5)</sup> 2003-2007	Nil

- (1) Current or proposed member of the Audit Committee. See “Statement of Corporate Governance – Committees” below for the expected Committee composition following the Meeting.
- (2) Current or proposed member of the Compensation Committee. See “Statement of Corporate Governance – Committees” below for the expected Committee composition following the Meeting.
- (3) Current or proposed member of the Corporate Governance Committee. See “Statement of Corporate Governance – Committees” below for the expected Committee composition following the Meeting.
- (4) Current or proposed member of the Safety, Health and Environmental Committee. See “Statement of Corporate Governance – Committees” below for the expected Committee composition following the Meeting.
- (5) Mr. De’ath and Mr. Sangster were each a director of the Company from December 2000 until their resignation in January 2002 in connection with a reduction in the size of the Board. They were each re-appointed in 2003. Mr. Sangster did not stand for re-election in 2007. Mr. Sangster is a new nominee in 2011.
- (6) Mr. Cassidy indirectly controls these Common Shares through the corporate trustee of the Cassidy Family Trust. Mr. Cassidy is a co-founder and Chairman of The Sentient Group which, through its wholly-owned indirect subsidiary, Green SEA Resources Inc., reports holding 277,947,928 Common Shares as of the record date. See “Voting Shares and Principal Holders”.
- (7) Under an agreement between the Company and Yunnan Metallurgical Group (“YMG”) dated November 30, 2007, the Company agreed to nominate one individual designated by YMG for election to the Board. Mr. Chen Zhi is that nominee.
- (8) Mr. Eyton was a director of Richtree Inc. until October 2004, subsequent to which the company filed for creditor protection under the *Companies’ Creditors Arrangement Act* and, in February 2005, gave notice of its intention to make a proposal in bankruptcy.

The following is additional biographical information regarding Mr. Leigh Hall, who was appointed to the Board of Directors on November 9, 2010, and Messrs. Gerald Shefsky and Kenneth Sangster, two new proposed nominees to the Board of Directors:

**Leigh Hall** is an experienced business leader having held a number of senior positions at AMP Limited before retiring in 1999 as Deputy Managing Director of AMP Asset Management Australia Limited. Mr. Hall is a Member of the Order of Australia, a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Company Directors. He has been a director of a number of Australian-based public companies throughout his business career and presently is a director of Superannuation Funds Management Corporation of South Australia. Mr. Hall has served in various capacities on several industry and government associations and groups, including president of the Securities Institute of Australia, Chairman of the Australian Investment Managers Association and a member of the Australian Law Reform Commission and the Financial Reporting Council.

**Gerald Shefsky** is a senior businessman with extensive experience in entrepreneurial ventures. Since 1982, Mr. Shefsky has been involved in the venture capital market and has extensive experience in real estate development in North America and Europe. Mr. Shefsky has been involved in venture capital, principally through M&M Capital Corp., in bringing new technology to public markets by providing start-up capital and business expertise. He became active in real estate development in Germany through DEZ Shopping Centre Company. In Canada, Mr. Shefsky was involved in developing shopping centres throughout Canada including, Hillcrest Mall (Richmond Hill, Ontario), Centennial Mall and Dufferin Mall (Toronto, Ontario), Southland Mall (Regina, Saskatchewan), Eastgate Square (Hamilton, Ontario) and Thunder Bay Shopping Centre. For almost 15 years, Mr. Shefsky has been responsible for securing financing for large projects by way of private and public offerings through many well-known financial institutions in Canada and the U.S. Mr. Shefsky is currently a director and Chairman of Aquarium Development Corporation, a private company.

**Kenneth Sangster** is a consultant with extensive experience in the mining industry. Mr. Sangster obtained a Bachelor of Science in Applied Chemistry (Metallurgy) with honours from the University of Strathclyde, Glasgow in 1965. Mr. Sangster spent four years as a Plant Metallurgist for Anglo American in Africa. He joined Consolidated Gold Fields in 1969 and was Metallurgical Superintendent of Renison Tin for five years. In 1975 he joined Rio Tinto as senior metallurgical consultant and became Technical Director of RTZ Metals and a Director of Anglesey Aluminium and RTZ Consultants. In 1990 he joined Outokumpu as Technical Director of the Copper division and became the Project Director for the Zaldivar copper mine in Chile and then a member of the operating board. Mr. Sangster was the former Chief Operating Officer of the Company and was the Executive Vice-Chairman of the Company until his retirement in 2006. Mr. Sangster also served as a director of the Company from 2000 to 2002 and again from 2003 to 2007. Mr. Sangster became a technical consultant to the mining industry in 2006.

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

As a result of a delay in filing its 2002 audited annual consolidated financial statements and certain other disclosure documents within the periods required by Canadian securities regulators, each of the Company's directors and officers at that time, including Messrs. Eyton, De'ath and Sangster, voluntarily consented to the issuance by the Ontario Securities Commission on May 22, 2003 of a "management and insider cease trade order". The order prohibited trading by them and certain other insiders in securities of the Company until the Company completed all its required disclosure filings, which were delayed as a result of continuing negotiations with Sentient concerning a joint venture agreement relating to the development of the Magellan mine and the obtaining of financing for the

Company, the outcome of which would impact the presentation of the Company's financial statements. Following the entering into of the joint venture agreements, all outstanding disclosure filings were completed and the temporary cease trade order was allowed to lapse on July 23, 2003.

### Board and Committee Attendance

	Board	Audit	Compensation	Corporate Governance	Safety, Health and Environmental
Total number of Meetings in 2010	4	5	2	2	3
Pieter Britz	4	5	N/A	2	3
Peter Cassidy	4	N/A	2	N/A	N/A
Alan De'ath	4	N/A	N/A	N/A	N/A
Leigh Hall <sup>(1)</sup>	1	1	N/A	N/A	N/A
J. Trevor Eyton	4	5	2	2	N/A
David Murray	4	5	2	N/A	3
Chen Zhi	1	N/A	N/A	N/A	1

(1) Mr. Hall was appointed as a director, a member and Chairman of the Audit Committee and a member of the Corporate Governance Committee on November 9, 2010.

### Directorships of other Public Entities

J. Trevor Eyton is a director of Brookfield Asset Management Inc., Silver Bear Resources Inc., Magna International Ltd. and Altus Group Limited. David Murray is a director of Gold Fields Limited. Alan De'ath and Leigh Hall are directors of Natural Resources USA Corporation.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

The Compensation Committee, which is comprised of three independent directors, is the principal decision making entity within the Company relating to compensation of senior management. In carrying out its duties, the Compensation Committee seeks to attract and retain talented senior management, reward individual performance, provide a competitive level of compensation and benefits, reinforce business strategies and corporate priorities, and link the interests of senior management with those of the Company's shareholders. In initially determining the base salary of a senior manager and in assessing whether an adjustment to compensation is appropriate in his annual review, a number of factors are considered, including the experience level of the individual, his particular responsibilities related to the position, his overall performance, external competitiveness, and general market conditions for individuals with the particular skill set. The Company's executive compensation program may include base salary, an annual cash-based incentive and participation in the 2010 Employee Stock Option Plan (as herein defined). The Compensation Committee considers and, if thought fit, approves the issuance of options in accordance with the 2010 Employee Stock Option Plan. Such option grants are dependent upon individual performance, competitive conditions and the number and terms of currently outstanding options.

### Compensation Guiding Principles

The process for determining senior management compensation allows for discretion by the Compensation Committee. Notwithstanding this discretion, the Compensation Committee has adopted

the following set of Compensation Guiding Principles, intended to reflect both the Company's understanding of stakeholder expectations and normative market practice:

*Program Objectives:* To reflect and support the values and expectations of shareholders and employees; to motivate senior management and reinforce the attainment of business goals; to promote retention of key executives through offering attractive and competitive rewards relative to organizations with similar operating characteristics; and to recognize company and individual performance and accomplishments.

*Peer Group Comparison:* The primary group for compensation benchmarking are publicly-traded mining companies domiciled in Canada with a market capitalization range or operating revenue range similar to that of Ivernia. See "Peer Group" below. In addition to the information provided by publicly-traded companies, the Committee may also reference mining industry survey data from Canada and Australia.

*Internal/External Pay Comparisons:* An important consideration for determining pay levels is external competitiveness, recognizing the importance of having a market acceptable compensation program. The degree of internal "equity" between executives will be dependent upon the experience, contribution and value that each management member brings to the Company.

*Pay Positioning:* Base salaries for Company executives are targeted within the third quartile between the 50<sup>th</sup> and the 75<sup>th</sup> percentile of the market. Despite this target, total direct compensation opportunities including salary, bonus and long term incentives will generally be commensurate with corporate performance. Indirect compensation, including benefits and perquisites, are positioned relative to market.

*Pay Variability:* A portion of Ivernia's executive compensation will be variable, based on the performance of the Company. Variable rewards are in the form of annual cash incentive awards and long-term incentives. Annual cash incentives reflect market practice, with emphasis on Ivernia's financial results. The principal form of long-term incentives is stock options, reinforcing a continued strong alignment between shareholder value and compensation.

*Share Participation through Options:* To align management's interest directly with the interests of shareholders, share participation in the form of options is an important element of the compensation program.

## Components of Executive Compensation

Compensation of executive officers for the year ended December 31, 2010 includes base salary, annual incentive payments, equity compensation in the form of stock options and other annual compensation as noted below. The following table details each element of compensation, the manner of payment and what it is designed to award.

Compensation element	How it is paid	What it is designed to reward
Base salary	Cash	<ul style="list-style-type: none"> <li>Overall general performance reflecting the level of responsibility of each executive and his experience, knowledge and capabilities</li> </ul>
Annual Incentive	Cash	<ul style="list-style-type: none"> <li>Company-wide performance objectives and achievement of individual goals</li> <li>Overall contribution to Company's business, operations, financial results and performance</li> </ul>
Long term incentive	Stock options	<ul style="list-style-type: none"> <li>Initially granted to selected new hires as a component of overall compensation. Thereafter options are granted as continued incentive in accordance with the overall compensation philosophy</li> </ul>
<b>Other elements of compensation</b>		<b>Program objectives</b>
Health, dental, life insurance and disability program		<ul style="list-style-type: none"> <li>Designed to provide benefits comparable to peer companies</li> </ul>
Perquisites		<ul style="list-style-type: none"> <li>Part of the overall competitive- positioned executive remuneration program</li> </ul>

Generally, the annual incentive program provides eligible employees with a bonus opportunity in the range of 20% to 50% of the employee's base salary for meeting Board determined target performance levels (corporate and personal) up to a maximum in the range of 20% to 75% dependent upon the individual's position within the Company, to be based on a sliding scale for under or over achievement against those targets. However, given that the Company's sole operating asset, the Magellan Mine in Western Australia, was undertaking a restart during 2010, the Compensation Committee determined that it was not appropriate to set target performance levels in respect of fiscal 2010. Rather, the CEO and the Compensation Committee set operational goals for the Company and senior management, mainly relating to the restart of the Magellan Mine. As a result, for the outstanding annual incentive bonus payable in respect of 2010, performance against these goals, together with other discretionary factors, was considered by the CEO and the Compensation Committee during early 2011 for all officers except the CEO. Outstanding annual incentive bonus for the CEO will be reviewed by the Compensation Committee at a later date.

### Peer Group

The peer group, which comprises publicly-traded mining companies domiciled in Canada with a market capitalization range or operating revenue range similar to that of the Company (the "Peer Group"), is reviewed by the Compensation Committee. In considering Named Executive Officer ("NEO") compensation, the CEO and the Compensation Committee also reviews and considers various independent remuneration reports including, for Australian-based NEOs, the Industry Remuneration Report prepared by McDonald & Company (Australasia) Pty Ltd. and, for Canadian-based NEOs, a report prepared by Coopers Consulting Ltd.

Members of the Peer Group were last reviewed during 2010 and the following constitute members of the Peer Group:

Anvil Mining Limited	Breakwater Resources Ltd.
Centerra Gold Inc.	Dundee Precious Metals Inc.
European Goldfields Limited	North American Palladium Ltd.
Golden Star Resources Ltd.	Pan American Silver Corp.
Northgate Minerals Corporation	Uranium One Inc.
Quadra FNX Mining Ltd.	Western Coal Corp.

### Competitive Benchmarks and Other Considerations

Periodically, the CEO and the Compensation Committee review cash and equity based compensation relative to the Peer Group and independent remuneration reports. In so doing, they target base salaries for the Company's senior management to be within the third quartile (between the 50<sup>th</sup> and the 75<sup>th</sup> percentile of the market), with overall total direct compensation commensurate with performance.

In addition, the CEO and the Compensation Committee will take into account other considerations, including a NEO's promotion that involves increasing responsibility by the NEO. The following NEOs received promotions in the past three financial years that involved special considerations.

Mr. Bruce Hooper was appointed Vice President, Exploration and Development effective October 13, 2008. The compensation package awarded to Mr. Hooper at that time, including the grant of 200,000 options, was considered appropriate by the Compensation Committee recognizing Mr. Hooper's experience, seniority and a comparison to similar positions within the Peer Group. On June 10, 2009, Mr. Hooper was promoted to Vice President, Corporate Development and Exploration. An additional 150,000 options were granted to Mr. Hooper on September 3, 2009 in recognition of: (a) his contribution in achieving corporate goals during 2008 and 2009; and (b) his increased responsibilities in connection with the corporate development aspects of his office. Effective July 1, 2010, Mr. Hooper was awarded a total compensation increase of A\$20,000 or 6.25% reflecting the rapidly increasing senior executive compensation rates in the Western Australian labour markets and his increased responsibility as a result of commencement of the Prairie Downs Joint Venture Project. For a full description of the Prairie Downs Joint Venture Project see the Company's 2010 Annual Information Form dated March 30, 2011 ("2010 AIF") on [www.sedar.com](http://www.sedar.com). Effective January 1, 2011, Mr. Hooper was awarded a further total compensation increase of A\$35,000 or 10.29% reflecting the rapidly increasing senior executive compensation rates in the Western Australian Labour Markets. Mr. Hooper was paid a bonus of A\$106,500 (\$108,417) inclusive of a 9% superannuation payment in April, 2011 in respect of his performance for the period from July 2009 to December 2010.

On June 10, 2009, Mr. Brent Omland was promoted from Director of Finance of the Company to Vice President, Finance and Chief Financial Officer. On September 3, 2009, the Compensation Committee awarded Mr. Omland 300,000 options in recognition of his increased responsibilities as an executive officer of the Corporation and his contribution in achieving corporate goals in 2008 and 2009. Effective July 1, 2010, Mr. Omland was awarded a total compensation increase of \$61,000 or 22% reflecting his increased experience within the Company and assumption of the oversight over the sales and marketing functions. Mr. Omland was paid a bonus of \$112,000 in February 2011 in respect of his performance for the period from July 2009 to December 2010.

Mr. Robert Scargill was appointed Executive Vice President, Operations of the Company on December 21, 2009. The compensation package awarded to Mr. Scargill, including the grant of 500,000

options, was considered to be appropriate by the Compensation Committee recognizing Mr. Scargill's experience, seniority and comparison to similar positions within the Peer Group. Effective July 1, 2010, Mr. Scargill was awarded a total compensation increase of A\$38,500 or 10.09% reflecting the rapidly increasing senior executive compensation rates in the Western Australian labour markets and his increased responsibility following restart of operations at the Magellan Mine in 2010. Effective January 1, 2011, Mr. Scargill was awarded a further total compensation increase of A\$70,000 or 16.67% reflecting the rapidly increasing senior executive compensation rates in the Western Australian Labour Markets and his increased responsibilities following his appointment as Managing Director of Magellan Metals. Mr Scargill was paid a bonus of A\$100,187 (\$101,990) inclusive of a 9% superannuation payment in April, 2011 in respect of his performance for the period from January, 2010 to December, 2010.

Mr. Yeates was appointed General Manager, Corporate and Social Responsibility on December 10, 2007. The compensation package awarded to Mr. Yeates, including the grant of 75,000 options, was considered to be appropriate by the CEO recognizing Mr. Yeates' experience and seniority. Mr. Yeates was promoted to Vice President, Corporate Social Responsibility on February 1, 2009, reflecting his increased responsibility surrounding government and community relations and his involvement in the Esperance Settlement Agreement, the Esperance Lead Removal Plan and the approval process for containerized shipping through the Port of Fremantle. For a full description of the Esperance Settlement Agreement and the Esperance Lead Removal Plan see the 2010 AIF. Effective July 1, 2010, Mr. Yeates was awarded a total compensation increase of A\$16,100 or 5.37% reflecting the rapidly increasing senior executive compensation rates in the Western Australian labour markets and his increased responsibility following restart of operations at the Magellan Mine in 2010. Mr. Yeates received a bonus of A\$31,800 (\$32,372) inclusive of a 9% superannuation payment during 2010 related to his performance during 2010.

In addition, in setting compensation for NEOs working in Western Australia, the Company is required to take into account the labour market for comparable executive officers in that State. Messrs. Scargill, Hooper and Yeates are all based in the Company's subsidiary office in Perth, Western Australia. The labour market in Western Australia, particularly in the resources sector, has been very tight over the past 3 years with a number of large new natural gas, iron ore and other base and precious metals being constructed. The number of new resource projects coming under development has caused significant shortages of skilled employees and put pressure on wages especially in those positions related to the resources sector which the Company believes has been the major factor in increasing salaries in the region. The Company's Perth-based NEOs are paid in Australian dollars. The Australian dollar has appreciated approximately 19% against the Canadian dollar over the three year period ended December 31, 2010. See "Exchange Rate Information". Accordingly, the Company has been required to consider these local labour market conditions and economic conditions in making its compensation decisions.

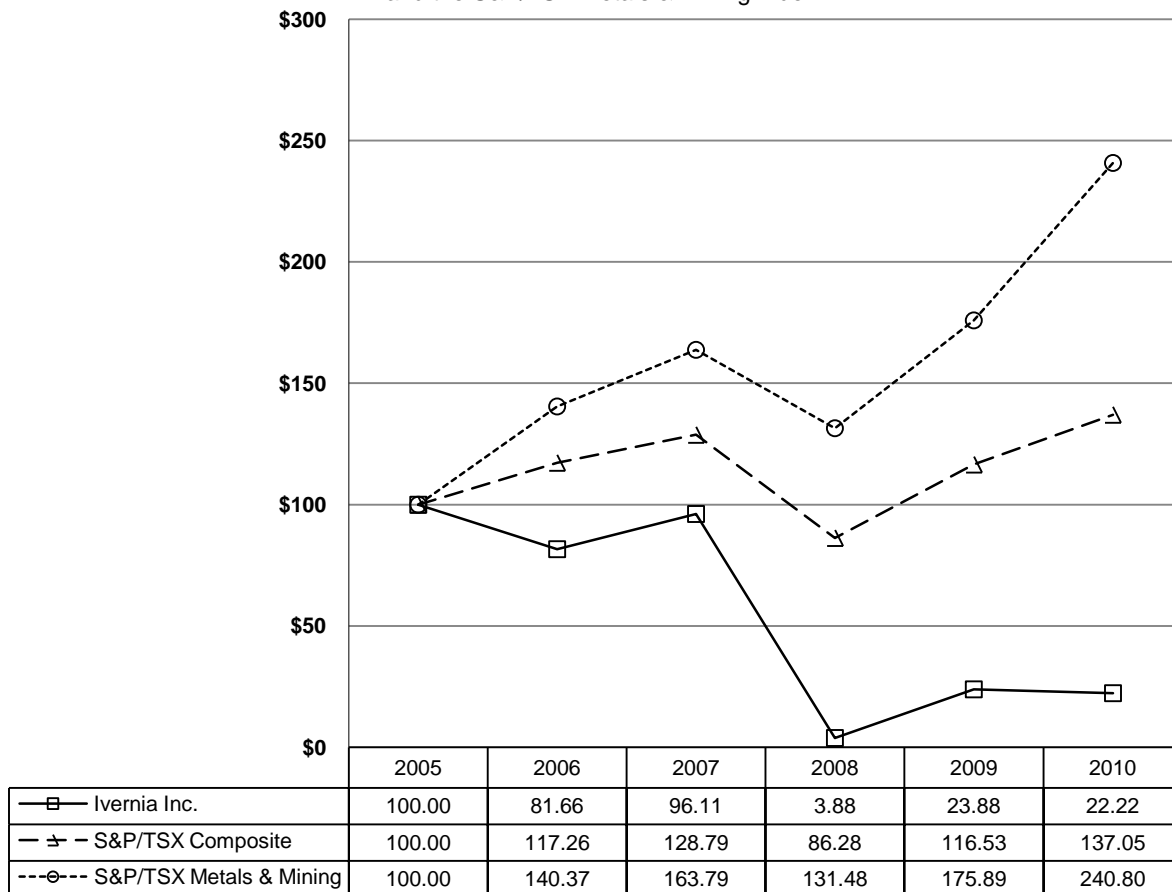
Further particulars of the compensation of Messrs. Hooper, Omland, Scargill and Yeates are described below under "Compensation of Executive Officers".

## Performance Chart

The following graph illustrates, over the past five financial years of the Company, the cumulative shareholder return of an investment in Common Shares of the Company compared to the cumulative return of an investment in the S&P/TSX Composite Index and the S&P/TSX Metals and Mining Index<sup>(1)</sup>, assuming that C\$100 was invested on December 31, 2005 and, where applicable, reinvestment of dividends.

### COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN <sup>(1)</sup>

Among Ivernia Inc., the S&P/TSX Composite Index  
and the S&P/TSX Metals & Mining Index



(1) The Company has previously compared its cumulative shareholder return with the cumulative return of an investment in the S&P/TSX Metals and Minerals Index. Such index has been discontinued by the TSX and replaced with the S&P/TSX Metals and Mining Index shown here.

The five-year cumulative shareholder return reflects, among other things, general developments in the business of the Company and more recently, certain factors beyond the Company's control, including the overall decline in general economic conditions in 2008, as well as an overall increase in market volatility.

As discussed above under "Components of Executive Compensation" and "Competitive Benchmarks and Other Considerations", compensation for the Company's executive officers is comprised of different elements. These include elements relating to factors that do not directly correlate to the

market price of the Common Shares, such as base salary, as well as elements that more closely correlate to the Company's performance and changes in the market price of its Common Shares, such as annual incentive awards and awards of stock options. The base salary of an executive officer is based on his experience, responsibilities, position, performance, and market comparisons. In this regard, increases in salaries resulted primarily from increases in responsibility and, in respect of Perth, Australia-based NEOs, competitive labour market conditions. In addition, Messrs. Scargill, Hooper and Yeates' salaries, which are paid in Australian dollars, also reflect the Australian dollar's approximate 19% increase against the Canadian dollar over the three year period ended December 31, 2010.

### Option Plan and Option-Based Awards

The following table sets forth certain summary information concerning the 2010 Employee Stock Option Plan (as defined below) as at December 31, 2010, which is the Company's only equity compensation plan.

	Number of common shares to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options (C\$)	Number of common shares remaining for future issuance (excluding common shares to be issued upon exercise of outstanding options)
2010 Employee Stock Option Plan (approved by shareholders)	4,168,331	0.53	48,760,682

At the Annual and Special Meeting of the Shareholders of the Company held June 16, 2008 the shareholders approved the Employee Stock Option Plan. The Employee Stock Option Plan was amended by shareholders at the Annual and Special Meeting Shareholders of the Company held June 16, 2010 (the "2010 Employee Stock Option Plan"). The stated purpose of the 2010 Employee Stock Option Plan is to assist and encourage directors, officers, employees and consultants to work towards and participate in the growth and development of the Company by providing them with the opportunity, through stock options, to acquire an ownership interest in the Company.

The maximum number of shares to be reserved for issuance on the exercise of options granted under the 2010 Employee Stock Option Plan is a variable number equal to 10% of the issued and outstanding Common Shares outstanding from time to time. As of the record date, May 3, 2011 (the "Record Date"), the maximum number of Common Shares reserved for issuance is 58,225,679 being 10% of the then issued and outstanding Common Shares. The 2010 Employee Stock Option Plan is considered an "Evergreen Plan" as Common Shares covered by options which have been exercised or terminated are available for subsequent grants under the 2010 Employee Stock Option Plan.

The maximum number of Common Shares that may be reserved for issuance to insiders of the Company generally or to any one person under the 2010 Employee Stock Option Plan is 10% and 5%, respectively, of the number of Common Shares outstanding at the time of reservation. There are two 10% limitations contained in the 2010 Employee Stock Option Plan, the first restricting the maximum number of Common Shares which may be issuable to insiders to 10% of the number of Common Shares outstanding and the second restricting the maximum number of Common Shares that may be issued to insiders under the 2010 Employee Stock Option Plan within a one-year period to 10% of the number of Common Shares outstanding. As at the Record Date, May 3, 2011, Common Shares reserved for issuance on the exercise of options held by insiders is approximately 0.62% of the total issued and outstanding Common Shares. Further options granted to non-employee directors in any one year cannot be greater in value than \$100,000 per director, and such valuation is to be calculated in accordance with the Black-Scholes methodology (the "Non-Employee Director Limitation").

The exercise price for Common Shares subject to an option is determined by the Board at the time of grant and may not be less than the market price of the Common Shares at the time the option is granted. The "market price" means the closing price of a board lot of the Common Shares on the Toronto Stock Exchange on the date preceding the date of grant. Under the 2010 Employee Stock Option Plan, options are exercisable as to one third on each of the first, second and third anniversaries of the date of grant, subject to the right of the Board to determine at the time of a particular grant that such options will become exercisable on different dates. The 2010 Employee Stock Option Plan provides that options will expire prior to their stated expiry date if: (i) the optionholder dies, resigns, is dismissed without cause or attains mandatory retirement age, unvested options expire on the date of the triggering event and vested options are exercisable for 12 months following the date of that event; or (ii) the option holder is dismissed for cause, all options held by him expire immediately. The 2010 Employee Stock Option Plan provides that options that would otherwise expire during blackout periods established by the Company in which any trading in the Company's securities is prohibited would be extended to ten business days after the blackout period expires. Under the 2010 Employee Stock Option Plan, the maximum term of an option is five (5) years.

The Board may amend or discontinue the 2010 Employee Stock Option Plan at any time, without obtaining the approval of shareholders of the Company unless required by the relevant rules of the Toronto Stock Exchange, provided that no such amendment may increase the aggregate maximum number of Common Shares that may be subject to stock options under the 2010 Employee Stock Option Plan, change the manner of determining the minimum option price, extend the term under any option beyond five (5) years or the date on which the option would otherwise expire under the 2010 Employee Stock Option Plan, delete, amend or supersede the Non-Employee Director Limitations or the amendment provisions of the 2010 Employee Stock Option Plan, or expand the assignment provisions of the 2010 Employee Stock Option Plan or, without the consent of the holder of the option, alter or impair any option previously granted to an optionholder under the 2010 Employee Stock Option Plan; and, provided further, for greater certainty, that, without the prior approval of the Company's shareholders, stock options issued under the 2010 Employee Stock Option Plan shall not be repriced, replaced, or regranted through cancellation, or by lowering the option price of a previously granted stock option. Pre-clearance of the Toronto Stock Exchange of amendments to the 2010 Employee Stock Option Plan will be required to the extent provided under the relevant rules of the Toronto Stock Exchange. Any proposed amendment to the 2010 Employee Stock Option Plan requires the approval of the Compensation Committee.

The total number of options outstanding as of the Record Date, May 3, 2011, was 3,909,999 which represented approximately 0.67% of the total issued shares outstanding Common Shares as of that date.

The eligibility for, and the number of options to be granted to, new hires below the executive officer level are determined by the Chief Executive Officer after consultation with the new hires' direct report. The number of options to be awarded in each individual case is based upon the seniority of the new hire, his level of responsibility and the number of options held by existing employees with equivalent seniority. Each year, following the performance reviews of employees, senior management report the results of the reviews of their direct reports as well as a recommendation as to the grant of options, if any. The Chief Executive Officer, in consultation with his senior management team, discusses the appropriate number of options for each employee.

Once having determined an appropriate award of options for new hires and for annual awards, the Chief Executive Officer makes a recommendation to the Compensation Committee which considers all factors including the recommendation of the Chief Executive Officer as well as the number of options already held by the proposed recipient prior to approving the grants. The exercise price for the grants is determined by the Committee, but cannot be less than the trading price of the shares of the Company.

Under the rules of the Toronto Stock Exchange, the Company will be obliged to obtain shareholders' approval of the 2010 Employee Stock Option Plan, as amended, on or before June 16, 2013, being three years from the date on which shareholders approved the 2010 Employee Stock Option Plan.

### Compensation of Executive Officers

The following table sets forth the compensation paid by the Company during its most recently completed financial year to the Chief Executive Officer, the Chief Financial Officer and the three most highly compensated executive officers, other than the Chief Executive Officer and Chief Financial Officer, whose total compensation was for the financial year ended December 31, 2010, individually, at an annualized rate exceeding more than \$150,000 and similar information for those NEOs in respect of the financial years ended December 31, 2008 and 2009.

**Summary Compensation Table**

	Year	Salary <sup>(1)</sup> (C\$)	Option based awards <sup>(2)</sup> (C\$)	Non equity-incentive plan compensation (C\$)		All other Compensation (C\$)	Total <sup>(9)</sup> Compensation (C\$)
				Annual incentive plans <sup>(4)</sup>	Long term incentive plans		
Alan De'ath, President and Chief Executive Officer <sup>(3)</sup>	2010	450,000	-	-	-	120,366	570,366
	2009	450,000	-	-	-	107,857	557,857
	2008	450,000	23,311	-	-	112,066	585,377
Brent Omland, Vice-President, Finance and Chief Financial Officer <sup>(5)</sup>	2010	275,000	-	77,000	-	30,500	382,500
	2009	191,667	62,855	69,174	-	20,984	344,679
	2008	97,778	1,632	18,082	-	13,269	130,761
Rob Scargill, Executive Vice-President, Operations <sup>(6)</sup>	2010	374,278	-	93,569	-	42,106	509,954
	2009	11,400	156,516	-	-	1,026	168,942
Bruce Hooper, Vice-President, Corporate Development and Exploration <sup>(7)</sup>	2010	308,202	-	69,579	-	34,000	411,781
	2009	265,618	31,427	61,832	-	29,470	388,347
	2008	50,274	4,662	10,055	-	5,430	70,421
John Yeates, Vice-President, Corporate Social Responsibility <sup>(8)</sup>	2010	275,481	-	18,722	-	26,483	320,736
	2009	249,931	-	41,113	-	26,194	317,239
	2008	171,694	2,914	24,736	-	17,679	217,022

- (1) Base salary earned by the NEO for the fiscal year. The salary for Mr. Omland for 2008 has been prorated to reflect his start date, of February 9, 2008. The salary for Mr. Hooper for 2008 has been prorated to reflect his start date, of October 13, 2008. The salary for Mr. Scargill for 2009 has been prorated to reflect his start date of December 21, 2009. Messrs. Scargill, Hooper and Yeates are paid salaries in Australian dollars (A\$). Each of these individual's annual salary has been converted into Canadian dollars (C\$) using the C\$/A\$ exchange rate in force at the end of 2010, 2009 and 2008, as applicable, using the stated exchange rate as set out under "Exchange Rate Information" above.
- (2) No options were granted in 2010. The options granted in 2009 vest over a three year period and have a term of 4.8 - 5 years (2008: 4.1- 5 years). The values reported represent the grant date fair value of the options, calculated in accordance with the Black-Scholes pricing model. For the 2009 options, the key assumptions and estimates used for the calculation of the grant date fair value under this model include a risk-free interest rate of 2.5% - 2.7% (2008: 3%), an expected term of 4.8 - 5 years (2008: 4.1- 5 years) for the options and volatility of 104% (2008: 40%- 120%). The Company chose the Black-Scholes pricing model as it is a commonly used and accepted method for calculating the value of option awards.
- (3) Mr. De'ath was appointed to his position in July 2003. His annual salary is \$450,000 plus an annual amount equal to 17.5% of his annual salary (\$78,750) payable as directed by Mr. De'ath in lieu of payments to a pension plan and such amount has been included under "All other Compensation". As at December 31, 2010, \$96,499 (2009: \$82,150; 2008:\$100,999) in pension payments were payable to Mr. De'ath for the applicable current and prior periods but remained unpaid as at that date. In addition, he received, or the Company paid on his behalf, \$7,475 (2009: \$7,475; 2008: \$7,475) in respect of disability insurance, \$30,352 (2009: \$17,848; 2008: \$22,052) in respect of his use of an automobile and \$4,001 (2009: \$3,789; 2008: \$3,789) in respect of life insurance premiums, which amounts are also included under "All other Compensation". Mr. De'ath does not receive compensation in respect of his services as a director of the Company. Mr. De'ath became the President and Chief

Executive Officer of Green SEA Resources Inc. in 2010 and, as a result, \$200,000 of Mr. De'ath's 2010 salary was charged to Green SEA Resources Inc.

- (4) Annual incentive payments for Mr. De'ath for the period from January 1, 2007 to December 31, 2010 have yet to be considered by the Compensation Committee.
- (5) Mr. Omland was appointed Vice President, Finance and Chief Financial Officer effective June 10, 2009 prior to which he was Director, Finance of the Company. His annual salary effective July 1, 2010 is \$300,000 (2009:\$250,000; 2008:\$110,000) plus an annual amount equal to 12% (2009: 10%; 2008: 8%) of his annual salary (\$36,000 (2009:\$25,000; 2008:\$8,800)) in lieu of payments to a pension plan, insurance and other benefits. As at December 31, 2010, the salary (and corresponding benefit increase) and annual incentive payment in the amount of \$150,125 that were retroactive to July 1, 2010 and payable for 2010 remained unpaid and were paid subsequent to year-end. The amount shown under "Salary" for 2009 reflects his salary as Director, Finance from January 1, 2009 to June 9, 2009 and his salary as Vice President, Finance and Chief Financial Officer from June 10, 2009 to December 31, 2009.
- (6) Mr. Scargill was appointed Executive Vice President, Operations effective December 21, 2009. His annual salary from January 1, 2010 to June 30, 2010 was A\$350,000 (C\$356,300 as at December 31, 2010) plus an amount equal to 9% of his annual salary payable to a registered superannuation (pension) plan. Effective July 1, 2010, his salary was increased to A\$385,321 (C\$392,257 as at December 31, 2010) plus an amount equal to 9% of his annual salary. Effective January 1, 2011, his salary was increased to A\$449,541 (C\$457,633 as at December 31, 2010) plus an amount equal to 9% of his salary. As at December 31, 2010, the salary and annual incentive payment (and corresponding superannuation) in the amount of A\$146,562 (\$149,201) that were retroactive to July 1, 2010 and payable for 2010 remained unpaid and were paid subsequent to year-end. The amounts shown under "All other Compensation" represent an aggregate superannuation payment of 9% of his salary and bonus.
- (7) Mr. Hooper was appointed Vice President, Exploration and Development on October 13, 2008 and promoted to Vice President, Corporate Development and Exploration on June 10, 2009. His annual salary from January 1, 2010 to June 30, 2010 was A\$293,578 (C\$298,862 as at December 31, 2010) plus an amount equal to 9% of his annual salary payable to a registered superannuation (pension) plan. Effective July 1, 2010 his salary was increased to A\$311,927 (C\$317,542 as at December 31, 2010) plus an amount equal to 9% of his salary. Effective January 1, 2011, his salary was increased to A\$344,037 (C\$350,229 as at December 31, 2010) plus an amount equal to 9% of his salary. As at December 31, 2010, the salary and annual incentive payment (and corresponding superannuation) in the amount of A\$130,249 (\$132,594) that were retroactive to July 1, 2010 and payable for 2010 remained unpaid and were paid subsequent to year-end. The amounts shown under "All other Compensation" represent an aggregate superannuation payment of 9% of his salary and bonus.
- (8) Mr. Yeates was appointed General Manager, Corporate and Social Responsibility on December 10, 2007 and promoted to Vice President, Corporate Social Responsibility on February 1, 2009. His annual salary from January 1, 2010 to June 30, 2010 was A\$275,229 (C\$280,183 as at December 31, 2010) plus an amount equal to 9% of his annual salary payable to a registered superannuation (pension) plan. Effective July 1, 2010, his annual salary was increased to A\$290,000 (C\$295,220 as at December 31, 2010) plus an amount equal to 9% of his annual salary payable to a registered superannuation (pension) plan. The amount shown under "All other Compensation" represents a superannuation (pension) payment of 9% on his salary.
- (9) The Company records compensation on an earned or accrual basis.

## Incentive Plan Awards

### Outstanding Option-Based Awards

Name	Option-based Awards			
	Number of securities underlying unexercised options	Option exercise price (C\$)	Option expiration date	Value of unexercised in-the-money options (C\$) <sup>(1)(2)</sup>
Alan De'ath	300,000	1.55	Dec. 18, 2011	Nil
	1,000,000	0.10	Nov. 20, 2013	300,000
Brent Omland	70,000	0.10	Feb. 11, 2013	21,000
	300,000	0.275	June 10, 2014	37,500
Robert Scargill	500,000	0.405	Dec. 21, 2014	Nil
Bruce Hooper	200,000	0.10	Oct. 13, 2013	60,000
	150,000	0.275	June 10, 2014	18,750
John Yeates	125,000	0.10	Nov.20, 2013	37,500
	75,000	1.55	Dec. 10, 2012	Nil

(1) The closing price of a share of the Company on the Toronto Stock Exchange on December 31, 2010 was \$0.40.

(2) The value of unexercised in-the-money options were calculated based on the difference between the market value of the shares of the Company on the TSX on December 31, 2010 and the exercise price of the options.

### Incentive Plan Awards - Value Vested or Earned during the Year

Name	Option-based awards - Value vested during the year (C\$)	Share-based awards - Value vested during the year (C\$)	Non equity incentive plan compensation - value earned during the year (C\$)
Alan M. De'ath	100,000 <sup>(1)</sup>	-	- <sup>(6)</sup>
Brent Omland	19,499 <sup>(2)</sup>	-	77,000
Robert Scargill	Nil <sup>(3)</sup>	-	93,569
Bruce Hooper	26,250 <sup>(4)</sup>	-	69,579
John Yeates	12,500 <sup>(5)</sup>	-	29,699

(1) 333,333 options exercisable at \$0.10 per share vested during 2010. The value shown has been calculated by multiplying 333,333 by \$0.30, being the difference between the closing price of a common share on the TSX on December 31, 2010 of \$0.40 and the exercise price, \$0.10.

(2) 100,000 options exercisable at \$0.275 per share and 23,334 options exercisable at \$0.10 per share vested during 2010. The value shown has been calculated by multiplying 123,334 by \$0.1581, being the difference between the closing price of a common share on the TSX on December 31, 2010 of \$0.40 and the weighted average exercise price, \$0.2419.

(3) 133,333 options exercisable at \$0.405 per share vested during 2010. The value is shown as nil as these amounts were out of the money as at December 31, 2010.

(4) 66,666 options exercisable at \$0.10 per share and 50,000 options exercisable at \$0.275 per share vested during 2010. The value shown has been calculated by multiplying 116,666 by \$0.225, being the difference between the closing price of a common share on the TSX on December 31, 2010 of \$0.40 and the weighted average exercise price, \$0.175.

(5) 41,667 options exercisable at \$0.10 per share and 25,000 options exercisable at \$1.55 per share vested during 2010. The value shown has been calculated for the in the money options only by multiplying 41,667 by \$0.30, being the difference between the closing price of a common share on the TSX on December 31, 2010 of \$0.40 and the exercise price, \$0.10.

(6) Annual incentive payments for the President and CEO in respect of 2010 have yet to be considered by the Compensation Committee.

## Termination or Change of Control Benefits

The Company has entered into employment contracts with Messrs. De'ath, Omland, Scargill, Hooper and Yeates, being the NEOs who were in the employment of the Company on December 31, 2010. The amounts received on termination and the amounts received in the event of a change of control are not cumulative.

### Alan De'ath, President and Chief Executive Officer

#### *Termination*

Mr. De'ath entered into an employment agreement with the Company dated February 7, 2007 which was amended and restated as of October 1, 2008. Mr. De'ath's employment agreement provides for the payment and provision of compensation in the event of his involuntary termination (either by the Company without cause or by Mr. De'ath for "Good Reason"). For the purpose of Mr. De'ath's Employment Agreement, "Good Reason" includes: (a) a material change to his position, authority, duties or responsibilities; (b) any reduction in his salary or benefits (as amended from time to time); and (c) any requirement that he move outside of Toronto, Ontario.

The following is a summary of the amounts payable to Mr. De'ath under his employment agreement in the event of his involuntary termination:

- (a) an amount equal to two times his annual salary in effect prior to his termination, payable in a lump sum within five days of his termination together with any salary and vacation pay accrued to the date of his termination, but unpaid;
- (b) continued contribution under all benefit plans in effect prior to his termination for a period of two years provided that if the administrators of such plans will not permit Mr. De'ath's continued coverage, the Company will pay him the monetary value of the contribution necessary to maintain his coverage for a period of two years;
- (c) the leasing costs of any vehicle provided to him, together with any operating costs normally paid for by the Company with respect to such vehicle, and the amount of any monthly office parking, annual professional dues and expenses associated with professional development requirements, all as in effect prior to termination, for a period of two years;
- (d) continued payment of annual club dues and expenses paid for by the Company prior to termination, for a period of two years;
- (e) allow the exercise of vested stock options or share appreciation rights and accelerate the vesting of any stock options which would have vested within three months of his termination (the exercise of which would still be subject to the 2010 Employee Stock Option Plan);
- (f) an amount equal to 17.5% of the aggregate total amounts referred to in (a), (g) and (h), hereof in lieu of his participation in a pension plan;
- (g) payment of the projected bonus for the fiscal year in which his termination occurred, prorated to the date of termination, assuming 100% achievement of the bonus under any applicable bonus plan;
- (h) an amount equal to two times the greater of: (a) the full target bonus for the then current fiscal year pursuant to the bonus plan or arrangement then in effect; or (b) the average of his bonus earnings under any applicable bonus plan for the three fiscal years prior to his termination; and
- (i) \$25,000 for executive outplacement services.

Mr. De'ath is subject to terms restricting non-competition and non-solicitation of customers or employees, for a period of one year after the date of termination, and he is required to maintain the confidentiality of the Company's confidential information.

#### *Change of Control*

Mr. De'ath entered into a Key Employee Termination Benefits Agreement with the Company dated February 7, 2007 which was amended and restated effective October 1, 2008 (the "KETBA"), which provides for the payment and provision of compensation in the event of his "Involuntary Termination" within twelve months of a "Change of Control". For the purpose of Mr. De'ath's KETBA, "Involuntary Termination" includes: (a) his termination by the Company without cause; (b) any requirement that he move outside of Toronto, Ontario; (c) a material reduction in his title, reporting relationship, responsibilities or authority; (d) any reduction in his salary (as may have been increased from time to time); and (e) any termination or reduction in the aggregate value of his remuneration or benefits as set out in his Employment Agreement. For the purpose of Mr. De'ath's KETBA, "Change of Control" means a change in the legal or effective control of the Company or the creation of a control block.

The following is a summary of the amounts payable to Mr. De'ath in the event of a Change of Control:

- (a) an amount equal to two times his annual salary in effect prior to his Involuntary Termination or on the date of Change of Control (whichever is higher), payable in a lump sum within five days of his Involuntary Termination together with any salary and vacation pay accrued to the date of his Involuntary Termination, but unpaid;
- (b) continued contribution under all benefit plans in effect prior to his Involuntary Termination or on the date of Change of Control (whichever is greater), for a period of two years provided that if the administrators of such plans will not permit Mr. De'ath's continued coverage, the Company will pay him the monetary value of the contribution necessary to maintain his coverage for a period of two years; ;
- (c) the leasing costs of any vehicle provided to him, together with any operating costs normally paid for by the Company with respect to such vehicle, all as in effect prior to his Involuntary Termination or the date of Change of Control (whichever is more beneficial), for a period of two years;
- (d) continued payment of annual club dues and expenses paid for by the Company prior to his Involuntary Termination or the date of Change of Control (whichever is more beneficial), for a period of two years;
- (e) allow the exercise of vested stock options or share appreciation rights, subject to the terms of the 2010 Employee Stock Option Plan;
- (f) an amount equal to 17.5% of the aggregate total amounts referred to in (a), (g) and (h) hereof;
- (g) payment of the projected bonus for the fiscal year in which his Involuntary Termination occurred, prorated to the date of Involuntary Termination, assuming 100% achievement of the bonus under any applicable bonus plan; and
- (h) an amount equal to the greater of: (i) two times the full target bonus earnings for the then fiscal year under any applicable bonus plan; or (ii) two times the average of his bonus earnings under any applicable bonus plan for the three fiscal years prior to his Involuntary Termination.

In addition to the foregoing, under the 2010 Employee Stock Option Plan, in the event of a change of control as therein defined any unvested options shall forthwith vest and become fully exercisable at any time up to 30 days following notification by the Company to the optionholder of such change of control.

**Robert Scargill, Executive Vice President, Operations and Magellan Metals Managing Director**

Mr. Scargill entered into an employment contract with the Company effective December 21, 2009 which has the following provisions respecting termination and change of control benefits, namely:

- (a) the Company may terminate Mr. Scargill's employment upon 26 weeks' notice or payment of an amount equal to 26 weeks of salary plus superannuation (pension) payments or a combination thereof;
- (b) in the event Mr. Scargill is terminated within 12 months of a Change of Control (as defined below), he is entitled to 24 months notice or payment of an amount equal to 24 months of salary plus superannuation (pension) payments in lieu of notice.

"Change of Control" is defined to mean a change in the legal or effective control of the Company or the creation of a control block by any means whether as a result of, or in connection with, a cash takeover bid or share exchange offer (or a combination thereof), a plan of arrangement or similar transaction, or contested election of directors, or any combination of the foregoing transactions, or otherwise, and shall conclusively be deemed to have occurred if any of the following events occur at any date hereafter:

- (a) Any change in the holding, direct or indirect, of shares of the Company as a result of which a person, or group of persons, or persons acting jointly or in concert (within the meaning of the *Securities Act* (Ontario)), or persons associated or affiliated with any such persons or group within the meaning of the *Canada Business Corporation Act*, are in a position to exercise effective control of the Company and for the purposes of this Contract a person or group of persons holding shares and/or other securities in excess 30% of the aggregate voting power represented by the Company's then outstanding voting securities;
- (b) The composition of the board of directors of the Company changes during any period of 24 months such that individuals who, at the beginning of such period were members of the board of directors (the "Continuing Directors") cease for any reason to constitute at least a majority thereof; unless at least two-thirds (2/3) of the Continuing Directors have:
  - (i) approved the election of the new directors,
  - (ii) if the election of the new directors is voted on by shareholders, recommended that the shareholders vote for approval of the new directors; or
  - (iii) otherwise determined that such change in composition does not constitute a Change of Control, even if the Continuing Directors do not constitute a quorum of the whole board (it being understood that this requirement shall not be capable of satisfaction unless there is at least one Continuing Director);
- (c) The sale to a person who is not affiliated with the Company within the meaning of the *Canada Business Corporations Act* of net assets having a value of 50% or more of the fair market value of the net assets of the Company, determined on a consolidated basis for the previous reported quarter within 90 days prior to such sale; or
- (d) The shareholders of the Company approve the merger, plan of arrangement or similar transaction, or amalgamation of the Company with another corporation, other than a subsidiary or affiliate, or any other business combination.

The term Change of Control shall not include either of the following events undertaken at the election of the Company:

- (a) any transaction, the sole purpose of which is to change the jurisdiction of the Company's incorporation; or
- (b) a transaction, the result of which is to sell all or substantially all of the assets of the Company to another corporation (the "surviving corporation") provided that the surviving corporation is owned directly or indirectly by the shareholders of the Company immediately following such transaction in substantially the same proportions as the ownership of the Company's then outstanding voting securities immediately preceding such transaction.

**Brent Omland, Vice President, Finance and Chief Financial Officer**

Mr. Omland entered into an employment contract with the Company effective February 3, 2011 which has the following provisions respecting termination and change of control benefits, namely:

- (a) the Company may terminate Mr. Omland's employment upon 52 weeks' notice or payment of an amount equal to 52 weeks of salary plus an annual amount equal to 12% of his annual salary in lieu of payments to a pension plan, insurance and other benefits plus a bonus during the year of termination equal to the average of the past two calendar years bonus;
- (b) in the event Mr. Omland is terminated within 12 months of a Change of Control (as defined below), he is entitled to 24 months notice or payment of an amount equal to 24 months of salary plus an annual amount equal to 12% of his annual salary in lieu of payments to a pension plan, insurance and other benefits in lieu of notice plus a bonus during the year of termination equal to the average of the past two calendar years bonus.

"Change of Control" is defined to mean a change in the legal or effective control of the Company or the creation of a control block by any means whether as a result of, or in connection with, a cash takeover bid or share exchange offer (or a combination thereof), a plan of arrangement or similar transaction, or contested election of directors, or any combination of the foregoing transactions, or otherwise, and shall conclusively be deemed to have occurred if any of the following events occur at any date hereafter:

- (a) Any change in the holding, direct or indirect, of shares of the Company as a result of which a person, or group of persons, or persons acting jointly or in concert (within the meaning of the Securities Act (Ontario)), or persons associated or affiliated with any such persons or group within the meaning of the Canada Business Corporation Act, are in a position to exercise effective control of the Company and for the purposes of this Contract a person or group of persons holding shares and/or other securities in excess of 30% of the aggregate voting power represented by the Company's then outstanding voting securities;
- (b) The composition of the board of directors of the Company changes during any period of 24 months such that individuals who, at the beginning of such period were members of the board of directors (the "Continuing Directors") cease for any reason to constitute at least a majority thereof; unless at least two-thirds (2/3) of the Continuing Directors have:
  - (i) approved the election of the new directors,
  - (ii) if the election of the new directors is voted on by shareholders, recommended that the shareholders vote for approval of the new directors; or

- (iii) otherwise determined that such change in composition does not constitute a Change of Control, even if the Continuing Directors do not constitute a quorum of the whole board (it being understood that this requirement shall not be capable of satisfaction unless there is at least one Continuing Director);
- (c) The sale to a person who is not affiliated with the Company within the meaning of the Canada Business Corporations Act of net assets having a value of 50% or more of the fair market value of the net assets of the Company, determined on a consolidated basis for the previous reported quarter within 90 days prior to such sale; or
- (d) The shareholders of the Company approve the merger, plan of arrangement or similar transaction, or amalgamation of the Company with another corporation, other than a subsidiary or affiliate, or any other business combination.

The term Change of Control shall not include either of the following events undertaken at the election of the Company:

- (a) any transaction, the sole purpose of which is to change the jurisdiction of the Company's incorporation;
- (b) a transaction, the result of which is to sell all or substantially all of the assets of the Company to another corporation (the "surviving corporation") provided that the surviving corporation is owned directly or indirectly by the shareholders of the Company immediately following such transaction in substantially the same proportions as the ownership of the Company's then outstanding voting securities immediately preceding such transaction; or
- (c) A transaction(s) initiated by the Sentient group in relation to its holdings of the Corporation's securities.

#### **Bruce Hooper, Vice President, Corporate Development and Exploration**

Under Mr. Hooper's existing contract, he is entitled to three months notice or payment in lieu thereof equal to three months salary plus superannuation payments. Mr. Hooper does not have a change of control provision in his existing contract although the CEO and Compensation Committee are presently reviewing his formal employment contract and the change of control provision therein.

#### **John Yeates, Vice President, Corporate Social Responsibility**

Under Mr. Yeates' existing contract, he is entitled to three months notice or payment in lieu thereof equal to three months salary plus superannuation payments. Mr. Yeates does not have a change of control provision in his existing contract.

In addition to the benefits described in respect of a change in control, as noted above, under the 2010 Employee Stock Option Plan in the event of a change of control as therein defined, any unvested options shall forthwith vest and become fully exercisable at any time up to 30 days following notification by the Company to the optionholder of such change of control.

## Estimated Incremental Payment on Change of Control or Termination

The following table provides details regarding the estimated incremental payments from the Company to Messrs. De'ath, Omland, Scargill, Hooper and Yeates under the above-described agreements in the event of a change of control or termination without cause, assuming the event took place on December 31, 2010:

Name	Triggering Event	Base Salary/ Total Cost Remuneration Package (C\$)	Bonus (C\$)	Options <sup>(1)</sup> (C\$)	Other Benefits (C\$)	Total (C\$)
Alan De'ath	Termination	900,000	1,012,500	200,000	448,846	2,561,346
	Change of Control	900,000	1,012,500	300,000	423,846	2,636,346
Brent Omland	Termination	300,000	73,087	33,500	36,000	442,587
	Change of Control	600,000	73,087	58,500	72,000	803,587
Robert Scargill <sup>(2)</sup>	Termination	228,817	-	-	20,594	249,411
	Change of Control	915,266	-	-	82,374	997,640
Bruce Hooper <sup>(2)</sup>	Termination	87,557	-	46,250	7,880	141,688
	Change of Control	87,557	-	78,750	7,880	174,187
John Yeates <sup>(2)</sup>	Termination	73,805	-	25,000	6,642	105,447
	Change of Control	73,805	-	37,500	6,642	117,947

(1) The closing price of a share of the Company on the Toronto Stock Exchange on December 31, 2010 was \$0.40.

(2) Each of these individual's termination and change of control payments has been converted into Canadian dollars (C\$) using the C\$/A\$ exchange rate in force at the end of 2010, using the stated exchange rate as set out under "Exchange Rate Information" above.

Under the 2010 Employee Stock Option Plan, in the event of a change of control (as therein defined) any unvested options shall forthwith vest and become fully exercisable at any time up to 30 days following notification by the Company to the option holder of such change of control. In addition, the option agreement between the Company and Mr. De'ath in respect of the 1,000,000 options granted on November 20, 2008 provides that in the event of involuntary termination of the optionholder any optioned shares granted and scheduled to vest within three months of such termination date shall then become immediately exercisable.

## Director Compensation

The Company pays an annual retainer of \$35,000 to each non-executive director and supplemental retainers of \$35,000 and \$10,000 to the Chairman of the Board and the Chairman of the Audit Committee, respectively. Executive directors, namely Mr. De'ath, do not receive compensation in respect of their services as a director of the Company. A non-executive director who attends a Board or committee meeting, whether in person or by telephone, is paid \$1,000 per meeting. All reasonable expenses incurred by a director in attending meetings of the Board, a committee or shareholders meeting, together with all expenses properly and reasonably incurred by any director in the conduct of the Company's business or in the discharge of his duties as a director, are paid by the Company. Historically the Company has granted options under the 2010 Employee Stock Option Plan to new members of the Board. The Compensation Committee may, in its discretion, grant additional options to directors for their service as members of the Board or any committee of the Board.

The following table provides information respecting compensation payable to Ivernia's non-executive directors during the financial year ended December 31, 2010:

Name	Fees earned (C\$) <sup>(1)</sup>	Share-based awards (C\$)	Option-based awards (C\$) <sup>(2)</sup>	Non-equity incentive plan Compensation (C\$)	All other Compensation (C\$)	Total (C\$)
Pieter Britz	47,000	-	-	-	-	47,000
Peter Cassidy	43,000	-	-	-	-	43,000
Trevor Eyton <sup>(3)</sup>	83,000	-	-	-	62,055	145,055
Leigh Hall <sup>(4)</sup>	8,534	-	-	-	-	8,534
David Murray <sup>(5)</sup>	57,548	-	-	-	-	57,548
Chen Zhi	37,000	-	-	-	-	37,000

- (1) "Fees earned" include annual retainers and fees for board and committee attendance. Please see the following table for a further breakdown.
- (2) The values reported represent the grant date fair value of the options, calculated in accordance with the Black-Scholes pricing model. No options were issued in 2010.
- (3) By an agreement effective September 1, 2009 (the "Eyton Agreement") between the Company and J. Trevor Eyton, the Company agreed to make available to Mr. Eyton at the Company's cost certain office, telephone and fax facilities, and administrative assistance to assist him in the performance of his duties as Chairman of the Board. The amount shown under "All other Compensation" reflects the amounts paid under the Eyton Agreement between January 1, 2010 and December 31, 2010.
- (4) Mr. Hall was elected a director and Chairman of the Audit Committee of the Company on November 9, 2010.
- (5) Mr. Murray was Chairman of the Audit Committee from January 1, 2010 to November 9, 2010.

The following table breaks down the non-executive directors' compensation for the financial year ended December 31, 2010:

Name	Chairman Retainer (C\$)	Board Annual Retainer (C\$)	Committee Chair Retainer (C\$)	Aggregate Board Attendance Fee (C\$) <sup>(1)</sup>	Aggregate Committee Attendance Fee (C\$) <sup>(2)</sup>	Total Attendance Fees (C\$)
Pieter Britz	-	35,000	-	4,000	8,000	12,000
Peter Cassidy	-	35,000	-	4,000	4,000	8,000
Trevor Eyton	35,000	35,000	-	4,000	9,000	13,000
Leigh Hall <sup>(2)</sup>	-	5,082	1,452	1,000	1,000	2,000
David Murray <sup>(3)</sup>	-	35,000	8,548	4,000	10,000	14,000
Chen Zhi	-	35,000	-	1,000	1,000	2,000

- (1) Directors were not paid a fee for the meeting of directors held immediately following the 2010 Annual and Special Meeting of Shareholders.
- (2) Mr. Hall was appointed a director, a member and the Chairman of the Audit Committee and a member of the Corporate Governance Committee of the Company on November 9, 2010.
- (3) Mr. Murray was Chairman of the Audit Committee from January 1, 2010 to November 9, 2010.

## Incentive Plan Awards for Directors

The following table provides information regarding incentive plan awards for each non-executive director outstanding as of December 31, 2010:

### Outstanding Share-Based Awards and Option-Based Awards

Name	Option-based Awards			
	Number of securities underlying unexercised options	Option exercise price (C\$)	Option expiration date	Value of unexercised in-the-money options (C\$) <sup>(1),(2)</sup>
Pieter Britz	-	-	-	-
Peter Cassidy	50,000	1.55	Dec. 18, 2011	Nil
	100,000	0.10	Nov. 20, 2013	30,000
Trevor Eyton	80,000	1.65	June 15, 2012	Nil
	100,000	1.55	Dec. 18, 2011	Nil
	125,000	0.10	Nov. 20, 2013	37,500
Leigh Hall	-	-	-	-
David Murray	50,000	1.55	Feb. 7, 2012	Nil
	100,000	0.10	Nov. 20, 2013	30,000
Chen Zhi	100,000	0.10	Nov. 20, 2013	30,000

(1) The closing price of a share of the Company on the Toronto Stock Exchange on December 31, 2010 was \$0.40.

(2) The value of unexercised in-the-money options was calculated based on the difference between the market value of the shares of the Company on the TSX on December 31, 2010 and the exercise price of the options.

## Incentive Plan Awards – Value Vested or Earned during the Year

Name	Option-based awards – Value vested during the year (C\$)	Share-based awards – Value vested during the year (C\$)	Non equity incentive plan compensation – value earned during the year (C\$)
Pieter Britz	Nil	-	-
Peter Cassidy	10,000 <sup>(1)</sup>	-	-
J. Trevor Eyton	12,500 <sup>(2)</sup>	-	-
Leigh Hall	Nil	-	-
David Murray	10,000 <sup>(3)</sup>	-	-
Chen Zhi	10,000 <sup>(4)</sup>	-	-

- (1) 33,333 options exercisable at \$0.10 per share vested during 2010. The value shown has been calculated by multiplying 33,333 by \$0.30, being the difference between the closing price of a common share on the TSX on December 31, 2010 of \$0.40 and the exercise price, \$0.10.
- (2) 26,667 options exercisable at \$1.65 per share and 41,666 options exercisable at \$0.10 per share vested during 2010. The value shown has been calculated for the in the money options only by multiplying 41,666 by \$0.30, being the difference between the closing price of a common share on the TSX on December 31, 2010 of \$0.40 and the exercise price, \$0.10.
- (3) 16,667 options exercisable at \$1.55 per share and 33,333 options exercisable at \$0.10 per share vested during 2010. The value shown has been calculated for the in the money options only by multiplying 33,333 by \$0.30, being the difference between the closing price of a common share on the TSX on December 31, 2010 of \$0.40 and the exercise price, \$0.10.
- (4) 33,333 options exercisable at \$0.10 per share vested during 2010. The value shown has been calculated by multiplying 33,333 by \$0.30, being the difference between the closing price of a common share on the TSX on December 31, 2010 of \$0.40 and the exercise price, \$0.10.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

National Instrument 58-101 (“NI 58-101”) of the Canadian Securities Administrators requires the Company to disclose on an annual basis its corporate governance practices. NI 58-101 and the associated National Policy 58-201 deal with matters such as the constitution and independence of corporate boards, their functions, the effectiveness and education of Board members and other items dealing with sound corporate governance. The Company’s approach to corporate governance is described below.

The Board has considered the CSA’s guidelines for corporate governance and believes that its approach to corporate governance is appropriate and effective for the Company and its shareholders.

### Independence of Directors

The Company’s Board has been led by an independent Chairman since 2000 and the Company believes that the separation of the positions of CEO and Chairman contributes to allowing the Board to function independently of management. The Chairman is responsible for calling and presiding over Board meetings and for ensuring that all Board meetings are conducted in a manner consistent with Board adopted policies and procedures. To better align the interests of the Board with those of the shareholders, the majority of the nominees for election to the Board are independent within the meaning of NI 58-101. Of the eight nominees, Alan De’ath, the President and CEO, is an executive officer of the Company and therefore not independent. The remaining nominee directors have been determined to be independent within the meaning of NI 58-101 as of the date hereof. The independent directors hold informal meetings as and when deemed necessary at which executive officers and management are not present in order to facilitate candid discussion amongst the independent directors.

A director or executive officer of the Company with a material interest in any transaction or agreement is required to recuse themselves from any Board decision relating to such transaction or agreement in order to ensure that directors exercise independent judgement in considering such transactions and agreements.

The Company's Board holds in camera sessions without management, other than Mr. De'ath, at the end of most Board meetings. In the 2010 financial year, the Board held in camera sessions at four of the five Board meetings. In addition, in 2010 the Board held in camera sessions without Mr. De'ath at four of five Board meetings. The Board believes that when present Mr. De'ath, as the sole representative of management, does not hinder open and candid discussion among the independent directors.

### **Code of Business Conduct and Ethics**

The Board has adopted a Code of Business Conduct and Ethics (the "Code"). The Code is applicable to directors, officers and employees of the Company. It addresses several issues, including conflicts of interest, protection and proper use of Company assets and opportunities, confidentiality of Company information, fair dealing, compliance with laws and reporting of any illegal or unethical behaviour. The Board is responsible for monitoring compliance with the Code and no waiver has ever been granted to a director or executive officer in connection therewith. The Board has also adopted procedures allowing interested parties: (i) to submit accounting and auditing complaints to the Board and the Audit Committee; and (ii) to communicate directly with the Chairman, who presides over all non-management director sessions. The Code provides that concerns of employees regarding any potential or real wrongdoing in terms of accounting or auditing matters may be submitted to any member of the Board or the Audit Committee. Matters relating to compliance with laws and illegal or fraudulent acts are considered by the Disclosure Committee, comprised of senior management of the both Company and its indirect wholly-owned subsidiary, Magellan Metals Pty Ltd, on a periodic basis. The Audit Committee receives a report from the Disclosure Committee prior to the Audit Committee's approval of the Company's interim and annual filings. The Code is available under the Company's profile at [www.sedar.com](http://www.sedar.com) or by contacting the Company's Secretary.

### **Mandate of the Board**

The Board has implemented a formal written Board mandate. A copy of the Board's mandate is attached hereto as Schedule "A". The frequency of the meetings of the Board and the nature of agenda items depend upon the state of the Company's affairs and the opportunities or risks which the Company faces from time to time. The Board holds a minimum of four meetings each financial year. In addition, communications between the Board and senior management regularly occur apart from scheduled Board and committee meetings.

J. Trevor Eyton, an independent director, is the Chairman of the Board. A formal mandate sets out the roles and responsibilities of the Chairman as follows: ensuring that the Board works as a cohesive team and providing the leadership needed to achieve this and possesses adequate resources to support its work and that it receives the relevant information it requires; seeing to the periodic assessment of the effectiveness of the Board and annually evaluating the performance of the Board's members on an individual basis; presiding over Board meetings; ensuring that the unfolding of Board meetings facilitates discussions and provides adequate time for effective evaluation and discussion of the business at hand; ensuring that the Board fulfils its responsibilities in an effective manner; where responsibilities are delegated to committees or individual directors, ensuring that such responsibilities are carried out effectively and results thereof are reported to the Board; with the assistance of the Chief Executive Officer and the Corporate Governance Committee, contacting prospective Board candidates in order to ascertain their interest in joining the Board; acting as liaison between the Board and management and, working closely with the Chief Executive Officer, ensuring that the Company promotes a healthy corporate governance culture; acting in an advisory capacity to the Chief Executive Officer and to other senior management members on all matters concerning the interests and management of the Company; ensuring that the independent directors have the opportunity to meet at their discretion; and presiding over annual meetings of the shareholders.

The Board developed written position descriptions for the chairs of the respective committees of the Board. The Chairman of the Board and the chairs of the various committees, with the exception of the Audit Committee, have all held these positions for an extended period of time and their roles are understood and reinforced by the other experienced Board and committee members. The chairs of the committees are further guided by the principles of the committee terms of reference.

### **Composition of the Board**

The directors of the Company have determined that seven of the eight nominees for election at the Meeting are independent within the meaning of NI 58-101 as of the date hereof. Alan De'ath is non-independent by virtue of him being a member of management.

In an effort to properly orient new directors to the Company, each new director is provided with a copy of the Company's various committee mandates, the Company's Disclosure Policy, the Insider Trading, Reporting & Blackout Policy and the Code. The Board further considers what additional orientation or education is appropriate for new directors as and when they are elected or appointed. During 2006 the Company implemented periodic formal assessments for the Board, its committees and the individual directors with respect to their effectiveness and contributions. These assessments aid in determining what additional areas for continuing education are required. The Company's Policies, Mandates and Code, as amended from time to time, are available on the Company's website at [www.ivernia.com](http://www.ivernia.com).

In addition to those matters which must by law be approved by the Board, management seeks Board approval for any transaction which is out of the ordinary course of business or could be considered to be material to the business of the Company.

### **Committees**

The Board has established four standing committees which each operate under their respective written terms of reference: the Audit Committee, the Compensation Committee, the Corporate Governance Committee and the Safety, Health and Environmental Committee. Each of these committees, as currently constituted and as proposed to be constituted following the Meeting, with the exception of the Safety, Health and Environmental Committee on which Mr. De'ath sits, is composed entirely of independent directors within the meaning of NI 58-101. The Safety, Health and Environmental Committee believes that Mr. De'ath, as the sole representative of management, does not hinder open and candid discussion among the committee members.

#### *Audit Committee*

The Audit Committee is responsible for assisting the Board in fulfilling its responsibilities for the oversight of the quality and integrity of the accounting, auditing, internal control and financial reporting practices of the Company. The Audit Committee is also responsible for ensuring that management of the Company has designed and implemented appropriate accounting systems, policies and practices as well as an effective internal control system. Among other things, the Audit Committee is charged with reviewing the Company's annual and interim financial statements and certain other financial disclosure and making recommendations to the Board relating thereto; reviewing the Company's accounting policies and any changes thereto; assessing the steps management has taken to minimize financial and other risks facing the Company; and working with the Company's auditors in a number of areas relating to the Company's accounting systems, internal controls and annual audit plan. In addition, the Board may refer appropriate questions relating to the financial position of the Company and its subsidiaries to the Audit Committee for its consideration. The Audit Committee meets at least four times per year. The current members of the Audit Committee are Leigh Hall (Chairman), David Murray, J. Trevor Eyton and Pieter Britz. It is expected that following the Meeting, the Audit Committee will be comprised of Leigh

Hall (Chairman), David Murray and J. Trevor Eyton. Certain information relating to the Audit Committee members is set forth in the Company's Annual Information Form dated March 30, 2011, under the headings "Directors and Officers – Audit Committee" and "External Auditor Service Fees", and a copy of the Audit Committee terms of reference is set out in Appendix 1 thereto. A copy of the Company's Annual Information Form is available under the Company's profile at [www.sedar.com](http://www.sedar.com), on the Company's website at [www.ivernia.com](http://www.ivernia.com) or by contacting the Company's Secretary.

#### *Compensation Committee*

The Compensation Committee is responsible for reviewing and making recommendations to the Board with respect to all matters pertaining to the appointment, compensation and benefits of senior management of the Company, as well as any other significant human resource or organizational policies generally impacting employees of the Company. The Compensation Committee is also responsible for reviewing and recommending directors' fees. The Compensation Committee reviews the performance of the Chief Executive Officer and other officers and senior employees of the Company and management's succession planning. In addition, the Compensation Committee is empowered to grant stock options under the 2010 Employee Stock Option Plan in accordance with the terms of such plan. The members of the Compensation Committee over the past year were J. Trevor Eyton (Chairman), David Murray and Peter Cassidy, all of whom are independent directors as of the date hereof. It is expected that following the Meeting, the Compensation Committee will be comprised of J. Trevor Eyton (Chairman), David Murray and Leigh Hall.

#### *Corporate Governance Committee*

The Corporate Governance Committee is responsible for reviewing and making recommendations to the Board with respect to all matters pertaining to the Company's corporate governance policy, including structure, organization and composition (other than Board membership), and the development of appropriate systems and procedures to enable the Board to exercise and discharge its responsibilities. The Corporate Governance Committee is also responsible for recommending suitable candidates for election or appointment to the Board from time to time. The Corporate Governance Committee considers the attributes required of directors to add value to the Company and to ensure a well rounded Board. In particular, the Corporate Governance Committee considers a long-term plan for Board composition that takes into consideration the following: (a) the independence of each director; (b) the competencies and skills the Board and its Committees, as a whole, should possess; (c) the current strengths, skills and experience represented by each director (including, mining, financial and previous board experience), as well as each director's personality and other qualities as they affect Board dynamics; and (d) the strategic direction of the Company. As part of its candidate assessment, the Corporate Governance Committee will review the curriculum vitae and a summary of the Director's Questionnaire provided by the candidate. In searching for potential candidates, the Corporate Governance Committee will consider candidate referrals from existing Board members, legal counsel and auditors, among others.

It is the Corporate Governance Committee's responsibility to review and recommend appropriate changes from time to time in the Company's approach to corporate governance matters, including terms of reference for Board committees; membership of Board committees; retirement ages for directors; the relationship between the Board and senior management; procedures for Board and committee meetings; and compensation of directors for service on the Board and committees thereof. The current members of the Corporate Governance Committee are J. Trevor Eyton (Chairman), Pieter Britz and Leigh Hall. It is expected that following the Meeting, the Corporate Governance Committee will be comprised of J. Trevor Eyton (Chairman), Leigh Hall and Gerald Shefsky.

### *Safety, Health and Environmental Committee*

The Safety, Health and Environmental Committee is responsible for reviewing and ensuring management of the Company have in place the proper safety, health and environmental policies and procedures for its continuing operations, including addressing areas of corporate and social responsibility. The Safety, Health and Environmental Committee is also responsible for monitoring and ensuring ongoing adherence to the Company's safety, health and environmental policies and procedures. The current members of the Safety, Health and Environment Committee are David Murray (Chairman), Pieter Britz, Alan De'ath and Chen Zhi. It is expected that following the Meeting, the Safety, Health and Environment Committee will be comprised of David Murray (Chairman), Alan De'ath and Kenneth Sangster.

### **Financial Whistle Blowing**

The Board has adopted internal financial whistle blowing procedures regarding questionable accounting, internal accounting controls and audit matters, on a basis that preserves the anonymity of an employee complainant. All complaints are made to either the Chairman of the Audit Committee or to the Company's General Counsel, and are subsequently investigated and action taken where required. Any complainant seeking to maintain his or her confidentiality will have his or her anonymity fully protected. As at the date hereof no complaints have been lodged.

### **Shareholder Communication**

The Company communicates regularly with its shareholders. While management is available to shareholders to respond to questions and concerns on a prompt basis, the Chief Executive Officer and the Chief Financial Officer are currently primarily responsible for investor relations. The Board believes that management's communications with shareholders and the avenues available for shareholders and others interested in the Company to have their inquiries about the Company answered are responsive and effective.

### **Relationship with Management**

The Board's access to information relating to the operations of the Company, through the membership on the Board of the Chief Executive Officer and, as necessary, the attendance by other members of management at the request of the Board, are key elements to the effective and informed functioning of the Board. The Board expects the Company's management to take the initiative in identifying opportunities and risks affecting the Company's business and finding ways to deal with these opportunities and risks for the benefit of the Company.

The Board believes that appropriate structures and procedures are in place to ensure that the Board can function independently of management, including (i) the appointment of a Chairman who is independent of management and is charged with ensuring that the Board discharges its responsibilities; (ii) periodic meetings of the Board with in camera sessions without management; and (iii) the Corporate Governance Committee whose responsibilities include monitoring the relationship between the Board and senior management.

The Board approves and develops, on an ongoing basis in conjunction with management, the scope of management's responsibilities and the corporate objectives for which management, and the Chief Executive Officer in particular, are responsible for meeting. The Board has adopted a formal position description for the Chief Executive Officer.

The Board has adopted no formal procedure for enabling individual directors to engage outside advisers at the expense of the Company. Any such proposed engagement would be considered by the

Corporate Governance Committee under its general mandate to develop appropriate systems and procedures to enable the Board to exercise and discharge its responsibilities.

## INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

### *Transactions with Sentient*

Mr. Peter Cassidy, a director of the Company, is the Chairman and co-founder of The Sentient Group and Mr. Pieter Britz, who is a current director of the Company but who is not a nominee for re-election, is a Senior Investment Manager of The Sentient Group. The Sentient Group is an independent private investment management firm which manages resource-based assets through its Sentient Global Resource Funds. Green SEA Resources Inc. ("GSR"), a significant shareholder of the Company, is indirectly-wholly owned by The Sentient Group. Messrs. Alan De'ath, Peter Cassidy, Pieter Britz and Leigh Hall are each directors of both Ivernia and GSR. In addition, Mr. Alan De'ath, President and Chief Executive Officer of the Company, and Mr. D'Arcy Doherty, Vice President, Legal and General Counsel of the Company, are each officers of GSR. Ms. Fiona Childe, former Vice President, Investor Relations and Communications of the Company, was an officer of both Ivernia and GSR until May 8, 2011. The Company has entered into two transactions with Sentient since January 1, 2010.

#### *December 2010 Note Conversion*

Sentient was a holder of the Company's previously outstanding secured promissory notes (the "Notes"). On December 10, 2010, Sentient and the three other holders of the Notes converted their Notes into Common Shares in accordance with the terms thereof. Upon conversion, the Company issued 190,000,001 Common Shares to Sentient in accordance with the terms of its Notes. In connection with the conversion, the Company agreed to pay interest up to and including December 31, 2010 of \$2.03 million to the holders and to make that payment as previously scheduled on April 27, 2011. Payment was made on such date and all remaining security granted under the Notes will be released. For further information on the issuance of the Notes and their conversion into Common Shares, see the Company's Annual Information Form dated March 30, 2011 filed on SEDAR at [www.sedar.com](http://www.sedar.com).

#### *January 2011 Private Placement*

On December 31, 2010, the Company reported that it had received a stop order (the "Order") from the Minister for Environment of the Government of Western Australia (the "Minister") relating to the transport of lead concentrate from the Magellan Mine. The Order came after monitoring equipment installed by an independent inspector identified the presence of airborne lead from Magellan within a small number of containers. As a result of such Order, Ivernia temporarily shutdown mining and processing operations at the Magellan Mine. Ivernia sought to strengthen its financial position generally and specifically to provide working capital to fund Magellan Metals during the temporary shutdown of the Magellan Mine. On January 13, 2011, Ivernia closed a private placement for Common Shares with Sentient Executive GP III, Limited. Pursuant to the terms of the private placement, Sentient Executive GP III, Limited purchased 52,900,000 Common Shares at a price of C\$0.34 per Common Share (the "Offering") for gross proceeds of approximately C\$18 million. Under the terms of the Offering, Sentient Executive GP III, Limited was paid a commitment fee of C\$899,300, equating to C\$0.017 per Common Share, which was deducted from the gross proceeds of the Offering. The Offering was completed by way of a non-brokered private placement. On February 23, 2011, the Company reported that independent review commissioned by the Office of the Environmental Protection Authority of Western Australia confirmed that no lead in container air samples exceeded the baseline and there was no risk to the community from the transport process of double-lined bags within sealed shipping containers. The Company also announced on that date that the Minister had lifted the Order.

As a result of Sentient Executive GP III, Limited's affiliation with GSR, a significant shareholder, the Offering constituted a "related party transaction" pursuant to Multilateral Instrument 61-101. However, the Offering was exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of the Common Shares issued nor the consideration paid for the Common Shares exceeded 25% of the Company's market capitalization.

A special committee of the Company's board of directors, comprised of two directors who are neither officers or directors of Sentient or GSR, considered the reasonableness and fairness of the Offering and it unanimously recommended to the Company's full board of directors that the Offering be approved. The board of directors subsequently approved the Offering (the members of the board that would be considered interested parties having declared their interests and abstained from voting on the resolution approving the Offering) and there was no contrary view or abstention by any independent director on the resolution approving the Offering. For further information on the Order and the Offering, see the Company's Annual Information Form dated March 30, 2011 filed on SEDAR at [www.sedar.com](http://www.sedar.com).

In December 2010, Sentient transferred 225,047,928 Common Shares to its wholly-owned indirect subsidiary, GSR, and, on February 25, 2011, Sentient Executive GP III, Limited transferred its 52,900,000 Common Shares to GSR. As at the Record Date, GSR reported ownership of approximately 47.74% of Ivernia's outstanding Common Shares.

#### *Agreement with Yunnan Metallurgical Group*

Ivernia and Yunnan Metallurgical Group entered into an agreement dated November 30, 2007 (the "YMG Agreement") which provides for a number of strategic initiatives including: potential new base metal opportunities for joint investment; a joint and coordinated effort between the two companies to ensure successful operations at the Magellan Mine; a long-term commercial concentrate agreement whereby YMG agreed to purchase approximately 50% of Magellan Metals' annual forecasted lead concentrate production at market terms; the exchange of technical expertise on the Magellan Mine and other future base metal projects and the private placement that closed on April 15, 2008. As contemplated by the YMG Agreement, Mr. Chen Zhi, who currently is a director of the Company, has been nominated to be a director at the Meeting.

Except as otherwise disclosed in this Circular, no insider of the Company or proposed nominee for election as a director of the Company, nor any of their respective associates or affiliates, has had any material interest, direct or indirect, in any transaction since the commencement of the Company's last financial year or in any proposed transaction which has materially affected or will materially affect the Company or any of its subsidiaries.

Except as otherwise disclosed in this Circular, no person who has been a director or senior officer of the Company since the commencement of the Company's last financial year, nor any proposed nominee for election as a director of the Company, nor any of their respective associates or affiliates, has any material interest, direct or indirect, in any matter to be acted upon at the Meeting.

#### **APPOINTMENT OF AUDITORS**

At the Meeting, it is proposed to re-appoint PricewaterhouseCoopers LLP, Chartered Accountants ("PWC"), as auditors of the Company to hold office until the next annual meeting of shareholders at remuneration to be fixed by the Board. PWC and its affiliates and predecessors have been the auditors of the Company and its predecessor, Ivernia West plc, since 1988.

**The Board recommends that shareholders vote "FOR" the re-appointment of PWC as auditors of the Company and authorize the board of directors of the Company to fix their remuneration. In the**

**absence of contrary instructions, the persons named in the accompanying form of proxy intend to vote any Common Shares represented by proxies held by them FOR this resolution.**

#### **ADDITIONAL INFORMATION**

Additional financial information for the Company is available in the Company's audited consolidated financial statements for the year ended December 31, 2010 and related management's discussion and analysis of financial condition and results of operations, which have been filed with Canadian securities regulators. These and other disclosure documents relating to the Company are available under the Company's profile at [www.sedar.com](http://www.sedar.com) and at the Company's website at [www.ivernia.com](http://www.ivernia.com).

Upon request made to the Company's Secretary at 130 Adelaide Street West, Suite 3303, Toronto, Ontario, Canada M5H 3P5, the Company will provide a shareholder of the Company with a copy of its financial statements and related management's discussion and analysis of financial condition and results of operations.

#### **APPROVAL BY BOARD OF DIRECTORS**

The contents and the sending of this Circular have been approved by the board of directors of the Company.

DATED at Toronto, Ontario, Canada, this 10<sup>th</sup> day of May, 2011.

By Order of the Board of Directors

*"D'Arcy Doherty"*

Corporate Secretary

## **SCHEDULE "A"**

### **IVERNIA INC.**

#### **MANDATE OF THE BOARD OF DIRECTORS**

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

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

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

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

#### **Management**

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

#### **Corporate Governance**

4. Approving the Board's composition and size, the selection of the Chair of the Board, the candidates nominated for election to the Board, committee and committee chair appointments, committee charters and director compensation as well as managing succession planning issues concerning the Board to ensure that it has an appropriate balance in terms of skills and experience. In doing so, the Board will respond to recommendations received from the Corporate Governance Committee but will always retain responsibility for giving its approval.

5. Directly, and through the Corporate Governance Committee, developing the Company's approach to governance issues.
6. Putting in place appropriate structures and procedures to ensure that the Board can function independently of management.
7. Developing a mandate or position description for the Chairman, the Chief Executive Officer and each Committee Chair.
8. Reviewing annually the size and composition of the Board and its committees based on qualification, skills and personal abilities sought in Board members and as against their respective charters and mandates. Additionally, the Board members individual performance is reviewed against the Company's Statement of Expectations for Directors.

### **Strategic Planning**

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

### **Monitoring of Financial Performance/Reporting and Other Financial Matters**

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

18. Overseeing, directly and through the Audit Committee, the process implemented to ensure integrity of the Company's internal control and management information systems.

### **Risk Management**

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

### **Environmental Oversight**

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

### **Corporate Policies and Procedures**

21. Directly and through its Board committees, reviewing and approving, and monitoring compliance with, all significant policies and procedures by which the Company and its wholly-owned subsidiaries conduct their business and operations. In discharging such responsibility, the Board shall ensure that such policies and procedures are consistent with the principle that the Company and its wholly-owned subsidiaries must operate at all times in compliance with applicable laws and regulatory requirements and under the highest ethical standards.
22. Adopting, and reviewing annually, a written code of business conduct and ethics that addresses, among other things, conflicts of interest; protections and use of corporate assets and information; confidentiality of corporate information; fair dealing with the Company's shareholders, customers, suppliers, competitors and employees; compliance with laws, rules and regulations; and the reporting of any illegal or unethical behaviour.
23. Either directly or through one or more Board committees, monitoring compliance with the Company's code of business conduct and ethics, and considering and if thought appropriate, granting waivers in respect of the code.

### **Communications and Reporting**

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

\* \* \*

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



130 Adelaide Street West, Suite 3303  
Toronto, Ontario, Canada M5H 3P5  
Tel: 416.867.9298 Fax: 416.867.9384

[www.ivernia.com](http://www.ivernia.com)



AMENDMENT NO. 1 DATED MAY 12, 2011 TO  
IVERNIA INC. MANAGEMENT INFORMATION CIRCULAR DATED MAY 10, 2011

The following sentences are inserted immediately before the final sentence in the first paragraph under the subheading "Statement of Corporate Governance Practices - Independence of Directors" on page 27 of the management information circular dated May 10, 2011 (the "Circular") and are incorporated by reference into, and form part of, the Circular:

Peter Cassidy and Pieter Britz, by virtue of their roles with Sentient, may cease to be independent directors within the meaning of NI 58-101, if Sentient becomes an indirect parent entity of Ivernia following the proposed private placement described under "Interests of Informed Persons in Material Transactions - Proposed Transaction with Green SEA Resources Inc." Mr. Britz is not standing for re-election to the Board at the Meeting.

The following sentences are inserted immediately after the end of the first paragraph under the subheading "Statement of Corporate Governance Practices - Composition of the Board" on page 29 of the Circular and are incorporated by reference into, and form part of, the Circular:

Mr. Peter Cassidy, by virtue of his roles with Sentient, may cease to be an independent director within the meaning of NI 58-101, if Sentient becomes an indirect parent entity of Ivernia following the proposed private placement described under "Interests of Informed Persons in Material Transactions - Proposed Transaction with Green SEA Resources Inc."

The following paragraphs are inserted immediately after the sixth paragraph under the heading entitled "Interests of Informed Persons in Material Transactions" on page 33 of the Circular and are incorporated by reference into, and form part of, the Circular:

*Proposed Transaction with Green SEA Resources Inc.*

Green SEA Resources Inc. ("GSR"), a significant shareholder of Ivernia Inc. (the "Company"), is indirectly-wholly owned by The Sentient Group. Messrs. Alan De'ath, Peter Cassidy, Pieter Britz and Leigh Hall are each directors of both Ivernia and GSR. In addition, Mr. Alan De'ath, President and Chief Executive Officer of the Company, and Mr. D'Arcy Doherty, Vice President, Legal and General Counsel of the Company, are each officers of GSR. Ms. Fiona Childe, former Vice President, Investor Relations and Communications of the Company, was an officer of both Ivernia and GSR until May 8, 2011.

On May 12, 2011, the Company announced that it had entered into an agreement with GSR pursuant to which GSR has agreed to purchase 93,370,682 Ivernia common shares ("Common Shares"), which represents approximately 16% of the issued and outstanding Common Shares of the Company (as at the date hereof), at a price of \$0.2142 per Common Share (the "Offering") for gross proceeds of approximately \$20 million. The private placement may include certain institutional and other accredited investors that, if they choose to participate in the Offering, would result in GSR's participation being reduced to a minimum of 44,571,721 Common Shares. In consideration for GSR agreeing to purchase the full amount of the Offering (assuming no other investors participate), the terms of the Offering provide that GSR will also be paid a commitment fee of \$1 million, equating to \$0.01071 per Common Share if the maximum amount of shares are purchased (resulting in a net price of \$0.20349 per Common Share) or equating to \$0.02244 per Common Share if the minimum amount of shares are purchased (resulting in a net price of \$0.19176 per Common Share), to be deducted from the gross proceeds of the Offering with the result that the Company will receive approximately \$19 million in net proceeds. The Offering will be completed by way of a non-brokered private placement and, subject to required Toronto Stock Exchange ("TSX") approvals, is expected to close on or before May 27, 2011.

As described in Company press releases dated April 5, 2011, and April 7, 2011, Magellan Metals Pty Ltd ("Magellan Metals"), a wholly owned subsidiary of the Company, voluntarily halted all operations at the Magellan Mine and placed it under care and maintenance. Magellan Metals continues to undertake a comprehensive end-to-end review of all its activities related to the Magellan Mine, including the mining, processing, transporting and management of lead carbonate production and export. Magellan Metals is also continuing its investigation into the source and extent of the lead-bearing mud found on certain shipping containers that precipitated the shutdown of mining operations. As noted in the April 5, 2011 press release, there is no suggestion the source of the lead is from the bagged lead carbonate concentrate within the shipping

container, which is consistent with previous sampling results along the transport route, and there is no risk to public safety.

The Company cannot, as of the date hereof, provide any further guidance on when the Company will restart operations at the Magellan Mine. The Company has been advised by its financial and Australian legal advisors that Magellan Metals requires certainty of funding immediately. The proceeds of the Offering will be used to strengthen Ivernia's financial position generally and specifically to provide working capital to fund Magellan Metals during the care and maintenance of the Magellan Mine. The Offering has been negotiated in response to these urgent developments and is expected to close on or before May 27, 2011 which will be less than 21 days from the date hereof in order to provide Magellan Metals with the certainty of funding it requires and to strengthen Ivernia's financial position.

GSR and its affiliates, currently hold, to the best of Ivernia's knowledge, 277,947,928 Common Shares, or approximately 47.74% of Ivernia's outstanding Common Shares ("GSR's Shares"). Assuming GSR is the only subscriber in the Offering, following the Offering GSR and its affiliates would, to the best of the Company's knowledge, collectively own 371,318,610 Common Shares or approximately 54.96% of Ivernia's outstanding Common Shares. As a result, the Offering could have an effect on control of Ivernia. In addition, the Offering will constitute a "related party transaction" pursuant to Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). However, the Offering will be exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of the Common Shares issued nor the consideration paid for the Common Shares will exceed 25% of the Company's market capitalization. The maximum dilution calculated on a pre-closing basis under the Offering will be approximately 16.04%.

Under the rules of the TSX, the Offering requires shareholder approval as the Offering would result in greater than 10% of the issued and outstanding share capital of the Company being issued to insiders during the preceding six month period. The Company has made application to the TSX under the provisions of Section 604(e) of the TSX Company Manual for an exemption from its requirement for shareholder approval of the Offering on the basis that the Company is in serious financial difficulty. A special committee of the Company's board of directors, comprised of two directors who are neither officers or directors of GSR or any of its affiliates, considered the reasonableness and fairness of the Offering and it unanimously recommended to the Company's full board of directors that the Offering be approved. The board of directors subsequently approved the Offering (the members of the board that would be considered interested parties having declared their interests and abstaining from voting on the resolution approving the Offering) and there was no contrary view or abstention by any independent director on the resolution approving the Offering. In addition both the special committee and the Company's full board of directors determined that the Company meets the applicable TSX and MI 61-101 financial hardship requirements, that the financing is reasonable in the circumstances and is designed to improve the Company's financial situation. Without the proceeds of the Offering, Ivernia believes that it will be unable to meet all future financial commitments of its wholly-owned subsidiary, Magellan Metals, and, as a result, Magellan Metals could find itself insolvent by the end of May 2011.

As a consequence of relying upon the TSX financial hardship exemption, the TSX has informed the Company that it will, in the ordinary course, commence a de-listing review. Management of the Company believes that, upon completion of the transactions described above, it will be in compliance with TSX continued listing requirements.

The Company has received written approvals of the Offering from two institutional shareholders of the Company that have advised the Company that they will not participate in the Offering (the "Consenting Shareholders"). These Consenting Shareholders own or control approximately 16.79% of the Company's outstanding shares or approximately 32.12% of the outstanding shares held by disinterested shareholders for the Offering. The Company will continue to seek the written consents of other disinterested shareholders for the Offering which excludes GSR's Shares. In the event that the Company can secure the written consents of shareholders representing more than 50% of the shares held by disinterested shareholders prior to closing, the TSX has advised the Company that it would not require the Company to rely on the financial hardship exemption and the TSX would not initiate a de-listing review.