



IVERNIA WEST INC. REPORTS FOURTH QUARTER 2001 RESULTS

(All dollar amounts are in United States dollars)

Overview

- The Company reported net income of \$3.8 million or \$0.03 per share for the quarter ended December 31, 2001, after reversing a prior quarter provision for Lisheen losses of \$5.6 million.
- During the fourth quarter 2001 production at the Lisheen Mine, Ireland reached design levels of 1.5 million tonnes per annum and November and December mine and mill production exceeded plan.
- The zinc metal price on the LME continued to decline throughout the fourth quarter to the lowest price in real dollar terms since the early 1930s and remained near these historically low levels into 2002.
- During November, the final two cleaner cells in the zinc circuit of the Lisheen mill were installed.
- In January 2002 the Company exercised a primary call option to increase its direct and indirect equity interest in the Magellan Project and surrounding tenements from 91.6% to 95.8%.
- During January and February 2002 the Company completed a private placement of 27,044,910 million units, each consisting of one common share and one-third of a common share purchase warrant, for an aggregate purchase price of C\$3.79 million.

TORONTO, CANADA (March 18, 2001) – Ivernia West Inc. (“Ivernia,” the “Company”) today reported its operating results for the fourth quarter and for the year ended December 31, 2001.

The Company reported net income of \$3.8 million or \$0.03 per share for the quarter and a loss of \$15.5 million for the twelve month period ended December 31, 2001, compared with a loss of \$26.8 million or \$0.24 per share for the fourth quarter of 2000 and \$30.7 million for twelve months of 2000. A writedown in the carrying value of the Lisheen Mine during the fourth quarter of 2000 accounted for \$25 million of the loss during the twelve month period ended December 31, 2000.

As reported in the third quarter 2001 results, effective July 1, 2001, the Company changed the reporting of its interest in the Lisheen Mine from a proportional consolidation of its interest to reporting its interest in the Mine as an Investment using the equity method of accounting under Canadian GAAP. This change in method of consolidation reflects the position that Anglo American plc (Ivernia’s Lisheen Mine joint venture partner) has, until further notice, assumed responsibility for 100% of the Lisheen Mine funding requirements and as a consequence Ivernia considers that it no longer exercises joint control over the Lisheen joint venture, but does continue to exercise significant influence. The primary reason for the Company reporting net income during the fourth quarter of 2001 compared to a net loss in the same period in 2000 was due to a \$5.6 million third quarter provision for Ivernia’s share of Lisheen losses which was reversed during the quarter

following year-end affirmation of Anglo's commitment to fund 100% of Lisheen funding requirements, including project loan repayments and interest until further notice (refer to Notes 3 and 4 to the Consolidated Financial Statements).

The primary reasons for the net loss during the twelve months of 2001 compared to the same period in 2000 were an increase in interest charges expensed during the period and initial operating losses during the first half of 2001 from the Company's investment in the Lisheen Mine, with the weakness in the zinc price and costs associated with the ramp-up to full design production.

Operating results at the Lisheen Mine are highly levered to changes in the price of zinc. During the fourth quarter the price of zinc on the LME declined to a 13 year low in nominal terms and as much as a 60 year low in real terms (after accounting for the effects of inflation). It is estimated that during the twelve months of 2001, \$11.7 million of the Lisheen operating loss can be attributed to the reduction in the zinc metal price relative to the previous year period (Ivernia's 50% share totals \$5.8 million).

Net cash generated from investing activities during the fourth quarter of 2001 was \$8.1 million, of which a receipt for \$8.3 million related to a repayment of shareholder loans by the Lisheen joint venture. This repayment was funded by Anglo under the terms of the Anglo Funding Agreement to enable Ivernia to repay the first installment on the Lisheen project loan plus interest due during the quarter. An amount of \$0.2 million related to the Magellan Project expenditures. This compared to cash utilized of \$7.8 million in the same period of 2000.

Net cash utilized in financing activities during the fourth quarter of 2001 was \$6.7 million compared to net cash generated from financing activities of \$5.3 million in the same period of 2000. The \$6.6 million utilized in financing activities was in respect of the repayment of the first installment on the Lisheen project loan on December 31, 2001.

As at December 31, 2001 Ivernia had a working capital deficiency of \$13.6 million compared to a working capital deficiency of \$9.4 million as at December 31, 2001. The current portion of long term debt plus accrued interest in respect of the Lisheen project loan represents \$13.8 million of a working capital deficiency at December 31, 2001 which is scheduled to be paid under the terms of the Anglo funding agreement.

During January and February 2002, the Company completed a private placement of 27,044,910 units each consisting of one common share and one-third of a common share purchase warrant, for an aggregate purchase price of C\$3.79 million (refer to note 9 (a) to the Consolidated Financial Statements).

In January 2002 the Company exercised a primary call option to increase its direct and indirect equity interest in the Magellan Project and the surrounding tenements (including the Cano Prospect) from 91.6% to 95.8%. Payment for the exercise of this option was made during February 2002 and included A\$1.76 million and the issuance of 1.4 million Ivernia shares, as part of a previously announced Private Placement. The Company has given notice of exercise of a secondary call option whereby it intends to increase its direct and indirect equity interest in the Magellan Project to 100% following the payment of a further A\$2.0 million in 2003. Following the exercise of these options the former controlling shareholders of the Magellan project no longer have the right to clawback a 40% interest in the project.

METAL PRICES, CURRENCIES AND INTEREST RATES

In addition to the normal operating and geological risks associated with mining activities, Lisheen's profitability is largely dependent on metal prices, smelter treatment charges, foreign exchange and interest rates.

Metal Prices and Smelter Treatment Charges

London Metal Exchange (LME) prices for zinc and lead metals produced by the Lisheen Mine for the fourth quarter and twelve months of 2001 compared with the same periods in 2000 were as follows:

Average LME Prices	Three months ended December 31,		Twelve months ended December 31,	
	2001	2000	2001	2000
Zinc \$/lb	0.35	0.49	0.40	0.51
Lead \$/lb	0.21	0.21	0.22	0.21

During the quarter the price of zinc, the Lisheen Mine's primary metal, declined to a 13 year low of \$0.33 per pound. In real dollar terms (taking into account inflation), prices have not been this low since the 1930s. The decline in LME zinc metal prices during the past year has resulted in operating losses for many of the world's zinc mining companies. During the fourth quarter a number of zinc mining companies were attempting to restructure their debts and several zinc mine closures have been announced. Conversely, due to the weakness in the metal prices, negotiations on zinc concentrate treatment and refining charges for the coming year are being settled at rates of between US\$20 - \$30 per tonne below the rates charged last year. The decline in zinc smelter treatment and refining charges will offset some of the reduction in the net smelter return received by zinc mining companies due to the weakness in the zinc price.

Foreign Exchange Rates

Substantially all operating costs incurred by the Lisheen Joint Venture in connection with the Lisheen Mine are denominated in Euros, while its revenues are earned in US dollars. Accordingly, changes in exchange rates between the Euro and the US dollar will affect Ivornia's profit or losses from its Lisheen equity investment. In order to reduce its exposure to currency fluctuations, the Lisheen Joint Venture has hedged a portion of its Euro exposure against currency fluctuations. Refer to note 7 to the attached Financial Statements.

Interest Rates

Ivornia's Project Loan for the Lisheen Mine of \$79.8 million bears interest at US dollar LIBOR plus 1% per annum. The Company has also entered into interest rate swap contracts with various financial institutions to manage its interest rate risk exposure arising from changes in the market interest rates on its floating rate long-term debt. Refer to note 7 to the attached Financial Statements.

OPERATIONS REVIEW

Lisheen Mine, Ireland (Ivernia – 50% equity interest)

During the fourth quarter 2001 production at the Lisheen Mine reached design levels of 1.5 million tonnes per annum with November and December mine and mill production exceeding plan. Performance at Lisheen improved significantly during the quarter following remedial activities implemented to correct poor ground intersected in development headings in the Derryville and Main zones during the third quarter.

During the fourth quarter the Lisheen Mine continued its focus on accelerated development mining to open up available reserves for future mining. Developed ore ahead of current mining increased from approximately 500,000 tonnes at end September to 800,000 tonnes by year-end and further increased to approximately 1 million tonnes by the end of February 2002. The mine is targeting to increase this to 1.5 million tonnes during 2002, giving 12 months of developed reserves available for mining. This accelerated advance development, particularly of long term main haulage routes, resulted in excessive dilution during the fourth quarter and early 2002.

During November, the planned installation of the final two cleaner cells in the zinc circuit resulted in reduced mill throughput. Most of the resultant ore stock from this planned November stoppage was processed during December.

All seven of the new zinc circuit cleaner cells have now been installed and zinc recoveries and concentrate quality has improved as a result.

Operating results for the three month period ended December 31, 2001 and the twelve months of 2001 compared to corresponding periods in 2000 and for early 2002 were as follows:

Lisheen Mine Production Summary

	2002		2001		2000	
	Feb	Jan	YTD	Q4	YTD	Q4
Tonnes Mined	125,280	137,557	1,233,825	361,217	784,849	162,991
Tonnes Milled	120,807	128,815	1,145,553	330,433	762,722	172,970
Grade - Zn	10.63%	10.23%	11.05%	10.73%	12.12%	12.44%
Grade - Pb	1.77%	1.56%	2.08%	1.71%	3.93%	3.27%
Recoveries - Zn	85.05%	87.88%	83.22%	86.89%	69.77%	82.69%
Recoveries - Pb	65.93%	68.42%	70.94%	67.86%	71.53%	72.62%
Concentrate - Zn	20,503	21,111	194,954	56,758	119,863	33,257
Concentrate - Pb	2,355	2,228	26,673	6,294	32,354	6,318
Concentrate Grade - Zn	53.26%	54.84%	54.05%	54.26%	53.80%	53.51%
Concentrate Grade - Pb	59.83%	61.66%	63.46%	60.76%	66.20%	64.96%
Recovered Zn	10,919	11,578	105,378	30,797	64,484	17,796
Recovered Pb	1,409	1,373	16,926	3,824	21,419	4,104
Cash Production Cost ⁽¹⁾	\$0.38	\$0.36	\$0.43	\$0.38	n/a	n/a

(1) US\$ per pound payable zinc sold including smelter charges.

Magellan Project, Western Australia (Ivernia – 91.6% equity interest)

During the quarter a mineral resource calculation was completed on the Cano Prospect following a program of Reverse Circulation drilling, drill hole sampling and gravity geophysics which began on the Magellan Project tenements earlier in the year.

Resource numbers for the Cano Prospect as reported in a separate press release dated March 8, 2002 at various cut-off grades for lead include:

Resource Classification Results

<u>Cutoff Grade</u> (%)	<u>Total Tonnage</u> (tonnes)	<u>Measured Resources</u> (tonnes)	<u>Indicated Resources</u> (tonnes)	<u>Inferred Resources</u> (tonnes)	<u>Lead Grade</u> (%)
6.0	1,151,721	1,100,884	50,837	-	8.40
5.0	1,790,321	1,710,240	80,081	-	7.35
4.3	2,349,535	2,237,589	111,946	-	6.71
4.0	2,361,548	2,247,313	114,235	-	6.47
3.0	3,793,565	3,545,782	247,783	10,450	5.50

Current proven and probable reserves at the Magellan Project total 8.5 million tonnes grading 7.12% lead at a 3% lead cut-off grade. The Company believes that the results from the drilling programs conducted this year further confirm the excellent potential for expanding the Magellan Project resource in those areas proximal to the planned Magellan Project pit. This should provide additional lead resources for a potential expansion of the production rate of the Magellan Project or an extension to the Project mine life.

A total of \$0.2 million was spent on the project during the fourth quarter 2001 to complete the aforementioned drilling program and further advance the project towards development.

The Magellan Project Final Feasibility Study (the “FFS”), completed in February 2001 envisages lead ore being processed on-site through a process of conventional milling and flotation concentration with lead recoveries expected to average approximately 85% to produce a concentrate grading approximately 70% lead. The concentrate will undergo on-site batch refining to produce approximately 55,000 tonnes per annum of marketable lead metal of about 99.97% purity. Based on the FFS, operating costs, including mining, processing, refining, transport, royalties and overhead charges are estimated to be US\$329 per tonne of marketable lead metal.

EXPLORATION AND DEVELOPMENT

Early stage exploration activities (mapping, sampling, geochemical sampling and analysis and anomaly drilling) continued during the quarter on the Company’s various joint venture and independently held exploration concessions in Ireland, Australia and the USA. Exploration activities funded by the Company have been significantly reduced in light of weak metal prices, the focus on improving the performance of the Lisheen Mine and the financing and development of the Magellan Project.

ANNUAL GENERAL MEETING

The Company will hold its annual general meeting on Thursday, May 30, 2002 at the National Club, Toronto, Canada at 11:00 a.m. Eastern Standard Time.

Certain statements included in this press release constitute forward looking statements which involve known and unknown risks, uncertainties and other factors that may cause the actual results of the Company to be materially different from future results expressed or implied by those forward looking statements.

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CONSOLIDATED FINANCIAL STATEMENTS TO FOLLOW

IVERNIA WEST INC.
CONSOLIDATED STATEMENTS OF INCOME AND DEFICIT

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

	Three-month period ended December 31,		Twelve-month period ended December 31,	
	2001	2000	2001	2000
	\$	\$	\$	\$
	(Unaudited)	(Unaudited)		
Gross revenue	-	-	27,461	-
Smelter costs	-	-	14,480	-
Net revenue	-	-	12,981	-
Mine operating costs				
Cost of sales	-	-	14,340	-
Depreciation and amortisation	-	-	4,549	-
	-	-	18,889	-
Loss from mining operations	-	-	(5,908)	-
Other expenses (income)				
General and administrative	328	555	2,016	1,736
Reorganisation costs	-	543	-	1,991
Foreign exchange loss	91	473	173	1,260
Exploration	46	292	323	1,078
Interest expense	1,369	-	7,255	-
Interest income	(22)	(111)	(269)	(383)
Writedown of investments	-	-	48	-
Property, plant and equipment writedown	-	25,000	-	25,000
Lisheen equity investment (note 3)	(5,591)	-	-	-
	(3,779)	26,752	9,546	30,682
Net income(loss) for the period	3,779	(26,752)	(15,454)	(30,682)
Deficit - beginning of period	(61,804)	(15,819)	(42,571)	(11,889)
Deficit - end of period	(58,025)	(42,571)	(58,025)	(42,571)
Net income(loss) per share (note 1)	0.03	(0.24)	(0.13)	(0.28)
Weighted average number of common shares outstanding (000s)	117,466	114,812	117,466	109,542

IVERNIA WEST INC.
CONSOLIDATED BALANCE SHEETS

(in thousands of United States dollars)

	December 31,	December 31,
	2001	2000
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	630	10,096
Accounts receivable	185	2,824
Inventories	-	2,839
Other current assets	129	441
	944	16,200
Investments (notes 2 and 3)	100,814	64
Property, plant and equipment	6,779	138,341
Restricted cash and cash equivalents	1,798	1,676
Deferred charges	38	1,481
	110,373	157,762
Liabilities		
Current liabilities		
Working capital facility	-	3,750
Current portion of long term debt (notes 4 and 5)	13,308	7,847
Accounts payable and accrued liabilities (note 4)	1,276	14,021
	14,584	25,618
Long-term debt (note 5)	68,884	89,117
Reclamation and mine closure costs	-	274
Minority interest	103	497
	83,571	115,506
Shareholders' Equity		
Share capital (note 6)	78,019	78,019
Deficit	(58,025)	(42,571)
Cumulative translation adjustments	6,808	6,808
	26,802	42,256
	110,373	157,762

IVERNIA WEST INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of United States dollars)

	Three-month period ended December 31,		Twelve-month period ended December 30,	
	2001	2000	2001	2000
	\$	\$	\$	\$
	(Unaudited)	(Unaudited)		
Cash provided by (used in)				
Operating activities				
Net income (loss) for the period	3,779	(26,752)	(15,454)	(30,682)
Non-cash items:				
Depreciation and amortization	-	10	4,549	42
Loss from equity investment	(5,591)	-	-	-
Writedown of investments	-	-	48	-
Property, plant and equipment writedown	-	25,000	-	25,000
Other	12	13	197	13
Changes in non-cash working capital:				
Accounts receivable, inventories and other current assets	9	(1,261)	(156)	(1,997)
Accounts payable and accrued liabilities	(414)	3,731	(2,071)	4,165
Change in restricted cash and cash equivalents	38	(197)	(122)	(430)
	<u>(2,167)</u>	<u>544</u>	<u>(13,009)</u>	<u>(3,889)</u>
Investing activities				
Additions to property, plant and equipment	(149)	(7,721)	(7,368)	(27,373)
Decrease in equity investment	8,282	-	15,032	-
	<u>8,133</u>	<u>(7,721)</u>	<u>7,664</u>	<u>(27,373)</u>
Financing activities				
Net cash proceeds on issue of shares	-	31	-	7,409
Working capital facility raised (repaid)	-	750	(3,750)	3,750
Increase (decrease) in long-term debt raised, net	(6,654)	4,500	2,665	14,160
Increase in deferred charges	-	(155)	-	(155)
Proceeds on the sale of capital stock held by subsidiaries	-	135	-	232
	<u>(6,654)</u>	<u>5,261</u>	<u>(1,085)</u>	<u>25,396</u>
Reduction in cash on deconsolidation	<u>-</u>	<u>-</u>	<u>(2,808)</u>	<u>-</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(8)</u>	<u>1,705</u>	<u>(228)</u>	<u>1,035</u>
Net decrease in cash and cash equivalents	(696)	(211)	(9,466)	(4,831)
Cash and cash equivalents - Beginning of period	<u>1,326</u>	<u>10,307</u>	<u>10,096</u>	<u>14,927</u>
Cash and cash equivalents - End of period	<u>630</u>	<u>10,096</u>	<u>630</u>	<u>10,096</u>

IVERNIA WEST INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the three and twelve month periods ended December 31, 2001 and 2000

(in thousands of United States dollars, except number of shares and per share amount)
(unaudited)

1. Significant accounting policies

The interim consolidated financial statements of Ivernia West Inc. and its subsidiaries (the "Company") have been prepared in accordance with Canadian generally accepted accounting principles, using the same accounting policies and basis as those disclosed in note 1 (Going concern), note 2 (Nature of operations) and note 3 to the Company's audited consolidated financial statements for the year ended December 31, 2000 except for earnings per share and the amendments to the summary of significant accounting policies outlined in 2 below. Effective January 1, 2001, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants with respect to interim financial reporting and earnings per share. The new recommendations have been applied on a retroactive basis. The adoption of these recommendations had no significant impact.

These interim consolidated financial statements should be read in conjunction with the Company's audited annual consolidated financial statements included in the Company's Annual Report for the year 2000.

2. Summary of significant accounting policies

Refer to note 3 to the Financial Statements in the Company's Annual Report for the year 2000. Summarized below are the amendments to the significant accounting policies used in these consolidated financial statements.

Basis of consolidation

The consolidated financial statements include the accounts of the Company. Interests in joint ventures where the Company has joint control are accounted for by the proportionate consolidation method. Interests in investments, including joint ventures, where the company exercises significant influence are accounted for by the equity method.

Investments

Investments in which the Company exercises significant influence are accounted for by the equity method. Investments in which the Company does not exercise significant influence, and which are comprised of listed securities, are accounted for using the cost method.

3. Lisheen joint venture

Refer to note 4 to the Financial Statements in the Company's Annual Report for the year 2000.

The Lisheen Mine commenced commercial production for reporting purposes on January 1, 2001.

Since October 2000, Anglo has funded the Company's 50% share of contributions for the Lisheen Mine under the terms of the Anglo Funding Agreement (note 4).

The directors of Ivernia West Inc. consider that with effect from July 1, 2001 the Company no longer exercises joint control but does exercise significant influence over the Lisheen joint venture. Consequently, with effect from July 1, 2001 the Company accounts for the Lisheen joint venture as an investment by the equity method.

The Company's 50% share of the funding of the operating loss from the Lisheen equity investment is summarized as follows:

	Three-month period ended December 31, 2001	Six-month period ended December 31, 2001
	\$	\$
Net Revenue	5,108	9,962
Cost of Sales	<u>(5,569)</u>	<u>(13,126)</u>
Operating Loss	<u>(461)</u>	<u>(3,164)</u>
Funded by Anglo (note 4)	461	3,164
Ivernia funding of operating losses from Lisheen equity investment	Nil	Nil

The third quarter \$5.591 million provision for Ivernia's share of Lisheen losses was reversed in fourth quarter following year-end affirmation of Anglo's commitment to fund 100% of the Lisheen funding requirements including project loan repayments and interest until further notice.

4. Anglo funding agreement for Lisheen joint venture

Refer to note 9(c) to the Financial Statements in the Company's Annual Report for the year 2000.

Since October 2000, Anglo has funded the Company's 50% share of contributions for the Lisheen Mine under the terms of the Anglo Funding Agreement. As at December 31, 2001, \$ 42.38 million including interest had been funded by Anglo under the Anglo Funding Agreement (December 31, 2000 - \$4.5 million).

In June 2001, the Company completed an amendment to the terms of the Anglo Funding Agreement providing for the funding by Anglo until further notice of the Company's 50% share of certain overrun contributions and other contributions for the Lisheen Mine including Project loan interest and principal repayments. Under the amending agreement, the date by which the Company had to elect to resume funding of certain overrun contributions and other contributions or be potentially subject to applicable penalty provisions under the Lisheen Joint Venture agreement (such penalty provisions include the loss of the Company's voting entitlement at meetings of the Lisheen Mine Management Committee and the suspension of the Company's right to order and direct the marketing and sale of its share of concentrates) was extended to September 30, 2001. The amending agreement also provides that all contributions made by Anglo shall not result in any dilution of the Company's 50% participating interest and shall be repaid together with interest calculated to derive a 10% annual real rate of return from the first available Lisheen Mine cashflow. The Company did not elect to resume funding of certain overrun contributions and other contributions as at 30 September 2001. With effect from September 30, 2001 Anglo has the right to invoke the above stated penalty provisions by 14 days written notice. Anglo has served no such notice nor has it indicated its intention to do so. In November 2001 Anglo reaffirmed its commitment to continue this funding arrangement until further notice. The Company's consolidated balance sheet as of December 31, 2001 includes a \$13.31 million current

portion of the Project loan and \$466,000 of accrued Project loan interest, the funding for which falls within this Anglo funding arrangement. The funding by Anglo under the terms of the Anglo Funding Agreement shall be repaid by the Lisheen Mine from the first available cash flow from the Lisheen Mine after meeting the Project loan facility agreement obligations.

5. Long-term debt

Refer to note 9 to the Financial Statements in the Company's Annual Report for the year 2000.

	<u>December 31,</u> <u>2001</u>	<u>December 31,</u> <u>2000</u>
	\$	\$
Project loan	79,846	86,500
Anglo funding agreement (note 4)	-	4,500
Standby facility (a)	<u>2,346</u>	<u>5,964</u>
	82,192	96,964
Less current portion:		
Project loan	13,308	6,654
Standby facility	<u>0</u>	<u>1,193</u>
	<u>68,884</u>	<u>89,117</u>

(a) Standby facility

Refer to note 9(b) to the Financial Statements in the Company's Annual Report for the year 2000, and to note 5(a) to the Financial Statements for the period ended September 30, 2001.

6. Share capital

The number of common shares outstanding at December 31, 2001 and December 31, 2000 was 117,466,126.

At December 31, 2001 there were outstanding options to purchase 7,700,000 common shares of the Company, of which 3,650,000 were exercisable at that date. During the quarter nil options expired, and no new options were granted.

7. Hedge program

The Company's equity share of the Lisheen Mine Partnership's currency hedge program consists of forward contracts to sell \$20.00 million as at December 31, 2001 (December 31, 2000 - \$28.23 million) during 2002 - 2003 (December 31, 2000 - during 2001-2003) at an average rate of Euro1.00 to US\$0.96 (December 31, 2000 - US\$1.06). The unrealized loss on the currency hedge program was \$1.74 million as at December 31, 2001 (December 31, 2000 - unrealized loss of \$3.20 million).

The Company has also entered into interest rate swap contracts with various financial institutions to manage its interest rate risk exposure arising from changes in the market interest rates on its floating rate long-term debt. Under the terms of the interest rate swap contracts, the Company pays fixed rate interest payments in exchange for floating rate interest payments. The term to maturity of the contracts outstanding ranges from three years to five years and the contracts are due to mature on dates between August 2002 and August 2005. The total notional amount outstanding as at December 31, 2001 is \$ 47.0 million (December 31, 2000 - \$47.0 million). As at December 31, 2001, the unrealized loss on the interest rate swaps was \$2.26 million based on prevailing interest rates (December 31, 2000 – unrealised loss of \$2.2 million).

8. Contingent liabilities

Refer to note 15 to the Financial Statements in the Company's Annual Report for the year 2000, and to note 8 to the Financial Statements for the period ended September 30, 2001.

9. Subsequent events

(a) Private Placement

During January and February 2002 the Company completed a private placement of 27,044,910 units, each consisting of one common share and one-third of a common share purchase warrant, for an aggregate purchase price of C\$3.79 million (\$2.37 million). The Company issued 11 million of the units to Resources Investment Trust plc, a London Stock Exchange listed special purpose investment company, who satisfied the purchase price for these units by issuing 685,632 of its ordinary shares to a subsidiary of Ivernia West Inc. The Company issued 1.4 million of the units as part of the payment made on the exercise of a primary call option to increase its direct and indirect equity interest in the Magellan Project (note 9(b)). The remaining units were issued for aggregate cash proceeds of C\$2.05 million (\$1.29 million).

Each full warrant will be exercisable into one common share of the Company at an exercise price of C\$0.20 per share until December 31, 2002. The issue of common shares upon the exercise of warrants will be subject to the prior approval of shareholders, excluding votes attached to the common shares issued as part of this private placement, with the request for approval to take place at the Company's annual general meeting in May 2002. Anglo American plc., the Company's largest shareholder, has given notice that it intends to vote in favour of the issue of common shares on the exercise of these warrants.

(b) Increase of equity interest in the Magellan Project

Refer to note 6 to the Financial Statements in the Company's Annual Report for the year 2000.

In January 2002 the Company exercised a primary call option to increase its direct and indirect equity interest in the Magellan Project from 91.6% to 95.8%. Payment for the exercise of this option was made during February 2002 and included A\$1.76 million (\$894,000) and the issue of 1.4 million shares in the Company as part of a Private Placement (note 9(a)). The Company has given notice of exercise of a secondary call option whereby it intends to increase its direct and indirect equity interest in the Magellan Project to 100% following the payment of a further A\$2.0 million in 2003.