



## NEWS RELEASE

### **IVERNIA REPORTS FIRST QUARTER 2005 RESULTS; Magellan Plant Commissioning Commenced on Schedule in January, First Lead Concentrate Produced in February**

*(all dollar amounts are in US dollars unless otherwise stated)*

#### **Company Highlights**

- Commissioning of Magellan plant facilities commenced on schedule in January, following plant handover from Roche Mining JR in late December
- First cell of the tailings storage facility completed in January
- Reagent distribution plant operational in February
- First lead concentrate produced in February
- Exploration drilling program commenced in February with a view to upgrading 13 million tonnes of inferred resources to indicated resources
- Power generation plant operational in March, replacing hired equipment
- Closed a C\$45 million public offering of common shares in April
- Consolidated 100% ownership of Magellan Mine by acquiring its former joint venture partner's 49% interest in April for consideration consisting of cash, common shares and a 12-month promissory note
- Trial shipments of concentrate shipped to Malaysian smelter and to proposed refinery furnace manufacturer in April; Malaysian smelter poured Magellan's first lead metal from trial shipment on May 4
- First bulk shipment of lead concentrates expected later in second quarter
- Mine scheduled to produce 60,000 tonnes of lead in 2005 and 100,000 tonnes in 2006
- LME lead price averaged 44 c/lb in the first quarter

**Toronto, Ontario, May 12, 2005:** Ivernia Inc. (TSX: IWW) (the "Company" and, together with its subsidiaries, "Ivernia") today reported a loss of \$224,000, or \$0.00 per share, for the first quarter of 2005, compared with loss of \$398,000, or \$0.01 per share, for the first quarter of 2004.

Ivernia's principal asset during the quarter was a 51% operating interest in the high-grade Magellan lead mine in Western Australia, which increased to a 100% interest on April 29 following the acquisition of its former joint venture partner's 49% interest.

The mine began commissioning in January and is expected to reach full production throughput levels in the fourth quarter of 2005. Mining of ore commenced in Cano in January and will be followed by the high grade core of the Magellan deposit in 2006.

Production is expected to be 60,000 tonnes (132 million pounds) of lead in concentrate in 2005, increasing in 2006 to 100,000 tonnes (220 million pounds) based on a year's full production.

### Acquired Balance of Ownership in Magellan

On April 29, Ivernia closed its acquisition from Sentient Global Resources Fund (together with its affiliates, associates and nominees, "Sentient") of Sentient's 49% interest in the Magellan Mine in order to consolidate 100% ownership of the mine in the Company. The gross consideration for Sentient's 49% interest was comprised of:

- C\$35 million in cash (financed entirely by a C\$45 million public equity offering);
- 23.5 million common shares of Ivernia; and
- C\$20 million by delivery of a 12-month secured promissory note.

Under the terms of the acquisition, Ivernia will recover from Sentient the underwriters' fees and commissions and certain other expenses of the public equity offering and the acquisition up to a maximum of C\$5 million. Ivernia does not anticipate that final fees, commissions and expenses will exceed that sum. Ivernia has also recovered from Sentient certain other costs associated with the transaction totalling approximately C\$0.7 million.

Ivernia now has 100% ownership of the Magellan Mine and its exploration properties, including 16 million tonnes of in situ reserves containing 2.2 billion pounds lead (1.6 billion pounds of proven lead reserves and 0.6 billion pounds of probable lead reserves) and 13 million tonnes of inferred resources.

### Public Equity Offering Financed Cash Portion of Magellan Acquisition Price

Concurrent with the closing of the Magellan acquisition, the Company completed a public offering on April 29 of 29.05 million common shares at a price of C\$1.55 per share for aggregate gross proceeds of C\$45 million. Of these proceeds, C\$35 million was used to pay the cash portion of the acquisition price for Sentient's 49% interest in Magellan and the balance will be used for general corporate purposes.

### Accretive Transaction to Ivernia Shareholders

Based on reserves, resources and lead production per common share, management believes the Magellan acquisition will be greater than 10% accretive to Ivernia shareholders on a per share basis. As at May 12, 2005 the Company had approximately 122 million common shares issued and outstanding.

## **Summary of Operations – Magellan Lead Mine, Western Australia**

### Construction Completed

- The processing plant construction was completed and handed over by the primary contractor, Roche Mining JR, in late December 2004
- The reagent distribution facility was completed by end of January and operational in February
- Power for the commissioning of the processing plant was initially supplied by hired portable generators until the permanent power generation plant (a build, own, operate contract) was completed in March.

Photographs of construction and the commissioning progress can be seen on the Company's website at [www.ivernia.com](http://www.ivernia.com).

### Mining Underway

Magellan's mining contractor, Mining and Civil Australia, completed the construction of the first cell of the tailings storage facility in January, using waste from the pre-stripping of the Cano deposit. Mining of ore from the Cano deposit commenced in January. Pre-stripping of the higher-grade Magellan deposit commenced in February. The accelerated pre-stripping and mining of the Magellan deposit will enable the high-grade core to be mined in 2006, one year earlier than originally scheduled.

159,900 tonnes of ore was mined from the Cano deposit during the quarter.

### Commissioning of Processing Plant Commenced in January

- Plant commissioning on waste and low-grade ore began in January
- First concentrate was produced in February
- Plant performance to date is in line with the pilot plant testwork

Commissioning was well advanced by the end of the first quarter. 71,700 tonnes of ore at 6.4% lead grade had been treated to produce 5,200 tonnes of concentrate at approximately 65% lead content at a recovery of 72.5%.

The first concentrate was produced in February. Initial recoveries were adversely impacted by intermittent operations. In the month of March, under less intermittent operations, 42,400 tonnes of ore at 7.8% lead grade were treated to produce 4,000 tonnes of concentrate at approximately 65% lead content at a recovery of 79%. The concentrate moisture levels have been slightly higher than anticipated from previous testwork and it is clear that the concentrate requires further ambient and solar drying. A significant positive factor is that the concentrate handles well during transportation and storage, with no apparent dusting.

The commissioning program during the second quarter will focus on increasing throughput to 85% of design capacity, reducing concentrate moisture levels and optimising concentrate grades.

It is anticipated that the annualised throughput rate of 1.4 million tonnes per annum will be achieved by the fourth quarter. Production in 2005 is forecast at 60,000 tonnes of lead in concentrate. All operating costs net of concentrate sales receipts will continue to be capitalised until commercial production is reached, which is anticipated to be around the end of the second quarter.

#### Fast-Tracking of Gas Pipeline being studied

The mine's power generators are currently fuelled by diesel which is delivered to site by road train. The generator engines may be converted to run on a 70% natural gas/30% diesel mix. The main Goldfields Gas Transit pipeline runs approximately 37 kilometres from the mine site. Following completion of a heritage survey in the third quarter a planning application for the construction of a gas pipeline will be submitted to the regulatory authorities. The gas pipeline is required for gas supply for the refinery project by late 2006. However, in the current high oil price environment the fast-tracking of the gas pipeline project is being studied.

#### Concentrate Transport and Shipping

Concentrate is transported by road from the minesite to the rail terminal in Leonora and by rail to Esperance Port, located on the south coast of Western Australia, where the concentrates are stored in a dedicated warehouse. The first concentrates arrived in the port in early April.

Trial shipments, totaling about 500 tonnes of lead concentrate, were dispatched in early April to BJ Industries in France to confirm furnace design criteria for the proposed refinery at the mine site, and to Metal Reclamation (Industries) Sdn. Bhd. ("MRI"), a Malaysian smelter, to confirm handling logistics. The Malaysian smelter poured its first lead metal from this trial shipment on May 4.

The first bulk shipment to MRI is expected to be made in the second quarter.

### **Exploration Program**

#### Upgrading Inferred Resources

An A\$1.2 million exploration program was commenced in February with the objective of upgrading the existing 13 million tonnes of inferred resources in the Pinzon and Magellan deposits. An updated resource and reserve estimate is planned to be completed and released in the third quarter.

#### Seeking to Upgrade Mineralised Targets to Inferred Resources

Previously identified mineralisation on the Cortez, Drake and Pizarro prospects will also be drilled with the objective of establishing an inferred resource estimate. These

prospects are within a 15 kilometre trucking distance of the Magellan processing facilities.

### Preliminary Exploration at Yandil

The Yandil property to the northwest of the mine site covers prospective geology similar to the Magellan deposit. Regional soil sampling, geological mapping, prospecting and aerial photography were completed over the Yandil tenement during January and early February. In the second quarter, soil assay results and geological data will be interpreted and targets selected for follow-up exploration.

### **Life of Mine Schedule**

The constant 1.4 million tonne per annum throughput, as described in the September 30, 2004 technical report relating to the Magellan mine prepared by Franciscus Sibbel of F&A Sibbel Mining Consultants Pty Ltd., results in declining concentrate production in later years of the mine life. A constant production level of concentrate can be achieved by increasing mill throughput to counter the fall in grade in the later years. Following the completion of an updated resource and reserve estimate in the third quarter, the life of mine schedule will be updated based on constant concentrate production of approximately 100,000 tonnes of lead per year by increasing mill throughput in the later years.

### **Phase 2 Refinery Project**

Phase 2 of the Magellan mine's development is to construct an on-site refinery to process concentrate into soft lead metal. Initial scoping work was conducted during the quarter on the key operating parameters which materially affect layout and overall design. Roche Mining JR and BJ Industries have been commissioned to undertake a design and costing study for the on-site plant to a level where the final detailed engineering design phase can be committed. The schedule for this work is to complete the initial engineering study by end of third quarter. Key to this work will be the large scale furnace trials scheduled to take place in late May in France which will provide fundamental data on energy requirements and cycle times for final design work.

The cost of the proposed refinery is estimated at between A\$25 million and A\$40 million, depending on the final decision on the scale of operations and the selection of owned versus contracted facilities. The Phase 2 refinery is expected to be funded from a combination of treasury, including the anticipated exercise of warrants expiring in March 2006, operating cash flow and a debt facility.

The sale of lead metal will allow the Company to capture the metal premium thereby reducing effective net operating costs. The current net premium for lead metal is US 5c/lb above the London Metal Exchange cash lead price.

## Lead Prices

London Metal Exchange Average Cash Lead Prices	Three Months Ended March 31	
	2005	2004
US\$/lb	0.44	0.38

## Results of Operations

### Selected Financial and Operating Highlights

#### Statement of Operations

*(in thousands of US dollars except per share data) <sup>(1)</sup>*

	Three months ended March 31	
	2005	2004
Net revenues – interest income	28	13
Loss for the period	(224)	(398)
Basic loss per share	(0.00)	(0.01)

<sup>(1)</sup> The Company consolidated its common shares on a five-to-one basis on June 30, 2004. Per share data in the above table was calculated on the weighted average shares outstanding for the relevant period using post-consolidation weighted average number of common shares outstanding.

The following table identifies the sources of changes in net loss between the three month periods ended March 31, 2005 and 2004:

#### Changes in 2005 Net Loss to Date Compared to 2004

*(thousands of US dollars)*

	Change
Increased interest income	15
Increased general and administrative	(35)
Decreased stock options costs	228
Decreased foreign exchange gain	(64)
Decreased interest expense	<u>30</u>
Decrease in net loss compared to 2004	<u>174</u>

The primary reasons for the reduced net loss compared to the same period in 2004 were reduced stock option costs due to no new stock options being granted in the 2005 period, and a reduction in interest expense following the conversion into common shares of the Company's \$1.95 million outstanding principal amount of convertible notes in February 2004.

## Liquidity and Financial Condition

### Statement of Cash Flows

<i>(thousands of US dollars)</i>	Three months ended March 31	
	2005	2004
Cash provided by (used in) operating activities	137	(350)
Cash used in investing activities	(4,831)	(817)
Cash provided by financing activities	1,233	12,023
Increase (decrease) in cash	(3,465)	10,770

Net cash utilised in investing activities during the quarter was \$4.83 million, primarily representing costs incurred in commissioning the Magellan Mine, construction of the tailings storage facility, and commencement of the exploration and drilling programs. This net cash utilised in investing activities in the quarter compared to net cash utilised of \$817,000 in the same period in 2004, primarily representing additions to property, plant and equipment at the Magellan project.

Net cash generated by financing activities during the quarter was \$1.23 million, primarily from the exercise of warrants (see note 5(c) to the Company's unaudited interim financial statements). This net cash generated from financing activities compared to net cash generated of \$12.02 million in the same period in 2004, the main components of which were net proceeds of \$14.90 million on the issue of shares less the net repayment of long term debt of \$2.87 million.

In February and March 2005, certain share purchase warrants issued in connection with the Company's March 2004 private placement of the equivalent of 16 million post-consolidation common shares (the "March Private Placement") and November 2004 private placement of a further 8 million common shares (the "November Private Placement") were exercised for an aggregate of 1,169,530 common shares in the Company for cash proceeds of C\$1.48 million (\$1.22 million).

### Balance Sheet

<i>(thousands of US dollars)</i>	Mar. 31, 2005	Dec. 31, 2004
Cash and cash equivalents	6,911	10,376
Working capital	4,702	8,423
Total assets	37,387	35,973
Total long-term financial liabilities	3,326	3,323

As at March 31, 2005 the Company had a working capital surplus of \$4.70 million including cash of \$6.91 million, compared to a working capital surplus at December 31, 2004 of \$8.42 million, which included cash of \$10.38 million.

## Outstanding Share Data

As at May 12, 2005 the Company had 121,960,710 common shares and no preference shares issued and outstanding. The table below summarises the number of common shares issuable upon the full exercise of the common share purchase warrants and broker warrants issued pursuant to the March Private Placement and the November Private Placement.

### Common Shares Issued or Issuable Upon Exercise of Warrants <sup>(1)</sup>

As at May 12, 2005

	Common Shares Issuable if All Warrants Fully Exercised	Common Shares Issued Pursuant to Warrants Exercised to Date	Common Shares Issuable upon Exercise of Remaining Warrants	Proceeds Received	
				C\$	US\$ <sup>(2)</sup>
<b>March Private Placement:</b>					
Common share purchase warrants	8,000,000	354,000	7,646,000	443,000	364,000
March Broker Warrants	936,000	422,430	513,570	528,000	434,000
Common share purchase warrants issuable upon exercise of March Broker Warrants	<u>468,000</u>	<u>210,600</u>	<u>257,400</u>	<u>263,000</u>	<u>216,000</u>
Subtotal	<u>9,404,000</u>	<u>987,030</u>	<u>8,416,970</u>	<u>1,234,000</u>	<u>1,014,000</u>
<b>November Private Placement:</b>					
Common share purchase warrants	4,000,000	-	4,000,000	-	-
November Broker Warrants	480,000	216,900	263,100	271,000	223,000
Common share purchase warrants issuable upon exercise of November Broker Warrants	<u>240,000</u>	<u>108,000</u>	<u>132,000</u>	<u>151,000</u>	<u>125,000</u>
Subtotal	<u>4,720,000</u>	<u>324,900</u>	<u>4,395,100</u>	<u>422,000</u>	<u>348,000</u>
<b>Total</b>	<u>14,124,000</u>	<u>1,311,930</u>	<u>12,812,070</u>	<u>1,656,000</u>	<u>1,362,000</u>

<sup>(1)</sup> The numbers set out in this table reflect the five-to-one common share consolidation that took place on June 30, 2004.

<sup>(2)</sup> All proceeds were received in Canadian dollars. This column is the US dollar equivalent.

## Risks and Uncertainties

Please refer to management's discussion and analysis for the year-ended December 31, 2004.

## About Ivernia

Ivornia is an international base-metals mining and exploration company whose principal asset is a 100% interest in the low-cost, long-life Magellan lead mine in Western Australia. The mine is now being commissioned, with the first bulk shipment of concentrate scheduled later in the second quarter. It is expected to reach full production levels in the fourth quarter. By 2006, Magellan should be one of the top five lead-

producing mines in the world in terms of annual production of contained lead metal, producing close to 3% of total world mine lead production. The inferred resources and considerable regional exploration opportunities offer significant potential to extend the mine's life.

The complete quarterly report and financial statements are available on the Company's website at [www.ivernia.com](http://www.ivernia.com) and on Sedar at [www.sedar.com](http://www.sedar.com).

### *Forward-Looking Information*

*This document contains certain "forward-looking statements". All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future, are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", and "intend" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. These forward-looking statements reflect the current internal projections, expectations or beliefs of the Company based on information currently available to the Company. Forward-looking statements are subject to a number of risks and uncertainties, including those detailed from time to time in filings made by the Company with securities regulatory authorities, that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and even if such actual results are realised or substantially realised, there can be no assurance that they will have the expected consequences to, or effects on, the Company. The Company expressly disclaims any obligation to update or revise any such forward-looking statements.*

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