



IVERNIA REPORTS FIRST QUARTER 2004 RESULTS; MAGELLAN CONSTRUCTION APPROVED AND FINANCED

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

Toronto, Ontario, May 14, 2004: Ivernia West Inc. (“Ivernia” or the “Company”) (TSX: IVW) reported a net loss of \$398,000 or \$0.00 per share for the first quarter, compared with a loss of \$560,000 or \$0.00 per share for the first quarter of 2003.

Summary of Operations – Magellan Project, Western Australia

Partners Agree to Financing Package for Magellan Project Development

As announced on May 5, 2004 Ivernia and its joint venture partner Sentient Global Resources Fund (together with its affiliates, “Sentient”) have agreed to fund the construction and development of the Magellan lead project (the “Magellan Project”) by up to a further \$26.6 million of partner progress loans (the “Progress Loans”) in addition to the \$7.2 million of Progress Loans already provided for work done to date. The funding will finance the Magellan Project’s remaining estimated Phase 1 capital expenditure program of A\$25.9 million (\$18.6 million) and its start-up costs, including initial mining, project commissioning and production build-up, estimated at A\$7.5 million (\$5.4 million) for a total of A\$33.4 million (\$24.0 million). The \$2.6 million balance of the funding is intended to ensure an adequate contingency is in place.

Magellan on Track for Q1 2005 Start-up

The main effort at Magellan during the quarter was directed towards the technical and financing aspects needed to start project construction on schedule. The building blocks are now in place for construction to start in June, with production forecast to be on schedule for the first quarter 2005.

Construction Contract Awarded

Bid documentation for a procurement, construction and management contract relating to the processing and ancillary facilities was issued in December, resulting in the receipt by the Company of three bids. The bids were analysed in the quarter and the contract was awarded on May 7 (subject to final contract) to a well-established mining industry services company. The contract amount is within the overall project budget.

Engineering Design and Equipment Purchase

Detailed design of the processing plant and infrastructure is approximately 90% complete and 410 construction drawings have been issued to date. Work continues on agreed ‘hold’ areas with the main area of lead concentrate handling yet to be finalised. Test work was completed on this area during the quarter and a highly satisfactory pelletising process was defined using an inert binder. The major items of

plant and other equipment that are to be supplied by Magellan to the construction contractor have either been acquired or are now on order.

Department of Environment Works Approval Received

The West Australian Government Department of Environment has given the requisite works approval to commence the Magellan Project. The works comprise a double open pit mining operation, a flotation processing plant and a tailings storage facility, among others.

Mining, Supply and Service Contracts

The preparation of mining contract tender documents is now well advanced and the documents are to be issued during the second quarter. The Cano deposit will be mined in advance of the Magellan deposit, deferring Magellan's higher stripping costs until after start-up of production.

Contracts are under negotiation for the supply of electric power and processing reagents. Reagents are likely to be in bulk liquid form, thereby simplifying operations and reducing labour requirements.

Discussions are underway with government departments to seal a 182 kilometre stretch of unpaved road between Wiluna and Meekatharra to be used for trucking lead concentrates from the Magellan Project to the port at Geraldton. Haulage contracts for transporting the lead concentrates from the Magellan Project to Geraldton are currently being negotiated. At the port, final arrangements are being made to acquire a dedicated facility for storage of the concentrates prior to their shipment to overseas smelters. It is anticipated that all of these activities will be completed in the third quarter.

Pechiney Appointed Sales Agent and Provides \$10 million Facility

Pechiney World Trade (USA) Inc., part of the Alcan group, has been appointed exclusive sales agent for Magellan Metals' lead concentrate sales. As part of this agreement, Pechiney will provide to Magellan a \$10 million inventory/trade financing facility to substantially finance concentrates in inventory and while in shipment to smelters. This facility will finance the most significant element of the Magellan Project's ongoing working capital requirements.

Drilling and Exploration

The A\$0.7 million drilling programme that started in December 2003 was completed during the first quarter. During the second quarter the drilling samples are being assayed at the Perth-based external laboratory following which external geological consultants will conduct a reserve and resource review. The programme is on track to update reserves and resources by mid-year.

The programme had four objectives:

1. To conduct close-spaced drilling at Cano. The drilling demonstrated the high-level consistency of the ore-body thereby permitting higher confidence levels to be used in the forthcoming calculation of reserves and resources;
2. To follow up indications of ore-grade mineralization adjacent to the pit limits for both Cano and Magellan. The extension drilling returned positive results that will allow the mineralisation adjacent to both deposits to be considered when calculating the reserves and resources update;
3. To further explore the Pinzon outcrop, one kilometre southeast of the Magellan pit site. There were significant intercepts on the east side of the area and, while the spacing will probably not permit inclusion in measured or indicated resources, the results provide significant encouragement as to a potential new mining area; and
4. To drill further east of Pinzon to establish that there is no mineralisation under the alternative tailings storage area. This was successfully completed.

The results from the drill program will be incorporated in a reserves and resources update, which is expected mid-year. The new reserves and resources update for Cano and Magellan will incorporate 524 drill holes as compared with the previous 2003 estimate which was based on 281 drill holes.

Results of Operations

Selected Financial and Operating Highlights

Statement of Operations

(in thousands of US dollars except per share data) ⁽¹⁾	Three months ended March 31	
	2004	2003
Net revenues – interest income	13	23
Loss for the period	(398)	(560)
Basic loss per share	(0.00)	(0.00)

⁽¹⁾ Per share data was calculated on the weighted average shares outstanding for the relevant period.

The following table identifies the sources of changes in net income between the three month periods March 31, 2004 and 2003:

Changes in 2004 Net Income compared to 2003	
<i>(thousands of US dollars)</i>	Change
Decreased interest income	(10)
Decreased general and administrative	118
Increased stock options costs	(319)
Increased foreign exchange gain	201
Decreased interest expense	940
Gain on loan settlement in 2003	(768)
Decrease in net loss compared to 2003	162

The primary reasons for the reduced net loss compared to the same period in 2003 were reduced general and administrative costs following the closure of the Company's Irish office, a reduction in interest expense due to significantly reduced debt following the sale of the Lisheen Mine in Ireland in September 2003, as well as a further reduction in interest expense following the conversion into common shares of the Company's \$1.95 million principal amount of convertible notes (the "Convertible Notes") in February 2004, and an increase in the foreign exchange gain during the first quarter 2004. These were partially offset by an increase in costs related to stock options granted in 2003 and the first quarter 2004 (note 4(b)). The comparable period in 2003 had a \$768,000 gain realized on a settlement of the Company's standby facility with an Irish financial institution.

Liquidity and Financial Condition

Statement of Cash Flows

<i>(thousands of US dollars)</i>	Three months ended March 31	
	2004	2003
Cash used in operating activities	(350)	(1,354)
Cash (used in) provided by investing activities	(817)	774
Cash provided by financing activities	12,023	604
Increase (decrease) in cash	10,770	(102)

Net cash utilised in investing activities during the quarter was \$817,000, primarily representing additions to property, plant and equipment at the Magellan Project. This net cash utilised in investing activities in the quarter compared to net cash generated of \$774,000 in the same period in 2003.

Net cash generated by financing activities during the quarter was \$12.02 million, the main components of which were net proceeds of \$14.90 million on the issue of shares (note 4(a)) less the net repayment of long term debt of \$2.87 million. This net cash generated from financing activities compared to net cash generated of \$604,000 in the same period in 2003.

In January and February 2004, 15,384,615 share purchase warrants issued in connection with the Convertible Notes were converted into an equivalent number of common shares in the Company for proceeds of \$1.00 million (note 4(a)(ii)). Also in February 2004, four major securityholders who collectively held all the Convertible Notes converted all their notes into 30 million common shares of the Company (note 3(a) and 4(a)(i)).

On March 25, 2004 the Company completed a private placement (the "2004 Private Placement") of 80 million units at a price of C\$0.25 per unit for gross proceeds of C\$20.00 million (\$15.04 million) before cash issue costs of C\$1.52 million (\$1.14 million). Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of C\$0.25 until March 25, 2006 (or C\$0.265 per share for insiders of Ivernia for securities regulatory purposes) (note 4(a)(iii)). Net cash provided from the private placement was C\$18.48 million (\$13.90 million). The net proceeds from the private placement will be used to fund the Company's equity share of the construction and development on the Magellan Project and for general working capital purposes.

On March 31, 2004 all of the Magellan Notes were converted into Magellan Metals shares or replaced with Magellan Loans, with the result that Sentient increased its equity interest in Magellan Metals from 40% to 49% (note 2). Ivernia holds the remaining 51% equity of Magellan Metals and remains the operator of the Magellan Project. Ivernia and Sentient also agreed that all obligations of Ivernia under an interim funding arrangement entered into with Sentient in June 2003 (the "Cash Flow Note") pursuant to which Sentient advanced certain funds to Magellan Metals on the Company's behalf to finance the development of the Magellan Project will be repaid by Ivernia and the Cash Flow Note terminated with effect from March 31, 2004. Ivernia has deposited with Sentient the \$4.13 million outstanding on the Cash Flow Note as of March 31, 2004. The parties have committed to enter into definitive documentation providing for the repayment of the Cash Flow Note and amending the remaining joint venture agreements accordingly. This documentation is to be entered into not later than June 30, 2004, failing which all of Sentient's rights under the Cash Flow Note will be extinguished in any event on such date in consideration of the release of the \$4.13 million deposit to Sentient. The definitive

documentation will also terminate equitable mortgages held by Sentient over the Company's shares of Magellan Metals, provided that these equitable mortgages will terminate with effect from March 31, 2004 in any event if such documentation is not entered into by June 30, 2004.

On May 4, 2004, the Company, Sentient and certain of their related parties amended the Magellan joint venture agreements to increase their commitments to provide Progress Loans to fund the development of the Magellan Project from an aggregate of \$10 million to \$33.7 million (inclusive of \$7.2 million previously funded by them), in proportion to their respective joint venture interests. They also created a contingency facility under which, if the Company is for any reason unable to fund its share of Progress Loans beyond \$14.7 million (inclusive of \$3.7 million previously funded), then at the Company's request Sentient will provide up to an additional \$5.0 million in Magellan Loans to Magellan Metals to cover the Company's and Sentient's respective portions of such remaining required funding. These additional Magellan Loans are convertible into Progress Loans upon the Company paying to Magellan Metals the amount advanced on its behalf by Sentient.

Balance Sheet

(thousands of US dollars)	Three months ended	
	Mar.31, 2004	Dec.31, 2003
Cash and cash equivalents	14,579	3,809
Working capital	14,289	3,246
Total assets	26,424	15,528
Total long-term financial liabilities	2,701	8,004

As at March 31, 2004 the Company had a working capital surplus of \$14.29 million including cash of \$14.58 million, compared to a working capital surplus at December 31, 2003 of \$3.25 million, which included cash of \$3.81 million.

Outstanding Share Data

As at May 13, 2004 the Company had 298,994,195 common shares and no preference shares issued and outstanding. In connection with the issuance of 80 million common shares in the 2004 Private Placement, the Company also issued 40 million common share purchase warrants (the "2004 Warrants") on March 25, 2004. The 2004 Warrants are exercisable at a price of C\$0.25 per share (or C\$0.265 per share for insiders of Ivernia for securities regulatory purposes) until March 25, 2006. In addition, Haywood Securities Inc., Canaccord Capital Corporation and Paradigm Capital Inc., the Company's agents in connection with the 2004 Private Placement, were issued compensation warrants giving them the right to purchase 4.68 million units at a price of C\$0.25 per unit, each unit consisting of (i) one common share in the Company and (ii) one-half of one common share purchase warrant, each whole warrant having an exercise price of C\$0.25 per share and being in all other respects identical to the 2004 Warrants issued to the private placement purchasers. The compensation warrants are exercisable at any time until September 25, 2005. All of

the 2004 Warrants and compensation warrants remain outstanding as at May 13, 2004.

The complete quarterly report and financial statements are available on the Company's website at www.ivernia.com or on SEDAR at www.sedar.com.

Forward-Looking Statements

This Management's Discussion and Analysis of Financial Condition and Results of Operations 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", "contemplate", "target", "believe", "plan", "estimate", "expect", and "intend" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. These statements are based upon certain assumptions and analyses made by management in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. However, whether actual results and developments will conform with management's expectations is subject to a number of risks and uncertainties, including the considerations discussed herein and in the Company's annual information form and in other documents filed from time to time by the Company with Canadian securities regulatory authorities, general economic, market or business conditions, the opportunities (or lack thereof) that may be presented to and pursued by management, competitive actions by other companies, changes in laws or regulations and other factors, many of which are beyond the Company's control. These factors may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and there can be no assurance that the actual results or developments anticipated by management will be realized or, even if substantially realized, that they will have the expected results on Ivernia. All of the forward-looking statements made herein are qualified by the foregoing cautionary statements. The Company expressly disclaims any obligation to update or revise any such forward-looking statements.

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