



## NEWS RELEASE

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

### IVERNIA INC. REPORTS FIRST QUARTER 2008 FINANCIAL RESULTS

**TORONTO, ONTARIO – May 15, 2008** – Ivernia Inc. (“Ivernia” or the “Company”) (TSX:IVW) today reported an operating loss<sup>1</sup> of \$2.3 million and a net loss of \$6.9 million, or \$(0.05) per common share for the first quarter of 2008. Results for the quarter were adversely impacted by the continued temporary suspension of operations at the Magellan mine which became effective April 6, 2007. Resumption of operations is pending final regulatory approval for sealed shipments of lead concentrate through the Port of Fremantle in Western Australia. During the quarter, costs associated with maintaining the Magellan mine on care and maintenance were \$2.0 million.

#### FIRST QUARTER HIGHLIGHTS

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- Received conditional acceptance from the Western Australian Environment Minister of the Environmental Protection Authority’s (“EPA”) recommendation to allow sealed shipments of lead concentrate from the Magellan mine through the Port of Fremantle for export.
- Worked with relevant government departments in progressing the details of and compliance with the conditions imposed by the Minister. The Company must fully meet all Ministerial conditions prior to the commencement of shipments and resumption of operations at Magellan.
- Reached agreement with the syndicate of lenders for the conversion into common shares of Ivernia of \$20 million of the \$40 million drawn and outstanding against the secured convertible notes (“Secured Facility”) and a 12-month extension of the maturity date of the Secured Facility. The agreement provides the Company with additional financial flexibility during the care and maintenance period at the Magellan mine.
- Continued discussions with the Esperance Port Authority on various matters related to the eventual export shipment of approximately 8,000 dry tonnes of Magellan’s lead concentrate currently stockpiled in a storage shed at the port.
- Continued work on developing a process to contribute equitably to the Esperance community.
- Initiated the first phase of the recruitment program focusing on employees required for planning and preparing the restart of the Magellan mine. Key additions to the management team were made including Kane Blackman, Manager – Health, Safety and Environment; and Andrew Cartledge, Manager – Metallurgy. The second phase of the program will follow the receipt of final regulatory shipping approvals.
- Initiated trials of the mobile bagging equipment necessary for the commencement of the sealed shipment process and the design and engineering for a fixed unit and related infrastructure which will be the longer-term solution.

#### Events subsequent to March 31, 2008

- Completed the early conversion of \$20 million of the Secured Facility into 18,518,518 common shares of Ivernia (April 1).
- Closed the C\$22 million private placement investment in Ivernia by China-based Yunnan Metallurgical Group’s (“YMG”) Australian subsidiary, Chihong International Mining Ltd (April 24).
- Appointed Mr. Chen Zhi, YMG’s former Chairman and member of China’s National Peoples’ Congress to the board of directors (April 24).

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<sup>1</sup> Operating loss in 2008 is comprised of care and maintenance costs and amortization.

- Mr. Jay C. Kellerman stepped down from the board to allow Mr. Chen Zhi to fill the vacancy (April 24).
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### **Commentary**

“The quarter and year got off to a promising start in January with the conditional approval of the sealed shipment process by the Western Australian Environment Minister. We welcomed the decision and are pleased that the merits of the process are recognized by the Minister, many experts and a number of third parties including other mining operations that are now looking to implement similar shipping processes,” commented Alan De’ath, Ivernia’s President and CEO.

“We have subsequently been working through the details of the Ministerial conditions with the relevant government departments and have been strengthening the operations management team responsible for the detailed planning and execution of the restart of operations. The results from the initial phase of the recruitment program have been very encouraging and we have added some technically-strong and focused professionals to the Company. I am sure they will make meaningful contribution to the successful restart and future operations of Magellan.”

“While progress may seem slow in getting to the implementation stage of the Ministerial conditions, we believe it is critical, from the very beginning, that all the details of the conditions are fully worked through and there is full documentation of the benchmarks against which Magellan’s future operations and compliance will be judged. Magellan will re-emerge a stronger operation with an industry-leading method for transporting its product and a focus on fulfilling its commitments to stakeholders,” he concluded.

### **Temporary suspension of operations**

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

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

### **Update on progress toward the resumption of lead concentrate shipments**

On January 17, 2008 the Western Australian Environment Minister, Hon. David Templeman, announced his conditional acceptance of the EPA’s recommendations regarding the sealed shipment process for the export of lead concentrate. In accepting the recommendations, the Minister also imposed additional conditions. The Company has accepted these conditions and is committed to their implementation prior to commencing sealed shipment of its product from its mine site.

The Minister’s conditions included:

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

Magellan has also committed to:

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

- transparent communication of monitoring results and compliance reporting in an easily accessible manner; and
- continuing its community information program.

Since the Minister's announcement, Magellan has been working through the details of and compliance with the Ministerial conditions with the relevant Government departments, including:

- development of the arrangements regarding the A\$5 million bond;
- development of the role, procedures, and reporting responsibilities of the accredited independent auditor;
- revisions to the Health, Hygiene and Environment Management Plan and Health, Hygiene and Environment Monitoring Plan to cover the transportation route; and
- sampling methodology, frequency, locations and reporting requirements for baseline testing of the transportation route.

In addition, Magellan has initiated consultation with transportation route stakeholders and, with the cooperation of the Fire and Emergency Services Authority of Western Australia and the transport contractor, has advanced the development of the Emergency Response Plan, covering the transportation route and related activities at the Port of Fremantle.

After Magellan has implemented and complied with all the conditions, the Minister will conduct a review and if satisfied will grant final approvals. This would allow for the resumption of shipping of Magellan's lead concentrate and the subsequent restart of operations.

While progress continues to be made towards the objective of securing final approvals, the Company is not currently in a position to provide guidance on when those approvals may be received.

#### **Update on the export shipment of the lead concentrate stockpile at the Port of Esperance**

Magellan continues to work with the Esperance Port Authority on various matters related to the eventual export shipment of approximately 8,000 dry tonnes of Magellan's lead concentrate currently stockpiled in a storage shed at the port. The stockpile cannot be removed until the port obtains approval from the Department of Environment and Conservation for a Lead Removal Plan for the export shipment of the stockpiled Magellan concentrates.

As the application is not directly under Magellan's control, the anticipated timing for and costs involved in the export shipment operation cannot be determined at this time.

#### **Contribution to the Esperance community**

After discussions with the Western Australian Government, the Shire of Esperance and local groups, Magellan is working on developing a framework and process to contribute equitably to the community. Any contributions by the Company would support projects that are consistent with the Company's community contribution policy which focuses on promoting education and recreation activities for children and community-supported projects that have broad community benefits.

The Company has made an initial commitment of A\$50,000 to help the community towards the purchase of a CT Scanner to be located in the Esperance hospital.

Even though Magellan does not intend to use the Port of Esperance for future exports once the current stockpile at the port is exported, the Company would like to assist the community as it moves forward from the events that resulted from the mishandling of its material.

#### **Planning for the restart of operations**

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

- initiation of trials of the mobile bagging equipment necessary for the commencement of the sealed shipment process. Operations of the equipment have steadily improved over the quarter due to both modifications made and increased operator familiarity with the process and equipment. The trial bagging phase is utilizing the stockpiled lead concentrate at the mine site, which will facilitate an

efficient resumption of shipments once final shipping approvals are received. After the modifications on the mobile equipment are complete, specifications will be finalized for a fixed unit and related infrastructure which will be the longer-term solution for the bagging operations;

- the initial phase of the recruitment program was implemented and is focused on the key employees required for planning and preparing the restart. While the program is being conducted in a tight labour market for skilled professionals, the Company has been successful in recruiting highly qualified individuals. The second phase of the program will follow the receipt of final shipping approvals; and
- the advancement of planning processes with transport and other contractors.

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

## Financial Summary

<i>(\$ millions, unless otherwise indicated and per share amounts)</i>	<b>Three months ended March 31, 2008</b>	<b>Three months ended March 31, 2007</b>
	(unaudited)	
Revenue	-	20.0
Operating (loss)/income <sup>2</sup>	(2.3)	2.1
Net loss	(6.9)	(0.2)
Basic loss per share	(0.05)	(0.00)
Cash (used in)/generated from operations before changes in working capital	(5.0)	2.9
Changes in working capital	0.2	(7.6)
Concentrate inventory – 000's dry tonnes	27.0	25.1

## Financing arrangement

On March 31, 2008 the Company announced an agreement with the syndicate of lenders for the partial conversion of the drawn amount and a 12-month extension of the maturity date on the remaining balance of the secured convertible notes issued on April 27, 2007. Conversion of \$20 million, of the \$40 million drawn amount, into 18,518,518 common shares of the Company was effective on April 1, 2008. The agreement provides the Company with additional financial flexibility during the period of care and maintenance.

## About Ivernia

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

Ivernia trades under the symbol "IVW" on the Toronto Stock Exchange. Additional information on Ivernia is available on the Company's website at [www.ivernia.com](http://www.ivernia.com) and at SEDAR at [www.sedar.com](http://www.sedar.com).

<sup>2</sup> Operating loss in 2008 is comprised of care and maintenance costs and amortization.

Operating income in 2007 is comprised of revenue, treatment charges and freight, mining and processing costs, royalties, loss on derivatives and amortization.

## Forward-Looking Statements

*Certain statements contained in this document constitute forward-looking information within the meaning of securities laws. All statements included in this document (other than statements of historical facts) which address activities, events or developments that management anticipates will or may occur in the future are forward-looking statements, including statements as to the following: the duration of the suspension of the Company's mining and milling operations, the proposal to ship lead concentrate through the Port of Fremantle, the implications of the government of Western Australia's continuing investigations into the matters resulting in the suspension of mining operations, the possibility of legal or regulatory action (and any resulting costs or liabilities) which may be taken in connection with the matters being investigated, the estimated timing of the receipt of required regulatory approvals to ship the stranded lead concentrate at the Port of Esperance and recommence lead shipments from the Magellan mine, future targets and estimates for production, capital expenditures, operating costs, cash costs, mineral resources and ore reserves, recovery rates, grades and prices; business strategies and measures to implement such strategies; competitive strengths; estimated goals and plans for Ivernia's future business operations; and other such matters. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "contemplate", "target", "believe", "plan", "estimate", "expect", and "intend" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. These statements are based upon certain reasonable factors, assumptions and analyses made by management in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. However, whether actual results and developments will conform with management's expectations is subject to a number of risks and uncertainties, including factors underlying management's assumptions such as; the results of the Australian government's continuing investigations into lead contamination at the Port of Esperance, the timing of the receipt of final regulatory approvals required to ship lead concentrate through the Port of Fremantle, the duration of the suspension of mining and milling operations, metal price volatility, lead concentrate treatment charges, exchange rates, single mineral property, resources and reserves, health and safety, environmental factors, mining risks, metallurgy, labour and employment regulations, government regulations, insurance, refinancing risk, dependence on key personnel, constraints on cash flow and nature of mineral exploration and development. While we consider these assumptions to be reasonable based on information currently available to us, they may prove to be incorrect. These factors may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and there can be no assurance that the actual results or developments anticipated by management will be realized or, even if substantially realized, that they will have the expected results on the Company. Other risks and factors that could cause actual results to differ are described in Management's Discussion and Analysis ("MD&A") for the most recently completed year end under the heading "Risks and Uncertainties", and in the Company's most recently filed Annual Information Form under the heading "Risk Factors". Our MD&A, Annual Information Form and additional information on Ivernia are available on the Company's website at [www.ivernia.com](http://www.ivernia.com) and on Ivernia's SEDAR profile at [www.sedar.com](http://www.sedar.com). All of the forward-looking statements made in this document are based on our current estimates, expectations and projections, which we believe are reasonable as of the current date. You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While we may elect to, we are under no obligation and do not undertake to update this information at any particular time.*

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