



NEWS RELEASE

IVERNIA WEST INC. REPORTS SHAREHOLDER APPROVAL OF LISHEEN SALE AND SECOND QUARTER 2003 RESULTS

(all dollar amounts are in United States dollars)

TORONTO, CANADA (August 29, 2003) - Ivernia West Inc. ("Ivernia" or the "Company") reported that shareholders have approved the sale to Anglo American plc of the Company's 50% participating interest in the Lisheen Mine (the "Lisheen Sale"). The Company anticipates that the Lisheen Sale will be completed during September 2003.

Ivernia reported a net loss of \$1.24 million or \$0.01 per share for the second quarter, compared with a loss of \$1.19 million or \$0.01 per share for the second quarter of 2002. The primary reasons for the increased net loss during the second quarter of 2003 compared to the same period in 2002 were non-recurring costs associated with the Irish office closure following the Lisheen sale (\$268,000) and the Magellan transaction fees (\$284,000), substantially offset by a reduction in interest charges expensed during the period due to lower interest rates and reduced debt, reduced general and administrative costs following significant progress during the quarter in the closure of the Irish office, and an increase in the foreign exchange gain due to the weakening of the US dollar against the Euro, Australian dollar and Canadian dollar.

Net cash utilised in investing activities during the second quarter of 2003 was \$2.61 million representing additions to property, plant and equipment during the quarter. These additions were in respect of Magellan capitalised expenditure of which \$1.29 million related to the buy out of a third party farm-in and royalty agreement for the Magellan property (note 3), and the balance of \$1.32 million principally related to project engineering and final feasibility study expenditure in the quarter. This net cash utilised in investing activities compared to net cash generated of \$8.41 million in the same period in 2002.

Net cash generated from financing activities during the second quarter of 2003 was \$3.85 million of which the main components were net \$700,000 of loans from The Sentient Global Resources Fund (together with its affiliates, "Sentient") (notes 4(b), (e) and (f)), \$1.15 million of advance proceeds against the issue of convertible notes and warrants of the Company (note 4(d)), a \$1.7 million contribution from Sentient for the Magellan joint venture (note 3), less \$203,000 of deferred legal fees in respect of the Lisheen Sale and the convertible notes. This net cash generated from financing activities compared to net cash utilised of \$6.63 million in the same period of 2002.

As at June 30, 2003 the Company had a working capital deficiency of \$29.90 million compared with a working capital deficiency of \$24.74 million as at December 31, 2002. As at June 30, 2003, Ivernia had cash and cash equivalents of \$1.36 million compared to \$191,000 as at December 31, 2002. As at June 30, 2003 restricted cash and cash equivalents of \$4.19 million represented a cash collateral deposit in respect of the Project Bonds compared to \$3.47 million at December 31, 2002.

On June 19, 2003, Ivernia signed definitive agreements with Sentient for a joint venture to develop the Magellan Project (the "Magellan Transaction") (note 3). Pursuant to the Magellan Transaction, Sentient agreed to provide \$4.6 million in financing to Magellan Metals. This amount was advanced by way of a \$1.7 million subscription for 40% of the shares of Magellan Metals, \$2.4 million in secured loans, and \$0.5 million in notes which are convertible into shares of Magellan Metals. The total amount provided by

Sentient under these arrangements was used to refinance certain secured loans granted by Sentient to IAHL since February 2003.

On July 18, 2003, Ivernia signed a definitive agreement with Anglo for the purchase by Anglo of the Company's 50% participating interest in the Lisheen Mine (the "Lisheen Sale"). Pursuant to the Lisheen Sale, Anglo has agreed to purchase all of the shares of the Company's subsidiary Ivernia West Limited ("IWL") and its other subsidiaries holding the Company's interest in the Lisheen Mine for consideration consisting of an aggregate cash purchase price of \$1.8 million and the assumption by Anglo of all the Company's existing debt obligations relating to the Lisheen Mine, including outstanding loans from the project's lenders to IWL's subsidiary Ivernia Lisheen Finance Limited in the amount of \$73.19 million. Of the \$1.8 million purchase price, \$0.5 million has already been advanced to the Company by Anglo and the balance will be received on completion. A portion of the remaining \$1.3 million will represent the repayment by IWL of certain outstanding indebtedness to the Company, which repayment will be funded by Anglo on or after closing of the Lisheen Sale. The Lisheen Sale received shareholder approval on August 28, 2003 and the Company anticipates that the Lisheen Sale will be completed during September 2003.

As a result of the signing of the definitive agreement for the Lisheen Sale, the Company does not consider it appropriate to provide further operations review reports on the Lisheen Mine.

Metal Prices

London Metal Exchange (LME) settlement prices for lead metal for the second quarter compared with the same period in 2002 were as follows:

| Average LME Prices | Three months to June 30. | | Six months to June 30. | |
|--------------------|--------------------------|------|------------------------|------|
| | 2003 | 2002 | 2003 | 2002 |
| Lead \$/lb | 0.21 | 0.21 | 0.21 | 0.22 |

Operations Review

Magellan Project, Western Australia

Significant progress was made on the Magellan Lead Project during the second quarter.

Sentient funding was made available to progress the design work to develop the project and in particular to update and uprate the 2001 feasibility study to incorporate the additional reserves and resources from the Cano deposit, the recent pyrometallurgical test work and pilot plant tests and to update and enhance the engineering cost base to a bankable standard (the "2003 Feasibility Study").

Design engineering contractor appointed

Proteus, a medium sized engineering design house, was commissioned to undertake the work to produce an engineered package to meet bankable standards and to prepare the documentation for the bidding process for a Procure, Construct and Management contract for the construction and commissioning of the Magellan Project.

Complete flotation cell requirement purchased

The entire flotation circuit was procured during the quarter from the closed Mt Todd gold mine in the Northern Territory of Australia. The equipment will be moved to the Magellan site during third quarter. The purchase of this equipment is particularly important for Magellan as it increases the flotation residence capacity by approximately 50% above the derived design requirements from the AMDEL test

work and permits the use of a large volume open circuit first cleaning stage which was always regarded as highly desirable but difficult to justify at new equipment prices. It is anticipated that the additional residence time will be reflected in improved recoveries and treatment capacity over the original design.

Simplified concentrate filtration process

A major cost element of the plant is the filtration of the concentrate because of the fine nature of the material and the high particle specific gravities. Vacuum based systems do not function well as the cake is "self-blinding" preventing further water drainage. Conventional high-pressure systems are effective but the resultant cake while manageable is still of high moisture content. A compromise solution of incorporating a ceramic filter has been adopted as it utilises a very thin cake thereby limiting the blinding effect. On-going testwork to prove up the viability of using a twin-belt press is producing encouraging results and if selected will provide a lower cost process than that currently selected. Magellan has taken a purchase option over two suitable second hand fully refurbished units.

Further resource definition

Infill drilling work on the Cano ore-body is currently in progress and further definition drilling will be undertaken at the adjacent Gama deposit as well as in the area between the Magellan and Cano deposits. The closer drill spacing on Cano is desirable as although the current spacing is adequate for the definition of proven and probable reserves, the experience in the Magellan deposit has shown that wider spacing tends to result in an underestimation of the ore grade from the geo-statistical constraints on this unusual collapsed structure.

Furnace design

Optimization work continued with BJ Industries and has resulted in a better than expected overall treatment rate, to such an extent that a two furnace plant will be sufficient to meet all medium term needs. A more economic source of sodium metal units for the furnace slag requirements is currently being investigated.

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TSE stock symbol: IVW

This news release 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 realized or substantially realized, 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.

IVERNIA WEST INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

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

| | Three-month period | | Six-month period | |
|--|---------------------------|-----------------|-------------------------|-----------------|
| | ended June 30, | | ended June 30, | |
| | 2003 | 2002 | 2003 | 2002 |
| | \$ | \$ | \$ | \$ |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| Revenue | | | | |
| Interest income | (30) | (26) | (53) | (42) |
| Expenses (income) | | | | |
| General and administrative | 262 | 334 | 665 | 586 |
| Irish office closure | 268 | - | 268 | - |
| Magellan transaction fees | 284 | - | 304 | - |
| Foreign exchange (gain)/loss | (371) | (225) | (413) | (211) |
| Exploration | - | 13 | - | 45 |
| Interest expense | 823 | 1,182 | 1,793 | 2,308 |
| Gain on loan settlement (note 4(c)) | - | - | (768) | - |
| Other expenses (income), net | 7 | (90) | 7 | (90) |
| | <u>1,243</u> | <u>1,188</u> | <u>1,803</u> | <u>2,596</u> |
| Loss for the period | (1,243) | (1,188) | (1,803) | (2,596) |
| Deficit - beginning of period | <u>(81,332)</u> | <u>(59,433)</u> | <u>(80,772)</u> | <u>(58,025)</u> |
| Deficit - end of period | <u>(82,575)</u> | <u>(60,621)</u> | <u>(82,575)</u> | <u>(60,621)</u> |
| Loss per share | <u>(0.01)</u> | <u>(0.01)</u> | <u>(0.01)</u> | <u>(0.02)</u> |
| Weighted average number of common shares outstanding (000s) | <u>144,868</u> | <u>144,712</u> | <u>144,868</u> | <u>137,089</u> |

IVERNIA WEST INC.
CONSOLIDATED BALANCE SHEET

(in thousands of United States dollars)

| | <u>June 30,</u> 2003 \$ (unaudited) | <u>December 31,</u> 2002 \$ |
|---|---|--|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 1,355 | 191 |
| Accounts receivable | <u>84</u> | <u>65</u> |
| | 1,439 | 256 |
| Investment in Lisheen joint venture (note 2) | 72,257 | 73,192 |
| Other investments | 16 | 16 |
| Property, plant and equipment | 8,207 | 8,184 |
| Restricted cash and cash equivalents | 4,192 | 3,474 |
| Deferred charges | <u>240</u> | <u>51</u> |
| | <u>86,351</u> | <u>85,173</u> |
| Liabilities | | |
| Current liabilities | | |
| Current portion of long term debt (note 4) | 27,115 | 22,723 |
| Accounts payable and accrued liabilities | <u>4,228</u> | <u>2,275</u> |
| | 31,343 | 24,998 |
| Long-term debt (note 4) | 50,267 | 53,631 |
| Minority interest | <u>52</u> | <u>52</u> |
| | 81,662 | 78,681 |
| Shareholders' Equity | | |
| Share capital (note 5(a)) | 80,359 | 80,359 |
| Contributed surplus | 97 | 97 |
| Deficit | (82,575) | (80,772) |
| Cumulative translation adjustments | <u>6,808</u> | <u>6,808</u> |
| | <u>4,689</u> | <u>6,492</u> |
| | <u>86,351</u> | <u>85,173</u> |

IVERNIA WEST INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of United States dollars)

| | Three-month period | | Six-month period | |
|--|---------------------------|----------------|-------------------------|----------------|
| | ended June 30, | | ended June 30, | |
| | 2003 | 2002 | 2003 | 2002 |
| | \$ | \$ | \$ | \$ |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| Cash provided by (used in) | | | | |
| Operating activities | | | | |
| Loss for the period | (1,243) | (1,188) | (1,803) | (2,596) |
| Non-cash items: | | | | |
| Depreciation and amortization | - | - | - | - |
| Gain on loan settlement (note 4(c)) | - | - | (848) | - |
| Other | 2 | 216 | 107 | 222 |
| Changes in non-cash working capital: | | | | |
| Accounts receivable, inventories and other current assets | 14 | 88 | (13) | 111 |
| Accounts payable and accrued liabilities | 1,537 | (511) | 1,877 | (86) |
| Change in restricted cash and cash equivalents | (28) | - | (392) | (1,073) |
| | <u>282</u> | <u>(1,395)</u> | <u>(1,072)</u> | <u>(3,422)</u> |
| Investing activities | | | | |
| Additions to property, plant and equipment | (2,606) | (150) | (2,767) | (1,201) |
| Proceeds on sale of short term investment | - | 533 | - | 533 |
| Decrease in equity investment | - | 8,028 | 935 | 9,651 |
| | <u>(2,606)</u> | <u>8,411</u> | <u>(1,832)</u> | <u>8,983</u> |
| Financing activities | | | | |
| Net cash proceeds on issue of shares | - | 29 | - | 1,257 |
| (Decrease)increase in long-term debt, net | 2,350 | (6,654) | 2,954 | (6,654) |
| Contribution from joint venture partner (note 3) | 1,700 | - | 1,700 | - |
| Increase in deferred charges | (203) | - | (203) | - |
| | <u>3,847</u> | <u>(6,625)</u> | <u>4,451</u> | <u>(5,397)</u> |
| Effect of exchange rate changes on cash and cash equivalents held in foreign currency | <u>(257)</u> | <u>(308)</u> | <u>(383)</u> | <u>(318)</u> |
| Net increase(decrease) in cash and cash equivalents | 1,266 | 83 | 1,164 | (154) |
| Cash and cash equivalents - Beginning of period | <u>89</u> | <u>393</u> | <u>191</u> | <u>630</u> |
| Cash and cash equivalents - End of period | <u>1,355</u> | <u>476</u> | <u>1,355</u> | <u>476</u> |

IVERNIA WEST INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month periods ended June 30, 2003 and 2002

(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 (collectively the "Company" or "Ivernia") 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 (Summary of significant accounting policies) to the Company's audited consolidated financial statements for the year ended December 31, 2002.

These interim consolidated financial statements should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2002.

2. Investment in Lisheen joint venture

Refer to note 4 and 13(c) to the Company's audited financial statements for the year ended December 31, 2002, and note 7(b) to these statements.

The investment in the Lisheen joint venture is summarized as follows:

| | June 30, |
|--------------------------------------|-----------------|
| | 2003 |
| | <u>\$</u> |
| Shareholder and partner loans | 72,257 |
| Equity investment | <u>-</u> |
| Balance as at March 31, 2003 | 72,257 |
| | <u>-</u> |
| Shareholder and partner loans repaid | <u>-</u> |
| Balance at June 30, 2003 | <u>72,257</u> |

The shareholder and partner loans are non-interest bearing.

As at June 30, 2003 \$59.05 million (December 31, 2003 - \$57.30 million) had been funded on behalf of Ivernia by Anglo under the terms of the Anglo Funding Agreement.

3. Magellan project

Refer to notes 5 and 13(b) to the Company's audited consolidated financial statements for the year ended December 31, 2002.

Deferred expenditure on the Magellan project during the three month and six month period ended June 30, 2003 was \$2.61 million and \$2.77 million respectively.

In May 2003 the Company entered into a termination agreement with an Australian mining company to make a payment of A\$2.10 million (\$1.29 million) to terminate the 1997 farm-in agreement under the terms of which such mining company was entitled to a royalty of between

IVERNIA WEST INC.
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A\$1 and A\$1.75 per tonne of ore processed by Magellan Metals dependent on lead price. The \$1.29 million is included in the above stated deferred expenditure for the three month period ended June 30, 2003 and was funded out of the proceeds of the Second Sentient Loan (note 4(b)).

On June 19, 2003 the Company signed definitive agreements with Sentient for a joint venture to develop the Magellan Project (the "Magellan Transaction"). Pursuant to the Magellan Transaction, Sentient agreed to provide \$4.60 million in financing to the Company's subsidiary Magellan Metals Pty. Limited ("Magellan Metals"). This amount was advanced by way of a \$1.70 million subscription for 40% of the shares of Magellan Metals, \$2.40 million in secured loans (the "Magellan Loans") (note 4(f)) and \$0.50 million in notes (the "Magellan Notes") which are convertible into shares of Magellan Metals (note 4(e)). The total amount provided by Sentient under these arrangements was used to extinguish the First Sentient Loan and the Second Sentient Loan.

On an ongoing basis, 40% of the funding for the Magellan Project will be provided by Sentient, with 60% to be funded by or on behalf of Ivernia. If Sentient acquires additional Magellan Metals shares upon the conversion of Magellan Notes (as described in note 4(e)), Sentient's share of the funding requirement will be increased, with retroactive effect from June 19, 2003, to the extent of its percentage share ownership following such conversion. In the event that the Company is unable to fund its share of contributions to the Magellan Project, Sentient will make contributions on the Company's behalf under an interim funding arrangement (the "Cash Flow Note"). Such contributions will be repaid by Magellan Metals to Sentient out of project cash flow with interest at a rate that provides Sentient with a 30% internal rate of return.

The obligations of Magellan Metals under the Magellan Loans, the Magellan Notes and the Cash Flow Note are secured by a charge over the assets of Magellan Metals. In addition, IAHL and Polymetals have guaranteed Magellan Metals' obligations under these facilities. The guarantees are secured by equitable mortgages over the Company's shares of IAHL, Magellan Metals and Polymetals. The events of default which would entitle Sentient to increase its ownership of Magellan Metals to 51% would also entitle Sentient to exercise its security.

Prior to the signing of the Magellan Transaction, on June 19, 2003, the Company completed a reorganization of its subsidiaries with the result that Ivernia Inc.'s interests in the Magellan Project and the Lisheen Mine are held through separate wholly-owned subsidiaries.

Following the Magellan Transaction the Company now accounts for the Magellan joint venture by the proportional consolidation method. Under this method the Company has included in its balance sheet at June 30, 2003 its 60% share of the Magellan assets and liabilities. The 2.53% of the company's share of the Magellan joint venture that is currently held by minority interests will be acquired by the company on August 25, 2003 (see note 6(d)).

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(unaudited)

4. Long-term debt

Refer to notes 4(c), 7, 13(a), 13(b), 13(c) and 13(d) to the Company's audited consolidated financial statements for the year ended December 31, 2002.

| | June 30, | December 31, |
|--|-------------------|---------------------|
| | 2003 | 2002 |
| | <u> </u> | <u> </u> |
| | \$ | \$ |
| Project Loan (note 4(a)) | 73,192 | 73,192 |
| Sentient Loans to IAHL (note 4(b)) | - | - |
| Standby Facility (note 4(c)) | - | 2,762 |
| Advance proceeds against convertible notes (note 4(d)) | 1,950 | 400 |
| Magellan Notes (note 4(e)) | 300 | - |
| Magellan Loans (note 4(f)) | 1,440 | - |
| Anglo Advance (note 7(b)) | 500 | - |
| | <u>77,382</u> | <u>76,354</u> |
| Less current portion: | | |
| Project Loan | 26,615 | 19,961 |
| Standby Facility | - | 2,762 |
| Anglo Advance | 500 | - |
| | <u>50,267</u> | <u>53,631</u> |

(a) Non-recourse project loan within Lisheen joint venture

Refer to notes 4(c) and 13(c) to the Company's audited consolidated financial statements for the year-ended December 31, 2002.

In February 2003, the Company was advised that (i) the Project Lenders had transferred all of the outstanding Project Loan, together with the Anglo Project Loan, to a single financial institution which was one of the Project Lenders, and (ii) a subsidiary of Anglo had entered into a sub-participation agreement with such financial institution with the result that Anglo had effectively become the lender under the Project Loan and the holder of the related security.

(b) Sentient loans to IAHL

Refer to note 13(b) to the Company's audited consolidated financial statements for the year-ended December 31, 2002.

In February 2003, the Company's subsidiary Ivernia Australian Holdings Ltd. ("IAHL") entered into a loan agreement with Sentient for a \$2.10 million twelve month interest free secured loan to IAHL (the "First Sentient Loan"). Of this amount, \$2.08 million was applied in March 2003 to settle in full Ivernia's obligations in the amount of \$2.85 million under the Company's Standby Facility with an Irish financial institution (note 4(c)). Pursuant to a

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March 2003 amendment to the loan agreement, Sentient advanced by way of secured loan an additional \$2.50 million (the "Second Sentient Loan") to IAHL from March through June 2003. Proceeds from the Second Sentient Loan were used to fund feasibility study and detailed engineering work on the Magellan Project, and were also applied in May 2003 by Magellan Metals to terminate an existing royalty on the project held by an Australian mining company (note 3). Pursuant to the Magellan Transaction (note 3), on June 19, 2003 the \$4.60 million of Sentient financing to Magellan Metals was used to extinguish the First Sentient Loan and Second Sentient Loan.

(c) Standby facility

Refer to notes 7(a) and 13(d) to the Company's audited consolidated financial statements for the year-ended December 31, 2002.

In February 2003 the Company entered into a settlement agreement with an Irish financial institution for the early repayment of a Euro 2.64 million (\$2.85 million; December 31, 2002 - \$2.76 million) Standby Facility which would have matured on June 30, 2003. The Standby Facility was settled on payment of Euro 1.92 million (\$2.08 million) in March 2003 giving rise to a \$0.77 million gain on settlement. The settlement was funded out of the proceeds of the First Sentient Loan (note 4(b)).

(d) Private placement of convertible notes

Refer to notes 7(b) and 13(a) to the Company's audited consolidated financial statements for the year-ended December 31, 2002.

In April and June 2003, the Company received further advance subscription proceeds from an associated company of RIT of \$250,000, and \$900,000 from Sentient in connection with the Magellan transaction (note 3). As at June 30, 2003 total advance proceeds of \$1,950,000 had been received. The Company has delayed issuing any of the notes and warrants until the full amount of the \$1.95 million offering has been subscribed and proceeds received, with the result that none of the convertible notes or warrants had been issued as at June 30, 2003 (note 6(a)).

(e) Magellan notes

Pursuant to the Magellan Transaction (note 3), Magellan Metals issued \$0.50 million of Magellan notes which are convertible into shares of Magellan Metals. Of the \$0.50 million principle amount of the Magellan Notes, \$0.40 million is convertible at Sentient's option into an additional 9% of the shares of Magellan Metals. If certain default events occur, then the final \$0.10 million of Magellan Notes will become convertible into a further 2% of the shares of Magellan Metals. These default events include the inability of the Company to arrange, by January 31, 2004, project financing for Magellan Metals from a financial institution. As at June 30, 2003 the Company's 60% proportional share of the Magellan Notes was \$0.30 million.

(f) Magellan loans

Pursuant to the Magellan Transaction (note 3), Magellan Metals received \$2.40 million of Magellan Loans from Sentient. The Magellan Loans bear interest at the rate of 15% per annum and are repayable from Magellan cash flow and must be repaid by June 19, 2012 or such earlier date on which Sentient ceases to be a shareholder. As at June 30, 2003 the company's 60% proportional share of the Magellan Loans was \$1.44 million.

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(unaudited)

5. Share Capital

Refer to note 8 to the Company's audited consolidated statements for the year ended December 31, 2002.

(a) Issued and outstanding shares

Details of issued and outstanding shares are as follows:

| | Number of common shares (000) | Amount \$ |
|---|--|----------------------|
| Outstanding as at December 31, 2002 and June 30, 2003 | <u>144,868</u> | <u>80,359</u> |

(b) Employee stock options

At June 30, 2003 there were outstanding options to purchase 9,250,000 common shares of the Company, of which 8,175,000 were exercisable at that date. During the quarter no options expired and no new options were granted.

(c) Share warrants

As at June 30, 2003 the Company has outstanding 9,134,017 share purchase warrants (December 31, 2002 – 9,134,017) which can be converted into 9,134,017 common shares of the Company.

6. Subsequent events

(a) Private placement of convertible notes and warrants

Refer to note 13(a) to the Company's audited consolidated financial statements for the year-ended December 31, 2002.

In August 2003, Cambrian Mining plc ("Cambrian"), a British based mining investment company, announced that it had acquired 22,555,000 shares in Ivernia West Inc. from Resources Investment Trust plc ("RIT"). In addition, Cambrian assumed RIT's obligations under certain subscription agreements for the purchase of the Company's convertible notes and warrants.

On August 29, 2003 the Company issued the \$1,950,000 of convertible notes and 30 million common share purchase warrants to Sentient, Cambrian and Ocean Resources Capital Holdings plc.

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

(b) Lisheen Mine

Refer to note 13(c) to the Company's audited consolidated financial statements for the year-ended December 31, 2002.

On July 18, 2003, the Company signed a definitive agreement with Anglo for the purchase by Anglo of the Company's 50% participating interest in the Lisheen Mine (the "Lisheen Sale").

Pursuant to the Lisheen Sale, Anglo has agreed to purchase all of the shares of the Company's subsidiary Ivernia West Limited ("IWL") and its other subsidiaries holding the Company's interest in the Lisheen Mine for consideration consisting of an aggregate cash purchase price of \$1.8 million and the assumption by Anglo of all the Company's existing debt obligations relating to the Lisheen Mine, including outstanding loans from the project's lenders to IWL's subsidiary Ivernia Lisheen Finance Limited in the amount of \$73.19 million.

Of the \$1.8 million purchase price, \$0.5 million has already been advanced to the Company by Anglo ("the Anglo Advance"). A portion of the remaining \$1.3 million will represent the repayment by IWL of certain outstanding indebtedness to the Company, which repayment will be funded by Anglo on or after closing of the Lisheen Sale.

The Lisheen Sale is conditional upon, amongst other things, obtaining certain required consents and regulatory approvals, including the consent of the Toronto Stock Exchange, on or before September 30, 2003. The Lisheen Sale was also subject to the approval of the Company's shareholders which was sought and received at the Company's annual and special shareholders meeting held on August 28, 2003.

In order to facilitate the Lisheen Sale, prior to closing the Company will complete a reorganization of certain of its non-operating subsidiaries with the result that its only subsidiaries which will be acquired by Anglo upon closing of the Lisheen Sale will be those which are connected with the Lisheen joint venture. Following the closing of the Lisheen Sale, the Company will close its office in Limerick, Ireland as part of its previously announced cost reduction program.

(c) Compensation to Financial Advisor

Refer to note 13(f) to the Company's audited consolidated financial statements for the year-ended December 31, 2002.

(d) Acquisition of minority interest in Magellan

Refer to note 5 to the Company's audited consolidated financial statements for the year-ended December 31, 2002.

On August 25, 2003, the company paid A\$2 million in settlement of an option exercised in January 2002 to purchase the remaining 5% of Polymetals it did not hold. Following payment of that A\$2 million to acquire the outstanding 2.53% minority interest in the Magellan Project, the Company holds a 60% interest in Magellan Metals. The payment was funded from a drawdown on the Magellan Loans.