



Hard Lessons at Esperance

MMG CEO Conference
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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 possibility of legal or regulatory action (and any resulting costs or liabilities) which may be taken in connection with the matters which resulted in the suspension of mining operations, the estimated timing to 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 Ivernica'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 duration of the suspension of mining and milling operations, metal price volatility, lead concentrate treatment charges, exchange rates, regulatory proceeding and litigation, 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 Ivernica are available on the Company's website at www.ivernica.com and on Ivernica's SEDAR profile at 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.

Lead Price US dollars per tonne



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Magellan 2005-
2007



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Magellan Lead Mine Background

- Ivernia is sole owner and operator of the Magellan lead mine:
 - Located in Western Australia
 - Only significant pure lead mine in the world: ~2% of world mine supply
 - One of the world's top 10 lead mines when at full production
 - Produces approximately 85,000 tonnes lead in concentrate per year at full production
 - Significant by scale and purity
- Open cut lead carbonate mine and processing (concentrate) facility
- Located 30 km west of Wiluna in WA Goldfields mid-West region



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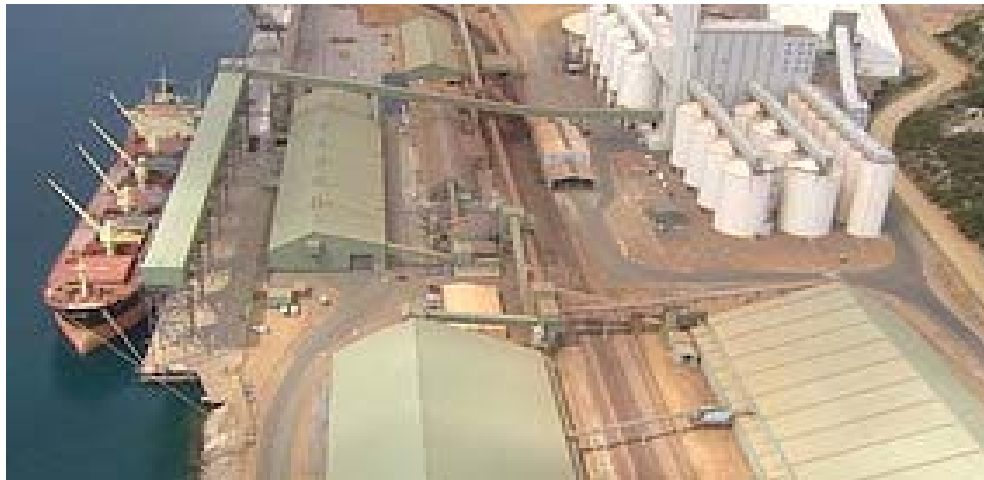
- Lead concentrate initially transported in bulk through the Port of Esperance
- Lead carbonate concentrate produced and placed in tarped kibbles at the mine
- Kibbles loaded onto trucks at the mine and transported by rail to Leonora
- Kibbles loaded onto rail wagons at Leonora
- Rail wagons transported to the Port of Esperance



- Bulk containers unloaded from trains at the Port
- Bulk containers emptied at the Port and concentrate stockpiled inside storage shed
- Concentrate transport to ship via conveyor



- Reports of bird fatalities were brought to the company's attention
- Magellan lead concentrate was mishandled during bulk loading at the port in hot, dry and windy conditions allowing lead dust to escape





Impact on Magellan

- Exports of lead concentrate through the Port of Esperance were suspended in 2007
- Magellan mine on care and maintenance since early 2007
- Issue of lead dust beyond Port boundary resulted in a number of studies and reports, including a Parliamentary Inquiry
- Months of negotiation, then collaboration between Magellan, Esperance Port Authority, Government and community to resolve lead issues and obtain approval to export through Fremantle



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The logo for Ivernia, featuring a stylized green compass rose or star shape behind the word "Ivernia" in a bold, white, sans-serif font.

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Cost to Magellan

- Indirect costs
 - Damage to corporate reputation
 - Team morale - uncertainty, fear and doubt
 - Earn back social license to operate, regain trust of community, industry and Government
 - Management focus – inability to focus on exploration and corporate development initiatives and financing opportunities
- Direct costs
 - Inability to generate revenue
 - US\$>50M (care & maintenance expenses, legal and consulting fees, financing fees and interest expense, Parliamentary inquiry and Esperance settlement costs)

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Magellan Beyond 2007

Esperance 2008

Removing the lead stockpile

- Reached final agreement with Government and Port Authority on a Lead Removal Plan for 8000 dmt lead carbonate concentrate stored inside sealed shed at Esperance
- Lead concentrate packaged in Government and UN approved two tonne bags
- Exteriors of bags vacuumed
- Bags containerized, containers sealed and shipped
- Stringent conditions
 - Zero emissions to environment
 - H&S
 - No incidents
- Final shipment out May 2009



Sealed Shipment Process Proven at Esperance







Magellan Operations
2008 - 2009

Settlement Deed

- Reached final agreement in December 2008 with Government and Port Authority on Esperance clean up contribution - \$9M from future earnings
- Established the \$1M over three years Magellan Community Fund for projects in Esperance



Magellan Beyond 2007

Fremantle 2009 and
beyond

Similar export process to that proved at Esperance

- Lead concentrate packaged in Government and UN approved two tonne bags
- Exteriors of bags vacuumed
- Bags loaded inside shipping containers
- Containers bolt locked
- Containers loaded onto trucks
- Containers and trucks washed and containers delivered by rail to the Port of Fremantle
- Shipped to customers on regular container vessels





Magellan Operations
2009 and beyond
Fremantle

Fremantle export process

- Sealed process avoids re-handling of product, and potential for product escape is minimized
- Rigorous Occupational Health, Safety & Environment (OHS&E) standards and monitoring for handling and transport
- Independent auditing
- Top level emergency response programs in place
- A\$5 million environmental bond
- Final State Government approval of management plans for exports granted in August 2009
- Now shipping mine concentrate stockpiles through Fremantle
- Extensive mine restart planning process in underway and is expected to continue until year-end with the objective of restarting operations in early 2010

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- All bags have an EIP
- All bags and containers have a marine pollutant label
- All containers have a dangerous goods placard





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Environmental Monitoring

- Baseline monitoring along the transport route from mine to Fremantle and at the Port of Fremantle
- Operational monitoring of the transport route and at the Port of Fremantle
- Monitoring includes soil, water, benthic sediment, dust deposition and air quality monitoring during container arrival, handling and loading
- Use of NATA accredited laboratories for all analysis



- ERP developed in consultation with FESA, DEC, DMP, DoH, local Government authorities, rail contractor, port logistics operator, Fremantle Ports and stevedores
- ERP includes the following:
 - Roles and responsibilities
 - Resources
 - Emergency response procedures
 - Clean-up procedures
 - Post clean-up sampling
 - Post-incident management
 - Preparedness



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Compliance and Reporting

- Independent inspection for every bag and container
- Independent auditing of entire process
- Independent reporting to Government
- Public compliance reporting
- Performance reviews
- Compliance reports
- Community Group liaison
- New website developed



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Magellan Beyond 2007

Community

- Fostering good relationships with all stakeholders is an essential part of Magellan's emphasis on sustainable operations
- Magellan, in partnership with other miners and Government, engaging to assist the local Wiluna community (95% indigenous) through the Regional Partnership Agreement, RPA, to assist in capacity building and opportunity creation
- Assisting in a range of other community activities





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In Retrospect and Going Forward

Corporate responsibility - social operating license must be earned and protected

- Employ innovative and proactive solutions to societal and environmental challenges
- Accountability and responsibility does not end at the mine gate
- Collaborate with internal and external stakeholders to improve performance - transparency critical
- Partner with local communities, industry and government

Corporate structure and product stewardship

- Take responsibility for product handling even after it leaves the mine-site
- Fully document all processes and procedures
- Invest in management expertise across the organization

Crisis management

- Develop and implement a comprehensive crisis management response plan
- Responding to a crisis requires company leadership to remain focused and effective

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A new and approved worldwide safety standard for the transport of lead, which goes beyond best practice for concentrate transport – wide implications for other industries

Rebuild trust and retain license to operate through exemplary corporate responsibility





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www.ivernia.com

www.magellanmetals.com.au