

Magellan Metals Pty Ltd

A.B.N 68 075 523 661

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MEDIA STATEMENT

MAGELLAN TEAM REDUCED IN WESTERN AUSTRALIA

Unprecedented turmoil in global financial and commodities markets has resulted in reports of mine closures and regular production cut-backs due to free-falling metals prices, including lead. Within this environment the management of Ivernia Inc, parent company of Magellan Metals, is among many companies in the resources industry reassessing mine production plans and being required to take tough operational decisions.

Ivernia finds itself in a position of needing to reduce costs to ensure it is in a strong position to bring its Magellan mine back into production when lead prices eventually return to higher levels.

Ivernia's commercial situation has been compounded by the lack of cashflow from its Magellan mine near Wiluna, which has been on care and maintenance since early 2007. The company's financial situation has been impacted by the ongoing costs associated with care and maintenance and the long-running negotiations with the Western Australian State Government to obtain approvals for the sealed shipment process through the Port of Fremantle. The company has been negotiating and working with government authorities on the approvals processes for the past year and is still awaiting those approvals.

Today Magellan Metals and Ivernia have made the difficult decision to terminate the employment of 18 team members. The company recognises the hard work that each of those employees has contributed to its operations and looks forward to the possibility of working with them in the future.

Looking ahead Ivernia is now focused on preserving its remaining cash and directing its resources to completing Magellan's key priorities in Western Australia, which are:

1. working diligently to obtain final sealed shipment approvals from the Western Australian Government
2. removing the lead stockpile from Esperance and meeting our commitments to the community and government on contributing towards the lead clean-up in Esperance
3. initiating the containerized shipping of our stockpiled lead concentrates on site
4. maintaining high environmental, health and safety standards, and
5. planning for the restart of Magellan when commodity prices allow.

It is important to note that today's decision in no way lessens the company's commitment to removing its lead concentrate stockpile from the Port of Esperance or to finalising a significant financial contribution to resolving lead issues in Esperance. Both of these activities are in the final stages of approval or discussion with the Western Australian State Government.

Media inquiries:

Australia – Dr. John Yeates

Tel: (08) 9267 7000

Email: john.yeates@magmetals.com

Website: www.magellanmetals.com

Australia – Anthony Hasluck

Clarity Communications

Mob: 0438 522 194

Email: Anthony@claritycommunications.com.au