# IVERNIA REPORTS SECOND QUARTER 2015 FINANCIAL RESULTS

*All Dollar Amounts are in U.S. Dollars ("US$") Unless Otherwise Indicated*

**TORONTO, ONTARIO – July 28, 2015** – Ivernia Inc. (collectively with its subsidiaries "Ivernia" or the "Company") (TSX: IVW) today reported results for the three and six months ended June 30, 2015. Principal activities during the second quarter of 2015 continued around care and maintenance activities at the Paroo Station Mine (the "Mine") site, negotiating with our lenders Sprott Resource Lending Partnership ("Sprott") and Enirgi Group Corporation ("Enirgi Group") to extend the forbearance on principal and interest repayments, negotiating with key suppliers for the suspension or early termination of several leases and supply contracts, and the Special Committee of the Board of Directors' ongoing financial and strategic review of the Company.

In the second quarter, we realized a net loss of $6.8 million or $0.01 per share, compared to a net income of $2.4 million or $nil per share for the second quarter of 2014. The net loss of $6.8 million was primarily due to the continuing costs of care and maintenance and an impairment charge relating to consumables and other inventory. The net loss for the first six months of 2015 was $9.2 million or $0.01 per share compared to a net loss of $0.5 million or nil per share for the first six months of 2014.

## SECOND QUARTER 2015 HIGHLIGHTS

### Operational

- The Mine is on care and maintenance. Mining operations ceased in January and milling ceased in early February 2015. The final shipments of lead concentrate left the Fremantle port in March.
- A minimum complement of care and maintenance staff is at the Mine site full-time.

### Financial

- Gross loss of $3.3 million and net loss of $6.8 million.
- Cash used in operations of $1.3 million.
- The Special Committee of the Board of Directors is currently conducting a financial and strategic review of the Company. The Special Committee has recommended the Company seek to complete a transaction which may include, but is not limited to, a merger, sale of the Mine, restructuring or any other potential transaction which realizes the value of the Company and its assets (the "Transaction").
- On June 17, 2015 we reached agreement with our lenders - Sprott Resource Lending Partnership ("Sprott") and Enirgi Group Corporation ("Enirgi Group") – to extend the forbearance on principal and interest repayments until the earlier of (i) November 15, 2015; (ii) the date a Transaction is completed; or (iii) for a Transaction where negotiations have commenced and in principle agreement is reached, the date on which the Transaction is reasonably determined to have been terminated (the "Sprott Forbearance Period"). In consideration, Ivernia paid C$4.75 million ($3.8 million) to Sprott during the quarter representing the proceeds of the refund of the transportation bond.
- The suspension on making payments to Enirgi Group and Enirgi Metal Group Pty Ltd ("EMG") under the Management Services Agreements (defined herein) for costs incurred subsequent to February 13, 2015 was concurrently extended to the end of the Sprott Forbearance Period.
- The Mine is on full care and maintenance and as a result, if a Transaction is not undertaken, additional financing will be required to meet its commitments to its lenders, meet the costs of care and maintenance and the costs of any potential future restart of the Mine. Subject to the nature and terms and conditions of any Transaction entered into, additional financing may continue to be required even in the event a Transaction is concluded by the Company.

## FINANCIAL AND OPERATING HIGHLIGHTS

Summary financial and operating highlights:

| (in thousands of United States dollars, unless otherwise indicated and per share amounts) | Three months ended June 30 **2015** **$** | 2014 $ | Six months ended June 30 **2015** **$** | 2014 $ |
|---|---|---|---|---|
| **Financial Highlights** | | | | |
| Revenue[1] | **750** | 41,500 | **27,163** | 74,105 |
| Gross (loss) profit | **(3,271)** | 4,278 | **(4,945)** | 2,931 |
| Net (loss) income | **(6,804)** | 2,356 | **(9,196)** | (536) |
| Basic and diluted (loss) earnings per share | **(0.01)** | 0.00 | **(0.01)** | (0.00) |
| Cash flow (used in) provided by operating activities | **(1,254)** | 4,831 | **387** | 6,034 |

| | **June 30, 2015** | December 31, 2014 |
|---|---|---|
| Total assets | **66,038** | 92,184 |

| | Three months ended June 30 **2015** | 2014 | Six months ended June 30 **2015** | 2014 |
|---|---|---|---|---|
| **Operating Highlights** | | | | |
| Ore milled – (000s tonnes) | **-** | 294.2 | **171.2** | 657.9 |
| Average head grade | **-** | 8.4% | **7.4%** | 7.2% |
| Recovery | **-** | 84.2% | **77.3%** | 80.7% |
| Concentrate produced – (000s tonnes) | **-** | 31.9 | **14.0** | 58.3 |
| Concentrate sold – (000s tonnes) | **-** | 31.0 | **22.4** | 56.9 |
| Lead metal in concentrate produced – (000s tonnes) | **-** | 21.5 | **9.9** | 38.8 |
| Lead metal in concentrate sold – (000s tonnes) | **-** | 20.7 | **15.7** | 37.8 |
| Concentrate inventory – (000s of tonnes) | **-** | 5.2 | **-** | 5.2 |
| Ivernia's realized average lead sale price – ($ per tonne) | **-** | 2,171 | **1,819** | 2,143 |
| Average lead price – LME cash settlement – ($ per tonne) | **1,942** | 2,096 | **1,876** | 2,100 |

(1) During the first quarter of 2015, the Mine transitioned to care and maintenance due to depressed London Metal Exchange ("LME") lead prices and increased treatment charges. Mining operations ceased in January and milling operations ceased in early February 2015. Final shipments of lead concentrate left the Fremantle port in March 2015.

## OPERATIONS REVIEW

### Care and Maintenance

During the fourth quarter of 2014 the LME lead price declined significantly. Early in 2015, customer negotiations concluded that treatment charges would increase further, at least in the short term, when compared to 2014 charges. Consequently, treatment charges, together with the decline in LME lead prices, were significant considerations in the decision to place the Mine on care and maintenance and appoint a Special Committee to conduct a financial and strategic review of the Company.

Immediately after the move to care and maintenance was announced, mining operations were suspended and the mining contractor commenced the process of demobilization and moving machinery and equipment offsite. The pits were made secure and the necessary regulatory agencies were advised of the move to care and maintenance. Plans were enacted to cease milling operations with employees, customers and suppliers all advised of the decision and consequent changes.

Milling activities ceased on February 2, 2015 with the plant then drained and secured for care and maintenance. The final concentrate produced was dewatered and bagged. The final shipments of concentrate left the Fremantle port in March. We negotiated the suspension or early termination of several leases and supply contracts with key suppliers leading to some reduction in our commitments and obligations with negotiations ongoing in relation to one key supplier. These negotiations are expected to be concluded during the third quarter. The Mine is on full care and maintenance with qualified care and maintenance staff on site.

The Special Committee of the Board of Directors is currently conducting a financial and strategic review of the Company in light of current market conditions, the Company's financial condition and the outcomes of the new technical report. The Special Committee recommended the Company seek to complete a transaction which may include, but is not limited to, a merger, sale of the Mine, restructuring or any other potential transaction which realizes the value of the Company and its assets.

As a result of the decision to place the Mine on care and maintenance, the Company triggered events of default under the secured loan agreement with Sprott. During the first quarter, the Company reached an agreement with its lenders, Sprott and Enirgi Group, on a five-month moratorium on principal and interest payments ending on June 30, 2015. The Company also obtained a suspension on making payments to Enirgi Group and EMG under the Management Services Agreements (as defined below) for costs incurred between February 13, 2015 and June 30, 2015.

The Company and its lenders agreed to extend the moratorium on principal and interest payments until the end of the Sprott Forbearance Period. In consideration, Ivernia paid $3.8 million (C$4.75 million) to Sprott during the quarter representing the proceeds of the refund of the transportation bond. Concurrently, the suspension on making payments under the Management Services Agreements was also extended to the end of the Sprott Forbearance Period.

The LME lead price has been volatile and, since the end of the first quarter of 2015, it has traded at prices close to and higher than those recorded in the first quarter of 2015 when the LME lead price averaged $1,806 per tonne while reaching a high of $1,882 per tonne. During the second quarter of 2015 the LME lead price averaged $1,942 per tonne and reached a high of $2,140 per tonne. The LME lead price consistently traded over $2,000 per tonne between April 16, 2015 and May 13, 2015 before weakening again and closing at a price of $1,754 per tonne on June 30, 2015. The LME lead price has continued to be depressed subsequent to June 30, 2015.

The Company continues to monitor LME lead prices closely. If a Transaction involving the disposal of the Mine is not undertaken, any decision to restart the Mine will be subject to a number of factors that impact our ability to generate positive cash flow. These factors include, but are not limited to, a sustained improvement in LME lead prices over a sustained period of time supported by positive market fundamentals, favourable foreign exchange rates and treatment charges. Ultimately, a decision to restart the Mine will be dependent on securing the necessary financing to restart operations. Given the Company's current debt obligations and an estimated mine life of approximately four years, management and the Special Committee continue to focus not only on funding requirements but on an overall strategic review of the Mine and its operations in light of the foregoing factors.

Summary mine production, process production, shipments and inventories:

| | Three months ended June 30 | | Six months ended June 30 | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| **Mining** | | | | |
| Ore mined – 000s tonnes[1] | - | 400.3 | 89.2 | 870.6 |
| Total ore and waste mined – 000's of Bulk Cubic Meters | - | 958.5 | 209.9 | 1,769.1 |
| **Processing** | | | | |
| Ore milled – 000s tonnes | - | 294.2 | 171.2 | 657.9 |
| Average head grade | - | 8.4% | 7.4% | 7.2% |
| Average recovery | - | 84.2% | 77.3% | 80.7% |
| Concentrate produced – 000s tonnes | - | 31.9 | 14.0 | 58.3 |
| Concentrate grade | - | 67.3% | 70.7% | 66.5% |
| Lead metal in concentrate produced – 000s tonnes | - | 21.5 | 9.9 | 38.8 |
| **Sales and inventories** | | | | |
| Concentrate sold – 000s tonnes | - | 31.0 | 22.4 | 56.9 |
| Concentrate grade | - | 66.9% | 70.1% | 66.4% |
| Lead metal in concentrate sold – 000s tonnes | - | 20.7 | 15.7 | 37.8 |
| Concentrate inventory – 000s tonnes | - | 5.2 | - | 5.2 |

(1) Ore mined does not include low grade ore.
(2) Low grade ore is approximately 1.5% to 2.5% lead.
(3) During the first quarter of 2015, the Mine transitioned to care and maintenance due to depressed LME lead prices and increased treatment charges. Mining operations ceased in January and milling operations ceased in early February 2015. Final shipments of lead concentrate left the Fremantle port in March 2015.

### Mineral Resources and Mineral Reserves

On March 10, 2015, we filed an independent technical report prepared by SRK Consulting (Australasia) Pty Ltd ("SRK") in accordance with National Instrument 43-101 ("NI 43-101") on the Paroo Station Mine titled "Technical Report on the Paroo Station Lead Carbonate Mine, Wiluna, Western Australia", with an effective date of December 31, 2014 (the "Technical Report"). Following completion of the work supporting the new independent NI 43-101 technical report, we reported approximate 18% and 54% decrease in contained metal in estimated total Measured and Indicated Mineral Resources and total Proven and Probable Mineral Reserves, respectively, with a mine life of approximately 4 years. SRK is a global mining consulting firm independent of Ivernia Inc. A copy of the Technical Report is filed on SEDAR and is available at www.sedar.com

## FINANCIAL REVIEW

The net loss for the second quarter of 2015 was $6.8 million or $0.01 per share, compared to a net income of $2.4 million or $nil per share for the second quarter of 2014. The net loss of $6.8 million was primarily due to the continuing costs of care and maintenance and an impairment charge relating to consumables and other inventory. The net loss for the first six months of 2015 was $9.2 million or $0.01 per share compared to a net loss of $0.5 million or nil per share for the first six months of 2014.

During the second quarter, we continued efforts to sell consumable stores and sold 792 tonnes of sodium hydrosulphide and 126 tonnes of sodium isobutyl xanthate. Demand and selling prices were lower than previously expected resulting in a write-down of consumables and other inventory of $2.3 million. We continue to explore alternative avenues to sell the remaining consumables on hand to generate cash inflows to help meet the on-going costs of care and maintenance.

With the decision to move into care and maintenance, the operating cost base for the site has been significantly reduced. Mining and milling activities ceased, headcount was reduced significantly, maintenance work has been limited, and administrative costs have been reduced to the extent possible. With the Mine now on full care and maintenance, operating costs are expected to stabilize at a consistent level in future quarters.

**Revenue**

Concentrate revenue for the second quarter of 2015 was $0.8 million compared to $41.5 million for the same period in 2014. With the final shipments of lead concentrate having left the Fremantle port in March, customers were provisionally invoiced in March based on the estimated quantity of payable lead metal contained within the lead concentrate shipped. Adjustments were made to these provisionally priced sales during the second quarter resulting in additional revenue of $0.8 million. As discussed below under "Price of Lead" we entered into short positions covering 100% of production sold. As a result we incurred a loss of $0.8 million on our exchange settled futures contracts offsetting revenue earned on final pricing adjustments.

Concentrate revenue for the first six months of 2015 was $27.2 million from the sale of 22,400 tonnes of concentrate containing 15,700 tonnes of lead metal compared to revenue of $74.1 million for the first six months of 2014 from the sale of 56,900 tonnes of concentrate containing 37,800 tonnes of lead metal. The lower sales in 2015 were a result of the decision to place the Mine on care and maintenance.

**Price of Lead**

During the second quarter of 2015, the LME cash settlement lead price averaged $1,942 per tonne compared to $2,096 per tonne in the same period in 2014. During the first six months of 2015, the LME cash settlement lead price averaged $1,876 per tonne compared to $2,100 per tonne for the same period 2014 impacting revenue. During the second quarter of 2015 the LME lead price reached a high of $2,140 per tonne. The LME lead price consistently traded over $2,000 per tonne between April 16, 2015 and May 13, 2015 before weakening again and closing at a price of $1,754 per tonne on June 30, 2015. Prices subsequent to quarter end have continued to be depressed. The decline in the LME lead price continues to be due to weakening demand in Europe and China and a deterioration in market fundamentals surrounding commodities in general.

**Operating Expenses**

The decision to place the Mine on care and maintenance has led to a decrease in operating costs to a minimum level. During the first quarter of 2015, we milled and sold the high grade inventory stockpile on hand as at December 31, 2014 resulting in a reduction in inventory during the quarter and a corresponding increase in change in inventories expense. During the second quarter, we continued efforts to sell consumable stores and sold 792 tonnes of sodium hydrosulphide and 126 tonnes of sodium isobutyl xanthate. Demand and selling prices were lower than previously expected resulting in a write-down of consumables and other inventory of $2.3 million.

**Treatment charges**

During the second quarter of 2015, treatment charges were $0.01 million compared to $7.4 million for the same period in 2015. With the final shipments of lead concentrate having left the Mine in March 2015, the expense incurred during the second quarter of 2015 related to assaying adjustments to provisionally priced sales recorded in the first quarter.

For the first six months of 2015, we incurred treatment charges of $6.6 million or $294 per tonne of lead concentrate sold compared to treatment charges of $13.4 million or $236 per tonne of lead concentrate sold for the same period in 2014. Treatment charges continued to increase throughout 2014 and leading into 2015 due to the additional supply of lead concentrate within the market which increased competition for smelter capacity. As a result, it is expected that smelters will continue to increase treatment charges during the remainder of 2015 which, together with the decline in the LME lead price, was an important consideration in the decision to place the Mine on care and maintenance.

**Foreign exchange**

The foreign exchange loss of $0.3 million for the second quarter of 2015 was primarily driven by the revaluation of our Canadian dollar denominated loans due to the strengthening of the C$ against the US$ with the C$/US$ rate increasing from $0.7885 on March 31, 2015 to $0.8017 on June 30, 2015.

The foreign exchange gain of $1.1 million for the first six months of 2015 was primarily driven by the revaluation of our Canadian dollar denominated loans due to the weakening of the C$ against the US$ with the C$/US$ rate decreasing from $0.8620 on December 31, 2014 to $0.8017 on June 30, 2015.

### Finance expenses

Finance expenses of $0.6 million for the second quarter of 2015 (2014: $1.0 million) were comprised primarily of interest incurred on the Sprott Facility (defined below) and the Enirgi Facility (defined below) in the amount of $0.5 million and accretion expense of $0.1 million on the decommissioning liability. Interest expense and accretion expense on the decommissioning liability in the second quarter of 2014 was $0.9 million and $0.1 million, respectively.

Finance expenses of $1.3 million for the first sixth months of 2015 (2014: $2.2 million) were comprised primarily of interest incurred on the Sprott Facility (defined below) and the Enirgi Facility (defined below) in the amount of $1.1 million and accretion expense of $0.2 million on the decommissioning liability. Interest expense and accretion expense on the decommissioning liability in the first six months of 2014 was $2.0 million and $0.2 million, respectively. Finance expenses have decreased due to a reduction in principal owing to Sprott and a weakening of the C$ against the US$.

## LIQUIDITY AND FINANCIAL CONDITION

### Statement of Cash Flows

| | Three months ended June 30 | | Six months ended June 30 | |
|---|---|---|---|---|
| (in thousands of United States dollars) | 2015 | 2014 | 2015 | 2014 |
| Cash (used in) provided by operating activities | (1,254) | 4,831 | 387 | 6,034 |
| Cash provided by (used in) investing activities | 3,866 | (587) | 3,379 | (944) |
| Cash (used in) provided by financing activities | (3,860) | 3,758 | (4,579) | 3,724 |
| Effect of exchange rate changes on cash and cash equivalents | (27) | (33) | (238) | 133 |
| Net change in cash and cash equivalents | (1,275) | 7,969 | (1,051) | 8,947 |

### Operating activities

Cash used in operating activities was $1.3 million for the second quarter of 2015 compared to cash provided by operations of $4.8 million for the same period in 2014. Operations were cash flow negative primarily due to the decision to place the Mine on care and maintenance. Cash provided by operating activities was $0.4 million for the first sixth months of 2015 compared $6.0 million for the same period in 2014.

Operations were cash flow positive for the six months of 2015 due to a focused effort to conserve cash and maintain cash flow flexibility. During 2015, we milled high grade inventory on hand and collected outstanding receivables as at December 31, 2014 to generate positive cash inflow to fund remaining milling and mining activities as well as the upfront and on-going costs of care and maintenance. We ceased mining operations in January and milling operations in February to minimize on-going costs and conserve cash. We obtained suspensions on making interest payments due to Sprott and Enirgi Group and on making payments to Enirgi Group and EMG under the Management Services Agreements.

### Financing activities

We met our scheduled Sprott Facility (defined below) principal repayment of C$0.8 million per month on January 31, 2015. On February 12, 2015 we reached agreement with Sprott on a five-month forbearance on principal repayments ending on June 30, 2015. On June 17, 2015 the forbearance period was extended to the earlier of (i) November 15, 2015; (ii) the date a Transaction is completed; or (iii) for a Transaction where negotiations have commenced and in principle agreement is reached, the date on which the Transaction is reasonably determined to have been terminated. See “Sprott Facility – 2013”. In consideration, we repaid $3.8 million of the balance owing to Sprott resulting in $4.6 million of cash being used in financing activities for the six months ending June 30, 2015.

On January 29, 2013, the Company entered into a C$20 million secured loan facility (the “Sprott Facility”) with Sprott. The Sprott Facility bears interest at a rate of 12% per annum, compounded monthly, which is payable at the end of each month. The Sprott Facility is secured by the Mine and all of its assets.

As a result of the decision to place the Mine on care and maintenance, the Company triggered events of default under the Sprott Facility. If an event of default is triggered and called by Sprott, then Sprott has certain rights and remedies including rights to accelerate payment of principal and/or realize on its security. Following negotiations between the

Special Committee and Sprott, pursuant to a letter dated February 12, 2015 (the "Sprott Forbearance Letter"), Sprott acknowledged that recent events in the commodity markets caused the Company to place the Mine into care and maintenance, resulting in negative cash flow and an expected working capital ratio to be below the required ratio in the Sprott Facility (collectively, the "Existing Defaults"). Pursuant to the Sprott Forbearance Letter, Sprott agreed (i) that it will not exercise its rights under the Sprott Facility with respect to the Existing Defaults, subject to certain exceptions, until June 30, 2015 (the "Forbearance Date"), and (ii) to suspend the requirement for payments of principal and interest instalments to Sprott under the Sprott Facility until the Forbearance Date (with such interest accruing and being treated as unpaid interest under the Credit Agreement). In consideration for providing the Sprott Forbearance Letter, the Company agreed to pay Sprott a forbearance fee of C$150,000 with such fee payable on the maturity date of the Sprott Facility and secured by the Sprott Facility.

On June 17, 2015, the Company and Sprott entered into a forbearance extension agreement pursuant to which Sprott has agreed that it would not exercise its rights under the Sprott Facility until the earlier of (i) November 15, 2015; (ii) the date a Transaction is completed; or (iii) for a Transaction where negotiations have commenced and in principle agreement is reached, the date on which the Transaction is reasonably determined to have been terminated. In consideration, the Company repaid C$4.75 million ($3.8 million) of the balance owing to Sprott representing the proceeds of the refund of the transportation bond. During the forbearance period, Sprott retains the right to terminate the forbearance extension should certain limited events of default occur, including but not limited to, the Company becoming insolvent or bankrupt or there being a further unfavorable material change in the financial condition of the Company.

The forbearance extension agreement allows Sprott, at its option, to demand repayment of the balance owing to them under the Sprott Facility at the end of the Sprott Forbearance Period. Unless terminated earlier, the balance owing to Sprott on November 15, 2015 will be approximately C$9.7 million ($7.8 million). The maturity date under the Sprott Facility has been brought forward to the end of the Sprott Forbearance Period. All other terms and conditions of the Sprott Facility, will remain the same.

An event of default under the Sprott Facility or the Enirgi Facility that triggers early repayment of the outstanding indebtedness would have a material adverse impact on our financial condition forcing the Company to seek additional future funding. See "Risk Factors – Funding Requirements" in the 2014 AIF.

A copy of the Credit Agreement has been filed on SEDAR at www.sedar.com.

**Enirgi Facility – 2012**

On June 29, 2012, the Company obtained a C$6 million ("Principal Sum") secured loan facility from its majority shareholder, Enirgi Group (the "Enirgi Facility"). Amounts drawn down on the Enirgi Facility bear interest at an annual simple rate of 8.3%, with interest payable in arrears.

Pursuant to a letter dated February 13, 2015 ("Enirgi Forbearance Letter"), Enirgi Group has agreed to: (a) forbear from exercising any of Enirgi Group's rights or remedies arising from any event of default under the Enirgi Facility that has occurred as of February 13, 2015 or that may occur prior to the Forbearance Date (as defined above); (b) suspend the payment of interest payable by Ivernia to Enirgi Group under the Enirgi Facility until the Forbearance Date (with interest accruing and being treated as unpaid interest under the Enirgi Facility); (c) confirm the suspension of the re-payment of principal to Enirgi Group under the Enirgi Facility until the Sprott Facility is repaid in full; (d) confirm the suspension of the payment of interest under the Enirgi Facility while there is an event of default under the Sprott Facility; and (e) suspend payments by Ivernia and its subsidiaries to Enirgi Group under the management services agreements with Ivernia and Rosslyn Hill for services performed with respect to the period between February 13, 2015 and the Forbearance Date.

Concurrently with the extension of the forbearance period of the Sprott Facility, Enirgi Group has agreed to extend the terms granted to the Company until the end of the Sprott Forbearance Period. Subject to the foregoing, interest under the Enirgi Facility will become payable in accordance with the terms of the Enirgi Facility at the end of the Sprott Forbearance Period. All other terms and conditions of the Enirgi Facility, including the maturity date of June 30, 2016, will remain the same.

**Capital Resources, Liquidity and Working Capital Requirements**

During the first quarter of 2015, the Company completed the transition of the Mine's operations to care and maintenance. As of June 30, 2015, the Company had approximately $4.4 of million in cash and cash equivalents and a working capital deficit of $14.5 million. During the first six months of 2015 we incurred significant cash outflows associated with employee redundancies, contract terminations, contract suspensions, demobilization, and preparation of the site to function in a care and maintenance state. The majority of these costs have been paid however several costs are accrued as liabilities as at June 30, 2015 and are unpaid. We have concluded negotiations relating to the suspension or termination of the majority our contractual commitments. Negotiations continue with one key supplier. While we have made our best estimate of the likely cost to be incurred in relation to the suspension or termination of this contract, the actual cost incurred may be different to this estimate and the difference may be material which may affect available cash. We expect these negotiations to be concluded during the third quarter of 2015 and, once negotiations relating to contract suspensions and terminations are complete and any associated costs finalized, we expect the ongoing care and maintenance activities and costs of the Mine to stabilize. As a result of care and maintenance, the Company expects to have an ongoing working capital deficiency until such time as either a Transaction takes place, an appropriate financing solution is secured or both occur.

Management and the Board have been focused on managing the Company's working capital requirements in light of the fact that the Mine is on care and maintenance. In quarter one, the Finance Committee of the Board of Directors was re-constituted into a Special Committee of independent directors tasked with undertaking a review of strategic alternatives for the Company. The Special Committee has been able to secure forbearances on making principal and interest payments under the Sprott Facility and Enirgi Facility and forbearances on making payments under the Management Services Agreements as an interim step, which will provide temporary relief from making principal and interest payments to Sprott and paying for ongoing management services provided by Enirgi Group and EMG. In addition, the Special Committee has recommended that the Company seek to complete a Transaction which may include, but is not limited to, a merger, sale of the Mine, restructuring or any other potential Transaction which realizes the value of the Company and its assets.

The Company's ability to continue as a going concern is dependent on raising additional funds to meet its debts and obligations as they fall due through either through completing a Transaction, obtaining additional funding or both. On a historic basis, the Company's major sources of funding have been the issuance of equity and debt for cash. The Special Committee and management are currently examining potential transactions and various financing alternatives to address future funding requirements. The Company will need to either undertake a Transaction, obtain additional financing or undertake both to service its working capital deficiency of $14.5 million, meet its commitments to lenders, meet the costs of care and maintenance and any potential future restart of the Mine. The amount of this funding requirement will be contingent on several factors including, but not limited to, the nature of any Transaction undertaken, the outcome of further negotiations with the Company's lenders, the costs and duration of care and maintenance and the timing and cost of any potential future restart of mining and milling operations.

There can be no assurance that the Company will either be able to complete a Transaction or be able to secure sufficient financing to fund its commitments to lenders, the costs of ongoing care and maintenance or the costs of any potential future restart of operations. If the Company is unable to complete a Transaction or secure additional financing, the Company may be unable to meet its commitments to lenders, keep the Mine on care and maintenance or restart the Mine which could affect its ability to continue as a going concern. A decision to restart the Mine will be contingent on several factors including, but not limited to, a sustained recovery in the LME lead price, a reduction in treatment charges and a favorable USD:AUD foreign exchange rate.

These material uncertainties create significant doubt as to the Company's ability to continue as a going concern and accordingly, the use of accounting principles applicable as a going concern. The condensed interim consolidated financial statements do not reflect any adjustments to carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary should the going concern assumption be inappropriate.

**Management's Discussion and Analysis and Consolidated Financial Statements**

Ivernia's unaudited financial statements and management's discussion and analysis for the three and six months ended June 30, 2015 will be filed today and will be available on the Ivernia website at www.ivernia.com or SEDAR at www.sedar.com

**About Ivernia**

Ivernia is an international lead metal mining company and the owner of the Paroo Station Mine, located in Western Australia. Ivernia trades under the symbol "IVW" on the Toronto Stock Exchange. Ivernia and the Mine operate under a management services arrangement with Enirgi Group Corporation, Ivernia's majority shareholder. On January 16, 2015 the Mine was placed on care and maintenance amid difficult market conditions.

Additional information on Ivernia is available on the Company's website at www.ivernia.com and at SEDAR at www.sedar.com.

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**Forward-Looking Statements**

*Certain statements contained in this news release are forward-looking information within the meaning of securities laws. All statements included herein (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 timing and length of care and maintenance and future sales, any results or outcomes of the strategic review including the completion of a Transaction, future targets and estimates for production and sales, the Company's ability to meet its working capital needs and debt repayments in the near term, the circumstances or timing and costs surrounding a restart of the Mine, projections with respect to cash flows and working capital, forbearance by our lenders pursuant to the Sprott Forbearance Extension Agreement and Enirgi Group Corporation's extension of the Enirgi Forbearance Letter, the receipt of required additional financing requirements to operate and restart the Mine, the cost and timing for completion of capital projects necessary for any future operations, the Company's ability to comply with the transportation and operating conditions for the Mine, capital expenditures, operating costs, cash costs, Mineral Resources, Mineral Reserves, life of mine, 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, lead market outlook 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, expected concentrate sales when in operations, the costs and other capital expenditures required to maintain operations and transportation, the timing, need and ability to raise additional financing and the risks relating to ramping up mining and milling throughput and operations, funding requirements, operations being placed on care and maintenance, the restart of mining and milling operations, matters relating to regulatory compliance and approvals, shareholder dilution, matters relating to public opinion, presence of a majority shareholder and Management Services Agreements, matters related to the Esperance settlement and shipments through the Fremantle port, regulatory proceedings and litigation and general operating risks such as metal price volatility, lead carbonate concentrate treatment charges, exchange rates, the fact that the Company has a single mineral property, health and safety, environmental factors, mining risks, metallurgy, labour and employment regulations, government regulations, insurance, dependence on key personnel, constraints on cash distribution from the Mine, the nature of mineral exploration and development and common share price volatility.*

*Additional factors and considerations are discussed in the Company's annual information form dated March 10, 2015 and elsewhere in other documents filed from time to time by Ivernia with Canadian securities regulatory authorities. While Ivernia considers these assumptions to be reasonable based on information currently available to it, 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. Undue importance should not be placed on forward-looking information nor should reliance be placed upon this information as of any other date. Except as required by law, while it may elect to, Ivernia is under no obligation and does not undertake to update this information at any particular time.*