

Magellan Metals Pty Ltd

A.B.N 68 075 523 661

MAGELLAN METALS AGREES CONTRIBUTION TO ESPERANCE CLEAN-UP

Perth - 24 December 2008 – Magellan Metals (and its parent company Ivernia Inc.) have agreed with the State of Western Australia (the State) and the Esperance Port Authority (EsPA) a suitable financial contribution toward the resolution of outstanding lead issues at Esperance.

Magellan will make a A\$9 million contribution toward comprehensive clean-up activities at the Port and within the town, comprising three equal payments of A\$3 million by 30 June 2011. The agreement releases the State, EsPA, Magellan and Ivernia from claims against each other in respect of lead pollution in and around the port and town of Esperance.

The clean-up activities to be undertaken by the State and EsPA include testing rainwater tanks and ceiling voids, and clean up where lead is present; plus demolition and disposal of the existing lead shed and clean-up within the Port and surrounding area. The work will be carried out under relevant laws, regulations and requirements with the State and EsPA using their best efforts to complete the clean-up by December 31, 2010.

The State or EsPA have retained the right to seek to claim from Magellan a future contribution to seabed remediation in the harbour adjacent to the port area to remove lead carbonate should this work be required in the future. Magellan's maximum exposure to such a claim is A\$3 million, however the Company may defend such a claim as it sees fit.

Dr John Yeates, Magellan General Manager Corporate Social Responsibility said, "Ivernia, Magellan, the State Government and the EsPA believe that the agreement reached today is an appropriate contribution toward clean-up activities at Esperance and will allow everyone involved in the issue to move forward by addressing the community's outstanding concerns about Magellan lead at the Port and within the town."

State Government approval was granted on 3 December 2008 for Magellan to export its remaining stockpile at Esperance as an essential first step toward a final clean-up of the Port and town. Magellan is required to export the lead carbonate by April 30, 2009 and is well advanced on finalising the container and shipping logistics and will be moving the bagging machine to Esperance to commence bagging operations in January.

Separately, Magellan also announced today an A\$1 million fund for community-based projects in Esperance over the next three years. This fund, to be administered by the Shire of Esperance, is not part of the agreement with the State and will be jointly dispersed by Magellan and the Shire. Detailed information on the Magellan Community Fund and its operation can be found in the Company's media statement at www.magellanmetals.com.au

A more detailed statement on the Esperance agreement released to the Toronto Stock Exchange (TSX) can be found at www.ivernia.com

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