Prairie Downs
Metals Limited | ASX: PDZ
ABN 23 008 677 852

ASX RELEASE **12 July 2011**

Ivernia to Continue with Earn In Agreement

Minimum Obligation completed under Joint Venture Agreement

Prairie Downs Metals Limited (**"Prairie" or "the Company"**) is pleased to announce that Ivernia Australia Exploration Pty Ltd (**"Ivernia"**), a wholly-owned subsidiary of Ivernia Inc. (TSX: IVW), has completed the Minimum Obligation expenditure of $2 million at the Prairie Downs Base Metals Project ("the Project") within 12 months from the Commencement Date as per the terms of the Joint Venture Agreement (**"Agreement"**) signed between Prairie and Ivernia in June 2010.

Ivernia has indicated their intention to spend a further $1 million in exploration over the next 6 months (the First Funding amount) which will enable Ivernia to earn the option to acquire a 60% interest in the Project for a **payment to Prairie of $10 million in cash or shares** of Ivernia. Robert Scargill, Managing Director of Ivernia, said "We look forward to continuing the strong relationship with Prairie and a successful Joint Venture".

During the 12 month period Ivernia has completed two drilling campaigns at the Project; the results of which have confirmed high grade zinc-lead-silver mineralisation and the presence of a large mineralised system at the Wolf prospect (see Company ASX announcements dated 21 January 2011 and 15 June 2011). Interpretation of the drilling results and structure from diamond core continues to help define further drilling targets at the Wolf prospect for future drill programs. Regional geochemical sampling using the portable XRF has re-commenced at the Project. Sampling is focused in targeting for both structurally controlled mineralization at the Husky and Coyote prospects to the northwest and on sedimentary hosted style mineralization along strike to the north of the West Hyena prospect.

Under the terms of the Agreement announced on 14 June 2010, Ivernia committed to spend a minimum of $2 million on exploration within 12 months (Minimum Obligation) as part of an earn in arrangement whereby Ivernia may eventually acquire up to 80% interest in the Project from Prairie.

The key terms of the Agreement are as follows:

- By investing a minimum of $3 million dollars in exploration over 18 months (Minimum Obligation of $2 million plus the First Funding amount of $1 million) Ivernia will earn the option to acquire a 60% interest in the Project for a **payment to Prairie of $10 million in cash or shares** of Ivernia; and

- Upon Ivernia acquiring a 60% interest in the Project, Ivernia and Prairie would then form an unincorporated Joint Venture with Ivernia having the right to invest a further $5 million to earn an 80% interest in the Project.

- Prairie would then retain a 20% interest in the Project. Should Prairie not contribute its proportion of costs, its interest in the joint venture would dilute proportionally until it is 2.5%, at which point the joint venture interest will convert to a free carried interest and will not dilute further.

The Board of Prairie remains enthusiastic about the Project and the opportunity its relationship with Ivernia provides to accelerate exploration and development of this asset.

For further information contact:

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Director
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Information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by David Kelly who is a member of the Australian Institute of Mining and Metallurgy. Mr Kelly is a Director of Optimum Capital Pty Limited who provide consulting services to the Company. Mr Kelly has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Kelly consents to the inclusion in this report of the statements based on their information in the form and context in which it appears.

Ivernia

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June 7, 2011

Dear John

Prairie Downs Base Metals Farm-in and Exploration Joint Venture

Capitalised terms in this letter have the same meaning given in the Prairie Downs Base Metals Farm-in and Exploration Joint Venture Agreement (**Agreement**) between Prairie Downs Metals Limited, Mineral Investments Pty Ltd and Ivernia Australia Exploration Pty Ltd, dated 3 September 2010.

Minimum Obligation

Ivernia is pleased to inform you that it has now expended the A$2 million **Minimum Obligation** within 12 months from the **Commencement Date**. Ivernia will continue with the **first funding amount**.

We have attached the completed expenditures for the activities up until 31 May 2011. These accounts will be available for review.

We look forward to continuing the strong relationship with Mineral Investments and a successful Joint Venture.

Yours sincerely,

Robert Scargill
Managing Director Ivernia Australia Exploration Pty Ltd.