



**INV METALS INC.**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2014**

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**INV METALS INC.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(IN CANADIAN DOLLARS)**

<i>As At</i>	March 31, 2014	December 31, 2013
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 17,865,203	\$19,104,520
Other receivables (note 4)	458,482	720,409
<b>Total current assets</b>	<b>18,323,685</b>	<b>19,824,929</b>
<b>Non-current assets</b>		
Investments (note 5)	583,342	473,350
Property, plant and equipment (note 6)	342,016	347,818
Exploration properties (note 7)	44,203,579	42,249,252
Other receivables (note 4)	109,848	220,922
<b>Total non-current assets</b>	<b>45,238,785</b>	<b>43,291,342</b>
<b>Total assets</b>	<b>\$ 63,562,470</b>	<b>\$63,116,271</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Other payables (note 8)	\$ 224,382	\$ 505,398
<b>Total current liabilities</b>	<b>224,382</b>	<b>505,398</b>
<b>Non-current liabilities</b>		
Provisions (note 9)	236,367	228,587
Deferred tax liabilities (note 15)	166,015	246,495
<b>Total non-current liabilities</b>	<b>402,382</b>	<b>475,082</b>
<b>Total liabilities</b>	<b>626,764</b>	<b>980,480</b>
<b>Equity</b>		
Share capital (note 10)	107,184,006	107,127,075
Warrants (note 11)	910,151	910,151
Contributed surplus (note 11)	10,243,921	9,993,000
Deficit	(58,256,484)	(57,707,399)
Accumulated other comprehensive loss	2,854,112	1,812,964
<b>Total equity attributed to equity holders of the Company</b>	<b>62,935,706</b>	<b>62,135,791</b>
<b>Total liabilities and equity</b>	<b>\$ 63,562,470</b>	<b>\$63,116,271</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

**INV METALS INC.**  
**CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS**  
**(IN CANADIAN DOLLARS)**

	March 31, 2014	March 31, 2013
<b>Operations</b>		
General and administration (note 12)	\$ 100,524	\$ 131,937
Compensation (note 12)	635,080	1,064,266
Professional fees	51,179	107,256
Loss on sale of exploration properties	-	5,608,945
Fair value (gain)/loss on investments (note 5)	(101,761)	44,602
Foreign exchange (gain)/loss	(580)	36,581
<b>Operating loss</b>	<b>684,442</b>	<b>6,993,587</b>
Finance income	(54,877)	(68,142)
<b>Total loss for the year before taxes</b>	<b>\$ 629,565</b>	<b>\$ 6,925,445</b>
Deferred tax (recovery)/expense (note 15)	(80,480)	129,205
<b>Total loss for the year</b>	<b>\$ 549,085</b>	<b>\$ 7,054,650</b>
<b>Other comprehensive loss</b>		
Cumulative translation adjustment	(1,041,148)	(497,134)
<b>Total comprehensive (gain)/loss for the year</b>	<b>\$ (492,063)</b>	<b>\$ 6,557,516</b>
<b>Basic and diluted loss per share</b> (note 10)	<b>\$ -</b>	<b>\$ 0.01</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

**INV METALS INC.**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**(IN CANADIAN DOLLARS)**

*Equity attributable to owners of the Company*

	Share Capital	Warrants	Contributed Surplus	Deficit	Accumulated other comprehensive loss	Total
<b>Balance January 1, 2013</b>	<b>\$107,047,075</b>	<b>\$910,151</b>	<b>\$ 9,090,186</b>	<b>\$ (47,554,177)</b>	<b>\$ (99,342)</b>	<b>\$ 69,393,893</b>
Total loss for the period	-	-	-	(7,054,650)	-	(7,054,650)
Cumulative translation adjustment	-	-	-	-	497,134	497,134
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,054,650)</b>	<b>497,134</b>	<b>(6,557,516)</b>
Issuance of shares - restricted share unit exercise (note 10)	80,000	-	(80,000)	-	-	-
Stock-based compensation (note 11)	-	-	605,398	-	-	605,398
<b>Transactions directly attributed to equity</b>	<b>80,000</b>	<b>-</b>	<b>525,398</b>	<b>-</b>	<b>-</b>	<b>605,398</b>
<b>Balance March 31, 2013</b>	<b>\$107,127,075</b>	<b>\$910,151</b>	<b>\$ 9,615,584</b>	<b>\$ (54,608,827)</b>	<b>\$ 397,792</b>	<b>\$ 63,441,775</b>

*Equity attributable to owners of the Company*

	Share Capital	Warrants	Contributed Surplus	Deficit	Accumulated other comprehensive (income)/loss	Total
<b>Balance April 1, 2013</b>	<b>\$107,127,075</b>	<b>\$910,151</b>	<b>\$ 9,615,584</b>	<b>\$ (54,608,827)</b>	<b>\$ 397,792</b>	<b>\$ 63,441,775</b>
Total loss for the period	-	-	-	(3,098,572)	-	(3,098,572)
Cumulative translation adjustment	-	-	-	-	1,415,172	1,415,172
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,098,572)</b>	<b>1,415,172</b>	<b>(1,683,400)</b>
Stock-based compensation (note 11)	-	-	377,416	-	-	377,416
<b>Transactions directly attributed to equity</b>	<b>-</b>	<b>-</b>	<b>377,416</b>	<b>-</b>	<b>-</b>	<b>377,416</b>
<b>Balance December 31, 2013</b>	<b>\$107,127,075</b>	<b>\$910,151</b>	<b>\$ 9,993,000</b>	<b>\$ (57,707,399)</b>	<b>\$ 1,812,964</b>	<b>\$ 62,135,791</b>

**INV METALS INC.**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**(IN CANADIAN DOLLARS)**

*Equity attributable to owners of the Company*

	Share Capital	Warrants	Contributed Surplus	Deficit	Accumulated other comprehensive (income)/loss	Total
<b>Balance January 1, 2014</b>	<b>\$ 107,127,075</b>	<b>\$ 910,151</b>	<b>\$ 9,993,000</b>	<b>\$ (57,707,399)</b>	<b>\$ 1,812,964</b>	<b>\$ 62,135,791</b>
Total loss for the period	-	-	-	(549,085)	-	(549,085)
Cumulative translation adjustment	-	-	-	-	1,041,148	1,041,148
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(549,085)</b>	<b>1,041,148</b>	<b>492,063</b>
Issuance of shares - restricted share unit exercise (note 10)	56,931	-	(56,931)	-	-	-
Stock-based compensation (note 11)	-	-	307,852	-	-	307,852
<b>Transactions directly attributed to equity</b>	<b>56,931</b>	<b>-</b>	<b>250,921</b>	<b>-</b>	<b>-</b>	<b>307,852</b>
<b>Balance March 31, 2014</b>	<b>\$ 107,184,006</b>	<b>\$ 910,151</b>	<b>\$ 10,243,921</b>	<b>\$ (58,256,484)</b>	<b>\$ 2,854,112</b>	<b>\$ 62,935,706</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

**INV METALS INC.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**(IN CANADIAN DOLLARS)**

<i>For the periods ended</i>	<b>March 31, 2014</b>	March 31, 2013
<b>Cash flows from operating activities</b>		
Total loss for the period	<b>\$ (549,085)</b>	\$ (7,054,650)
Adjustments for:		
Loss on sale of exploration properties	-	5,608,945
Fair value (gain)/loss on investments (note 5)	<b>(101,761)</b>	40,232
Depreciation (note 6)	<b>13,195</b>	4,787
Change in other long-term receivables	<b>111,074</b>	4,503
Long-term provisions	<b>7,780</b>	5,061
(Gain)/loss on sale of property, plant and equipment	<b>(15,488)</b>	10,900
Finance income	<b>(54,877)</b>	(68,142)
Unrealized loss on foreign exchange	<b>6,533</b>	3,569
Deferred tax (recovery)/expense (note 15)	<b>(80,480)</b>	129,205
Stock-based compensation (note 11)	<b>212,033</b>	593,395
	<b>(451,076)</b>	(722,195)
Change in items of working capital:		
Change in other receivables	<b>261,927</b>	104,582
Change in other payables	<b>(188,514)</b>	39,195
	<b>73,413</b>	143,777
Net cash used in operating activities	<b>(377,663)</b>	(578,418)
<b>Cash flows from investing activities</b>		
Interest received	<b>54,877</b>	68,142
Additions to exploration properties (note 7)	<b>(918,095)</b>	(1,130,390)
Net disposal of property, plant and equipment	<b>8,097</b>	111,528
Net cash used in investing activities	<b>(855,121)</b>	(950,720)
<b>Net decrease in cash</b>	<b>(1,232,784)</b>	(1,529,138)
<b>Cash, beginning of period</b>	<b>19,104,520</b>	25,302,923
<b>Effect of exchange rate fluctuations on cash held</b>	<b>(6,533)</b>	(3,569)
<b>Cash, end of period</b>	<b>\$ 17,865,203</b>	\$ 23,770,216

*The accompanying notes are an integral part of these consolidated financial statements.*

**INV METALS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2014**  
**(IN CANADIAN DOLLARS)**

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**1) Reporting entity**

INV Metals Inc. (“INV Metals” or the “Company”) is a publicly listed company incorporated in Canada. The address of the Company’s registered office is 55 University Avenue, Suite 700, Toronto, Ontario, Canada. The condensed interim consolidated financial statements of the Company as at and for the three month period ended March 31, 2014 include the Company and its subsidiaries (together the “Group” and individually as “Group entities”). The Group is primarily in the business of acquiring, exploring and developing mineral deposits in Ecuador, Brazil and Namibia.

**2) Basis of preparation**

**a) Significant accounting policies**

The Company’s accounting policies applied to all periods presented in these condensed interim consolidated financial statements are the same as those applied by the Company in its consolidated financial statements as at and for the year ended December 31, 2013.

**b) Statement of compliance**

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) *IAS 34 - Interim Financial Reporting* and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2013, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

These condensed interim consolidated financial statements were approved by the Audit Committee for issue on May 8, 2014.

**c) Critical judgements and key sources of estimation**

The preparation of the condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2013, except for those noted in note 3.



**INV METALS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2014**  
**(IN CANADIAN DOLLARS)**

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**3) Changes in IFRS effective for the first time and future accounting pronouncements**

**a) *Changes in IFRS effective for the first time***

The following standards and interpretation are effective for annual periods beginning on or after January 1, 2014. The Company has assessed the standards and interpretation and determined that there is no material impact on the accounting and presentation of the condensed interim consolidated financial statements.

**i) *IAS 36, Impairment of Assets***

IAS 36, Impairment of Assets was amended in May 2013. The effect of the amendment is to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

**ii) *IFRIC 21, Levies***

IFRIC 21, Levies was issued in May 2013 and sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised.

**b) *Future accounting pronouncements***

The following revised standard is effective for annual periods as noted below. The Company has not fully assessed the standard, but does not expect them to have a material impact on the Company's accounting or disclosures.

**i) *IFRS 9, Financial Instruments: Classification and Measurement***

IFRS 9, Financial Instruments: Classification and Measurement ("IFRS 9") was issued in November 2009 and addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or fair value through other comprehensive income ("OCI").

Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in OCI. In July 2013, the International Accounting Standards Board ("IASB") tentatively decided to defer the mandatory effective date of IFRS 9. The IASB agreed that the mandatory effective date should no longer be annual periods beginning on or after January 1, 2018, but rather is left open pending the finalization of the impairment, classification and measurement requirements.

**INV METALS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2014**  
**(IN CANADIAN DOLLARS)**

**4) Other receivables**

The following table summarizes information regarding the Company's other receivables as at March 31, 2014 and December 31, 2013:

<i>As At</i>	<b>March 31, 2014</b>	December 31, 2013
<i>Current receivables:</i>		
Interest receivable	\$ 18,527	\$ 20,385
HST recoverable	92,602	70,545
VAT recoverable	26,200	25,352
Advances	306,272	582,072
Prepaid expense	5,182	13,228
Deposits	9,699	8,827
	<b>458,482</b>	720,409
<i>Long-term receivables:</i>		
Tax installments receivable in Ecuador	109,848	220,922
	<b>\$ 568,330</b>	\$ 941,331

**5) Investments**

The following table summarizes information regarding the Company's assets that are measured at fair value as at March 31, 2014 and December 31, 2013:

**INV METALS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2014**  
**(IN CANADIAN DOLLARS)**

**5) Investments (continued)**

<b>March 31, 2014</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Shares of Anglo Swiss Resources Inc.	\$ 117,878	\$ -	\$ -	\$ 117,878
Shares of Northern Superior Resources Inc.	33,750	-	-	33,750
Shares of KWG Resources Inc.	180,000	-	-	180,000
Warrants issued by KWG Resources Inc.	-	1,663	-	1,663
Term deposit	-	250,051	-	250,051
	<b>\$ 331,628</b>	<b>\$ 251,714</b>	<b>\$ -</b>	<b>\$ 583,342</b>

  

<b>December 31, 2013</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Shares of Anglo Swiss Resources Inc.	\$ 88,408	\$ -	\$ -	\$ 88,408
Shares of Northern Superior Resources Inc.	22,500	-	-	22,500
Shares of KWG Resources Inc.	120,000	-	-	120,000
Warrants issued by KWG Resources Inc.	-	622	-	622
Term deposit	-	241,820	-	241,820
	<b>\$ 230,908</b>	<b>\$ 242,442</b>	<b>\$ -</b>	<b>\$ 473,350</b>

On June 30, 2011 INV Metals acquired 11,787,775 shares of Anglo Swiss Resources Inc. ("Anglo Swiss") in exchange for a 100% interest in the Lansdowne House property. The fair market value of the shares based on the closing stock price on the Toronto Stock Exchange ("TSX") as at March 31, 2014 was \$117,878, resulting in a fair value gain of \$29,469 for the three month period then ended.

On November 17, 2011 INV Metals acquired 750,000 shares of Northern Superior Resources Inc. ("Northern Superior") in exchange for the Company's 50% interest in the Thorne Lake, Ontario property. The fair market value of the shares based on the closing stock price on the TSX as at March 31, 2014 was \$33,750, resulting in a fair value gain of \$11,250 for the three month period then ended.

On March 1, 2012 INV Metals acquired 3,000,000 shares of KWG Resources Inc. ("KWG") and 3,000,000 warrants in exchange for the Company's 100% interest in the Fishtrap, Ontario property. The fair market value of the shares based on the closing stock price on the TSX as at March 31, 2014 was \$180,000. The fair market value of warrants as of close on March 31, 2014 was \$1,663, resulting in a combined fair value gain of \$61,042 for the three month period then ended. The inputs used to value the warrants using a Black-Scholes option pricing model were an estimated volatility of 22.58% as derived from an average of the S&P/TSX Global Mining Index and S&P/TSX Small Cap Index for the past three years, an expiry of March 1, 2017, a risk-free interest rate determined by the Government of Canada marketable three to five year average bond yields of 1.02%, a share price as at March 31, 2014 of \$0.06 and an exercise price of \$0.12.

INV Minerale Ecuador S.A. ("Ecuador Subco") holds a term deposit relating to its environmental management plan for ongoing expenditures related to environmental matters, and is based on the quoted value of the term deposit from an Ecuadorian bank.

**INV METALS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2014**  
**(IN CANADIAN DOLLARS)**

**6) Property, plant and equipment**

March 31, 2014										
Class	Cost					Accumulated Depreciation				Net book value
	Opening Balance	Additions	Disposals	Exchange Differences	Closing Balance	Opening Balance	Depreciation expense	Disposals	Closing Balance	
Vehicles	\$ 57,089	\$ -	\$ (3,399)	\$ 734	\$ 54,424	\$ 35,221	\$ 9,036	\$ -	44,257	\$ 10,167
Computer equipment	104,563	-	-	314	104,877	77,833	2,152	-	79,985	24,892
Office equipment	30,461	-	-	57	30,518	15,927	1,028	-	16,955	13,563
Field equipment	7,804	-	-	123	7,927	4,095	979	-	5,074	2,853
Land	280,977	-	-	9,564	290,541	-	-	-	-	290,541
	<b>\$ 480,894</b>	<b>\$ -</b>	<b>\$ (3,399)</b>	<b>\$ 10,792</b>	<b>\$ 488,287</b>	<b>\$ 133,076</b>	<b>\$ 13,195</b>	<b>\$ -</b>	<b>\$ 146,271</b>	<b>\$ 342,016</b>

  

December 31, 2013										
Class	Cost					Accumulated Depreciation				Net book value
	Opening Balance	Additions	Disposals	Exchange Differences	Closing Balance	Opening Balance	Depreciation expense	Disposals	Closing Balance	
Vehicles	\$ 167,460	\$ -	\$ (112,986)	\$ 2,615	\$ 57,089	\$ 41,466	\$ 35,221	\$ (41,466)	\$ 35,221	\$ 21,868
Computer equipment	99,084	10,027	(5,033)	485	104,563	72,366	7,232	(1,765)	77,833	26,730
Office equipment	27,787	6,704	(4,194)	164	30,461	13,955	3,255	(1,283)	15,927	14,534
Field equipment	101,708	2,689	(96,913)	320	7,804	37,725	6,184	(39,814)	4,095	3,709
Land	261,849	-	-	19,128	280,977	-	-	-	-	280,977
	<b>\$ 657,888</b>	<b>\$ 19,420</b>	<b>\$ (219,126)</b>	<b>\$ 22,712</b>	<b>\$ 480,894</b>	<b>\$ 165,512</b>	<b>\$ 51,892</b>	<b>\$ (84,328)</b>	<b>\$ 133,076</b>	<b>\$ 347,818</b>

**INV METALS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2014**  
**(IN CANADIAN DOLLARS)**

**7) Exploration properties**

March 31, 2014						
	January 1, 2014	Additions	Disposals	Write down	Exchange differences	March 31, 2014
Ecuador property						
Loma Larga (Quimsacocha)	\$ 29,666,879	\$ 930,340	\$ -	\$ -	\$ 1,023,987	\$ 31,621,206
Brazil properties						
Rio Novo	4,078,747	-	-	-	-	4,078,747
Namibia property						
Kaoko	8,503,626	-	-	-	-	8,503,626
	<b>\$ 42,249,252</b>	<b>\$ 930,340</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,023,987</b>	<b>\$ 44,203,579</b>
December 31, 2013						
	January 1, 2013	Additions	Disposals	Write down	Exchange differences	December 31, 2013
Ecuador property						
Loma Larga (Quimsacocha)	\$ 23,287,047	\$ 4,522,972	\$ -	\$ -	\$ 1,856,860	\$ 29,666,879
Brazil properties						
Itaporã	1,429,893	33,304	-	(1,463,197)	-	-
Rio Novo	9,611,864	75,828	(5,608,945)	-	-	4,078,747
Namibia property						
Kaoko	8,507,798	320	(4,492)	-	-	8,503,626
	<b>\$ 42,836,602</b>	<b>\$ 4,632,424</b>	<b>\$ (5,613,437)</b>	<b>\$ (1,463,197)</b>	<b>\$ 1,856,860</b>	<b>\$ 42,249,252</b>

**8) Other payables**

The following table summarizes information regarding the Company's other payables as at March 31, 2014 and December 31, 2013:

<i>As At</i>	March 31, 2014	December 31, 2013
Accounts payable	\$ 109,009	\$ 199,628
Accrued liabilities	115,373	305,770
	<b>\$ 224,382</b>	<b>\$ 505,398</b>

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**9) Provisions**

The following table summarizes information regarding the Company's provisions as at March 31, 2014 and December 31, 2013:

<i>As At</i>	<b>March 31, 2014</b>	December 31, 2013
Beginning balance	\$ 228,587	\$ 244,677
Change in estimate	-	(33,779)
Exchange differences	7,780	17,689
	<b>\$ 236,367</b>	<b>\$ 228,587</b>

**10) Share capital**

The authorized capital of INV Metals consists of an unlimited number of no par value common shares. The holders of common shares are entitled to one vote per share at shareholder meetings of the Company. All shares rank equally with regard to the Company's residual assets.

	<b>Common Shares</b>
Balance, January 1, 2013	491,735,340
Exercise of restricted share units	2,000,000
<b>Balance, December 31, 2013</b>	<b>493,735,340</b>
Exercise of restricted share units	<b>474,428</b>
<b>Balance, March 31, 2014</b>	<b>494,209,768</b>

On February 10, 2014 a total of 474,428 common shares valued at \$0.12 per share were issued from treasury to an officer of the Company who exercised the restricted share units.

**Loss per share**

The basic loss per share for the three month periods ended March 31, 2014 and 2013 was calculated using a weighted average number of common shares outstanding as follows:

	<b>March 31, 2014</b>	March 31, 2013
Common shares outstanding	<b>493,735,340</b>	491,735,340
Issuance of common shares	<b>261,202</b>	382,022
	<b>493,996,542</b>	492,117,362

**Diluted earnings per share**

The calculation of fully diluted loss per share has not been detailed in the note, as the effect of the conversion of outstanding stock options, warrants and restricted share units would be anti-dilutive.

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**11) Share based payments**

**Details of share options (equity-settled)**

The following table summarizes the stock option transactions for the three month period ended March 31, 2014 and year ended December 31, 2013 as follows:

	Number of Stock Options	Weighted- Average Exercise Price
<b>Outstanding, January 1, 2013</b>	4,555,000	\$ 0.88
Expired	(1,745,000)	0.99
Granted	34,950,000	0.10
<b>Outstanding, December 31, 2013</b>	37,760,000	\$ 0.15
Granted	<b>1,745,000</b>	<b>0.04</b>
<b>Outstanding, March 31, 2014</b>	<b>39,505,000</b>	<b>\$ 0.15</b>

The following table summarizes information regarding the Company's outstanding and exercisable stock options as at March 31, 2014:

Exercise Price Range	Number of Stock Options Outstanding	Weighted- Average Remaining Years of Contractual Life	Weighted Average Exercise Price	Number of Stock Options Exercisable	Weighted Average Exercisable Price
\$0.03-\$0.55	37,495,000	3.9	\$ 0.10	27,448,750	\$ 0.11
\$0.56-\$0.76	400,000	1.2	0.68	400,000	0.68
\$0.77-\$0.97	435,000	1.0	0.83	435,000	0.83
\$0.98-\$1.18	1,175,000	1.6	1.14	1,175,000	1.14
\$0.08-\$1.18	39,505,000	3.8	\$ 0.15	29,458,750	\$ 0.17

The table that follows summarizes information regarding the stock options granted by the Company for the three month period ended March 31, 2014 and year ended December 31, 2013 as follows:

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**11) Share based payments (continued)**

**Details of share options (equity-settled) (continued)**

	<b>2014</b>	<b>2013</b>
Fair value at grant date	<b>\$0.03</b>	\$0.02 - \$0.06
Share price at grant date	<b>\$0.04</b>	\$0.04 - \$0.09
Exercise price	<b>\$0.04</b>	\$0.09 - \$0.10
Weighted average grant date fair value	<b>\$0.04</b>	\$0.02
Expected volatility	<b>163%</b>	131% - 139%
Expected dividend yield	<b>0%</b>	0%
Option life (expected weighted average life)	<b>2 year</b>	2 year
Forfeiture rate	<b>0.26%</b>	2.12% - 2.26%
Risk-free interest rate (based on government bonds)	<b>1.02%</b>	1.02% - 1.17%

The expected volatility used in the Black-Scholes option pricing model is based on the historical volatility of the Company's common shares.

**Details of restricted share units**

The following table summarizes the restricted share unit transactions for the three month period ended March 31, 2014 and year ended December 31, 2013:

	<b>Number of restricted shares</b>	<b>Weighted average fair value of restricted shares</b>
<b>Outstanding, January 1, 2013</b>	-	\$ -
Granted	5,734,567	0.06
Exercised	(2,000,000)	0.04
<b>Outstanding, December 31, 2013</b>	3,734,567	\$ 0.08
Granted	<b>6,516,669</b>	<b>0.04</b>
Exercised	<b>(474,428)</b>	<b>0.12</b>
<b>Outstanding, March 31, 2014</b>	<b>9,776,808</b>	<b>\$ 0.05</b>

During the period, the Company granted 6,516,669 restricted share units to officers and directors. The restricted share units granted were valued at \$228,083 and an amount of \$56,931 was transferred to share capital on exercise of the 474,428 restricted share units.

The fair value of the rights granted through the restricted rights plan is measured using the closing stock market price on the date of the grant.

The following table summarizes information regarding the restricted share units granted by the Company for the three month period ended March 31, 2014 and the year ended December 31, 2013:



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**11) Share based payments (continued)**

**Details of restricted share units (continued)**

	March 31, 2014		December 31, 2013	
	Fair value at grant date	Share price at grant date	Fair value at grant date	Share price at grant date
January 21, 2013	\$ -	\$ -	\$ 0.12	\$ 0.12
March 14, 2013	-	-	\$ 0.04	\$ 0.04
March 11, 2014	\$ 0.04	\$ 0.04	-	-

**Details of warrants**

The following table summarizes the warrants granted as at December 31, 2013 and March 31, 2014:

	Number of Warrants
<b>Balance, December 31, 2013 and March 31, 2014</b>	<b>11,418,300</b>

No warrants were granted in the three month period ended March 31, 2014.

**12) Expenses**

The following table summarizes information regarding the Company's expenses from operations for the three month periods ended March 31, 2014 and 2013:

	March 31, 2014	March 31, 2013
<b>General and administration</b>		
Shareholder and regulatory	\$ 39,165	\$ 45,505
Travel	3,464	12,370
(Gain)/Loss on disposal of property, plant and equipment	(15,488)	10,900
Office	73,383	63,162
	<b>\$ 100,524</b>	<b>\$ 131,937</b>
<b>Compensation</b>		
Compensation	\$ 438,464	\$ 470,871
Stock-based compensation	196,616	593,395
	<b>\$ 635,080</b>	<b>\$ 1,064,266</b>

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### 13) Related party transactions

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Disclosed below are details of the transactions between the Company and other related parties, including transactions with the Company's officers and directors.

The Company's related parties include the following officers and directors as follows:

- |                     |                      |
|---------------------|----------------------|
| • Robert Bell       | Officer and Director |
| • Jay Goldman       | Corporate Secretary  |
| • James Clucas      | Director             |
| • Parviz Farsangi   | Director             |
| • Eric Klein        | Director             |
| • Candace MacGibbon | Officer              |
| • Terry MacGibbon   | Director             |
| • Robert Pollock    | Director             |

The remuneration of directors and officers during the three month periods ended March 31, 2014 and 2013 was as follows:

	<b>March 31, 2014</b>	March 31, 2013
Salaries of key management	<b>\$ 234,325</b>	\$ 128,750
Director fees	<b>59,877</b>	59,500
Stock-based compensation*	<b>210,848</b>	693,371
	<b>\$ 505,050</b>	\$ 881,621

\*Officers and directors also participate in the Company's stock-option and restricted share unit programs.

### 14) Commitments

	<b>Total</b>	<b>Less than one year</b>	<b>Between 1 - 5 years</b>	<b>More than 5 years</b>
Exploration expenditures at Loma Larga property	\$ 9,070,423	\$ -	\$ 9,070,423	\$ -
Office, houses and office equipment leases	425,310	140,182	285,128	-
Environmental management plan	\$ 250,051	\$ 250,051	\$ -	\$ -

As a condition to the Company's acquisition of Loma Larga, the Company guaranteed expenditures on the Loma Larga property of \$15 million over 18 months. As at March 31, 2014, INV Metals had an outstanding expenditure commitment of approximately \$9 million. On March 6, 2014 the Company and IAMGOLD amended the share purchase agreement pursuant

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**14) Commitments (continued)**

to which the Company acquired Loma Larga to extend the deadline to meet the expenditure commitment to the earlier of March 6, 2016 or the completion and filing of a bankable feasibility study.

INV Metals renewed its lease arrangement to lease office space effective December 31, 2012. The lease will remain in effect to December 31, 2017. During the period ended March 31, 2014 an amount of \$68,924 was recognized in total comprehensive loss in respect of operating leases.

Ecuador Subco holds a term deposit relating to its environmental management plan for ongoing expenditures related to environmental matters.

**15) Income Taxes**

The tax effect of temporary differences of the Corporation that give rise to significant portions of deferred income tax assets and deferred income tax liabilities are presented in the table that follows.

	<b>March 31, 2014</b>	December 31, 2013
Deferred income tax assets		
Non-capital loss carry forwards	<b>\$ 1,339,866</b>	\$ 1,304,001
Total deferred income tax assets	<b>\$ 1,339,866</b>	\$ 1,304,001
Deferred income tax liabilities		
Mineral properties	<b>(1,505,881)</b>	(1,550,496)
Net deferred income tax liabilities	<b>\$ (166,015)</b>	\$ (246,495)

The deferred tax liability increases or decreases each reporting period due to temporary differences on translation of non-monetary assets in the Namibian legal entity.

**16) Segmented information**

Segmented information is provided on the basis of geographical segments as the Company manages its business and exploration activities through geographical regions – Canada, Ecuador, Namibia, Brazil and Barbados. The business segments presented reflect the management structure of the Company and the way in which the Company's executive officers review business performance on a quarterly basis.

The Company evaluates performance of its operating and reportable segments as noted in the following table:

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**16) Segmented information (continued)**

<i>For the three month period ended March 31, 2014</i>	<b>Assets</b>	<b>Liabilities</b>	<b>Total comprehensive loss</b>
Canada*	\$ 18,557,034	\$ 293,467	\$ 527,715
Ecuador	32,321,434	295,561	(1,056,637)
Namibia	8,601,341	10,451	(948)
Brazil	4,080,906	10,728	36,123
Barbados	1,755	16,557	1,684
	<b>\$ 63,562,470</b>	<b>\$ 626,764</b>	<b>\$ (492,063)</b>

*As at December 31, 2013*

	<b>Assets</b>	<b>Liabilities</b>
Canada*	\$ 19,880,020	\$ 544,715
Ecuador	30,547,894	392,204
Namibia	8,602,814	12,872
Brazil	4,080,934	9,633
Barbados	4,609	21,056
	<b>\$ 63,116,271</b>	<b>\$ 980,480</b>

<i>For the three month period ended March 31, 2013</i>	<b>Total comprehensive loss</b>
Canada*	\$ 2,489,117
Ecuador	(403,709)
Namibia	59,322
Brazil	4,398,920
Barbados	13,866
	<b>\$ 6,557,516</b>

\*All amounts listed in Canadian operating segment relate to Canadian corporate assets and liabilities and exploration properties less related impairment losses.