International Nickel Ventures Corporation

(A Development Stage Entity)

Consolidated Financial Statements

June 30, 2007

(Expressed in Canadian dollars except where otherwise noted)

These interim consolidated financial statements have not been audited or reviewed by the Corporation's external auditors

International Nickel Ventures Corporation
Consolidated Balance Sheets
(note 1)

	As at	
	June 30 2007	December 31 2006
	(Unaudited)	
	$	$
Assets		
Current		
Cash	**32,882,745**	13,798,282
Accounts receivable	**135,483**	114,685
Interest receivable	**115,050**	48,630
Advances to service provider (note 3)	**-**	4,742
Prepaid expenses	**46,512**	20,144
	33,179,790	13,986,483
Investment (note 4)	**11,508,324**	9,890,236
Mineral property and deferred exploration (note 5)	**2,421,596**	1,070,920
	47,109,710	24,947,639
Liabilities		
Current		
Accounts payable and accrued liabilities	**876,486**	385,916
Advances from service provider (note 3)	**95,492**	-
Advances from related parties (note 8(a))	**29,594**	149,042
	1,001,572	534,958
Shareholders' equity		
Share capital (notes 6(a) and (b))	**48,020,895**	28,105,400
Warrants (note 6(c))	**3,880,839**	1,228,327
Contributed surplus – stock-based compensation (note 7)	**921,188**	542,465
Deficit	**(6,714,784)**	(5,463,511)
	46,108,138	24,412,681
	47,109,710	24,947,639

Subsequent events (note 11)

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

International Nickel Ventures Corporation
Consolidated Statements of Operations
(Unaudited) (note 1)

	Three months ended June 30		Six months ended June 30	
	2007	2006	**2007**	2006
	$	$	**$**	$
Expenses				
General and administration				
Shareholder information and regulatory compliance	**171,272**	40,885	**241,985**	232,292
Compensation	**102,164**	119,269	**256,218**	166,179
Administrative services (note 8(c))	**57,589**	86,426	**118,228**	187,778
Travel	**15,347**	52,850	**43,147**	77,521
Professional	**44,258**	68,217	**62,898**	117,893
Office	**19,316**	27,253	**40,002**	43,639
Telecommunications	**5,605**	7,015	**10,246**	12,858
Other	**20,483**	300	**21,686**	657
Total general and administration	**436,034**	402,215	**794,410**	838,817
General exploration	**146,743**	89,238	**399,125**	185,926
Stock-based compensation (note 7)	**172,792**	139,302	**403,829**	298,871
Equity loss from investment (note 4)	**1,880**	6,455	**1,912**	13,511
Foreign exchange (gain) loss	**5,103**	(4,431)	**7,246**	(7,350)
Interest (income)	**(229,882)**	(225,167)	**(355,249)**	(246,537)
Loss and comprehensive loss for the period	**532,670**	407,612	**1,251,273**	1,083,238
Basic and diluted loss per share (note 6(d))	**0.01**	0.01	**0.03**	0.04

International Nickel Ventures Corporation
Consolidated Statements of Deficit
(Unaudited) (note 1)

	Three months ended June 30		Six months ended June 30	
	2007	2006	**2007**	2006
	$	$	**$**	$
Deficit – beginning of period	**6,182,114**	2,377,136	**5,463,511**	1,701,510
Loss for the period	**532,670**	407,612	**1,251,273**	1,083,238
Deficit – end of period	**6,714,784**	2,784,748	**6,714,784**	2,784,748

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

International Nickel Ventures Corporation
Consolidated Statements of Cash Flow
(Unaudited) (note 1)

	Three months ended June 30		Six months ended June 30	
	2007	2006	**2007**	2006
	$	$	**$**	$
Operating activities				
Loss for the period	**(532,670)**	(407,612)	**(1,251,273)**	(1,083,238)
Equity loss from investment	**1,880**	6,455	**1,912**	13,511
Foreign exchange gain on promissory note	**-**	-	**-**	(2,730)
Stock-based compensation	**172,792**	139,302	**403,829**	298,871
	(357,998)	(261,855)	**(845,532)**	(773,586)
Net change in non-cash working capital (note 9)	**256,755**	(662,255)	**357,770**	146,772
	(101,243)	(924,110)	**(487,762)**	(626,814)
Financing activities				
Common shares issued, net of expenses	**-**	2,680,924	**-**	23,054,627
Units issued, net of expenses	**21,696,701**	-	**21,696,701**	-
Common shares from Compensation Warrants	**466,200**	-	**706,200**	-
Common shares on exercise of stock options	**90,000**	-	**140,000**	150,025
	22,252,901	2,680,924	**22,542,901**	23,204,652
Investing activities				
Investment	**(648,000)**	(1,053,000)	**(1,620,000)**	(1,509,300)
Mineral property and deferred exploration	**(545,279)**	(603,904)	**(1,350,676)**	(632,459)
	(1,193,279)	(1,656,904)	**(2,970,676)**	(2,141,759)
Change in cash for the period	**20,958,379**	99,910	**19,084,463**	20,436,079
Cash – beginning of period	**11,924,366**	20,336,169	**13,798,282**	-
Cash – end of period	**32,882,745**	20,436,079	**32,882,745**	20,436,079

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

International Nickel Ventures Corporation

(A Development Stage Entity)
Notes to the Unaudited Consolidated Financial Statements
As at June 30, 2007 and December 31, 2006
and the three and six months ended June 30, 2007 and 2006

1. Nature of operations and going concern

International Nickel Ventures Corporation (“**INV**” or the “**Corporation**”) is in the business of acquiring, exploring and developing nickel deposits, primarily in Brazil, through its wholly-owned subsidiary, INV Mineração Ltda. (“**IML**”) and its 27% investment in International Nickel Ventures Inc. (“**INVI**”). INV may expand its operations to include mineral properties outside of Brazil and also into other metallic projects. The Corporation operates in one industry segment, mineral exploration and, while it maintains its head and administrative offices in Canada, its mineral properties are located in Brazil. These properties may be subject to sovereign risk, including political and economic instability, government regulations relating to mining, currency fluctuations and local inflation. These risks may adversely affect the Corporation’s investment in mineral properties and may result in the impairment or loss of all or part of these properties.

The Corporation is a development stage entity that has not achieved production on any of its mineral properties and, accordingly, does not have any revenues. The Corporation’s ability to continue as a going concern and realize the amounts shown as mineral property and deferred exploration is dependent upon the discovery of economically recoverable reserves and the ability to obtain the necessary financing and permitting to develop properties and establish future profitable production. The Corporation does not have sufficient cash to fund the exploration and the development of its mineral properties to commercial production and, therefore, will require additional funding, which if not raised may result in the curtailment of operations. Management is of the opinion that additional financing is available and may be sourced in time to allow INV to continue its planned activities in the normal course. There can, however, be no assurance it will be able to raise sufficient funds in the future.

On March 17, 2006, the Corporation completed an initial public offering (“**IPO**”), became listed on the Toronto Stock Exchange and is currently trading under the symbol “INV”. On May 18, 2007, the Corporation completed another public offering (note 6).

2. Accounting policies and basis of presentation

The unaudited interim consolidated financial statements of INV have been prepared in accordance with accounting principles generally accepted in Canada using the same accounting policies as those disclosed in note 2 to INV’s audited consolidated financial statements for the year ended December 31, 2006, except as noted below. Generally accepted accounting principles for interim consolidated financial statements do not conform in all respects to the disclosures required for annual consolidated financial statements and, accordingly, these unaudited interim consolidated financial statements and accompanying notes should be read in conjunction with INV’s audited annual consolidated financial statements and accompanying notes. In the opinion of management, all adjustments considered necessary for the fair presentation of results for the periods presented have been reflected in these unaudited interim consolidated financial statements. These adjustments consist of normal recurring adjustments.

The unaudited interim consolidated financial statements include the accounts of International Nickel Ventures Corporation and its wholly owned subsidiaries INV Sao Jose Inc. and INV Mineração Ltda., and the consolidated accounts of INVI until December 11, 2005. The consolidated financial statements of INVI include the accounts of its wholly owned subsidiaries 4116313 Canada Inc. and Mineradora INVI Ltda. ("**INVI Brazil**"). Effective December 12, 2005, Teck Cominco Limited ("**Teck**"), a Canadian mining corporation, acquired a 73% interest in INVI and the Corporation commenced to account for its investment in INVI under the equity method (note 4).

Effective January 1, 2007, the Corporation prospectively adopted CICA recommendations pertaining to financial instruments, which establish standards for the recognition, measurement, disclosure and presentation of financial assets, financial liabilities and non-financial derivatives. These recommendations require that fair value be used to measure financial assets that are held for trading or available for sale, financial liabilities that are held for trading and all derivative financial instruments. Other financial assets, such as loans and receivables and investments that are held to maturity and other financial liabilities are measured at their carrying value. This change in accounting policy had no effect on the consolidated financial statements for the three and six months ended June 30, 2007.

Effective January 1, 2007, the Corporation prospectively adopted CICA recommendations pertaining to hedges, which establish standards for the identification, designation, documentation and effectiveness of hedging relationships for the purpose of applying hedge accounting. The purpose of hedge accounting is to ensure that gains, losses, revenues and expenses from effective hedging relationships are recorded in earnings in the same period. This change in accounting policy had no effect on the consolidated financial statements for the three and six months ended June 30, 2007.

Effective January 1, 2007, the Corporation prospectively adopted CICA recommendations regarding the reporting and disclosure of comprehensive income. Comprehensive income consists of changes in the equity of the Company from sources other than the Corporation's share owners, and includes earnings of the Corporation, the foreign currency translation adjustment relating to self-sustaining foreign operations and unrealized gains and losses on changes in fair values of available for sale assets and effective cash flow hedging instruments. Other comprehensive income comprises revenues, expenses and gains and losses that are recognized in comprehensive income but are excluded from earnings for the period. This change in accounting policy had no effect on the consolidated financial statements for the three and six months ended June 30, 2007.

Effective January 1, 2007, the Corporation prospectively adopted CICA recommendations regarding the presentation of equity and changes in equity. These recommendations require separate presentation of the components of equity, including retained earnings, accumulated other comprehensive income, contributed surplus, share capital and reserves, and the changes therein. This change in accounting policy had no effect on the consolidated financial statements for the three and six months ended June 30, 2007.

The CICA has issued several new accounting standards including: Section 1535, Capital Disclosures, Section 3031, Inventories, Section 3862, Financial Instruments – Disclosure, and Section 3863, Financial Instruments – Presentation. The Company will adopt these new standards effective January 1, 2008 and is currently assessing the impact of adoption on its consolidated financial statements.

Section 1535 specifies the requirements for the disclosure of information relating to objectives, policies and processes for managing capital.

Section 3031 relates to the accounting for inventories and revises and enhances the requirements for assigning costs to inventories.

Section 3862 and Section 3863 replace Section 3861, Financial Instruments – Disclosure and Presentation, and revise and enhance the disclosure requirements and carry forward unchanged the presentation requirements.

3. Advances to service provider

Effective October 4, 2004, as amended, INV entered into an agreement with a subsidiary of Amazonia Mineração Ltda. ("**Amazonia**"), a privately owned Brazilian company, whereby Amazonia was retained to provide INVI with certain exploration and analytical work on the Santa Fé/Iporá properties in accordance with the recommended program thereon. The Corporation also retained Amazonia to conduct certain mineral exploration, mining, technical and administration services for INV's other mineral exploration efforts in Brazil. As at June 30, 2007, Amazonia had expended $95,492 in excess of funds advanced by the Corporation (December 31, 2006 – the Corporation had advanced $4,742 of funds in excess of Amazonia's expenditures on behalf of the Corporation) to that date. These funds were subsequently reimbursed to Amazonia by the Corporation (December 31, 2006 - funds were subsequently expended by Amazonia on INV's behalf).

4. Investment

In accordance with the terms of an agreement (the "**Financing and Rights Agreement**"), Teck acquired and continues to hold 73%, and the Corporation continues to hold 27%, of all of the issued and outstanding common shares of INVI. Accordingly, the Corporation accounts for INVI on the equity basis of accounting. The Corporation has reflected only its cash or equivalent investment in INVI and its 27% equity interest in the earnings or loss of INVI in the financial statements. INVI is a private corporation that has only two shareholders and, accordingly, does not have a quoted market value.

	2007	2006
	$	$
Balance - December 31	**9,890,236**	4,459,479
Investment in cash	**972,000**	456,300
Equity loss in period	**(32)**	(7,056)
Balance - March 31	**10,862,204**	4,908,723
Investment in cash	**648,000**	1,053,000
Equity loss in period	**(1,880)**	(6,455)
Balance - June 30	**11,508,324**	5,955,268

The principle asset that INVI owns is its rights to earn an interest in the Santa Fé/Iporá properties. The Corporation commenced work to acquire the Santa Fé/Iporá properties in 2003, which ultimately resulted in the Corporation entering into an agreement (the "**Santa Fé/Iporá Agreement**") effective September 24, 2004, as amended on December 16, 2004, pursuant to which INVI was granted an option (the "**Santa Fé/Iporá Option**") to acquire a 75% interest in the Santa Fé/Iporá properties from a private Brazilian corporation Companhia Brasileira de Níquel ("**Brasileira Níquel**"). INVI Brazil was incorporated under the laws of Brazil on January 27, 2005 with the sole purpose of holding INVI's rights under the Santa Fé/Iporá Option, which gives INVI Brazil the option to acquire 75% of the issued and outstanding shares of Brasileira Níquel and, therefore, a 75% interest in the Santa Fé/Iporá properties. INVI Brazil may exercise this option prior to November 16, 2007 by making the following payments:

	US$
September 14, 2004 (1)	100,000
December 16, 2004 (1)	100,000
February 16, 2005 (2)	400,000
May 16, 2005 (2)	800,000
August 16, 2005 (2)	5,000,000
December 16, 2005 (2)	5,000,000
August 16, 2006 (3)	5,000,000
July 16, 2007 (4)	6,600,000
November 16, 2007 (5)	9,250,000
	32,250,000

(1) These payments were made in 2004.
(2) These payments were made in 2005.
(3) This payment was made in 2006.
(4) This payment was made in 2007, subsequent to quarter end (note 11).
(5) This payment is subject to the Financing and Rights Agreement.

INVI Brazil acts as the operator of the Santa Fé/Iporá property during the option period, and has the exclusive right to develop work programs and carry out exploration and development work and incur expenditures on the Santa Fé/Iporá properties for its exclusive account, provided that INV Brazil may contract out day-to-day activities to third party contractors. Pursuant to the Financing and Rights Agreement with Teck, INVI Brazil has granted to Teck certain rights to operate the Santa Fé/Iporá properties.

INVI Brazil had the right to delay any of the above payments which have not yet been made, for a period of no more than 30 calendar days without incurring the obligation to pay interest (the "**Grace Period**"), after which it must pay default interest of 1% per month or fraction thereof, *pro rata per diem*, on the overdue amount up to a maximum delay of 90 days (excluding the Grace Period) (the "**Initial Delay Period**") and 2% per month or fraction thereof, *pro rata per diem*, on the overdue amount after the Initial Delay Period for up to a maximum delay of a further 90 days (or a total of 180 days combined, excluding the Grace Period) (the "**Second Delay Period**"), which Second Delay Period may not follow the Initial Delay Period consecutively, or the Santa Fé/Iporá Agreement shall be terminated. The Initial Delay Period was exercised in connection with the payment due August 16, 2005, which payment was subsequently made on December 13, 2005. The Second Delay Period was exercised in connection with the payment due August 16, 2006. The US$5.0 million payment, along with US$0.3 million of interest, was paid on November 14, 2006. At INV's request, Teck agreed, for this payment, to waive its rights to subscribe for additional shares of the Corporation for INV's 27% share of this payment. INV, therefore, paid cash of US$1.43 million for its 27% share and did not issue any additional shares at that time.

The Santa Fé/Iporá properties are located in south-western Goiás State in south-central Brazil. The Santa Fé property consists of 6,217 hectares and comprises one concession and six applications for mining concessions. The Iporá property, located approximately 70 km south of the Santa Fé property, is comprised of 10 concessions totaling approximately 10,000 hectares.

Subsequent to December 11, 2005, the Corporation's rights to the Santa Fé/Iporá properties are held through its 27% investment in INVI.

5. Mineral property and deferred exploration

	June 30, 2007			
	Balance – December 31, 2006	**Additions in period**	**Written off**	**Balance – June 30, 2007**
	$	**$**	**$**	**$**
Anapolis	**78,169**	**704,501**	**-**	**782,670**
Goiás Region	**259,381**	**79,439**	**-**	**338,820**
Norte Sul	**680,941**	**339,910**	**-**	**1,020,851**
São José	**52,429**	**226,826**	**-**	**279,255**
	1,070,920	**1,350,676**	**-**	**2,421,596**

Mineral property and deferred exploration costs for the six months ended June 30, 2007 were comprised of $539,613 for property acquisition and holding costs, $634,268 for geology, $41,656 for geophysics, $105,471 for sampling and assaying and $29,668 for drilling.

	December 31, 2006			
	Balance – December 31, 2005	Additions in year	Written off	Balance – December 31, 2006
	$	$	$	$
Anapolis	-	78,169	-	78,169
Aviao	-	901,001	(901,001)	-
Goiás Region	107,678	659,264	(507,561)	259,381
Norte Sul	-	903,166	(222,225)	680,941
São José	-	52,429	-	52,429
	107,678	2,594,029	(1,630,787)	1,070,920

(a) Anapolis

Based on aeromagnetic and radiometric maps, the Corporation staked 92,399 hectares of prospective nickel sulphide properties in Goiás State, Brazil in late 2006 increasing to 168,439 hectares during the first quarter of 2007. Exploration activities at Anapolis were comprised of geological reconnaissance and mapping, geochemical sampling, assaying and petrography.

(b) Aviao

On June 13, 2006, the Corporation entered into an option to acquire a 10,000 hectare nickel exploration property (the "**Aviao"** property), located in Tocantins State, from Calcario Tocantins Ltd., a private Brazilian limestone producer. The option payments totaled R$18.4 million for 100% of the Aviao property over a five year period, equivalent to US$8 million on June 13, 2006. The first payment of R$575,450 (equivalent to US$250,000, or $278,050) was paid June 14, 2006. The Corporation undertook an exploration program in the fall of 2006 and did not make the second option payment of R$805,306 (equivalent to US$350,000) on December 14, 2006. Accordingly, the option expired and the $901,001 of accumulated costs to date were written off in 2006.

(c) Goiás Region

The Corporation also holds beneficial title to properties known as the Goiás Region properties (the "**Goiás Region Properties**"). The Goiás Region Properties are located in southwest Goiás State, Brazil. In 2005, nine prospective areas with accumulated acquisition and exploration costs of $106,719 were written off and in 2006 an additional five prospective areas with accumulated acquisition and exploration costs of $507,561 were written off, leaving one prospective area at December 31, 2006. The remaining property is in proximity to the Santa Fé/Iporá properties and is approximately 3,779 hectares in size.

(d) Norte Sul

Approximately 192,498 hectares were staked in Goiás, Para and Tocantins States (collectively the "**Norte Sul**" properties) during 2006 and an additional 12,876 hectares were staked in the first quarter of 2007. Following preliminary exploration work, 42,443 hectares were dropped in 2006, leaving the Corporation with 159,931 hectares. The accumulated acquisition and exploration costs on the properties dropped totaled $222,225, which amount was written off in 2006.

(e) São José properties

In early 2006, the Corporation acquired, by staking, beneficial title to certain properties known as the São José properties (the "**São José Properties**") consisting of seven exploration properties located along the eastern border of Para State and two exploration properties located approximately five km east of the Araguaia River in Tocantins State. Together these properties comprise approximately 59,235 hectares.

6. Share capital and loss per share

(a) Authorized

The authorized capital of INV consists of an unlimited number of common shares.

(b) Issued and outstanding

	Shares	Amount
	#	$
Balance – December 31, 2005	11,532,400	3,765,003
Exercise of stock options	500,100	150,025
Transfer from contributed surplus	-	49,662
Initial public offering	18,500,000	19,904,572
Private placement with Teck	1,299,800	1,559,760
Balance – March 31, 2006	31,832,300	25,429,022
Initial public offering, over-allotment	2,620,000	2,613,666
Balance – June 30 and September 30, 2006	34,452,300	28,042,688
Exercise of stock options	40,000	62,712
Balance – December 31, 2006	34,492,300	28,105,400
Exercise of Compensation Warrants	200,000	324,528
Exercise of stock options	100,000	50,000
Balance – March 31, 2007	34,792,300	28,479,928
Public offering	13,187,434	18,795,465
Exercise of Compensation Warrants	388,500	630,396
Exercise of stock options	75,000	115,106
Balance – June 30, 2007	48,443,234	48,020,895

On January 19, 2006, 400,100 stock options granted to a director of the Corporation on December 20, 2004 were exercised for cash consideration of $100,025.

On February 7, 2006, 100,000 stock options granted to a director and officer of the Corporation on November 1, 2005 were exercised for cash consideration of $50,000.

On March 13, 2006, the Corporation entered into an agreement with three Canadian investment dealers (the “**Underwriters**”), whereby the Corporation retained the Underwriters to sell by way of a prospectus, 18,500,000 common shares of the Corporation on an underwritten basis at a price of $1.20 per share. The Corporation also granted the Underwriters an option, exercisable within 30 days of closing the IPO, to purchase up to an additional 2,775,000 common shares at a price of $1.20 per share. In consideration for their services in connection with the IPO the Underwriters received a fee equal to 6% of the gross proceeds of the IPO plus that number of warrants (the “**Compensation Warrants**”) that is equal to 6% of the total number of common shares sold pursuant to the IPO. Each Compensation Warrant entitled the Underwriters to purchase one common share at a price of $1.20 per share for a period of two years from the date of issuance. On March 17, 2006 and April 6, 2006, the Corporation issued 18,500,000 and 2,620,000 common shares, respectively, for gross proceeds of $22,200,000 and $3,144,000, respectively, pursuant to the underwriting agreement. Share issuance costs were $2,295,428 and $530,334, respectively. No future income tax benefits were recognized with these share issuances as a valuation allowance has been applied against all future income tax assets. A total of 1,267,200 Compensation Warrants were granted with 1,110,000 expiring on March 17, 2008 and 157,200 expiring on April 6, 2008.

On March 17, 2006, Teck was issued 1,299,800 common shares with a value of $1,559,760 in satisfaction of the $1,562,490 (US$1,350,000) of funds advanced by Teck to INV pursuant to a non-interest bearing note dated December 6, 2005 issued under the terms of the Financing and Rights Agreement, with the $2,730 difference being a foreign exchange gain.

In December 2006, 40,000 stock options granted to certain contractors were exercised for cash consideration of $48,000.

On January 22, 2007, 200,000 Compensation Warrants of the Corporation granted on March 17, 2006 were exercised for cash consideration of $240,000.

On February 12, 2007, 100,000 stock options granted to a director and former officer of the Corporation on November 1, 2005 were exercised for cash consideration of $50,000.

Pursuant to an amended and restated underwriting agreement dated as of May 3, 2007, INV sold, on a bought deal basis, 9,700,000 units (“**Units**”) at a price of $1.75 per Unit (the “**Offering**”) to two Canadian investment dealers (the “**Offering Underwriters**”), for gross proceeds to INV of $16,975,000. Each Unit consisted of one common share in the capital of INV and one-half of one common share purchase warrant. Each whole common share purchase warrant (a “**Public Warrant**”) entitles the holder to acquire one additional common share at a price of $2.25 at any time before 5:00 p.m. (Eastern Standard Time) on the date which is 18 months from the closing of the Offering. The Corporation also granted the Offering Underwriters an option, exercisable within 30 days from the closing of the Offering, to purchase up to an additional 1,455,000 common shares at a price of $1.53 per common share and up to 727,500 Public Warrants at a price of $0.44 per warrant, to cover over-allotments, if any, and for market stabilization purposes (the “**Over-allotment Option**”).

Concurrent with the Offering, INV completed a private placement (the “**Concurrent Private Placement**”) with FNX and Teck on the same terms as the Offering for, in aggregate, 1,767,334 Units. Pursuant to an agreement between INV and Teck, INV had granted Teck the right (the “**Teck Right**”) to purchase Units on the same terms as the Offering (including exercise of the Over-allotment Option) to maintain its pro rata interest in INV. On May 3, 2007, Teck notified the Corporation that it would subscribe for 420,604 Units concurrent with the closing of the Offering. FNX purchased the Units, subject to the Teck Right, that Teck did not elect to purchase under the Concurrent Private Placement.

In consideration for their services in connection with the Offering and the Concurrent Private Placement the Offering Underwriters received a fee equal to 5.5% and 3.0% of the gross proceeds of the Offering and Concurrent Private Placement, respectively.

On April 10, 2007, 75,000 stock options granted to a director and former officer of the Corporation on November 1, 2005 were exercised for cash consideration of $50,000.

The Offering Underwriters exercised their Over-allotment Option in full and, accordingly, on May 18, 2007, the Corporation issued 13,187,434 Units, comprised of 13,187,434 common shares and 6,593,717 Public Warrants, for gross proceeds of $23,078,010. The Public Warrants were ascribed a fair value of $2,901,236 (note 6(c)). Share issuance costs were $1,381,309. No future income tax benefits were recognized with this share issuance as a valuation allowance has been applied against all future income tax assets.

(c) Share purchase warrants

The Corporation has granted share purchase warrants as follows:

	Warrants	Amount
	#	$
Balance – December 31, 2005	2,347,886	691,938
Compensation warrants	1,110,000	469,131
Balance – March 31, 2006	3,457,886	1,161,069
Compensation warrants	157,200	67,258
Balance – June 30, September 30, and December 31, 2006	3,615,086	1,228,327
Exercise of Compensation Warrants	(200,000)	(84,528)
Balance – March 31, 2007	3,415,086	1,143,799
Public Warrants	6,593,717	2,901,236
Exercise of Compensation Warrants	(388,500)	(164,196)
Balance – June 30, 2007	9,620,303	3,880,839

On March 17, 2006 and April 6, 2006, the Underwriters were granted 1,110,000 and 157,200, respectively, Compensation Warrants (note 6(b)). The Compensation Warrants were ascribed a value of $469,131 and $67,258 respectively, using the Black-Scholes option pricing model. The assumptions used for the March 17, 2006 Compensation Warrants were as follows: dividend yield of 0.0%, expected volatility of 60%, risk-free interest rate of 4.0% and expected life of 24 months. The assumptions used for the April 6, 2006 Compensation Warrants were as follows: dividend yield of 0.0%, expected volatility of 60%, risk-free interest rate of 4.2% and expected life of 24 months.

On May 18, 2007, the Corporation issued 6,593,717 Public Warrants (note 6(b)). The Public Warrants were ascribed a value of $2,901,235, using the Black-Scholes option pricing model. The assumptions used for the Public Warrants were as follows: dividend yield of 0.0%, expected volatility of 69%, risk-free interest rate of 4.1% and expected life of 18 months.

(d) Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the second quarter of 41,237,772 (2006 – 34,279,553) and for the year to date of 37,974,830 (2006 – 24,685,965). The conversion of stock options and warrants was not included in the calculation of fully diluted loss per share for either 2007 or 2006 because the conversion would be anti-dilutive.

7. Contributed surplus – stock-based compensation

The following table summarizes information regarding the Corporation's contributed surplus - stock-based compensation as at and for the periods ended June 30, 2007 and 2006:

	2007	2006
	$	$
Balance – December 31	**542,465**	49,662
Stock-based compensation expense	**231,037**	159,569
Transfer of exercised options to share capital	**-**	(49,662)
Balance – March 31	**773,502**	159,569
Stock-based compensation expense	**172,792**	139,302
Transfer of exercised options to share capital	**(25,106)**	-
Balance – June 30	**921,188**	298,871

The stock option plan (the "**Option Plan**") is for directors, officers, employees and certain individuals that provide ongoing services to INV. Under the Option Plan, options are typically granted for a five year period and in such numbers as reflects the level of responsibility of the particular optionee and his or her contribution to the business and activities of INV. Options granted under the Plan prior to 2006 vested at the discretion of the Board of Directors, while options granted in 2006 vest 25% immediately, 25% after six months, 25% after one year and 25% after one and one-half years from the date of grant. Except in specified circumstances, options are not assignable and terminate upon the optionee ceasing to be employed by or associated with INV. The terms of the Option Plan further provide that the price at which shares may be issued under the Option Plan cannot be less than the market price of the shares when the relevant options are granted.

On March 17, 2006, options to purchase 1,505,000 common shares of the Corporation were granted to directors, officers and contractors at a price of $1.20 per share, expiring on March 17, 2011. For purposes of stock-based compensation, the fair value of the stock option was estimated on the date of grant using the Black-Scholes option pricing model with the assumptions used for this grant as follows: dividend yield of 0.0%, expected volatility of 60%, risk-free interest rate of 4.0% and expected life of 18 months.

On August 4, 2006, options to purchase 100,000 common shares of the Corporation were granted to the Corporation's Director, Investor Relations at a price of $1.20 per share, expiring on August 3, 2011. For purposes of stock-based compensation, the fair value of the stock option was estimated on the date of grant using the Black-Scholes option pricing model with the assumptions used for this grant as follows: dividend yield of 0.0%, expected volatility of 60%, risk-free interest rate of 4.0% and expected life of 18 months.

On September 5, 2006, options to purchase 100,000 common shares of the Corporation were granted to Amazonia at a price of $1.50 per share, expiring on September 5, 2011. For purposes of stock-based compensation, the fair value of the stock option was estimated on the date of grant using the Black-Scholes option pricing model with the assumptions used for this grant as follows: dividend yield of 0.0%, expected volatility of 60%, risk-free interest rate of 3.9% and expected life of 18 months.

On October 12, 2006, options to purchase 50,000 common shares of the Corporation were granted to Amazonia at a price of $1.50 per share, expiring on October 12, 2011. For purposes of stock-based compensation, the fair value of the stock option was estimated on the date of grant using the Black-Scholes option pricing model with the assumptions used for this grant as follows: dividend yield of 0.0%, expected volatility of 60%, risk-free interest rate of 4.1% and expected life of 18 months.

On November 8, 2006, options to purchase 100,000 common shares of the Corporation were granted to a director of the Corporation at a price of $1.62 per share, expiring on November 8, 2011. For purposes of stock-based compensation, the fair value of the stock option was estimated on the date of grant using the Black-Scholes option pricing model with the assumptions used for this grant as follows: dividend yield of 0.0%, expected volatility of 60%, risk-free interest rate of 4.0% and expected life of 18 months.

On February 6, 2007, options to purchase 50,000 common shares of the Corporation were granted to Amazonia at a price of $1.60 per share, expiring on February 6, 2012. For purposes of stock-based compensation, the fair value of the stock option was estimated on the date of grant using the Black-Scholes option pricing model with the assumptions used for this grant as follows: dividend yield of 0.0%, expected volatility of 69%, risk-free interest rate of 4.0% and expected life of 18 months.

On March 28, 2007, options to purchase 735,000 common shares of the Corporation were granted to directors, officers, employees and contractors of the Corporation at a price of $1.80 per share, expiring on March 28, 2012. For purposes of stock-based compensation, the fair value of the stock option was estimated on the date of grant using the Black-Scholes option pricing model with the assumptions used for this grant as follows: dividend yield of 0.0%, expected volatility of 69%, risk-free interest rate of 4.0% and expected life of 18 months.

The following tables summarize information regarding INV's outstanding and exercisable stock options as at and for the periods ended June 30, 2007:

	Outstanding			Exercisable	
Range of exercise prices per share	Shares	Weighted average months remaining	Weighted average exercise price per share	Shares	Weighted average exercise price per share
$	#	#	$	#	$
1.20	1,470,000	45	1.20	1,043,750	1.20
1.50	150,000	51	1.50	75,000	1.50
1.60	50,000	55	1.60	12,500	1.62
1.62	100,000	52	1.62	50,000	1.62
1.77	75,000	59	1.77	18,750	1.62
1.80	735,000	57	1.80	183,750	1.62
	2,580,000		1.43	1,383,750	1.32

	Three months ended		Six months ended	
	Shares	Weighted average exercise price per share	Shares	Weighted average exercise price per share
	#	$	#	$
Balance – beginning of period	2,580,000	1.41	1,895,000	1.21
Granted	75,000	1.77	860,000	1.79
Exercised	(75,000)	1.20	(175,000)	0.80
Forfeited	-	-	-	-
Balance – end of period	2,580,000	1.43	2,580,000	1.43

8. Related party transactions

(a) Advances from related parties

FNX, a shareholder of INV that has certain directors and senior officers that are also shareholders of INV, made advances to the Corporation to provide INV with working capital until such time as the Corporation raised funds from the issuance of common shares and/or promissory notes under various private placements or the IPO. In addition, FNX continues to provide ongoing services to INV (see below), which amounts are disclosed as "Administrative services". Certain senior officers and directors of FNX, along with FNX itself, participated in the initial private placement of common shares by the Corporation in 2004. All such related party advances were non-interest bearing and did not have specified repayment terms. These related party transactions are summarized below.

	Total $
Balance – December 31, 2005	61,802
Advances	2,603
Administrative services	348,593
Repayments	(263,956)
Balance – December 31, 2006	149,042
Administrative services	60,639
Repayments	(175,989)
Balance – March 31, 2007	33,692
Administrative services	57,589
Repayments	(61,687)
Balance – June 30, 2007	29,594

(b) Promissory notes due to related party

Pursuant to a non-interest bearing promissory note dated December 6, 2005, Teck loaned $1,562,490 (US$1,350,000) to the Corporation in order for the Corporation to satisfy its obligations regarding the December 16, 2005 option payment due under the Santa Fé/Iporá Agreement. Effective March 17, 2006, the non-interest bearing promissory note was converted into 1,299,800 common shares at a price of $1.20 per share.

(c) Administrative services and facilities agreement with FNX

Pursuant to the terms of a Services and Facilities Agreement dated January 1, 2006 (the "**FNX Agreement**"), FNX has agreed to provide certain services and facilities to the Corporation as well as the non-exclusive services of certain personnel, all in consideration of a flat fee of $10,000 per month. These services and facilities include commercially reasonable office facilities and communication equipment and the non-exclusive services of certain FNX personnel, including the Vice President and Chief Financial Officer of FNX (who also served as the Vice President and Chief Financial Officer of the Corporation to May 31, 2007), as well as accounting staff as required by the Vice President and Chief Financial Officer of the Corporation and administrative staff as required by the Corporation. The services provided by these personnel are limited to 20% of the time of each such individual per week on the basis of a 40 hour work week. In addition, the non-exclusive services of the former Vice President Business Development of FNX (who also served as the President and Chief Executive Officer of the Corporation to February 5, 2007) and the Vice President of Investor Relations and Corporate Secretary of FNX (who also serves as the Director, Investor Relations for the Corporation) are provided to the Corporation pursuant to the FNX Agreement in consideration of the reimbursement to FNX of an amount equal to the salary and benefits paid by FNX to each such officer, multiplied by the percentage of their respective time spent providing services to the Corporation. The services provided by the Vice President of Investor Relations and Corporate Secretary of FNX are limited to 20% of the time of such individual per week on the basis of a 40 hour work week. No similar limitations applied to the services provided by the former Vice President Business Development of FNX. The FNX Agreement may be terminated by either party at any time upon the provision of 30 days written notice to the other party, at nominal cost. During the three month periods ending June 30, 2007 and 2006, FNX invoiced INV $57,589 and $86,426, respectively, for services provided under the agreement. During the six month periods ending June 30, 2007 and 2006, FNX invoiced INV $118,228 and $187,778, respectively, for services provided under the agreement, the unpaid amount of which is included in advances from related parties.

9. Supplementary cash flow information

	Three months ended June		Six months ended June	
	2007	2006	**2007**	2006
	$	$	**$**	$
Net change in non-cash working capital:				
Accounts receivable	**(2,876)**	(26,430)	**(20,798)**	(78,281)
Interest receivable	**(72,778)**	(50,013)	**(66,420)**	(71,383)
Advances to service provider	**195,309**	(169,213)	**100,234**	(155,343)
Advances from related parties	**(4,098)**	(37,528)	**(119,448)**	66,427
Prepaid expenses	**(35,116)**	16,477	**(26,368)**	(47,630)
Accounts payable and accrued liabilities	**176,314**	(395,548)	**490,570**	432,982
	256,755	(662,255)	**357,770**	146,772
Other information:				
Interest paid	**-**	-	**-**	-
Income and resource taxes paid	**-**	-	**-**	-

10. Fair value of financial instruments

The carrying amount of accounts receivable, interest receivable, advances to service provider and current liabilities approximate their fair value due to the short term maturities of these instruments. INV does not currently have any commodity or foreign exchange hedging or other derivative instruments.

11. Subsequent events

(a) Investment in INVI

The US$6,600,000 Santa Fé/Iporá Option payment was paid by July 16, 2007. At INV's request, Teck agreed, for this payment, to waive its rights to subscribe for additional shares of the Corporation for INV's 27% share of this payment. INV, therefore, paid cash of US$1,782,000 for its 27% share and did not issue any additional shares at that time.

(b) Damolândia property

On July 17, 2007, INV entered into an option agreement with BCV - Consultoria e Projetos ("**BCV**"), a private Brazilian company, to acquire BCV's 100% interest in the Damolândia nickel sulphide property, located in the Anápolis Belt, approximately 60 km north of Goiânia city, Goiás State, Brazil. To earn its 100% interest INV must make the following payments to BCV:

	US$
On signing	20,000
After 12 months	30,000
After 24 months	50,000
After 36 months	150,000
After 48 months	150,000
Application for mining license	500,000
	900,000

In addition, BCV retained a gross royalty of 0.75%.

(c) Stock options

On July 28, 2007, the Corporation granted 525,000 stock options to a director and officer and a contractor at a price of $1.46 per share, expiring July 28, 2012.

On August 2, 2007, 37,500 stock options granted to a director and former officer of the Corporation on March 17, 2006 were exercised for cash consideration of $45,000.