



**INV METALS INC.**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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

| <i>As at</i>  | <b>June 30,<br/>2017</b> | December 31,<br>2016 |
|---|--------------------------|----------------------|
| <b>Assets</b>   |                          |                      |
| <b>Current assets</b>   |                          |                      |
| Cash (note 6)   | \$ 27,048,036            | \$ 8,737,850         |
| Other receivables   | 209,311                  | 130,498              |
| <b>Total current assets</b>   | <b>27,257,347</b>        | 8,868,348            |
| <b>Non-current assets</b>   |                          |                      |
| Investments   | 521,917                  | 468,499              |
| Property, plant and equipment                                       | 353,924                  | 369,123              |
| Exploration and evaluation assets (note 4)                          | 52,581,964               | 49,204,481           |
| <b>Total non-current assets</b>                                     | <b>53,457,805</b>        | 50,042,103           |
| <b>Total assets</b>   | <b>\$ 80,715,152</b>     | \$ 58,910,451        |
| <b>Liabilities</b>  |                          |                      |
| <b>Current liabilities</b>  |                          |                      |
| Other payables (note 5)   | \$ 849,457               | \$ 487,439           |
| <b>Total current liabilities</b>                                    | <b>849,457</b>           | 487,439              |
| <b>Non-current liabilities</b>                                      |                          |                      |
| Provisions  | 592,980                  | 613,764              |
| <b>Total non-current liabilities</b>                                | <b>592,980</b>           | 613,764              |
| <b>Total liabilities</b>  | <b>1,442,437</b>         | 1,101,203            |
| <b>Equity</b>   |                          |                      |
| Share capital (note 6)  | 135,706,552              | 110,359,748          |
| Contributed surplus (note 7)  | 12,185,631               | 11,479,822           |
| Deficit   | (77,201,719)             | (74,316,523)         |
| Accumulated other comprehensive income                              | 8,582,251                | 10,286,201           |
| <b>Total equity attributed to equity holders<br/>of the Company</b> | <b>79,272,715</b>        | 57,809,248           |
| <b>Total liabilities and equity</b>                                 | <b>\$ 80,715,152</b>     | \$ 58,910,451        |

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

**INV METALS INC.**

**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS/(INCOME)**  
**(IN CANADIAN DOLLARS)**

|   | Three Months Ended  |                     | Six Months Ended    |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | June 30,<br>2017    | June 30,<br>2016    | June 30,<br>2017    | June 30,<br>2016    |
| <b>Operations</b>   |                     |                     |                     |                     |
| General and administration (note 8)   | \$ 190,506          | \$ 110,210          | \$ 374,852          | \$ 195,180          |
| Compensation (note 8)   | 672,520             | 551,908             | 1,517,017           | 787,912             |
| Professional fees   | 53,959              | 51,785              | 125,510             | 97,154              |
| Write-down of exploration property  | -                   | 452,308             | -                   | 452,308             |
| Fair value loss/(gain) on investments   | 42,113              | (43,776)            | (65,689)            | (74,102)            |
| Other expenses and general exploration (note 8)                                   | 27,347              | 30,964              | 840,906             | 30,964              |
| Foreign exchange loss/(gain)  | 178,285             | (1,112)             | 185,391             | 6,929               |
| <b>Operating loss</b>   | <b>1,164,730</b>    | <b>1,152,287</b>    | <b>2,977,987</b>    | <b>1,496,345</b>    |
| Finance income  | (59,445)            | (26,704)            | (92,791)            | (49,800)            |
| <b>Total loss for the period</b>  | <b>\$ 1,105,285</b> | <b>\$ 1,125,583</b> | <b>\$ 2,885,196</b> | <b>\$ 1,446,545</b> |
| <b>Other comprehensive loss</b>   |                     |                     |                     |                     |
| Items that may be reclassified to profit or loss                                  |                     |                     |                     |                     |
| Cumulative translation adjustment   | 1,367,952           | 160,548             | 1,703,950           | 3,107,016           |
| <b>Total comprehensive loss for the period</b>                                    | <b>\$ 2,473,237</b> | <b>\$ 1,286,131</b> | <b>\$ 4,589,146</b> | <b>\$ 4,553,561</b> |
| <b>Basic and diluted total loss per share from continuing operations</b> (note 6) | <b>\$ 0.01</b>      | <b>\$ 0.02</b>      | <b>\$ 0.03</b>      | <b>\$ 0.03</b>      |

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

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

*Equity attributable to owners of the Company*

|   | Share Capital  | Contributed<br>Surplus | Deficit         | Accumulated Other<br>Comprehensive<br>Income/(Loss) | Total         |
|---|----------------|------------------------|-----------------|---|---------------|
| <b>Balance January 1, 2016</b>                      | \$ 107,184,006 | \$ 11,237,395          | \$ (72,001,355) | \$ 11,626,901                                       | \$ 58,046,947 |
| Total loss for the period                           | -              | -                      | (1,446,545)     | -   | (1,446,545)   |
| Cumulative translation adjustment                   | -              | -                      | -               | (3,107,016)   | (3,107,016)   |
| <b>Total comprehensive (loss) for the period</b>    | -              | -                      | (1,446,545)     | (3,107,016)   | (4,553,561)   |
| Issuance of shares - equity financing               | 2,954,745      | -                      | -               | -   | 2,954,745     |
| Issuance of shares - restricted share unit exercise | 142,500        | (142,500)              | -               | -   | -             |
| Share-based compensation                            | -              | 295,476                | -               | -   | 295,476       |
| <b>Transactions directly attributed to equity</b>   | 3,097,245      | 152,976                | -               | -   | 3,250,221     |
| <b>Balance June 30, 2016</b>                        | \$ 110,281,251 | \$ 11,390,371          | \$ (73,447,900) | \$ 8,519,885  | \$ 56,743,607 |

*Equity attributable to owners of the Company*

|  | Share Capital  | Contributed<br>Surplus | Deficit         | Accumulated Other<br>Comprehensive<br>Income/(Loss) | Total         |
|--|----------------|------------------------|-----------------|---|---------------|
| <b>Balance January 1, 2017</b>                               | \$ 110,359,748 | \$ 11,479,822          | \$ (74,316,523) | \$ 10,286,201                                       | \$ 57,809,248 |
| Total loss for the period                                    | -              | -                      | (2,885,196)     | -   | (2,885,196)   |
| Cumulative translation adjustment                            | -              | -                      | -               | (1,703,950)   | (1,703,950)   |
| <b>Total comprehensive (loss) for the period</b>             | -              | -                      | (2,885,196)     | (1,703,950)   | (4,589,146)   |
| Issuance of shares - equity financing (note 6)               | 25,306,867     | -                      | -               | -   | 25,306,867    |
| Issuance of shares - restricted share unit exercise (note 7) | 39,937         | (39,937)               | -               | -   | -             |
| Share-based compensation (note 7)                            | -              | 745,746                | -               | -   | 745,746       |
| <b>Transactions directly attributed to equity</b>            | 25,346,804     | 705,809                | -               | -   | 26,052,613    |
| <b>Balance June 30, 2017</b>                                 | \$ 135,706,552 | \$ 12,185,631          | \$ (77,201,719) | \$ 8,582,251  | \$ 79,272,715 |

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

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

| <i>For the periods ended</i>                             | <b>June 30,<br/>2017</b> | June 30,<br>2016     |
|--|--------------------------|----------------------|
| <b>Cash flows from operating activities</b>              |                          |                      |
| Total loss for the period                                | \$ (2,885,196)           | \$ (1,446,545)       |
| Adjustments for:   |                          |                      |
| Write-down of exploration property                       | -                        | 452,308              |
| Unrealized fair value gain on investments                | (65,689)                 | (74,102)             |
| Depreciation   | 3,224                    | 3,882                |
| Finance income   | (92,791)                 | (49,800)             |
| Unrealized loss on foreign exchange                      | (150,852)                | (18,211)             |
| Share-based compensation (note 7)                        | 644,854                  | 279,028              |
|  | <b>(2,546,450)</b>       | <b>(853,440)</b>     |
| Change in items of working capital:                      |                          |                      |
| Change in other receivables                              | (80,552)                 | (40,889)             |
| Change in other payables                                 | 139,884                  | 30,753               |
|  | <b>59,332</b>            | <b>(10,136)</b>      |
| Net cash used in operating activities                    | <b>(2,487,118)</b>       | <b>(863,576)</b>     |
| <b>Cash flows from investing activities</b>              |                          |                      |
| Interest received  | 92,791                   | 49,800               |
| Additions to exploration properties (note 4)             | (4,734,046)              | (1,604,282)          |
| Net cash used in investing activities                    | <b>(4,641,255)</b>       | <b>(1,554,482)</b>   |
| <b>Cash flows from financing activities</b>              |                          |                      |
| Proceeds from equity financing (note 6)                  | 25,306,867               | 2,954,745            |
| Net cash sources from financing activities               | <b>25,306,867</b>        | <b>2,954,745</b>     |
| <b>Net increase in cash</b>                              | <b>18,178,494</b>        | <b>536,687</b>       |
| <b>Cash, beginning of period</b>                         | <b>8,737,850</b>         | <b>11,643,921</b>    |
| <b>Effect of exchange rate fluctuations on cash held</b> | <b>131,692</b>           | <b>13,906</b>        |
| <b>Cash, end of period</b>                               | <b>\$ 27,048,036</b>     | <b>\$ 12,194,514</b> |

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

**INV METALS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2017**  
**(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 and six-month periods ended June 30, 2017 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.

**2) Basis of preparation**

**a) Significant accounting policies**

The Company’s accounting policies applied to all periods presented in these interim condensed consolidated financial statements are the same as those applied by the Company in its annual consolidated financial statements as at and for the year ended December 31, 2016, except as disclosed in note 3 a).

**b) Statement of compliance**

These interim condensed 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, 2016, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

These interim condensed consolidated financial statements were approved by the Audit Committee for issue on August 11, 2017.

**c) Basis of measurement**

The interim condensed consolidated financial statements have been prepared on the historical cost basis with the exception of financial assets at fair value through profit and loss, which are measured at fair value.

**d) Functional and presentation currency**

These interim condensed consolidated financial statements are presented in Canadian dollars. Items included in the financial statements of each consolidated entity of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The Company and its subsidiaries were evaluated on an individual basis and were each determined to have Canadian dollar functional currencies with the exception of INV Minerale Ecuador S.A. (“INV Minerale”) whose functional currency is the United States (“US”) dollar.

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

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and



**INV METALS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2017**  
**(IN CANADIAN DOLLARS)**

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**2) Basis of preparation (continued)**

**e) *Critical judgements and key sources of estimation (continued)***

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 interim condensed 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, 2016.

**3) IFRS accounting pronouncements**

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

The following revised standards are effective for annual periods beginning on or after January 1, 2017. The Company has assessed the amendments and determined that there are no material impact on the accounting and presentation of the interim condensed consolidated financial statements.

**i) *IAS 7, Statement of Cash Flows***

IAS 7, Statement of Cash Flows ("IAS 7") was amended in January 2016 to require disclosures about cash and non-cash changes in liabilities arising from financing activities.

**ii) *IAS 12, Income Taxes***

IAS 12, Income Taxes ("IAS 12") was amended in January 2016 adding new guidance to clarify the requirements for recognizing deductible temporary differences on unrealized losses related to debt instruments.

**b) *Future accounting pronouncements***

The following revised interpretation and standards are effective for annual periods as noted below. The Company has not fully assessed the standards, interpretations and amendments, but does not expect them to have a material impact on the Company's accounting or disclosures, if any.

**i) *IFRIC 22, Foreign Currency Transactions and Advance Consideration***

IFRIC 22, Foreign Currency Transactions and Advance Consideration ("IFRIC 22") was issued in December 2016 to provide interpretation guidance where:

- there is consideration that is denominated or priced in a foreign currency,
- an entity recognises a prepayment or a deferred liability in respect of that consideration in advance of recognition of the related asset; and
- where the prepayment asset or deferred income liability is non-monetary.

**INV METALS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2017**  
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**3) IFRS accounting pronouncements (continued)**

**b) Future accounting pronouncements (continued)**

**i) IFRIC 22, Foreign Currency Transactions and Advance Consideration (continued)**

This interpretation becomes effective for annual periods beginning on or after January 1, 2018 and management does not anticipate material impact from adoption of the standard.

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

IFRS 9, Financial Instruments: Classification and Measurement (“IFRS 9”) was issued in November 2009 and finalized in July 2014. It 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 recognized either at fair value through profit or loss or at fair value through other comprehensive income or loss.

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 other comprehensive income or loss.

This standard becomes effective for annual periods beginning on or after January 1, 2018 and management does not currently anticipate material impact from adoption of the standard.

**iii) IFRS 15, Revenue from Contracts with Customers**

IFRS 15, Revenue from Contracts with Customers (“IFRS 15”) was issued in May 2014 and specifies the principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The standard provides a single five step model to be applied to all contracts with customers. In April 2016 the standard was amended to clarify identification of performance obligations, principal versus agent considerations and licensing, and to provide some transition relief for modified contracts and completed contracts. This standard becomes effective for annual periods beginning on or after January 1, 2018 and management does not currently material impact from adoption of the standard.

**iv) IFRS 16, Leases**

IFRS 16, Leases (“IFRS 16”) was issued in January 2016 and specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard becomes effective for

**INV METALS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2017**  
**(IN CANADIAN DOLLARS)**

**3) IFRS accounting pronouncements (continued)**

**b) Future accounting pronouncements (continued)**

**iv) IFRS 16, Leases (continued)**

annual periods beginning on or after January 1, 2019 and management does not currently anticipate the early adoption of the standard.

**v) IFRS 2, Share-Based Payment**

IFRS 2, Share-Based Payment ("IFRS 2") was amended in June 2016 and clarifies accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modification of share-based payment transactions from cash-settled to equity-settled. This amendment becomes effective for annual periods beginning on or after January 1, 2018 and management does not currently material impact from adoption of the standard.

**vi) IFRIC 23, Uncertainty over Income Tax Treatments**

IFRIC 23, Uncertainty over Income Tax Treatments ("IFRIC 23") was issued in June 2017 and is to be applied to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. This interpretation becomes effective for annual periods beginning on or after January 1, 2019 and management does not currently anticipate the early adoption of the standard.

**4) Exploration and evaluation assets**

| June 30, 2017          |                      |                     |                     |                         |                      |
|------------------------|----------------------|---------------------|---------------------|-------------------------|----------------------|
|                        | January 1,<br>2017   | Additions           | Write-down          | Exchange<br>Differences | June 30,<br>2017     |
| Ecuador property       |                      |                     |                     |                         |                      |
| Loma Larga             | \$ 48,687,558        | \$ 4,308,655        | \$ -                | \$ (1,741,853)          | \$ 51,254,360        |
| Exploration Properties | -                    | 849,907             | -                   | (39,226)                | 810,681              |
| Namibia property       |                      |                     |                     |                         |                      |
| Kaoko                  | 516,923              | -                   | -                   | -                       | 516,923              |
|                        | <b>\$ 49,204,481</b> | <b>\$ 5,158,562</b> | <b>\$ -</b>         | <b>\$ (1,781,079)</b>   | <b>\$ 52,581,964</b> |
| December 31, 2016      |                      |                     |                     |                         |                      |
|                        | January 1,<br>2016   | Additions           | Write-down          | Exchange<br>Differences | December 31,<br>2016 |
| Ecuador property       |                      |                     |                     |                         |                      |
| Loma Larga             | \$ 45,274,209        | \$ 4,739,874        | \$ -                | \$ (1,326,525)          | \$ 48,687,558        |
| Namibia property       |                      |                     |                     |                         |                      |
| Kaoko                  | 969,231              | -                   | (452,308)           | -                       | 516,923              |
|                        | <b>\$ 46,243,440</b> | <b>\$ 4,739,874</b> | <b>\$ (452,308)</b> | <b>\$ (1,326,525)</b>   | <b>\$ 49,204,481</b> |

**INV METALS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2017**  
**(IN CANADIAN DOLLARS)**

**4) Exploration and evaluation assets (continued)**

**a) Exploration Properties, Ecuador**

In January and June 2017, the Company was awarded the mining title by the Government of Ecuador to four greenfields exploration projects, including the Las Peñas, Tierras Coloradas, La Rebuscada and Carolina exploration projects.

**5) Other payables**

The following table summarizes information regarding the Company's other payables as at June 30, 2017 and December 31, 2016:

| <i>As at</i>        | <b>June 30,<br/>2017</b> | December 31,<br>2016 |
|---------------------|--------------------------|----------------------|
| Accounts payable    | <b>\$ 216,296</b>        | \$ 314,323           |
| Accrued liabilities | <b>633,161</b>           | 173,116              |
|                     | <b>\$ 849,457</b>        | \$ 487,439           |

**6) Share capital**

| <i>As at</i>                                  | <b>June 30,<br/>2017</b> | December 31,<br>2016 |
|---|--------------------------|----------------------|
| Balance - number of shares                    | <b>64,872,641</b>        | 49,420,975           |
| Issuance of common shares on equity financing | <b>27,600,000</b>        | 15,000,000           |
| Exercise of stock options                     | -                        | 30,000               |
| Exercise of restricted share units            | <b>114,106</b>           | 421,666              |
|   | <b>92,586,747</b>        | 64,872,641           |

On February 10, 2017 and amended February 16, 2017 the Company entered into an agreement with a syndicate of underwriters (the "Underwriters"), pursuant to which the Underwriters agreed to purchase 24,000,000 common shares ("Shares") of the Company at a price of \$1.00 per Share for aggregate gross proceeds of \$24 million (the "Offering"). The Offering included an over-allotment option for an additional 3,600,000 Shares granted to the Underwriters.

The Offering closed on March 2, 2017 pursuant to which the Company issued 27,600,000 Shares of the Company at a price of \$1.00 per Share for gross proceeds of \$27.6 million net of transaction costs of \$2.3 million for net proceeds of \$25.3 million. IAMGOLD Corporation, which owned 35.6% of the outstanding common shares of the Company prior to the Offering, exercised its pre-emptive right to maintain its pro rata ownership and was issued 9,822,546 Shares. In addition, certain directors and officers of the Company purchased 5,577,911 Shares, representing approximately 20% of the Offering.

**INV METALS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2017**  
**(IN CANADIAN DOLLARS)**

**6) Share Capital (continued)**

**a) Loss per share**

The basic loss per share for the three and six-month periods ended June 30, 2017 and 2016 was calculated using a weighted average number of common shares outstanding as follows:

|   | Three Months Ended |                   | Six Months Ended  |                   |
|---|--------------------|-------------------|-------------------|-------------------|
|   | June 30,<br>2017   | June 30,<br>2016  | June 30,<br>2017  | June 30,<br>2016  |
| Common shares outstanding                     | 64,872,641         | 49,420,975        | 64,872,641        | 49,420,975        |
| Issuance of common shares in equity financing | 27,600,000         | 12,527,473        | 18,400,000        | 6,298,343         |
| Effect of share based compensation exercises  | 114,106            | 82,418            | 100,160           | 41,436            |
|   | <b>92,586,747</b>  | <b>62,030,866</b> | <b>83,372,801</b> | <b>55,760,754</b> |

**b) 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.

**7) Share based payments**

The following table summarizes the stock option transactions for the six-month period ended June 30, 2017 and year ended December 31, 2016 as follows:

|  | Number of<br>Stock<br>Options | Weighted-<br>Average<br>Exercise<br>Price |
|--|-------------------------------|---|
| <b>Outstanding, January 1, 2016</b>            | <b>3,679,500</b>              | <b>\$ 0.98</b>                            |
| Granted  | 1,495,000                     | 0.57                                      |
| Expired  | (760,000)                     | 1.05                                      |
| Exercised                                      | (30,000)                      | 0.35                                      |
| <b>Outstanding, December 31, 2016</b>          | <b>4,384,500</b>              | <b>\$ 0.83</b>                            |
| Granted  | 3,205,000                     | 1.00                                      |
| <b>Outstanding, March 31 and June 30, 2017</b> | <b>7,589,500</b>              | <b>\$ 0.90</b>                            |

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**7) Share based payments (continued)**

**a) Details of share options**

The following table summarizes information regarding the Company's outstanding and exercisable stock options as at June 30, 2017:

| <b>Exercise Price Range</b> | <b>Number of Stock Options Outstanding</b> | <b>Weighted-Average Remaining Years of Contractual Life</b> | <b>Weighted Average Exercise Price</b> | <b>Number of Stock Options Exercisable</b> | <b>Weighted Average Exercisable Price</b> |
|-----------------------------|--|---|--|--|---|
| \$0.00 - 0.35               | 144,500                                    | 2.5   | \$ 0.35                                | 144,500                                    | \$ 0.35                                   |
| 0.36 - 0.80                 | 1,495,000                                  | 4.0   | 0.57                                   | 1,096,256                                  | 0.56                                      |
| 0.81 - 1.00                 | 5,950,000                                  | 2.9   | 1.00                                   | 3,546,250                                  | 1.00                                      |
| \$0.35 - 1.00               | 7,589,500                                  | 3.1   | \$ 0.90                                | 4,787,006                                  | \$ 0.88                                   |

The table that follows summarizes information regarding the stock options granted by the Company for the six-month period ended June 30, 2017 and year ended December 31, 2016 as follows.

|   | <b>2017</b>   | <b>2016</b>     |
|---|---------------|-----------------|
| Fair value at grant date                            | <b>\$0.43</b> | \$0.27 - \$0.40 |
| Share price at grant date                           | <b>\$0.90</b> | \$0.55 - \$0.80 |
| Exercise price                                      | <b>\$1.00</b> | \$0.55 - \$0.80 |
| Weighted average grant date fair value              | <b>\$0.43</b> | \$0.28          |
| Expected volatility                                 | <b>95%</b>    | 94% - 96%       |
| Expected dividend yield                             | <b>0%</b>     | 0%              |
| Option life (expected weighted average life)        | <b>2 year</b> | 2 year          |
| Forfeiture rate                                     | <b>0.05%</b>  | 0.19%           |
| Risk-free interest rate (based on government bonds) | <b>0.75%</b>  | 0.56% - 0.67%   |

**b) Details of restricted share units**

The following table summarizes the restricted share units for the six-month period ended June 30, 2017 and year ended December 31, 2016 as follows:

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**7) Share based payments (continued)**

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

|  | <b>Number of<br/>Restricted<br/>Shares</b> | <b>Weighted<br/>Average Fair<br/>Value of<br/>Restricted<br/>Shares</b> |
|--|--|---|
| <b>Outstanding, January 1, 2016</b>            | <b>977,674</b>                             | <b>\$ 0.47</b>  |
| Granted  | 250,000                                    | 0.57  |
| Exercised                                      | (421,666)                                  | 0.48  |
| <b>Outstanding, December 31, 2016</b>          | <b>806,008</b>                             | <b>\$ 0.50</b>  |
| Exercised                                      | <b>(114,106)</b>                           | <b>0.35</b>   |
| <b>Outstanding, March 31 and June 30, 2017</b> | <b>691,902</b>                             | <b>\$ 0.38</b>  |

On January 23, 2017, an amount of \$39,937 was transferred to share capital upon exercise of restricted share units.

**8) Expenses**

The following table summarizes information regarding the Company's expenses from operations for the three and six-month periods ended June 30, 2017 and 2016:

|                                       | <b>Three Months Ended</b> |                  | <b>Six Months Ended</b>  |                  |
|---------------------------------------|---------------------------|------------------|--------------------------|------------------|
|                                       | <b>June 30,<br/>2017</b>  | June 30,<br>2016 | <b>June 30,<br/>2017</b> | June 30,<br>2016 |
| <b>General and administration</b>     |                           |                  |                          |                  |
| Shareholder and regulatory compliance | <b>\$ 110,524</b>         | \$ 32,683        | <b>\$ 208,265</b>        | \$ 68,686        |
| Travel                                | <b>10,425</b>             | 17,898           | <b>49,081</b>            | 18,661           |
| Office                                | <b>69,557</b>             | 59,629           | <b>117,506</b>           | 107,833          |
|                                       | <b>\$ 190,506</b>         | \$ 110,210       | <b>\$ 374,852</b>        | \$ 195,180       |
| <b>Compensation</b>                   |                           |                  |                          |                  |
| Compensation                          | <b>\$ 366,796</b>         | \$ 272,880       | <b>\$ 872,163</b>        | \$ 508,884       |
| Stock-based compensation              | <b>305,724</b>            | 279,028          | <b>644,854</b>           | 279,028          |
|                                       | <b>\$ 672,520</b>         | \$ 551,908       | <b>\$1,517,017</b>       | \$ 787,912       |

A one-time mandatory contribution of \$823,868 to the Government of Ecuador for the earthquake relief efforts is included in the total comprehensive loss.

**9) Related party transactions**

The Company's related parties and subsidiaries are the same as those presented by the Company in its annual consolidated financial statements as at and for the year ended

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**9) Related party transactions (continued)**

December 31, 2016 with the exception of appointing William (Bill) Shaver as Chief Operating Officer of INV Metals.

The following summarizes transactions with related parties during the six-month periods ended June 30, 2017 and 2016 as follows:

**a) Transactions with related parties**

- i) On March 2, 2017 the Company closed bought deal financing pursuant to which the Company issued 27,600,000 common shares of the Company for aggregate gross proceeds of \$27.6 million net of transaction costs. IAMGOLD exercised its pre-emptive right to maintain its pro rata ownership and was issued 9,822,546 Common Shares. In addition, certain directors and officers of the Company purchased 5,577,911 Shares, representing approximately 20% of the Offering.
- ii) A company of which a director is the Chief Executive Officer provided capital market advisory services to INV Metals for \$70,000 in relation to the Offering in the normal course and approved by the board of directors.

**b) Remuneration of directors and officers**

The remuneration of directors and officers during the six-month period ended June 30, 2017 and 2016 was as follows:

|                            | <b>June 30,<br/>2017</b> | June 30,<br>2016  |
|----------------------------|--------------------------|-------------------|
| Salaries of key management | \$ 597,525               | \$ 254,069        |
| Director fees              | 123,336                  | 119,827           |
| Stock-based compensation   | 606,870                  | 112,402           |
|                            | <b>\$ 1,327,731</b>      | <b>\$ 486,298</b> |

**10) Commitments**

The Company has committed to payments under various leases and other commitments as outlined in the table below. The expenditures for amounts which may be required to maintain the Company's mineral properties in good standing are not outlined in the table below.

|                               | <b>Total</b> | <b>Less than<br/>One Year</b> | <b>Between<br/>1 - 5 Years</b> | <b>More than<br/>5 Years</b> |
|-------------------------------|--------------|-------------------------------|--------------------------------|------------------------------|
| Office and house leases       | \$ 146,817   | \$ 146,817                    | \$ -                           | \$ -                         |
| Environmental management plan | \$ 350,089   | \$ 350,089                    | \$ -                           | \$ -                         |

INV Metals has a lease arrangement for office space that will remain in effect until



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**10) Commitments (continued)**

December 31, 2017. During the six-month period ended June 30, 2017 an amount of \$142,233 was recognized in total loss in respect of operating leases.

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

**11) Segmented information**

The Company's segmented information by geographical segment is the same as presented by the Company in its annual consolidated financial statements as at and for the year ended December 31, 2016.

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

| <i>As at and for the six-month period ended<br/>June 30, 2017</i> | <b>Assets</b>        | <b>Liabilities</b>  | <b>Total<br/>Comprehensive<br/>Loss/(income)</b> |
|---|----------------------|---------------------|--|
| Canada*   | \$ 26,865,328        | \$ 354,379          | \$ 2,037,701                                     |
| Ecuador   | 53,297,546           | 1,064,038           | 2,544,856  |
| Namibia   | 541,087              | -                   | 1,974  |
| Barbados  | 11,191               | 24,020              | 4,615  |
|   | <b>\$ 80,715,152</b> | <b>\$ 1,442,437</b> | <b>\$ 4,589,146</b>                              |

*As at December 31, 2016*

|          | <b>Assets</b>        | <b>Liabilities</b>  |
|----------|----------------------|---------------------|
| Canada*  | \$ 9,072,898         | \$ 332,230          |
| Ecuador  | 49,281,611           | 729,795             |
| Namibia  | 555,385              | 12,324              |
| Barbados | 557                  | 26,854              |
|          | <b>\$ 58,910,451</b> | <b>\$ 1,101,203</b> |

| <i>For the six-month period ended<br/>June 30, 2016</i> | <b>Total<br/>Comprehensive<br/>Loss/(income)</b> |
|---|--|
| Canada*   | \$ 1,076,660                                     |
| Ecuador   | 3,107,016  |
| Namibia   | 368,209  |
| Barbados  | 1,676  |
|   | <b>\$ 4,553,561</b>                              |

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