INV METALS INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

March 23, 2018

Independent Auditor's Report

To the Shareholders of
INV Metals Inc.

We have audited the accompanying consolidated financial statements of INV Metals Inc. and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2017 and December 31, 2016 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of INV Metals Inc. and its subsidiaries as at December 31, 2017 and December 31, 2016 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

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(IN CANADIAN DOLLARS)

As at	**December 31, 2017**	December 31, 2016
Assets		
Current assets		
Cash (note 12)	**$ 19,139,960**	$ 8,737,850
Other receivables (note 5)	**715,710**	130,498
Total current assets	**19,855,670**	8,868,348
Non-current assets		
Investments (note 6)	**577,868**	468,499
Property, plant and equipment (note 7)	**339,618**	369,123
Exploration and evaluation assets (note 8)	**57,407,535**	49,204,481
Total non-current assets	**58,325,021**	50,042,103
Total assets	**$ 78,180,691**	$ 58,910,451
Liabilities		
Current liabilities		
Other payables (note 9)	**$ 1,199,672**	$ 487,439
Total current liabilities	**1,199,672**	487,439
Non-current liabilities		
Provisions (note 10)	**974,636**	613,764
Total non-current liabilities	**974,636**	613,764
Total liabilities	**2,174,308**	1,101,203
Equity		
Share capital (note 11)	**135,803,542**	110,359,748
Contributed surplus (note 12)	**12,643,569**	11,479,822
Deficit	**(79,074,524)**	(74,316,523)
Accumulated other comprehensive income	**6,633,796**	10,286,201
Total equity attributed to equity holders of the Company	**76,006,383**	57,809,248
Total liabilities and equity	**$ 78,180,691**	$ 58,910,451

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

(IN CANADIAN DOLLARS)

	December 31, 2017	December 31, 2016
Operations		
General and administration (note 15)	**$ 661,906**	$ 412,354
Compensation (note 15)	**2,871,099**	1,384,519
Professional fees	**219,244**	208,597
Write-down of exploration property	**516,923**	452,308
Fair value gain on investments	**(218,930)**	(84,228)
Other expenses and general exploration (note 15)	**912,969**	40,477
Foreign exchange loss/(gain)	**10,579**	(3,607)
Operating loss	**4,973,790**	2,410,420
Finance income	**(215,789)**	(95,252)
Total loss for the year	**$ 4,758,001**	$ 2,315,168
Other comprehensive loss		
Items that may be reclassified to profit or loss		
Cumulative translation adjustment	**3,652,405**	1,340,700
Total comprehensive loss for the year	**$ 8,410,406**	$ 3,655,868
Basic and diluted total loss per share from continuing operations (note 11)	**$ 0.05**	$ 0.04

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

(IN CANADIAN DOLLARS)

Equity attributable to owners of the Company

	Share Capital	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income/(Loss)	Total
Balance January 1, 2016	$ 107,184,006	$ 11,237,395	$ (72,001,355)	$ 11,626,901	$ 58,046,947
Total loss for the year	-	-	(2,315,168)	-	(2,315,168)
Cumulative translation adjustment	-	-	-	(1,340,700)	(1,340,700)
Total comprehensive (loss) for the year	-	-	(2,315,168)	(1,340,700)	(3,655,868)
Issuance of shares - equity financing	2,954,745	-	-	-	2,954,745
Issuance of shares - stock option exercise	18,414	(7,914)	-	-	10,500
Issuance of shares - restricted share unit exercise	202,583	(202,583)	-	-	-
Share-based compensation	-	452,924	-	-	452,924
Transactions directly attributed to equity	3,175,742	242,427	-	-	3,418,169
Balance December 31, 2016	$ 110,359,748	$ 11,479,822	$ (74,316,523)	$ 10,286,201	$ 57,809,248

Equity attributable to owners of the Company

	Share Capital	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income/(Loss)	Total
Balance January 1, 2017	**$ 110,359,748**	**$ 11,479,822**	**$ (74,316,523)**	**$ 10,286,201**	**$ 57,809,248**
Total loss for the year	**-**	**-**	**(4,758,001)**	**-**	**(4,758,001)**
Cumulative translation adjustment	**-**	**-**	**-**	**(3,652,405)**	**(3,652,405)**
Total comprehensive (loss) for the year	**-**	**-**	**(4,758,001)**	**(3,652,405)**	**(8,410,406)**
Issuance of shares - equity financing (note 11)	**25,306,867**	**-**	**-**	**-**	**25,306,867**
Issuance of shares - restricted share unit exercise (note 12)	**136,927**	**(136,927)**	**-**	**-**	**-**
Share-based compensation (note 12)	**-**	**1,300,674**	**-**	**-**	**1,300,674**
Transactions directly attributed to equity	**25,443,794**	**1,163,747**	**-**	**-**	**26,607,541**
Balance December 31, 2017	**$ 135,803,542**	**$ 12,643,569**	**$ (79,074,524)**	**$ 6,633,796**	**$ 76,006,383**

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

(IN CANADIAN DOLLARS)

For the years ended	**December 31, 2017**	December 31, 2016
Cash flows from operating activities		
Total loss for the year	**$ (4,758,001)**	$ (2,315,168)
Adjustments for:		
Write-down of exploration property	**516,923**	452,308
Unrealized fair value gain on investments	**(218,930)**	(84,228)
Depreciation	**6,209**	7,158
Change in long-term provisions	**407,865**	229,036
Finance income	**(215,789)**	(95,252)
Unrealized loss on foreign exchange	**(60,044)**	(9,363)
Share-based compensation (note 12)	**1,100,100**	421,161
	(3,221,667)	(1,394,348)
Change in items of working capital:		
Change in other receivables	**(587,521)**	(20,872)
Change in other payables	**354,044**	63,641
	(233,477)	42,769
Net cash used in operating activities	**(3,455,144)**	(1,351,579)
Cash flows from investing activities		
Interest received	**215,789**	95,252
Additions to exploration properties (note 8)	**(11,678,756)**	(4,618,541)
Net cash used in investing activities	**(11,462,967)**	(4,523,289)
Cash flows from financing activities		
Proceeds from exercise of stock options	**-**	10,500
Proceeds from equity financing (note 11)	**25,306,867**	2,954,745
Net cash sources from financing activities	**25,306,867**	2,965,245
Net increase in cash	**10,388,756**	(2,909,623)
Cash, beginning of year	**8,737,850**	11,643,921
Effect of exchange rate fluctuations on cash held	**13,354**	3,552
Cash, end of year	**$ 19,139,960**	$ 8,737,850

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

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 consolidated financial statements of the Company as at and for the years ended December 31, 2017 and 2016 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) *Statement of compliance*

The consolidated financial statements of INV Metals have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss. The Company has consistently applied the same accounting policies throughout all periods presented.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are further disclosed within this note.

These consolidated financial statements were approved by the Board of Directors for issue on March 23, 2018.

b) *Basis of measurement*

The 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.

c) *Functional and presentation currency*

These 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 Minerales Ecuador S.A. ("INV Minerales") whose functional currency is the United States ("US") dollar.

d) *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 the reported amounts of assets and liabilities, income and expenses. The estimates and

2) Basis of preparation (continued)

d) Critical judgements and key sources of estimation (continued)

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.

The estimates and underlying assumptions are reviewed by management on an ongoing basis. The estimates and judgments include functional currency, impairment of financial and non-financial assets, share based payments, post-employment benefits and income taxes. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following discusses the most critical judgments and key sources of estimation that the Company has made in the preparation of the financial statements:

i) Functional currency

Management determined the US dollar is the functional currency of INV Minerales as the entity's currency is that of the economic environment of the Company's operations in Ecuador and is the currency of the majority of its expenditures. The Canadian dollar is the functional currency of INV Metals and its other subsidiaries as the Company's capital receipts are denominated in Canadian dollars, and INV Metals finances the Group's expenditures using Canadian dollars.

ii) Impairment of non-financial assets

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. The recoverable amount is the greater of value-in-use and fair value less costs of disposal. As at January 17, 2018, the estimates of recoverable amounts for exploration properties were determined based on management's assessment of its recoverable fair value less costs to dispose using indications from a third-party and based on management's future plans related to the Kaoko property. In estimating fair value less costs of disposal, management's judgement was involved in interpreting third-party information and property data to arrive at a measurement of the recoverable amount of the property. An amount of $516,923 (2016: $452,308) is included in the consolidated statement of loss and comprehensive loss/(income) for the year ended December 31, 2017 relating to the write-down of Kaoko. See note 8 for further details.

iii) Share based payments

The fair value of options and potential shares to be issued relating to milestone payments are estimated using an option pricing valuation model. This includes using assumptions related to the risk-free interest rate determined by the Government of Canada marketable three to five year average bond yields, the expected average option life based on management's assumptions of member enrollment, estimated forfeitures based on historical activity of the plan

2) Basis of preparation (continued)

d) Critical judgements and key sources of estimation (continued)

iii) Share based payments (continued)

members and the estimated volatility of the Company's shares based on historical market prices. The fair value of restricted share units is recognized based on the market value of the Company's common shares on the date prior to the date of the grant.

The fair value of options is estimated using an option pricing valuation model. This includes using assumptions related to the risk-free interest rate determined by the Government of Canada marketable three to five-year average bond yields, the expected average option life based on management's assumptions of member enrollment, estimated forfeitures based on historical activity of the plan members and the estimated volatility of the Company's shares based on historical market prices. The fair value of restricted share units is recognized based on the closing market value of the Company's common shares on the date of the grant.

iv) Post-employment benefits

Judgement is required in interpreting the results and evaluating the adequacy of the assumptions used in an annual actuarial valuation performed by an independent actuary to arrive at a measurement of the employee post-employment benefits provision. The values attributed to the liabilities are assessed in accordance with the advice of independent qualified actuaries. The most significant assumptions used in accounting for post-employment benefits are the discount rate, and the mortality and the employee turnover assumptions. An amount of $974,636 (2016: 613,764) is recognized under provisions in relation to post-employment benefits in Ecuador. See note 10 for further details.

v) Income taxes

Judgment is required in determining whether deferred tax assets are recognized. Deferred tax assets, including those arising from unutilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. As at December 31, 2017, the Company has non-capital losses of $26,450,395 in Canada that expire over the periods of 2026 to 2037 and other deductible temporary differences. The Company has not recognized the benefit of these items in the financial statements. Refer to note 20 for further details.

3) Significant accounting policies

The Company's accounting policies have been consistently applied to all periods presented in these consolidated financial statements.

a) *Basis of consolidation*

The consolidated financial statements of INV Metals consolidate the results of the Company and its wholly owned subsidiaries: INV Condor Ltd., INV Minerales, INV São José Inc., INV Exploration Namibia (PTY) Ltd. and INV (Barbados) Ltd. A subsidiary is an entity controlled by

3) Significant accounting policies (continued)

a) *Basis of consolidation (continued)*

the Company. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases to exist. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

b) *Foreign currency transactions and balances*

Foreign currency transactions are translated into the functional currency of entities using the exchange rates prevailing at the dates of the transactions or an appropriate average exchange rate. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the consolidated statement of comprehensive (income)/loss. Foreign currency gains and losses are reported on a net basis.

c) *Cash*

Cash consists of cash on-hand and deposits held with banks.

d) *Financial instruments*

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

At initial recognition, the Company classifies its financial instruments in the following categories:

i) Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities are classified in this category if acquired principally for the purpose of trading in the short-term. Financial instruments in this category are recognized initially and subsequently at fair value. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise, they are classified as non-current. Financial assets at fair value through profit or loss are presented within operating activities in the statement of cash flows.

Changes in fair values of financial assets at fair value through profit or loss are recorded as a fair value gain or loss on investment in the consolidated statement of loss and comprehensive loss/(income) in the period in which they arise.

Financial instruments carried at fair value are classified into three levels that have been defined as follows:

3) Significant accounting policies (continued)

d) *Financial instruments (continued)*

i) Financial assets and liabilities at fair value through profit or loss (continued)

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables are comprised of cash and interest receivable and are included in assets. Loans and receivables are initially recognized at the amount expected to be received. Subsequently, loans and receivables are measured at amortized cost using the effective interest method.

iii) Financial liabilities at amortized cost

Financial liabilities at amortized cost include other payables. Other payables are comprised of trade payables and accrued liabilities and are recognized at the amount required to be paid. Provisions are recognized using the valuation of an actuary. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

iv) Impairment of financial assets

Financial assets (other than a financial asset classified as fair value through profit or loss) are assessed for indicators of impairment at each reporting period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

The criteria used to determine if there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

If in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after an impairment loss is recognized, the previously recognized impairment loss would be reversed through consolidated statement of loss and comprehensive loss/(income).

3) Significant accounting policies (continued)

e) *Property, plant and equipment*

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced.

The major categories of property, plant and equipment are depreciated on a straight-line basis or declining balance basis as follows:

Office equipment	10 years or 20%
Computer equipment	3 - 10 years or 30%

The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its material significant parts and depreciates each separately. Residual values, method of depreciation and useful lives of the asset are reviewed annually and adjusted, if appropriate.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying value of the asset and are included as part of general and administration in the statement of loss and comprehensive loss/(income).

f) *Exploration properties*

Exploration and evaluation costs are capitalized as exploration properties on a project-by-project basis pending determination of the technical feasibility and the commercial viability of the project. Capitalized costs include costs directly related to exploration and evaluation activities in the property's area of interest.

General and administrative costs are allocated to the exploration property to the extent that the costs are directly related to activities in the relevant area of interest. Costs incurred before the legal rights are obtained to explore an area and costs relating to a relinquished or abandoned license are recognized in the consolidated statement of loss and comprehensive (income)/loss.

Upon the determination of the technical feasibility and commercial viability of a project, exploration properties attributable to those projects are reclassified from exploration properties to development properties. Exploration and evaluation assets shall be assessed for impairment and any impairment losses will be recognized before such reclassification.

g) *Impairment of non-financial assets*

At each financial position reporting date the carrying amounts of the Company's assets, including exploration properties and property, plant and equipment, are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment,

3) Significant accounting policies (continued)

g) *Impairment of non-financial assets (continued)*

if any. For the purpose of measuring recoverable amounts, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units or “CGU”). INV Metals considers geographical exploration properties as CGUs.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows, if any, are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of a CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statement of loss and comprehensive loss/(income). An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is only reversed to the extent that the CGU’s carrying value amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

h) *Share-based payment transactions*

The Company has share-based equity settled compensation plans. The Company recognizes as an expense the cost of share-based compensation based on the estimated fair value of new share options and restricted share units granted to employees, consultants, officers and directors. The fair value of each share-based payment granted is estimated on the date of the grant using the Black-Scholes and other option-pricing models and is expensed over the vesting period. Generally, share options vest over two years and expire after five years.

Each tranche of a share award is considered a separate award with its own vesting period and grant date fair value. Compensation expense is recognized over the tranche’s vesting period based on the number of awards expected to vest, by increasing contributed surplus. The fair value of each restricted share unit or share option granted is calculated on the date of the grant using the closing market share price on the date prior to the grant and is expensed over the vesting period, unless the optionee’s compensation has been capitalized to exploration properties, if so, the fair value of the units are capitalized to exploration properties. Forfeitures of stock options and restricted share units are estimated based on the history of forfeited options or restricted share units and are factored into the fair value calculation.

i) *Income taxes*

The Company does not have any income from operations and therefore does not have any current income tax expenses.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. It is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

3) Significant accounting policies (continued)

i) *Income taxes (continued)*

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

j) *Share capital*

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

k) *Lease payments*

Leases where the lessor retains substantially all of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognized in the consolidated statement of loss and comprehensive (income)/loss over the lease period. Lease incentives received are recognized as part of the total lease expense over the term of the lease.

l) *Basic and diluted loss per share*

The Company presents basic and diluted earnings per share (“EPS”) data for its common shares. Basic earnings per share is calculated by dividing the total loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period.

Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for potential dilutive instruments. The number of shares with respect to options, warrants and restricted shares is computed using the treasury stock method. Under this method, the dilutive effect of loss per share is recognized on the use of proceeds that could be obtained from the exercise of options, warrants and similar instruments, if dilutive.

The Company incurred net losses for each of the years ended December 31, 2017 and 2016, therefore all outstanding stock options, warrants, and restricted share units have been excluded from the calculation of diluted loss per share since the effect would be anti-dilutive.

m) *Provisions*

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the Company's best estimate of the present obligation at the date of the reporting period. Refer to note 10.

3) Significant accounting policies (continued)

n) *Finance income and finance costs*

Finance income comprises interest income on funds earned on the cash balance of the Company. Interest income is recognized as it accrues in comprehensive loss. Finance costs are comprised of interest charges on the Company's bank balances.

4) 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 impacts on the accounting and presentation of the 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.

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.

4) IFRS accounting pronouncements (continued)

b) *Future accounting pronouncements (continued)*

ii) IFRS 9, Financial Instruments

IFRS 9, Financial Instruments: (“IFRS 9”) was issued in July 2014 and finalized in June 2017. It provides new guidance on the classification and measurement, impairment and hedge accounting for financial instruments in addition to new guidance for the treatment of term modifications for financial liabilities. Generally, IFRS 9 does not introduce changes to the classification of financial liabilities. This standard becomes effective for annual periods beginning on or after January 1, 2018.

Management’s assessment is that classification of financial instruments under the new standard will be similar to current classification presented and will not have a material impact. Further, no material changes are expected as a result of the new impairment model, and the Company does not current engage in any hedging activity and is therefore not affected by the new hedge accounting guidance. Financial liabilities will continue to be measured at amortised cost.

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 given that the Company does not have revenue from contracts with customers, management has assessed that there will not currently be a 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 annual periods beginning on or after January 1, 2019 and management does not currently anticipate the early adoption of the standard. The Company is completing its assessment of the standard, but expects to recognize lease liabilities and right-of-use assets in respect of operating leases previously expensed.

(IN CANADIAN DOLLARS)

4) IFRS accounting pronouncements (continued)

b) *Future accounting pronouncements (continued)*

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 anticipate a material impact from adoption of the standard, as its share-based plans do not presently employ these features.

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.

5) Other receivables

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

As at	**December 31, 2017**	December 31, 2016
Current receivables:		
Advances	**$ 359,600**	$ 45,722
HST recoverable	**294,362**	44,880
Interest receivable	**21,366**	6,418
VAT recoverable	**9,535**	7,233
Prepaid expense	**17,387**	11,831
Deposits and other	**13,460**	14,414
	$ 715,710	$ 130,498

(IN CANADIAN DOLLARS)

6) Investments

The following table summarizes information regarding the Company's assets that are measured at fair value as at December 31, 2017 and 2016:

December 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Recurring Measurements				
Shares of Gungnir Resources Inc.	**$ 294,694**	**$ -**	**$ -**	**$ 294,694**
Shares of Northern Superior Resources Inc.	**30,375**	**-**	**-**	**30,375**
Term deposit	**-**	**252,799**	**-**	**252,799**
	$ 325,069	**$ 252,799**	**$ -**	**$ 577,868**

December 31, 2016	Level 1	Level 2	Level 3	Total
Recurring Measurements				
Shares of Gungnir Resources Inc.	$ 82,515	$ -	$ -	$ 82,515
Shares of Northern Superior Resources Inc.	23,625	-	-	23,625
Term deposit	-	362,359	-	362,359
	$ 106,140	$ 362,359	$ -	$ 468,499

INV Minerales holds a term deposit related to its environmental management plan for ongoing expenditures related to environmental matters, the value of which is based on the quoted value of the term deposit from an Ecuadorian bank.

(IN CANADIAN DOLLARS)

7) Property, plant and equipment

December 31, 2017

	Cost					Accumulated Depreciation					
Class	**Opening Balance**	**Additions**	**Disposals**	**Exchange Differences**	**Closing Balance**	**Opening Balance**	**Depreciation Expense**	**Disposals**	**Exchange Differences**	**Closing Balance**	**Net Book Value**
Computer equipment	**$ 35,953**	**$ -**	**$ -**	**$ (3,327)**	**$ 32,626**	**$ 26,880**	**$ 4,930**	**$ -**	**$ (3,310)**	**$ 28,500**	**$ 4,126**
Office equipment	**27,264**	**-**	**-**	**-**	**27,264**	**20,262**	**1,279**	**-**	**-**	**21,541**	**5,723**
Land	**353,048**	**-**	**-**	**(23,279)**	**329,769**	**-**	**-**	**-**	**-**	**-**	**329,769**
	$ 416,265	**$ -**	**$ -**	**$ (26,606)**	**$ 389,659**	**$ 47,142**	**$ 6,209**	**$ -**	**$ (3,310)**	**$ 50,041**	**$ 339,618**

December 31, 2016

	Cost					Accumulated Depreciation					
Class	Opening Balance	Additions	Disposals	Exchange Differences	Closing Balance	Opening Balance	Depreciation Expense	Disposals	Exchange Differences	Closing Balance	Net Book Value
Computer equipment	37,575	-	-	(1,622)	35,953	22,658	5,593	-	(1,371)	26,880	9,073
Office equipment	27,264	-	-	-	27,264	18,697	1,565	-	-	20,262	7,002
Land	364,398	-	-	(11,350)	353,048	-	-	-	-	-	353,048
	$ 429,237	$ -	$ -	$ (12,972)	$ 416,265	$ 41,355	$ 7,158	$ -	$ (1,371)	$ 47,142	$ 369,123

(IN CANADIAN DOLLARS)

8) Exploration and evaluation assets

	December 31, 2017				
	January 1, 2017	**Additions**	**Write-down**	**Exchange Differences**	**December 31, 2017**
Ecuador property					
Loma Larga	**$ 48,687,558**	**$ 10,555,817**	**$ -**	**$ (3,307,242)**	**$ 55,936,133**
Exploration Properties	**-**	**1,524,938**	**-**	**(53,536)**	**1,471,402**
Namibia property					
Kaoko	**516,923**	**-**	**(516,923)**	**-**	**-**
	$ 49,204,481	**$ 12,080,755**	**$ (516,923)**	**$ (3,360,778)**	**$ 57,407,535**

	December 31, 2016				
	January 1, 2016	Additions	Write-down	Exchange Differences	December 31, 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
	$ 46,243,440	$ 4,739,874	$ (452,308)	$ (1,326,525)	$ 49,204,481

a) *Ecuador Property*

i) Loma Larga

On November 14, 2012 the Company acquired the Loma Larga gold property (“Loma Larga”), located in Ecuador, pursuant to a share purchase agreement entered into with IAMGOLD Corporation (“IAMGOLD”) on June 21, 2012 and as amended on August 16, 2012.

ii) 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 (“Exploration Properties”).

b) *Namibian property*

i) Kaoko property

As at December 31, 2017, exploration expenditures relating to the Kaoko property of $516,923 (2016: 452,308) were written off resulting in value of nil and recognized in the total loss based on management’s assessment of its recoverable fair value less costs to dispose. In estimating the fair value less costs to dispose, the Company used indications from the third-party. As this valuation technique requires the use of unobservable inputs including the Company’s data about the property and management’s interpretation of that data, it is classified within Level 3 of the fair value hierarchy. A value-in-use calculation is not applicable as the Company does not have any expected cash flows from the property.

(IN CANADIAN DOLLARS)

9) Other payables

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

As at		**December 31, 2017**		December 31, 2016
Accounts payable	**$**	**855,296**	$	314,323
Accrued liabilities		**344,376**		173,116
	$	**1,199,672**	$	487,439

10) Provisions

The following table summarizes information regarding the Company's provisions as at December 31, 2017 and 2016:

As at		**December 31, 2017**		December 31, 2016
Beginning balance	**$**	**613,764**	$	395,538
Change in estimate		**386,269**		229,043
Exchange differences		**(25,397)**		(10,817)
	$	**974,636**	$	613,764

Post-employment benefits

INV Minerales provides post-employment benefit supplements as well as severance indemnities to employees. Under Ecuadorian Labour Law, the Company must provide statutorily mandated retirement and severance benefits to its employees terminated under certain circumstances. Such benefits consist of a pension for all employees with 25 years of service and severance indemnities for involuntary termination without cause. Upon involuntary termination, a one-time payment of the employee's last full remuneration multiplied by the number of full years of service, which should be a minimum of three months' remuneration to a maximum of 25 months' remuneration wages for each year of service, is payable to the employee. The Company accrues this benefit based on an annual actuarial study performed by an independent actuary.

Key assumptions used in the above estimate include an annual discount rate of 4.1%, an annual salary increase rate of 2.5% (2016: 3.0%), turnover index of 11.8% (2016: 11.8%), Tabla de Mortalidad de Instituto Ecuatoriano de Seguridad Social 2002 ("TM IESS 2002") mortality and disability index and average remaining working life of approximately 11 years (2016: 11.8 years).

(IN CANADIAN DOLLARS)

11) Share capital

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

On April 15, 2016, the Company completed a non-brokered Private Placement of 15,000,000 common shares at a price of $0.20 per share for gross proceeds of $3 million less transaction costs for net proceeds of $2,954,745.

a) *Loss per share*

The basic loss per share for the years ended December 31, 2017 and 2016 was calculated using a weighted average number of common shares outstanding as follows:

	December 31, 2017	December 31, 2016
Common shares outstanding	**64,872,641**	49,420,975
Issuance of common shares in equity financing	**23,050,549**	10,684,932
Effect of share based compensation exercises	**107,209**	197,406
	88,030,399	60,303,313

11) Share Capital (continued)

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.

12) Share based payments

Share option plan (equity-settled)

The Company established a stock option plan (the “Option Plan”) on June 5, 2007, updated on June 4, 2015, for directors, officers, employees and certain individuals that provide ongoing services to INV Metals. 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 Metals. Stock options granted under the Option Plan vest at the discretion of the board of directors from the date of grant. Except in specified circumstances, stock options are not assignable and vested options terminate 90 days after the optionee ceases to be employed by or associated with INV Metals.

The terms of the Option Plan further provide that the price at which common shares may be issued under the Option Plan cannot be less than the market price of the common shares when the relevant stock options are granted.

Restricted share unit plan (equity-settled)

The Company under its restricted share unit plan (the “RSU Plan”) may grant common shares to employees, officers, directors and consultants through the issuance of restricted share units. Each restricted share unit gives the holder the right to receive, after the restricted period, if applicable, one common share of the Company. The fair market value of each restricted share unit granted is calculated on the date of grant using the closing stock price on the date prior to the grant. The restricted period is subject to the discretion of the Board of Directors.

The aggregate number of common shares issuable to an insider of the Company pursuant to all security-based compensation, shall not exceed 10% of the total number of common shares outstanding. The aggregate number of common shares reserved for issuance to any one person shall not exceed 5% of the total number of common shares then outstanding.

(IN CANADIAN DOLLARS)

12) Share based payments (continued)

The following table summarizes the stock option transactions for the year ended December 31, 2017 and 2016 as follows:

	Number of Stock Options		Weighted-Average Exercise Price
Outstanding, January 1, 2016	**3,679,500**	**$**	**0.98**
Granted	1,495,000		0.57
Expired	(760,000)		1.05
Exercised	(30,000)		0.35
Outstanding, December 31, 2016	**4,384,500**	**$**	**0.83**
Granted	**3,405,000**		**0.99**
Outstanding, December 31, 2017	**7,789,500**	**$**	**0.88**

a) *Details of share options*

The following table summarizes information regarding the Company's outstanding and exercisable stock options as at December 31, 2017:

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
$0.00 - 0.35	144,500	1.2	$	0.35	144,500	$	0.35
0.36 - 0.80	1,495,000	3.5		0.57	1,470,000		0.56
0.81 - 1.00	6,150,000	2.5		1.00	4,397,500		1.00
$0.35 - 1.00	7,789,500	2.6	$	0.90	6,012,000	$	0.88

The table that follows summarizes information regarding the stock options granted by the Company for the years ended December 31, 2017 and 2016 as follows. Stock options to purchase 2,752,000 common shares expired unexercised subsequent to December 31, 2017.

(IN CANADIAN DOLLARS)

12) Share based payments (continued)

a) *Details of share options (continued)*

	2017	2016
Fair value at grant date	**$0.43**	$0.27 - $0.40
Share price at grant date	**$0.90**	$0.55 - $0.80
Exercise price	**$0.90 - $1.00**	$0.55 - $0.80
Weighted average grant date fair value	**$0.43**	$0.28
Expected volatility	**90% - 95%**	94% - 96%
Expected dividend yield	**0%**	0%
Option life (expected weighted average life)	**2 year**	2 year
Forfeiture rate	**0.03% - 0.05%**	0.19%
Risk-free interest rate (based on government bonds)	**0.75% - 1.43%**	0.56% - 0.67%

b) *Details of restricted share units*

The following table summarizes the restricted share units for the years ended December 31, 2017 and 2016 as follows:

	Number of Restricted Shares		**Weighted Average Fair Value of Restricted Shares**
Outstanding, January 1, 2016	**977,674**	**$**	**0.47**
Granted	250,000		0.57
Exercised	(421,666)		0.48
Outstanding, December 31, 2016	**806,008**	**$**	**0.50**
Exercised	**(114,106)**		**1.20**
Outstanding, December 31, 2017	**691,902**	**$**	**0.38**

On January 23, 2017, an amount of $136,927 was transferred to share capital upon exercise of restricted share units.

13) Capital management

The Company manages its capital structure and makes appropriate adjustments based on economic conditions and risks to ensure the funds available to support the acquisition, exploration and development of its mineral properties. The Board of Directors does not establish a quantitative return on capital criteria for management, but rather relies on the Company's management to sustain future development of the business.

13) Capital management (continued)

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it is deemed there is sufficient geological or economic potential and if adequate financial resources are available.

Management reviews its capital management on an ongoing basis by preparing annual expenditures budgets that are updated as necessary and believes this approach, given the size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2017.

14) Financial instruments

The Company has designated its investments at fair value through profit and loss. Cash is designated as loans and receivables and are measured at amortized cost. Other payables are classified as other financial liabilities, which are measured at amortized cost. As at December 31, 2017 the carrying value approximates fair value of the Company's financial instruments due to the short-term nature of the amounts.

Financial risk factors

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk, commodity price risk, interest rate risk, other price risk and foreign exchange risk. The Company's exposure to these risks and its methods of managing the risks remain consistent. The Company's overall risk management policies seek to minimize potential adverse effects on the Company's financial performance. There have been no significant changes in the risks from the previous year.

a) ***Credit risk***

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet contractual obligations and arises principally from the Company's other receivables. The carrying value of the financial assets represents the maximum credit exposure. Financial instruments included in other receivables consist of receivables from unrelated companies.

The Company has concentration of credit risk as the majority of its cash is held at one banking institution. This risk is mitigated in that the Company holds its primary cash in deposit form in a major Chartered Canadian bank. The Company's subsidiaries' cash is held in deposit form in internationally recognized banks. The maximum exposure to credit risk for deposits approximates the amount recognized on the statement of financial position.

b) ***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its expansionary plans. Currently, the Company has no ability to raise funds through

14) Financial instruments (continued)

Financial risk factors (continued)

b) *Liquidity risk (continued)*

operations, however, the Company ensures that there are sufficient funds to meet its short-term requirements, taking into account its cash holdings.

As at December 31, 2017, the Company had a cash balance of $19,139,960 (December 31, 2016 – $8,737,850) to settle current liabilities of $1,199,672 (December 31, 2016 – $487,439). The majority of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company has various commitments detailed in note 19.

c) *Commodity price risk*

Commodity price risk arises from the possible adverse effect on the ability of the Company to develop its properties and the future profitability of the Company is directly related to these prices. The Company does not enter into any derivative financial instruments to manage exposures to price fluctuations. Decreases in commodity prices could materially and adversely affect the economic viability of its properties and therefore the financial condition of the Company.

The Company has not included a sensitivity analysis of commodity price risk during the year ended December 31, 2017 as presenting such an analysis would not be informative since the company is not in commercial production.

d) *Market risk*

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company monitors its exposure to interest rates and has not entered into any derivative financial instruments to manage this risk.

The Company has a cash balance and no interest-bearing debt. The Company is sensitive to changes in the interest rates through interest income earned on the cash balance.

Cash is subject to floating interest rates. As at December 31, 2017 if interest rates had decreased by 0.25% or increased by 0.25%, respectively, with all other variables held constant, the comprehensive loss for the year would have been approximately $53,000 higher/lower, as a result of lower/higher interest income from cash deposits. Similarly, as at December 31, 2016 shareholders' equity would have been approximately $53,000 lower/higher as a result of lower/higher interest income from cash due to a 0.25% decrease or a 0.25% increase in interest rates.

14) Financial instruments (continued)

Financial risk factors (continued)

d) Market risk (continued)

ii) Other price risk

The Company is exposed to equity securities price risk on the investments held by the Company. Fluctuations in the investments in equity securities may, consequently, have an impact upon the reported total loss of the Company and may affect the value of the Company's assets.

Equity securities are subject to fluctuations in market prices. As at December 31, 2017 if the market value of securities held by the Company had increased/decreased by 10%, the comprehensive loss for the year would have decreased/increased by approximately $16,000. Similarly, as at December 31, 2017 shareholders' equity would have been approximately $16,000 higher/lower if the market value securities held by the Company had increased/decreased by 10%.

iii) Foreign exchange risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company's presentation currency is the Canadian dollar and major purchases are transacted in Canadian dollars and US dollars. The Company funds certain operations, exploration and administrative expenses on a cash call basis using Canadian dollar currency converted from its Canadian dollar bank accounts. The Company currently does not enter into financial instruments to manage foreign exchange risk. Fluctuations in the exchange rates may, consequently, have an impact upon the reported operations of the Company and may affect the value of the Company's assets and liabilities.

The Canadian dollar increased relative to the US dollar during the year ended December 31, 2017 as the average rate was C$1.2987/US$ compared to C$1.3251/US$ in 2016. Financial instruments denominated primarily in US dollars are subject to foreign currency risk. As at December 31, 2017 had the US dollar weakened/strengthened by 10% against the Canadian dollar, with all other variables held constant, the Company's other total loss for the year ended December 31, 2017 would have been approximately $43,000 higher/lower as a result of foreign exchange losses/gains on translation of non-Canadian dollar denominated financial instruments. Similarly, as at December 31, 2017 shareholders' equity would have been approximately $43,000 higher/lower had the US dollar weakened/strengthened by 10% as a result of foreign exchange losses/gains on translation of non-Canadian dollar denominated financial instruments.

15) Expenses

The following table summarizes information regarding the Company's expenses from operations for the years ended December 31, 2017 and 2016:

(IN CANADIAN DOLLARS)

15) Expenses (continued)

	December 31, 2017	December 31, 2016
General and administration		
Shareholder and regulatory compliance	**$ 295,414**	$ 175,761
Travel	**128,676**	47,489
Office	**237,816**	189,104
	$ 661,906	$ 412,354
Compensation		
Compensation	**$ 1,770,999**	$ 963,358
Stock-based compensation	**1,100,100**	421,161
	$ 2,871,099	$ 1,384,519

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.

16) 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:

• Candace MacGibbon	Officer and Director
• William Shaver	Officer
• Kevin Canario	Officer
• Jay Goldman	Corporate Secretary
• James Clucas	Director
• Parviz Farsangi	Director
• Eric Klein	Director
• Terry MacGibbon	Director
• Robert Pollock	Director
• Robin Weisman	Director
• IAMGOLD Corporation ("IAMGOLD") and its related subsidiaries and affiliates	Associated Company

The following summarizes transactions with related parties during the years ended December 31, 2017 and 2016 as follows:

16) Related party transactions (continued)

a) *Transactions with related parties*

i) Pursuant to the 2012 Loma Larga purchase agreement, total consideration payable to IAMGOLD for its 100% interest in INV Minerales S.A. included milestone payments as follows:

- 5 million common shares of INV Metals upon the signing of an exploitation contract with the government of Ecuador in respect of the Loma Larga, and
- 2.5 million common shares of INV Metals upon the Loma Larga achieving commercial production.

Some or all of the issuance of shares to satisfy the payments may be deferred or paid in cash if the issuance of the shares results in IAMGOLD owning more than 49.9% of INV Metals. The valuation of the milestone payments is included in contributed surplus. The timing and payment of the milestone payments are not wholly within the control of INV Metals and are therefore subject to significant uncertainty.

ii) On April 15, 2016, the Company completed a private placement for gross proceeds of approximately $3 million less transaction costs for net proceeds of $2,954,745. Certain directors and officers of the Company purchased 2,646,050 common shares, representing approximately 17.6% of the private placement.

iii) On March 2, 2017 the Company closed a 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.

iv) A company of which a director is the Chief Executive Officer was paid for 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 years ended December 31, 2017 and 2016 was as follows:

(IN CANADIAN DOLLARS)

16) Related party transactions (continued)

b) *Remuneration of directors and officers (continued)*

	December 31, 2017	December 31, 2016
Salaries of key management	**$ 1,044,525**	$ 483,138
Director fees	**236,615**	228,625
Stock-based compensation	**1,044,559**	359,551
	$ 2,325,699	$ 1,071,314

17) Significant subsidiaries

	Country of incorporation	**December 31, 2017**	December 31, 2016
INV Condor Inc.	Canada	**100%**	100%
INV Minerales Ecuador S.A.	Ecuador	**100%**	100%
INV São Jose Inc.	Canada	**100%**	100%
INV (Barbados) Ltd.	Barbados	**100%**	100%
INV Exploration Namibia (Pty) Ltd.	Namibia	**100%**	100%

18) Commitments and contingencies

a) *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.

	Total	**Less than One Year**	**Between 1 - 5 Years**	**More than 5 Years**
Office and house leases and other	$ 1,050,024	$ 277,325	$ 772,699	$ -
Environmental management plan	$ 252,799	$ 252,799	$ -	$ -

INV Metals has a lease arrangement for office space that was renewed in January 2018 and expiries December 31, 2022. During the year ended December 31, 2017 an amount of $282,481 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.

b) *Contingent liability*

The Loma Larga Project is subject to a 5% Net Profit Interest, payable to Compagnie Générale des Matières Nucléaires (now "AREVA"), the original owner of the property. In addition, upon completion of a bankable feasibility study ("FS"), the Company must pay to AREVA, $2.00 per

(IN CANADIAN DOLLARS)

18) Commitments and contingencies (continued)

b) *Contingent liability (continued)*

ounce of gold, payable in three equal annual installments, contained in proven and probable mineral reserves and indicated and measured mineral resources, as defined by the FS from the date on which the Board of Directors makes a formal production decision ("Production Decision"). Any contingent payments are subject to significant uncertainty based on many factors, including, but not limited to the completion of a positive economic FS, positive market conditions, the availability of project financing, positive operating conditions in Ecuador, and the acquisition of all relevant permits.

19) Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate and tax rates from different jurisdictions to the effective tax rate is as follows:

For the years ended		**December 31, 2017**		December 31, 2016
Expected income tax recovery at statutory tax rates	**$**	**(1,258,450)**	$	(645,346)
Expenses not deductible for tax purposes		**293,764**		112,465
Benefit of losses not recognized in the year and others		**964,686**		532,881
Income tax (recovery)/expense	**$**	**-**	$	-

Effective January 1, 2016, the Canadian federal corporate tax rate was 15% and the Ontario provincial tax rate was 11.5%. The overall tax rates for the Company's statutory tax rate calculations is 26.5%.

The tax effect of temporary differences of the Corporation give rise to significant portions of deferred income tax assets and deferred income tax liabilities. The most significant deferred tax liabilities increase or decrease each reporting period due to temporary differences on translation of non-monetary assets in the Namibian legal entity. Deferred income tax assets are recognized to the extent that the realization of the related tax benefit through future taxable profits is probable. The total temporary differences for which a benefit has not been recognized is $51,032,585.

Accumulated tax losses expire as per the amount and the years noted in the table that follows. Deferred tax assets have not been recognized in respect of items where the company is unable to control the timing of when future taxable profit will be available against which the Company can utilize the benefit of the losses.

The following table summarizes the Company's Canadian non-capital and capital losses (not recognized) that can be applied against future taxable profit:

(IN CANADIAN DOLLARS)

19) Income taxes (continued)

Years generated	Expiry Date		Amount
2006	2026	$	1,402,178
2007	2027	$	1,786,000
2008	2028	$	2,594,428
2009	2029	$	2,991,025
2010	2030	$	3,259,951
2011	2031	$	1,578,363
2012	2032	$	1,817,183
2013	2033	$	2,069,143
2014	2034	$	1,990,029
2015	2035	$	2,330,029
2016	2036	$	1,776,722
2017	2037	$	2,855,344
Non-capital losses		$	26,450,395

Years generated	Expiry Date		Amount
2009	Indefinitely	$	6,081,888
2014	Indefinitely		10,895,699
Net-capital losses		$	16,977,587

The Canadian entity also has unrecognized deductible temporary differences related to $1,861,659 of share issue costs, which do not expire.

The Namibian subsidiary has unrecognized deductible temporary differences relating to mineral properties of $6,856,383 and loss carry-forwards of approximately $429,318, which can be carried forward indefinitely against the same type of business income.

The Barbadian subsidiary has unrecognized deductible temporary differences relating to loss carry-forwards of approximately $238,384, which can be carried forward for nine years against the same type of business income.

20) 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 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:

(IN CANADIAN DOLLARS)

20) Segmented information (continued)

For the year ended December 31, 2017	**Assets**	**Liabilities**	**Total Comprehensive Loss**
Canada*	**$ 20,010,232**	**$ 1,035,450**	**$ 3,380,476**
Ecuador	**58,145,290**	**1,094,263**	**4,565,374**
Namibia	**23,489**	**9,582**	**429,020**
Barbados	**1,680**	**35,013**	**35,536**
	$ 78,180,691	**$ 2,174,308**	**$ 8,410,406**

For the year ended December 31, 2016	Assets	Liabilities	Total Comprehensive Loss
Canada*	$ 9,072,898	$ 332,230	$ 1,903,535
Ecuador	49,281,611	729,795	1,340,700
Namibia	555,385	12,324	378,360
Barbados	557	26,854	33,273
	$ 58,910,451	$ 1,101,203	$ 3,655,868

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