



INV METALS INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2014

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

<i>As at</i>	June 30, 2014	December 31, 2013
Assets		
Current assets		
Cash	\$ 17,195,782	\$19,104,520
Other receivables (note 4)	207,052	720,409
Total current assets	17,402,834	19,824,929
Non-current assets		
Investments (note 5)	371,280	473,350
Property, plant and equipment (note 6)	319,085	347,818
Exploration properties (note 7)	44,258,945	42,249,252
Other receivables (note 4)	105,904	220,922
Total non-current assets	45,055,214	43,291,342
Total assets	\$ 62,458,048	\$63,116,271
Liabilities		
Current liabilities		
Other payables (note 8)	\$ 679,644	\$ 505,398
Total current liabilities	679,644	505,398
Non-current liabilities		
Provisions (note 9)	227,882	228,587
Deferred tax liabilities (note 15)	206,827	246,495
Total non-current liabilities	434,709	475,082
Total liabilities	1,114,353	980,480
Equity		
Share capital (note 10)	107,184,006	107,127,075
Warrants (note 11)	910,151	910,151
Contributed surplus (note 11)	10,285,229	9,993,000
Deficit	(58,718,874)	(57,707,399)
Accumulated other comprehensive loss	1,683,183	1,812,964
Total equity attributed to equity holders of the Company	61,343,695	62,135,791
Total liabilities and equity	\$ 62,458,048	\$63,116,271

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

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

	Three Months Ended		Six Months Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Operations				
General and administration (note 12)	\$ 80,610	\$ 59,436	\$ 181,134	\$ 191,373
Compensation (note 12)	313,000	424,660	948,079	1,488,927
Professional fees	65,937	97,295	117,116	204,551
Loss on sale of exploration properties	-	-	-	5,608,945
Write down of exploration properties (note 7)	-	1,463,197	-	1,463,197
Fair value loss/(gain) on investments (note 5)	9,235	163,400	(92,526)	208,001
Foreign exchange (gain)/loss	4,234	6,336	3,654	42,917
Operating loss	473,016	2,214,324	1,157,457	9,207,911
Finance income	(51,438)	(60,389)	(106,314)	(128,531)
Total loss for the year before taxes	\$ 421,578	\$ 2,153,935	\$ 1,051,143	\$ 9,079,380
Deferred tax expense/(recovery) (note 15)	40,812	42,570	(39,668)	171,775
Total loss for the year	\$ 462,390	\$ 2,196,505	\$ 1,011,475	\$ 9,251,155
Other comprehensive loss				
Cumulative translation adjustment	1,170,929	(893,684)	129,780	(1,390,818)
Total comprehensive loss for the year	\$ 1,633,319	\$ 1,302,821	\$ 1,141,255	\$ 7,860,337
Basic and diluted total loss per share (note 10)	\$ 0.01	\$ 0.04	\$ 0.02	\$ 0.19

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

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

Equity attributable to owners of the Company

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

Equity attributable to owners of the Company

	Share Capital	Warrants	Contributed Surplus	Deficit	Accumulated Other Comprehensive (Income)/Loss	Total
Balance April 1, 2013	\$ 107,127,075	\$ 910,151	\$ 9,615,584	\$ (54,608,827)	\$ 397,792	\$ 63,441,775
Total loss for the period	-	-	-	(2,196,505)	-	(2,196,505)
Cumulative translation adjustment	-	-	-	-	893,684	893,684
Total comprehensive loss for the period	-	-	-	(2,196,505)	893,684	(1,302,821)
Stock-based compensation (note 11)	-	-	166,166	-	-	166,166
Transactions directly attributed to equity	-	-	166,166	-	-	166,166
Balance June 30, 2013	\$ 107,127,075	\$ 910,151	\$ 9,781,750	\$ (56,805,332)	\$ 1,291,476	\$ 62,305,120

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

Equity attributable to owners of the Company

	Share Capital	Warrants	Contributed Surplus	Deficit	Accumulated Other Comprehensive (Income)/Loss	Total
Balance July 1, 2013	\$ 107,127,075	\$ 910,151	\$ 9,781,750	\$ (56,805,332)	\$ 1,291,476	\$ 62,305,120
Total loss for the period	-	-	-	(902,067)	-	(902,067)
Cumulative translation adjustment	-	-	-	-	521,488	521,488
Total comprehensive loss for the period	-	-	-	(902,067)	521,488	(380,579)
Stock-based compensation (note 11)	-	-	211,250	-	-	211,250
Transactions directly attributed to equity	-	-	211,250	-	-	211,250
Balance December 31, 2013	\$ 107,127,075	\$ 910,151	\$ 9,993,000	\$ (57,707,399)	\$ 1,812,964	\$ 62,135,791

Equity attributable to owners of the Company

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

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

Equity attributable to owners of the Company

	Share Capital	Warrants	Contributed Surplus	Deficit	Accumulated Other Comprehensive (Income)/Loss	Total
Balance April 1, 2014	\$ 107,184,006	\$ 910,151	\$ 10,243,921	\$ (58,256,484)	\$ 2,854,112	\$ 62,935,706
Total loss for the period	-	-	-	(462,390)	-	(462,390)
Cumulative translation adjustment	-	-	-	-	(1,170,929)	(1,170,929)
Total comprehensive loss for the period	-	-	-	(462,390)	(1,170,929)	(1,633,319)
Issuance of shares - restricted share unit exercise (note 10)	-	-	-	-	-	-
Stock-based compensation (note 11)	-	-	41,308	-	-	41,308
Transactions directly attributed to equity	-	-	41,308	-	-	41,308
Balance June 30, 2014	\$ 107,184,006	\$ 910,151	\$ 10,285,229	\$ (58,718,874)	\$ 1,683,183	\$ 61,343,695

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

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

<i>For the periods ended</i>	June 30, 2014	June 30, 2013
Cash flows from operating activities		
Total loss for the period	\$ (1,011,475)	\$ (9,251,155)
Adjustments for:		
Loss on sale of exploration properties	-	5,608,945
Write down of exploration properties (note 7)	-	1,463,197
Fair value (gain)/loss on investments (note 5)	(92,526)	196,300
Depreciation (note 6)	25,098	3,490
Change in other long-term receivables	115,017	63,694
Long-term provisions	(705)	13,478
(Gain)/loss on sale of property, plant and equipment	(15,488)	10,900
Finance income	(106,314)	(128,531)
Unrealized loss on foreign exchange	(790)	(3,871)
Deferred tax (recovery)/expense (note 15)	(39,668)	171,775
Stock-based compensation (note 11)	344,259	751,026
	(782,592)	(1,100,752)
Change in items of working capital:		
Change in other receivables	513,357	166,810
Change in other payables	554,594	29,165
	1,067,951	195,975
Net cash sources/(used) in operating activities	285,359	(904,777)
Cash flows from investing activities		
Proceeds on sale of marketable securities (note 5)	193,850	-
Interest received	106,314	128,531
Additions to exploration properties (note 7)	(2,514,174)	(2,664,435)
Net disposal of property, plant and equipment	19,123	106,404
Net cash used in investing activities	(2,194,887)	(2,429,500)
Net decrease in cash	(1,909,528)	(3,334,277)
Cash, beginning of period	19,104,520	25,302,923
Effect of exchange rate fluctuations on cash held	790	3,871
Cash, end of period	\$ 17,195,782	\$ 21,972,517

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, 2014
(IN CANADIAN DOLLARS)

1) Reporting entity

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

2) Basis of preparation

a) Significant accounting policies

The Company’s accounting policies applied to all periods presented in these condensed interim consolidated financial statements are the same as those applied by the Company in its consolidated financial statements as at and for the year ended December 31, 2013, except those disclosed in note 3.

b) Statement of compliance

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

These condensed interim consolidated financial statements were approved by the Audit Committee for issue on July 29, 2014.

c) Critical judgements and key sources of estimation

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

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

INV METALS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2014
(IN CANADIAN DOLLARS)

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

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

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

i) *IAS 36, Impairment of Assets*

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

ii) *IFRIC 21, Levies*

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

b) *Future accounting pronouncements*

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

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

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

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

INV METALS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2014
(IN CANADIAN DOLLARS)

4) Other receivables

The following table summarizes information regarding the Company's other receivables as at June 30, 2014 and December 31, 2013:

<i>As at</i>	June 30, 2014	December 31, 2013
<i>Current receivables:</i>		
Interest receivable	\$ 16,779	\$ 20,385
HST recoverable	36,774	70,545
VAT recoverable	26,943	25,352
Advances	97,139	582,072
Prepaid expense	20,066	13,228
Deposits	9,351	8,827
	207,052	720,409
<i>Long-term receivables:</i>		
Tax installments receivable in Ecuador	105,904	220,922
	\$ 312,956	\$ 941,331

5) Investments

The following table summarizes information regarding the Company's assets that are measured at fair value as at June 30, 2014 and December 31, 2013:

June 30, 2014				
	Level 1	Level 2	Level 3	Total
Shares of Gungnir Resources Inc.	\$ 106,090	\$ -	\$ -	\$ 106,090
Shares of Northern Superior Resources Inc.	23,625	-	-	23,625
Warrants issued by KWG Resources Inc.	-	491	-	491
Term deposit	-	241,074	-	241,074
	\$ 129,715	\$ 241,565	\$ -	\$ 371,280
December 31, 2013				
	Level 1	Level 2	Level 3	Total
Shares of Anglo Swiss Resources Inc.	\$ 88,408	\$ -	\$ -	\$ 88,408
Shares of Northern Superior Resources Inc.	22,500	-	-	22,500
Shares of KWG Resources Inc.	120,000	-	-	120,000
Warrants issued by KWG Resources Inc.	-	622	-	622
Term deposit	-	241,820	-	241,820
	\$ 230,908	\$ 242,442	\$ -	\$ 473,350

On June 30, 2011 INV Metals acquired 11,787,775 shares of Anglo Swiss Resources Inc. ("Anglo Swiss") in exchange for a 100% interest in the Lansdowne House property. On June 19,

INV METALS INC.
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5) Investments (continued)

2014 Anglo Swiss changed its name to Gungnir Resources Inc. and completed a 5 for 1 stock consolidation, resulting in INV Metals holding 2,357,555 shares. The fair market value of the shares based on the closing stock price on the Toronto Stock Exchange ("TSX") as at June 30, 2014 was \$106,090, resulting in a fair value loss of \$11,788 for the three month period and a gain of \$17,682 for the six month period then ended.

On November 17, 2011 INV Metals acquired 750,000 shares of Northern Superior Resources Inc. ("Northern Superior") in exchange for the Company's 50% interest in the Thorne Lake, Ontario property. On June 5, 2014 INV Metals sold 75,000 shares of Northern Superior, and proceeds on the sale were \$3,325. The fair market value of the shares held at June 30, 2014 based on the closing price on the TSX was \$23,625; resulting in a fair value loss of \$6,800 for the three month period and a gain of \$4,450 for the six month period then ended.

On March 1, 2012 INV Metals acquired 3,000,000 shares of KWG Resources Inc. ("KWG") and 3,000,000 warrants in exchange for the Company's 100% interest in the Fishtrap, Ontario property. On June 2, 2014 INV Metals sold 3,000,000 shares of KWG Resources Inc. Proceeds from the sale were \$190,525, resulting in a gain of \$10,525 for the three month period and gain of \$70,525 for the six month period then ended. The fair market value of warrants as of close on June 30, 2014 was \$491, resulting in a fair value loss of \$1,172 for the three month period and \$131 for the six month period then ended. The inputs used to value the warrants using a Black-Scholes option pricing model were an estimated volatility of 18.98% as derived from an average of the S&P/TSX Global Mining Index and S&P/TSX Small Cap Index for the past three years, an expiry of March 1, 2017, a risk-free interest rate determined by the Government of Canada marketable three to five year average bond yields of 1.03%, a share price as at June 30, 2014 of \$0.06 and an exercise price of \$0.12.

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

INV METALS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2014
(IN CANADIAN DOLLARS)

6) Property, plant and equipment

June 30, 2014											
Class	Cost					Accumulated Depreciation					Net Book Value
	Opening Balance	Additions	Disposals	Exchange Differences	Closing Balance	Opening Balance	Depreciation Expense	Disposals	Exchange Differences	Closing Balance	
Vehicles	\$ 74,419	\$ -	\$ (3,399)	\$ (760)	\$ 70,260	\$ 52,551	\$ 17,053	\$ -	\$ (1,316)	\$ 68,288	\$ 1,972
Computer equipment	106,394	-	-	(117)	106,277	79,664	4,075	-	(133)	83,606	22,671
Office equipment	31,351	-	-	(48)	31,303	16,817	2,021	-	(65)	18,773	12,530
Field equipment	9,293	-	-	(85)	9,208	5,584	1,949	-	(127)	7,406	1,802
Land	280,977	-	-	(867)	280,110	-	-	-	-	-	280,110
	\$ 502,434	\$ -	\$ (3,399)	\$ (1,877)	\$ 497,158	\$ 154,616	\$ 25,098	\$ -	\$ (1,641)	\$ 178,073	\$ 319,085

December 31, 2013											
Class	Cost					Accumulated Depreciation					Net Book Value
	Opening Balance	Additions	Disposals	Exchange Differences	Closing Balance	Opening Balance	Depreciation Expense	Disposals	Exchange Differences	Closing Balance	
Vehicles	\$ 167,460	\$ -	\$ (112,986)	\$ 19,945	\$ 74,419	\$ 41,466	\$ 35,221	\$ (41,466)	\$ 17,330	\$ 52,551	\$ 21,868
Computer equipment	99,084	10,027	(5,033)	2,316	106,394	72,366	7,232	(1,765)	1,831	79,664	26,730
Office equipment	27,787	6,704	(4,194)	1,054	31,351	13,955	3,255	(1,283)	890	16,817	14,534
Field equipment	101,708	2,689	(96,913)	1,809	9,293	37,725	6,184	(39,814)	1,489	5,584	3,709
Land	261,849	-	-	19,128	280,977	-	-	-	-	-	280,977
	\$ 657,888	\$ 19,420	\$ (219,126)	\$ 44,252	\$ 502,434	\$ 165,512	\$ 51,892	\$ (84,328)	\$ 21,540	\$ 154,616	\$ 347,818

INV METALS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2014
(IN CANADIAN DOLLARS)

7) Exploration properties

June 30, 2014						
	January 1, 2014	Additions	Disposals	Write down	Exchange Differences	June 30, 2014
Ecuador property						
Loma Larga (Quimsacocha)	\$ 29,666,879	\$ 2,137,441	\$ -	\$ -	\$ (127,748)	\$ 31,676,572
Brazil property						
Rio Novo	4,078,747	-	-	-	-	4,078,747
Namibia property						
Kaoko	8,503,626	-	-	-	-	8,503,626
	\$ 42,249,252	\$ 2,137,441	\$ -	\$ -	\$ (127,748)	\$ 44,258,945

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

8) Other payables

The following table summarizes information regarding the Company's other payables as at June 30, 2014 and December 31, 2013:

<i>As at</i>	June 30, 2014	December 31, 2013
Accounts payable	\$ 114,856	\$ 199,628
Accrued liabilities	564,788	305,770
	\$ 679,644	\$ 505,398

INV METALS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2014
(IN CANADIAN DOLLARS)

9) Provisions

The following table summarizes information regarding the Company's provisions as at June 30, 2014 and December 31, 2013:

<i>As at</i>	June 30, 2014	December 31, 2013
Beginning balance	\$ 228,587	\$ 244,677
Change in estimate	-	(33,779)
Exchange differences	(705)	17,689
	\$ 227,882	\$ 228,587

10) Share capital

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

	Common Shares
Balance, January 1, 2013	49,173,533
Exercise of restricted share units	200,000
Balance, December 31, 2013	49,373,533
Exercise of restricted share units	47,442
Balance, March 31, 2014 and June 30, 2014	49,420,975

On February 10, 2014 a total of 47,442 common shares valued at \$1.20 per share were issued from treasury to an officer of the Company who exercised restricted share units.

On June 27, 2014 the Company completed a share consolidation of the issued and outstanding common shares on the basis of one post-consolidated common share for every ten pre-consolidated common share issued and outstanding. The Company's number of outstanding options, restricted share units and warrants were consolidated on the same basis.

The number of shares and options presented in these condensed interim consolidated financial statements have been adjusted to include the effect of the share consolidation.

Loss per share

The basic loss per share for the three and six month periods ended June 30, 2014 and 2013 was calculated using a weighted average number of common shares outstanding as follows:

INV METALS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2014
(IN CANADIAN DOLLARS)

10) Share capital (continued)

Loss per share (continued)

	Three Months Ended		Six Months Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Common shares outstanding	49,373,533	49,173,533	49,373,533	49,173,533
Issuance of shares	47,442	200,000	36,900	120,000
	49,420,975	49,373,533	49,410,433	49,293,533

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.

11) Share based payments

Details of share options (equity-settled)

The following table summarizes the stock option transactions for the period ended June 30, 2014 as follows:

	Number of Stock Options	Weighted- Average Exercise Price
Outstanding, December 31, 2013	3,776,000	\$ 1.52
Granted	174,500	0.35
Outstanding, March 31, 2014	3,950,500	\$ 1.47
Expired	(70,000)	3.50
Outstanding, June 30, 2014	3,880,500	\$ 1.43

The following table summarizes information regarding the Company's outstanding and exercisable stock options as at June 30, 2014:

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11) Share based payments (continued)

Details of share options (equity-settled)

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
\$0.35-\$0.99	224,500	4.5	\$ 0.46	81,125	\$ 0.58
1.00	3,445,000	3.7	1.00	2,583,750	1.00
1.01-11.50	211,000	1.2	9.56	211,000	9.56
\$0.35-\$11.50	3,880,500	3.6	\$ 1.43	2,875,875	\$ 1.62

The table that follows summarizes information regarding the stock options granted by the Company for the six month period ended June 30, 2014 and the year ended December 31, 2013 as follows:

	2014	2013
Fair value at grant date	\$0.26	\$0.21 - \$0.55
Share price at grant date	\$0.35	\$0.40 - \$0.85
Exercise price	\$0.35	\$0.85 - \$1.00
Weighted average grant date fair value	\$0.35	\$0.21
Expected volatility	163%	131% - 139%
Expected dividend yield	0%	0%
Option life (expected weighted average life)	2 year	2 year
Forfeiture rate	0.26%	2.12% - 2.26%
Risk-free interest rate (based on government bonds)	1.02%	1.02% - 1.17%

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

Details of restricted share units

The following table summarizes the restricted share unit transactions for the six month period ended June 30, 2014 and year ended December 31, 2013:

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11) Share based payments (continued)

Details of restricted share units (continued)

	Number of Restricted Shares	Weighted Average Fair Value of Restricted Shares
Outstanding, January 1, 2013	-	\$ -
Granted	573,452	0.64
Exercised	(200,000)	0.40
Outstanding, December 31, 2013	373,452	\$ 0.77
Granted	651,664	0.35
Exercised	(47,442)	1.20
Outstanding, March 31, 2014 and June 30, 2014	977,674	\$ 0.47

During Q1/2014, the Company granted 651,664 restricted share units to officers and directors. The restricted share units granted were valued at \$228,083 and an amount of \$56,931 was transferred to share capital on exercise of the 47,442 restricted share units.

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

The following table summarizes information regarding the restricted share units granted by the Company for the six month period ended June 30, 2014 and the year ended December 31, 2013:

	June 30, 2014		December 31, 2013	
	Fair Value at Grant Date	Share Price at Grant Date	Fair Value at Grant Date	Share Price at Grant Date
January 21, 2013	\$ -	\$ -	\$ 1.20	\$ 1.20
March 14, 2013	-	-	\$ 0.40	\$ 0.40
March 11, 2014	\$ 0.35	\$ 0.35	-	-

Details of warrants

The following table summarizes the warrants granted as at December 31, 2013 and June 30, 2014:

	Number of Warrants
Balance, December 31, 2013, March 31, 2014 and June 30, 2014	1,141,828

No warrants were granted in the six month period ended June 30, 2014.

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13) Related party transactions (continued)

	June 30, 2014	June 30, 2013
Salaries of key management	\$ 365,650	\$ 257,500
Director fees	117,710	116,629
Stock-based compensation*	249,916	745,951
	\$ 733,276	\$ 1,120,080

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

14) Commitments

	Total	Less than One Year	Between 1 - 5 Years	More than 5 Years
Exploration expenditures at Loma Larga property	\$ 7,863,322	\$ -	\$ 7,863,322	\$ -
Office, houses and office equipment leases	420,179	163,268	256,911	-
Environmental management plan	\$ 241,074	\$ 241,074	\$ -	\$ -

As a condition to the Company's acquisition of Loma Larga, the Company guaranteed expenditures on the Loma Larga property of \$15 million over 18 months. As at June 30, 2014, INV Metals had an outstanding expenditure commitment of approximately \$7.9 million. On March 6, 2014 the Company and IAMGOLD amended the share purchase agreement pursuant to which the Company acquired Loma Larga to extend the deadline to meet the expenditure commitment to the earlier of March 6, 2016 or the completion and filing of a bankable feasibility study.

INV Metals renewed its lease arrangement to lease office space effective December 31, 2012. The lease will remain in effect to December 31, 2017. During the period ended June 30, 2014 an amount of \$137,635 was recognized in total comprehensive loss in respect of operating leases.

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

15) Income Taxes

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

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15) Income taxes (continued)

	June 30, 2014	December 31, 2013
Deferred income tax assets		
Non-capital loss carry forwards	\$ 1,326,722	\$ 1,304,001
Total deferred income tax assets	\$ 1,326,722	\$ 1,304,001
Deferred income tax liabilities		
Mineral properties	(1,533,549)	(1,550,496)
Net deferred income tax liabilities	\$ (206,827)	\$ (246,495)

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

16) Segmented information

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

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

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16) Segmented information (continued)

<i>For the six month period ended June 30, 2014</i>	Assets	Liabilities	Total Comprehensive Loss
Canada*	\$ 16,393,313	\$ 775,877	\$ 966,966
Ecuador	33,395,353	321,428	114,291
Namibia	8,586,816	3,922	7,048
Brazil	4,080,740	1,330	49,591
Barbados	1,826	11,796	3,359
	\$ 62,458,048	\$ 1,114,353	\$ 1,141,255

As at December 31, 2013

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

<i>For the six month period ended June 30, 2013</i>	Total Comprehensive Loss
Canada*	\$ 3,202,482
Ecuador	(1,291,476)
Namibia	69,905
Brazil	5,859,749
Barbados	19,677
	\$ 7,860,337

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