International Nickel Ventures Corporation

(A Development Stage Entity)

Consolidated Financial Statements

March 31, 2007

(Expressed in Canadian dollars except where otherwise noted)

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

International Nickel Ventures Corporation (note1)
Consolidated Balance Sheets

As At (Unaudited)	**March 31 2007**	December 31 2006
	$	$
Assets		
Current		
Cash	**11,924,366**	13,798,282
Accounts receivable	**132,607**	114,685
Interest receivable	**42,272**	48,630
Advances to service provider (note 3)	**99,817**	4,742
Prepaid expenses	**11,396**	20,144
	12,210,458	13,986,483
Investment (note 4)	**10,862,204**	9,890,236
Mineral property and deferred exploration (note 5)	**1,876,317**	1,070,920
	24,948,979	24,947,639
Liabilities		
Current		
Accounts payable and accrued liabilities	**700,172**	385,916
Advances from related parties (note 8(a))	**33,692**	149,042
	733,864	534,958
Shareholders' equity		
Share capital (notes 6(a) and (b))	**28,479,928**	28,105,400
Warrants (note 6(c))	**1,143,799**	1,228,327
Contributed surplus – stock-based compensation (note 7)	**773,502**	542,465
Deficit	**(6,182,114)**	(5,463,511)
	24,215,115	24,412,681
	24,948,979	24,947,639

Subsequent events (note 11)

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

International Nickel Ventures Corporation (note 1)
Consolidated Statements of Operations and Comprehensive Loss
For the three months ended March 31
(Unaudited)

	2007	2006
	$	$
Expenses		
General and administration		
Shareholder information and regulatory compliance	**70,713**	191,407
Compensation	**154,054**	46,910
Administrative services (note 8(b))	**60,639**	101,352
Travel	**27,800**	24,671
Professional	**18,640**	49,676
Office	**20,686**	16,386
Telecommunications	**4,641**	5,843
Other	**1,203**	357
Total general and administration	**358,376**	436,602
General exploration	**252,382**	96,688
Stock-based compensation (note 7)	**231,037**	159,569
Equity loss from investment (note 4)	**32**	7,056
Foreign exchange (gain) loss	**2,143**	(2,919)
Interest (income)	**(125,367)**	(21,370)
Loss and comprehensive loss for the period	**718,603**	675,626
Basic and diluted loss per share (note 6(d))	**0.02**	0.05

International Nickel Ventures Corporation (note1)
Consolidated Statements of Deficit
For the three months ended March 31
(Unaudited)

	2007	2006
	$	$
Deficit – beginning of period	**5,463,511**	1,701,510
Loss for the period	**718,603**	675,626
Deficit – end of period	**6,182,114**	2,377,136

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

International Nickel Ventures Corporation (note1)
Consolidated Statements of Cash Flow
For the three months ended March 31
(Unaudited)

	2007	2006
	$	$
Operating activities		
Loss for the period	**(718,603)**	(675,626)
Equity loss from investment	**32**	7,056
Foreign exchange gain on promissory note	**-**	(2,730)
Stock-based compensation	**231,037**	159,569
	(487,534)	(511,731)
Net change in non-cash working capital (note 9)	**101,015**	809,027
	(386,519)	297,296
Financing activities		
Common shares issued, net of expenses (note 6)	**-**	20,373,703
Common shares on exercise of Compensation Warrants	**240,000**	-
Common shares on exercise of stock options	**50,000**	150,025
	290,000	20,523,728
Investing activities		
Investment	**(972,000)**	(456,300)
Mineral property and deferred exploration	**(805,397)**	(28,555)
	(1,777,397)	(484,855)
Change in cash for the period	**(1,873,916)**	20,336,169
Cash – beginning of period	**13,798,282**	-
Cash – end of period	**11,924,366**	20,336,169

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

International Nickel Ventures Corporation

(A Development Stage Entity)
Notes to the Consolidated Financial Statements
As at March 31, 2007 and 2006

1. Nature of operations and going concern

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

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

On March 17, 2006, the Corporation completed an initial public offering ("**IPO**"), became listed on the Toronto Stock Exchange and is currently trading under the symbol "INV".

2. Accounting policies and basis of presentation

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

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

Effective January 1, 2007, the Corporation prospectively adopted the Canadian Institute of Chartered Accountants ("**CICA**") recommendations pertaining to financial instruments, which establish standards for the recognition, measurement, disclosure and presentation of financial assets, financial liabilities and non-financial derivatives. These recommendations require that fair value be used to measure financial assets that are held for trading or available for sale, financial liabilities that are held for trading and all derivative financial instruments. Other financial assets, such as loans and receivables and investments that are held to maturity, and other financial liabilities are measured at their carrying value. This change in accounting policy had no effect on the unaudited interim consolidated financial statements for the three months ended March 31, 2007.

Effective January 1, 2007, the Corporation prospectively adopted the CICA recommendations pertaining to hedges, which establish standards for the identification, designation, documentation and effectiveness of hedging relationships for the purpose of applying hedge accounting. The purpose of hedge accounting is to ensure that gains, losses, revenues and expenses from effective hedging relationships are recorded in earnings in the same period. This change in accounting policy had no effect on the unaudited interim consolidated financial statements for the three months ended March 31, 2007.

Effective January 1, 2007, the Corporation prospectively adopted the CICA recommendations regarding the reporting and disclosure of comprehensive income. Comprehensive income consists of changes in the equity of the Company from sources other than the Corporation's share owners, and includes earnings of the Company, the foreign currency translation adjustment relating to self-sustaining foreign operations and unrealized gains and losses on changes in fair values of available for sale assets and effective cash flow hedging instruments. Other comprehensive income comprises revenues, expenses and gains and losses that are recognized in comprehensive income but are excluded from earnings for the period. This change in accounting policy had no effect on the unaudited interim consolidated financial statements for the three months ended March 31, 2007.

Effective January 1, 2007, the Corporation prospectively adopted the CICA recommendations regarding the presentation of equity and changes in equity. These recommendations require separate presentation of the components of equity, including retained earnings, accumulated other comprehensive income, contributed surplus, share capital and reserves, and the changes therein. This change in accounting policy had no effect on the unaudited interim consolidated financial statements for the three months ended March 31, 2007.

3. Advances to service provider

Pursuant to an agreement with a subsidiary of Amazonia Mineração Ltda. ("**Amazonia**"), a privately owned Brazilian mineral exploration company, whereby Amazonia was retained to conduct certain mineral exploration, mining, technical and administration services related to INV's mineral exploration efforts in Brazil. As at March 31, 2007, INV had advanced to Amazonia $99,817 (December 31, 2006 - $4,742) of funds in excess of Amazonia's expenditures on behalf of the Corporation. These funds were expended by Amazonia on INV's behalf subsequent to the respective period ends.

4. Investment

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

	2007	2006
	$	$
Balance-December 31	**9,890,236**	4,459,479
Investment in cash	**972,000**	456,300
Equity loss in period	**(32)**	(7,056)
Balance-March 31	**10,862,204**	4,908,723

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

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

(1) These payments were made in 2004.
(2) These payments were made in 2005.
(3) This payment was made in 2006.
(4) These payments are subject to the Financing and Rights Agreement.

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

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

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

5. Mineral property and deferred exploration

	March 31, 2007			
	Balance – December 31, 2006	**Additions in period**	**Written off**	**Balance – March 31, 2007**
	$	**$**	**$**	**$**
Anapolis	**78,169**	**346,582**	**-**	**424,751**
Goiás Region	**259,381**	**73,206**	**-**	**332,587**
Norte Sul	**680,941**	**249,338**	**-**	**930,279**
São José	**52,429**	**136,271**	**-**	**188,700**
	1,070,920	**805,397**	**-**	**1,876,317**

Mineral property and deferred exploration costs for the three months ended March 31, 2007 were comprised of $519,946 for property acquisition and holding costs, $226,874 for geology, $17,050 for geophysics, $12,989 for sampling an assaying and $28,538 for drilling.

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

Mineral property and deferred exploration costs at December 31, 2006 were comprised of $320,681 for property acquisition and holding costs, $635,382 for geology, $34,818 for geophysics, $55,441 for sampling an assaying and $24,598 for drilling (2005 – $107,678 for geology).

(a) Anapolis

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

(b) Aviao

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

(c) Goiás Region

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

(d) Norte Sul

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

(e) São José properties

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

6. Share capital and loss per share

(a) Authorized

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

(b) Issued and outstanding

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

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

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

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

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

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

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

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

(c) Share purchase warrants

The Corporation has granted share purchase warrants as follows:

	Warrants	Amount
	#	$
Balance – December 31, 2005	2,347,886	691,938
Compensation warrants	1,110,000	469,131
Balance – March 31, 2006	3,457,886	1,161,069
Compensation warrants	157,200	67,258
Balance – June 30, September 30, and December 31, 2006	3,615,086	1,228,327
Exercise of Compensation Warrants	(200,000)	(84,528)
Balance – March 31, 2007	3,415,086	1,143,799

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

(d) Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period of 34,675,633 (2006 – 14,985,781). The conversion of stock options and Compensation Warrants was not included in the calculation of fully diluted loss per share for either 2007 or 2006 because the conversion would be anti-dilutive.

7. Contributed surplus – stock-based compensation

The following table summarizes information regarding the Corporation's contributed surplus - stock-based compensation as at and for the periods ended March 31, 2007 and 2006:

	2007	2006
	$	$
Balance – December 31	**542,465**	49,662
Stock-based compensation expense	**231,037**	159,569
Transfer of exercised options to share capital	**-**	(49,662)
Balance – March 31	**773,502**	159,569

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

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

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

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

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

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

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

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

The following table summarizes information regarding INV's outstanding and exercisable stock options as at and for the period ended March 31, 2007:

Outstanding				Exercisable	
Range of exercise prices per share	Shares	Weighted average months remaining	Weighted average exercise price per share	Shares	Weighted average exercise price per share
$	#	#	$	#	$
1.20	1,545, 000	48	1.20	1,158,750	1.20
1.50	150,000	54	1.50	62,500	1.50
1.60	50,000	58	1.60	12,500	1.60
1.62	100,000	55	1.62	25,000	1.62
1.80	735,000	60	1.80	183,750	1.80
	2,580,000		1.41	1,442,500	1.30

	Three months ended March 31, 2007	
	Shares	Weighted average exercise price per share
	#	$
Balance – beginning of period	1,895,000	1.21
Granted	785,000	1.79
Exercised	(100,000)	0.50
Forfeited/expired	-	-
Balance – end of period	2,580,000	1.41

8. Related party transactions

(a) Advances from related parties

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

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

(b) Promissory notes due to related party

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

(c) Administrative services and facilities agreement with FNX

Pursuant to the terms of a Services and Facilities Agreement dated January 1, 2006 (the "**FNX Agreement**"), FNX has agreed to provide certain services and facilities to the Corporation as well as the non-exclusive services of certain personnel, all in consideration of a flat fee of $10,000 per month. These services and facilities include commercially reasonable office facilities and communication equipment and the non-exclusive services of certain FNX personnel, including the Senior Vice President and Chief Financial Officer of FNX who is also the Vice President and Chief Financial Officer of the Corporation, as well as accounting staff as required by the Corporation. The services provided by these personnel are limited to 20% of the time of each such individual per week on the basis of a 40 hour work week. In addition, the non-exclusive services of the former Vice President Business Development of FNX (who also served as the President and Chief Executive Officer of the Corporation to February 5, 2007) and the Vice President of Investor Relations and Corporate Secretary of FNX (who also serves as the Director, Investor Relations for the Corporation) are provided to the Corporation pursuant to the FNX Agreement in consideration of the reimbursement to FNX of an amount equal to the salary and benefits paid by FNX to each such officer, multiplied by the percentage of their respective time spent providing services to the Corporation. The services provided by the Vice President of Investor Relations and Corporate Secretary of FNX are limited to 20% of the time of such individual per week on the basis of a 40 hour work week. No similar limitations applied to the services provided by the former Vice President Business Development of FNX. The FNX Agreement may be terminated by either party at any time upon the provision of 30 days written notice to the other party, at nominal cost. During the three month periods ending March 31, 2007 and 2006, FNX invoiced INV $60,639 and $103,955, respectively, for services provided under the agreement, the unpaid amount of which is included in advances from related parties.

(d) Consulting services

Included in general exploration in the statement of operations is $9,665 (2006 - $nil) for consulting services provided by a director of the Corporation.

9. Supplementary cash flow information

	2007	2006
	$	$
Net change in non-cash working capital		
Accounts receivable	**(17,922)**	(51,851)
Interest receivable	**6,358**	(21,370)
Advances to service provider	**(95,075)**	13,870
Prepaid expenses	**8,748**	(64,107)
Advances from related parties	**(115,350)**	103,955
Accounts payable and accrued liabilities	**314,256**	828,530
	101,015	809,027

	2007	2006
	$	$
Other information		
Interest paid	**-**	-
Income and resource taxes paid	**-**	-

10. Fair value of financial instruments

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

11. Subsequent events

(a) Public offering

Pursuant to an amended and restated underwriting agreement dated as of May 3, 2007, INV has agreed to sell, on a bought deal basis, 9,700,000 units ("**Units**") at a price of $1.75 per Unit (the "**Offering**") to two Canadian investment dealers (the "**Offering Underwriters**"), for gross proceeds to INV of $16,975,000. Each Unit will consist of one common share in the capital of INV and one-half of one common share purchase warrant. Each whole common share purchase warrant (a "**Warrant**") will entitle the holder to acquire one additional common share at a price of $2.25 at any time before 5:00 p.m. (Toronto time) on the date which is 18 months from the closing of the Offering.

INV has granted the Offering Underwriters an over-allotment option (the "**Over-allotment Option**") exercisable in whole or in part at the sole discretion of the Offering Underwriters at any time until the date which is 30 days from the closing of the Offering to purchase up to an additional 1,455,000 common shares at a price of $1.53 per common share and up to 727,500 Warrants at a price of $0.44 per warrant, to cover over-allotments, if any, and for market stabilization purposes.

Concurrent with the Offering, INV will complete a private placement (the "**Concurrent Private Placement**") with FNX and Teck on the same terms as the Offering for, in aggregate, 1,767,334 Units. Pursuant to an agreement between INV and Teck, INV has granted to Teck the right (the "**Teck Right**") to purchase Units on the same terms as the Offering (including exercise of the Over-allotment Option) to maintain its pro rata interest in INV, which, as at May 11, 2007, was approximately 6.38%. On May 3, 2007, Teck notified the Corporation that it would subscribe for 420,604 Units concurrent with the closing of the Offering to maintain its interest in the Corporation following the closing of the Offering and Concurrent Private Placement at approximately 5.5%. FNX has indicated it intends to purchase the Units, subject to the Teck Right, that Teck has not elected to purchase. Accordingly, the aggregate gross proceeds of the Offering (before exercise of the Over-allotment Option), Concurrent Private Placement and Teck Right will be approximately $20,067,834.

The Offering, the Concurrent Private Placement and the Teck Right are subject to the approval of the Toronto Stock Exchange and all necessary regulatory approvals. Closing of the Offering and the Concurrent Offering is expected on or about May 18, 2007.

Proceeds of the Offering, the Concurrent Private Placement and the Teck Right will be used by INV for exploration and related work on INV's Santa Fé/Iporá property, exploration of other mineral properties, for general corporate purposes and for potential acquisitions.

(b) Warrants

On May 11, 2007, 194,250 Compensation Warrants of the Corporation granted on March 17, 2006 were exercised for cash consideration of $233,100.

(c) Stock options

On April 10, 2007, 75,000 stock options granted to a director and former officer of the Corporation on March 17, 2006 were exercised for cash consideration of $90,000.