INTERNATIONAL NICKEL VENTURES CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Second Quarter 2007

The following management's discussion and analysis of the financial condition and results of operations ("**MD&A**") of International Nickel Ventures Corporation ("**INV**" or the "**Corporation**") was prepared to enable a reader to assess material changes in the financial condition and results of operations of INV as at and for the three and six month periods ended June 30, 2007 in comparison to the corresponding prior-year period. This MD&A is prepared as at August 10, 2007, and is intended to supplement and complement the unaudited consolidated financial statements of INV for the three and six month periods ended June 30, 2007 and 2006, which are prepared in accordance with Canadian generally accepted accounting principles ("**GAAP**"). This MD&A should also be read in conjunction with both the most recent audited financial statements and MD&A for the year ended December 31, 2006 included in the 2006 Annual Report, the Annual Information Form ("**AIF**") and a prospectus ("**Offering**"), dated May 11, 2007, on file with the Canadian provincial securities regulatory authorities. This MD&A contains certain forward looking statements based on management's current expectations (please see "Cautionary Note Regarding Forward Looking Statements" below). All references to dollars herein are in Canadian dollars unless otherwise specified.

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Executive Summary

International Nickel Ventures 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**"). 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. In future, however, INV may expand operations outside of Brazil, include other metallic mineral projects and may enter into partnerships in order to fully exploit the production potential of its exploration properties.

The Corporation is in the exploration stage and has not yet commenced development or mining operations on any of its properties. Accordingly, INV does not currently have any revenues and, until the successful discovery and development of an ore body occurs, the Corporation is not expected to have any revenues in the immediate future.

Effective July 30, 2007, Bob Bell, P. Geo. was appointed President and Chief Executive Officer of INV. In addition, effective June 1, 2007, Mario Miranda, CA was appointed Vice President and Chief Financial Officer of the Corporation.

As INV's cash balances had been completely consumed and a shortfall in working capital existed in early 2006, the Corporation required short-term financial support from FNX Mining Company Inc. ("**FNX**") to continue operations until such time as additional funds were raised. On March 13, 2006, INV entered into an underwriting agreement with three Canadian investment dealers, and sold to the public by way of prospectus (the "**IPO**"), 18,500,000 common shares on March 17, 2006 and an overallotment option of 2,620,000 common shares on April 6, 2006 for a total of 21,120,000 common shares at a price of $1.20 per share with a total gross proceed of $25,344,000.

On May 3, 2007, INV entered into an underwriting agreement and sold, on a bought deal financing basis, 9,700,000 units ("**Units**") at a price of $1.75 per Unit (the "**Offering**") to two Canadian investment dealers (the "**Offering Underwriters**"). Concurrent with the Offering, INV completed a private placement (the "**Concurrent Private Placement**") with FNX and Teck on the same terms as the Offering for, in aggregate, 1,767,334 Units. On May 18, 2007, the Corporation issued 13,187,434 Units, comprised of 13,187,434 common shares and 6,593,717 Public Warrants, for gross proceeds of $23,078,010 (see below). The proceeds 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.

Along with 73% joint venture partner Teck Cominco Limited ("**Teck**"), the Corporation's principle asset remains its 27% investment in INVI and, through INVI, the Santa Fé/Iporá properties in Brazil. The Corporation accounts for INVI on the equity basis of accounting and 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. The balance sheet does not show the amounts spent by Teck on the Santa Fé/Iporá properties as at the period end.

The loss for the three month period ended June 30, 2007 was $532,670, equal to $0.01 per share. The net cash outflow from operating activities was $101,243 for the quarter. Exploration activities continued on INV's mineral exploration properties with $545,279 having been expended on the Corporation's wholly-owned properties in the second quarter and an additional $146,743 was expended on general exploration in an effort to find new mineral properties. In addition, Teck, through the INVI joint venture, continued to explore the Santa Fé/Iporá properties. INV's 27% investment in INVI for the Santa Fé/Iporá properties in the second quarter was $648,000. In addition, subsequent to the quarter end, INV paid cash of US$1,782,000 for its 27% share of the US$6,600,000 Santa Fé/Iporá Option payment due July 16, 2007. At INV's request, Teck agreed, for this payment, to waive its rights to subscribe for additional shares of the Corporation.

Key Economic Trends

INV's financial performance will be affected by exploration activities being conducted on its Santa Fé/Iporá properties in conjunction with Teck and the ultimate development for commercial production of any orebodies on any of the Corporation's existing properties or those acquired in the future. Until such time as commercial production is achieved the Corporation will continue to incur administration costs and exploration expenditures that are either deferred or expensed, depending upon the nature of those expenditures, resulting in continuing operating losses. In future, should the development of one of the Corporation's nickel properties occur, the financial performance of INV will be closely linked to the price of nickel produced by the Corporation.

The exploration and development of INV's properties will require substantial additional financing. While the IPO in March 2006 and the Offering in 2007 raised sufficient funds for INV to undertake its planned business activities for 2007, the development of the Santa Fé/Iporá properties, should they ultimately be developed for production, will require additional funding. There can be no assurance that additional capital or other types of financing will be available when needed or that, if available, the terms of such financing will be favourable to INV.

Nickel

The cash settlement price of nickel on the London Metal Exchange (the "**LME**") has decreased from $15.52 per pound on December 31, 2006 to US$11.52 per pound on August 10, 2007. Management is of the view that the LME average cash settlement price for nickel will continue in the near term to be strong but volatile.

Foreign exchange

INV reports its financial results in Canadian dollars. The Corporation's costs, however, are in Canadian dollars, United States dollars ("**US$**") and Brazilian reais ("**R$**"). Should any of the Corporation's properties commence production, future metal sales revenue will be in US$. The Canadian dollar had been appreciating relative to the US$ as the average rate in the second quarter of 2007 was $1.10/US$, compared to $1.17/US$ in the first quarter of 2007, and $1.12/US$ in the second quarter of 2006. The exchange rate as at August 10, 2007 was $1.05/US$. The Canadian dollar has been relatively steady compared to the Brazilian reais during 2007 as the average rate was $0.56/R$ in the first quarter and $0.55/R$ in the second quarter. The Brazilian reais was $0.54/R$ as at August 10, 2007.

Financial Results

Overview

The following table presents a summary of changes between INV's Consolidated Statements of Operations for the three and six month periods ended June 30, 2007 and 2006.

Table 1	**Three months ended June 30**			**Six months ended June 30**		
	2007	2006	Change	**2007**	2006	Change
	$	$	$	**$**	$	$
General and administration						
Shareholder information	**171,272**	40,885	(130,387)	**241,985**	232,292	(9,693)
Compensation	**102,164**	119,269	17,105	**256,218**	166,179	(90,039)
Administrative services	**57,589**	86,426	28,837	**118,228**	187,778	69,550
Travel	**15,347**	52,850	37,503	**43,147**	77,521	34,374
Professional	**44,258**	68,217	23,959	**62,898**	117,893	54,995
Office	**19,316**	27,253	7,937	**40,002**	43,639	3,637
Telecommunications	**5,605**	7,015	1,410	**10,246**	12,858	2,612
Other	**20,483**	300	(20,183)	**21,686**	657	(21,029)
Sub-total	**436,034**	402,215	(33,819)	**794,410**	838,817	44,407
General exploration	**146,743**	89,238	(57,505)	**399,125**	185,926	(213,199)
Stock-based compensation	**172,792**	139,302	(33,490)	**403,829**	298,871	(104,958)
Equity loss on investment	**1,880**	6,455	4,575	**1,912**	13,511	11,599
Foreign exchange (gain)	**5,103**	(4,431)	(9,534)	**7,246**	(7,350)	(14,596)
Interest (income)	**(229,882)**	(225,167)	4,715	**(355,249)**	(246,537)	108,712
Loss for the period	**532,670**	407,612	(125,058)	**1,251,273**	1,083,238	(168,035)
Loss per share	**0.01**	0.01	0.00	**0.03**	0.04	0.01

During the three and six months ended June 30, 2007 and 2006, INV had no operating revenues. General and administrative expenses, general exploration expenses and stock-based compensation were the main contributors to the loss for the periods. These expenses were somewhat offset by interest income earned on cash balances raised in March of 2006 and May of 2007, resulting in a net loss of $532,670 and $1,251,273 for the quarter and year to date, compared to $407,612 and $1,083,238 for the three and six month periods ended June 30, 2006. General and administration expenses for both periods represent the largest share of total expenses. The significant expenditures on the Santa Fé/Iporá properties were not expensed as they were included in the investment in INVI in 2007 and 2006.

Expenses

General and administration

General and administration expenses for the three months ended June 30, 2007 increased $33,819 over the same period in 2006. While most expense categories were lower in 2007 than 2006, the two components that increased were shareholder information and regulatory compliance costs and other expenses. Shareholder information and regulatory compliance expense was $130,387 higher in 2007 as a result of additional listing and technical report filing costs associated with the Offering completed on May 18, 2007. Other expenses increased $20,183, primarily as a result of incurring a capital tax expense of $18,889, compared to $nil in 2006. Compensation costs relate to the Corporation's previous President and Chief Executive Officer (now the Corporation's Chairman of the Board of Directors), who maintained an office in Vancouver where he currently resides, along with compensation costs related to support services there, and directors fees which commenced this year. As much of the Corporation's business activities are focused on South America in general and Brazil in particular, a relatively significant amount of travel to Brazil was undertaken in the period. In addition, as a result of the Santa Fé/Iporá Agreement and the other properties acquired by INV, more supervisory visits by INV's Canadian senior personnel were required.

General exploration

The Corporation continues to actively look for properties to acquire and expends a relatively large amount of funds on general exploration. Most of the exploration expenditures (both expensed general exploration and deferred exploration costs) in 2007 and 2006 were undertaken by Amazonia Mineração Ltda. ("**Amazonia**"), an independent Brazilian mineral exploration company that provides exploration services to INV. As part of a strategic alliance between Amazonia and INV, Amazonia was granted 200,000 stock options in INV for 2006, all of which have been granted, and an additional 100,000 stock options will be granted in 2007, of which 25,000 were granted in the first quarter of 2007 and an additional 25,000 were granted on July 28, 2007.

Stock-based compensation

Stock options granted to directors, senior management, Amazonia and other consultants upon closing of the IPO on March 17, 2006 and subsequent grants to others resulted in a stock-based compensation expense of $172,792 and $403,829 during the second quarter and year to date of 2007, $33,490 and $104,958, respectively, higher than in 2006.

Equity loss from investment

As a result of Teck acquiring a 73% interest in INVI on December 12, 2005, the Corporation accounts for its investment in INVI by the equity basis. Accordingly, the equity losses from INVI represents 27% of INVI's losses in the respective periods.

Foreign exchange

As the majority of the Corporation's activities are in Brazil, the Corporation needs to convert funds from Canadian dollars to Brazilian reais. The Corporation accounts for expenditures incurred in foreign currencies on an average rate basis. There was a small foreign exchange loss on the small amount of funds retained in Brazilian reais in the second quarter of 2007, compared to a small gain in 2006.

Interest income

The surplus cash balances generated from the IPO and, more recently, the May 18, 2007 Offering were invested in low risk, fully liquid, deposits at a major Canadian chartered bank. Accordingly, INV earned interest income of $229,882 in the second quarter of 2007, virtually the same as in 2006. For the 2007 year to date, interest income totaled $355,249, which is $108,712 more than in 2006 as the funds from the IPO were only raised on March 17, 2006 and INV had little funds on hand in the first quarter of 2006.

Provision for income and resource taxes

No provision for taxes was calculated as the Corporation does not generate revenue. A valuation allowance has been applied against all of the Corporation's future tax assets.

Hedging

INV does not currently have any commodity or foreign exchange hedging or other derivative instruments and there are currently no plans to enter into any such contracts.

Financial Condition and Liquidity

Cash and cash flows

Cash flow from operating activities was a net outflow of $101,243 during the second quarter of 2007, compared to $924,210 in 2006. The increase in cash flow from operating activities is primarily as a result of the $919,110 increase in non-cash working capital.

INV raised a net of $21,696,701 from the Offering that closed on May 18, 2007, which accounted for the majority of the $22,252,901 of funds from financing activities. In 2006, INV raised $20,373,703 from an IPO in the first quarter and an additional $2,680,924 from the brokers' over-allotment option in the second quarter of 2006. Financing activities from the exercise of stock options and Compensation Warrants in the second quarter of 2007 resulted in a net cash inflow of $556,200, while year to date generated $846,200.

Investing activities in the second quarter of 2007 resulted in a net cash outflow of $1,193,279, compared to $1,656,904 in 2006. The Corporation's investment in INVI in the second quarter of 2007 totaled $648,000 of cash outflows, while the $545,279 of expenditures on mineral properties relates to the Corporation's wholly-owned properties in Brazil. For the year to date 2007, exploration activities and investment in INVI totaled $2,970,676, which was $828,917 more than in 2006. Investing activities in 2006 were reduced as the Corporation did not complete the IPO and receive the resultant funding until March 17, 2006.

The net change in cash balances as a result of operating, financing and investing activities was a net inflow of $20,958,379 during the second quarter of 2007. The Corporation's cash balance at June 30, 2007 was $32,882,745.

Working capital

Working capital at June 30, 2007, was $32.2 million, compared to $11.5 million at March 31, 2007 and $13.5 million at December 31, 2006. Working capital has increased significantly from March 31, as a result of the proceeds from the Offering on May 18, 2007. In early 2006 and throughout 2005, the Corporation was advanced funds by FNX to provide INV with working capital until such time as the Corporation raised funds from either private placements or from Teck pursuant to the Financing and Rights Agreement or from the IPO. FNX is a Canadian mining corporation that is a shareholder of INV and has certain directors and senior officers that are also shareholders of INV.

Investment

On September 24, 2004, as amended on December 16, 2004, the Corporation entered into an agreement (the "**Santa Fé/Iporá Agreement**"), pursuant to which INV was granted an option (the "**Santa Fé/Iporá Option**") to acquire a 75% interest in the Santa Fé/Iporá properties, located in south-western Goiás State, in south-central Brazil, from a private Brazilian corporation Companhia Brasileira de Níquel ("**Brasileira Níquel**"). The Corporation actively sought out a partner to facilitate the exploration and mineral property payments that would be necessary to acquire and properly explore the Santa Fé/Iporá properties. INV entered into a Financing and Rights agreement (the "**Financing and Rights Agreement**") with Teck that should result in the necessary exploration and mineral property payment funds being made available to the Corporation. In accordance with the terms of that 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. The balance sheet does not show the amounts spent by Teck on the Santa Fé/Iporá properties as at the period end.

The principal asset that INVI owns through its wholly-owned subsidiary, Mineradora INVI Ltda. ("**INVI Brazil**") is its right to earn an interest in the Santa Fé/Iporá properties. 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 he Santa Fé property, is comprised of 10 concessions totaling approximately 10,000 hectares.

The Corporation commenced work to acquire the Santa Fé/Iporá properties in 2003, which ultimately resulted in the Corporation entering into the Santa Fé/Iporá Agreement, pursuant to which INVI was granted the Santa Fé/Iporá Option to acquire a 75% interest in the Santa Fé/Iporá properties from Brasileira Níquel. INVI Brazil was incorporated under the laws of Brazil on January 27, 2005 with the sole purpose of holding INVI's rights under the Santa Fé/Iporá Option, which gives INVI Brazil the option to acquire 75% of the issued and outstanding shares of Brasileira Níquel and, therefore, a 75% interest in the Santa Fé/Iporá properties. INVI Brazil may exercise this option prior to November 16, 2007 by making the following payments:

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

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

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

As of January 1, 2006, each of the Corporation and Teck became liable to fund their pro rata share of expenditures (based upon their respective holdings of INVI) for all further work programs or payments required under the Santa Fé/Iporá Agreement going forward by making further investments in INVI, in the absence of which their respective interests will be diluted. As long as the Corporation funds its pro rata share of further work programs in this manner, Teck will be obligated to provide financing for the Corporation’s pro rata share of remaining Santa Fé/Iporá Option payments under the Santa Fé/Iporá Agreement. In this regard, Teck shall satisfy its obligation to provide financing by subscribing for the Corporation’s common shares at the weighted average trading price of the common shares over a stipulated ten-day period (subject to regulatory approval). In the second quarter of 2007, INV funded $648,000 to INVI for its 27% pro rata share of expenditures on the Santa Fé/Iporá properties.

Teck and INV exercised their rights to defer the US$5.0 million Santa Fé/Iporá Option payment due August 16, 2006 for up to three months. The US$5.0 million payment, along with US$0.3 million of interest, was paid on November 14, 2006. At INV’s request, Teck agreed, for this payment, to waive its rights to subscribe for additional shares of the Corporation for INV’s 27% share of this payment. INV, therefore, paid cash of US$1.43 million for its 27% share and did not issue any additional shares.

The $14.8 million of exploration expenditures budgeted for 2007 are in addition to the property payments required under the Santa Fé/Iporá Agreement. The agreement requires Teck to fund 73% of these expenditures, while INV's 27% share is to be funded by Teck by way of Teck subscribing for shares of INV.

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

Mineral property and deferred exploration

Expenditures on mineral property and deferred exploration totaled $545,279 in the second quarter of 2007. In comparison, INV expended $603,904 in the second quarter 2007, as exploration expenditures had been curtailed in 2006 pending completion of the IPO.

(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 was comprised of geological reconnaissance and mapping, geochemical sampling, assaying and petrography.

(b) Aviao properties

On June 13, 2006, the Corporation entered into an option to acquire a 10,000 hectare nickel exploration property (the "**Aviao**" property) from Calcario Tocantins Ltd., a private Brazilian limestone producer. The Aviao property is located in Tocantins State about 55 kilometers east of Xstrata PLC's Araguaia nickel laterite discovery in Para State. 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) due 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 properties

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 properties

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, 45,443 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.

(f) Damolândia

On July 17, 2007, INV entered into an option agreement with BCV - Consultoria e Projetos ("**BCV**"), a private Brazilian company, to acquire BCV's 100% interest in the Damolândia nickel sulphide property, located in the Anápolis Belt, approximately 60 km north of Goiânia city, Goiás State, Brazil. To earn its 100% interest INV must make a series of payments to BCV over 48 months, totaling US$900,000, with US$20,000 paid upon signing.

Share capital

On March 13, 2006, the Corporation entered into an agreement (the "**IPO Underwriting Agreement**") with three Canadian investment dealers (the "**IPO Underwriters**"), whereby the Corporation retained the IPO 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 IPO Underwriting Agreement. Share issuance costs recorded in each of the first two quarters of 2006 were $2,295,428 and $530,334, respectively. 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. To August 10, 2007, 588,500 Compensation Warrants have been exercised.

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

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

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

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

The proceeds 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.

As at June 30, 2007, INV had 48,443,234 common shares issued and outstanding, an increase of 13,950,934 common shares from December 31, 2006, as a result of the Offering and the exercise of stock options and Compensation Warrants.

Related Party Transactions

In periods prior to the IPO of March 17, 2006, 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.

Under the terms of an agreement between FNX and INV, dated January 1, 2006, FNX has agreed to provide certain administrative services and facilities to INV 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 also served as the Vice President and Chief Financial Officer of the Corporation until May 31, 2007), 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 until February 5, 2007 as the President and Chief Executive Officer of the Corporation) and the Vice President of Investor Relations and Corporate Secretary of FNX (who also serves as the Director of 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 and six months ended June 30, 2007, FNX invoiced INV $57,589 and $118,228, respectively, for services provided under the agreement, compared to $86,426 and $187,778, respectively, in 2006.

Outlook

The INVI joint venture's exploration budget for the Santa Fé/Iporá properties in 2007 totals $14.8 million, INV's share of which is $4.0 million. Depending upon the results of further exploration work, Teck, as operator, may propose a further work program and INV will be required to fund its 27% share.

In addition, INV has established a budget for the acquisition of additional mineral properties and/or the exploration of its other mineral properties in 2007 of $3.0 million for the year.

The Corporation believes that, in conjunction with the funds on hand and the funds it received from the Offering, it will have sufficient funds to conduct all of its currently planned business activities in 2007.

Summary of Selected Quarterly Financial Information – Table 2

	Q1	Q2	Q3	Q4	YTD
	$	$	$	$	$
2007					
Cash	**11,924,366**	**32,882,745**			**n/a**
Working capital	**11,476,594**	**32,178,218**			**n/a**
Investment	**10,862,204**	**11,508,324**			**n/a**
Deferred property costs	**1,876,317**	**2,421,596**			**n/a**
Total assets	**24,948,979**	**47,109,710**			**n/a**
General & administration	**358,376**	**436,034**			**794,410**
General exploration	**252,382**	**146,743**			**399,125**
Loss for the period	**718,603**	**532,670**			**1,251,273**
Loss per share	**0.02**	**0.01**			**0.03**
2006					
Cash	20,336,169	20,436,079	17,565,062	13,798,282	n/a
Working capital	19,327,568	20,089,733	17,389,594	13,451,525	n/a
Investment	4,908,723	5,955,268	7,353,161	9,890,236	n/a
Deferred property costs	136,233	740,137	1,778,754	1,070,920	n/a
Total assets	25,520,386	27,499,924	26,862,507	24,947,639	n/a
General and administration	436,602	402,215	261,993	379,380	1,480,190
General exploration	96,688	89,238	159,013	283,402	628,341
Loss for the period	675,626	407,612	406,803	2,271,960	3,762,001
Loss per share	0.05	0.01	0.01	0.08	0.13
2005					
Cash	425,595	214,367	238,322	-	n/a
Working capital (1)	(49,168)	83,526	(85,579)	(199,574)	n/a
Investment	-	-	-	4,459,479	n/a
Deferred property costs	1,762,219	3,108,804	4,436,845	107,678	n/a
Total assets	2,266,054	3,348,967	4,704,648	4,582,960	n/a
General and administration	61,408	132,270	126,303	601,045	921,026
General exploration	7,982	48,103	48,556	126,621	231,262
Loss for the period	76,077	184,031	281,723	758,997	1,300,828
Loss per share	0.17	0.41	0.04	0.07	0.28

(1) Excluding the non-interest bearing promissory notes from Teck.

The quarterly trend has generally been towards increasing levels of cost, for both general and administration costs and for mineral property and deferred exploration expenditures as the Corporation has raised funds through private placements and the Financing and Rights Agreement with Teck and had negotiated the Santa Fé/Iporá Agreement requiring significant property payments and related exploration activities. As a result of Teck acquiring a 73% interest in INVI, effective December 12, 2005, the Corporation commenced to account for its investment in INVI on the equity basis.

Non-GAAP Performance Measures

The Corporation does not currently utilize any non-GAAP performance measures as INV does not currently have any producing operations.

Outstanding Share Data

As at August 10, 2007, the Corporation had 48,480,734 common shares outstanding, stock options to purchase 3,067,500 common shares were outstanding, warrants to purchase 2,347,886 common shares at $1.40 per share, 678,700 investment dealer Compensation Warrants at $1.20 per share and 6,593,717 Public Warrants at $2.25 per share were outstanding.

Adoption of New Accounting Standards

INV monitors recently issued Canadian Institute of Chartered Accountants ("**CICA**") accounting pronouncements to assess the applicability and impact, if any, of these pronouncements on the Corporation's consolidated financial statements and note disclosures.

Changes in accounting policies

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

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

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

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

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

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

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

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

Internal Controls Over Financial Reporting

There were no changes in the Corporation's internal control over financial reporting that occurred during the three and six months ended June 30, 2007, that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Cautionary Note Regarding Forward Looking Statements

Certain statements in this document constitute "forward-looking statements" and are based on current expectations and involve risks and uncertainties, referred to above and/or in INV's AIF dated March 28, 2007 and filed with Canadian provincial securities regulatory authorities, that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in the forward looking statements. Examples of such forward looking statements include statements regarding financial results and expectations for 2007, including, but not limited to, interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations, results of initial feasibility, pre-feasibility and feasibility studies, and the possibility that future exploration, development or mining results will not be consistent with the Corporation's expectations, forecast levels of production of ore and/or metals, metal prices, demand for metals, currency exchange rates, political and operational risks inherent in mining or development activities, legislative factors relating to prices, taxes, royalties, land use, title and permits, importing and exporting of minerals, environmental protection, expenditures on property, plant and equipment, increases and decreases in reserves and/or resources and anticipated grades and recovery rates and are or may be based on assumptions and/or estimates related to future economic, market and other conditions. This list is not exhaustive of the factors that may affect the forward-looking statements and other factors should be considered carefully by prospective investors, who should not place undue reliance on such forward-looking statements. Factors that could cause actual results, developments or events to differ materially from those anticipated include, among others, the factors described or referred to elsewhere herein and/or the AIF, and include unanticipated and/or unusual events. Many of such factors are beyond INV's ability to control or predict. Actual results may differ materially from those anticipated. Readers of this MD&A are cautioned not to put undue reliance on forward looking statements due to their inherent uncertainty. Forward-looking statements are made based upon management's beliefs, estimates and opinions on the date the statements are made, which management believes are reasonable, and the Corporation undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as otherwise required by applicable law. These forward looking statements should not be relied upon as representing management's views as of any date subsequent to the date of this MD&A.

Additional information, including quarterly and annual consolidated financial statements, AIF, Management Information Circular and other disclosure documents, may also be examined and/or obtained through the Internet by accessing INV's website at www.nickelventures.com or by accessing the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) website at www.sedar.com.