



INV METALS INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(UNAUDITED)

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INV METALS INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(IN CANADIAN DOLLARS)

| <i>As at</i> | June 30, 2020 | December 31, 2019 |
|---|--------------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 7,925,371 | \$ 13,305,837 |
| Other receivables (note 4) | 221,651 | 252,093 |
| Total current assets | 8,147,022 | 13,557,930 |
| Non-current assets | | |
| Other receivables (note 4) | 552,484 | 417,496 |
| Investments | 473,028 | 464,760 |
| Property, plant and equipment | 774,973 | 839,762 |
| Exploration and evaluation assets (note 5) | 82,898,053 | 77,514,272 |
| Total non-current assets | 84,698,538 | 79,236,290 |
| Total assets | \$ 92,845,560 | \$ 92,794,220 |
| Liabilities | | |
| Current liabilities | | |
| Lease liabilities | \$ 248,249 | \$ 262,194 |
| Other payables (note 6) | 905,781 | 271,189 |
| Total current liabilities | 1,154,030 | 533,383 |
| Non-current liabilities | | |
| Provisions | 1,073,399 | 1,024,218 |
| Lease liabilities | 291,145 | 399,201 |
| Total non-current liabilities | 1,364,544 | 1,423,419 |
| Total liabilities | 2,518,574 | 1,956,802 |
| Equity | | |
| Share capital (note 7) | 154,411,387 | 154,236,887 |
| Contributed surplus (note 8) | 14,771,884 | 14,580,467 |
| Deficit | (90,642,613) | (86,520,226) |
| Accumulated other comprehensive income | 11,786,328 | 8,540,290 |
| Total equity attributed to equity holders of the Company | 90,326,986 | 90,837,418 |
| Total liabilities and equity | \$ 92,845,560 | \$ 92,794,220 |
| Nature of operations and going concern (note 1) | | |
| Commitment and contingencies (note 12) | | |
| Subsequent events (note 14) | | |

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

INV METALS INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND
COMPREHENSIVE (INCOME)/LOSS
(IN CANADIAN DOLLARS)

| | Three Months Ended | | Six Months Ended | |
|---|---------------------|---------------------|---------------------|---------------------|
| | June 30, 2020 | June 30, 2019 | June 30, 2020 | June 30, 2019 |
| Operations | | | | |
| General and administration (note 9) | \$ 181,921 | \$ 110,674 | \$ 307,519 | \$ 251,607 |
| Compensation (note 9) | 535,634 | 464,032 | 1,238,686 | 921,500 |
| Write-down of exploration property (note 5) | - | - | 2,423,724 | - |
| Professional fees | 141,909 | 133,570 | 192,429 | 185,614 |
| Fair value (gain)/loss on investments | (72,102) | (18,176) | 5,688 | (16,151) |
| Foreign exchange (gain)/loss | (2,798) | 3,035 | (2,448) | 3,716 |
| Operating loss | 784,564 | 693,135 | 4,165,598 | 1,346,286 |
| Finance income (note 10) | (1,929) | (2,602) | (43,211) | (5,162) |
| Total loss for the period | \$ 782,635 | \$ 690,533 | \$ 4,122,387 | \$ 1,341,124 |
| Other comprehensive (income)/loss | | | | |
| Items that may be reclassified to profit or loss | | | | |
| Cumulative translation adjustment | 2,730,559 | 1,287,536 | (3,246,038) | 2,607,690 |
| Total comprehensive loss for the period | \$ 3,513,194 | \$ 1,978,069 | \$ 876,349 | \$ 3,948,814 |
| Basic and diluted total loss per share from continuing operations (note 7) | | | | |
| | \$ 0.01 | \$ 0.01 | \$ 0.03 | \$ 0.01 |

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

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

Equity attributable to owners of the Company

| | Share Capital | Contributed Surplus | Deficit | Accumulated Other Comprehensive Income/(Loss) | Total |
|---|-----------------------|------------------------|------------------------|--|----------------------|
| Balance January 1, 2020 | \$ 154,236,887 | \$ 14,580,467 | \$ (86,520,226) | \$ 8,540,290 | \$ 90,837,418 |
| Total loss for the period | - | - | (4,122,387) | - | (4,122,387) |
| Cumulative translation adjustment | - | - | - | 3,246,038 | 3,246,038 |
| Total comprehensive loss for the period | - | - | (4,122,387) | 3,246,038 | (876,349) |
| Share-based compensation (note 8) | 174,500 | 191,417 | - | - | 365,917 |
| Transactions directly attributed to equity | 174,500 | 191,417 | - | - | 365,917 |
| Balance June 30, 2020 | \$ 154,411,387 | \$ 14,771,884 | \$ (90,642,613) | \$ 11,786,328 | \$ 90,326,986 |

Equity attributable to owners of the Company

| | Share Capital | Contributed Surplus | Deficit | Accumulated Other Comprehensive Income/(Loss) | Total |
|---|-----------------------|------------------------|------------------------|--|----------------------|
| Balance December 31, 2018 | \$ 135,787,827 | \$ 13,775,952 | \$ (83,454,702) | \$ 11,523,194 | \$ 77,632,271 |
| Adjustment on adoption of IFRS 16 | - | - | (68,442) | - | (68,442) |
| Balance January 1, 2019 | \$ 135,787,827 | \$ 13,775,952 | \$ (83,523,144) | \$ 11,523,194 | \$ 77,563,829 |
| Total loss for the period | - | - | (1,341,124) | - | (1,341,124) |
| Cumulative translation adjustment | - | - | - | (2,607,690) | (2,607,690) |
| Total comprehensive loss for the period | - | - | (1,341,124) | (2,607,690) | (3,948,814) |
| Issuance of shares - equity financing (note 7) | 2,955,369 | - | - | - | 2,955,369 |
| Share-based compensation (note 8) | 57,223 | 345,408 | - | - | 402,631 |
| Transactions directly attributed to equity | 3,012,592 | 345,408 | - | - | 3,358,000 |
| Balance June 30, 2019 | \$ 138,800,419 | \$ 14,121,360 | \$ (84,864,268) | \$ 8,915,504 | \$ 76,973,015 |

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

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

| <i>For the six-month periods ended</i> | June 30, 2020 | June 30, 2019 |
|---|--------------------------|---------------------|
| Cash flows from operating activities | | |
| Total loss for the period | \$ (4,122,387) | \$ (1,341,124) |
| Adjustments for: | | |
| Write-down of exploration property | \$ 2,423,724 | \$ - |
| Unrealized fair value loss/(gain) on investments | 5,688 | (16,151) |
| Depreciation | 81,787 | 81,854 |
| Finance income | (43,211) | (5,162) |
| Unrealized loss/(gain) on foreign exchange | (8,108) | (497) |
| Share-based compensation (note 9) | 294,793 | 116,801 |
| | (1,367,714) | (1,164,279) |
| Change in items of working capital: | | |
| Change in other receivables | 54,827 | 150,568 |
| Change in other payables | 832,807 | (379,668) |
| | 887,634 | (229,100) |
| Net cash used in operating activities | (480,080) | (1,393,379) |
| Cash flows from investing activities | | |
| Interest received | 58,323 | 23,790 |
| Additions to exploration properties | (4,809,971) | (3,250,044) |
| Net cash used in investing activities | (4,751,648) | (3,226,254) |
| Cash flows from financing activities | | |
| Payment of lease liabilities | (138,845) | (154,045) |
| Proceeds from equity financing net of issuance costs (note 7) | - | 2,955,369 |
| Net cash (used in)/provided from financing activities | (138,845) | 2,801,324 |
| Net decrease in cash | (5,370,573) | (1,818,309) |
| Cash, beginning of period | 13,305,837 | 3,747,042 |
| Effect of exchange rate fluctuations on cash held | (9,893) | 7,508 |
| Cash, end of period | \$ 7,925,371 | \$ 1,936,241 |

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

INV METALS INC.

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2020 AND 2019
(IN CANADIAN DOLLARS)**

1) Nature of operations and going concern

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 unaudited interim condensed consolidated financial statements (“Financial Statements”) of the Company as at and for the three and six-month periods ended June 30, 2020 and 2019 include the Company and its subsidiaries (together the “Group” and individually as “Group entities”).

The Company is an international mineral resource company focused on the acquisition, exploration and development of precious and base metal projects, primarily in Ecuador. The Company is focused on the development and exploration of its 100% owned Loma Larga (formerly Quimsacocha) gold property, as well as on the exploration of its other 100% owned exploration concessions, all located in Ecuador.

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due for the foreseeable future. The Company has no operating cash flow from a producing mine and therefore must utilize its current cash reserves, income from short term investments and deposits, and other financing transactions to maintain its capacity to meet working capital requirements and planned corporate expenditures, as well as to fund the development of Loma Larga and other exploration activities. It is not possible to predict whether adequate financing will be available in the future on acceptable terms. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern and to realize its assets and discharge its liabilities in the normal course of business and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The adjustments as a result of these material uncertainties could be material. Although the Company has been successful in the past to obtain financing, there can be no assurances that the steps management is taking, and will continue to take, will be successful in future reporting periods or that such financing will be on terms advantageous to the Company.

As at June 30, 2020, the Company had a cash balance of \$7,925,371 (December 31, 2019 - \$13,305,837), accounts payables and accrued liabilities of \$905,781 (December 31, 2019 - \$271,189) and working capital¹ of \$6,992,992 (December 31, 2019 - \$13,024,547). The majority of the Company’s financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. For the three and six-month period ended June 30, 2020, the Company recorded a total loss of \$782,635 and \$4,122,387, respectively (2019 - \$690,533 and \$1,341,124, respectively), a net cash used in operating activities of \$480,080 (2019 - \$1,393,379), a net cash used in investing activities of \$4,751,648 (2019 - \$3,226,254) and a net cash used in financing activities of \$138,845 (2019 - net cash provided from financing activities of \$2,801,324). See note 12 for details on commitments.

¹ “Working capital” is a non-IFRS measure and is calculated as total current assets less total current liabilities.

INV METALS INC.

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2020 AND 2019
(IN CANADIAN DOLLARS)**

2) Basis of preparation

a) *Statement of compliance*

The Financial Statements have been prepared in accordance with International Accounting Standard (“IAS”) *IAS 34 - Interim Financial Reporting* as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in the Company’s annual consolidated financial statements prepared in accordance with IFRS as issued by the IASB have been condensed or omitted. These Condensed Consolidated Interim Financial Statements should be read in conjunction with the Company’s last annual consolidated financial statements for the year ended December 31, 2019, which include information necessary or useful to understanding the Company’s business and financial statement presentation. In particular, the Company’s significant accounting policies were presented in note 3: Significant accounting policies to the consolidated financial statements for the year ended December 31, 2019.

The accounting policies applied in the preparation of these Financial Statements are consistent with those applied and disclosed in the Company’s consolidated financial statements for the year ended December 31, 2019.

These Financial Statements were approved by the Audit Committee for issue on August 13, 2020.

b) *Basis of measurement*

The Financial Statements have been prepared under the historical cost convention, except for certain financial assets and financial liabilities, which are measured at fair value.

c) *Functional and presentation currency*

The Financial Statements are presented in Canadian dollars. Items included in the Financial Statements of each consolidating entity of the Company are measured using the currency of the primary economic environment in which the entity operates in (the “functional currency”). The Group was evaluated on an individual basis and was each determined to have Canadian dollar functional currency, with the exception of INV Minerale Ecuador S.A. (“INV Minerale”), whose functional currency is the United States (“US”) dollar.

d) *Critical judgements and key sources of estimation uncertainty*

The preparation of the 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 Financial Statements, the areas involving significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were consistent with those applied and disclosed in note 2 d): Critical judgements and key sources of estimation to the Company’s consolidated financial statements for the year ended December 31, 2019.

INV METALS INC.

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2020 AND 2019
(IN CANADIAN DOLLARS)**

The global outbreak of a coronavirus (“COVID-19”) has had a significant impact on the global economy including that of Canada and Ecuador through restrictions put in place by the governments regarding travel, business operations and isolation orders to reduce the rate of spread of new infections. The Company’s operations are subject to the risk of emerging infectious diseases such as COVID-19, which may not be adequately responded to locally, nationally or internationally due to lack of preparedness to detect and respond to outbreaks or respond to significant pandemic threats.

Since the outbreak of COVID-19 in March 2020, the Company has focused its efforts to safeguard the health and well-being of its employees, consultants and community members to ensure their safety during the global COVID-19 pandemic. To help slow the spread of COVID-19, the Company’s employees are working remotely, abiding by local and national guidance in place in Canada and Ecuador related to social distancing and restrictions on travel outside of the home.

During this time, the Company has progressed with the preparation of the Environmental Impact Study (“EIS”) for the Loma Larga project using baseline data and inputs that had been collected and completed prior to the travel and physical work restrictions imposed by COVID-19 and as such, the Company has completed the EIS in August 2020 without significant delays despite the impact of COVID-19. However, given the highly uncertain and evolving nature of the global environment caused by the outbreak of COVID-19, the Company is not able to reliably estimate the duration and severity of this pandemic including the potential impact it may have on the review and approval process of the EIS in Ecuador and any other impacts on the Company’s operating and financial results. At the same time, there have been significant volatilities in the capital markets as well as commodity and foreign exchange prices. During the three-months ended June 30, 2020, the Canadian dollar has strengthened relative to the US dollar when compared to the first quarter of 2020. The fluctuations of the Canadian dollar relative to the US dollar has had an impact on the Company’s financial results.

3) IFRS accounting pronouncements

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

Certain pronouncements have been issued by the IASB that are effective for annual periods beginning on or after January 1, 2020. The Company has assessed the amendments and determined that there is no material impact on the accounting and presentation of the interim condensed consolidated financial statements.

b) *Future accounting pronouncements*

Certain pronouncements have been issued by the IASB that are mandatory for accounting periods after December 31, 2020. There are currently no such pronouncements that are expected to have a significant impact on the Company's consolidated financial statements upon adoption.

4) Other receivables

The following table summarizes information regarding the Company’s other receivables as at June 30, 2020 and December 31, 2019:

INV METALS INC.

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2020 AND 2019
(IN CANADIAN DOLLARS)**

| <i>As at</i> | June 30, 2020 | December 31, 2019 |
|--------------------------|--------------------------|----------------------|
| Other receivables | | |
| Current | | |
| Advances | \$ 50,178 | \$ 64,056 |
| HST recoverable | 72,630 | 130,848 |
| Interest receivable | 2,329 | 22,455 |
| Prepaid expense | 38,894 | 21,452 |
| Deposits and other | 57,620 | 13,282 |
| | \$ 221,651 | \$ 252,093 |
| Non-current | | |
| VAT recoverable* | 552,484 | 417,496 |
| | \$ 552,484 | \$ 417,496 |

*VAT recoverable represents the refundable value-added-tax incurred by INV Mineraleas on purchases of goods and services related to the Loma Larga project, as permitted by the provisions of Article 72 of the Internal Tax Regime Law of Ecuador which stipulates that the VAT paid by the Company after January 1, 2018 will be refunded when the Company generates export sales.

5) Exploration and evaluation assets

The following table summarizes information regarding the Company's exploration and evaluation assets as at June 30, 2020 and December 31, 2019:

| | June 30, 2020 | | | | |
|------------------------|--------------------------|---------------------|-----------------------|-------------------------|----------------------|
| | January 1, 2020 | Additions | Write-down | Exchange Differences | June 30, 2020 |
| Ecuador property | | | | | |
| Loma Larga | \$ 72,547,225 | \$ 2,942,695 | \$ - | \$ 2,971,199 | \$ 78,461,119 |
| Exploration Properties | 4,967,047 | 1,556,549 | (2,423,724) | 337,062 | 4,436,934 |
| | \$ 77,514,272 | \$ 4,499,244 | \$ (2,423,724) | \$ 3,308,261 | \$ 82,898,053 |
| | | | | | |
| | December 31, 2019 | | | | |
| | January 1, 2019 | Additions | Write-down | Exchange Differences | December 31, 2019 |
| Ecuador property | | | | | |
| Loma Larga | \$ 71,713,959 | \$ 3,642,943 | \$ - | \$ (2,809,677) | \$ 72,547,225 |
| Exploration Properties | 3,550,005 | 1,609,926 | - | (192,884) | 4,967,047 |
| | \$ 75,263,964 | \$ 5,252,869 | \$ - | \$ (3,002,561) | \$ 77,514,272 |

In March 2020, the Company has made the decision not to renew the Las Peñas concessions after their expiry on March 31, 2020, as such, previously capitalized exploration and evaluation costs amounting to \$2,423,724 were recorded as a write-down in Q1 2020 as the carrying value of the property is not considered recoverable.

INV METALS INC.

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2020 AND 2019
(IN CANADIAN DOLLARS)**

6) Other payables

The following table summarizes information regarding the Company's other payables as at June 30, 2020 and December 31, 2019:

| <i>As at</i> | June 30, 2020 | December 31, 2019 |
|-----------------------|--------------------------|----------------------|
| Other Payables | | |
| Accounts payable | \$ 526,022 | \$ 182,358 |
| Accrued liabilities | 379,759 | 88,831 |
| | \$ 905,781 | \$ 271,189 |

7) Share capital

The following table summarizes information regarding the Company's share capital as at June 30, 2020 and December 31, 2019:

| <i>As at</i> | June 30, 2020 | December 31, 2019 |
|---|--------------------------|----------------------|
| Balance - number of shares | 136,187,840 | 92,598,651 |
| Issuance of common shares on equity financing | - | 43,505,265 |
| Exercise of share-based compensation | 354,648 | 83,924 |
| | 136,542,488 | 136,187,840 |

On March 19, 2019, the Company closed a non-brokered private placement of 4,615,385 common shares at a price of \$0.65 per share for gross proceeds of \$3,000,000 less transaction costs of \$44,631 for net proceeds of \$2,955,369. The proceeds from this private placement were used for general working capital and corporate purposes. IAMGOLD Corporation ("IAMGOLD"), which has a right to maintain its 35.6% pro rata shareholding in the Company, also participated in the private placement.

On October 28, 2019, the Company closed a non-brokered private placement of 38,889,880 common shares at a price of \$0.40 per common share for gross proceeds of \$15,555,952 less transaction costs of \$119,484 for net proceeds of \$15,436,468. Dundee Precious Metals Inc. ("DPM"), a Canadian based international gold mining company, became a strategic shareholder by investing \$10,000,000 in the private placement for 25,000,000 common shares of the Company, representing an approximate 19.5% equity interest in INV Metals upon closing. IAMGOLD Corporation ("IAMGOLD") also participated in the private placement to maintain its pro rata share ownership of approximately 35.6% through the purchase of 13,889,880 common shares for proceeds of \$5,555,952.

a) Loss per share

The basic loss per share for the three and six-month periods ended June 30, 2020 and 2019 was calculated using a weighted average number of common shares outstanding as follows:

INV METALS INC.

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2020 AND 2019
(IN CANADIAN DOLLARS)**

| | Three Months Ended | | Six Months Ended | |
|---|--------------------|------------------|--------------------|------------------|
| | June 30, 2020 | June 30, 2019 | June 30, 2020 | June 30, 2019 |
| Common shares outstanding | 136,187,840 | 92,598,651 | 136,187,840 | 92,598,651 |
| Issuance of common shares in equity financing | - | 4,615,385 | - | 2,615,385 |
| Effect of share based compensation exercises | 354,648 | 64,118 | 276,503 | 32,482 |
| | 136,542,488 | 97,278,154 | 136,464,343 | 95,246,518 |
| Total loss for the period | \$ 782,635 | \$ 690,533 | \$ 4,122,387 | \$ 1,341,124 |
| Total common shares outstanding | 136,542,488 | 97,278,154 | 136,464,343 | 95,246,518 |
| Basic and diluted total loss per share | 0.01 | 0.01 | 0.03 | 0.01 |

b) Diluted earnings per share

The calculation of fully diluted loss per share has not been detailed in the note, as the effect of the conversion of outstanding stock options, warrants and restricted share units would be anti-dilutive.

8) Share-based payments

a) Share option plan (equity-settled)

The following table summarizes the stock option transactions for the six-month period ended June 30, 2020 and for the year ended December 31, 2019 as follows:

| | Number of Stock Options | Weighted- Average Exercise Price |
|---------------------------------------|-------------------------------|---|
| Outstanding, January 1, 2019 | 8,209,200 | \$ 0.72 |
| Exercised | (144,500) | 0.35 |
| Cancelled | (27,500) | 0.54 |
| Expired | (252,500) | 0.67 |
| Outstanding, December 31, 2019 | 7,784,700 | \$ 0.73 |
| Granted | 3,800,000 | 0.40 |
| Cancelled | (85,000) | 0.65 |
| Expired | (150,000) | 0.55 |
| Outstanding, June 30, 2020 | 11,349,700 | \$ 0.62 |

b) Details of share options

The following table summarizes information regarding the Company's outstanding and exercisable stock options as at June 30, 2020 as follows:

INV METALS INC.

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2020 AND 2019
(IN CANADIAN DOLLARS)**

| Exercise Price Range | Number of Stock Options Outstanding | Weighted-Average Remaining Years of Contractual Life | Weighted Average Exercise Price | Number of Stock Options Exercisable | Weighted Average Exercisable Price |
|----------------------|-------------------------------------|--|---------------------------------|-------------------------------------|------------------------------------|
| \$0.00 - 0.54 | 6,896,700 | 3.84 | \$ 0.46 | 4,046,700 | \$ 0.50 |
| 0.55 - 0.80 | 1,145,000 | 0.96 | 0.57 | 1,145,000 | 0.57 |
| 0.81 - 1.00 | 3,308,000 | 1.79 | 0.99 | 3,308,000 | 0.99 |
| \$0.00 - 1.00 | 11,349,700 | 2.95 | \$ 0.62 | 8,499,700 | \$ 0.70 |

The following table summarizes information regarding the stock options granted by the Company in the six-month period ended June 30, 2020. There were no stock options granted in 2019.

| | |
|---|---------------|
| | 2020 |
| Fair value at grant date | \$0.15 |
| Share price at grant date | \$0.40 |
| Exercise price | \$0.40 |
| Weighted average grant date fair value | \$0.15 |
| Expected volatility | 65% |
| Expected dividend yield | 0% |
| Option life (expected weighted average life) | 2 year |
| Forfeiture rate | 0.35% |
| Risk-free interest rate (based on government bonds) | 1.48% |

c) Details of restricted share units

The following table summarizes the restricted share units for the six-month period ended June 30, 2020 and for the year ended December 31, 2019 as follows:

| | Number of Restricted Shares | Weighted Average Grant Date Fair Value |
|---------------------------------------|-----------------------------|--|
| Outstanding, January 1, 2019 | 679,998 | \$ 0.36 |
| Granted | 1,342,602 | 0.49 |
| Outstanding, December 31, 2019 | 2,022,600 | \$ 0.45 |
| Exercised | (354,648) | 0.49 |
| Outstanding, June 30, 2020 | 1,667,952 | \$ 0.44 |

9) Expenses

The following table summarizes information regarding the Company's expenses from operations for the three and six-month periods ended June 30, 2020 and 2019:

INV METALS INC.

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2020 AND 2019
(IN CANADIAN DOLLARS)**

| | Three Months Ended | | Six Months Ended | |
|---------------------------------------|--------------------|-------------------|---------------------|-------------------|
| | June 30, 2020 | June 30, 2019 | June 30, 2020 | June 30, 2019 |
| General and administration | | | | |
| Shareholder and regulatory compliance | \$ 118,137 | \$ 21,006 | \$ 157,526 | \$ 92,646 |
| Travel | 20 | 27,110 | 25,481 | 32,335 |
| Office | 63,764 | 62,558 | 124,512 | 126,626 |
| | \$ 181,921 | \$ 110,674 | \$ 307,519 | \$ 251,607 |
| Compensation | | | | |
| Compensation | \$ 431,596 | \$ 414,744 | \$ 943,893 | \$ 804,699 |
| Stock-based compensation | 104,038 | 49,288 | 294,793 | 116,801 |
| | \$ 535,634 | \$ 464,032 | \$ 1,238,686 | \$ 921,500 |

10) Finance income

The following table summarizes information regarding the Company's finance income for the three and six-month periods ended June 30, 2020 and 2019:

| | Three Months Ended | | Six Months Ended | |
|---------------------------------------|--------------------|-------------------|--------------------|-------------------|
| | June 30, 2020 | June 30, 2019 | June 30, 2020 | June 30, 2019 |
| Finance (income)/expense | | | | |
| Interest income | \$ (9,174) | \$ (11,829) | \$ (58,323) | \$ (23,790) |
| Interest expense on lease liabilities | 7,245 | 9,227 | 15,112 | 18,628 |
| | \$ (1,929) | \$ (2,602) | \$ (43,211) | \$ (5,162) |

11) Related party transactions

The Company's related parties and subsidiaries are the same as those presented by the Company in its annual consolidated financial statements as at and for the year ended December 31, 2019.

The following summarizes transactions with related parties during the six-month periods ended June 30, 2020 and 2019 as follows:

a) *Transactions with related parties*

- i) During the six-month period ended June 30, 2020, legal fees of \$141,296 (2019 - \$134,981) was charged from a law firm in which an officer of the Company is a partner.
- ii) On March 19, 2019, the Company closed a non-brokered private placement of 4,615,385 common shares at a price of \$0.65 per share for gross proceeds of \$3,000,000 less transaction costs of \$44,631 for net proceeds of \$2,955,369. The proceeds from this private placement were used for general working capital and corporate purposes. IAMGOLD, which has a right to maintain its 35.6% pro rata shareholding in the Company, also participated in the private placement.

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b) Remuneration of directors and officers

The remuneration of directors and officers during the six-month periods ended June 30, 2020 and 2019 was as follows:

| | June 30, 2020 | June 30, 2019 |
|----------------------------|--------------------------|------------------|
| Salaries of key management | \$ 466,000 | \$ 472,000 |
| Director fees | \$ 151,978 | 139,834 |
| Stock-based compensation | \$ 294,793 | 117,104 |
| | \$ 912,771 | \$ 728,938 |

12) Commitments and contingencies

a) Commitments

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

| | Total | Less than One Year | Between 1 - 5 Years | More than 5 Years |
|-------------------------------|--------------|-------------------------------|--------------------------------|------------------------------|
| Other financial commitments | \$ 186,925 | \$ 62,792 | \$ 124,133 | \$ - |
| Environmental management plan | \$ 304,574 | \$ 304,574 | \$ - | \$ - |

Other financial commitments relate to land leases to explore for minerals which have been determined to be out of scope of IFRS 16.

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

b) Contingent liability

The Loma Larga Project is subject to a 5% Net Profit Interest, payable to Compagnie Générale des Matières Nucléaires (now "ORANO"), the original owner of the property. In addition, the Company must pay to ORANO, \$2.00 per ounce of gold, payable in three equal annual installments, contained in proven and probable mineral reserves and indicated and measured mineral resources, as defined by the completion of a bankable feasibility study from the date on which the Board of Directors makes a formal production decision. Any contingent payments are subject to significant uncertainty based on many factors, including, but not limited to positive market conditions, the availability of project financing, positive operating conditions in Ecuador, and the acquisition of all relevant permits.

13) Segmented information

Segmented information is provided on the basis of geographical segments as the Company manages its business and exploration activities through geographical regions – Canada, Ecuador, Namibia and Barbados. The business segments presented reflect the management structure of

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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:

| <i>As at and for the six-month period ended June 30, 2020</i> | Assets | Liabilities | Total Comprehensive (Income)/Loss |
|---|----------------------|---------------------|--|
| Canada* | \$ 8,401,476 | \$ 844,049 | \$ 1,654,428 |
| Ecuador | 84,435,108 | 1,654,361 | (822,314) |
| Namibia | 3,022 | 1,801 | 12,521 |
| Barbados | 5,954 | 18,363 | 31,714 |
| | \$ 92,845,560 | \$ 2,518,574 | \$ 876,349 |

For the year ended December 31, 2019

| | Assets | Liabilities |
|----------|----------------------|---------------------|
| Canada* | \$ 14,297,148 | \$ 699,924 |
| Ecuador | 78,487,445 | 1,245,026 |
| Namibia | 6,014 | 2,273 |
| Barbados | 3,613 | 9,579 |
| | \$ 92,794,220 | \$ 1,956,802 |

| <i>For the six-month period ended June 30, 2019</i> | Total Comprehensive (Income)/Loss |
|---|--|
| Canada* | \$ 1,317,734 |
| Ecuador | 2,607,690 |
| Namibia | 6,413 |
| Barbados | 16,977 |
| | \$ 3,948,814 |

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

14) Subsequent events

In August 2020, the Company completed the EIS for its 100% owned Loma Larga gold-copper-silver project in Ecuador. The Company will be working with the Ministry of Environment and Water of Ecuador on the formal submission of the document to the pertinent departments within the Ministry for their review and approval to obtain the relevant environmental permits.

On August 3, 2020, the Company announced that the Prefect of Azuay submitted another referendum request regarding mining activities in the Canton of Cuenca for consideration to the Constitutional Court. The Company is of the opinion that the request, and any other potential referendum requests, are politically motivated in advance of the 2021 presidential elections. The request is the third such request by this individual to attempt to negatively influence mining via a

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referendum and we have been advised by legal counsel that the request is unconstitutional and, like the previous requests, does not meet the criteria and standards for approval by the Constitutional Court. Two previous referendum applications by the Prefect of Azuay related to mining activities in the Province of Azuay were denied by the Constitutional Court. The Company expects that this new request will also be rejected by the Constitutional Court. The Loma Larga deposit is located in the Canton of Cuenca.