INV METALS

INV METALS INC. MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED JUNE 30, 2010

The following management's discussion and analysis of the financial condition and results of operations ("MD&A") of INV Metals Inc. ("INV Metals" or the "Company"), formerly International Nickel Ventures Corporation, was prepared to enable the reader to assess material changes in the financial condition and results of operations of INV Metals as at and for the three and six month periods ended June 30, 2010, in comparison to the corresponding prior year periods. This MD&A is prepared as at August 4, 2010, and is intended to supplement and complement the consolidated financial statements of INV Metals for the three and six month period ended June 30, 2010 and 2009 (the "Financial Statements"), which are prepared in accordance with Canadian generally accepted accounting principles for financial statements. This MD&A should be read in conjunction with the Financial Statements and the Annual Information Form ("AIF") in respect of the 2009 year dated March 22, 2010, filed with the Canadian provincial securities regulatory authorities and available on SEDAR at www.sedar.com. 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.

HIGHLIGHTS

On April 28, 2010, INV Metals announced the drill results of the four hole, 1,570 metre diamond drill program at the RN-7 target area and in-fill soil sampling program at the RN-11 target area at the Rio Novo property, Brazil. The planned diamond drill program is now complete at the RN-11 target and is ongoing at the RN-5 target. Assays are pending for the RN-11 target and will be released when received, reviewed and verified for quality assurance.

On June 9, 2010, Mr. Paul Conibear and Mr. Parviz Farsangi were appointed to the Company's Board of Directors and Mr. Terry MacGibbon was appointed Chairman. The Board of Directors also appointed Ms. Candace MacGibbon to the position of President and Chief Financial Officer.

On June 9, 2010, the Company's shareholders approved the change of the Company's name to INV Metals Inc.

In July, 2010, an approximately 4,000 meter reverse circulation drill program was completed at the Okohongo, Horseshoe and Sesfontein areas at the Kaoko property, Namibia. INV Metals will release results when the assays are received, reviewed and verified for quality assurance.

As at June 30, 2010, the Company had cash resources of approximately $10.5 million. The Company recorded a net loss of $484,636 or $0.01 per share for the three month period ended June 30, 2010 ("Q2/2010"), compared with a net loss of $635,594 or $0.01 per share for the corresponding period ended June 30, 2009 ("Q2/2009"). General and administration expenses for Q2/2010 were $388,111, compared to $364,325 for Q2/2009.

RESULTS OF OPERATIONS

The following table presents the changes between INV Metals' Consolidated Statement of Operations for the three and six month periods ended June 30, 2010 and 2009.

	Three Months Ended			Six Months Ended		
	June 30, 2010	June 30, 2009	Change	**June 30, 2010**	June 30, 2009	Change
Expenses						
General and administration						
Shareholder information and regulatory compliance	**$ 14,850**	$ 12,369	$ 2,481	**$ 38,222**	$ 47,500	$ (9,278)
Compensation	**219,272**	211,222	8,050	**737,497**	835,950	(98,453)
Travel	**23,918**	14,451	9,467	**62,415**	65,595	(3,180)
Professional fees	**61,521**	96,442	(34,921)	**126,558**	108,080	18,478
Office	**68,550**	29,841	38,709	**139,251**	190,438	(51,187)
Total general and administration	**388,111**	364,325	23,786	**1,103,942**	1,247,563	(143,621)
General exploration	**-**	68,577	(68,577)	**-**	187,650	(187,650)
Mineral properties and deferred exploration written off	**-**	-	-	**-**	357,300	(357,300)
Stock-based compensation	**132,394**	212,251	(79,857)	**256,539**	402,326	(145,787)
Equity loss from investment	**-**	852	(852)	**-**	769	(769)
Foreign currency exchange loss (gain)	**(27,354)**	(1,058)	(26,296)	**(17,982)**	(772)	(17,210)
Interest income	**(8,515)**	(9,353)	838	**(12,426)**	(42,664)	30,238
Loss before income taxes	**484,636**	635,594	(150,958)	**1,330,074**	2,152,172	(822,098)
Future income tax recovery	**-**	-	-	**-**	(980,481)	980,481
Net loss and comprehensive loss	**$ 484,636**	$ 635,594	$ (150,958)	**$ 1,330,074**	$ 1,171,691	$ 158,383
Basic and diluted loss per share	**$ 0.01**	$ 0.01	$ (0.00)	**$ 0.02**	$ 0.02	$ 0.00

The Company recorded a net loss of $484,636 or $0.01 per share for Q2/2010 compared with a net loss of $635,594 or $0.01 per share for Q2/2009. The decrease in the loss was primarily due to lower stock-based compensation expense in Q2/2010, as a result of fewer options issued during the quarter compared to the prior period. During the six month period ended June 30, 2010, the Company recorded a net loss of $1,330,074 or $0.02 per share, which was $158,383 higher than the corresponding period. Excluding the future tax recovery in the prior year of $980,480, the decrease of $822,098 was mainly due to lower compensation expense, general exploration expense, stock-based compensation and a write-off of mineral properties during the prior period.

General and administrative expenses increased from $364,325 in Q2/2009 to $388,111 in Q2/2010. The increase was mainly as a result of higher expenses attributed to the incorporation of the Namibian and

RESULTS OF OPERATIONS (continued)

Barbadian subsidiaries, as well as an increase in travel expense due to increased exploration activity on the Rio Novo and Kaoko property. For the 2010 year to-date, general and administrative costs decreased primarily due to lower compensation expense relating to severance paid in prior year as a result of the closure of the Brazil and Vancouver offices, partially offset by bonuses paid to staff during the period.

Shareholder information and regulatory compliance expenses totaled $14,850 for the three month period ended June 30, 2010, compared to $12,369 in Q2/2009, resulting in a $2,481 increase. The slight increase was a result of increased market communication during the three month period compared to the prior period. Shareholder information and regulatory compliance expense totaled $38,222 in the first half of 2010, compared to $47,500 in the first half of 2009, as a result of cost saving initiatives.

Professional fees decreased from $96,442 in Q2/2009 to $61,521 in Q2/2010, mainly due to a decrease in legal expenses during the quarter. For the year to-date, professional fees totaled $126,558 compared to $108,080 during the same period in 2009; the increase was a result of costs associated with the incorporation of the Namibian and Barbadian subsidiaries.

Travel expense increased by $9,467 from $14,451 in Q2/2009 to $23,918 in Q2/2010, due to increased travel to Brazil and Namibia as a result of increased exploration activity on the Rio Novo and Kaoko properties. For the first six months of the year, travel expense was $62,415, compared to $65,595 for the corresponding period in 2009.

General exploration costs were $Nil in Q2/2010 as certain general exploration costs in Brazil were reclassified to general and administrative costs. Currently exploration costs in Brazil primarily relate to the Rio Novo property. For the 2010 year to-date, general exploration costs totaled $Nil, compared to $187,650 during the same period in 2009.

During Q2/2010, stock options and restricted share units granted to directors, senior management and employees resulted in stock-based compensation expense of $132,394, a decrease of $79,857 from $212,251 in Q2/2009, as a result of fewer options granted to employees and directors during the quarter. The total year to-date expense of $256,539 was $145,787 lower than the corresponding period in 2009. The decrease was a result of fewer options granted at a lower fair value than in 2009.

Interest income decreased by $838 from $9,353 in Q2/2009 to $8,515 in Q2/2010, due to the decreased cash position of the Company in the year, as well as decreased interest rates compared to the prior year. For the year to-date, interest income totaled $12,426, a decrease of $30,238 from the corresponding period in 2009. The Company's cash is invested in low risk, fully liquid deposits at a major Canadian chartered bank.

FOREIGN EXCHANGE

INV Metals reports its financial results in Canadian dollars ("C$"). The Company's expenses include costs incurred in the Brazilian real ("R$") and Namibian dollar ("N$"). The Canadian dollar decreased relative to the Brazilian real during Q2/2010 as the average rate was C$0.5762/R$ compared to C$0.5626/R$ in Q2/2009. The Brazilian real increased from an average of C$0.5503/R$ in the first six months of 2009, compared to an average of C$0.5784/R$ during the first six months of 2010. The Canadian dollar decreased relative to the Namibian dollar during Q2/2010 as the average rate was C$0.1411/N$ compared to C$0.1397/N$ in Q2/2009. The Namibian dollar for the first six months of the year was C$0.1427/N$, compared to C$0.1333/N$ during the same period in 2009. The Brazilian real was C$0.5847/R$ as at August 4, 2010. The Namibian dollar was C$0.1441/N$ as at August 4, 2010.

FINANCIAL CONDITION AND LIQUIDITY

Cash and cash flows

The Company is not in commercial production on any of its resource properties and accordingly, it does not generate cash from operations. The Company finances its activities by raising capital through equity issues. As at June 30, 2010, the Company had cash of $10,533,728 (2009 - $13,586,446) and working capital of $10,037,759 (2009 - $13,072,826). Cash and working capital have decreased from December 31, 2009, as a result of funds spent on exploration and operating activities. The majority of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Operating activities

Cash used in operating activities for Q2/2010 totaled $492,450 compared to $614,502 in Q2/2009. Stock-based compensation expense and change in working capital comprise the principal amounts that reconcile the statement of loss to the statement of cash flows from operation activities. Cash used in operating activities during the first six months of the year totaled $1,217,453 compared to $1,258,613 in the first six month of 2009. Stock based compensation expense and change in working capital comprise the principal amounts that reconcile the statement of loss to the statement of cash flows from operations.

Financing activities

The Company did not raise capital during Q2/2010.

Investing activities

Cash used in investing activities for Q2/2010 totaled $959,007 compared to $257,525 in Q2/2009. Investing activities in Q2/2010 increased mainly due to increased expenditures on the Rio Novo property in Brazil and the Kaoko property in Namibia. Cash used in investing for the first six months of 2010 was $1,835,265 compared to $528,937 for the same period in 2009. The increase was due to expenditures on the mineral properties and equipment additions.

In management's view, the Company has sufficient financial resources to fund currently planned exploration programs and ongoing operating expenditures. The Company will continue to be dependent on raising equity capital as required unless it reaches the production stage and generates cash flow from operations.

OUTLOOK

Exploration activities in Q2/2010 were carried out on the Rio Novo property in Brazil, and the Kaoko property in Namibia. At Rio Novo, the planned diamond drill program is on-going with an estimated 1,500 metre drill program currently in progress at the RN-5 target. A total of 1,570 meters was drilled at the RN-7 target, while 1,971 meters were drilled at RN-11, assays pending. Further mapping and soil sampling at selected areas are also planned for the remainder of the year. Soil sampling is underway at the Rio Novo North area, after which an auger drill program is planned to assess the potential of the area. The eastern boundary of the Rio Novo North claim is located approximately two kilometres west of the well known Serra Pelada gold and precious metals deposit.

A 30 hole, 3,993 metre reverse circulation drill program at the Okohongo, Sesfontein and Horseshoe targets was completed in July. Assays are pending. A 1,200 meter diamond drill program is planned at the Manuela target within the next few months after an Induced Polarization ("IP") survey is completed. INV Metals also expects to complete an IP survey at the Oruvandjai target. Regional mapping and prospecting will occur at a number of target areas for the remainder of the year to identify and prioritize a drill program for 2011.

MINERAL PROPERTIES

Expenditures on mineral properties and deferred exploration in Q2/2010 totaled $923,800, compared to $257,525 in Q2/2009. During the first six months of the year, expenditures on mineral properties totaled $1,773,089, compared to $535,804 during the first six months of 2009.

1) Brazil property

i) Rio Novo, Brazil

The Rio Novo property consists of approximately 29,000 hectares and is located in the Carajás region in the state of Pará, Brazil. The Carajás region is one of the premier mining camps in the world and hosts one of the world's largest known concentrations of large tonnage, open pittable iron oxide-copper-gold deposits. The region is also home to some of Vale S.A.'s largest Brazilian iron ore mines.

Drilling commenced at the RN-11 target in mid-May in order to test a strong, >2 kilometres long copper in soil geochemical anomaly, associated with a high-grade gossan, a coincident magnetic anomaly, as well as cobalt and gold in soil geochemical anomalies. A moderate IP chargeability anomaly is partially coincident with the geochemical anomalies. The nine hole program totaling 1,971 metres was completed in July. Drill results will be disclosed once all analyses have been received and subjected to INV Metals' quality assurance – quality control procedures. A five hole drill program at the RN-5 target commenced in late July.

Infill soil sampling was completed over the copper targets in the southern portion of the property, including the RN-11 and RN-5 targets, resulting in better definition and extension of the anomalies. A program of infill soil sampling is in progress at Rio Novo North, to follow up on coincident gold-palladium soil anomalies detected by Teck Resources Limited's Brazilian subsidiary ("Teck") on lines spaced either 400 or 800 metres apart. INV Metals is cutting infill grid lines 200 metres apart and performing soil sampling at 50 metre intervals along the lines.

2) Namibia property

i) Kaoko, Namibia

The Kaoko property is located in Kaokoland, northwest Namibia and comprises a roughly 8,000 km^2 prospective land package in a belt geologically analogous and similar in size to the Zambian Copper Belt. The objective of exploration at the Kaoko property is the discovery of world-class, low cost, potentially open-pittable sediment-hosted copper and silver deposits in a politically favourable jurisdiction.

INV Metals has completed a 30 hole reverse circulation drill program, testing three target areas – Okohongo (20 holes totaling 2,564 metres), Horseshoe (6 holes totaling 847 metres), and Sesfontein (4 holes totaling 582 metres). Drill results will be disclosed once all analyses have been received and subjected to INV Metals' quality assurance – quality control procedures.

At Okohongo, the drilling was carried out to follow up a Teck Namibia Ltd. diamond drill hole that intersected 25.2 metres of 1.93% copper and 28.9 grams per tonne silver. This hole was never bracketed nor undercut prior to the INV Metals drill program. Drilling at Horseshoe was also performed in order to follow up on previous Teck Namibia Ltd. drilling, whereas at Sesfontein, the drilling was completed to obtain further information on the numerous showings discovered by INV Metals in the area.

In addition to drilling, INV Metals completed 16 line kilometres of gradient array IP over two areas at Sesfontein and established an access road to the Omatapati breccia target in order to perform detailed mapping during Q3/2010.

INV Metals has applied to the Namibian Ministry of Mines and Energy for seven additional Exclusive Prospecting Licenses in the vicinity of the property, totaling 136,740 hectares.

MINERAL PROPERTIES (continued)

3) General

All of the Company's properties are early stage grassroots projects. Potential quality and grade is conceptual in nature. There has been insufficient exploration to define a mineral resource on any of these properties and it is uncertain if further exploration will result in any such targets being delineated as mineral resources.

All data is rigorously evaluated by INV Metals' geologists and contractors, and also by its Qualified Persons, to ensure that the data is reliable and accurate, based on the analysis of the blanks, standards and duplicate samples.

This document and the scientific and technical data set forth herein has been reviewed and verified by Mr. Scott Jennings a Qualified Person as defined under National Instrument 43-101 ("NI-43-101") of the Canadian Securities Administrators.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

INV Metals entered into a lease arrangement to lease office space effective December 31, 2009. The lease will remain in effect to December 31, 2012.

As per the option agreements with Teck Resources Limited regarding the Rio Novo and Kaoko properties, upon closing of the transaction on October 28, 2009, the Company committed to first year aggregate expenditures on the combined properties of $3 million. The Company guaranteed expenditures on the Kaoko property of $3 million over two years, and expenditures of $4 million over two years on the Rio Novo property. As at June 30, 2010, aggregate expenditures on both properties totaled $1,862,173.

The Company is required to make the following cash payments under its office lease agreement and is committed to the following exploration expenditures:

	Total	2010	2011	2012-14
Exploration expenditure commitment at Kaoko property	$ 3,000,000	$ -	$ 3,000,000	$ -
Exploration expenditure commitment at Rio Novo property	$ 4,000,000	$ -	$ 4,000,000	$ -
First year aggregate exploration expenditure commitment at Rio Novo and Kaoko properties	$ 3,000,000	$ 3,000,000	$ -	$ -
Office leases	$ 173,800	$ 31,600	$ 71,100	$ 71,100

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Management evaluates the estimates periodically, including those considered to be critical: mineral reserve and resource determinations; impairment and future income and resource taxes. Actual results may differ from these estimates by material amounts.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES (continued)

Mineral properties and deferred exploration

The Company considers its exploration and evaluation costs to have the characteristics of property, plant and equipment. As such, the Company defers all exploration and evaluation costs, including acquisition costs, field exploration and field supervisory costs relating to specific properties until those properties are brought into production, at which time, they will be amortized on a unit-of-production basis or until the properties are abandoned, sold or considered to be impaired in value, at which time, an appropriate charge will be made.

When impairment indicators are identified, long-lived assets including mineral properties and deferred exploration are reviewed for impairment to determine whether a write down of their carrying amount is required. Since the Company is in the exploration stage and has not established mineral reserves and, therefore, does not have a basis to prepare cash flow projections to support the carrying amount of these assets, other factors are considered in determining whether a write down is required. Such factors include future planned exploration work, past exploration work and general market conditions.

Future income and resource tax liabilities

The Company uses the asset and liability method in accounting for income taxes. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax basis (temporary differences). Future income tax assets and liabilities are measured using the substantively enacted income tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in income tax rates is included in income in the year in which the change is enacted or substantively enacted. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized.

Stock Based Compensation

The Company has a stock-based compensation plan. The Company recognizes as an expense the cost of stock-based compensation based on the estimated fair value of new stock options and restricted share units granted to employees, consultants, officers and directors. The fair value of each stock option granted is estimated on the date of the grant using the Black-Scholes and other option-pricing models and is expensed over the vesting period. The fair value of each restricted share unit granted is calculated on the date of the grant using the closing stock price on the date prior to the grant and is expensed over the vesting period. Forfeitures of stock options and restricted share units are recognized as incurred.

QUARTERLY FINANCIAL INFORMATION

The following selected financial data has been derived from the Company's unaudited interim consolidated financial statements prepared in accordance with Canadian generally accepted accounting.

Period ended	**June 30, 2010**	**March 31, 2010**	**December 31, 2009**	**September 30, 2009**
Interest income	**$ 8,515**	**$ 3,911**	**$ 3,904**	**$ 5,586**
Net loss	**(484,636)**	**(845,438)**	**(884,244)**	**(626,523)**
Basic and diluted loss per share*	**$ (0.01)**	**$ (0.01)**	**$ (0.02)**	**$ (0.01)**

Period ended	June 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008
Interest income	$ 9,353	$ 33,311	$ 103,859	$ 149,325
Net loss	(635,594)	(536,097)	(19,358,754)	(1,314,128)
Basic and diluted loss per share*	$ (0.01)	$ (0.01)	$ (0.36)	$ (0.02)

**Basic and diluted loss per share is calculated based on the weighted-average number of shares outstanding. The conversion of stock options, restricted share units and warrants is not included in the calculation of the diluted loss per share because the conversion would be anti-dilutive.*

The quarterly trend in the first half of 2010 has generally been towards maintaining cost levels. In Q2/2010 the net loss decreased compared to Q1/2010 due to the payment of bonuses in Q1/2010. During Q1/2010, the net loss was marginally lower compared to Q4/2009; bonuses were paid in Q1/2010, while a write-down of mineral properties relating to the Itaporã property as a result of dropped claims was included in Q4/2009. For the Q4/2009 period, the net loss increased compared to Q3/2009, due to the increase in travel expenses in the quarter relating to travel to and from the Rio Novo and Kaoko properties, as well as a write-down a portion of the Itaporã property relating to dropped claims. In Q3/2009, the net loss decreased marginally compared to Q2/2009, mainly as a result of decreased costs related to stock-based compensation. During the second quarter of 2009, the net loss declined, excluding the recovery of the future taxes relating to the renunciation of Canadian Exploration. Expenditures ("CEE") in Q1/2009, as a result of decreased compensation, travel, professional fees, costs relating to general exploration, and stock-based compensation expense. In the first quarter of 2009, the net loss declined compared to the last quarter of 2008, excluding the write-down of the Investment in INVI of $13.6 million, primarily due to a decreased write-down of mineral properties, decreased general and administrative costs and a future tax recovery as a result of the Company renouncing CEE in the quarter. The fourth quarter of 2008 net loss increased compared to the previous quarter, due to the write off of $5.1 million of expenses relating to mineral properties, the write down in the investment in INVI of $13.6 million, as well as an increase in compensation, general exploration, travel, and stock based compensation. The third quarter of 2008 net loss decreased compared to the previous quarter, due to the decrease in exploration activities in Brazil, certain cost saving programs initiated during the quarter and decreased stock-based compensation.

OUTSTANDING SHARE DATA

As at August 4, 2010 the Company had 57,286,937 common shares outstanding, as well as stock options to purchase 5,342,000 common shares at a weighted average price of $1.00, restricted share units of 100,000 shares at a weighted average price of $0.91 per share and share purchase warrants to purchase 2,347,886 common shares at $1.40 per share.

OFF-BALANCE SHEET TRANSACTIONS

During the six month period ended June 30, 2010, and year ended December 31, 2009, the Company was not involved in any off-balance-sheet transactions.

CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

1) Future accounting pronouncements

a) Business Combinations, Consolidated Financial Statements and Non-controlling Interests

In January 2009, the CICA issued three new accounting standards: Section 1582, *Business Combinations*; Section 1601, *Consolidated Financial Statements*; and Section 1602, Non-*controlling Interests*. These new standards will be effective for fiscal years beginning on or after January 1, 2011, and earlier adoption is permitted as of the beginning of a fiscal year. The Company is in the process of evaluating the requirements of the new standards.

Section 1582 replaces Section 1581, *Business Combinations* and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standards IFRS 3 – *Business Combinations.*

Section 1601 and 1602 together replace section 1600, *Consolidated Financial Statemen*ts. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27 – *Consolidated and Separate Financial Statements*

b) Convergence with International Financial Reporting Standards

On February 13, 2008, Canada's Accounting Standards Board ratified a strategic plan that will result in Canadian GAAP, as used by public companies, being evolved and converged with International Financial Reporting Standards ("IFRS") over a transitional period to be complete by 2011. The official changeover date from Canadian GAAP to IFRS is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

The implementation project consists of three primary phases: the scoping and diagnostic phase; the impact analysis, evaluation and design phase; and the implementation and review phase. The Company completed its IFRS transition plan in early 2009, which included a timetable for assessing the impact of IFRS on accounting policies, data systems, internal controls over financial reporting, and business activities. The Company is now in the impact analysis, evaluation and design phases on its consolidated financial statements, and expects completion of this phase in the fourth quarter of 2010. INV Metals will also incorporate any future changes to IFRS to ensure compliance by 2011.

Many of the differences identified between IFRS and Canadian GAAP are not expected to have a material impact. However, there may be significant changes as a result of the IFRS accounting principles and provisions for first time adoption. The Company has not yet determined the full accounting effects of adopting IFRS, since some key accounting policy alternatives and implementation decisions are still being evaluated.

The Company will adopt IFRS 1 ("First-Time Adoption of International Financial reporting Standard" "IFRS1"). IFRS 1 will provide the Company with a number of optional and mandatory exemptions, in certain areas when transitioning to IFRS from Canadian GAAP. The Company is analyzing the various accounting policy choices available and will implement those determined to be the most appropriate.

CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS (continued)

b) Convergence with International Financial Reporting Standards (continued)

The following summarizes the key elements of the Company's plan for transitioning to IFRS and the progress made for each activity:

i) Accounting policies and procedures

The key activities are identifying the differences between IFRS and the Company's existing policies and procedures, analysis and the selection of ongoing policies to determine which IFRS 1 exemptions will be taken on transition to IFRS.

The Company is currently assessing accounting policy alternatives. Management approval and audit committee review of the policy decisions and recommendations are expected to take place in the third quarter of 2010.

ii) Financial statement preparation

The key activities are preparing financial statements and note disclosures in compliance with IFRS, quantifying the effects of converting to IFRS, and preparing first-time adoption reconciliations required under IFRS 1.

The Company has mapped IFRS accounting policy note disclosures with the current Canadian GAAP disclosures and management is evaluating and quantifying the effects of key differences between IFRS and Canadian GAAP. Management approval and audit committee review of the key differences and disclosures are expected to take place in the fourth quarter of 2010.

iii) Control environment

The key activities are assessing the effectiveness of internal controls over financial reporting ("ICFR") and disclosure controls and procedures ("DC&P") and implementing any changes that management and the audit committee feel are necessary and designing and implementing internal controls over the IFRS changeover process.

The Company's relevant internal controls are assessed each quarter and specific controls have been established and documented in relation to the IFRS changeover process.

RISKS AND UNCERTAINTIES

An investment in the Company entails certain risk factors, which should be considered carefully, including but not limited to, those set out below. A discussion of these and other factors that may affect the Company's actual results, performance, achievements or financial position is contained in "Risk Factors" and elsewhere in the Company's Annual Information Form in respect of the 2009 year.

Risks and uncertainties related to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations.

Risks that the results of scoping studies, pre-feasibility and feasibility studies, and the possibility that future exploration, development or mining results will not be consistent with the Company's expectations.

Risks related to the reliability of commercial laboratory's analytical results, possible variations in reserves, grade, and changes in project parameters as plans continue to be refined.

Exploration and potential future development risks, including risks related to the grant of access rights to the

RISKS AND UNCERTAINTIES (continued)

properties, accidents, equipment breakdowns, labour disputes (including work stoppages and strikes) or other unanticipated difficulties with or interruptions in exploration and development.

The potential for delays in exploration or potential future development activities or the completion of feasibility studies.

Risks related to market sentiment, commodity price and foreign exchange rate fluctuations.

Risks related to the Company not having any reserves. All of INV Metals' mineral properties are in the exploration stage and do not contain a known body of economically extractible ore.

Risks related to the global economy. Recent market conditions, including disruptions in the international credit markets and other financial systems and the deterioration of the global economic conditions, could impede the Company's access to capital.

Risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals or in the completion of development or construction activities.

Risks related to environmental regulation and liability.

Risks of potential losses, liabilities and damages arising from the lack of insurance coverage related to the business that are uninsured or uninsurable.

Risks related to the loss of the services of key executives, including the directors of the Company and a small number of highly skilled and experienced executives and personnel.

Political and regulatory risks associated with conducting mineral exploration in Canada and foreign countries.

Other risks and uncertainties related to the Company's prospects, properties and business strategy.

CORPORATE GOVERNANCE

Management and the Board of Directors (the "Board") of INV Metals recognize the value of good corporate governance and the need to adopt best practices. The Company is committed to continuing to improve its corporate governance practices in light of its stage of development and evolving best practices and regulatory guidance.

The Board has adopted a Board Mandate outlining its responsibilities and defining its duties. The Board has four committees (the Audit committee, the Compensation committee, the Safety, Health and Environment committee, and the Corporate Governance and Nominating committee). The Audit committee has an approved committee charter, which outlines the committees' mandate, procedures for calling a meeting, and provides access to outside resources. The Company's Safety, Health and Environmental committee has adopted a Safety, Health and Environmental Policy concerning the Company's treatment of environmental matters.

The Board has also approved a Code of Ethics, which governs the ethical behavior of all employees, management and directors. Separate trading blackout and disclosure policies are also in place. For more details on INV Metals' corporate governance practices, please refer to INV Metals' website at www.invmetals.com.

INV Metals' directors have expertise in exploration, metallurgy, mining, accounting, banking, financing and the securities industry. The Board meets at least four times a year and Committees meet as required.

CORPORATE GOVERNANCE (continued)

While the Company is subject to Canadian regulatory provisions, the Board and management incorporate strong corporate governance practices in the belief that such practices provide protection for its investors and add value to the Company.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure Controls

Disclosure controls and procedures ("Disclosure Controls") are procedures designed to provide reasonable assurance that all relevant information required to be disclosed in documents filed with securities regulatory authorities is recorded, processed, summarized and reported on a timely basis, and is accumulated and communicated to the Company's management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure. Management, including the CEO and the CFO, does not expect that the Company's Disclosure Controls will prevent or detect all error and all fraud. The inherent limitations in all control systems are such that the can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any, within the Company have been detected.

National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings", issued by the Canadian Securities Administrators ("CSA") requires the CEO and CFO to certify that they are responsible for establishing and maintaining Disclosure Controls for the issuer, that Disclosure Controls have been designed to provide reasonable assurance that material information relating to the issuer is made known to them, that they have evaluated the effectiveness of the issuer's Disclosure Controls, and that their conclusions about the effectiveness of those Disclosure Controls at the end of the period covered by the relevant annual filings have been disclosed by the issuer.

INV Metals' CEO and the CFO have evaluated the effectiveness of the Company's Disclosure Controls as at June 30, 2010, and concluded that, subject to the inherent limitations noted above; those disclosure controls were effective for the period then ended.

Internal Controls over Financial Reporting

National Instrument 52-109 also requires CEO's and CFO's to certify that they are responsible for conducting an evaluation of the effectiveness of internal controls over financial reporting ("ICFR"), as defined by the CSA, for the Company, that the ICFR have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP, and that the Company has disclosed any changes in its ICFR during its' most recent interim period that has materially affected, or is reasonably likely to materially affect, its' financial reporting.

As discussed above, the inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any, within the Company have been detected. Therefore, no matter how well designed, ICFR has inherent limitations and can provide only reasonable assurance with respect to financial statement preparation and may not prevent and detect all misstatements.

Management conducted an assessment of the effectiveness of ICFR in place as of June 30, 2010, and concluded that such procedures are adequate and effective to ensure accurate and complete disclosures in annual filings. The board of directors assesses the integrity of the public financial disclosures through the oversight of the Audit Committee.

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 Metals' AIF in respect to the year 2010, 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 future anticipated results of exploration programs (including, without limitations, with respect to the Rio Novo and Kaoko properties), financial results and expectations for 2010, including, but not limited to, interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations, and the possibility that future exploration, development or mining results will not be consistent with the Company's expectations, 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 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 including, without limitation, under the heading "Risks and Uncertainties" and/or the AIF, and include unanticipated and/or unusual events as well as actual results of planned exploration programs and exploration risk. Many of such factors are beyond INV Metals' 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 Company 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 interim and annual consolidated financial statements, the AIF, management information circulars and other disclosure documents, may also be examined and/or obtained through the Internet by accessing INV Metals' website at www.invmetals.com or by accessing the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") website at www.sedar.com.