



INV METALS INC. MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE QUARTER ENDED SEPTEMBER 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 nine month periods ended September 30, 2010, in comparison to the corresponding prior year periods. This MD&A is prepared as at November 12, 2010, and is intended to supplement and complement the interim consolidated financial statements of INV Metals for the three and nine month period ended September 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 October 21, 2010, INV Metals announced that it entered into an agreement with a syndicate of investment dealers led by Raymond James Ltd. and including GMP Securities L.P. and Dundee Securities Corporation which agreed to purchase, on a bought deal basis by way of short-form prospectus, 11,350,000 common shares of INV Metals at a purchase price of \$1.15 per share for aggregate gross proceeds in the amount of approximately \$13,052,500. In addition, the Company has granted the Underwriters an option to purchase up to an additional 1,702,500 Shares (representing 15% of the base Offering) at the Offering Price exercisable within 30 days after the closing of the Offering for additional gross proceeds in the amount of up to approximately \$1,957,875. The short-form prospectus was filed on November 3rd with the Ontario Securities Commission ("OSC") and the offering closed on November 12th.

On October 8, 2010, INV Metals announced the preliminary results of an infill soil sampling program on the eastern portion of the Rio Novo North property, Brazil, located approximately 3 kilometres (km) to the west-northwest of the Serra Pelada deposit, which indicate the presence of a strong multi-element soil anomaly, up to 350 metres (m) wide and 1,000 m long. One soil sample returned very anomalous values of 290 parts per billion (ppb) gold, 170 ppb palladium, and 40 ppb platinum.

On September 15, 2010, INV Metals announced the discovery of a copper-rich zone at the Okohongo target located on the Kaoko property in northwestern Namibia, including intersections of 2.0% copper and 27 grams per tonne (g/t) silver over a thickness of 45 m and 2.8% copper and 49.1 g/t silver over a thickness of 27 metres.

As at September 30, 2010, the Company had cash resources of approximately \$9.1 million. The Company recorded a net loss of \$433,848 or \$0.01 per share for the three month period ended September 30, 2010 ("Q3/2010"), compared with a net loss of \$626,523 or \$0.01 per share for the corresponding period ended September 30, 2009 ("Q3/2009"). General and administration expenses for Q3/2010 were \$362,937 compared to \$405,948 for Q3/2009.

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RESULTS OF OPERATIONS

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

| | Three Months Ended | | | Nine Months Ended | | |
|---|--------------------|-------------------|---------------------|---------------------|---------------------|--------------------|
| | Sept 30, 2010 | Sept 30, 2009 | Change | Sept 30, 2010 | Sept 30, 2009 | Change |
| Expenses | | | | | | |
| General and administration | | | | | | |
| Shareholder information and regulatory compliance | \$ 6,822 | \$ 7,092 | \$ (270) | \$ 45,044 | \$ 54,591 | \$ (9,547) |
| Compensation | 227,110 | 213,603 | 13,507 | 964,607 | 1,049,552 | (84,945) |
| Travel | 13,062 | 27,218 | (14,156) | 75,478 | 92,814 | (17,336) |
| Professional fees | 58,980 | 91,324 | (32,344) | 185,539 | 199,405 | (13,866) |
| Office | 56,963 | 66,711 | (9,748) | 196,214 | 257,148 | (60,934) |
| Total general and administration | 362,937 | 405,948 | (43,011) | 1,466,882 | 1,653,510 | (186,628) |
| General exploration | - | 70,960 | (70,960) | - | 258,610 | (258,610) |
| Mineral properties and deferred exploration written off | - | - | - | - | 357,300 | (357,300) |
| Stock-based compensation | 85,690 | 153,937 | (68,247) | 342,228 | 556,263 | (214,035) |
| Equity loss from investment | - | (120) | 120 | - | 649 | (649) |
| Foreign currency exchange loss/(gain) | (10,938) | 1,384 | (12,322) | (28,920) | 613 | (29,533) |
| Interest income | (3,841) | (5,586) | 1,745 | (16,268) | (48,250) | 31,982 |
| Loss before income taxes | 433,848 | 626,523 | (192,675) | 1,763,922 | 2,778,695 | (1,014,773) |
| Future income tax recovery | - | - | - | - | (980,481) | 980,481 |
| Net loss and comprehensive loss | \$ 433,848 | \$ 626,523 | \$ (192,675) | \$ 1,763,922 | \$ 1,798,214 | \$ (34,292) |
| Basic and diluted loss per share | \$ 0.01 | \$ 0.01 | \$ (0.00) | \$ 0.03 | \$ 0.03 | \$ 0.00 |

The Company recorded a net loss of \$433,848 or \$0.01 per share for Q3/2010 compared with a net loss of \$626,523 or \$0.01 per share for Q3/2009. The decrease in the loss was primarily due to lower stock-based compensation expense in Q3/2010, compared to the prior period. During the nine month period ended September 30, 2010, the Company recorded a net loss of \$1,763,923 or \$0.03 per share, which was \$34,292 lower than the corresponding period. Excluding the future tax recovery in the prior year of \$980,480, the decrease of \$1,014,772 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 decreased from \$405,948 in Q3/2009 to \$362,937 in Q3/2010. The decrease was mainly as a result of lower expenses attributed to travel, office and professional fees due to cost saving initiatives.

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RESULTS OF OPERATIONS (continued)

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.

Shareholder information and regulatory compliance expenses totaled \$6,822 for the three month period ended September 30, 2010, compared to \$7,092 in Q3/2009, resulting in a \$270 decrease. Shareholder information and regulatory compliance expense totaled \$45,044 in the first nine months of 2010, compared to \$54,591 in the first nine months of 2009, a decrease of \$9,547 as a result of cost saving initiatives.

Professional fees decreased from \$91,324 in Q3/2009 to \$58,980 in Q3/2010, mainly due to a decrease in legal expenses during the quarter. For the year to-date, professional fees totaled \$185,539 compared to \$199,405 during the same period in 2009; the decrease was a result of cost saving initiatives and less legal expenses during the nine month period.

Travel expenses decreased by \$14,156 from \$27,218 in Q3/2009 to \$13,062 in Q3/2010, due to decreased travel to Brazil and Namibia. For the first nine months of the year, travel expenses were \$75,478, compared to \$92,814 for the corresponding period in 2009.

General exploration costs were \$Nil in Q3/2010 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 \$258,610 during the same period in 2009.

During Q3/2010, stock options and restricted share units granted to directors, senior management and employees resulted in stock-based compensation expense of \$85,690, a decrease of \$68,247 from \$153,937 in Q3/2009, as a result of fewer options granted to employees and directors during the quarter. The total year to-date expense of \$342,228 was \$214,035 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 \$1,745 from \$5,586 in Q3/2009 to \$3,841 in Q3/2010, 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 \$16,268, a decrease of \$31,982 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 Q3/2010 as the average rate was C\$0.5967/R\$ compared to C\$0.5903/R\$ in Q3/2009. The Brazilian real increased from an average of C\$0.5647/R\$ in the first nine months of 2009, compared to an average of C\$0.5845/R\$ during the first nine months of 2010. The Canadian dollar decreased relative to the Namibian dollar during Q3/2010 as the average rate was C\$0.1476/N\$ compared to C\$0.1447/N\$ in Q3/2009. The Namibian dollar for the first nine months of the year was C\$0.1444/N\$, compared to C\$0.1371/N\$ during the same period in 2009. The Brazilian real was C\$0.5849/R\$ as at November 12, 2010. The Namibian dollar was C\$0.1465/N\$ as at November 12, 2010.

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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 September 30, 2010, the Company had cash of \$9,106,096 (2009 - \$13,586,446) and working capital of \$8,813,846 (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 Q3/2010 totaled \$271,538 compared to \$648,912 in Q3/2009. 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 nine months of the year totaled \$1,488,992 compared to \$1,907,526 in the first nine 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 Q3/2010. During the quarter, 15,000 employee stock options were exercised for proceeds of \$5,250.

On October 21, 2010, INV Metals announced that it entered into an agreement with a syndicate of investment dealers led by Raymond James Ltd. and including GMP Securities L.P. and Dundee Securities Corporation which agreed to purchase, on a bought deal basis by way of short-form prospectus, 11,350,000 common shares of INV Metals at a purchase price of \$1.15 per share for aggregate gross proceeds in the amount of approximately \$13,052,500. In addition, the Company has granted the underwriters an option to purchase up to an additional 1,702,500 Shares (representing 15% of the base offering) at the offering price exercisable within 30 days after the closing of the offering for additional gross proceeds in the amount of up to approximately \$1,957,875. The short-form prospectus was filed on November 3rd with the OSC and the offering closed on November 12th.

Investing activities

Cash used in investing activities for Q3/2010 totaled \$1,161,344 compared to \$858,067 in Q3/2009. Investing activities in Q3/2010 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 nine months of 2010 was \$2,996,608 compared to \$1,387,003 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 Q3/2010 were carried out on the Rio Novo property (Rio Novo) in Brazil, and the Kaoko property (Kaoko) in Namibia. A five hole, 1,000 metre diamond drill program is currently underway at the Rio Novo North gold, platinum and palladium soil geochemical target. This target is located approximately three kilometres northwest of the well known Serra Pelada gold and precious metals deposit. In addition, an auger drill program is currently ongoing at Rio Novo North to evaluate a number of other

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OUTLOOK (continued)

precious metal soil geochemical anomalies. In-fill soil sampling and mapping will be carried out during the remainder of the year at several copper-gold targets.

At Kaoko, a 19 hole, 3,000 metre reverse circulation drill program is on-going in the Okohongo area and a six hole, 1,350 metre diamond drill program commenced at the Manuela target in early November. In addition, 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 Q3/2010 totaled \$1,161,344, compared to \$858,067 in Q3/2009. During the first nine months of the year, expenditures on mineral properties totaled \$2,934,432, compared to \$1,393,870 during the first nine months of 2009.

1) Rio Novo, Brazil

The Rio Novo property consists of four claims totaling approximately 29,000 hectares located in the Carajás region in the state of Pará, Brazil. The Carajás region is one of the premier iron ore mining camps in the world and also hosts one of the world's largest known concentrations of large tonnage, open pit iron oxide-copper-gold ("IOCG") deposits. In addition, Carajás is host to the Serra Pelada gold-palladium-platinum deposit.

INV Metals entered into agreements with a subsidiary of Teck Resources Limited ("Teck") which provide the Company the right to acquire an initial 50% interest in the Rio Novo property.

a) Rio Novo North

The Rio Novo North claim is contiguous to and located two kilometres west of the historic Serra Pelada gold-platinum-palladium deposit which is currently being developed by Colossus Minerals Inc. Serra Pelada, discovered in 1979, hosted the largest ever gold rush in Latin America. During the 1980's, an estimated two million ounces of gold plus unknown amounts of platinum and palladium were produced from the Serra Pelada mine. INV Metals' Rio Novo North claim is underlain by geology similar to that hosting the Serra Pelada deposit; Archean metasediments of the Rio Fresco Group, intruded by several ages of mafic-ultramafic and granitoid plutons.

INV Metals recently completed an infill soil sampling program at the eastern portion of the Rio Novo North claim and is currently conducting an auger drill program in the western portion of the claim to further define gold-palladium-platinum soil anomalies. A total of 22 holes have been completed out of the planned 40 hole auger program.

INV Metals' infill soil sampling on the eastern portion of the Rio Novo North claim, approximately three kilometres to the northwest of Serra Pelada, has resulted in the discovery of a strong multi-element in soil precious metal geochemical anomaly. The soil anomaly, which trends northeasterly and parallel to a regional magnetic anomaly, is up to 350 m wide and 850 m long. One individual soil sample returned very anomalous values of 290 parts per billion (ppb) gold, 170 ppb palladium, and 40 ppb platinum, while soil samples collected along the same grid line 50 m to the north and 50 m to the south of this peak value returned values of 50 ppb gold, 60 ppb palladium and 20 ppb platinum, and 80 ppb gold, 30 ppb palladium, and 10 ppb platinum, respectively. These results are considered to be highly anomalous as the background soil values on the property for gold, platinum and palladium are nil to trace. A strong airborne electromagnetic conductor also occurs along the northern edge of the soil anomaly.

A five hole diamond drill program totaling approximately 1,000 m to test both the soil anomaly and conductor is on-going.

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MINERAL PROPERTIES (continued)

1) Rio Novo, Brazil (continued)

b) Rio Novo Copper-Gold Targets

INV Metals completed its first year diamond drill program designed to test a number of copper-gold targets. A total of 21 holes totaling 5,572 m were drilled. The drilling confirmed the presence of numerous zones of hydrothermal alteration and brecciation with anomalous copper mineralization characteristic of IOCG deposits. Broad zones of highly anomalous copper, grading up to 1.1% copper over 5.1 m and 0.39% copper over 32.7 m were intersected, within pervasively altered host rocks.

i) RN-5 Target

An eight hole drill program (holes RN-DD-44 to 51) was completed at the RN-5 target to test a variety of copper in soil geochemical anomalies. As of the date of this report, analyses for holes 44 to 50 have been received and are provided in Table 1. Holes 44 and 45 were targeted to crosscut a unit interpreted to be responsible for copper, gold and lanthanum soil anomalies. Patches and veins of chalcopyrite were intersected within a strongly hydrothermally altered iron formation. There has been insufficient drilling to determine the true width of the intervals reported. The results for hole RN-DD-51 will be reviewed interpreted and released when received.

Table 1: RN-5 Drill Results

| Hole | From (m) | To (m) | Interval (m) | Cu (%) |
|-----------|---------------|--------|--------------|--------|
| RN-DD-44 | 66.3 | 110.7 | 44.4 | 0.27 |
| including | 66.3 | 67.0 | 0.7 | 1.55 |
| and | 78.0 | 110.7 | 32.7 | 0.39 |
| including | 96.0 | 97.0 | 1.0 | 1.30 |
| and | 108.0 | 110.7 | 2.7 | 2.42 |
| RN-DD-45 | 0.0 | 61.7 | 61.7 | 0.20 |
| including | 42.0 | 53.0 | 11.0 | 0.59 |
| and | 42.0 | 47.1 | 5.1 | 1.07 |
| RN-DD-46 | 84.0 | 107.0 | 23.0 | 0.15 |
| Including | 106.0 | 107.0 | 1.0 | 0.70 |
| RN-DD-47 | 124.0 | 125.0 | 1.0 | 0.70 |
| | 201.0 | 203.0 | 2.0 | 0.40 |
| RN-DD-48 | Insignificant | | | |
| RN-DD-49 | 30.0 | 31.2 | 1.2 | 0.33 |
| | 51.0 | 52.0 | 1.0 | 0.46 |
| | 94.0 | 94.8 | 0.8 | 1.20 |
| | 151.0 | 154.0 | 3.0 | 0.19 |
| | 222.6 | 224.5 | 1.9 | 0.23 |
| RN-DD-50 | 59.9 | 74.0 | 14.2 | 0.11 |
| | 79.5 | 82.0 | 2.6 | 0.37 |
| | 86.0 | 89.0 | 3.0 | 0.19 |
| | 116.0 | 118.0 | 2.0 | 0.49 |
| | 172.0 | 175.0 | 3.0 | 0.27 |

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MINERAL PROPERTIES (continued)

1) Rio Novo, Brazil (continued)

b) Rio Novo Copper-Gold Targets (continued)

ii) RN-11 Target

Nine holes were drilled to test the RN-11 target (holes RN-DD-35 to 43), comprised of a greater than two kilometre long by 400 to 500 metre wide copper in soil geochemical anomaly, roughly coincidental with gold and cobalt soil geochemical anomalies, as well as a magnetic anomaly, and partially coincidental with a moderate induced polarization ("IP") geophysical anomaly.

Copper values range from nil to 3.74%. Copper intersections are provided in Table 2. The mineralization occurs as veins, disseminations and discrete patches of chalcopyrite within strongly altered host rocks comprised of garnet-chlorite-biotite-magnetite-grunerite schists, interpreted to be originally metasediments, in contact with a very siliceous quartzite, which also contains disseminations and stringers of chalcopyrite, pyrite and locally arsenopyrite. It appears that the IP anomaly was due to the presence of pyrite and chalcopyrite within the siliceous quartzite unit. Although the drill holes intersected the host rocks roughly perpendicular to their dip, there has been insufficient drilling to assume that the mineralized intervals are approximately true width.

Table 2: RN-11 Drill Results

| Hole | From (m) | To (m) | Interval (m) | Cu (%) |
|-----------|----------|--------|--------------|--------|
| RN-DD-35 | 0.0 | 19.0 | 19.0 | 0.13 |
| RN-DD-36 | 18.2 | 46.5 | 28.3 | 0.27 |
| RN-DD-37 | 27.7 | 44.8 | 17.1 | 0.20 |
| | 53.7 | 55.8 | 2.1 | 0.92 |
| | 55.8 | 71.9 | 16.1 | 0.24 |
| | 91.6 | 92.6 | 1.0 | 1.50 |
| | 112.5 | 120.4 | 7.9 | 0.51 |
| | 115.9 | 118.2 | 2.3 | 1.06 |
| RN-DD-38 | 67.0 | 94.0 | 27.0 | 0.12 |
| | 102.0 | 118.8 | 16.8 | 0.16 |
| RN-DD-39 | 0.0 | 29.5 | 29.5 | 0.19 |
| including | 3.6 | 17.1 | 13.5 | 0.32 |
| and | 28.2 | 28.8 | 0.6 | 0.72 |
| | 79.7 | 80.8 | 1.1 | 0.89 |
| | 187.1 | 188.6 | 1.5 | 0.92 |
| RN-DD-40 | 115.0 | 120.0 | 5.0 | 0.39 |
| | 119.0 | 120.0 | 1.0 | 1.12 |
| | 174.2 | 208.9 | 34.7 | 0.19 |
| including | 175.0 | 176.0 | 1.0 | 0.89 |
| RN-DD-41 | 159.7 | 178.0 | 18.3 | 0.16 |
| RN-DD-42 | 41.1 | 95.0 | 53.9 | 0.10 |
| RN-DD-43 | 39.9 | 40.4 | 0.5 | 3.74 |
| | 111.2 | 144.0 | 32.8 | 0.10 |

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MINERAL PROPERTIES (continued)

2) Kaoko, Namibia

The Kaoko property is located in the Kunene Region of northwest Namibia and comprises a roughly 8,000 km² 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-pit table sediment-hosted copper and silver deposits in a politically favourable jurisdiction.

INV Metals entered into agreements with Teck which provide the Company the right to acquire an initial 50% interest in the Kaoko property.

a) Okohongo Target

INV Metals completed its initial 20 hole, 2,564 m reverse circulation drill program in July at the Okohongo target. The drill program was initiated to follow up hole TCD-016 drilled by Teck in 2007, which intersected 25.2 m of 1.9% copper and 32.3 g/t silver. The drilling intersected significant copper and silver values, with intersections grading up to 4.5% copper and 66.4 g/t silver and thicknesses up to 45 metres. Results of the 2010 drill program are listed below in Table 3. INV Metals' drilling has intersected a north-south trending zone of copper-silver mineralization over 500 m of strike length and up to 400 m down-dip. The mineralization dips gently eastward at 20 degrees. The copper zone appears to be open to the south, to the north and down dip.

Table 3: Okohongo Drill Results, intersections >0.4% copper

| | Hole No. | From (m) | To (m) | Interval (m) | Copper % | Silver g/t |
|-----------|-----------------|-----------------|---------------|---------------------|-----------------|-------------------|
| | INVR-001 | 47 | 74 | 27 | 2.8 | 49.1 |
| including | INVR-001 | 47 | 60 | 13 | 3.6 | 66.4 |
| | INVR-002 | Insignificant | | | | |
| | INVR-003 | Insignificant | | | | |
| | INVR-004 | 24 | 48 | 24 | 1.7 | 31.6 |
| | INVR-005 | 75 | 86 | 11 | 1.5 | 6.5 |
| | INVR-005 | 98 | 106 | 8 | 0.9 | 10.4 |
| | INVR-006 | 20 | 65 | 45 | 2.0 | 27.1 |
| including | INVR-006 | 26 | 31 | 5 | 3.0 | 19.2 |
| including | INVR-006 | 57 | 62 | 5 | 4.5 | 58.4 |
| | INVR-007 | 83 | 89 | 6 | 1.7 | 23.7 |
| | INVR-008 | 26 | 30 | 4 | 0.5 | 12.1 |
| and | INVR-008 | 90 | 95 | 5 | 0.6 | 11.3 |
| | INVR-009 | 109 | 114 | 5 | 0.4 | 4.3 |
| | INVR-010 | 37 | 38 | 1 | 1.0 | 11.5 |
| | INVR-011 | 40 | 46 | 6 | 2.3 | 38.9 |
| and | INVR-011 | 57 | 76 | 19 | 1.1 | 20.4 |
| | INVR-012 | 69 | 86 | 17 | 1.0 | 13.9 |
| including | INVR-012 | 75 | 83 | 8 | 1.4 | 25.0 |
| and | INVR-012 | 95 | 98 | 3 | 2.0 | 26.0 |

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MINERAL PROPERTIES (continued)

2) Kaoko, Namibia (continued)

a) Okohongo Target (continued)

Table 3: Okohongo Drill Results, intersections >0.4% copper (continued)

| | Hole No. | From (m) | To (m) | Interval (m) | Copper % | Silver g/t |
|-----------|----------|---------------|--------|--------------|----------|------------|
| | INVR-013 | 42 | 46 | 4 | 2.5 | 25.4 |
| and | INVR-013 | 78 | 90 | 12 | 2.4 | 43.7 |
| | INVR-014 | 74 | 89 | 15 | 1.1 | 15.7 |
| including | INVR-014 | 85 | 88 | 3 | 3.9 | 53.5 |
| | INVR-015 | Insignificant | | | | |
| | INVR-016 | Insignificant | | | | |
| | INVR-017 | 52 | 56 | 4 | 1.3 | 9.2 |
| | INVR-018 | 45 | 47 | 2 | 0.5 | 2.5 |
| | INVR-019 | Insignificant | | | | |
| | INVR-020 | 191 | 196 | 5 | 1.1 | 22.1 |

The thickness of the mineralized zone varies, however, sections of the copper zone reach thicknesses of 20-30 m, and locally up to 45 m, more than double that of most stratiform copper deposits in the Central African Copperbelt of Zambia and the Democratic Republic of the Congo and the Kalahari Copperbelt of Botswana and central Namibia. Reported intersection lengths are interpreted to be approximately true widths. The gentle dip is in strong contrast to much of the steeply dipping copper mineralization in the established African Copperbelts and is optimal for open pit mining.

The variability in grade and thickness of the mineralized intervals may be attributed to the effects of folding and the original permeability of the host rocks. More permeable parts of the interbedded phyllite and dolomite package were subjected to greater fluid movement and have greater amounts of introduced copper, therefore, intersections with a thin and/or low-grade copper intercept do not imply that the limit of the system has been attained.

Copper mineralization at Okohongo and elsewhere on the Kaoko property is similar in age, host lithologies and tectonic setting to the sediment-hosted, stratiform mineralization of the Central African Copperbelt, the premier sediment-hosted copper district. At Okohongo, mapping indicates that the fundamental structural control may be that of favourable host sediments in fault contact with basement uplifts typical of the Central African Copperbelt.

Most copper mineralization on the Kaoko property is confined to specific stratigraphic horizons, either shale and siltstone or sandstone units. The mineralization at Okohongo is variably oxidized to a depth of at least 200 metres. Chrysocolla and malachite are the principal oxide copper minerals, along with minor amounts of azurite, shattuckite and cuprite. Minor variable amounts of remanent chalcocite and bornite occur as unoxidized kernels within dominantly oxidized mineralization.

b) Horseshoe Target

The Horseshoe target is located in the eastern region of the central claims. INV Metals completed a six-hole reverse circulation drill program totalling 847 metres. INVR-021 intercepted 2 m of 0.3% copper and 5.0 g/t silver from a downhole depth of 59 metres. INVR-022 intercepted 4 m of 0.9% copper and 22.2 g/t silver from 128 metres. Eight metres of trace copper-silver mineralization was intercepted in INVR-026 at a downhole depth of 158 metres. No further drilling is planned at the Horseshoe target at the present time.

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MINERAL PROPERTIES (continued)

2) Kaoko, Namibia (continued)

c) Sesfontein Target

At the Sesfontein target area INV Metals drilled four reverse circulation holes totalling 582 m to test the Red Valley and Black Ridge showings, two of the 55 copper prospects exposed along the 26 km long Sesfontein target area. Drill conditions were not ideal, with one hole being abandoned in difficult overburden. INVR-028 intersected 3 m of 0.2% copper and 2.3 g/t silver from a downhole depth of 107 metres. INVR-029 intersected 1 m of trace copper and 1.9 g/t silver at 95 metres. The Sesfontein area is extensive and remains relatively unexplored.

QUALITY CONTROL AND QUALITY ASSURANCE PROCEDURES

1) Rio Novo, Brazil

Core samples to be analyzed are identified during the core logging process. After sawing the core in half, samples are collected representing at least a 0.5 meter length and a maximum of 2.0 meters of half core. Intervals that visually appear to be of higher grade are isolated as shorter length discrete samples, and sampling does not cross lithological contacts. In homogeneous rock or mineralized units sample lengths are routinely one metre. Core recovery is typically excellent and in managements' opinion there are no material factors that impact on the accuracy and reliability of the results. There has been insufficient drilling carried out to allow an interpretation of true width relative to core intervals.

Following the halving of drill/auger core utilizing a core saw, the samples are collected in a clean, unused, transparent plastic bag, which is assigned a unique sample number and a pre-printed paper sample ticket protected in plastic, placed inside. The downhole depth of each sample is hand written in a specific file and also in a spreadsheet tracking every hole. INV Metals' employees are responsible for sampling and the insertion of blanks and certified standards every 20 samples.

Once samples are cut and bagged they are sealed and the appropriate laboratory sample preparation and analysis requisitions are prepared. Samples from holes 31 to 39 were transported to SGS Geosol Laboratórios Ltda.'s preparation laboratory located in Parauapebas, Brazil at 50 B Street, Cidade Nova, for sample preparation. Preparation of the samples consisted of drying, crushing to 2 mm and pulverizing 300 gm using a carbon steel mill until 95% of the sample passes -150 mesh. The pulverized sample was then split to 50 grams. The 50 gram pulverized samples were packaged in sealed, labelled plastic bags with a pre-printed sample ticket showing the unique sample number placed in the bag.

Samples were then transported by SGS Laboratory personnel to SGS GEOSOL Laboratórios Ltda.'s analytical laboratory located at Rodovia MG 010, Km 24, 5, Bairro Angicos, Vespasiano, Minas Gerais, Brazil, where duplicates, replicates, blanks and certified standards were inserted by laboratory employees, in addition to the INV Metals blanks and standards, to monitor contamination and accuracy of the analyses. After a four acid "near total" digestion, samples were analyzed for 36 elements using ICP-OES, and gold by fire assay atomic absorption (50g fusion). Over limit samples containing >10,000 ppm copper were then subjected to a four acid "near total" digestion followed by atomic absorption analysis.

A review of the results of quality control standard sample analyses in drill holes DD-0031 through DD-0039 showed that in many cases copper values range from 7% to > 17% below the mean value of the standard reference sample. Analysis of samples adjacent to standards returning low copper values may be similarly affected. However, the magnitude of the assay results is such that this would not materially affect the intersections reported and INV's Qualified Person, Mr. Scott Jennings, advised that the assay results were acceptable for disclosure. The samples are representative of the mineralization.

**INV METALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS**

QUALITY CONTROL AND QUALITY ASSURANCE PROCEDURES (continued)

1) Rio Novo, Brazil (continued)

Samples from holes 40 to 45 were transported in raffia bags sealed with lock ties by Helios Coletivos e Cargas Ltda freight company (Rua Alceu Veronezi s/n, Box 7, Estação Rodoviária, Redenção, Pará) to Acme Analítica Laboratories Ltda preparation laboratory located in Aparecida de Goiânia, Brazil at Av. Nossa Senhora de Lourdes, Qd.46 Lt. 01 to 06 - Vila Santa, for sample preparation. Photographs were taken of the sealed bags before shipping and upon arrival at Acme's laboratory to prove that no shipments had been compromised. Preparation of the samples consisted of drying, crushing to 2 mm and pulverizing 300 gm using a carbon steel mill until 95% of the sample passes -150 mesh. The pulverized sample was then split to 50 grams. The 50 gram pulverized samples were packaged in sealed, labelled plastic bags with a pre-printed sample ticket showing the unique sample number placed in the bag.

Samples were then transported by Acme Analítica Laboratories personnel to Acme Analytical Laboratories (Vancouver) Ltd.'s analytical laboratory located at 1020 Cordova St. East, Vancouver, BC, Canada, or Acme Analytical Laboratories S.A.'s analytical laboratory located at Av. Claudio Arrau 7152, Pudahuel, Santiago, Chile, depending on the analytical method to be applied. Acme is certified as ISO 9001:2008 and both the Vancouver and Santiago labs are working towards ISO 17025:2005 accreditation, expected within the next year. Once in the analytical lab, sample batches have duplicates, replicates, blanks and certified standards inserted by laboratory employees, in addition to the INV Metals blanks and standards, to monitor contamination and accuracy of the analyses. After a four acid "near total" digestion, samples were analyzed for 36 elements using ICP-OES, and gold by fire assay atomic absorption (30g fusion). Over limit samples containing >10,000 ppm copper were then subjected to a four acid "near total" digestion followed by ICP-ES analysis.

Due to the persistent bias to the low side for copper values in holes 31 to 39, INV Metals has retrieved the sample pulps from these holes and Acme is performing reanalysis of the pulps.

In August, 2010 independent consulting firm Scott Wilson Roscoe Postle Associates Inc. of Toronto was contracted to carry out a review of INV Metals' quality assurance – quality control program and procedures, and has advised that the procedures in place meet or exceed industry standards.

INV Metals' geologists on site carry out rigorous reviews of the data, producing a variety of plots in order to recognize any issues with reproducibility or accuracy of results obtained from the commercial laboratories. This work involves a careful evaluation of the analyses of INV Metal's reference samples, duplicates and blanks. The QA-QC spreadsheets, along with original data, is then thoroughly reviewed and verified by INV Metal's Qualified Person, Mr. Scott Jennings. INV Metals uses industry standard procedures to detect potential analytical problems. If the laboratory results for an INV Metals reference standard are plus or minus three standard deviations of the mean value of the certified value, or, if consecutive reference standard values are equal to plus or minus two standard deviations of the mean value, then the samples associated with that standard are requested to be re-analyzed by the laboratory.

2) Kaoko, Namibia

During reverse circulation drilling each metre was sampled and split by means of a cone splitter mounted below the cyclone into two representative samples, one weighing approximately 30 kilograms and a smaller sample weighing approximately 5 kilograms. Both samples were collected directly from the splitter. The large sample was collected in a clean, unused plastic polyweave bag. The small sample was collected in a clean, unused transparent plastic bag. The downhole depth of the sample was pre-written on each bag.

Any one metre interval of chips containing visible mineralization was selected for analysis. Once a sample was chosen for analysis it was assigned a unique sample number. A pre-printed paper sample ticket was placed in the smaller five kilogram sample bag and the sample number was written on the outside of the bag. Provision was made for later insertion of duplicates, blanks and certified standards by the preparation laboratory.

**INV METALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS**

QUALITY CONTROL AND QUALITY ASSURANCE PROCEDURES (continued)

2) Kaoko, Namibia (continued)

Samples to be analyzed were transported by INV Metals' employees to Analytical Laboratory Services located in Windhoek, Namibia, at 71 Newcastle Street, Northern Industrial Area, for sample preparation. The samples were fine enough to not require crushing. A 200 gram split of the sample was produced with a riffle splitter and pulverized using a Siebtechnik (Germany) pulverizer (250cc bowl, hardened carbon steel rings) until 85% of the sample passed 75 microns. A quartz blank was passed through the pulverizer between every sample. The pulverized sample was then split in a riffle splitter to 50 grams. Using predetermined sample numbers employees of Analytical Laboratory Services inserted duplicates, certified standards and blanks every 20 samples in order to monitor contamination and accuracy of the analyses. Each 100-sample sequence contains 85 routine samples, five duplicates, five certified standards and five blanks. The 50 gram pulverized samples were packaged in labeled zip-lock plastic bags. A pre-printed paper sample ticket showing the unique sample number was placed inside each bag.

Activation Laboratories personnel picked up the samples at the Analytical Laboratory Services office in Windhoek and transported the samples to their Windhoek office, located at 267 Cobalt Street, Prosperita. Samples were shipped via SDV Logistics by Activation Laboratories personnel to Activation Laboratories Ltd. located at 1336 Sandhill Drive, Ancaster, Ontario for analysis. Activation Laboratories has ISO/IEC 17025:2005 accreditation. After a four acid "near total" digestion, samples were analyzed for 35 elements using a Varian Vista ICP. Samples containing >100 g/t silver were re-analyzed using a 30 gram sample subjected to fire assay with a gravimetric finish. Over limit samples containing >10,000 ppm copper or >5,000 ppm lead were subjected to sodium peroxide fusion and acid dissolution followed by ICP/OES analysis. Samples from several holes were also analyzed for acid soluble copper. The soluble copper values were determined by leaching a 0.5 gram sample with 50 ml of 5% sulphuric acid for 60 minutes using an orbital shaker. The leached samples were then diluted to 100 ml volumetrically with purified water, filtered, then analyzed by ICP-OES. To verify the acidity of the leach solutions, the pH was measured on selected samples with varying copper and calcium contents.

Based on INV Metals' rigorous quality assurance and quality control procedures, 281 samples were re-analyzed by Activation Laboratories. Samples were selected for re-analysis based on their proximity to a certified reference standard that returned a copper or silver value greater than three standard deviations higher or lower than the mean value for that standard. In addition, any two consecutive reference standards falling outside the two standard deviation threshold were considered to have failed. Since every twentieth sample was a reference standard, ten samples above and below a failed standard were re-analyzed. The same protocol was applied to duplicate samples considered to have unacceptably divergent copper or silver values. In addition, 54 random samples were submitted to ALS Chemex Laboratory in Johannesburg as an external check on the results provided by the primary lab. Each of the four reference standards used in the program was represented by two samples for a total of 62 samples submitted.

Comparison of results from the original Activation Laboratory analyses, the Activation Laboratory re-analysis and the ALS Chemex results has identified the possibility of variability in some silver analyses from hole INVR-001. INV Metals' management believes, but has not verified, that this variability may be a function of the silver mineralogy of those samples. For those specific samples INV Metals has chosen to use the lowest available silver value when reporting mineralized drillhole intersections.

In August, 2010 independent consulting firm Scott Wilson Roscoe Postle Associates Inc. of Toronto was contracted to carry out a review of INV Metals' quality assurance – quality control program and procedures, and has advised that the procedures in place meet or exceed industry standards.

INV Metals' geologists on site carry out rigorous reviews of the data, producing a variety of plots in order to recognize any issues with reproducibility or accuracy of results obtained from the commercial laboratories. This work involves a careful evaluation of the analyses of INV Metal's reference samples, duplicates and blanks. The QA-QC spreadsheets, along with original data, is then thoroughly reviewed and verified by INV Metal's Qualified Person, Mr. Scott Jennings. INV Metals uses industry standard procedures to detect potential analytical problems. If the laboratory results for an INV Metals reference standard are plus or

**INV METALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS**

QUALITY CONTROL AND QUALITY ASSURANCE PROCEDURES (continued)

2) Kaoko, Namibia (continued)

minus three standard deviations of the mean value of the certified value, or, if consecutive reference standard values are equal to plus or minus two standard deviations of the mean value, then the samples associated with that standard are requested to be re-analyzed by the laboratory.

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 September 30, 2010, aggregate expenditures on both properties totaled \$3,041,350.

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 lease | \$ 158,000 | \$ 15,800 | \$ 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.

INV METALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

**INV METALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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.

| <i>Period ended</i> | September 30, 2010 | June 30, 2010 | March 31, 2010 | December 31, 2009 |
|-----------------------------------|-------------------------------|--------------------------|---------------------------|------------------------------|
| Interest income | \$ 3,841 | \$ 8,515 | \$ 3,911 | \$ 3,904 |
| Net loss | (433,848) | (484,636) | (845,438) | (884,244) |
| Basic and diluted loss per share* | \$ (0.01) | \$ (0.01) | \$ (0.01) | \$ (0.02) |

| <i>Period ended</i> | September 30, 2009 | June 30, 2009 | March 31, 2009 | December 31, 2008 |
|-----------------------------------|-----------------------|------------------|-------------------|----------------------|
| Interest income | \$ 5,586 | \$ 9,353 | \$ 33,311 | \$ 103,359 |
| Net loss | (626,523) | (635,594) | (536,097) | (19,358,754) |
| Basic and diluted loss per share* | \$ (0.01) | \$ (0.01) | \$ (0.01) | \$ (0.36) |

**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 nine months of 2010 has generally been towards maintaining or lowering cost levels. In Q3/2010, the net loss decreased compared to Q2/2010 due to decreases in travel, professional and office expenses. 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.

OUTSTANDING SHARE DATA

As at November 12, 2010, subsequent to the closing of the offering, the Company had 68,651,937 common shares outstanding, as well as stock options to purchase 5,327,000 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, share purchase warrants to purchase 2,347,886 common shares at \$1.40 per share and 567,500 compensation warrants at \$1.15 per share.

**INV METALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS**

OFF-BALANCE SHEET TRANSACTIONS

During the nine month period ended September 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 Statements*. 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 has analyzed the various accounting policy choices available and will implement those determined to be the most appropriate.

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

**INV METALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS
(continued)**

1) Future accounting pronouncements (continued)

b) Convergence with International Financial Reporting Standards (continued)

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 has assessed accounting policy alternatives. Management and audit committee review of the policy and approval decisions and recommendations was performed in August 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 properties, accidents, equipment breakdowns, labour disputes (including work stoppages and strikes) or other unanticipated difficulties with or interruptions in exploration and development.

**INV METALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS**

RISKS AND UNCERTAINTIES (continued)

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.

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.

**INV METALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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 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.

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 September 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 September 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. No material changes in ICFR have been made as of September 30, 2010.

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

INV METALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS (continued)

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.