

INV METALS INC. MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 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 year ended December 31, 2010, in comparison to the corresponding prior year. This MD&A is prepared as at March 9, 2011, and is intended to supplement and complement the consolidated financial statements of INV Metals for the year ended December 31, 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 2010 year to be 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 January 26, 2011, INV Metals announced that the diamond and auger drill programs on its Rio Novo North claim, located in the prolific Carajás district of Brazil, intersected favourable host rocks containing highly anomalous precious metal values.

On January 25, 2010, the Company reported that its 2011 exploration and operating budget is estimated at \$9.3 million, including planned exploration expenditures at the Rio Novo copper-gold property, the Kaoko copper property and the Itaporã gold property. INV Metals' anticipates the initial and follow-up 2011 drill programs at all the Company's properties will total approximately 23,000 metres.

On November 12, 2010, INV Metals closed a bought deal financing of 11,350,000 common shares of the Company at a purchase price of \$1.15 per common share. On December 10, 2010, the Company issued an additional 1,702,500 common shares pursuant to the exercise of the full over-allotment option granted in connection with the previously closed bought deal financing. Pursuant to the financing, the Company received aggregate gross proceeds of approximately \$15,010,375.

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.

On September 15, 2010, INV Metals announced the discovery of a copper-rich zone including intersections of 2.0% copper and 27.1 grams per tonne (g/t) silver over a thickness of 45 metres (m) and 2.8% copper and 49.1 g/t silver over a thickness of 27 m at the Okohongo target located on the Kaoko property in northwestern Namibia.

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

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RESULTS OF OPERATIONS

As at December 31, 2010, the Company had cash resources of approximately \$21.2 million. The Company recorded a net loss of \$2,927,639 or \$0.05 per share for the year ended December, 2010 ("2010"), compared with a net loss of \$2,682,456 or \$0.05 per share for the corresponding year ended December 31, 2009 ("2009"). General and administration expenses for 2010 were \$2,439,837 compared to \$2,266,423 for 2009.

The following table presents the changes between INV Metals' Consolidated Statement of Operations for the year ended December 31, 2010 and 2009.

<i>For the years ended December 31,</i>	2010	2009	Change
Expenses			
General and administration			
Shareholder information and regulatory compliance	\$ 60,993	\$ 85,004	\$ (24,011)
Compensation	1,730,241	1,421,834	308,407
Travel	133,362	154,187	(20,825)
Professional fees	248,429	268,051	(19,622)
Office	266,811	337,347	(70,536)
Total general and administration	2,439,836	2,266,423	173,413
General exploration	-	210,772	(210,772)
Mineral properties and deferred exploration written off	-	612,851	(612,851)
Stock-based compensation	543,125	621,120	(77,995)
Equity loss from investment	-	649	(649)
Foreign currency exchange loss	4,709	3,276	1,433
Interest income	(60,032)	(52,154)	(7,878)
Loss before income taxes	2,927,639	3,662,937	(735,298)
Future income tax recovery	-	(980,481)	980,481
Net loss and comprehensive loss	\$2,927,639	\$2,682,456	\$ 245,183
Basic and diluted loss per share	\$ 0.05	\$ 0.05	\$ 0.00

The Company recorded a net loss of \$2,927,639 or \$0.05 per share in 2010, compared with a net loss of \$2,682,456 or \$0.05 per share in 2009. Excluding a future tax recovery that took place in 2009 as a result of the renunciation of flow-through shares, the loss decreased compared to the prior year, primarily due to the write off of mineral properties, higher stock based compensation expense and higher general exploration expenses in 2009, partially offset by higher compensation expense in 2010.

General and administrative expenses increased from \$2,266,423 in 2009 to \$2,439,837 in 2010. The increase was mainly as a result of higher compensation expense as bonuses were awarded at the end of the fiscal year for 2010, rather than early in 2011.

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RESULTS OF OPERATIONS (continued)

Shareholder information and regulatory compliance expenses totaled \$60,993 for the year ended December 31, 2010, compared to \$85,004 in 2009, resulting in a \$24,011 decrease. The decrease was a result of cost saving initiatives.

Professional fees decreased from \$268,051 in 2009 to \$248,429 in 2010, mainly due to a decrease in legal expenses during the year. Legal expenses relating to the November financing were allocated to share issue costs.

Travel expenses decreased by \$20,825 from \$154,187 in 2009 to \$133,362 in 2010, due to decreased travel to Brazil and Namibia by one of the company executives.

General exploration costs were \$Nil in 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.

During 2010, stock options and restricted share units granted to directors, senior management and employees resulted in stock-based compensation expense of \$543,125, a decrease of \$77,995 from \$621,120 in 2009, as a result of fewer options granted to employees and directors during the year.

Interest income increased by \$7,878 from \$52,154 in 2009 to \$60,032 in 2010, due to the increased cash position of the Company at the end of the year, as well as increased interest rates compared to the prior year. 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 2010 as the average rate was C\$0.5829/R\$ compared to C\$0.5739/R\$ in 2009. The Canadian dollar decreased relative to the Namibian dollar during 2010 as the average rate was C\$0.1361/N\$ compared to C\$0.1330/N\$ in 2009. The Brazilian real was C\$0.5868/R\$ as at March 8, 2011. The Namibian dollar was C\$0.1413/N\$ as at March 8, 2011.

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 December 31, 2010, the Company had cash of \$21,265,982 (2009 - \$13,586,446) and working capital of \$20,062,157 (2009 - \$13,072,826). Cash and working capital have increased from December 31, 2009, as a result of the financing that took place in November 2010. 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 2010 totaled \$2,032,161 compared to \$1,957,443 in 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 operating activities.

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FINANCIAL CONDITION AND LIQUIDITY (continued)

Financing activities

On November 12, 2010, INV Metals closed a bought deal financing of 11,350,000 common shares of the Company at a purchase price of \$1.15 per common share. On December 10, 2010, the Company issued an additional 1,702,500 common shares pursuant to the exercise of the full over-allotment option granted in connection with the previously closed bought deal financing. Pursuant to the financing, the Company received aggregate net proceeds of approximately \$13.8 million. An employee exercised 15,000 stock options during the year for proceeds of \$5,250.

Investing activities

Cash used in investing activities for 2010 totaled \$4,099,772 compared to \$2,270,462 in 2009. Investing activities in 2010 increased mainly due to increased expenditures on the Rio Novo property in Brazil and the Kaoko property in Namibia.

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

The Company's 2011 exploration and operating budget is estimated at \$9.3 million, including planned exploration expenditures of \$3 million at the Rio Novo copper-gold property ("Rio Novo"), \$3 million at the Kaoko copper property ("Kaoko") and \$600,000 at the Itaporã gold property. INV Metals' anticipates the initial and follow-up 2011 drill programs at all the Company's properties will total approximately 23,000 metres.

The planned 2011 exploration program at Kaoko consists of a diamond and reverse circulation drill program totalling approximately 10,000 metres to test the Okohongo, Epungwe, Omatapati, Okakuyu, Oruwanje, Otjohorowara and Oruvandjai targets.

Regional mapping is planned in prospective areas to further evaluate the approximately 8,750 km² property for additional targets and to follow up strong stream sediment copper anomalies in the northwestern portion of the property. INV Metals expects to complete induced polarization ("IP") surveys at Oruwanje and possibly other targets if warranted. Various geochemical survey methods may also be utilized to evaluate specific targets.

At the Rio Novo property, located in the Carajás district, Brazil, a 10,000 metre diamond drill program is scheduled to commence after the rainy season ends in April or May. At the Rio Novo North target, which is contiguous and along strike to the Serra Pelada precious metals deposit, a 3,000 metre drill program will further test the potential for high grade precious metals mineralization. In the southern portion of the property, a 7,000 metre drill program is planned to assess approximately seven target areas for copper-gold potential. Additional soil sampling and IP geophysical surveys over selected areas are also planned.

Given the large number of highly prospective targets at both the Kaoko and Rio Novo properties, management will continually assess the priority of each target as exploration results are evaluated and the programs may be amended accordingly.

A second phase 3,000 metre diamond drill program will be conducted at the Company's 100% owned Itaporã property to expand on the 2009 initial drill program which returned promising results with gold values up to 14.4 g/t gold over 0.75 metres (see Company's press release dated September 17, 2009). The initial seven hole drill program totalled 1,114 metres and successfully confirmed the presence of hydrothermally altered, gold-bearing rocks.

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MINERAL PROPERTIES

Expenditures on mineral properties and deferred exploration in 2010 totaled \$4,037,596, compared to \$2,277,329 in 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.

In 2009, 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 National Instrument 43-101 compliant Technical Report entitled "Technical Report on Recent Exploration at the Rio Novo Copper-Iron-Gold-Platinum-Palladium Property in the Carajás District, Pará, Brazil" dated October 27, 2010 was completed and filed on SEDAR.

There has been insufficient drilling to determine the true width of the intervals reported. Potential quantity and grade is conceptual in nature. There has been insufficient exploration to-date to define a mineral resource on the Rio Novo property and it is uncertain if further exploration will result in such property being delineated as a mineral resource.

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 completed 5 diamond drill holes totalling 1,260 metres in order to test a strong multi-element precious metal soil geochemical anomaly and surrounding area, located approximately three kilometres to the northwest of Serra Pelada. The three holes testing the soil anomaly intersected favourable host rocks containing highly anomalous precious metal values including: 0.91 g/t combined gold-palladium-platinum (Au-Pd-Pt) over 4.4 m, 0.96 g/t Au-Pd-Pt over 2 m, and 1.1 g/t Au-Pd-Pt over 1 metre. A hole that tested a flanking airborne electromagnetic VTEM conductor did not return any significant values.

The bonanza-grade precious metal values at Serra Pelada occur in carbon-rich sediments at the nose of a fold structure and the Company interprets that the anomalous precious metal values intersected by the three holes occur in a similar sequence of sediments but on the limb of such a fold structure. The fold structure is interpreted to occur as a blind target to the south of the soil anomaly. The fifth and final hole was drilled approximately 400 metres to the south of the geochemical anomaly to test this thesis, and although it did not intersect anomalous precious metal values, it did intersect similar rocks to those hosting the Serra Pelada deposit. Additional drilling is required to trace the anomalous mineralization from the limb of the fold to the interpreted location of the nose of the fold, where high grade precious metals, if present, would concentrate. Table 1 provides details of the diamond drilling.

Additional diamond drilling is planned in 2011 to test for the location of the interpreted fold hinge which could host bonanza grade Au-Pt-Pd values, and to test three soil-auger anomalies at Rio Novo North.

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MINERAL PROPERTIES (continued)

1) Rio Novo, Brazil (continued)

a) Rio Novo North (continued)

Table 1: Diamond Drill Results

Diamond Hole		From (m)	To (m)	Length (m)	Au (g/t)	Pd (g/t)	Pt (g/t)
52		16.0	22.0	6.0	0.41	0.28	0.11
	including	16.0	20.4	4.4	0.55	0.29	0.07
	and	16.0	17.0	1.0	1.12	0.09	0.04
		201.0	202.0	1.0	0.10	0.90	0.20
53		6.0	10.0	4.0	0.39	0.01	0.01
	including	7.0	8.0	1.0	1.10	0.01	0.01
		25.5	29.0	3.5	0.05	0.23	0.04
54		12.0	24.0	12.0	0.03	0.17	0.12
		26.0	34.0	8.0	0.18	0.27	0.04
	including	29.0	32.0	3.0	0.40	0.39	0.05
	and	30.0	32.0	2.0	0.47	0.43	0.06
		73.1	85.0	11.9	0.14	0.01	0.01
	including	80.0	85.0	5.0	0.19	0.01	0.01
		128.0	130.1	2.1	0.01	0.22	0.06
		198.1	204.0	5.9	0.01	0.21	0.04
	214.0	216.3	2.3	0.01	0.23	0.02	
55	No Significant results – testing electromagnetic conductor						
56	No Significant results – testing for fold nose						

INV Metals completed a 41 hole auger drill program totalling 372 metres in order to verify a number of previously identified Au-Pt-Pd soil geochemical anomalies. The drilling intersected a number of zones of graphitic siltstones and pelites containing strongly anomalous precious metals, particularly palladium, as detailed in Table 2.

Table 2: Auger Drill Results

Auger Hole	Depth (m)	From (m)	To (m)	Length (m)	Au (ppb)	Pd (ppb)	Pt (ppb)
30	9.0	0.0	2.0	2.0	10.0	8.0	8.0
31	13.2	0.0	1.0	1.0	53.0	8.5	11.5
32	9.2	0.0	3.0	3.0	15.7	5.2	10.1
33	10.0	0.0	2.0	2.0	26.0	11.8	8.4
34	14.0	8.0	12.0	4.0	39.0	78.0	14.0
35	14.0	0.0	5.0	5.0	6.0	47.0	18.0
36	16.0	0.0	16.0	16.0	1.8	49.0	9.5
37	2.0	0.0	2.0	2.0	2.0	10.0	12.8
38	3.0	0.0	3.0	3.0	25.7	26.4	5.0
39	12.0	0.0	5.0	5.0	80.4	10.2	6.4
40	6.0	0.0	6.0	6.0	8.3	41.0	5.4

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MINERAL PROPERTIES (continued)

1) Rio Novo, Brazil (continued)

a) Rio Novo North (continued)

Table 2: Auger Drill Results (continued)

Auger Hole	Depth (m)	From (m)	To (m)	Length (m)	Au (ppb)	Pd (ppb)	Pt (ppb)
41	1.6	0.0	1.6	1.6	10.0	28.2	4.7
42	8.4	0.0	8.4	8.4	11.9	6.4	4.9
43	13.0	0.0	13.0	13.0	8.9	43.5	6.1
44	8.0	2.0	8.0	6.0	6.0	41.0	5.8
45	20.0	0.0	20.0	20.0	4.0	42.2	6.5
46	18.0	2.0	4.0	2.0	5.0	13.7	14.9
47	4.3 including	0.0	4.3	4.3	42.9	54.4	17.5
		0.0	1.0	1.0	28.0	147.0	47.3
		4.0	4.3	0.3	475.0	34.5	12.3
48	8.3	No significant results					
49	10.0	No significant results					
50	2.7	No significant results					
51	4.7	0.0	4.7	4.7	26.2	2.8	6.0
52	3.4	0.0	1.0	1.0	27.0	4.9	5.6
53	3.0	No significant results					
54	13.5	0.0	3.0	3.0	1.2	10.2	12.9
55	15.0	0.0	5.0	5.0	33.2	7.5	5.8
56	12.0	0.0	9.0	9.0	33.4	33.2	17.2
57	4.9	0.0	4.9	4.9	49.7	15.5	12.3
58	3.0	0.0	3.0	3.0	22.3	7.8	9.1
59	15.0	0.0	15.0	15.0	13.8	23.5	10.9
60	10.0	0.0	4.0	4.0	35.5	12.9	8.4
61	8.5	0.0	2.0	2.0	50.0	12.7	9.7
62	0.4	0.0	0.4	0.4	82.0	17.4	12.7
63	12.0	0.0	3.0	3.0	45.0	14.5	8.9
		8.0	12.0	4.0	90.8	28.2	11.5
64	15.0	0.0	15.0	15.0	26.6	16.5	10.9
65	2.0	No significant results					
66	14.5	0.0	14.5	14.5	11.3	42.7	5.4
67	12.0 including	0.0	12.0	12.0	27.9	54.8	7.0
		0.0	4.0	4.0	62.5	46.0	6.5
68	10.0	7.0	9.0	2.0	0.8	5.1	19.7
69	4.5	0.0	4.0	4.0	6.0	10.4	21.0
70	6.4	No significant results					

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MINERAL PROPERTIES (continued)

1) Rio Novo, Brazil (continued)

b) Rio Novo Copper-Gold Targets

INV Metals has completed 21 diamond drill holes totaling 5,572 metres to test a variety of copper-gold targets at RN-7, RN-5, and RN-11. The drilling has demonstrated the high potential of the property to host an iron oxide-copper-gold deposit, intersecting numerous zones of intense alteration, variably consisting of chlorite, actinolite, biotite, scapolite, albite, garnet, grunerite, and hydrothermal magnetite, locally associated with breccias and minor to significant amounts of chalcopyrite as disseminations, veins and stockworks. Additional diamond drilling is planned for 2011 at targets RN-4, RN-7, RN-8, RN-11, and pending the results of additional field work including geological, geophysical and/or geochemical surveys, at RN-5, RN-9 and RN-6.

i) RN-7 Target

In the RN-7 prospect area, holes RND-31 and RND-32 were drilled to test a strong 1.8 kilometre long conductor identified by an airborne electromagnetic survey ("VTEM") performed by Teck, subsequent to a two-hole drill program which intersected 0.66% copper over 102 metres (hole RND-29) and 0.40% copper over 69 metres (hole RND-30). Hole RND-33 was drilled to further test a strong soil geochemical anomaly, 400 metres west of Teck's historical hole RND-29. Hole RND-34 tested a copper-in-soil geochemical anomaly with a coincident VTEM conductor 800 metres west of RND-33. The results of the drill program are summarized in Table 3 which shows all intersections greater than 0.1% copper.

The VTEM conductor was explained by the presence of brecciated to massive hydrothermal magnetite, which is the classic host rock for copper mineralization in iron oxide copper-gold ("IOCG") deposits. Although no significant grades of copper mineralization were intersected, disseminated to patchy chalcopyrite occurs throughout all of the boreholes, along with intense chlorite-albite-garnet-actinolite-hydrothermal magnetite alteration characteristic of large IOCG systems. In hole RND-34, a thick oxidized interval contained several patches of native copper. The drilling at target RN-7 indicates an intense alteration system within typical IOCG deposit host rocks with pervasive anomalous copper mineralization over a strike length of at least 2.4 kilometres. There has been insufficient drilling to understand the geometry of the mineralized zones and therefore the relationship between mineralized intercepts reported in Table 3 and the true width of the intersections is not known at this time.

Further work at RN-7 will include in-fill soil sampling and a review of the drill core to determine alteration vectors which may help indicate the centre of the mineralized system. Additional drilling is planned for 2011.

Table 3: RN-7 Copper Intersections >0.1%

Hole	From (m)	To (m)	Interval (m)	Cu (%)
RN-31	79.0	80.0	1.0	0.11
	83.0	84.0	1.0	0.15
	177.0	178.0	1.0	0.70
RN-32	184.2	187.0	2.9	0.14
	98.8	107.9	9.1	0.11
	143.5	145.2	1.7	0.32
	148.0	149.0	1.0	0.14
	157.0	158.0	1.0	0.26
	190.7	192.0	1.3	0.12
	198.0	200.0	2.0	0.37

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MINERAL PROPERTIES (continued)

1) Rio Novo, Brazil (continued)

b) Rio Novo Copper-Gold Targets (continued)

i) RN-7 Target (continued)

Table 3: RN-7 Copper Intersections >0.1% (continued)

Hole	From (m)	To (m)	Interval (m)	Cu (%)
	244.0	245.0	1.0	0.12
	371.9	378.0	6.1	0.40
	388.0	389.0	1.1	0.20
RN-32	413.7	414.7	1.0	0.12
	416.7	417.8	1.1	0.22
RN-33	184.0	185.0	1.0	0.41
	192.0	193.0	1.0	0.82
	203.6	205.3	1.7	0.16
	207.1	207.9	0.8	0.16
	211.1	213.5	2.4	0.11
	225.0	233.4	8.4	0.18
	237.5	239.0	1.6	0.33
	241.1	242.2	1.1	0.19
	246.0	247.5	1.5	0.17
	250.6	252.8	2.2	0.16
	256.0	257.6	1.6	0.12
	259.0	260.3	1.3	0.19
	311.2	312.1	1.0	0.55
	337.0	338.0	1.0	0.61
	353.7	355.3	1.7	0.25
	358.1	359.0	0.9	0.14
	360.0	361.0	1.0	0.10
RN-34	24.4	67.0	42.6	0.24
including	63.6	67.0	3.4	1.48
which includes	64.6	65.3	0.7	5.45
	186.8	187.6	0.8	0.14
	192.3	193.3	1.0	0.11
	206.5	207.7	1.2	0.12
	234.0	246.0	12.0	0.18
	265.0	266.0	1.0	0.10
	304.5	307.0	2.5	0.25
	334.0	340.0	6.0	0.11

**INV METALS INC.
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MINERAL PROPERTIES (continued)

1) Rio Novo, Brazil (continued)

b) Rio Novo Copper-Gold Targets (continued)

ii) 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. The results of the drill program are provided in Table 4. 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.

Table 4: 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
RN-DD-51	Insignificant			

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

MINERAL PROPERTIES (continued)

1) Rio Novo, Brazil (continued)

b) Rio Novo Copper-Gold Targets (continued)

iii) 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 5. 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. Additional drilling at RN-11 is planned for 2011.

Table 5: RN-11 Drill Results

Hole	From (m)	To (m)	Interval (m)	Cu (%)
35	0.0	22.5	22.5	0.15
36	0.0	105.0	105.0	0.23
including	18.2	49.5	31.3	0.33
37	0.0	146.9	146.9	0.21
including	53.7	55.8	2.1	0.96
and	91.6	92.6	1.0	1.73
and	112.5	120.4	7.9	0.56
including	115.9	118.2	2.3	1.15
38	102.0	118.8	16.8	0.18
including	113.4	118.8	5.4	0.38
39	0.0	29.5	29.5	0.19
	79.7	80.8	1.1	0.89
	187.1	188.6	1.5	0.94
40	115.0	120.0	5.0	0.39
including	119.0	120.0	1.0	1.12
	174.1	208.9	34.8	0.19
41	45.4	49.7	4.3	0.38
including	47.2	48.4	1.2	0.84
	159.7	178.0	18.3	0.16
42	41.1	95.0	53.9	0.10
43	39.9	40.4	0.5	3.74
	111.2	144.0	32.8	0.10

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

MINERAL PROPERTIES (continued)

2) Kaoko, Namibia

The Kaoko property is located in the Kunene Region of northwest Namibia and comprises a roughly 8,750 km² prospective land package in a belt geologically analogous and similar in size to the Zambian Copper Belt. The property now includes an additional six claims totalling approximately 750 km² that had been applied for and were granted to the Company on January 12, 2011.

The objective of exploration at the Kaoko property is the discovery of world-class, low cost, potentially open-pit mineable sediment-hosted copper-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 National Instrument 43-101 compliant Technical Report entitled "Technical Report on Recent Exploration at the Kaoko Copper-Silver Property in Northwest Namibia" dated October 27, 2010 was completed and filed on SEDAR.

There has been insufficient drilling to determine the true width of the intervals reported. Potential quantity and grade is conceptual in nature. There has been insufficient exploration to-date to define a mineral resource on the Kaoko property and it is uncertain if further exploration will result in such property being delineated as a mineral resource.

a) Okohongo Target

INV Metals completed a first-phase 20 hole, 2,564 metres reverse circulation drill program in July, 2010 at the Okohongo target and announced the discovery of a copper-rich zone including intersections of 2.0% copper and 27 g/t silver over a thickness of 45 metres and 2.8% copper and 49.1 g/t silver over a thickness of 27 metres. The drill program was initiated to follow up the preliminary hole TCD-016 drilled by Teck in 2007, which intersected 25.2 metres of 1.9% copper and 32.3 g/t silver. Results of the drill program are listed below in Table 6. INV Metals' drilling intersected a north-south trending zone of copper-silver mineralization over 500 metres of strike length and up to 400 metres 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 6: Okohongo Drill Results, intersections >0.4% copper

	Hole	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

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

MINERAL PROPERTIES (continued)

2) Kaoko, Namibia (continued)

a) Okohongo Target (continued)

Table 6: Okohongo Drill Results, intersections >0.4% copper (continued)

	Hole	From (m)	To (m)	Interval (m)	Copper %	Silver g/t
	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
	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 metres, and locally up to 45 metres, 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.

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

MINERAL PROPERTIES (continued)

2) Kaoko, Namibia (continued)

a) Okohongo Target (continued)

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. Several holes were analyzed for acid soluble (oxide) copper to determine the percentage of total copper mineralization which would be amenable to potential recovery by an acid leach extraction process. Table 7 below reports the results of the analyses on hole INVR-001 which management believes demonstrates that the mineralization appears to be amenable to acid extraction.

Table 7: Total Copper vs. Soluble Copper

	Hole	From (m)	To (m)	Interval (m)	Total Copper %	Soluble Copper %	% of Total Copper that is Soluble
	INVR-001	47	74	27	2.8	2.1	73
including	INVR-001	47	60	13	3.6	2.6	74

Copper mineralization at Okohongo is concentrated in a dark-grey to grey-green phyllitic siltstone interbedded with dolomite of the Lower Omaso Formation that overlies Nosib Group red-beds and underlies massive Upper Omaso Formation dolomite. These shallowly east-dipping strata form the western limb of a doubly plunging synclinal fold. To the west, the mineralized horizon appears to daylight at surface.

b) Otjohorowara Target

Geological mapping completed by INV Metals at the Otjohorowara target, located approximately 12 kilometres northwest of Okohongo, led to the discovery of three new zones of copper mineralization over an approximately 5 kilometre area. The Otjohorowara target displays a similar geological setting to the Okohongo target.

The first zone of identified copper mineralization at the Otjohorowara target is a horizon of weak to moderate copper-silver mineralization over a strike length of 1.4 kilometres in calcareous siltstone within the Lower Omaso formation, the same formation that hosts the copper mineralization at Okohongo. Malachite is the primary copper mineral seen in outcrop and the exposed thickness of the mineralized horizon is typically one metre. Grab samples collected by INV Metals personnel returned values ranging from 0.2% copper and 0.1 g/t silver, to 1.5% copper and 1.9 g/t silver.

A second zone of mineralization identified at Otjohorowara is located approximately four kilometres east of the first showing, while a third occurrence of mineralization is located approximately 1.2 kilometres south of the first zone. A composite rock dump sample selected at the third zone contained 10.4% copper and 295 g/t silver.

c) Manuela Target

At the Manuela target, located in the northern portion of the property, a six hole, 1,310 m diamond drill program was completed in December to test a number of induced polarization geophysical anomalies and surface copper oxide showings. As of the date of this report the analyses are not available.

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

MINERAL PROPERTIES (continued)

2) Kaoko, Namibia (continued)

d) Sesfontein Target

In 2010 the Company announced the discovery of fifty-five copper showings over a strike length of 26 kilometres in the Sesfontein area. The showings are proximal to a sandstone-shale/dolostone contact that hosts significant copper-silver mineralization elsewhere on the property, such as at Okohongo.

Of the fifty-five showings noted at Sesfontein, ten extend over a length of more than 100 metres. Individual showings vary in width from a few centimetres up to 4 metres, and in length from localized showings up to 650 metre lengths of discontinuous mineralization in the same lithological unit. Outcrop rock samples returned grab sample values ranging from weakly anomalous (<100 ppm copper) to 3.4% copper and 128 g/t silver; in addition, a high grade grab sample from a mineralized quartz vein returned 21.1% copper, along with 174 g/t silver and 2.56 g/t gold. At a single showing, a 4 metre wide channel sample returned 4.64% copper and 147 g/t silver.

Mineralization is primarily comprised of malachite derived from chalcocite and chalcopyrite, with trace amounts of chrysocolla and atacamite, and traces of galena hosted in siliciclastic rocks of the Nosib Group and Ombombo Subgroup. Mineralization occurs in milky quartz veins and lenses and as disseminations in surrounding country rock. Host rock lithology is variable, ranging from quartzite to quartz-sericite, quartz-sericite-chlorite, quartz-chlorite and biotite-chlorite schist, as well as conglomeratic quartz-sericite schist.

A limited induced polarization geophysical survey was carried out over two target areas followed by the drilling of four reverse circulation holes totalling 582 metres to test the Red Valley and Black Ridge showings, two of the 55 copper prospects exposed along the 26 kilometre long Sesfontein target area. Drill conditions were not ideal, with one hole being abandoned in difficult overburden and as a result, further drilling was deferred until a diamond drill rig is secured. INVR-028 intersected 3 metres of 0.2% copper and 2.3 g/t silver from a downhole depth of 107 metres. INVR-029 intersected 1 metre of trace copper and 1.9 g/t silver at 95 metres. The Sesfontein area is extensive and remains relatively unexplored.

e) 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 metres of 0.3% copper and 5.0 g/t silver from a downhole depth of 59 metres. INVR-022 intercepted 4 metres 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.

QUALITY CONTROL AND QUALITY ASSURANCE PROCEDURES

1) Rio Novo, Brazil

Core samples to be analyzed were identified during the core logging process. After sawing the core in half, samples were collected representing at least a 0.5 metre length and a maximum of 2.0 metres of half core. Intervals that visually appear to be of higher grade were isolated as shorter length discrete samples, and sampling does not cross lithological contacts. In homogeneous rock or mineralized units sample lengths were 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 diamond drill core utilizing a core saw and auger core manually, the samples were collected in a clean, unused, transparent plastic bag, which was assigned a unique sample number and a pre-printed paper sample ticket protected in plastic, placed inside. The downhole depth of each sample is

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

QUALITY CONTROL AND QUALITY ASSURANCE PROCEDURES (continued)

1) Rio Novo, Brazil (continued)

hand written in a specific file and also in a spreadsheet tracking every hole. INV Metals' employees were responsible for sampling and the insertion of blanks and certified standards every 20 samples.

Once samples were cut and bagged they were sealed and the appropriate laboratory sample preparation and analysis requisitions were prepared. Samples were then 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.

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 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)

QA-QC procedures used on the diamond drilling program were similar to procedures used on the reverse circulation program. Core samples to be analyzed were identified and assigned a unique sample number during the core logging process. Sample intervals varied from 1 to 3 metres in length. Using a core saw, core was cut in half taking care to cut at an orientation which maximized the chance that each half were as identical as possible. After sawing the core in half, one half of the previously marked sample was placed in a clean, unused, transparent plastic bag along with a pre-printed paper sample ticket. The remaining half was returned to the core tray. The sample number and sampled interval were written on the plastic bag, recorded in the sample ticket booklet and recorded in a spreadsheet. INV Metals' employees were responsible for sampling and the insertion of blanks every 20 samples. Sample numbers in twenty sample intervals were designated by INV Metals employees for the insertion by the prep lab of certified standards and duplicates.

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. In the case of reverse circulation chips the samples were fine enough to not require crushing. Core samples were crushed on a jaw crusher to < 2 mm. 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 provided by INV Metals the employees of Analytical Laboratory Services inserted duplicates, certified standards and, for the RC samples, blanks every 20 samples in order to monitor contamination and accuracy of the analyses. Each 100-sample sequence contained 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.

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 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.

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

QUALITY CONTROL AND QUALITY ASSURANCE PROCEDURES (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 Person, 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 fulfilled its commitment 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 December 31, 2010, aggregate expenditures on both properties totaled \$4,388,542.

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

	Total		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	\$	-
Office lease	\$	142,200	\$	71,100	\$	71,100

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

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.

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**

SELECTED ANNUAL FINANCIAL INFORMATION

The following selected data has been prepared in accordance with Canadian generally accepted accounting principles and should be read in conjunction with the Company's audited consolidated financial statements for the years noted below:

<i>For the years ended December 31,</i>	2010	2009	2008
Financial Results:			
Interest income	\$ 60,032 \$	52,154 \$	661,562
Net Loss	(2,927,639)	(2,682,456)	(23,160,385)
Loss per share* - basic and diluted	(0.05)	(0.05)	(0.43)
Financial Position:			
Working Capital	\$ 20,062,157 \$	13,072,826 \$	17,497,913
Investment in INVI	-	-	3,816,693
Mineral properties and deferred exploration	17,375,767	12,807,827	6,423,322
Total Assets	38,974,090	26,552,730	28,309,260
Common Shares	67,399,596	53,744,483	53,478,870
Warrants	339,370	691,938	745,005
Contributed Surplus	7,378,881	6,163,350	5,635,363
Deficit	\$ (37,577,200) \$	(34,649,561) \$	(31,967,105)
Number of shares issued and outstanding	70,354,437	57,086,937	54,011,008

Interest income has significantly decreased since 2008 due to the lower interest rates and a declining cash balance prior to the financing in November 2010. Excluding a future tax recovery that took place in 2009 as a result of the renunciation of flow-through shares, the loss decreased compared to the prior year, primarily due to the write off of mineral properties, higher stock based compensation expense and higher general exploration expenses in 2009, partially offset by higher compensation expense in 2010.

The 2008 net loss included a non-recurring \$13.6 million write down of the Investment in INVI and the write off of mineral properties in the amount of \$5.1 million, compared to a write off of mineral properties of \$0.6 million in 2009 and nil in 2010.

The Company's working capital increased in 2010 due to an increased cash balance as a result of the financing that took place in November 2010. In 2009, the Investment in INVI, which was written down in 2008 due to the decrease in nickel prices and an uncertain economic environment, was transferred to Teck as consideration for the right to earn an initial 50% interest in the Rio Novo and Kaoko properties. During 2010, INV Metals' exploration efforts increased as a result of exploration programs in Brazil and Namibia. Total assets have increased since 2008 due to the increase in cash balance and the increase in mineral property expenditures in the past two years. The increase in common shares in 2010 was mainly as a result of the November 2010 financing, pursuant to which approximately 13.0 million shares were issued. In 2009, the increase in common shares resulted primarily from the issuance of shares to Teck as per the option agreements to acquire an initial 50% of the Rio Novo and Kaoko properties. A flow-through common share financing was completed in February 2008. Warrants have declined since 2008, as the compensation and public warrants issued in the May 2007 and February 2008 financings have expired, as well as warrants issued in 2005 to FNX Mining Company Inc. Contributed surplus has increased since 2008 as a result of the expiration of warrants, the issuance of stock options and the adoption of the restricted share unit plan in 2008.

**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>	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010
Interest income	\$ 43,765	\$ 3,841	\$ 8,515	\$ 3,911
Net loss	(1,163,715)	(433,848)	(484,636)	(845,438)
Basic and diluted loss per share*	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ (0.01)

<i>Period ended</i>	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009
Interest income	\$ 3,904	\$ 5,586	\$ 9,353	\$ 33,311
Net loss	(884,244)	(626,523)	(635,594)	(536,097)
Basic and diluted loss per share*	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ (0.01)

**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 2010 year has generally been towards maintaining or lowering cost levels. In Q4/2010, the net loss increased compared to Q3/2010 due to an increase in compensation expense as a result of 2010 employee bonuses that were determined prior to the issuance of the financial statements, which has not occurred in prior year as bonuses were typically awarded in March. Interest income has increased in Q4/2010 due to increased interest rates along with an increased cash balance as a result of the November 2010 financing. In Q3/2010, the net loss decreased compared to Q2/2010 due to declines 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. During 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 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.

OUTSTANDING SHARE DATA

As at March 8th, 2011, the Company had 70,454,437 common shares outstanding, as well as stock options to purchase 6,420,000 common shares at a weighted average price of \$1.03, and 652,625 compensation warrants at an exercise price of \$1.15 per share.

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

OFF-BALANCE SHEET TRANSACTIONS

During the year ended December 31, 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) 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 has completed the impact analysis, evaluation and design phases on its consolidated financial statements. INV Metals will also incorporate any future changes to IFRS to ensure compliance by 2011.

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:

i) Accounting policies and procedures

The Company has identified and analyzed the differences between IFRS and the Company's existing accounting policies and procedures. Management has selected the accounting policy alternatives the Company will adopt on transition to IFRS, including any IFRS 1 exemptions, and the Company's Audit Committee approved the selections in August 2010.

Management has highlighted below various significant differences in policies between Canadian GAAP and IFRS, elections that the Company will enact or required policy changes which will be adopted by the Company upon transition:

- Management has decided to continue to capitalize exploration expenditures on its mineral properties and as such, has elected to adopt the exemption available under IFRS 6.
- The Company utilized the straight line method for vesting stock options prior to the adoption of IFRS. IFRS requires stock option to be vested using a graded vesting method. The company anticipates recording an adjustment to the financial statements to account for the difference in the methods for vesting stock options but does not anticipate the difference will be material to the financial statements. The Company's auditors are currently reviewing the adjustment.
- The Company has decided not to re-value any vested stock options as at January 1, 2010, and as such has elected to adopt the exemption available under IFRS 1 and IFRS 2 for stock-based compensation.
- The Company has decided to use the deemed cost method of accounting for their property, plant and equipment rather than the re-valuation method under IAS 16.

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

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

1) Future accounting pronouncements (continued)

a) Convergence with International Financial Reporting Standards (continued)

ii) Financial statement preparation

The Company has prepared draft IFRS financial statements and is currently in the process of reviewing the draft financial statements and related note disclosures with the Company's auditors. Once management and the auditors are satisfied that the financial statements are in compliance with IFRS, the Audit Committee will be asked to approve the draft statements. Approval of the draft financial statements is expected to occur in March 2011.

iii) Control environment

The Company has assessed the effectiveness of internal controls over financial reporting ("ICFR") and disclosure controls and procedures ("DC&P"). Management believes that no material changes within the Company's control environment were required to be made to establish effective internal controls over the IFRS changeover process. The Company's relevant internal controls are assessed each quarter.

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.

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.

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.

INV METALS INC. MANAGEMENT'S DISCUSSION AND ANALYSIS

RISKS AND UNCERTAINTIES (continued)

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 and health and safety 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.

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.

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

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING (continued)

Disclosure Controls (continued)

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 December 31, 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 December 31, 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 December 31, 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 2011, that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in the forward-looking statements. Examples of such forward looking statements include statements regarding financial results and expectations for 2011, future anticipated results of exploration programs (including, without limitations, with respect to the Rio Novo and Kaoko properties), 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

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS (continued)

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.