INV METALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

INTRODUCTION

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of INV Metals Inc. ("INV Metals" or the "Company") 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, 2014, in comparison to the corresponding prior year. This MD&A is prepared as at March 23, 2015 and is intended to supplement and complement the annual consolidated financial statements of INV Metals for the years ended December 31, 2014 and 2013 (the "Financial Statements"), which are prepared in accordance with International Financial Reporting Standards ("IFRS").

This MD&A should be read in conjunction with the consolidated financial statements and the Annual Information Form ("AIF") in respect of the 2014 year filed with the Canadian provincial securities regulatory authorities and available on the System for Electronic Document Analysis and Retrieval ("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"). All references to dollars herein are in Canadian dollars ("C$") unless otherwise specified.

COMPANY DESCRIPTION AND HIGHLIGHTS

INV Metals is an international mineral resource company focused on the acquisition, exploration and development of base and precious metals projects worldwide. The Company's material property is the 100% owned Loma Larga gold project, formerly named the Quimsacocha project ("Loma Larga", "Project" or "Property").

On February 4, 2015 the Company announced the positive results of the Preliminary Feasibility Study ("PFS" or the "Study") prepared pursuant to National Instrument 43-101 ("NI 43-101") on the Loma Larga project. The Study contemplates an underground mine with a daily production rate of approximately 1,000 tonnes per day ("tpd") and an average annual gold production of 80,000 ounces with an initial life of mine ("LOM") of 13.25 years. A NI 43-101 technical report entitled "Technical Report on the Loma Larga Project, Azuay Province, Ecuador" summarizing the PFS (the "Technical Report") is available on SEDAR.

The economics of the PFS are positive, with a pre-tax internal rate of return ("IRR") of 23.2%, an after-tax IRR of 16%, a net present value ("NPV") using a 5% discount rate of US$288 million pre-tax and US$154 million after-tax based on a production rate of 1,000 tpd which classifies the Project within the medium-scale mining regime established under the Ecuadorian mining law. The PFS incorporates the various mining and tax laws and regulations applicable to medium-scale mining. Companies operating a project under the medium-scale classification are not subject to negotiating an exploitation agreement, advanced royalties or windfall taxes. The details and economics of the Project are further described in "Mineral Properties - Loma Larga, Ecuador".

On October 27, 2014 the Company announced it completed a transaction (the "Transaction") pursuant to which it sold its remaining assets in Brazil. The Transaction was effected through the sale of the Company's wholly-owned subsidiary, INV Mineração Ltda. ("IML"), to a private Brazilian company ("Private Co.") and resulted in cash receipt of $1.1 million.

On June 27, 2014 the Company's issued and outstanding common shares ("Common Shares") were consolidated on the basis of one post-consolidation Common Share for every ten pre-consolidation Common Shares. INV Metals' currently has 49,420,975 Common Shares outstanding on a post-consolidation basis.

On March 6, 2014 INV Metals and IAMGOLD Corporation ("IAMGOLD") agreed to extend the Company's deadline to incur $15 million in expenditures on Loma Larga to the earlier of March 6, 2016 or the completion and filing of a bankable feasibility study.

OUTLOOK

The Company's 2015 operating budget is estimated at $5.1 million, including expenditures of $3.3 million at Loma Larga. Corporate and Project expenditures continue to be minimized to the extent possible until approval is obtained for the qualification of the Loma Larga project under the new medium-scale mining category. Budgeted expenditures are higher than 2015, primarily as a result of the lower Canadian dollar.

Expenditures in 2014 were in line with expectations totaling $4.6 million compared to a budget of $4.7 million, despite a declining Canadian dollar relative to the US dollar. The Company completed the PFS at an estimated final cost of approximately $1.1 million, which included various scope changes and mining development scenarios requested by management. The PFS includes new resource estimates at higher cut-off grades, capital cost estimates, detailed mine plans, engineering studies and environmental studies.

INV Metals continued its strategy to monetize non-core assets with the receipt of a significant cash payment of US$1 million for IML in 2014. Anticipated yearly cost savings for Brazilian general and administrative expenses relating to IML are estimated at $80,000.

The Company still awaits the release of the regulations for the medium-scale mining category, however, the information released to-date indicates that underground production classified in this category would be limited to 1,000 tonnes per day and be subject to corporate income taxes, a 4% gold and by-product royalty, value added taxes, 3% employee profit sharing, and 12% state profit sharing for social development projects. As a medium-scale mining project, the Project would not be subject to the same requirements as the large-scale mining category, which includes negotiating an exploitation agreement, a minimum of 5-8% gold and by-product royalty, advanced royalties and windfall taxes.

See "Mineral Properties - Loma Larga, Ecuador" for more details relating to the Project's budget and PFS.

MINERAL PROPERTIES

In the year ended December 31, 2014 additions to exploration properties decreased to $3,229,702, compared to $4,509,666 in 2013.

1) Loma Larga, Ecuador

The following table sets forth a breakdown of material components of expenditures incurred at the Company's Loma Larga project:

	2014	2013
Opening balance - January 1,	**$ 29,666,879**	$ 23,287,047
Geology/geophysics/metallurgy	**463,598**	920,783
Pre-feasibility study	**1,126,948**	-
Drilling	**-**	590,742
Concession costs	**208,678**	146,893
Administration	**685,107**	1,030,901
Camp, community relations and field expenses	**751,374**	1,833,653
Exchange differences	**2,732,005**	1,856,860
	$ 5,967,710	$ 6,379,832
Closing balance - December 31,	**$ 35,634,589**	$ 29,666,879

The total 2014 expenditures of $3.2 million were in line with budged expenditures, including additional scope changes to PFS spending and higher than expected foreign exchange differences.

MINERAL PROPERTIES (continued)

1) Loma Larga, Ecuador (continued)

Total spending in 2014 was $463,598 compared to $502,000 budgeted expenditures for geological interpretation; $208,678 was spent compared to $217,000 budgeted expenditures for concession related costs; $685,107 was spent compared to $655,000 budgeted expenditures for general and administrative expenses due to higher than expected legal costs relating to work performed by tax consultants; $402,073 was spent compared to $446,000 budgeted expenditures for camp costs; $269,451 was spent compared to budgeted expenditures for media and community relations due to higher than expected social program costs; and $114,899 was spent compared to $151,000 budgeted expenditures for transportation.

Management estimates that Project expenditures for 2015 will increase relative to 2014, mainly due to the decline of the C$ relative to the US$, additional environmental monitoring, and additional community program spending in the Project's main areas of influence. The budget for 2015 for costs relating to Ecuador is $3.3 million, including foreign exchange. Included in the budget are expenditures of $630,000 for general and administrative expenses; $1.1 million for geological interpretation; $424,000 for concession related costs and taxes; $549,000 for camp costs; $456,000 for media and community relations; and $140,000 for transportation. The Company has used an average exchange rate of US$1.29/C$1 for the US dollar denominated costs for 2015. The exchange rate was estimated based on the average estimated exchange rate published by five major Canadian banks. The decline in the C$ relative to the US$ has resulted in exchange differences included in the budget values above of $621,000, compared to a budgeted $260,000 in 2014.

PFS Description

The Loma Larga Project is located approximately 30 km southwest of the city of Cuenca, Azuay Province, Ecuador. Access to the Property from Cuenca, the third-largest city in Ecuador, is by 40 km of paved road to the town of San Gerardo followed by 18 km of gravel road. The Property consists of three mining concessions, Cristal, Cerro Casco and Rio Falso, covering an aggregate area of approximately 8,000 hectares. Mineralization at the Project occurs within three zones – the Main Zone, the Upper Zone, and the Lower Zone.

The PFS is based on underground mining at a rate of 1,000 tpd (the maximum allowed under Ecuador's medium-scale mining law). Mining will be performed by longhole stoping and drift and fill, using cemented paste backfill. Average annual production is estimated at 350,000 tonnes.

Estimated Mine Life	13.25 years
Average Mine Production Rate	948 tpd
Tonnes Processed	4.6 million
Average Grade of Mined Mineral Reserve	7.67 g/t Au, 0.46% Cu, 38.38 g/t Ag
Average Recoveries	90% Au, 82% Cu, 94% Ag
Average Annual Gold Production	80,000 oz
Total Gold Production	1.024 million oz
Total Copper Production	38.2 million lbs
Total Silver Production	5.3 million oz
Adjusted Operating Costs	US$526/oz Au sold
All-in Sustaining Costs	US$592/oz Au sold
Initial Capital Costs	US$218.9 million
Sustaining Capital and Closure Costs	US$25.8 million
Pre-Tax IRR	23.2%
After-Tax IRR	16.0%
Pre-Tax NPV @ 5%	US$288.4 million

MINERAL PROPERTIES (continued)

1) Loma Larga, Ecuador (continued)

PFS Description (continued)

After-Tax NPV @ 5%	US$153.8 million
Pre-Tax Payback Period	3.3 years
After-Tax Payback Period	4.4 years
Gold Price	US$1,350/oz
Silver Price	US$23/oz
Copper Price	US$3/lb

The Study was led by Roscoe Postle Associates Inc. ("RPA") in association with Samuel Engineering, Inc. and Klohn Crippen Berger Ltd. The deposit is located within the Rio Falso concession and the Property holds considerable exploration potential. A 21 km site access road will be upgraded and constructed from the main road from Cuenca, which is suitable for both importing goods and exporting concentrate. Power will be accessed through a connection to the local Cuenca substation, with an additional 25 km 138 kV power line to be constructed to tie to the grid. The financial model assumes 100% equity financing, however the Company plans to pursue various financing alternatives upon the completion of a feasibility study.

The deposit will be accessed by a straight ramp approximately 520 m long, at a 15% incline. The mine development extends to 175 m below surface at an elevation of 3,560 m. The ore will be trucked to the processing plant located approximately 7.5 km south of the portal where it will be processed through sequential flotation which will produce two concentrates: a pyrite-gold concentrate; and a copper-gold concentrate. The pyrite-gold concentrate will account for approximately 92% of concentrate shipments. The concentrates will be trucked 325 km to a storage facility at the port of Guayaquil for shipment to a third party for smelting and refining.

A summary of the estimated capital costs is provided below:

Capital Costs	**Millions US$**
Underground Mine	$56.0
Process Plant	$53.5
Infrastructure	$25.6
Tailings	$8.3
Indirect Costs	$47.6
Contingency	$27.9
Total Initial Capital	**$218.9**
Sustaining Capital	$21.6
Reclamation and Closure	$4.2
Total Capital	**$244.7**

Mining

The high grades of the Loma Larga deposit justify a "maximum extraction" approach with no pillars. Mining will be performed by longhole stoping using paste backfill which provides good productivity, high extraction, and stable back support. High-grade areas too small to mine using longhole stoping will be extracted by drift and fill mining. Levels and accesses have been designed within low-grade mineralization to limit the amount of waste development. Waste will be used as backfill to the extent possible. Mining will be carried out by mechanized equipment, working three eight-hour shifts per day to

MINERAL PROPERTIES (continued)

1) Loma Larga, Ecuador (continued)

Mining (continued)

produce approximately 1,000 tpd, which will be trucked to surface and transported to the mill for processing.

A production summary is detailed below:

Production Summary	
Average Mine Production Rate	948 tpd
Estimated Mine Life	13.25 years
Tonnes Processed	4.6 million
Average Annual Gold Production	80,000 oz
Average Gold Mill Feed Grade	7.67 g/t
Average Gold Recoveries	90%
Total Gold Recovered	1.024 million oz
Average Silver Mill Feed Grade	38.38 g/t
Average Silver Recoveries	94%
Total Silver Recovered	5.3 million oz
Average Copper Mill Feed Grade	0.46%
Average Copper Recoveries	82%
Total Copper Recovered	38.2 million lbs

All-in Sustaining and Operating Costs

The Company's adjusted operating costs are estimated at US$526/oz Au sold, net of by-product credits for copper and silver. All-in sustaining costs are estimated at US$592/oz Au sold.

	LOM US$/oz Au Sold
Mining	$285
Processing	$135
General and Administration	$59
NPI Royalty	$54
Smelter and Refining	$224
By-Product Credits	$(231)
Adjusted Operating Costs	**$526**
Sustaining Capital	$23
Reclamation/Closure	$5
Corporate General and Administration	$38
All-in Sustaining Cost[(1)]	**$592**

Notes:

1. All-in Sustaining Costs are calculated in accordance with the World Gold Council's Guidance on Non-GAAP Metrics - All-In Sustaining Costs

Operating Costs	**US$/Tonne**
Mining	$57.31
Processing	$27.16
General and Administration	$11.94
Total Operating Costs	**$96.41**

MINERAL PROPERTIES (continued)

1) Loma Larga, Ecuador (continued)

Processing

INV Metals performed metallurgical test work in late 2013 which focused on the viability of the production of concentrates to be shipped to smelters for further processing. It was concluded that a production rate of 1,000 tpd does not support the volume of ore or the capital required for a previously contemplated pressure oxidation circuit. Therefore, the metallurgical test work focused on the development of a process with high gold, silver and copper recoveries and marketable concentrate grades. It was determined that a sequential flotation process with copper and pyrite rougher flotation circuits yielded the best overall results. The tailings from the copper rougher flotation circuit are the feed to the pyrite rougher flotation circuit.

The sequential flotation process will produce two saleable concentrates: a pyrite-gold concentrate grading approximately 37 g/t Au, 126 g/t Ag, and 0.44% Cu; and a copper-gold concentrate grading approximately 107 g/t Au, 1,356 g/t Ag, and 30.0% Cu. The pyrite-gold concentrate will account for approximately 92% of concentrate shipments. Preliminary discussions with commodity traders and smelters indicate that both concentrates are likely marketable.

Mineral Resource Estimates

The Loma Larga deposit occurs as a flat-lying lens extending in a north-south direction, dipping gently to the south with the top of the deposit varying from about 100 to 175 m below surface. Within a 3 g/t Au cut-off grade shell, the deposit is approximately 1,150 m long (north-south), and up to 250 m wide (east-west). The majority of the ore body is between 15 and 50 m thick.

Gold mineralization occurs within three zones. The Main Zone, which is classified as Indicated Mineral Resources, has been converted into Mineral Reserves and used as the Base Case for the PFS. Two smaller zones, the Upper Zone and the Lower Zone, are classified as Inferred Mineral Resources. The Main Zone is the largest zone, is relatively flat-lying, undulates along strike and varies in thickness from five to 50 m. The Mineral Reserves consist of selected portions of the Indicated Mineral Resources that are above a 5.0 g/t Au cut-off grade.

The Upper and Lower Zones are estimated to be 280,000 tonnes, at an average grade of 15.14 g/t Au, containing 140,000 ounces. Further infill drilling is required to convert the Inferred Mineral Resources within the Upper and Lower Zones to Indicated Mineral Resources. Future infill drilling within the Upper and Lower Zones will also focus on exploration to expand high grade zones which are still open to the north and south. These zones indicate the potential to extend the mine life beyond that described by the PFS.

RPA estimated Mineral Resources for Loma Larga using all drill hole data available as of July 31, 2014. The Mineral Resource estimate is based on an underground mining scenario and a US$100 NSR cut-off value. The Technical Report describes the Mineral Resource estimation methodology and the assumptions used, to which this estimate is subject. There is also no certainty that the Inferred Mineral Resources will be converted to the Measured and Indicated categories through further drilling.

MINERAL PROPERTIES (continued)

1) Loma Larga, Ecuador (continued)

Mineral Resource Estimates (continued)

Mineral Resources Estimate as of December 31, 2014							
Resource Classification	**Tonnage (Mt)**	**Grade (Au g/t)**	**Contained Au (M oz)**	**Grade (Ag g/t)**	**Contained Ag (M oz)**	**Grade (% Cu)**	**Contained Cu (M lb)**
Indicated	10.17	6.24	2.04	35.2	11.5	0.36	81.1
Inferred	0.28	15.14	0.14	123.6	1.1	1.67	10.4

Notes:
1. CIM Definition Standards were followed for Mineral Resources.
2. Mineral Resources are reported at an NSR cut-off value of US$100/tonne.
3. Mineral Resources are estimated using average long-term prices of US$1,500/oz Au, US$25/oz Ag, and US$3.50/lb Cu.
4. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
5. Mineral Resources are inclusive of Mineral Reserves.

Mineral Reserves for Loma Larga are based on the Indicated Mineral Resources, mine designs, and external dilution and extraction factors. The Mineral Reserves consist of selected portions of the Indicated Resources that are above a 5.0 g/t Au cut-off grade. All Mineral Reserves are classified as Probable Mineral Reserves. The Technical Report describes the Mineral Reserve estimation methodology and the assumptions used, to which this estimate is subject.

Probable Mineral Reserves Estimate as of December 31, 2014							
Lens	**Tonnes (000)**	**Grade (Au g/t)**	**Contained Au (000 oz)**	**Grade (Ag g/t)**	**Contained Ag (M oz)**	**Grade (% Cu)**	**Contained Cu (M lb)**
Stopes	2,946	8.33	789	40.7	3.9	0.54	34.8
Drift and Fill	952	6.11	187	34.7	1.1	0.29	6.1
Ore Development	706	4.01	159	33.5	0.7	0.35	5.5
Total	**4,603**	**7.67**	**1,135**	**38.4**	**5.7**	**0.46**	**46.4**

Notes:
1. CIM definitions were followed for Mineral Reserves.
2. Mineral Reserves include stopes and drift and fill mining estimated at a cut-off grade of 5.0 g/t Au, and associated development estimated at an incremental cut-off grade of 3.0 g/t Au. Cut-off grades include consideration for copper and silver contributions.
3. Mineral Reserves are estimated using average long-term prices of US$1,100/oz Au, US$23/oz Ag and US$3/lb Cu.
4. A minimum mining width of 4 m was used.
5. Bulk density is 2.7 t/m^3.
6. Numbers may not add due to rounding.

Refer to "Risks and Uncertainties" in the MD&A and the Company's annual information form (the "AIF") for details of certain risk factors that could materially affect the potential development of the Mineral Resources and Mineral Reserves and should be considered carefully. A discussion of these and other factors is contained under the heading "Risk Factors" and elsewhere in the AIF, which was filed on SEDAR on March 23, 2015.

MINERAL PROPERTIES (continued)

1) Loma Larga, Ecuador (continued)

Exploration

The Loma Larga property continues to hold considerable exploration potential. The Company completed a drill program in 2013, wherein hole LLD-367 intersected 4.9 g/t Au, 48.7 g/t Ag, and 0.51% Cu over a core length of 25.1 m, including 11.9 g/t Au, 78.7 g/t Ag and 0.33% Cu over 6.2 m. The intersection is located approximately 165 m north of the northern limits of the resource and additional drilling is required to determine if the mineralization is a continuous extension of the main resource (see INV Metals' press release dated October 1, 2013).

There appears to be multiple feeder structures along the north-south length of the deposit, possibly associated with north-northeast en echelon structures. Further drilling is required to test for deeper extensions of these feeder zones, which are hypothesized to be associated with areas of higher grade mineralization. Previous drilling has not been focused at depth. A comprehensive exploration program is warranted to follow up on both previous drill results and to make new discoveries elsewhere on the Loma Larga property.

Permitting

The Company still awaits the publication of the regulations that will govern medium-scale mining within Ecuador. Once the regulations are published, the Company will seek to obtain the necessary permits and approvals required to advance the Project.

Potential Optimizations

The following opportunities were identified during the course of the PFS as potential optimizations to be considered during a feasibility study:

- drilling to upgrade Mineral Resources from Inferred to Indicated for inclusion in the mine plan and Mineral Reserves;
- evaluate a bulk copper concentrate flotation followed by a copper cleaner flotation process which may produce similar results at potentially lower costs than the currently contemplated sequential flotation process with two circuits;
- additional mine development evaluation to further reduce up-front development costs and increase efficiencies;
- further evaluation of processing lower grade ore to extend the mine life; and
- co-ordinate with other mining companies within Ecuador regarding any potential synergies with in-country processing options.

Non-IFRS Performance Measures

"Adjusted Operating Costs", "All-in Sustaining Costs", and "Total Operating Costs per Tonne" are non-International Financial Reporting Standards ("IFRS") Performance Measures. These performance measures are included because these statistics will be key performance measures that management will use to monitor performance. Management will use these statistics to assess how the Project ranks against its peer projects and to assess the overall effectiveness and efficiency of the contemplated mining operations. These performance measures do not have a meaning within IFRS and, therefore, amounts presented may not be comparable to similar data presented by other mining companies. These performance measures should not be considered in isolation as a substitute for measures of performance in accordance with IFRS.

MINERAL PROPERTIES (continued)

1) Loma Larga, Ecuador (continued)

Outlook

If approval to operate under the medium-scale mining category is obtained, a bankable feasibility study is likely the next milestone for the Company to complete on the Project. The Company has been advised by consultants that the cost for a bankable feasibility study may be in the range of $6-10 million. The Company believes it currently has cash on hand to fund the majority of the bankable feasibility study but will have to raise additional funds through one or a combination of equity or debt offering to fund costs related to the development of the Property.

INV Metals and IAMGOLD have agreed to amend the share purchase agreement pursuant to which the Company acquired the Property to extend the deadline to meet its commitment to make $15 million in expenditures on Loma Larga to the earlier of March 6, 2016 or the completion and filing of a bankable feasibility study. INV Metals requested an extension as result of the scaling back of expenditures pending the release of the regulations for the medium-scale mining category and obtaining approval to operate under the medium-scale mining category.

Qualified Person

Mr. Jason Cox, a Licensed Professional Engineer with the Professional Engineers of Ontario and an independent consultant to INV Metals, is a "qualified person" as such term is defined in National Instrument 43-101 ("NI 43-101") and has reviewed and approved the technical information and data related to the Loma Larga project included above.

For further information on the Property please see the Technical Report, filed on the Company's SEDAR profile.

2) Rio Novo, Brazil

The Company and its subsidiary completed a transaction with Private Co. whereby Private Co. acquired 100% of the issued and outstanding quotas in the capital of IML. IML held the Company's 50% indirect interest in the Rio Novo property ("Rio Novo"), located in the Carajás mining district of Brazil. The details of the transaction are as follows:

- an initial cash payment of US$1 million;
- future cash payments equal to 50% of any tax losses recovered by IML, which payments are currently estimated to be up to R$5,824,687, with an initial payment of US$800,000 payable by June 25, 2015 (both subject to adjustment based upon a due diligence review);
- an aggregate royalty of 0.375% on gross sales of iron ore on Rio Novo (subject to the right of the Purchaser to buy back such royalty by making a cash payment in the amount of US$1,250,000); and
- an aggregate net smelter return royalty of 0.75% on all base and precious metals on Rio Novo.

INV Metals maintains exposure to 50% of any recoverable tax losses in IML, and any upside potential on the previously held Rio Novo property by retaining the royalty interests described above.

MINERAL PROPERTIES (continued)

3) Kaoko, Namibia

The Kaoko property is located in the Kunene Region of northwest Namibia and is comprised of 11 Exclusive Prospecting Licenses ("EPL's") totaling approximately 3,673 km^2 in a belt geologically analogous and similar in size to the Zambian Copper Belt.

As at December 31, 2014 exploration expenditures relating to the Kaoko property of $6,249,689 were written off and recognized in the total loss based on management's assessment of its recoverable fair value less costs to dispose using indications from a third-party as substantive expenditure on further exploration activities are neither budgeted nor planned.

Management is considering its options to advance or monetize the Kaoko property, including considering expressions of interest from third parties.

QUALITY CONTROL AND QUALITY ASSURANCE PROCEDURES

Please refer to INV Metals' NI 43-101 technical reports filed on SEDAR entitled "Technical Report on the Loma Larga Project, Azuay Province, Ecuador" for the Company's quality control and quality assurance procedures for its exploration program at the Loma Larga property.

RESULTS OF OPERATIONS

The following table presents the changes between INV Metals' Consolidated Statement of Comprehensive Loss for the years ended December 31, 2014 and 2013.

For the years ended	**December 31, 2014**	December 31, 2013	Change
General and administration			
Shareholder and regulatory	**$ 79,308**	$ 77,397	$ 1,911
Travel expense	**17,161**	22,403	(5,242)
(Gain)/loss on disposal of property, plant and equipment	**(24,582)**	10,899	(35,481)
Office	**247,923**	201,000	46,923
Total general and administration	**319,810**	311,699	8,111
Compensation			
Compensation	**1,239,645**	1,264,129	(24,484)
Stock-based compensation	**269,714**	951,335	(681,621)
Total compensation	**1,509,359**	2,215,464	(706,105)
Professional fees	**204,386**	268,887	(64,501)
Loss on sale of exploration properties	**-**	4,492	(4,492)
Write down of exploration properties	**6,249,689**	-	6,249,689
Fair value (gain)/loss on investments	**(2,770)**	238,225	(240,995)
Foreign exchange loss	**135**	45,957	(45,822)
Operating loss before discontinued operations	**8,280,609**	3,084,724	5,195,885
Discontinued operations	**1,875,808**	7,164,086	(5,288,278)
Operating loss after discontinued operations	**10,156,417**	10,248,810	(92,393)
Finance income	**(200,835)**	(254,603)	53,768
Total loss for the year before taxes	**$ 9,955,582**	$ 9,994,207	$ (38,625)
Deferred tax (recovery)/expense	**(246,495)**	159,015	(405,510)
Total loss for the year	**$ 9,709,087**	$ 10,153,222	$ (444,135)
Other comprehensive loss			
Cumulative translation adjustment	**(2,777,225)**	(1,912,306)	(864,919)
Total comprehensive loss for the year	**$ 6,931,862**	$ 8,240,916	$ (1,309,054)

The Company recorded a total loss of $9,709,087 or $0.20 per share in 2014, compared with a total loss of $10,153,222 or $0.21 per share in 2013, a decrease of $444,135. The loss decreased in 2014 compared to 2013, mainly due to the lower write down of the Kaoko property in 2014 compared to expenses relating to the divestiture of the Rio Novo North property and the write down of the Itaporã property in 2013, which have been restated to discontinued operations; and lower stock-based compensation costs in 2014; along with a deferred tax recovery in 2014 as opposed to an expense in 2013.

General and administrative expenses increased from $311,699 in 2013 to $319,810 in 2014, an increase of $8,111, mainly due to increased office costs, partially offset by a gain on the sale of vehicles at the Ecuadorian subsidiary and lower travel expenses.

Shareholder information and regulatory compliance expenses totaled $79,308 for 2014, compared to $77,397 in 2013, resulting in a minimal increase of $1,911.

Travel expenses decreased by $5,242 from $22,403 in 2013 to $17,161 in 2014 mainly as a result of reduced travel.

RESULTS OF OPERATIONS (continued)

The gain on disposal of property, plant and equipment increased in 2014 by $35,481 from a loss of $10,899 in 2013 to a gain of $24,582 due to sales of vehicles at the Ecuadorian subsidiary in Q1/2014 and Q3/2014. Losses in the prior year were a result of fixed asset sales in the Namibian subsidiary.

Compensation expense totaled $1,239,645 in 2014 compared to $1,264,129 in the 2013, a decrease of $24,484, mainly as a result of lower bonus payments that were determined in Q1/2014 to employees of the Company.

In 2014 stock-based compensation expense was $269,714, a decrease of $681,621 from $951,335 in 2013 mainly due to fewer stock options issued to employees and directors in 2014 compared to 2013 at a lower stock price.

Professional fees decreased by $64,501, from $268,887 to $204,386 mainly due to capitalized accounting expenses compared to the prior year, offset by slightly higher legal expenses in 2014.

The loss on sale of exploration properties in 2014 was $nil compared to $4,492 in 2013 from the sale of a small concession at the Kaoko property in Namibia.

The write down of exploration properties totaled $6,249,689 in 2014 compared to $nil in 2013. The loss in 2014 relates to the write down of the Kaoko property in 2014. Write downs of the Itaporã property and Rio Novo property in 2013 were restated as part of discontinued operations. See "Discontinued Operations" for details.

The fair value gain on the investments increased $240,995 to $2,770 in 2014, compared to a loss of $238,225 in 2013, primarily due to gains on the sale of some securities and mark-to-market gains on investments in 2014.

The foreign exchange loss was $135 compared to $45,957, a decrease of $45,822 compared to 2013 due to less activity and lower cash balances held at the Namibian subsidiary.

Interest income decreased by $53,768 from $254,603 in 2013 to $200,835 in 2014 due to a lower average cash balance compared to the same periods in the prior year. The Company's cash is invested in low risk, fully liquid deposits at a major Canadian chartered bank.

During 2014 a deferred tax recovery of $246,495 was realized, a decrease of $405,510 from an expense of $159,015 during 2013 due to temporary differences on translation of non-monetary assets and the write down of the Kaoko property in the Namibian legal entity.

The cumulative translation adjustment increased by $864,919 to $2,777,225 in 2014 from $1,912,306 in 2013 due to the US dollar decreasing in value relative to the Canadian dollar. The cumulative translation adjustment is due to foreign currency translation of the assets and liabilities of the Ecuadorian legal entity, which was acquired in November 2012.

FOREIGN EXCHANGE

INV Metals reports its financial results in Canadian dollars. The Company's expenses include costs incurred in Canadian and US dollars.

The Canadian dollar decreased relative to the US dollar during the year ended December 31, 2014 as the average rate was C$1.1041/US$ compared to C$1.0298/US$ in 2013. The US Dollar was C$1.2549/US$ as at March 20, 2015.

FINANCIAL CONDITION AND LIQUIDITY

Cash and cash flows

Operating activities

The Company is not in commercial production on any of its 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, 2014 the Company had cash of $16,154,571 (2013 - $19,104,520) and working capital of $16,904,181 (2013 - $19,319,531).

Cash and working capital have decreased in 2014 mainly as a result of expenditures at Loma Larga and general corporate expenditures. The majority of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Cash flows used in operating activities for 2014 totaled $1,209,274 compared to $2,013,194 in 2013. The write-down of the Kaoko property, discontinued operations due to the sale of the Rio Novo property, stock-based compensation expense, change in long-term receivables, finance income and deferred tax recovery comprise the principal amounts that reconcile the statement of loss to the statement of cash flows from operating activities.

See "Contractual Obligations and Commitments" and "Critical Judgments and Key Sources of Estimation – Liquidity Risk") for further discussion of the Company's contractual commitments and ability to fund those commitments in connection with its business plan.

Financing activities

There were no financing activities in 2014.

In management's view, given the Company had working capital of $16,904,181 as at December 31, 2014 and has a budget of $5.1 million for 2015, the Company has sufficient financial resources to maintain the Loma Larga property in good standing and fund ongoing operating and administrative expenditures. The Company will consider over the near term the requirements to advance the Property to the next phase of evaluation, finance further exploration or consider other options. The Company will continue to be dependent on raising equity capital or debt as required unless it reaches the production stage and generates cash flow from operations.

Investing activities

Cash flows used in investing activities for the year ended December 31, 2014 totaled $1,729,462 compared to $4,182,115 in 2013. Investing activities decreased primarily due to less expenditures at the Loma Larga Project for the year, proceeds from the sale of the Rio Novo property, proceeds from the sale of securities held as investments and decreases in expenditures on the Rio Novo and Kaoko properties.

DISCONTINUED OPERATIONS

See "Mineral Properties – Rio Novo" for details of the IML sale. The comparative consolidated statement of total comprehensive loss has been restated in "Results from Operations" to show the discontinued operation separately from continuing operations.

DISCONTINUED OPERATIONS (continued)

Cash	$	**4,891**
Exploration properties		**4,078,747**
Other net assets		**942**
Total net assets	$	**4,084,580**
Consideration received, satisfied in cash		**1,120,000**
Transaction costs		**(40,192)**
Net cash inflow	$	**1,079,808**
Consideration receivable, current		**809,496**
Consideration receivable, non-current		**388,689**
Total consideration received and receivable	$	**2,277,993**
Loss on discontinued operation	$	**1,806,587**

PREVIOUSLY DISCLOSED USE OF PROCEEDS

The following table provides an update on the use of proceeds raised in the November 14, 2012 financing, related to the Loma Larga acquisition, along with amounts expended to December 31, 2014. Management will continue to evaluate the use of proceeds as necessary.

Description		**Budget Disclosed**		**Expenditures**		**Difference**
Loma Larga						
Drilling	$	3,000,000		922,151		2,077,849
Exploration		4,000,000		2,768,885		1,231,115
Salaries, Benefits, Training, Hiring		2,000,000		1,458,541		541,459
Consultants and Contractors		1,000,000		-		1,000,000
Consultants and Contractors (local)		400,000		-		400,000
Camp Operations		500,000		284,675		215,325
Environment and Reclamation		400,000		482,167		(82,167)
Community Relations		600,000		506,267		93,733
Business and Property Tax		400,000		478,097		(78,097)
Information Technology		200,000		36,633		163,367
Vehicles, Equipment, Supplies		300,000		33,286		266,714
Travel, Meals, Accommodation		100,000		35,661		64,339
Health, Safety		100,000		70,950		29,050
Overhead		2,000,000		1,158,766		841,234
	$	**15,000,000**	**$**	**8,236,079**	**$**	**6,763,921**

RELATED PARTY TRANSACTIONS

The Company's related parties and subsidiaries presented in the annual consolidated financial statements for the year ended December 31, 2014 are the same as those presented by the Company in its consolidated financial statements as at and for the year ended December 31, 2013 with the exception of IAMGOLD and its subsidiaries. The Company had no material transactions with IAMGOLD and its subsidiaries in 2014.

RELATED PARTY TRANSACTIONS (continued)

The remuneration of directors and officers during the years ended December 31, 2014 and 2013 was as follows:

		December 31, 2014		December 31, 2013
Salaries of key management	**$**	**628,300**	$	515,000
Director fees		**229,906**		220,149
Stock-based compensation*		**267,251**		943,605
	$	**1,125,457**	$	1,678,754

*Officers and directors also participate in the Company's stock-option and restricted share unit programs.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

	Total	Less than One Year	Between 1 - 5 Years	More than 5 Years
Exploration expenditures at Loma Larga property	$ 5,528,508	$ -	$ 5,528,508	$ -
Office, houses and office equipment leases	310,408	192,581	117,827	-
Environmental management plan	$ 252,267	$ 252,267	$ -	$ -

As a condition to the Company's acquisition of Loma Larga, the Company guaranteed expenditures on the Loma Larga property of $15 million. As at December 31, 2014, INV Metals had an outstanding expenditure commitment of approximately $5.5 million. On March 6, 2014 the Company and IAMGOLD amended the share purchase agreement pursuant to which the Company acquired Loma Larga to extend the deadline to meet the expenditure commitment to the earlier of March 6, 2016 or the completion and filing of a bankable feasibility study.

INV Metals renewed its lease arrangement to lease office space effective December 31, 2012. The lease will remain in effect to December 31, 2017. During the year ended December 31, 2014 an amount of $310,049 was recognized in total loss in respect of operating leases.

INV Minerales Ecuador S.A ("INV Minerales") holds a term deposit relating to its environmental management plan for ongoing expenditures related to environmental matters.

CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION

The policies applied in the consolidated annual financial statements are based on International Financial Reporting Standards ("IFRS") effective for the year ended December 31, 2014.

The preparation of the consolidated annual financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by management on an ongoing basis. The estimates and judgments include functional currency, impairment of non-financial assets and share based

CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION (continued)

payments. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision affects both current and future periods.

The following discusses the most critical judgments that the Company has made in the preparation of the financial statements:

i) Functional currency

Management determined the US dollar is the functional currency of INV Minerales as the entity's currency is that of the economic environment of the Company's operations in Ecuador, and is the currency of the majority of its expenditures. The Canadian dollar is the functional currency of INV Metals and its other subsidiaries as the Company's capital receipts are denominated in Canadian dollars, and INV Metals finances the Group's expenditures using Canadian dollars.

ii) Impairment of non-financial assets

The Company evaluates its non-financial assets for impairment annually and whenever events or changes in circumstances indicate the carrying amount may not be recoverable. If there is any indication of impairment, the recoverable amount of the asset is estimated to determine the impairment loss, if any. To calculate the recoverable amount, estimates are made regarding fair value or the estimated future cash flows, if any. Given the fact that the Company's operations include exploration, it is often the case that the indications of impairment result in a full or partial write-down in the value of a cash-generating unit ("CGU"). During the year, the estimates of recoverable amounts for exploration properties were determined based on management's assessment of its recoverable fair value less costs to dispose using indications from a third-party and based on management's future plans related to the Kaoko property.

iii) Share based payments

The fair value of options and potential shares to be issued relating to milestone payments are estimated using an option pricing valuation model. This includes using assumptions related to the risk-free interest rate determined by the Government of Canada marketable three to five year average bond yields, the expected average option life based on management's assumptions of member enrollment, estimated forfeitures based on historical activity of the plan members and the estimated volatility of the Company's shares based on historical market prices. The fair value of restricted share units is recognized based on the market value of the Company's common shares on the date prior to the date of the grant.

FINANCIAL RISK FACTORS

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk, commodity price risk, interest rate risk, other price risk and foreign exchange risk. The Company's exposure to these risks and it methods of managing the risks remain consistent. There have been no changes in the risks from the previous year.

a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet contractual obligations and arises principally from the Company's other receivables. The carrying value of the financial assets represents the maximum credit exposure. Financial instruments included in other receivables consist of receivables from unrelated companies.

The Company has concentration of credit risk as the majority of its cash is held at one banking institution. This risk is mitigated in that the Company holds its primary cash in deposit form in a major Chartered

FINANCIAL RISK FACTORS (continued)

a) Credit risk (continued)

Canadian bank. The Company's subsidiaries' cash is held in deposit form in internationally recognized banks. The maximum exposure to credit risk for deposits approximates the amount recognized on the statement of financial position.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its expansionary plans. Currently, the Company has no ability to raise funds through operations, however, the Company ensures that there are sufficient funds to meet its short-term requirements, taking into account its cash holdings.

c) Commodity price risk

Commodity price risk arises from the possible adverse effect on the ability of the Company to develop its properties and the future profitability of the Company is directly related to these prices. The Company does not enter into any derivative financial instruments to manage exposures to price fluctuations. The Company is exposed to the risk that decreases in commodity prices could materially and adversely affect the economic viability of its properties and therefore the financial condition of the Company.

d) Market risk

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company monitors its exposure to interest rates and has not entered into any derivative financial instruments to manage this risk.

The Company has a cash balance and no interest-bearing debt. The Company is sensitive to changes in the interest rates through interest income earned on its cash balance.

ii) Other price risk

The Company is exposed to equity securities price risk on the investments held by the Company. Fluctuations in the investments in equity securities may, consequently, have an impact upon the reported total loss of the Company and may affect the value of the Company's assets.

iii) Foreign exchange risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company's presentation currency is the Canadian dollar and major purchases are transacted in Canadian dollars and US dollars. The Company funds certain operations, exploration and administrative expenses on a cash call basis using Canadian dollar currency converted from its Canadian dollar bank accounts. The Company currently does not enter into financial instruments to manage foreign exchange risk. Fluctuations in the exchange rates may, consequently, have an impact upon the reported operations of the Company and may affect the value of the Company's assets and liabilities.

FINANCIAL RISK FACTORS (continued)

e) Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over the year ended December 31, 2014.

Cash is subject to floating interest rates. As at December 31, 2014 if interest rates had decreased by 0.25% or increased by 0.25%, respectively, with all other variables held constant, the total loss for the year would have been approximately $41,500 higher/lower, as a result of lower/higher interest income from cash deposits. Similarly, as at December 31, 2014 shareholders' equity would have been approximately $41,500 lower/higher as a result of lower/higher interest income from cash due to a 0.25% decrease or a 0.25% increase in interest rates.

Financial instruments denominated in US dollars are subject to foreign currency risk. As at December 31, 2014 had the US dollar weakened/strengthened by 10% against the Canadian dollar, with all other variables held constant, the Company's other total loss for the year ended December 31, 2014 would have been approximately $35,000 higher/lower as a result of foreign exchange losses/gains on translation of non-Canadian dollar denominated financial instruments. Similarly, as at December 31, 2014 shareholders' equity would have been approximately $35,000 higher/lower had the US dollar weakened/strengthened by 10% as a result of foreign exchange losses/gains on translation of non-Canadian dollar denominated financial instruments.

Equity securities are subject to fluctuations in market prices. As at December 31, 2014 if the market value of securities held by the Company had increased/decreased by 5%, the total loss for the year would have decreased/increased by approximately $2,000. Similarly, as at December 31, 2014 shareholders' equity would have been approximately $2,000 higher/lower if the market value securities held by the Company had increased/decreased by 5%.

CHANGES IN IFRS EFFECTIVE FOR THE FIRST TIME AND FUTURE ACCOUNTING PRONOUNCEMENTS

a) Changes in IFRS effective for the first time

The following standards and interpretation are effective for annual periods beginning on or after January 1, 2014. The Company has assessed the standards and interpretation and determined that there is no material impact other than impairment of assets on the accounting and presentation of the consolidated financial statements.

i) IAS 36, Impairment of Assets

IAS 36, Impairment of Assets was amended in May 2013. The effect of the amendment is to reduce the circumstances in which the recoverable amount of assets or CGUs is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

ii) IFRIC 21, Levies

IFRIC 21, Levies was issued in May 2013 and sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognized.

CHANGES IN IFRS EFFECTIVE FOR THE FIRST TIME AND FUTURE ACCOUNTING PRONOUNCEMENTS (continued)

b) Future accounting pronouncements

The following revised standards are effective for annual periods as noted below. The Company has not fully assessed the standards and amendments, but does not expect them to have a material impact on the Company's accounting or disclosures.

i) IFRS 9, Financial Instruments: Classification and Measurement

IFRS 9, Financial Instruments: Classification and Measurement ("IFRS 9") was issued in November 2009 and finalized in July 2014. It addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value though profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or fair value through other comprehensive income or loss.

Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income or loss. This standard becomes effective for annual periods beginning on or after January 1, 2018, and management does not currently anticipate the early adoption of the standard.

ii) IFRS 11, Joint Arrangements

IFRS 11, Joint Arrangements ("IFRS 11") was amended in May 2014 adding new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. This amendment becomes effective for annual periods beginning on or after January 1, 2016 and management does not anticipate early adoption of the standard.

iii) IFRS 15, Revenue from Contracts with Customers

IFRS 15, Revenue from Contracts with Customers ("IFRS 15") was issued in May 2014 and specifies the principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The standard provides a single five step model to be applied to all contracts with customers. This standard becomes effective for annual periods beginning on or after January 1, 2017, and management does not currently anticipate the early adoption of the standard.

SELECTED ANNUAL FINANCIAL INFORMATION

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

SELECTED ANNUAL FINANCIAL INFORMATION (continued)

For the years ended	**December 31, 2014**	December 31, 2013	December 31, 2012
Financial results:			
Interest income	**$ 200,835**	$ 254,603	$ 107,618
Total comprehensive loss	**(6,931,862)**	(8,240,916)	(3,218,944)
Loss per share* - basic and diluted	**(0.20)**	(0.21)	(0.26)

As at	**December 31, 2014**	December 31, 2013	December 31, 2012
Financial position:			
Working capital	**$ 16,904,181**	$ 19,319,531	$ 25,326,514
Mineral properties and deferred exploration	**37,888,526**	42,249,252	42,836,602
Total assets	**56,222,233**	63,116,271	70,036,287
Non-current liabilities	**276,718**	475,082	332,156
Common shares	**107,184,006**	107,127,075	107,047,075
Warrants	**-**	910,151	910,151
Contributed surplus	**11,229,832**	9,993,000	9,090,186
Deficit	**$ (67,416,486)**	$ (57,707,399)	$ (47,554,177)
Number of shares issued and outstanding	**49,420,975**	49,373,533	49,173,533

Interest income in 2014 was lower than 2013 as a result of a lower average cash balance. Corporate expenditures in 2014 were partially offset by cash received on the completion of the sale of Rio Novo in October 2014. Interest income significantly increased from 2012 to 2013, mainly due to a higher cash balance following the completion of equity financing in November 2012 and higher interest rates on invested cash deposits resulted in increased interest income.

The total comprehensive loss decreased in 2014 compared to 2013 primarily due to a write down of the Kaoko property in 2014 and lower stock-based compensation costs, compared to higher expenses relating to the divestiture of the Rio Novo North property and the write down of the Itaporã property in 2013. The comprehensive loss in 2013 increased compared to 2012, primarily due to higher in write downs of mineral properties and stock-based compensation expenses. Total comprehensive loss is offset by cumulative translation adjustments of the Company's Ecuadorian subsidiary beginning in Q4/2012, which have increased due to the decline of the C$ relative to the US$ in 2013 and 2014.

The decrease in working capital in 2014 compared to 2013 reflects expenditures at the Loma Larga property, partially offset by the receipt of cash on completion of the Rio Novo sale. The Company's working capital decreased in 2013 compared to 2012 due to the exploration program carried out at the Loma Larga property in 2013 following the equity financing in November 2012.

Total assets decreased in 2014 compared to 2013 mainly due to the sale of the remaining Brazilian property assets and the write-down of the Kaoko property, partially offset by cash received on completion of the sale of the remaining Rio Novo assets. Total assets decreased in 2013 primarily due to the divestiture of the Rio Novo North property and the write down of the Itaporã property.

In 2014, the decrease in non-current liabilities is primarily due to changes in deferred tax liabilities caused by temporary differences on translation of non-monetary assets and temporary differences relating to the write-down of the Kaoko property in the Namibian legal entity. The increase in non-current liabilities in

SELECTED ANNUAL FINANCIAL INFORMATION (continued)

2013 compared to 2012 is the result of changes in deferred tax liabilities relating to temporary differences on translation of non-monetary assets in the Namibian legal entity in 2013.

The increase in share capital in 2014 is mainly due to common shares issued from treasury to officers of the Company who exercised their restricted share units and restricted share units issued in 2014 to employees and directors.

The value of warrants has decreased since 2013, due to expiry of the compensation warrants issued in the November 2012 financing. Contributed surplus has increased in 2014 and 2013 as a result of the expiration of warrants in 2014 and the vesting of stock options.

QUARTERLY FINANCIAL INFORMATION

The following selected financial data has been derived from the Company's unaudited condensed interim consolidated financial statements prepared in accordance with IFRS.

For the period ended	**December 31, 2014**	**September 30, 2014**	**June 30, 2014**	**March 31, 2014**
Interest income	**45,532**	**48,988**	**51,438**	**54,877**
Total loss	**(6,493,390)**	**(2,204,222)**	**(462,390)**	**(549,085)**
Total comprehensive income/(loss)	**(5,066,005)**	**(724,601)**	**(1,633,319)**	**492,063**
Basic and diluted total loss per share*	**$ (0.14)**	**$ (0.04)**	**$ (0.01)**	**$ (0.01)**

For the period ended	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013
Interest income	$ 61,855	$ 64,217	$ 60,389	$ 68,142
Total loss	(669,993)	(232,074)	(2,196,505)	(7,054,650)
Total comprehensive loss	428,259	(808,838)	(1,302,821)	(6,557,516)
Basic and diluted total loss per share*	$ (0.01)	$ (0.01)	$ (0.05)	$ (0.14)

**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 total comprehensive loss in each quarter above includes cumulative translation adjustments of the Company's Ecuadorian subsidiary beginning in Q4/2012, which have increased due to the decline of the Canadian dollar as the average rate was C$1.1041/US$ in 2014 compared to C$1.0298/US$ in 2013. The total loss increased in Q4/2014 compared to Q3/2014 primarily due to the write down of the Kaoko property. The total loss increased in Q3/2014 compared to Q2/2014 primarily due to the write down of the Rio Novo property, higher fair value losses on marked to market investments, partially offset by lower stock-based compensation. The total loss decreased in Q2/2014 compared to Q1/2014 primarily due to lower compensation and stock-based compensation expenses and lower office costs, partially offset by deferred tax expense in the quarter from a recovery position in Q1/2014. The total loss decreased in Q1/2014 compared to Q4/2013 primarily due to the lack of any write downs, decreased compensation expenses and gains on mark-to-market investments. The total loss increased in Q4/2013 compared to Q3/2013 primarily due to mark-to-market losses on investments that decreased from a gain position in Q3/2013 to a loss position in Q4/2013, as well as additional professional fees in the quarter for year-end

QUARTERLY FINANCIAL INFORMATION (continued)

audit accruals. The total loss decreased in Q3/2013 compared to Q2/2013 primarily due to the absence of any write downs and gains on mark-to-market investments in the quarter. The total loss decreased in Q2/2013 compared to Q1/2013 primarily due to a lower write down relating to the Itaporã property, compared to a higher loss on the write down the Rio Novo North royalty asset in Q1/2013, partially offset by the cumulative translation adjustment in the quarter. In Q1/2013 the total loss increased compared to the prior quarter primarily due to a loss on the write off the Rio Novo North royalty asset and increased compensation expenses.

OUTSTANDING SHARE DATA

As at March 23, 2015 the Company had 49,420,975 common shares outstanding, as well as stock options to purchase 3,799,500 common shares at a weighted average price of $1.26 and restricted share units of 977,674 at a weighted average price of $0.47.

OFF-BALANCE SHEET TRANSACTIONS

During the year ended December 31, 2014 the Company was not involved in any off-balance-sheet transactions.

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 AIF.

The Company's material property is the Loma Larga property, located in Ecuador. There is a risk that the Company may not obtain approval to operate under the medium-scale mining category despite the positive economics evaluated by the PFS previously discussed. If the Company does not obtain approval from the Ecuador government to operate as a medium-scale miner such that the board of directors decides not to proceed with development, the Company may be required to write down part or all of the value currently attributed to the project as management may look to change the focus of its future activities on other assets. The current value attributed to the Loma Larga Project is approximately $35.6 million. A write down of some or all of the value of the Loma Larga Project could materially adversely affect the Company's financial condition and its ability to raise funds through financing transactions as the Loma Larga Project is currently the Company's flagship asset.

The Company is subject to political, regulatory and taxation risks associated with conducting mineral exploration and development in foreign countries, including Ecuador. The Ecuadorian government has not yet disclosed the regulations relating to the medium-scale mining category. There is a risk that the regulations will make the Project uneconomic and result in a write down of some or all of the value attributed to Loma Larga. Management will continue to monitor this and provide updates.

The PFS on the Loma Larga project estimates capital costs for development, sustaining and closure of approximately US$245 million. There is a risk that the Company may not be able to fund the development of the Project if it cannot raise significant equity or debt financing in the future.

The National Assembly of Ecuador enacted changes to the "Organic Law for Production Incentives and Prevention of Tax Fraud," which became effective on December 29, 2014. The Organic Law for Production Incentives and Prevention of Tax Fraud states that the resident taxpayer must report changes in excess of certain thresholds, including cumulative yearly sale of shares by an individual or company greater than approximately US$3.2 million in total proceeds. Failure to report these changes may result in a fine of 5% of the market value of the transaction. The law also states that the resident taxpayer, namely

RISKS AND UNCERTAINTIES (continued)

INV Minerales, may be liable for any indirect taxation unpaid by its shareholders who are liable to pay tax. As at the date of this MD&A, regulations providing a mechanism to calculate any tax payable or a process for reporting any information regarding the indirect tax have not yet been published. INV Metals will not likely be able to comply with this law as currently drafted as it does not have access to the information requested by the law. It is unknown at this time what, if any, liability the Company or its subsidiary, INV Minerales, may be subject to as a result of the application of this law. There is also a risk that the Company's access to financing may be limited as a result of the indirect taxation under the law as currently enacted.

The Company is subject to risks related to foreign exchange rate fluctuations. There is a risk that a weakening Canadian dollar will cause US dollar denominated expenses to be more expensive than budgeted. See "Financial Risk Factors – Sensitivity Analysis" for further information. The Company's operating budget in Ecuador is denominated in US dollars based on the calculated average forecasted foreign exchange rate from five major Canadian banks of US$1.29/C$. If the US dollar weakened/strengthened by 10% against the Canadian dollar exchange rate budgeted, with all other variables held constant, the Company's budget for year ended December 31, 2015 would be approximately $278,000 higher/lower as a result of foreign currency on translation of US$ denominated expenditures at Loma Larga. The Company believes it has sufficient funds to finance budgeted expenditures in a declining Canadian relative to the US dollar environment.

INV Metals' material mineral property is in the advanced exploration and development stage and does not contain a proven body of potentially economically extractible ore or reserves. It is not yet known if the measured and indicated or inferred resources at the Company's Loma Larga deposit can be converted from a resource to a reserve or if the probable reserves can be converted to proven reserves. If the resources at Loma Larga cannot be economically extractable, there is the potential that the Company may be required to write down part or all of the value currently attributed to the project, which was valued at approximately $35.6 million for Loma Larga as at December 31, 2014.

INV Metals' Kaoko property is in the exploration stage and does not contain a known body of potentially economically extractible ore or reserves. It is not yet known if the indicated or inferred resources at the Company's Okohongo deposit can be converted from a resource to a reserve. If the indicated or inferred resources cannot be economically extractable, there is the potential that the Company may be required to write down part or all of the value currently attributed to the project, which was valued at approximately $2.3 million for Kaoko as at December 31, 2014.

INV Metals and its subsidiary are subject to the risk of not receiving the recoverable tax losses in connection with the Transaction relating to the sale of IML. The Company has currently ascribed a value of $1.2 million to those payments.

Additional principal risks affecting the Company include those summarized below which remain substantially unchanged from the disclosure contained and expanded upon in the Company's AIF and are not readily quantifiable:

Risks that the results of feasibility studies will not be consistent with the Company's expectations and the possibility that future exploration, development or mining results will not warrant further advancement at the Loma Larga project.

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

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.

RISKS AND UNCERTAINTIES (continued)

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.

Risks related to potential delays in exploration or potential future development activities or the completion of feasibility studies.

Risks related to market sentiment, and commodity price fluctuations.

Risks related to the economic viability of the Loma Larga project based on changing commodity prices.

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 arising from changes to enacted laws and regulations and probability of new laws and regulations.

Risks of potential losses, liabilities and damages arising from the lack of insurance coverage related to risks of 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.

Risks related to having a significant shareholder following the Loma Larga acquisition in 2012 whom, has significant influence on decisions to be made by shareholders.

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. 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.

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 Mandate of the Safety, Health and Environmental Affairs Committee concerning the Company's treatment of environmental and health and safety matters.

The Board has also approved a Code of Business Conduct and 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.

CORPORATE GOVERNANCE (continued)

While the Company is subject to Canadian regulatory provisions, the Board and management incorporate strong corporate governance practices in the belief that such practices provide protection for its investors and add value to the Company. The board formally reviews the risks impacting the Company on an annual basis when it reviews and approves the AIF. In addition, the Board reviews the risks impacting the Company on an as needed basis, such as in connection with the Company's expenditures and strategy given the status of Ecuador's new mining laws.

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.

Internal Controls over Financial Reporting

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, 2014 and concluded that, subject to the inherent limitations noted above; those disclosure controls were effective for the year then ended.

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 year 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, 2014 and concluded that such procedures are adequate and effective. 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, 2014.

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 2014, 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 2015, future anticipated results of exploration programs (including, without limitations, with respect to the Loma Larga and Kaoko properties), including, but not limited to, interpretation of drill results, uncertainty surrounding metallurgical test 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 exhaustive and should be considered carefully by prospective investors, who should not place undue reliance on such forward-looking statements. Factors that could cause actual results, developments or events to differ materially from those anticipated include, among others, the factors described or referred to elsewhere herein including, without limitation, under the heading "Risks and Uncertainties" and in 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 SEDAR website at www.sedar.com.