



INV METALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017

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 three-month period ended March 31, 2017, in comparison to the corresponding three-month period in the prior year. This MD&A is prepared as at May 10, 2017 and is intended to supplement and complement the interim condensed consolidated financial statements of INV Metals for the three-month periods ended March 31, 2017 and 2016 (the "Financial Statements"), which are prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including *IAS 34 – Interim Financial Reporting*.

This MD&A should be read in conjunction with the Financial Statements and the Annual Information Form ("AIF") in respect of the 2016 fiscal 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 ("\$\$") unless otherwise specified.

COMPANY DESCRIPTION AND HIGHLIGHTS

INV Metals is an international mineral resource company focused on the acquisition, exploration and development of precious and base metal projects, primarily in Ecuador. The Company is focused on the development and exploration of its 100% owned Loma Larga (formerly Quimsacocha) gold property, located in Ecuador ("Loma Larga," "Project" or "Property").

On March 21, 2017, the Company announced the appointment of Mr. William (Bill) Shaver, P. Eng., as Chief Operating Officer ("COO"). Mr. Shaver joins INV Metals as a senior mining executive with over 40 years of experience in mine construction and operations.

On March 6, 2017, the Company announced the commencement of formal negotiations with the Government of Ecuador of the definitive terms and form of the Mining Exploitation Contract ("Exploitation Agreement") for Loma Larga.

On March 2, 2017, the Company completed by way of a short form prospectus offering (the "Offering"), pursuant to which the underwriters purchased 27.6 million common shares of the Company (the "Common Shares") at a purchase price of \$1.00 per Common Share for aggregate gross proceeds of \$27.6 million less transaction costs. In connection with the Offering, IAMGOLD Corporation ("IAMGOLD") exercised its participation right and was issued 9,822,546 Common Shares. In addition, certain insiders of the Company purchased 5,577,911 Shares, representing approximately 20% of the Offering.

In January 2017, the Company was awarded the mining title by the Government of Ecuador to three greenfields exploration projects totaling 43,554 hectares.

OUTLOOK

INV Metals is currently in the process of selecting a consultant(s) to prepare a Feasibility Study ("FS"). The Company anticipates the FS will commence in Q2/2017.

The Company is in negotiations with the Government of Ecuador to determine the definitive terms and form of the Exploitation Agreement for Loma Larga.

OUTLOOK (continued)

A \$3 million exploration program at Loma Larga has commenced to:

- to explore for the western extension of the known resources where geotechnical drilling intersected anomalous gold values within silica altered zones up to 400 metres west of the known resources;
- to drill test the northern extension of the known resources and investigate historical drill indications of possible porphyry gold mineralization;
- to explore for high-grade gold feeder zones which are interpreted to be the source of the highest grade gold values within the known resources; and
- to explore below historical drilling of the deposit which typically has not tested below 250 metres from surface, specifically in areas where previous drilling indicated possible stacked gold lenses.

The Company has recently acquired a 100% interest in exploration concessions in Ecuador, including the Las Peñas, Tierras Coloradas and La Rebuscada exploration projects. A \$2 million exploration program has commenced consisting of surface mapping, geochemical sampling and geophysical surveys with the goal to defining additional drill targets by year-end. The Company intends to continue aggressively pursue the acquisition of additional high priority targeted properties within Ecuador's Andean Mineral Belt.

MINERAL PROPERTIES

1) Loma Larga, Ecuador

Pre-Feasibility Study at Loma Larga

In 2016, the Company completed a Preliminary Feasibility Study ("PFS" or the "Study") on Loma Larga with positive results. Based on the results of the PFS and continued optimization of Project through critical path long lead work performed to-date, the Company intends to complete a FS to further evaluate the economics and advance the engineering of the Project. INV Metals expects to award the contract to prepare the FS in Q2/2017. The 2017 preliminary budget relating to various items related to the preparation of the FS is \$7.3 million. A comprehensive budget will be developed with the selected consultants after the award of the FS.

The PFS supports the development of an underground mine at Loma Larga with production of approximately 3,000 tonnes per day ("tpd") and average annual gold production of 150,000 ounces. The economics of the PFS suggest a high return gold project with low capital and operating costs. Based on an estimated initial capital cost of US\$286 million and sustaining and reclamation capital of US\$94 million, a pre-tax IRR of 35.7%, an after-tax IRR of 26.3% and, using a 5% discount rate, a net present value of US\$490 million pre-tax and US\$301 million after-tax are achieved. At a gold price of US\$1,250/ounce, the undiscounted pre-tax cash flow is estimated at US\$772 million over the mine life, and simple payback occurs after 2.1 years. On an after-tax basis, the undiscounted cash flow is estimated at US\$496 million over the mine life with simple payback occurring after 2.7 years.

The PFS estimates probable mineral reserves of 1.86 million ounces of gold, 10.5 million ounces of silver and 73.6 million pounds of copper resulting from the production of 11.6 million tonnes grading at 4.98 g/t Au, 28 g/t Ag and 0.29% Cu. The Study also updated the mineral resources estimate to include 2.55 million ounces of gold grading at 4.42 g/t of indicated mineral resources, as well as 0.54 million ounces of gold grading at 2.29 g/t of inferred mineral resources. Indicated mineral resources are inclusive of probable mineral reserves.

Estimated Life of Mine ("LOM") production of 1.68 million ounces of gold, 9.83 million ounces of silver and 71.30 million pounds of copper occurs over the estimated initial mine life of 12 years using an average gold recovery of 90%, average silver recovery of 94% and average copper recovery of 97%.

The Project is located 30 kilometers ("km") southwest of the city of Cuenca and consists of approximately 8,000 hectares held in three contiguous concessions. The Loma Larga deposit is located within the

MINERAL PROPERTIES (continued)

1) Loma Larga, Ecuador (continued)

Pre-Feasibility Study at Loma Larga (continued)

Rio Falso concession. The Project is situated relatively close to existing infrastructure. The Study plans for the development of a 21 km access road to be utilized during construction and operation of the mine to transport equipment, supplies and people to the mine, and to ship concentrate to the coast for shipment to smelters. The PFS also envisions a connection to the Ecuadorian power grid through the local Cuenca substation with a 25 km 138 kilovolt power line.

The concentrate production is estimated at an average of 150,000 ounces of gold per year with an estimated LOM cash cost per ounce ("Cash Cost") of US\$510/ounce¹ and an estimated LOM all-in sustaining cash cost ("AISC") of US\$590/ounce.¹

Full details of the PFS can be found in the Technical Report, which is available under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.invmetals.com.

Expenditures at Loma Larga in Q1/2017

The following table sets forth a breakdown of material components of expenditures incurred at Loma Larga in the three-month period ended March 31, 2017 and 2016.

	2017	2016
Opening balance - January 1	\$ 48,687,558	\$ 45,274,209
Geological interpretation	224,063	148,368
Pre-feasibility study	6,437	-
Feasibility study support	146,271	-
Drilling and related costs	707,080	-
Concession and related costs	203,349	195,708
General and administration	212,438	160,246
Camp, community relations and field expenses	387,626	242,569
Total expenditures - March 31	1,887,264	746,891
Exchange differences	(371,067)	(2,921,772)
Closing balance - March 31	\$ 50,203,755	\$ 43,099,328

In the three-month period ended March 31, 2017, additions to Loma Larga increased to \$1,877,264, compared to \$746,891 in Q1/2016. The Q1/2017 expenditures were higher than the same period in 2016 due to critical path long lead items such as geotechnical and hydrogeological drilling and metallurgical test work to support a FS.

As at the date of this MD&A, the average exchange rate was \$1.3236/US\$1.00 for the US dollar. Although, favourable exchange differences have been realized to-date, management estimates that Project expenditures for 2017 will continue to be significantly affected by fluctuations in value of the Canadian dollar relative to the US dollar throughout the remainder of 2017. Management will continue to monitor foreign exchange markets and provide updates.

The preliminary operating budget for 2017 is comprised of \$2.9 million of Project expenditures in Ecuador, \$7.3 million for the FS at Loma Larga and \$3 million for exploration at Loma Larga. The budget will be revisited upon award of the FS contract. The Company has used an average exchange rate of \$1.36/US\$1.00 for the US dollar denominated costs for 2017. The exchange rate was estimated based on the average estimated exchange rate published by five major Canadian banks. Exchange differences included in current budget values are approximately \$1 million.

¹"Cash Cost" and "AISC" are non-IFRS Performance Measures (see "Non-IFRS Measures").

INV METALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017

MINERAL PROPERTIES (continued)

2) Exploration Properties, Ecuador

As at the date hereof, the Company holds a 100% interest other exploration concessions recently granted in Ecuador, including the Las Peñas, Tierras Coloradas and La Rebuscada exploration projects. The Company believes Las Peñas holds numerous low and intermediate sulphidation gold, silver and base metal targets, and both Tierras Coloradas and La Rebuscada host highly prospective epithermal gold and silver targets. A \$2 million exploration program has commenced consisting of surface mapping, geochemical sampling and geophysical surveys with the goal to defining additional drill targets by year-end. Spending in Q1/2017 consisted primarily of concession fees.

RESULTS OF OPERATIONS

The following table presents the changes between INV Metals' consolidated statement of loss and comprehensive loss/(income) for the three-month period ended March 31, 2017 and 2016.

<i>For the periods ended</i>	March 31, 2017	March 31, 2016	Change
General and administration			
Shareholder and regulatory	\$ 97,741	\$ 36,003	\$ 61,738
Travel expense	38,656	765	37,891
Office	47,948	48,204	(256)
Total general and administration	184,345	84,972	99,373
Compensation			
Compensation	505,367	236,004	269,363
Stock-based compensation	339,130	-	339,130
Total compensation	844,497	236,004	608,493
Professional fees	71,551	45,369	26,182
Fair value gain on investments	(107,802)	(30,326)	(77,476)
Other expenses and general exploration	813,559	-	813,559
Foreign exchange loss	7,106	8,040	(934)
Operating loss	1,813,256	344,059	1,469,197
Finance income	(33,347)	(23,096)	(10,251)
Total loss for the period	\$ 1,779,909	\$ 320,963	\$ 1,458,946
Other comprehensive loss			
Cumulative translation adjustment	335,997	2,946,468	(2,610,471)
Total comprehensive loss for the period	\$ 2,115,906	\$ 3,267,431	\$ (1,151,525)

For the three-month period ended March 31, 2017, the Company recorded a total loss of \$1,779,909 or \$0.02 per share, which was \$1,458,946 higher than the corresponding period in the prior year total loss of \$320,963 or \$0.01 per share. The loss increased in Q1/2017 compared to Q1/2016 mainly due to a one-time mandatory contribution to the Government of Ecuador for the earthquake relief efforts, higher compensation costs and stock-based compensation costs in Q1/2017.

Shareholder and regulatory expenses totaled \$97,741 in Q1/2017, an increase of \$61,738 from \$36,003 in Q1/2016 due to corporate marketing efforts and conference attendance in the quarter.

RESULTS OF OPERATIONS (continued)

During Q1/2017, compensation expenses totaled \$505,367 compared to \$236,004 in Q1/2016, an increase of \$269,363. The increase in Q1/2017 compared to the same period in the prior year was mainly as a result of bonuses paid to employees in Q1/2017.

In Q1/2017, the stock-based compensation expense was \$339,130 from nil in Q1/2016 due to stock options issued in Q1/2017.

The fair value gain on investments totaled \$107,802 in Q1/2017, an increase of \$77,476 from \$30,326 in Q1/2016. The increase in the period is due to gains on mark-to-market investments in Q1/2017.

The cumulative translation adjustment decreased by \$2,610,471 to \$335,997 in Q1/2017 compared to a \$2,946,468 in Q1/2016. The movements in the quarter compared to the same period in the prior year are as a result of changes in the US dollar value relative to the Canadian dollar.

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 increased relative to the US dollar during the three-month period ended March 31, 2017 as the average rate was \$1.3236/US\$1.00 compared to an average rate of \$1.3731/US\$1.00 in Q1/2016.

The US Dollar was \$1.3704/US\$1.00 as at May 9, 2017.

FINANCIAL CONDITION AND LIQUIDITY

Operating activities

The Company is not in commercial production on any of its properties and accordingly, does not generate cash from operations. The Company finances its activities by raising capital through equity issuances. During the three-month periods ended March 31, 2017 and 2016, the Company had negative cash flow from operating activities and anticipates negative cash flow from operating activities in future periods until such time that commercial production may be achieved from the development of Loma Larga.

Cash flows used in operating activities in three-month period ended March 31, 2017 totaled \$1,506,505, compared to \$516,359 in Q1/2016. Changes in share-based compensation and unrealized fair value gains on investments 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 "Liquidity and Capital Resources" below for further discussion of the Company's contractual commitments and ability to fund those commitments in connection with its business plan.

Financing activities

On March 2 2017, the Company completed the Offering for gross proceeds of \$27.6 million less transaction costs of \$2.3 million for net proceeds of \$25.3 million. The Company intends to use the net proceeds of the Offering to advance the development of Loma Larga, including the initiation of a FS, exploration at Loma Larga and the Company's other exploration properties within Ecuador, and for general corporate purposes. See "Use of Proceeds" for details.

INV METALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017

FINANCIAL CONDITION AND LIQUIDITY (continued)

Investing activities

Cash flows used in investing activities for the three-month period ended March 31, 2017 totaled \$1,320,393 compared to \$723,659 for Q1/2016. Investing activities in Q1/2017 were higher than the same period in 2016 primarily due to expenditures related to critical path fieldwork at Loma Larga, including drilling.

Liquidity and Capital Resources

As at March 31, 2017, the Company had cash of \$31,237,487 (2016 - \$8,737,850) and working capital² of \$29,862,024 (2016 - \$8,380,909). The following table sets forth a breakdown of the components to calculate working capital in the three-month periods ended March 31, 2017 and 2016.

<i>For the years ended</i>	March 31, 2017	December 31, 2016
Current assets		
Cash	\$ 31,237,487	\$ 8,737,850
Other receivables	200,827	130,498
	31,438,314	8,868,348
Current liabilities		
Other payables	1,576,290	487,439
	1,576,290	487,439
Working capital	\$ 29,862,024	\$ 8,380,909

Cash and working capital have increased in Q1/2017 due to the Offering, partially offset 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.

In management's view, the Company has sufficient financial resources to maintain the Property in good standing and fund ongoing operating and administrative expenditures given that the Company had working capital of \$28,862,024 as at March 31, 2017. Further review is underway to update the budget for 2017 upon award of the FS contract, and it is expected that working capital will be sufficient for planned uses. The value of the Canadian dollar relative to the US dollar significantly impacts the Company's operating budget as Loma Larga expenditures and regional exploration in Ecuador are US dollar denominated.

The Company has, in the past, financed its activities by raising capital through equity issuances. Many factors influence the ability to raise funds, including the current economic climate for and overall sentiment towards mineral exploration investment, the Company's track record, foreign exchange fluctuations at the Ecuadorian subsidiary and the experience and caliber of its management. Although the Company has been able to access external financing to-date, there can be no assurance that funding will be available in the future or available on acceptable terms.

A continuous review of capital expenditure programs ensures the Company's capital resources are utilized in a responsible and sustainable manner to conserve cash and maintain adequate working capital.

The Company's future is dependent upon its ability to obtain sufficient cash from external financing and related parties in order to fund its ongoing operations, permitting further feasibility desktop study work,

² "Working Capital" is a non-IFRS Performance Measure (see "Non-IFRS Measures").

FINANCIAL CONDITION AND LIQUIDITY (continued)

Liquidity and Capital Resources (continued)

and ultimate development and construction of the Project. The Company will consider over the near term the requirements to advance Loma Larga to the next phase of evaluation and finance further exploration.

The Company will continue to be dependent on raising equity capital or debt, in addition to adjusting spending and disposing of assets as required unless it reaches the production stage and generates cash flow from operations. See "Risks and Uncertainties" for further details.

USE OF PROCEEDS

The Company's objectives are to bring Loma Larga into production at the earliest opportunity and to grow through internal exploration and strategic acquisitions. The Company was recently awarded exploration concessions by the Government of Ecuador, including the Las Peñas, Tierras Coloradas and La Rebuscada exploration projects. See "Company Description and Highlights".

The Company intends to use the proceeds of the Offering (the "Proceeds"), in part, to initiate a FS on the Property by the end of Q2/2017. In addition, the Company intends to use the Proceeds, in part, to undertake exploration programs on Loma Larga over the following 18 months, and to undertake early stage exploration of the Company's other recently acquired properties in Ecuador. The Company has commenced exploration fieldwork including drilling primarily at Loma Larga late in Q1/2017 spending \$281,000 of a budgeted \$3 million. No other material Proceeds have been deployed for the items noted above.

Continued expenditure commitments are dependent on the results of the Company's exploration programs. See "Mineral properties – Loma Larga, Ecuador" for details of the Company's budget and plans for Project.

RELATED PARTY TRANSACTIONS

The Company's related parties and subsidiaries are the same as those presented by the Company in its Financial Statements.

1) Transactions with related parties

- i) On March 2, 2017 IAMGOLD and certain directors and officers participated in Offering. See "Company Description and Highlights" for further detail.
- ii) A company of which a director is the Chief Executive Officer provided capital market advisory services to INV Metals in the amount of \$70,000 in relation to the Offering approved by the board of directors.

2) Remuneration of directors and officers

The following summarizes remuneration of directors and officers during the three-month periods ended March 31, 2017 and 2016.

	March 30, 2017	March 31, 2016
Salaries of key management	\$ 437,025	\$ 114,535
Director fees	63,155	54,466
Stock-based compensation	320,126	-
	\$ 820,306	\$ 169,001

INV METALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The Company has committed to payments under various leases and other commitments. Excluding spending amounts which may be required to maintain the Company's mineral properties in good standing, the future minimum payments outlined in the table below.

	Less than One		Between		More than	
	Total		Year		1 - 5 Years	
					5 Years	
Office and house leases	\$	151,510	\$	151,510	\$	-
Environmental management plan	\$	359,420	\$	359,420	\$	-

INV Metals has a lease arrangement for office space in effect until December 31, 2017. During the three-month period ended March 31, 2017, an amount of \$71,771 was recognized in total loss in respect of operating leases.

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

QUARTERLY FINANCIAL INFORMATION

The following selected financial data has been derived from the Company's Financial Statements. The total comprehensive income/(loss) in each quarter below includes cumulative translation adjustments of the Company's Ecuadorian subsidiary, which fluctuate due to movements of the Canadian dollar relative to the US dollar.

<i>For the period ended</i>	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
Interest income	\$ 33,347	\$ 20,996	\$ 24,456	\$ 26,704
Total loss	(1,779,909)	(540,518)	(328,104)	(1,125,583)
Total comprehensive income/(loss)	(2,115,906)	470,952	426,742	(1,286,131)
Loss per share from continuing operations* - basic and diluted	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ (0.02)

<i>For the period ended</i>	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015
Interest income	\$ 23,096	\$ 22,919	\$ 26,169	\$ 31,715
Total loss	(320,963)	(375,718)	(642,440)	(2,935,016)
Total comprehensive income/(loss)	(3,267,431)	1,122,981	2,679,793	(3,821,773)
Loss per share from continuing operations* - basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.04)

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

The total loss increased in Q1/2017 compared to Q4/2016 primarily due to a one-time mandatory contribution to the Government of Ecuador for the earthquake relief efforts, compensation and stock-based compensation expenses in the quarter. The total loss increased in Q4/2016 compared to Q3/2016 primarily due to corporate marketing efforts and conference attendance expenditures. The total loss decreased in Q3/2016 compared to Q2/2016 primarily due to a write-down of the Kaoko property in Namibia, offset by increased share-based payment expenses. The total loss increased in Q2/2016

QUARTERLY FINANCIAL INFORMATION (continued)

compared to Q1/2016 primarily due to a write-down of the Kaoko property in Namibia and increased share-based payment expenses from the issuance of stock options and restricted share units in the quarter. The total loss decreased in Q1/2016 compared to Q4/2015 primarily due to fair value gains on investments compared to losses in Q4/2015. The total loss decreased in Q4/2015 compared to Q3/2015 primarily due to an amount included in compensation costs for payments relating to the retirement of an employee in Q3/2015. The total loss decreased in Q3/2015 compared to Q2/2015 primarily due to no write-downs in the quarter as compared to the write-down of the Kaoko property and write-down of deferred payments in Q2/2015, partially offset by amounts included in compensation costs for payment relating to the retirement of an employee. The total loss increased in Q2/2015 compared to Q1/2015 primarily due to the write-down of the Kaoko property and write-down of deferred payments relating to the sale of a discontinued operation.

OUTSTANDING SHARE DATA

As at May 10, 2017 the Company had 92,986,747 Common Shares outstanding, as well as stock options to purchase 7,589,500 Common Shares at a weighted average price of \$0.90 and restricted share units of 691,902 at a weighted average price of \$0.38.

OFF-BALANCE SHEET TRANSACTIONS

During the three-month period ended March 31, 2017 the Company was not involved in any off-balance-sheet transactions.

QUALIFIED PERSON

The scientific and technical information contained in this MD&A has been reviewed and approved by William (Bill) Shaver, P.Eng., Chief Operating Officer, INV Metals Inc. and a Qualified Person under National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101").

For readers to fully understand the technical information in this MD&A, they should review the Technical Report filed on August 29, 2016 under the Company's profile on SEDAR at www.sedar.com in its entirety, including all of the qualifications, assumptions and exclusions that relate to the information set out in the Technical Report, which qualify the technical information contained in the Technical Report. The Technical Report is intended to be read as a whole, and sections should not be reviewed or relied upon out of context. The Technical Report also describes the mineral resource and mineral reserve estimation methodologies and the assumptions used, and to which those estimates are subject. The AIF filed under the Company's profile on SEDAR at www.sedar.com includes details of certain risk factors that could materially affect the potential development of the mineral resources and mineral reserves and should be considered carefully.

NON-IFRS PERFORMANCE MEASURES

Cash Cost, AISC, and Working Capital are non-IFRS performance measures included in this MD&A.

The Company reports Cash Cost per ounce sold and AISC in accordance with the guidance published by the World Gold Council in June 2013. These performance measures are included because these statistics are key performance measures that management uses to monitor performance. Management uses 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.

The Company calculates Working Capital as its current assets less its current liabilities. Management uses working capital as an internal measure to better assess performance trends. It is understood that a number of investors and others that follow the Company's business assess performance in this way.

NON-IFRS PERFORMANCE MEASURES (continued)

The above 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.

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 filed under the Company's profile on SEDAR at www.sedar.com.

The Company's material property is Loma Larga, located in Ecuador. There is a risk that the positive results of the PFS at increased production levels and taxes applicable as a large-scale mining project may not be realized as anticipated in the Study to warrant advancement and, as a result, that the Board of Directors (the "Board") and/or management of the Company may decide not to proceed with the further exploration and development of the Project.

There is a risk that the Company may not reach an appropriate Exploitation Agreement with the government of Ecuador or may not obtain the required permits to operate Loma Larga as a large-scale mining project as contemplated in the PFS. If the Company does not reach an appropriate Exploitation Agreement with the Ecuadorian government or is unable to obtain the required permits to operate as a large-scale miner such that the Board 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 Loma Larga is approximately \$50 million. A write-down of some or all of the value of the Project could materially adversely affect the Company's financial condition and its ability to raise funds through financing transactions as Loma Larga is currently the Company's flagship asset.

The PFS on Loma Larga estimates capital costs for development, sustaining and closure of approximately US\$286 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 Company currently has a negative operating cash flow, which may continue for the foreseeable future. During the fiscal three-month period ended March 31, 2017, the Company had negative cash flow from operating activities. The Company anticipates it will continue to have negative cash flow from operating activities in future periods until commercial production is achieved at the Project. The Company's failure to achieve profitability and positive operating cash flows will result in the requirement for additional financing, which may or may not be available upon terms acceptable to the Company or at all, and could have a material adverse effect on the Company's financial condition and results of operations.

The Company is subject to political, regulatory and taxation risks associated with conducting mineral exploration and development in foreign countries, mainly Ecuador. Exploration and development mineral deposits may be affected by risks associated to changes in government regulations with regard to, but not limited to, restrictions on future exploitation and production including adequate infrastructure, price and export controls, income taxes, immigration policies, potential delays in obtaining or the inability to obtain necessary permits, opposition to mining from non-governmental organizations ("NGOs"), limitations on foreign ownership, expropriation of property, environmental legislation, labour relations, limitations on repatriation of income and return of capital investment, high rates of inflation and site safety.

A national election occurred in Ecuador on February 19, 2017. As a result of the outcome of the election there was a run-off vote held for the position of President and Vice-President held on April 2, 2017. The outcome of the national election did not result in a change in the governing political party. The Company faces the risk that future governments may adopt substantially different policies, which might extend to

RISKS AND UNCERTAINTIES (continued)

restrictions on mining, the expropriation of assets, increased taxes, royalties or other government participation in the mining sector or renegotiation of existing mineral rights, any of which could adversely affect the Company's business. In addition, internal political volatility could generate a situation in which delays occur for contract negotiations or permit approvals, resulting in changes to the overall Project schedule, or the Government of Ecuador may in the future adopt substantially more onerous laws or policies, which might extend to, as an example, expropriation of assets or the implementation of new taxes or royalties that render the Project uneconomic.

The Constitution and laws of Ecuador establish that the control, management and decisions for the development of the strategic sectors and the mining industry in particular are under the control, management and decision of the national authorities. However, in January 2017, the Municipality of Cuenca (the "Municipality"), a local authority where the Company's Loma Larga and Las Peñas Project are located, approved a declaration relating to the preservation of water sources and mining activities in the region (the "Declaration"). Although the Declaration could impose certain conditions on mining activities within urban areas, municipalities do not have the authority to prevent the development of mining activities within an area such as the Municipality (i.e. a canton) because the central Government of Ecuador is the sole authority for the control and regulation of mining activities within the country. Amongst other matters, the Declaration seeks to declare the Municipality as a canton free of mining activities and to request that the Government of Ecuador suspend the exploration and operational activities of the mining companies in its jurisdiction. The Declaration is not binding on any party because the Government of Ecuador is the sole authority for the control and regulation of mining activities within the country. However, if the Government of Ecuador puts such a prohibition in place, then it would have a material adverse effect on the Company, would likely result in a write-down of part or all of the value currently attributed to Loma Larga and may result in a change in the focus of the Company's future activities.

Loma Larga and the recently awarded Las Peñas, Tierras Coloradas and La Rebuscada concessions are located near rural communities. Some of these communities contain groups that have been opposed to mining activities from time to time in the past. Opposition to mining activities in the region may affect the Company's ability to explore and develop Loma Larga, Las Peñas, Tierras Coloradas and La Rebuscada in the short and long term. Furthermore, local communities may be influenced by external entities, groups or organizations opposed to mining activities. Certain NGOs, some of which oppose globalization and resource development, are often vocal critics of the mining industry and its practices. These organizations may create or inflame public unrest and anti-mining sentiment among the inhabitants in areas of influence surrounding the Company's mineral properties.

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 and was subsequently amended on December 18, 2015 by the Public and Private Alliances Act ("PPAA"). The Organic Law for Production Incentives and Prevention of Tax Fraud states that the resident taxpayer must report changes in excess of certain thresholds and is applicable under specific conditions. 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 the Company's subsidiary, 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 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 will be subject to various corporate, profit sharing and extraordinary taxes, among others, that are imposed by the Government of Ecuador. The tax regimes in Ecuador may be subject to differing

RISKS AND UNCERTAINTIES (continued)

interpretations, are subject to change without notice and the Company's interpretations may not coincide with that of the Ecuadorian tax authorities. In order for there to be restrictions on the repatriation of earnings, the Government of Ecuador would need to reform the Production, Commerce and Investment Organic Code that grant rights to freely repatriate earnings.

INV Metals' material mineral property, Loma Larga, is in the advanced exploration stage and consists of probable mineral reserves and mineral resources. It is not yet known if the mineral resources at the Loma Larga deposit can be converted from mineral resources to mineral reserves or if the probable mineral reserves can be converted to proven mineral reserves. If the mineral resources and mineral reserves at Loma Larga are found not to 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 carried at a cost of approximately \$50 million for Loma Larga as at March 31, 2017.

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 a FS will not be consistent with the Company's actual results and the possibility that future exploration, development or mining results will not warrant further advancement at Loma Larga;
- Risks and uncertainties related to the interpretation of drill results, the geology, grade, continuity of mineral deposits and conclusions of economic evaluations and other assumptions and parameters;
- Risks related to the reliability of commercial laboratory 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 to exploration and development;
- Risks related to the Company's lack of mineral production history and dependence on a single material project;
- Risks related to the Ecuadorian mining law, including the regulatory regime requirements in order for the Company to commence exploitation of the Project;
- Risks and uncertainties related to the unexpected costs and/or liabilities related to Loma Larga;
- Risks related to potential delays in exploration or potential future development activities or the completion of a FS;
- Risks related to market sentiment and commodity price fluctuations;
- Risks related to the economic viability of Loma Larga based on changing commodity prices;
- Risks related to the global economy, including disruptions in the international credit markets and other financial systems and the deterioration of the global economic conditions, could impact the Company's access to capital;

RISKS AND UNCERTAINTIES (continued)

- Risks of 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 liabilities 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 with significant influence on decisions to be made by shareholders; and
- Other risks and uncertainties related to the Company's prospects, properties and business strategy.

CORPORATE GOVERNANCE

Management and 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 per year, and committees meet as required.

The mandate of the Board has been adopted by the Board outlining its responsibilities and defining its duties. The Board has four committees (the Audit committee, the Compensation committee, the Social, Health, Safety and Environment committee and the Corporate Governance and Nominating committee).

The Audit committee has an approved committee charter, which outlines the committees' mandate, specifies procedures for calling a meeting and authorizes access to outside resources.

The Company's Social, Health, Safety and Environment committee has adopted a Mandate of the Social, Health, Safety and Environment committee concerning the Company's treatment of social, 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 insider trading 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.

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

1) 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.

2) 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 the 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 CFO have evaluated the effectiveness of the Company's Disclosure Controls as at March 31, 2017 and concluded that, subject to the inherent limitations noted above, those disclosure controls were effective for the period 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 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, 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 March 31, 2017 and concluded that such procedures are adequate and effective. The Board 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 March 31, 2017.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Except for statements of historical fact relating to the Company (as defined below), certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the financial results and expectation for 2017, the Property categorization as a "large-scale" project under Ecuador's mining

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS (continued)

laws and tax regimes, future anticipated results of exploration programs, 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 assumptions on which such economic evaluations are based, the industry-wide and Loma Larga specific risks that are identified in the Technical Report, the possibility that future exploration, development or mining results will not be consistent with the Company's expectations, the future price of precious and base metals, 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 mineral reserves and/or mineral resources, anticipated grades and recovery rates that are or may be based on assumptions and/or estimates related to future economic, market and other conditions, requirements for additional capital and other statements relating to the financial and business prospects of the Company.

Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "does not anticipate", "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", "will be taken", "occur" or "be achieved".

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: uncertainties regarding the price of precious and base metals and the availability of equity financing; uncertainties regarding the exploration and development of mineral deposits; the high degree of risk involved in mining operations; lack of mineral production history; dependence on a single project; negative cash flow from operations; compliance with anti-corruption laws; uncertain political stability and government regulation of mining operations, including the expropriation of assets and the presence of illegal miners; the possibility that future exploration results will not be consistent with the Company's expectations; taxation; uncertain political and economic environments; non-governmental organization intervention and the creation of adverse sentiment among the inhabitants of areas of mineral development; conducting operations in a foreign country and compliance with foreign laws; failure to fulfill the requirements of any phase of the mining laws of Ecuador; uncertainties of project cost, construction and operating cost overruns or unanticipated costs and expenses; presence of a significant shareholder; presence of endangered species; the reliability of mineral resource and mineral reserve estimates as well as other assumptions and parameters underlying the anticipated recoverability of precious and base metals; compliance with statutory and regulatory standards; environmental hazards; reliance on adequate infrastructure for mining activities; the assurance of titles or boundaries; surface rights and access rights; costs of land reclamation; permits; uninsurable risks related to exploration, development and production; uncertainties inherent in competition with other exploration companies; hedging; timing and availability of external financing on acceptable terms and in light of the current decline in global liquidity and credit availability; future prices of precious and base metals; currency exchange rates; the market price of Common Shares; future sales of Common Shares; dependence on key management employees and the ability to recruit and retain employees with special skill and knowledge; conflicts of interest of directors and officers of the Company; use of proceeds; dilution; the regulatory regime in Ecuador; the tax regime in Ecuador; community relations; and enforcement of legal rights. See "Risks and Uncertainties" in this MD&A. This list is not exhaustive of the factors that may affect the forward-looking statements. These and other factors should be considered carefully by prospective investors, who should not place undue reliance on such forward-looking statements. Forward-looking statements are made based upon management's

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS (continued)

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. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

All disclosure contained herein concerning future plans for the Loma Larga is subject to the assumptions and qualifications set forth in the Technical Report, which is available under the Company's profile on SEDAR at www.sedar.com.

DIFFERENCES IN REPORTING OF MINERAL RESOURCE ESTIMATES

This MD&A was prepared in accordance with Canadian standards for reporting of mineral resource estimates, which differ in some respects from standards in the United States. In particular, and without limiting the generality of the foregoing, the terms "inferred mineral resources," "indicated mineral resources," "measured mineral resources" and "mineral resources" used or referenced in this MD&A are Canadian mineral disclosure terms as defined in accordance with NI 43-101 under the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") Standards on Mineral Resources and Mineral Reserves (the "CIM Standards"). The CIM Standards differ significantly from standards in the United States. While the terms "mineral resource," "measured mineral resources," "indicated mineral resources," and "inferred mineral resources" are recognized and required by Canadian regulations, they are not defined terms under standards in the United States. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or other economic studies, except in limited circumstances. The term "resource" does not equate to the term "reserves". Under the United States' standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Readers are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be converted into mineral reserves. Readers are also cautioned not to assume that all or any part of an inferred mineral resource exists, or is economically or legally mineable. Disclosure of "contained ounces" in a mineral resource is permitted disclosure under Canadian regulations; however, United States companies are only permitted to report mineralization that does not constitute "reserves" by standards in the United States as in place tonnage and grade without reference to unit measures. The requirements of NI 43-101 for identification of "reserves" are also not the same as those of the United States Securities and Exchange Commission (the "SEC"), and reserves reported by the Company in compliance with NI 43-101 may not qualify as "reserves" under SEC standards. Accordingly, information regarding mineral resources contained or referenced in this MD&A containing descriptions of our mineral deposits may not be comparable to similar information made public by United States companies.