INV METALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 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 years ended December 31, 2017 and 2016. This MD&A is prepared as at March 23, 2018 and is intended to supplement and complement the consolidated financial statements of INV Metals for the years ended December 31, 2017 and 2016 (the "Financial Statements"), which are prepared in accordance with International Financial Reporting Standards ("IFRS").

This MD&A should be read in conjunction with the Financial Statements and the Annual Information Form ("AIF") in respect of the 2017 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 September 18, 2017 and updated on February 23 and 26, 2018, the Company announced the successful results of the recent exploration program at Loma Larga, along with preliminary results of the initial field work performed at the Las Peñas, Tierras Coloradas, La Rebuscada and Carolina exploration properties ("Exploration Properties"), located in Ecuador.

The Company drilled 4,567 m at Loma Larga from April to August 2017, which led to the new discovery of gold mineralization to the west of the known resources and tested the northern extension of the resources. One 1,160 m hole was directed at the historical drill indications of possible porphyry gold mineralization. Results are promising and management interprets that the location of the drill hole may be the lateral halo of the porphyry system.

The preliminary results of the Company's initial field programs on all four Exploration Properties, which have been limited to prospecting, mapping, and rock chip sampling defined potential gold, silver and copper targets have identified quartz epithermal and porphyry style targets on the properties, with anomalous to high-grade gold values present in surface grab samples at both Tierras Coloradas and Las Peñas. See "Mineral Properties" for details on exploration programs.

On June 22, 2017, the Company announced it commenced the preparation of the Feasibility Study ("FS") on Loma Larga, and that the Company's directors were re-elected. See "Outlook" for details.

On June 14, 2017, the Company announced it was awarded the Carolina concession located approximately 4 km south-east of the Cascabel copper-gold discovery located in the Imbabura province, in northern Ecuador.

On May 29, 2017, the Company announced it successfully reached agreement with the Ministry of Mining on the terms and form of the Mining Exploitation Contract ("Exploitation Contract") for Loma Larga.

On March 2, 2017, the Company announced it completed an equity financing by way of 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

COMPANY DESCRIPTION AND HIGHLIGHTS (continued)

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 announced it was awarded the Las Peñas, Tierras Coloradas, La Rebuscada greenfields exploration projects totalling 43,554 hectares, situated throughout Ecuador.

OUTLOOK

The Company's primary objective in 2018 is the completion of a positive FS on Loma Larga, which is expected to provide the basis to support the Board of Directors' evaluation to proceed with the development of Loma Larga and to commence permitting and project financing processes. The Company will continue to strengthen and grow the Company's management and development teams in support of this goal.

The Company awarded the preparation of the FS of Loma Larga to a consortium of consultants led by DRA Americas Inc. ("FS Consultants"). The engineering work started immediately and is ongoing. Management estimates that the FS is proceeding on schedule. The FS Consultants are focused on, among other things, the engineering on the mine adit for the Advanced Exploration Ramp ("AER"), metallurgical test work on the confirmation of the process flow sheet along with testing of the low-grade portion of the resources to determine viability, mine design and infrastructure, as well as continuing work on hydrogeological and geo-mechanical models.

It is anticipated that the AER development will commence in 2018 once permits are obtained. The development of the AER at Loma Larga is expected to allow the Company to obtain additional geological information, confirm geotechnical and hydrological assumptions, as well as confirm FS cost assumptions. See "Mineral Properties – Loma Larga, Ecuador – Feasibility Study" for further details.

The results of the Company's drill program at Loma Larga confirm the Company's belief in the exploration potential of the property, and that the deposit remains open and has significant potential to the west. The Company intends to initiate a $2 million exploration program at Loma Larga to follow up on the success of the 2017 new discovery of gold mineralization up to 400 m west of the known mineral resources. The initial program will likely focus on targeting the identification of high-grade gold feeder zones which are interpreted to be the source of the highest grade gold values within the known mineral resources, with the goal of adding to the current resource and to discover new deposits on the property. Please see "Mineral Properties - Loma Larga, Ecuador - Exploration" below for further details of the 2017 drill program.

The primary goal of the Company's 2018 regional exploration program in Ecuador is to identify and further define drill targets on each of the Exploration Properties and to obtain the relevant permits and agreements to commence drilling. Further field work is currently being conducted on the greenfield projects and will include additional detailed mapping, and soil and rock chip sampling. After the receipt of relevant permits and agreements, the Company will evaluate the use of geophysics with the aim of drill target identification. The Company has a preliminary budget of $1.6 million for the 2018 exploration efforts.

The Company intends to continue to aggressively pursue the acquisition of additional high priority targeted properties within Ecuador's Andean Mineral Belt.

MINERAL PROPERTIES

1) Loma Larga, Ecuador

The Project is located 30 kilometers ("km") southwest of the city of Cuenca and consists of approximately 7,960 hectares held in three contiguous concessions. The Loma Larga deposit is located within the Rio Falso concession. The Project is situated relatively close to existing infrastructure. The Company is preparing a FS on the Project to build upon the Pre-feasibility Study ("PFS") completed in 2016. See "Mineral Properties – Loma Larga, Ecuador – Feasibility Study" below for further details.

Exploration

In August 2017, INV Metals completed the first phase of its exploration drill program at Loma Larga, which commenced in April. The Company drilled 14 exploration holes, totalling 4,567 m, primarily testing the western extension of the deposit and following up on mineralization discovered during the geotechnical drill program in early 2017. A deeper hole testing the potential for porphyry mineralization was also completed in the north end of the known mineral resource. Management is encouraged with the results of the drill program which demonstrate the deposit remains open to the west and the broader high sulphidation system extends beyond the known resources.

The Loma Larga deposit has a strike length of 1,600 m north-south by 120 m to 400 m east-west, and is up to 60 m thick. The deposit occurs within a silica alteration package interpreted to have been caused by the presence of at least two high grade feeder zones. Management believes the potential for the discovery of one or more feeder zones, believed to be the source of the Loma Larga mineralization, to the west of the current delineated deposit, remains high.

The results of the Loma Larga drill program confirm the Company's belief in the exploration potential of the property, and that the deposit remains open and has significant potential for expansion. The focus of the program was to follow up on silica alteration containing gold mineralization that was encountered approximately 120 m west of the current resource during the Company's geotechnical and hydrogeological investigations of the proposed Loma Larga ramp location. Geotechnical hole LLDGT-004 returned values of 2.17 g/t gold and 52.5 g/t silver, over 19.50 m. As a result, the exploration team designed and conducted a drill program to systematically test for the western extension of the Loma Larga ore body, stepping out up to 600 m from the western border of the current resource.

The silica alteration package, which hosts the Loma Larga gold mineralization, was present in all drill holes, providing evidence of a very extensive high sulphidation system on the property, which remains untested to the north, west and south. Gold mineralization, ranging from 0.83 g/t gold over 62 m, and as high as 20.24 g/t gold over 2.75 m, was encountered along all the east-west sections tested.

Ten holes encountered mineralization greater than 2 g/t gold, the current mineral reserve cut off grade, from 35 m to over 300 m west of the border of the known mineral resource. Two holes returned values close to cut-off grade, while two holes testing a step out up to 600 m from the known mineral resource encountered silica alteration.

The results of the drilling are encouraging with interpretations from holes LLD-383, LLD-385 and LLD-386 possibly indicating the presence of a feeder zone approximately 75 m to 100 m from the western boundary of the resource. Hole LLD-383 returned values grading 3.22 g/t gold and 48.7 g/t silver over 51.25 m, including 20.24 g/t gold and 434.4 g/t silver, over 2.75 m, while hole LLD-385 returned values of 1.59 g/t gold and 25.5 g/t silver over 53.00 m, including 8.75 g/t gold and 211.2 g/t silver, over 2.70 m. Hole LLD-386 returned values grading 9.39 g/t gold and 72.0 g/t silver over 7.00 m. Table 1: Drill Results from Western Extension of Loma Larga below highlights the results of the program.

Hole LLD-384 was a deep hole drilled to a depth of 1,160.22 m to follow up on historical drill holes which indicated the potential for porphyry style mineralization outside of the mineral resource to the north of the

MINERAL PROPERTIES (continued)

1) Loma Larga, Ecuador (continued)

Exploration (continued)

known deposit. The hole returned encouraging results, grading 0.2 g/t gold and 523 ppm copper over 622.22 m (from a depth of 538 m), including 0.29 g/t gold and 416 ppm copper over 214.5 m. Management interprets that the location of the drill hole may be the lateral halo of the porphyry system.

The hole intersected anomalous gold mineralized diorite and quartz diorite intrusions hosting quartz, pyrite, magnetite and chalcopyrite veinlets plus disseminated pyrite and magnetite, developed in an Intense Intermediate argillic alteration (illite-kaolinite-muscovite-pyrite). INV Metals will analyze the results from the hole and will determine if further geophysics and/or drilling, including deeper drilling, is warranted to continue to test for porphyry mineralization at Loma Larga.

Table 1: 2017 Drill Results from Western Extension of Loma Larga

Hole		From	To	Width	True Width	Au	Ag
		metres	metres	metres	metres	g/t	g/t
LLDGT-004		223.50	243.00	19.50	16.90	2.17	52.5
	including	223.50	238.00	14.50	12.60	2.63	51.5
LLD-376		187.00	196.00	9.00	8.70	3.25	32.3
	including	192.00	196.00	4.00	3.90	5.27	64.6
LLD-377		226.50	254.50	28.00	24.20	2.35	29.6
	including	230.50	236.50	6.00	5.20	3.44	16.2
LLD-378		170.00	187.00	17.00	16.40	1.65	30.6
LLD-381		249.20	252.80	3.60	1.58	2.45	28.9
LLD-382		167.50	186.50	19.00	18.40	2.66	57.1
	including	171.50	180.50	9.00	8.70	3.25	91.0
LLD-383		170.00	221.25	51.25	48.15	3.22	48.7
	including	179.00	217.00	38.00	35.70	2.53	31.6
	and	213.00	217.00	4.00	3.80	3.36	65.8
		218.50	221.25	2.75	1.74	20.24	434.4
LLD-384		538.00	1,160.22	622.22	ND*	0.20	0.83
(Porphyry)	including	720.50	935.00	214.50	ND*	0.29	0.8
LLD-385		161.00	214.00	53.00	49.80	1.59	25.5
	including	162.00	177.00	15.00	14.10	1.83	11.9
	and	193.00	201.00	8.00	7.50	2.69	54.6
		244.00	262.00	18.00	16.90	2.28	38.8
	including	250.00	252.70	2.70	1.70	8.75	211.2
LLD-386		152.00	189.35	37.35	37.20	4.89	52.2
	including	162.00	189.35	27.35	27.20	5.89	67.4
	and	174.00	181.00	7.00	6.97	9.39	72.0

MINERAL PROPERTIES (continued)

1) Loma Larga, Ecuador (continued)

Exploration (continued)

Table 1: 2017 Drill Results from Western Extension of Loma Larga (continued)

Hole		From	To	Width	True Width	Au	Ag
		metres	metres	metres	metres	g/t	g/t
LLD-387		137.00	197.20	60.20	56.60	0.83	26.0
	including	149.00	153.00	4.00	3.80	1.44	4.5
	and	186.00	197.20	11.20	10.50	1.27	64.0
	and	192.00	197.20	5.20	4.90	1.65	94.5
LLD-388		126.00	161.00	35.00	33.80	2.32	20.3
	including	126.00	137.00	11.00	10.60	3.36	14.0
	and	133.00	137.00	4.00	3.90	5.31	24.9
LLD-389		153.00	172.00	19.00	17.9	1.81	29.7
	including	165.00	172.00	7.00	6.6	2.24	32.2

*Note: True widths determinations are estimated at 84-100% of the reported core length intervals for most of the holes, estimated sectionally based on the current alteration zone interpretation. The true width of Hole LLD-384 cannot be determined at this time.

Holes LLD-378 and LLD-380 were drilled to test for silica alteration and potential feeders up to 600 m from the current resource boundary, beneath of dacitic lithology identified on surface. Although no mineralized results were encountered, the presence of thick silica alteration in these holes at this significant distance from the current ore body is encouraging.

Table 2 below presents the drill results from the geotechnical and hydrogeological holes drilled within the Loma Larga deposit in early 2017 to obtain data for modelling. The results are in line with previous drill results and will be included in future resources and reserves calculation. Various samples of the core from these holes will be utilized in the on-going metallurgical test work program as part of the FS.

Table 2: 2017 Drill Results from Geotechnical and Hydrogeological Program

Hole		From	To	Width	True Width*	Au	Ag
		metres	metres	metres	metres	g/t	g/t
LLDGT-007		71.45	77.50	6.05	5.70	1.24	1.5
		131.24	183.23	51.99	48.90	3.25	27.6
	including	131.24	153.00	21.76	20.40	4.20	11.8
	and	163.00	170.00	7.00	6.60	4.88	53.7
LLDGT-008		60.50	71.50	11.00	9.50	7.27	91.8
	including	64.50	67.50	3.00	2.60	12.97	155.8
		92.80	173.00	80.20	69.50	3.28	13.6

MINERAL PROPERTIES (continued)

1) Loma Larga, Ecuador (continued)

Exploration (continued)

Table 2: 2017 Drill Results from Geotechnical and Hydrogeological Program (continued)

Hole		From	To	Width	True Width*	Au	Ag
		metres	metres	metres	metres	g/t	g/t
LLDGT-011		120.00	161.00	41.00	39.40	4.72	14.0
	including	141.00	149.00	8.00	7.70	8.68	21.9
		173.00	196.00	23.00	22.10	3.00	12.8
	including	189.00	196.00	7.00	6.70	4.82	18.1

*Note: True widths determinations are estimated at 84-96% of the reported core length intervals for most of the holes, estimated sectionally based on the current alteration zone interpretation.

The Company has allocated an initial budget of $2 million to follow up on the new discovery of gold mineralization to the west of the known mineral resource at Loma Larga. Management continues to believe the potential for the discovery of one or more feeder zones, which is believed to be the source of the Loma Larga mineralization, to the west of the current delineated deposit, remains high.

The Company expects to begin the second phase of the drill program, estimated at ~2,500 m, in Q2/2018 and is currently reviewing the structural controls of the property and the interpreted faults encountered in the drill core to confirm the location of the follow up holes. The primary goal of the drill program is to confirm the discovery of gold mineralization to the west to locate high grade feeder zones and/or to confirm the presence of an extension of the Loma Larga known mineral resource.

Quality Assurance

All INV Metals sample assay results have been independently monitored through a quality control/quality assurance ("QA/QC") program including the insertion of blind standards, blanks and pulp and reject duplicate samples. Logging and sampling are completed at INV Metals' secure facility located at the Loma Larga project. Drill core is sawn in half on site and half drill-core samples are securely transported to the INSPECTORATE (Bureau Veritas) sample preparation facility in Quito, Ecuador. Sample pulps are sent to Callao, Peru for analysis. Gold content is determined by fire assay of a 50 gram charge with total copper content determined by aqua regia digestion with ICP finish.

Exploitation Contract

In May 2017, The Company announced it successfully completed negotiations with the Ecuadorian Government on the terms and form of the Exploitation Contract for Loma Larga. The Company anticipates the Exploitation Contract will be executed after the successful completion of the FS and other key milestones.

A summary of the key items of the Exploitation Contract are noted below.

- INV Minerales Ecuador S.A. INVMINEC ("INV Minerales"), the Company's wholly owned Ecuadorian subsidiary, has the right to develop and operate Loma Larga for a period of 25 years, subject to renewal.

MINERAL PROPERTIES (continued)

1) Loma Larga, Ecuador (continued)

Exploitation Contract (continued)

- INV Minerales will pay a royalty of 5% on the net income ("Royalty" or "Royalties") of precious metals and related by-product sales.
- INV Minerales will pay US$15 million of the Royalty in advance ("Advanced Royalty") to primarily support community development and social programs.
- Payments of the Advanced Royalty will be subject to the following schedule and milestones:
  - i) US$5 million on the execution of the Exploitation Contract;
  - ii) US$5 million on the first anniversary of the execution of the Exploitation Contract; and
  - iii) US$5 million on the second anniversary of the execution of the Exploitation Contract.
- The Advanced Royalty is deductible against future Royalties payable in the amount that is the lesser of 50% of the Royalties payable in a six-month period or 20% of the total Advanced Royalty calculated annually.

Feasibility Study

The FS Consultants continue to prepare the FS on Loma Larga, building upon the Company's PFS prepared in 2016. The engineering work commenced in June 2017, and management anticipates that it is proceeding on schedule. Areas of focus to-date include metallurgy, hydrology, site investigation studies for mine and process plant construction, tailings storage facilities, as well as access road construction and electrical power delivery to the site. Environmental investigations required for the necessary permits to construct and operate the mine, and to construct roads and power lines has also commenced. The engineering on the plans and schedules for the development of the mine, including mine design, geotechnical test work on mine openings, ventilation, pumping and paste backfill is ongoing.

The FS Consultants have also begun work on permitting for the AER. The purpose of the ramp will be to drive an access to the ore to allow further drilling of the resource, as well as obtaining further metallurgical samples, while studying the development of the water inflow model and the ground support requirements. This will also allow the Company to commence a training program for local constituents, who may have the opportunity to work at the mine during construction and later in operations. It is anticipated that the AER will commence in 2018.

The results of the PFS support 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 is anticipated 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 PFS also estimates the mineral resources 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%.

MINERAL PROPERTIES (continued)

1) Loma Larga, Ecuador (continued)

Feasibility Study (continued)

The concentrate production is estimated to contain an average of 150,000 ounces of gold per year with an estimated LOM cash cost per ounce ("Cash Cost") of US$510/ounce[1] and an estimated LOM all-in sustaining cash cost ("AISC") of US$590/ounce[1] after by-product credits.

Full details of the PFS can be found in the technical report titled "Technical Report on the Loma Larga Project, Azuay Province, Ecuador" (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 the years ended December 31, 2017 and 2016

The following table sets forth a breakdown of material components of expenditures incurred at Loma Larga in the years ended December 31, 2017 and 2016.

	2017	2016
Opening balance - January 1	**$ 48,687,558**	$ 45,274,209
Geological interpretation	**1,300,863**	828,223
Feasibility study	**4,022,578**	551,916
Drilling and related costs	**2,212,058**	470,646
Camp, environment and community relations	**1,681,729**	1,268,764
General and administration	**924,270**	765,814
Concession and related costs	**407,882**	383,511
Pre-feasibility study	**6,437**	471,000
Total expenditures - December 31	**10,555,817**	4,739,874
Exchange differences	**(3,307,242)**	(1,326,525)
Closing balance - December 31	**$ 55,936,133**	$ 48,687,558

In the year ended December 31, 2017, total expenditures at Loma Larga increased to $10,555,817, compared to $4,739,874 in 2016. The 2017 expenditures were higher than in 2016 due to critical path long lead items and test work, as well as increased project expenditures overall to support the FS and the exploration drill program at Loma Larga in 2017.

2) Exploration Properties, Ecuador

As at the date hereof, the Company holds a 100% interest in exploration concessions granted in 2017 throughout Ecuador, including the Las Peñas, Tierras Coloradas, La Rebuscada and the Carolina exploration projects.

The preliminary results of the Company's initial field programs, which have been limited to prospecting, mapping, and rock chip sampling to-date while permits are awaited, continue to confirm management's belief in Ecuador's exploration potential. The Company's geological team has identified several areas of soil and rock chip geochemical anomalies which led to the discovery of high grade gold mineralization in quartz veins on three Exploration Properties, along with extensive porphyry style alteration.

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

MINERAL PROPERTIES (continued)

2) Exploration Properties, Ecuador (continued)

Tierras Coloradas Project

The Tierras Coloradas property ("Tierras Coloradas") is 10,071 ha and is located in southern Ecuador in the province of Loja, near the border of Peru. Initial field work indicates highly prospective results in rock chip samples and the presence of a gold mineralized quartz vein system developed in the andesite volcanic sequence of Sacapalca Paleocene Formation in the SE border of the Cretaceous granodioritic Tangula batholith. The presence of the sinter in outcrops and boulders evidence that the system is very well preserved.

Field work completed to-date, consisting of prospecting, mapping, and rock chip sampling indicates the presence of gold mineralized epithermal quartz veins that are interpreted to be part of an en échelon vein system with E-W orientation, covering an area of approximately 3 km by 2 km. The results of the rock chip sample are detailed below in Table 3, with highlights including: 83.9 g/t, 61.9 g/t, 49.2 g/t, 37.1 g/t, 30.9 g/t, and 11.3 g/t gold, plus silver values. Approximately 310 rock chip samples have been collected to-date; with 47 rock chip samples of vein material returning values >0.5 g/t gold. Individual veins have been traced over lengths of between 0.5 km and 1.5 km long, from 0.5 m to 5.0 m wide, with more than 400 m of vertical strike.

The Company received the environmental registration to perform initial exploration activities at Tierras Coloradas in January 2018, which will allow for further detailed mapping, channel sampling, soil samples and geophysics programs with the goal to identify the continuity of the vein system and drill targets.

Table 3: Tierras Coloradas Rock Chip Samples - Significant Results		
Sample	**Au (g/t)**	**Ag (g/t)**
759711090	83.9	63.8
759750580	61.9	199.3
759720120	49.2	43.2
759711100	37.1	82.2
756720300	30.9	177
759750600	11.3	103.9
756720320	9.6	17.7
759720720	8.1	393.0
759750020	6.6	121.9
759750420	6.6	27.8

Las Peñas Project

The Las Peñas property ("Las Peñas") covers a large area of 30,278 ha and is located in the provinces of Azuay and Cañar, approximately 20 to 40 km north of the Company's Loma Larga gold development project. Las Peñas is situated within a NE-SW mineralized structural trend, covering an area of approximately 70 km by 30 km which hosts the Rio Blanco gold and silver project to the south west. Previous work in the area was carried out between 1993 and 2000 by various parties, indicating the presence of potential gold mineralization developed in the Oligocene Rio Blanco Formation, comprised of

MINERAL PROPERTIES (continued)

2) Exploration Properties, Ecuador (continued)

Las Peñas Project (continued)

andesitic to dacitic ash flow and tuffs intruded by some diorite intrusives. Numerous geochemical anomalies, alteration and mineralization have been already identified on the property.

To-date, the Company's initial prospecting, mapping and sampling surveys has focused mainly on the Leon, 1, 4 and 5 concessions. The initial field work identified several high priority target areas, which include potential for both epithermal gold and copper/gold porphyry style systems. Two priority gold mineralized vein systems have been identified from the initial prospecting and rock chip sampling on the Leon 4 and 5 concessions. See Table 4 for significant results of the sampling above 6 g/t gold. Initial field work was also completed on a historical soil geochemical anomaly on Leon 1 and 2. Detailed interpretation of the initial geochemical, mapping and prospecting program is required to prioritize targets identified within Las Peñas. Further field visits are planned in the near term.

La Cresta Vein System

The La Cresta vein was traced for approximately 300 m, outcropping in two discrete areas. The surface vein indications were estimated at 130 m by 2 to 3 m wide with average rock chip sample gold grades of 5.17 g/t, and 100 m by 2 to 3 m wide with average rock chip sample gold grades of 0.88 g/t. Gold values ranged from anomalous to 88.0 g/t gold. A total of 57 samples were collected, of which 40 returned gold values of >0.5 g/t with silver, and 15 samples returned values >3.0 g/t gold with silver. Further mapping and follow up work is required for target definition.

Galleta Vein System

The Galleta vein target is interpreted to be related to a shear zone with irregular quartz veinlets identified in outcrop. Only 17 rock chip samples were collected with grades ranging from anomalous to a high grade gold value of 35.9 g/t, with 3,507 g/t silver and 821 ppm copper. Further mapping and follow up work is required for target definition.

Table 4: Las Peñas Rock Chip Samples – Significant Results

Sample	Au (g/t)	Ag (g/t)
749750530	88.00	94.5
749740080	39.60	189.5
749800560	35.90	3,507.0
749750300	14.60	62.5
749750320	14.50	16.6
749700280	9.97	625
749750480	9.37	85.7
749800970	8.94	25.2
749740160	8.67	7.8
749750490	6.85	131.7
749700300	6.05	667

MINERAL PROPERTIES (continued)

2) Exploration Properties, Ecuador (continued)

Las Peñas Project (continued)

Playas Encantadas Porphyry Target

The initial field work at Playas Encantadas has identified the presence of a hydrothermally altered diorite porphyry system. Quartz stock work veins with pyrite and magnetite, plus or minus chalcopyrite and covellite have also been identified in the area. Rock chip samples collected in the area returned copper values of anomalous to 2,280 ppm copper, with 87 of the 111 samples collected returning values >200 ppm copper, and 12 samples >1,000 ppm copper.

Gold in Soil Anomaly

Previous work completed by IAMGOLD outlined a gold soil anomaly within Leon 5 covering an estimated area of approximately 2.3 km by 1.2 km. Initial field work in the area by INV Metals' team, included six rock chip samples which assayed between 1.1 g/t and 3.8 g/t gold. Further mapping and sampling is required to identify the source of the anomalous gold values.

Carolina Project

The Carolina ("Carolina") project is located in the province of Imbabura in northern Ecuador, approximately 120 km north of Quito, and approximately 4 km southeast of SolGold plc's Cascabel copper-gold porphyry project. The property covers an area of 3,040 ha. The results of the initial prospecting, mapping and rock sampling field work, outline an area of anomalous copper (with some associated gold values) that extends about 1 km east/west and 3 km north/south. Sampling was comprised of 147 rock chip samples. Copper values within 34 samples graded greater than 200 ppm, including 10 greater than 300 ppm, and 2 greater than 800 ppm, see Table 5. Certain of the samples contained associated gold values, with highlights grading 4.3 g/t, 3.0 g/t and 0.9 g/t gold. The geology of the area is comprised by Upper Cretaceous silicified sedimentary rocks which are overlain by Oligocene to Miocene andesitic flows and breccias. These units are intruded by Miocene age diorite stocks with gold bearing quartz veinlets, with anomalous gold values associated with iron oxides.

Table 5: Carolina Rock Chip Samples - Significant Results

Sample	Cu (ppm)	Au (g/t)
789750070	863	-
789710040	829	4.27
786800400	402	-
786750520	373	-
786750570	364	-
789800010	361	-
789800090	354	-
789800100	340	2.98
786750350	314	-
786800230	305	-

MINERAL PROPERTIES (continued)

2) Exploration Properties, Ecuador (continued)

La Rebuscada Project

The La Rebuscada project ("La Rebuscada"), totalling 3,205 hectares, is located in the central part of Ecuador, in the province of Cotopaxi, on the western flank of the Cordillera Occidental. The western flank of the Cordillera Occidental hosts numerous VMS deposits like El Domo, Macuchi and La Plata. The property is located in the northern part of the VMS trend of Ecuador and it remains underexplored and hosts significant potential for VMS style mineralized lenses and deposits.

The property appears to be largely underlain by a sequence of andesitic lava flows interbedded with fine volcanic sediments and lapilli tuffs of the Cretaceous and Paleocene Macuchi Formation and the team has identified prospective areas for gold and silver mineralization.

Initial field prospecting, mapping and rock chip sampling at La Rebuscada identified an area of anomalous gold and silver values, approximately 1.25 km by 2.25 km. A total of 80 samples were collected in the area ranging from anomalous to 5.12 g/t gold, with 17 returning values >1.0 g/t gold, see Table 5 for values greater than 1.5 g/t gold.

Additional detailed follow up field work is required to further define the type of targets and potential styles of mineralization.

Table 5: La Rebuscada Rock Chip Samples - Significant Results

Sample	Au (g/t)	Ag (g/t)
766720090	5.12	1,198.0
769750020	2.54	9.1
769710010	2.49	15.1
766720060	2.34	0.8
769780060	1.70	4.8

Quality Assurance

All INV Metals sample assay results have been independently monitored through a QA/QC program including the insertion of blind standards, blanks and pulp and reject duplicate samples. The rock sampling was completed by INV Metals'. The samples are securely transported to the Bureau Veritas sample preparation facility in Quito, Ecuador. Sample pulps are sent to the same lab, which is independent of INV Metals in Callao, Peru for analysis. Gold content is determined by fire assay of a 50 gram charge with total copper content determined by aqua regia digestion with ICP finish.

MINERAL PROPERTIES (continued)

2) Exploration Properties, Ecuador (continued)

Expenditures at Ecuador Exploration Properties in the year ended December 31, 2017

	2017				
	Las Peñas	Tierras Coloradas	La Rebuscada	Carolina	Total
Opening balance - January 1	$ -	$ -	$ -	$ -	$ -
Geological interpretation	482,737	364,336	74,911	58,975	980,959
Concession and related costs	354,971	125,063	38,290	25,655	543,979
Total expenditures - December 31	837,708	489,399	113,201	84,630	1,524,938
Exchange differences	(30,209)	(20,016)	(3,088)	(223)	(53,536)
Closing balance - December 31	$ 807,499	$ 469,383	$ 110,113	$ 84,407	$1,471,402

Expenditures in 2017 consist of the Company's initial field programs, which have been limited to prospecting, mapping, and rock chip sampling to-date while permits are awaited. The results of which are described above.

3) Kaoko, Namibia

The Kaoko property is located in the Kunene Region of northwest Namibia and is comprised of 7 Exclusive Prospecting Licenses ("EPLs") totalling approximately 4,400 km^2 in a belt geologically analogous and similar in size to the Zambian Copper Belt.

Management determined further write-down to a value of nil for the EPLs comprising Kaoko was appropriate. Remaining exploration expenditures relating to the Kaoko property of $516,923 were written off and recognized in the total loss based on management's assessment of its recoverable fair value less costs to dispose. In estimating the fair value less costs to dispose, the Company used indications from the third-party transaction. As this valuation technique requires the use of unobservable inputs including the Company's data about property and management's interpretation of that data. A value-in-use calculation is not applicable as the Company does not have any expected cash flows from the property.

RESULTS OF OPERATIONS

The following table presents the changes between INV Metals' consolidated statement of loss and comprehensive loss for the years ended December 31, 2017 and 2016.

For the years ended	**December 31, 2017**	December 31, 2016	Change
General and administration			
Shareholder and regulatory	**$ 295,414**	$ 175,761	$ 119,653
Travel expense	**128,676**	47,489	81,187
Office	**237,816**	189,104	48,712
Total general and administration	**661,906**	412,354	249,552
Compensation			
Compensation	**1,770,999**	963,358	807,641
Stock-based compensation	**1,100,100**	421,161	678,939
Total compensation	**2,871,099**	1,384,519	1,486,580
Professional fees	**219,244**	208,597	10,647
Write down of exploration property	**516,923**	452,308	64,615
Fair value gain on investments	**(218,930)**	(84,228)	(134,702)
Other expenses and general exploration	**912,969**	40,477	872,492
Foreign exchange loss/(gain)	**10,579**	(3,607)	14,186
Operating loss	**4,973,790**	2,410,420	2,563,370
Finance income	**(215,789)**	(95,252)	(120,537)
Total loss for the year	**$ 4,758,001**	$ 2,315,168	$ 2,442,833
Other comprehensive loss			
Cumulative translation adjustment	**3,652,405**	1,340,700	2,311,705
Total comprehensive loss for the year	**$ 8,410,406**	$ 3,655,868	$ 4,754,538

During the year ended December 31, 2017 the Company recorded a total loss from continuing operations of $4,758,001 or $0.05 per share, compared to $2,315,168 or $0.04 per share in 2016, an increase of $2,442,833 from prior year. The loss increased in year in 2017 compared to 2016 mainly due to higher compensation costs and stock-based compensation costs in 2017, a write-down of the Kaoko property, a one-time mandatory contribution to the Government of Ecuador for earthquake relief efforts, higher shareholder and regulatory costs, offset by gains on fair value investments and higher finance income.

Shareholder and regulatory expenses totalled $295,414 in 2017, an increase of $119,653 from $175,761 in 2016 due to corporate marketing efforts and conference attendance in 2017.

In 2017, travel expenses were higher by $81,187 totalling $128,676 from $47,489 in 2016. The increase for the year ended December 31, 2017 was due to increased travel to Ecuador and conference attendance.

Compensation expenses totalled $1,770,999 compared to $963,358 in 2016, an increase of $807,641. The increase for the year was mainly as a result of a larger number of employees at INV Metals due to the commencement of the FS.

RESULTS OF OPERATIONS (continued)

For the year ended December 31, 2017, stock-based compensation expenses totalled $1,100,100, an increase of $678,939 from $421,161. The increase for year was due to vesting of options issued in Q1/2017 to a larger pool of employees at higher exercise prices compared to those issued in 2016.

The write-down of exploration property increased by $64,615 from $452,308 to $516,923 compared to 2016 due to write-downs of the Kaoko property in Namibia in Q4/2017. The write-down in 2017 is due to managements' assessment of an offer to purchase the concessions comprising Kaoko to its operating partner.

The fair value gain on investments totalled $218,930 in 2017, an increase of $134,702 from a gain of $84,228 in 2016. The increase in the year is due gains on mark-to-market on investments in 2017.

Finance income from interest on cash balances totalled $215,789 in 2017, an increase of $120,537 from $95,252 in 2016. The increase is due to a higher cash balance held as a result of the Offering compared to prior year.

The cumulative translation adjustment increased by $2,311,705 to $3,652,405 in 2017 compared to $1,340,700 in 2016. The movements in the year is a result of changes in the US dollar value relative to the Canadian dollar on translation of the assets and liabilities of the Ecuadorian subsidiary.

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 year ended December 31, 2017 as the average rate was $1.2978/US$1.00 compared to an average rate of $1.3251/US$1.00 in 2016.

The US Dollar was $1.2900/US$1.00 as at March 22, 2018.

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 years ended December 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 the year ended December 31, 2017 totalled $3,455,144, compared to $1,351,579 in the year in 2016. Changes in share-based compensation, interest income on cash deposits, a write-down of the Kaoko property, changes in long-term provisions 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.

FINANCIAL CONDITION AND LIQUIDITY (continued)

Financing activities

On March 2, 2017, the Company completed an equity financing by way of short form prospectus offering issuing 27.6 million common shares 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 completion of the FS which started in June 2017, and exploration at Loma Larga and the Company's other exploration properties within Ecuador, and for general corporate purposes. See "Use of Proceeds" for details.

Investing activities

Cash flows used in investing activities for the year ended December 31, 2017 totalled $11,462,967 compared to $4,523,289 for the corresponding year in 2016. Investing activities in 2017 were higher than in 2016 primarily due to expenditures related to critical path FS fieldwork at Loma Larga, including drilling, and exploration programs at both Loma Larga and the newly acquired Exploration Properties.

Liquidity and Capital Resources

As at December 31, 2017, the Company had cash of $19,139,960 (2016 - $8,737,850) and working capital[2] of $18,655,998 (2016 - $8,380,909). The following table sets forth a breakdown of the components to calculate working capital as at December 31, 2017 and December 31, 2016.

For the years ended		**December 31, 2017**		December 31, 2016
Current assets				
Cash	**$**	**19,139,960**	$	8,737,850
Other receivables		**715,710**		130,498
		19,855,670		8,868,348
Current liabilities				
Other payables		**1,199,672**		487,439
		1,199,672		487,439
Working capital	**$**	**18,655,998**	$	8,380,909

Cash and working capital have increased in 2017 due to the Offering, partially offset by expenditures at Loma Larga, Exploration Properties 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 Loma Larga and the Exploration Properties in good standing and fund ongoing operating and administrative expenditures, given that the Company had working capital of $18,655,998 as at December 31, 2017. 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 USD 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

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

FINANCIAL CONDITION AND LIQUIDITY (continued)

Liquidity and Capital Resources (continued)

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, 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 expenditures 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.

CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION

Management makes 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, non-financial assets, share based payments, post-employment benefits and income taxes. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

The following discusses the most critical judgments that the Company has made in the preparation of the Financial Statements:

1) 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.

2) Impairment of non-financial assets

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. The recoverable amount is the greater of value-in-use and fair value less costs to sell. During the years ended December 31, 2017 and 2016, 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. In estimating fair value less costs of disposal, management's judgment was involved in interpreting the third-party information and property data to

CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION (continued)

2) Impairment of non-financial assets (continued)

arrive at a measurement of the recoverable amount of the property. An amount of $516,923 (2016: $452,308) was recognized relating to the write-down of the Kaoko property.

3) 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 Common Shares on the date prior to the date of the grant.

4) Post-employment benefits

Judgment is required in interpreting the results and evaluating the adequacy of the assumptions used in an annual actuarial valuation performed by an independent actuary to arrive at a measurement of the employee post-retirement benefits provision. The values attributed to the liabilities are assessed in accordance with the advice of independent qualified actuaries. The most significant assumptions used in accounting for post-employment benefits are the discount rate, the mortality and the employee turnover assumptions. An amount of $974,636 (2016: 613,764) is recognized in the Company's statement of financial position under provisions in relation to post-employment benefits in Ecuador.

5) Income taxes

Judgment is required in determining whether deferred tax assets are recognized. Deferred tax assets, including those arising from unutilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future years, in order to utilize recognized deferred tax assets. As at December 31, 2017, the Company has non-capital losses of $26,450,395 in Canada that expire over the years of 2026 to 2037 and other deductible temporary differences. The Company has not recognized the benefit of these items in the Financial Statements and there is a risk that those benefits may not materialize.

FINANCIAL RISKS

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 its methods of managing the risks remain consistent. The Company's overall risk management policies seek to minimize potential adverse effects on the Company's financial performance. There have been no significant changes in the risks from the previous year.

1) 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 Canadian bank. The Company's subsidiaries' cash is held in deposit form in internationally recognized

FINANCIAL RISKS (continued)

1) Credit risk (continued)

banks. The maximum exposure to credit risk for deposits approximates the amount recognized on the statement of financial position.

2) 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. See "Financial Condition and Liquidity – Liquidity and Capital Resources" for a discussion of liquidity and capital risks.

3) Market risk

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 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. The Company does not enter into any derivative financial instruments to manage exposures to price fluctuations at this time.

The Company has not included a sensitivity analysis of commodity price risk during the year ended December 31, 2017 as presenting such an analysis would not be informative since the Company is not in commercial production.

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 the cash balance.

Cash is subject to floating interest rates. As at December 31, 2017, if interest rates had decreased by 0.25% or increased by 0.25%, respectively, with all other variables held constant, the total loss and shareholders' equity for the year would have been approximately $53,000 higher/lower, as a result of lower/higher interest income from cash deposits.

Foreign exchange risk

The Company is exposed to the risks 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

FINANCIAL RISKS (continued)

3) Market risk (continued)

Foreign exchange risk (continued)

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 instruments denominated primarily in US dollars are subject to foreign currency risk. As at December 31, 2017, 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, 2017 would have been approximately $43,000 higher/lower as a result of foreign exchange losses/gains on translation of non-Canadian dollar denominated financial instruments. Similarly, as at December 31, 2017, shareholders' equity would have been approximately $43,000 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.

Other price risk

The Company is exposed to price risk on equity securities held as investments 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.

Equity securities are subject to fluctuations in market prices. As at December 31, 2017, if the market value of securities held by the Company had increased/decreased by 10%, the total loss for the year would have decreased/increased by approximately $16,000. Similarly, as at December 31, 2017, shareholders' equity would have been approximately $16,000 higher/lower if the market value securities held by the Company had increased/decreased by 10%.

CHANGES IN ACCOUNTING POLICIES

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

Changes in IFRS effective for the first time

1) IAS 12, Income Taxes

IAS 12, Income Taxes ("IAS 12") was amended in January 2016 adding new guidance to clarify the requirements for recognizing deductible temporary differences on unrealized losses related to debt instruments.

2) IAS 7, Statement of Cash Flows

IAS 7, Statement of Cash Flows ("IAS 7") was amended in January 2016 to require disclosures about cash and non-cash changes in liabilities arising from financing activities.

CHANGES IN ACCOUNTING POLICIES (continued)

Future accounting pronouncements

1) IFRIC 22, Foreign Currency Transactions and Advance Consideration

IFRIC 22, Foreign Currency Transactions and Advance Consideration ("IFRIC 22") was issued in December 2016 to provide interpretation guidance where:

- there is consideration that is denominated or priced in a foreign currency;
- an entity recognizes a prepayment or a deferred liability in respect of that consideration in advance of recognition of the related asset; and
- the prepayment asset or deferred income liability is non-monetary.

This interpretation becomes effective for annual periods beginning on or after January 1, 2018 and management does not anticipate material impact from adoption of the standard.

2) IFRS 9, Financial Instruments

IFRS 9, Financial Instruments: ("IFRS 9") was issued in July 2014 and finalized in June 2017. It provides new guidance on the classification and measurement, impairment and hedge accounting for financial instruments in addition to new guidance for the treatment of term modifications for financial liabilities. Generally, IFRS 9 does not introduce changes to the classification of financial liabilities. This standard becomes effective for annual periods beginning on or after January 1, 2018.

Management's assessment is that classification of financial assets under the new standard will be similar to current classification presented and will not have a material impact. Further, no material changes are expected as a result of the new impairment model, and the Company does not currently engage in any hedging activity and is therefore not affected by the new hedge accounting guidance. Financial liabilities will continue to be measured at amortised cost.

3) 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, 2018 and given that the Company does not have revenue from contracts with customers, management has assessed that there will not currently be a material impact from adoption of the standard.

4) IFRS 16, Leases

IFRS 16, Leases ("IFRS 16") was issued in January 2016 and specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard becomes effective for annual years beginning on or after January 1, 2019, and management does not currently anticipate the early adoption of the standard. The Company is completing its assessment of the standard, but expects to recognize lease liabilities and right-of-use assets in respect of operating leases previously expensed.

CHANGES IN ACCOUNTING POLICIES (continued)

Future accounting pronouncements (continued)

5) IFRS 2, Share-Based Payment

IFRS 2, Share-Based Payment ("IFRS 2") was amended in June 2016 and clarifies accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modification of share-based payment transactions from cash-settled to equity-settled. This amendment becomes effective for annual periods beginning on or after January 1, 2018 and management does not currently anticipate a material impact from adoption of the standard, as its share-based plans do not presently employ these features.

6) IFRIC 23, Uncertainty over Income Tax Treatments

IFRIC 23, Uncertainty over Income Tax Treatments ("IFRIC 23") was issued in June 2017 and is to be applied to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. This interpretation becomes effective for annual periods beginning on or after January 1, 2019 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 Financial Statements for the years noted below.

For the years ended	**December 31, 2017**	December 31, 2016	December 31, 2015
Financial results:			
Interest income	**$ 215,789**	$ 95,252	$ 116,259
Total comprehensive (loss)/income	**(8,410,406)**	(3,655,868)	2,451,843
Loss per share from continuing operations* - basic and diluted	**(0.05)**	(0.04)	(0.07)

As at	**December 31, 2017**	December 31, 2016	December 31, 2015
Financial position:			
Working capital	**$ 18,655,998**	$ 8,380,909	$ 11,436,502
Mineral properties and deferred exploration	**57,407,535**	49,204,481	46,243,440
Total assets	**78,180,691**	58,910,451	58,761,393
Non-current liabilities	**974,636**	613,764	395,538
Common shares	**135,803,542**	110,359,748	107,184,006
Contributed surplus	**12,643,569**	11,479,822	11,237,395
Deficit	**$ (79,074,524)**	$ (74,316,523)	$ (72,001,355)
Number of shares issued and outstanding	**92,586,747**	64,872,641	49,420,975

**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.*

SELECTED ANNUAL FINANCIAL INFORMATION (continued)

Interest income increased in 2017 compared to 2016 and 2015 as a result of a higher average cash balance upon completion of the Offering. Corporate expenditures in 2017 were predominantly focused on initiation of a FS Loma Larga, as well and exploration at both Loma Larga and the Company's regional Exploration Properties in Ecuador.

Total comprehensive loss is affected by cumulative translation adjustments of the Company's Ecuadorian subsidiary. The Company's comprehensive loss was higher in 2017 mainly due to higher compensation costs and stock-based compensation costs in 2017, a one-time mandatory contribution to the Government of Ecuador for earthquake relief efforts, higher shareholder and regulatory costs, offset by gains on fair value investments and higher finance income. In 2016, comprehensive loss was higher compared to a gain in 2015 largely due to cumulative translation adjustments as a result of the declining value of the Canadian dollar relative to the US dollar.

Working capital increased in 2017 compared to 2016 due to higher average cash balances upon completion of the Offering. The decrease in working capital in 2016 compared to 2015 reflects expenditures at Loma Larga and general corporate expenses, partially offset by the receipt of cash on completion of a private equity placement completed in April 2016.

Total assets increased from 2015 to 2017 primarily due the receipt of cash on completion of the Offering and capitalization of expenditures at Loma Larga and regional exploration properties, offset by significant cumulative translation adjustments.

The increase in non-current liabilities from 2015 to 2017 is due changes in estimates provided by actuaries in Ecuador for termination benefits accrued in INV Minerales and the related cumulative translation adjustments from a declining Canadian dollar on the balances as they are denominated in US dollars.

The increase in share capital in 2017 is mainly due to Common Shares issued from treasury on completion of the Offering and shares issued to officers of the Company who exercised their restricted share units in 2017. The increase in share capital in 2016 is mainly due to Common Shares issued from treasury on completion of a private equity placement in April 2016 and shares issued to officers of the Company who exercised their restricted share units in 2016.

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. See "Company Description and Highlights".

The Company intends to use the proceeds of the Offering (the "Proceeds"), in part, to complete its FS on the Loma Larga over the following 8 months. In addition, the Company intends to use the Proceeds, in part, to undertake exploration programs on the Project, and to undertake early stage exploration of the Company's Exploration Properties in Ecuador.

Use of Proceeds	Previously Disclosed	Expenditures
Initiation and Advancement of the Loma Larga Project Feasibility Study	$ 11,500,000	$ 4,171,000
Exploration at the Loma Larga Property and Other Properties in Ecuador	5,000,000	3,772,000
Working Capital and General Corporate Purposes	8,800,000	921,000
	$ 25,300,000	**$ 8,864,000**

USE OF PROCEEDS (continued)

The FS expenditures above include funds for the geotechnical and hydrogeological programs as well as initial engineering, environmental and permitting costs. The first phase of the exploration drill program at Loma Larga was completed in 2017 with the Company expending $2.2 million of a budgeted $3 million. Exploration work at the Exploration Properties commenced in Q2/2017 and is ongoing, with the Company expending $1.6 million of a budgeted $2 million for concession fees and initial prospecting activities in 2017.

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

The following summarizes transactions with related parties during the years ended December 31, 2017 and 2016.

i) On April 15, 2016, directors and officers of the Company purchased 2,646,050 Common Shares, representing approximately 17.6% of a private equity placement.

ii) On March 2, 2017 IAMGOLD and certain directors and officers participated in Offering. See "Company Description and Highlights" for further detail.

iii) A company of which a director is the Chief Executive Officer was paid for 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 years ended December 31, 2017 and 2016.

	December 31, 2017	December 31, 2016
Salaries of key management	**$ 1,044,525**	$ 483,138
Director fees	**236,615**	228,625
Stock-based compensation	**1,044,559**	359,551
	$ 2,325,699	$ 1,071,314

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The Company has committed to payments under various leases and other commitments as outlined in the table below. The expenditures for amounts which may be required to maintain the Company's mineral properties in good standing are not outlined in the table below.

	Total	**Less than One Year**	**Between 1 - 5 Years**	**More than 5 Years**
Office and house leases and other	$ 1,050,024	$ 277,325	$ 772,699	$ -
Environmental management plan	$ 252,799	$ 252,799	$ -	$ -

CONTRACTUAL OBLIGATIONS AND COMMITMENTS (continued)

INV Metals has a lease arrangement for office space that was renewed in January 2018 and expiries December 31, 2022. During the year ended December 31, 2017 an amount of $282,481 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 at Loma Larga.

The Loma Larga Project is subject to a 5% Net Profit Interest, payable to Compagnie Générale des Matières Nucléaires (now "AREVA"), the original owner of the property. In addition, upon completion of a bankable feasibility study ("FS"), the Company must pay to AREVA, $2.00 per ounce of gold, payable in three equal annual installments, contained in proven and probable mineral reserves and indicated and measured mineral resources, as defined by the FS from the date on which the Board of Directors makes a formal production decision ("Production Decision"). Any contingent payments are subject to significant uncertainty based on many factors, including, but not limited to the completion of a positive economic FS, positive market conditions, the availability of project financing, positive operating conditions in Ecuador, and the acquisition of all relevant permits.

QUARTERLY FINANCIAL INFORMATION

The following selected financial data has been derived from the Company's Financial Statements. The total comprehensive (loss)/income 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.

For the period ended	**December 31, 2017**	**September 30, 2017**	**June 30, 2017**	**March 31, 2017**
Interest income	**$ 65,117**	**$ 57,881**	**$ 59,445**	**$ 33,347**
Total loss	**(1,210,969)**	**(661,838)**	**(1,105,285)**	**(1,779,909)**
Total comprehensive loss	**(1,012,124)**	**(2,809,139)**	**(2,473,237)**	**(2,115,906)**
Loss per share from continuing operations* - basic and diluted	**$ (0.01)**	**$ (0.01)**	**$ (0.01)**	**$ (0.02)**

For the period ended	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Interest income	$ 20,996	$ 24,456	$ 26,704	$ 23,096
Total loss	(540,518)	(328,104)	(1,125,583)	(320,963)
Total comprehensive income/(loss)	470,952	426,742	(1,286,131)	(3,267,431)
Loss per share from continuing operations* - basic and diluted	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.01)

**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 Q4/2017 compared to Q3/2017 primarily due to a write-down of the Kaoko property in Namibia, offset by gains on marketable securities. The total loss decreased in Q3/2017 compared to Q2/2017 primarily due to gains on marked to market and lower foreign currency translation losses. The total loss decreased in Q2/2017 compared to Q1/2017 primarily due to lower compensation

QUARTERLY FINANCIAL INFORMATION (continued)

and stock-based compensation expenses in the quarter. 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 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.

OUTSTANDING SHARE DATA

As at March 23, 2018 the Company had 92,598,651 Common Shares outstanding, as well as stock options to purchase 5,037,500 Common Shares at a weighted average price of $0.85 and restricted share units of 679,998 at a weighted average price of $0.36.

OFF-BALANCE SHEET TRANSACTIONS

During the year ended December 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 as a large-scale mining project may not be realized as contemplated in the PFS to warrant advancement following the FS 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 be able to execute the Exploitation Contract with the Government of Ecuador under the negotiated terms or may not obtain the required permits to operate Loma Larga as a large-scale mining project as anticipated in the PFS. If the Company does not execute the Exploitation Contract or is unable to obtain the required permits to operate 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 $56 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 initial capital costs for development 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. During the year ended December 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 of 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 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 restrictions on mining, the expropriation of assets, increased taxes, royalties or other government

RISKS AND UNCERTAINTIES (continued)

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 Exploration Properties 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 and the Exploration Properties 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 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

RISKS AND UNCERTAINTIES (continued)

earnings, the Government of Ecuador would need to reform the Organic Code of Production, Commerce and Investment 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 $56 million for Loma Larga as at December 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 the 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, potential future development activities or the completion of the 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;

- Risk that the interests of IAMGOLD differ from those of other shareholders due to its ability significantly influence on decisions to be made by the Company following the Loma Larga acquisition in 2012; 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 per their respective mandates or 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 the Company's flagship asset, Loma Larga and Ecuador's relatively 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.

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.

1) Internal Controls over Financial Reporting

INV Metals' CEO and CFO have evaluated the effectiveness of the Company's Disclosure Controls as at December 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 December 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 December 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 expectations for 2018, timing of the AER the Property categorization as a "large-scale" project under Ecuador's mining laws and tax regimes, future anticipated results of exploration programs, including, but

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS (continued)

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; NGO 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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS (continued)

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 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.