INV METALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2018

INTRODUCTION

This management's discussion and analysis ("MD&A") of the financial condition and results of operations of INV Metals Inc. ("INV Metals" or the "Company"), together with its wholly owned subsidiaries, has been 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, 2018 and 2017. This MD&A is prepared as at March 28, 2019 and is intended to supplement and complement the audited annual consolidated financial statements of INV Metals for the years ended December 31, 2018 and 2017 and the notes thereto (the "Financial Statements"), which are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

This MD&A should be read in conjunction with the Financial Statements and the Annual Information Form ("AIF") in respect of the 2018 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 about expected future events and financial and operating performance of the Company, and that actual events may vary from management's expectations. Readers are encouraged to read the Cautionary Note Regarding Forward Looking Information Statements included with this MD&A. 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, ("Loma Larga," "Project" or "Property"), as well as on the exploration of its 100% owned exploration properties at Las Peñas, Tierras Coloradas, La Rebuscada and Carolina ("Exploration Properties"), all located in Ecuador.

On March 19, 2019, the Company closed a non-brokered private placement (the "Private Placement") of 4,615,385 common shares ("Shares") at a price of $0.65 per Share for gross proceeds of $3 million. The proceeds from the Private Placement will be used for general working capital and corporate purposes. IAMGOLD Corporation, which has a right to maintain its 35.6% pro rata shareholding in the Company, also participated in the Private Placement.

On January 30, 2019, the Ecuadorian National Electoral Council ("CNE") called a referendum, to be held on March 24, 2019, regarding mining activities in the Girón canton, based upon submissions by the Community Water Systems Union, an affiliate of the "FOA-ECUARUNARI-CONAIE". On March 18, 2019, the Constitutional Court ruled that the principle of tacit approval be invoked, allowing for the referendum to proceed without the Constitutional Court opining on the merits of the questions being asked because a certain period of time had elapsed without a specific decision. On March 24, 2019, a referendum was held in the Girón canton and the result of the referendum was not in favour of mining activities in the canton. Girón canton is an adjacent jurisdiction which does not contain the Loma Larga Mineral Resources and Reserves. The Company reported that it will relocate the proposed processing and tailings facilities outside of Girón canton and will continue the engineering work required to locate the facilities in the same canton as the Loma Larga Mineral Resources and Reserves, and reaffirmed that Loma Larga will continue to advance towards development.

On January 14, 2019, the Company filed the National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") Feasibility Study Technical Report, entitled "Technical Report on the Loma Larga Project, Azuay Province, Ecuador" ("Technical Report"), summarizing the results of the 2018 Feasibility Study (the "FS" or the "Study") on its 100% owned Loma Larga gold-copper-silver project in Ecuador.

On November 29, 2018, the Company announced the positive results of the FS on Loma Larga. The results of the FS confirm the Project's viability and demonstrate the strong profitability and economics of Loma Larga. The FS estimates that the Project will generate a robust pre-tax internal rate of return ("IRR") of 35.1%, an after-tax IRR of 24.7% and an after-tax payback in 2.6 years. An updated mineral resources estimate includes 2.71 million ounces of indicated mineral resources of gold, as well as 0.33 million ounces of inferred mineral resources of gold. A probable mineral reserve estimate of 2.20 million ounces of gold will be mined over an estimated 12-year mine life as contemplated in the Study. The production from the mine is estimated at a mining rate of 3,000 tonnes per day ("tpd") in the early years, reaching 3,400 tpd in year five, resulting in Life-of-Mine ("LOM") production of 2.36 million gold equivalent ounces and average annual production of 206,000 gold equivalent ounces. The details and economics of the Project and Study are further described in "Mineral Properties – Loma Larga, Ecuador".

On November 15, 2018, the Company announced the appointment of Ms. Sunny Lowe, CPA, CA, as Chief Financial Officer ("CFO"). Ms. Lowe joins INV Metals as a senior mining executive with 15 years of experience in finance, tax and compliance.

On August 13, 2018, the Company announced additional high-grade gold and silver values from its gold and silver discoveries, with up to 240 g/t gold and 2,479 g/t silver, at the Company's 100% owned Tierras Coloradas gold property ("Tierras Coloradas"), located in southern Ecuador. The results are considered by management to be exceptional with high grade gold and silver values detected on the three main gold and silver-bearing quartz veins discovered to date, as well as on numerous other high potential veins located throughout the property. The property's topography allowed the Company to identify and sample the veins in three dimensions, resulting in high grade gold and silver values in surface chip samples over significant vertical and horizontal distances and along significant strike lengths. Mapping and further sampling is ongoing and management plans to drill at Tierras Coloradas as soon as possible to test the three high priority targets discovered to date.

Significant reforms were passed in Ecuador on August 7, 2018 which included amendments to laws applicable to mining companies such as: elimination of the windfall tax, reduction to the range of mining royalties for medium and large-scale projects to 3-8% from 5-8% previously, and reduction of capital gains taxation on share transactions to a maximum of 10% from 22% previously. The reforms were noted in the Law for Production Development, Investment Attraction, Employment Generation and Fiscal Stability (the "Production Law") issued in May 2018 and came into effect in August 2018.

On July 30, 2018, the Company announced the appointment of Mr. Darren King as Vice President of Exploration. Mr. King has over 30 years of extensive exploration experience within North, Central, and South America. Mr. King has a MSc. in Geology from South Dakota School of Mines and Technology and is a Registered Geologist with the Society for Mining, Metallurgy, & Exploration. Mr. King will act as the Company's Qualified Person for the purposes of National Instrument 43-101.

In July 2018, the Ecuadorian Minister of Energy and Non-Renewable Natural Resources approved a ministerial agreement which will now allow exploration drilling in the Initial Exploration Phase. This allows the Company to test prospective gold targets earlier than anticipated within the current exploration phase of Company's regional properties. INV Metals has been performing various activities including detailed mapping and soil and rock chip sampling, on its regional properties to define drill targets.

On June 13, 2018, the Company announced that the Company's directors were re-elected.

On February 26, 2018, the Company announced the successful preliminary results of the initial field work performed at the Exploration Properties, located in Ecuador. The preliminary results of the Company's initial field programs on the Exploration Properties, which have been limited to prospecting, mapping, and rock chip sampling to define 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.

On February 23, 2018, the Company updated the successful results of the recent exploration program at Loma Larga. 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 an indication of the lateral halo of the porphyry system.

OUTLOOK

The Company's primary objective in 2018 was the completion of a positive FS on Loma Larga, which was successfully completed in November with the Technical Report filed on January 14, 2019. In 2019, the Company's primary focus will be on the preparation and submission of the environmental permit application and the development of financing strategy for Loma Larga. In addition, the Company will continue to advance with stakeholder engagement activities including the ongoing social and community programs undertaken at the various communities within the area of our operations.

The Company continues to believe that the Loma Larga property holds considerable exploration potential. The deposit remains open in many areas with good potential to expand the deposit to the west, east, and south. The Company engaged Western Mining Services LLC to complete a thorough targeting exercise in mid-2018 that identified nine ranked prospective targets within the Loma Larga concessions. The primary goal in 2019 will be to continue to study and refine the drill targets within the Loma Larga concessions.

The primary goal of the Company's 2019 regional exploration program in Ecuador is to continue to identify and further define drill targets at Tierras Coloradas, Las Peñas, and the other regional exploration properties and to obtain the relevant permits to commence drilling. Mapping and further sampling is ongoing and management plans to drill at Tierras Coloradas when permits are available to test these high priority targets.

In June 2018, the Ecuadorian Minister of Energy and Non-Renewable Natural Resources approved a Ministerial Agreement which will now allow exploration drilling in the Initial Exploration Phase. The recent reforms by the Minister of Energy and Non-Renewable Natural Resources, which now allow for the performance of drilling during the Initial Exploration Phase of mining concessions, will allow the Company to fast track these drill targets. The Company continues to await details of the nature of, and the process to obtain the environmental permits required for drilling under these reforms.

Further field work is expected to be conducted on other potential greenfield projects and will include additional detailed mapping, and soil and rock chip sampling. After the receipt of relevant permits, the Company will evaluate the use of geophysics with the aim of drill target identification.

MINERAL PROPERTIES

1) Loma Larga, Ecuador

The Project is located 30 kilometres 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.

Feasibility Study Results

a) Summary

The FS was prepared by a consortium of independent consultants, led by DRA Americas Inc. ("DRA"), an international engineering firm with extensive experience both in the construction and operation of mining projects. DRA led the mine planning, Mineral Reserve estimation, metallurgy, processing and economic estimation. The FS was supported by additional leading consultants with expertise in various fields, including: RPA Inc. ("RPA") for Mineral Resource estimation, Mine Design Engineering Inc. for geotechnical design, Itasca Denver, Inc. for hydrogeology and water quality, Environmental Resources Management for social and environmental, NewFields for tailings design, Paterson & Cooke Canada Inc. for paste backfill, and SGS Canada Inc. for metallurgical test work.

The results of the FS strongly support the development of Loma Larga and confirm the Project's viability by demonstrating robust profitability and economics. During the projected 12-year mine life, 2.36 million gold equivalent ounces are forecasted to be produced, with an average production of 206,000 gold equivalent ounces per year and an average of 267,000 gold equivalent ounces produced during the first four full years. Loma Larga will be a low-cost operation with expected LOM cash costs[1] of US$550/oz, all-in sustaining costs[1] ("AISC") of US$619/oz, and all-in costs[1] ("AIC") of US$778/oz.

The economics of the FS suggest a high return gold project with low capital and operating costs. Based on an estimated initial capital cost of US$279 million and sustaining and reclamation capital of US$84 million, a pre-tax IRR of 35.1%, an after-tax IRR of 24.7% and, using a 5% discount rate, a net present value of US$621 million pre-tax and US$356 million after-tax are anticipated at a gold price of US$1,250/ounce. The undiscounted pre-tax cash flow is estimated at US$948 million over the mine life, and simple payback occurs after 2.2 years. On an after-tax basis, the undiscounted cash flow is estimated at US$577 million over the mine life with simple payback occurring after 2.6 years.

The FS estimates proven and probable Mineral Reserves of 2.6 million of gold equivalent ounces, comprised of 2.20 million ounces of gold, 13.3 million ounces of silver and 88.0 million pounds of copper resulting from the production of 13.9 million tonnes grading at 4.91g/t gold, 29.6 g/t silver and 0.29% copper. The FS also estimates the Mineral Resources to include 3.20 million of gold equivalent ounces comprised of 2.71 million ounces of gold grading at 4.25 g/t of measured and indicated Mineral Resources, as well as 0.33 million ounces of gold grading at 2.22 g/t of inferred Mineral Resources.

The Company's recent successful drilling programs and the significant optimization to the mine plan in the FS resulted in an increase of the estimated Mineral Reserves by 18.1% or 338,000 gold ounces from the previous Mineral Reserve estimates in the Pre-Feasibility Study issued in 2016. The mine plan focuses on developing and mining high grade areas of the mine at a rate of 3,000 tpd in the early years, and reaching 3,400 tpd in year five, and peaking at a production record in year three at 308,000 gold equivalent ounces.

The Company's discovery of ore-grade mineralization up to 300 metres to the west of the current Mineral Resources, the findings of a detailed re-evaluation and study of the deposit, as well as the potential of the entire Loma Larga property, demonstrate that the deposit remains open in most directions with potential to increase Mineral Resources along strike and at depth, both of which remain largely untested, and to find additional deposits on the property.

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

Estimated LOM production of 2.36 million of gold equivalent ounces, comprised of 2.00 million ounces of gold, 12.6 million ounces of silver and 84.5 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 95% and average copper recovery of 96%.

Feasibility Study Highlights (5% discount rate, $1,250/oz gold, $18/oz silver, $3/lb copper)

- **Pre-tax Net Present Value ("NPV")** — **$621 million**
- **After-tax NPV** — **$356 million**
- **Pre-tax Internal Rate of Return ("IRR")** — **35.1%**
- **After-tax IRR** — **24.7%**
- **Pre-tax Payback** — **2.2 years**
- **After-tax Payback** — **2.6 years**
- **Mine Life** — **12 years**
- **Initial Mining Rate** — **3,000 tpd**
- **Proven and Probable Mineral Reserves**
  13.9 million tonnes (4.91 g/t gold, 29.6 g/t silver, and 0.29% copper), containing
  - **2.6 million equivalent gold ounces** which include,
  - **2.2 million ounces of gold**
  - **13.3 million ounces of silver**
  - **88.0 million pounds of copper**
- **Measured and Indicated Mineral Resources**
  19.8 million tonnes (4.25 g/t gold, 27.8 g/t silver, and 0.25% copper), containing
  - **3.2 million equivalent gold ounces** which include,
  - **2.7 million ounces of gold**
  - **17.7 million ounces of silver**
  - **109.5 million pounds of copper**
- **Inferred Resources**
  4.7 million tonnes (2.2 g/t gold, 29.7 g/t silver, and 0.14% copper), containing
  - **0.4 million equivalent gold ounces**
- **Average annual LOM gold equivalent recovered production**[2]
  - **206,000 gold equivalent ounces**
- **Average annual first four full years of recovered production**
  - **267,000 gold equivalent ounces** which include,
  - **223,000 ounces gold**
  - **19,000 gold equivalent ounces silver**
  - **25,000 gold equivalent pounds copper**
- **LOM Cash costs**
  - **Total cash costs** — **$550/oz**
  - **All-in sustaining costs** — **$619/oz**
  - **All-in costs** — **$778/oz**
- **Capital Expenditures** (excluding taxes)
  - **Initial pre-production capex** — **$279 million**
  - **Sustaining capital** — **$62 million**
  - **Closure costs** — **$22 million**
- **Employment**
  - **During construction** — **~875 jobs**
  - **After mine is in production** — **~450 employees**

[2] Annual LOM averages are calculated based on full production years from Year 2 to 11.

The FS demonstrates that the development of Loma Larga will provide substantial economic benefits to the future employees of INV Metals, our communities, and the local, provincial and federal governments of Ecuador. The development and operation of the Loma Larga mine will also provide numerous employment and business opportunities for the local communities and within the region. Various benefits will include:

- the continuation of the Company's numerous social programs in the communities of Chumblin, San Gerardo, Giron, and Victoria del Portete;
- during the construction period of 18-24 months, an estimated direct employment of 875 people;
- when the mine is in operation, an estimated 450 permanent direct jobs;
- the creation of indirect jobs with local procurement initiatives and training opportunities;
- wages, social security and pension benefits are estimated at US$15 million annually, for a total of US$186 million over the mine life;
- employee profit sharing taxes (3%) are estimated at US$27 million;
- taxes to the Government of Ecuador are estimated at:
    - Corporate Income tax (25%) - US$177 million
    - State profit sharing tax (12%) - US$107 million
    - Employment taxes (35%) - US$52 million
    - VAT (12%) and import duties (0% - 5%) - US$110 million
    - Royalties (5%) - US$108 million

b) Mineral Resources

The Loma Larga gold-silver-copper deposit is classified as a high sulphidation epithermal system and alteration is characterized by multiphase injections of hydrothermal fluids strongly controlled by both structure and stratigraphy. The deposit is a flat lying to gently western dipping (less than ten degrees), north-south striking, cigar shaped body, which has a strike length of approximately 1,600 metres north-south by 120 metres to 400 metres east-west and up to 60 metres thick, beginning approximately 120 metres below surface.

RPA estimated Mineral Resources for Loma Larga using all drill hole data available as of September 1, 2018. The current Mineral Resource estimate is based on an underground mining scenario and is reported inclusive of Mineral Reserves. Using a US$60/t Net Smelter Return (NSR) cut-off value, Mineral Resources effective as of October 31, 2018 are summarized in the following table.

Loma Larga Mineral Resource Estimate, Effective as of October 31, 2018

Resource Classification	Tonne (M)	Au Grade (g/t)	Contained Au (M oz)	Ag Grade (g/t)	Contained Ag (M oz)	Cu Grade (%)	Contained Cu (M lb)	AuEq Grade (g/t)	Contained AuEq (M oz)
Measured	2.90	7.31	0.67	34.90	3.20	0.44	28.20	8.45	0.78
Indicated	17.00	3.74	2.04	26.50	14.50	0.22	81.40	4.43	2.42
Measured and Indicated	**19.80**	**4.25**	**2.71**	**27.80**	**17.70**	**0.25**	**109.50**	**5.01**	**3.20**
Inferred	4.70	2.22	0.33	29.70	4.50	0.14	14.50	2.84	0.43

1. CIM 2014 Definition Standards were followed for Mineral Resources.
2. Mineral Resources are reported at an NSR cut-off value of US$60/t.
3. Mineral Resources are estimated using a long-term gold price of US$1,450 per ounce, silver price of US$22.00 per ounce, and copper price of US$3.50 per pound.
4. The formula used to calculate gold equivalence (AuEq) is: (Au g/t x 31.31 + Ag g/t x 0.44 + Cu% x 46.19) ÷ 31.31. The formula used to calculate AuEq ounces is: AuEq Oz = (Tonnage x AuEq g/t) ÷ 31.1035.
5. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
6. Mineral Resources are inclusive of Mineral Reserves.
7. Average bulk density is 2.7 t/m^3.
8. Numbers may not add due to rounding.

c) Mineral Reserves and Mine Plan

The estimated Mineral Reserves are shown in the following table.

Loma Larga Proven and Probable Mineral Reserve Estimate, Effective as of October 31, 2018

Ore Category	Tonne (M)	Au Grade (g/t)	Contained Au (M oz)	Ag Grade (g/t)	Contained Ag (M oz)	Cu Grade (%)	Contained Cu (M lb)	AuEq Grade (g/t)	Contained AuEq (M oz)
Proven	2.90	7.30	0.69	34.80	3.27	0.44	28.50	8.53	0.80
Probable	11.00	4.28	1.51	28.30	10.00	0.25	59.50	5.09	1.80
Proven and Probable	**13.90**	**4.91**	**2.20**	**29.60**	**13.27**	**0.29**	**88.00**	**5.81**	**2.60**

1. CIM 2014 Definition Standards were followed for Mineral Reserves.
2. Mineral Reserves include long hole and drift-and-fill stopes as well as development in ore.
3. Mineral Reserves are reported at an NSR cut-off value of US$60/t.
4. Mineral Reserves are estimated using a long-term gold price of US$1,250 per ounce, silver price of U$18.00 per ounce, and copper price of US$3.00 per pound.
5. Average bulk density is 2.7 t/m^3.
6. Numbers may not add due to rounding.

The underground mine will be accessed by a 1.2 kilometres long (5 metres high by 5 metres wide) ramp into the deposit. The ramp will serve as the access to the mine for personnel and materials, the haulage of waste and ore, and for ventilation. Due to the high-grade nature of the ore body and the positive geotechnical conditions, the deposit will primarily be mined by the long-hole stoping method, with 20 metres wide, 25 metres high and 20 metres long stope sizes. Certain zones will utilize the drift and fill method where appropriate.

Initial daily ore production of 3,000 tpd is planned from primary and secondary stopes for the first four years, generating approximately 1,095,000 tonnes of ore annually. From year 5, daily average ore production of 3,400 tpd is planned to be achieved through plant optimization, generating 1,241,000 tonnes of ore annually. Ore will be trucked approximately 3.5 kilometres from the portal to the process facilities. The production averages in the tables below do not include partial production years.

d) Production Statistics

Life of Mine Production	Mined	Recovered	Payable
Gold (oz)	2,199,998	1,979,998	1,610,085
Silver (oz)	13,270,347	12,606,824	8,872,698
Copper (lbs)	88,038,862	84,517,307	58,840,171
Silver as Gold Equivalent (oz)	191,093	181,538	127,767
Copper as Gold Equivalent (oz)	211,293	202,842	141,217
Total Gold Equivalent (oz)	**2,602,385**	**2,364,378**	**1,879,069**

Peak Production in Year 3	Mined	Recovered	Payable
Gold (oz)	281,334	253,201	205,937
Silver(oz)	1,585,819	1,506,527	1,062,498
Copper (lbs)	14,222,866	13,653,951	10,194,590
Silver as Gold Equivalent (oz)	22,836	21,694	15,300
Copper as Gold Equivalent (oz)	34,135	32,770	24,467
Total Gold Equivalent (oz)	**338,305**	**307,664**	**245,704**

Average First Four Full Years Production	Mined	Recovered	Payable
Gold (oz)	247,855	223,070	181,430
Silver (oz)	1,395,746	1,325,958	935,150
Copper (lbs)	10,975,888	10,536,852	7,637,915
Silver as Gold Equivalent (oz)	20,099	19,094	13,466
Copper as Gold Equivalent (oz)	26,342	25,288	18,331
Gold Equivalent (oz)	**294,296**	**267,452**	**213,227**

Average[3]	Mined	Recovered	Payable
Gold (oz)	191,242	172,118	139,958
Silver (oz)	1,188,664	1,129,230	794,561
Copper (lbs)	7,718,768	7,410,017	5,163,657
Silver as Gold Equivalent (oz)	17,117	16,261	11,442
Copper as Gold Equivalent (oz)	18,525	17,784	12,392
Gold Equivalent (oz)	**226,884**	**206,163**	**163,792**

e) Processing

Ore will be processed using primary and secondary crushing, a ball mill, and a two-stage sequential flotation circuit to recover gold, silver and copper into two separate saleable concentrates which will be trucked to the port for export. No cyanide will be used in the extraction process and it is anticipated that acid will not need to be trucked to site.

Extensive metallurgical test work has demonstrated estimated overall gold, silver and copper recoveries into concentrate of 90%, 95%, and 96%, respectively. The average grades of the concentrates are shown in the table below and will differ from the averages depending on the mined head grade. The estimated mass pull is 14%, with an estimated 13.3% reporting to the gold pyrite concentrate and 0.8% reporting to the gold/copper concentrate. The concentrate is expected to have a moisture content of 8-10%.

f) Concentrate Production

	Gold Pyrite Concentrate	Gold/Copper Concentrate4	Recovery
Total Tonnes Concentrate Produced	1,845,778	109,497	-
Average LOM Concentrate Produced[4]	161,276	9,585	-
Gold Grade g/t	27.9	92.6	90%
Silver Grade g/t	102.2	1,858.6	95%
Copper Grade %	0.31	29.7	96%
Arsenic Grade %	0.08	8.5	-

g) Concentrate Sales

Concentrate samples and assays were sent to a number of smelters for analysis in order to receive current purchase price indications based on the potential grades and quantities estimated during the FS. INV Metals has incorporated the revenue indications into the economic estimates of the FS and is confident the concentrates are marketable. The payabilities used for the concentrates within the financial model were 80% gold and 60% silver for the gold pyrite concentrate and 88% gold, 82% copper and 80% silver for the gold/copper concentrate. These payabilities are inclusive of treatment and refining charges and any relevant penalties and result in non-comparable gross revenue to previous studies. Gross revenue under

[3] Annual LOM averages are calculated based on full production years from Year 2 to 11.
[4] It is estimated that 82% of the copper and 15% of the gold is recovered to the gold/copper concentrate.

this structure is lower than the gross revenue associated with a structure where treatment charges, refining charges and penalties are expressed separately.

h) Tailings Storage Facility

The tailings storage facility will store filtered tailings within a lined and contained area to minimize the amount of impounded water, allow for the diversion of surface water, and the collection of contact water for treatment. Approximately 6.5 million tonnes of plant tailings are expected to be placed underground as paste backfill, with 5.5 million tonnes remaining on surface in the tailings storage facility which will be covered at closure with liners and rehabilitated with indigenous plants and grasses. The Company has a nursery on site which hosts, amongst other things, over 50,000 indigenous trees and shrubs for planting during rehabilitation.

i) Water Management

Natural runoff will be diverted around the mine infrastructure to the extent possible. Contact water including water that must be withdrawn from the underground mine to maintain a safe working environment, will be collected and used for mineral processing. Excess contact water, not used in mineral processing, will be treated and discharged to meet drinking water standards in the immediate receiving environment. The point of discharge from the treatment plant has been sited outside of the watershed that supplies the City of Cuenca, which will ensure there are no impacts to water quality upstream of the city. Water management, including water treatment, will continue during the closure phase until discharge from the site meets established discharge criteria without treatment.

j) Capital Expenditures

The initial capital expenditures are estimated at USD$279.1 million. Sustaining and closure costs are estimated at USD$84.3 million. Pre-production capital expenditure per gold equivalent ounces mined is USD$107.26, while sustaining capital per gold equivalent ounces mined is USD$23.95.

Capital Expenditure Summary

	Pre-production (USD M$)
Mining Underground	39.8
Mining Surface Infrastructure	10.1
Process Plant	67.9
Process Plant Infrastructure	19.8
Waste Management	18.5
Off-site Infrastructure	14.4
Total Direct Costs	**170.5**
Indirect Costs	59.3
Owners Costs	22.6
Contingency	26.7
Total Pre-Production Capital	**279.1**
Taxes and Duties (including VAT)	30.4
Total Capital incl. Taxes and Duties	**309.5**

Sustaining Capital and Closure Costs

	Pre-tax (USD M$)	Taxes (USD M$)	Total (USD M$)
Sustaining Capital	62.3	10.4	72.7
Closure Costs	22.0	-	22.0

k) Operating Costs

The Loma Larga mine will be a low-cost operation with estimated adjusted operating costs of USD$70.64/tonne of mined mineralized material. The table below highlights estimated LOM operating and capital costs.

LOM Operating and Capital Costs

Operating and Capital Costs[5]	($/tonne)	Total (USD M$)	USD$/Payable[6] Gold oz
Mining	23.22	323	180
Processing	17.20	240	134
Paste Backfill	3.14	44	24
Tailings Management	2.26	31	18
On-site G&A	7.54	105	59
Royalties	10.91	152	85
Treatment, Refining and Transportation[7]	35.95	501	280
By-product Credits	(29.58)	(412)	(230)
Adjusted Operating Costs	**70.64**	**984**	**550**
Sustaining Capital	4.69	65	37
Closure	1.58	22	12
Corporate G&A	2.51	35	20
All-in Sustaining Costs	**79.42**	**1,106**	**619**
Pre-Production Capital Expenditures	20.46	285	159
All-in Costs	**99.88**	**1,391**	**778**

l) Infrastructure

The Loma Larga deposit will be accessed predominately by existing public road infrastructure, which will be upgraded and widened as required. Bypass roads will be constructed where widening of the current road is not feasible. New roads will be constructed to the portal access site and within the process plant and tailings facilities.

Power to the Project will be supplied through construction of a power line, which will connect into the local electricity grid.

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

[5] Operating and capital costs are presented pre-tax.
[6] Payable gold ounces have been estimated based on estimated comparable treatment and refining charges.
[7] Treatment and refining charges have been estimated based on the payabilities and treatment and refining charges observed on comparable projects.

Expenditures at Loma Larga in the years ended December 31, 2018 and 2017

The following table sets forth a breakdown of material components of expenditures incurred at Loma Larga in the years ended December 31, 2018 and 2017.

		2018		2017
Opening balance - January 1	**$**	**55,936,133**	$	48,687,558
Geological interpretation		**801,924**		1,300,863
Feasibility study		**7,361,964**		4,022,578
Drilling and related costs		**-**		2,212,058
Camp, environment and community relations		**1,571,458**		1,681,729
General and administration		**867,431**		924,270
Concession and related costs		**545,236**		407,882
Pre-feasibility study		**-**		6,437
Total expenditures - December 31		**11,148,013**		10,555,817
Exchange differences		**4,629,813**		(3,307,242)
Closing balance - December 31	**$**	**71,713,959**	$	55,936,133

In the year ended December 31, 2018, total expenditures at Loma Larga increased to $71,713,959, compared to $55,936,133 in 2017. The 2018 expenditures were higher than in 2017 due to an overall increase in project expenditures to support the finalization of the FS at Loma Larga in November 2018, which commenced in June 2017, offset by decreases in drilling costs during 2018.

Exploration

The Company continues to believe that the Loma Larga property holds considerable exploration potential. Geological mapping was completed along the edges of the Loma Larga concessions in 2018 to provide 100% mapping coverage of all concessions. The deposit remains open in many areas with good potential to expand the deposit to the west, east, and south. Also, 12 of the 14 holes that were drilled to the west of the orebody in 2017 encountered potentially economic intercepts and the area to the west represents upside potential for the deposit. High grade areas along 225 metres on the eastern edge of the orebody were not closed off and good potential exists to extend these further to the east. Both gold and high-grade silver values continue to the south of the deposit with potential to expand the deposit to the south. The southern end of the deposit is rich in silver and high-grade silver intercepts (11.6 metres @ 978 ppm Ag in hole IQD-265) exist at least 300 metres to the south of the edge of the High-Grade Main Zone of the Mineral Resource. A resource expansion drill program has been designed to test these areas.

INV Metals engaged Western Mining Services LLC to complete a thorough targeting exercise in mid-2018 that identified nine ranked prospective targets within the Loma Larga concessions. The number one ranked area encloses the northern two thirds of the Loma Larga deposit and will be addressed by an expansion drill program in the future. The second ranked area is immediately to the west of the orebody where the 2017 drilling encountered potentially economic mineralization over an area of 300 x 400 metres. Silicification, which is the dominant alteration within Loma Larga, was encountered in all of these holes and up to 600 metres to the west of the orebody. Lithology, alteration, structure, geochemistry, and geophysics are being analyzed within this large area to identify drill targets. There is good potential to encounter additional mineralized feeder zones and Loma Larga style mineralization within the area to the west of the orebody.

There is also clear potential for a mineralized porphyry at depth. A large diatreme breccia to the northwest of the deposit contains mineralized porphyry clasts. Several drill holes to the north and northwest of the deposit contain evidence of a nearby porphyry system. Hole IQD-109, around 30 metres to the north of the orebody, contains quartz veinlets with centerlines and margins of chalcocite. Hole LLD-384 was a deep hole drilled in 2017 to test for the presence of a porphyry at depth and is located approximately 60 metres to the north of the orebody. This hole encountered anomalous gold mineralized diorite and quartz diorite intrusions hosting quartz, pyrite, magnetite, and chalcopyrite veinlets plus disseminated pyrite and magnetite within intense intermediate argillic alteration (illite-kaolinite-muscovite-pyrite). Hole LLD-364, located around 100 metres to the northwest of the orebody, contains chalcopyrite and chalcocite. Further work is required to define the porphyry target.

2) Exploration Properties, Ecuador

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 on all four Exploration Properties, which have been limited to prospecting, mapping, and rock chip sampling, 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 the press release dated February 26, 2018 for additional details of exploration programs.

In June 2018, the Ecuadorian Minister of Energy and Non-Renewable Natural Resources approved a ministerial agreement which allows for the performance of non-systematic drilling, up to a maximum of forty drill platforms, during the Initial Exploration Phase. Previously drilling was only permitted in the Advanced Exploration Phase. The Company continues to perform various activities including detailed mapping and soil and rock chip sampling, on its regional properties to define drill targets.

Management continues to believe in the prospectivity of the Company's Exploration Properties and plans to work towards obtaining relevant authorizations which will allow the identification and testing of drill targets on all of its regional properties.

Tierras Coloradas

The results from the on-going surface mapping and chip sampling program at Tierras Coloradas are considered by management to be exceptional with high grade gold and silver values detected on the three main gold and silver-bearing quartz veins discovered to date, as well as on numerous other high potential veins located throughout the property. Due to the property's topography, the Company was able to identify and sample the veins in three dimensions, resulting in high grade gold and silver values in surface chip samples over significant vertical and horizontal distances and along significant strike lengths. Mapping and further sampling is ongoing and management plans to drill at Tierras Coloradas as soon as possible to test the three high priority targets discovered to date.

INV Metals has carried out a follow up sampling program to further test the successful results of its initial exploration program and has confirmed the presence of significant high-grade gold and silver values within multiple quartz veins on the property. Detailed mapping and sampling of the veins during the Company's recent surface field campaign, have identified numerous gold and silver-bearing quartz veins with at least three of the veins containing high grade gold and silver surface rock chip sample values over significant strike, width and vertical distances. These are the Aparecida, Quemada and San Vicente veins. The Quemada and Aparecida veins have been sampled orthogonally across the vein at roughly 5 metre intervals for the majority of their strike length.

Table 1: Highlights – Tierras Coloradas Rock Chip Samples			
Sample	**Gold (g/t)**	**Silver (g/t)**	**Vein**
759771890	**240.5**	**181.5**	**Aparecida**
759771880	**141.3**	**81.3**	**Aparecida**
759771790	**100.7**	**99.3**	**Aparecida**
759711090	**83.9**	**63.8**	**Aparecida**
759771900	**63.0**	**85.8**	**Aparecida**
759720120	**49.2**	**43.2**	**Aparecida**
759711100	**37.0**	**82.2**	**Aparecida**
759750580	**61.9**	**199.3**	**Quemada**
759770960	**36.4**	**2,479.0**	**Quemada**
756720300	**30.9**	**177.0**	**Quemada**

Overall range of values for the Aparecida and Quemada veins is <0.005 – 240.5 g/t gold and <0.2 – 2,479.0 g/t silver.

The Aparecida vein contains the majority of the high-grade values detected to date and can be traced for approximately 1,350 metres along strike, outcropping over a vertical distance of 450 metres. Sampling to date has identified mineralization of greater than 2 g/t gold over the entire length of the vein and at least 370 metres of vertical exposure of the vein. The Aparecida vein is generally 0.5 to 6 metres in width but often contains several parallel gold-bearing segments. The vein contains white massive quartz with crustiform and banded textures that are cut by crystalline quartz veinlets in places. The majority of the vein contains multiple phases of quartz. The southern segment of the vein is strongly brecciated with the higher gold grades associated with this brecciation. Pyrite, chalcopyrite, and sphalerite have been observed within the lower exposures of the vein. A total of 321 samples have been collected on the Aparecida vein and range in value from <0.005 to 240.5 g/t gold.

The Quemada vein can be traced for roughly 950 metres and outcrops over a vertical distance of 230 metres. This vein is generally 0.5 to 4 metres wide. Sampling has identified mineralization of greater than 2 g/t gold over the entire 230 metre vertical exposure of the vein with three samples containing greater than 30 g/t gold. The vein contains white massive to milky quartz, sometimes with crustiform textures and later cross-cutting crystalline quartz veinlets. Multiple phases of quartz have been observed and the vein is commonly brecciated. Higher gold and silver grades are related to areas with grey quartz. Pyrite, chalcopyrite, and sphalerite have been observed within the lower exposures of the vein. A total of 105 samples have been collected on the Quemada vein and range in value from <0.005 to 61.9 g/t gold.

Detailed mapping and sampling of the San Vicente vein and San Joaquin vein are still in progress, with recent surface sampling returning values up to 15.5 g/t gold in the relatively unworked San Vicente Vein. A total of 163 samples have been collected to date on the San Vicente vein and range in value from 0.005 to 15.5 g/t gold.

Aparecida Vein

Detailed sampling of the Aparecida vein to date has identified two areas of strong mineralization. The first area of strong mineralization within the Aparecida vein is in the southern segment of the vein located within the middle of the hill (between elevations of 1,800 – 1,760 m.a.s.l.). The 100 metre long segment of the vein contains 46 chip samples taken roughly every 2 to 4 metres. The average of the 46 samples is 2.89 g/t gold with a high of 13.1 g/t gold and 76.2 g/t silver. The range of values for the 46 samples is 0.030 – 13.1 g/t gold and 0.9 – 76.2 g/t silver.

The second area of strong mineralization is a 30 x 35 metre displacement zone in the vein that contains scattered outcrops of high-grade vein material. The vein is displaced roughly 30 metres in a north-south direction. This occurs at an elevation of approximately 1,880 metres. A total of fourteen samples were taken within this area and have an average of 52.6 g/t gold and 56.5 g/t silver. The highest gold sample contains 240.5 g/t gold and the highest silver sample contains 181.5 g/t silver. The overall range of values in this 30 x 35 metre area is 0.190 – 240.5 g/t gold and 3.7 – 181.5 g/t silver.

When the veins are well exposed, rock chip sampling consists of taking a continuous chip sample perpendicular across the strike of the vein using a hammer and chisel. The width of the sample panel is generally 10 – 20 cm and the depth ranges from 5 – 10 cm. When only scattered outcrops of the vein are present, a rock chip sample is taken that collects small chips from outcropping material over an area of one to three metres. Samples are generally taken every 2 – 5 metres along strike when the exposure is good and every 5 – 20 metres when the exposure is poor.

Tierras Coloradas covers 6,955 hectares and is located in the province of Loja, near the border with Peru. Gold and silver-bearing quartz veins have developed in the andesitic volcanic sequences of the Paleocene Sacapalca Formation near the SE edge of the Cretaceous granodioritic Tangula batholith. Locally, these sequences consist of a lower andesitic lapilli tuff that is overlain by an andesitic crystal tuff. The upper and middle exposures of the veins are generally rich in Au-Ag while the lower exposures contain high Au-Ag-Cu-Zn-Pb. Boulders with possible sinter have been recognized to the west and suggest that the system is well preserved.

The Company acquired the Tierras Coloradas property in January 2017 and announced significant results from its initial exploration program in September 2017 and provided an exploration update in February and again in August 2018 (see press release dated February 26, 2018 and August 13, 2018 respectively).

Management is very encouraged by the initial results of the surface mapping and sampling conducted to date at Tierras Coloradas. Normally, surface mapping and sampling programs mostly test only the width and strike length of the mineralization but at Tierras Coloradas, because of the topography, the sampling indicates significant mineralization and potential at depth. The discoveries and work completed to date in all three dimensions require additional surface mapping and sampling followed by extensive drilling.

Quality Assurance

All INV Metals sample assay results have been independently monitored through a quality assurance/quality control ("QA/QC") program including the insertion of blind standards, blanks and pulp, and reject duplicate samples. The rock sampling was completed by a geological contractor under the direct supervision of 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 in Callao, Peru, which is independent of INV Metals, for analysis. Gold content is determined by fire assay of a 50-gram sample with an AAS finish and silver content is determined by aqua regia digestion with an ICP-AES finish. Gold values of >10 g/t are re-analyzed by the gravimetric method using a 50-gram sample.

Qualified Person

The scientific and technical information contained in this section of the MD&A has been reviewed and approved by Mr. Darren King, Vice President Exploration, and a non-Independent Qualified Person, as defined by NI 43-101. He is a Registered Member of the Society for Mining, Metallurgy & Exploration (SME) of the United States. Mr. King has a M.Sc. in Geology from South Dakota School of Mines and Technology and has over 30 years of exploration experience throughout the Americas. Potential quantity and grade are conceptual in nature. There has been insufficient exploration to define a mineral resource on the exploration projects and it is uncertain if further exploration will result in such targets being delineated as a mineral resource.

Expenditures at Exploration Properties in the years ended December 31, 2018 and 2017

The following table sets forth a breakdown of material components of expenditures incurred at the Exploration Properties in the years ended December 31, 2018 and 2017.

	2018				
	Las Peñas	**Tierras Coloradas**	**La Rebuscada**	**Carolina**	**Total**
Opening balance - January 1	**$ 807,499**	**$ 469,383**	**$ 110,113**	**$ 84,407**	**$1,471,402**
Geological interpretation	**167,775**	**815,058**	**79,628**	**69,581**	**1,132,042**
Environment permitting	**34,773**	**47,447**	**236**	**6,949**	**89,405**
Concession and related costs	**383,686**	**166,700**	**39,965**	**39,599**	**629,950**
Total expenditures - December 31	**586,234**	**1,029,205**	**119,829**	**116,129**	**1,851,397**
Exchange differences	**105,530**	**91,387**	**16,795**	**13,494**	**227,206**
Closing balance - December	**$1,499,263**	**$1,589,975**	**$ 246,737**	**$ 214,030**	**$3,550,005**

	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 for the year ended December 31, 2018 totalled $2,078,603 compared to $1,471,402 in the same period in 2017 and consist of the Company's field programs, including prospecting, mapping, and rock chip sampling while permits are awaited. Project expenditures in the corresponding period in 2017 consisted of concession fees and prospecting activities for Las Peñas, Tierras Coloradas and La Rebuscada following the award of the concessions in January 2017.

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, 2018 and 2017.

For the years ended		**December 31, 2018**		December 31, 2017		Change
General and administration						
Shareholder and regulatory	**$**	**231,967**	$	295,414	$	(63,447)
Travel expense		**98,971**		128,676		(29,705)
Office		**271,410**		237,816		33,594
Total general and administration		**602,348**		661,906		(59,558)
Compensation						
Compensation		**2,590,223**		1,770,999		819,224
Stock-based compensation		**1,017,612**		1,100,100		(82,488)
Total compensation		**3,607,835**		2,871,099		736,736
Professional fees		**183,709**		219,244		(35,535)
Write-down of exploration property		**-**		516,923		(516,923)
Fair value (gain)/loss on investments		**143,166**		(218,930)		362,096
Other expenses and general exploration		**-**		912,969		(912,969)
Foreign exchange (gain)/loss		**(3,720)**		10,579		(14,299)
Operating loss		**4,533,338**		4,973,790		(440,452)
Finance income		**(153,160)**		(215,789)		62,629
Total loss for the period	**$**	**4,380,178**	$	4,758,001	$	(377,823)
Other comprehensive (income)/loss						
Cumulative translation adjustment		**(4,889,398)**		3,652,405		(8,541,803)
Total comprehensive (income)/loss for the period	**$**	**(509,220)**	$	8,410,406	$	(8,919,626)

During the year ended December 31, 2018 the Company recorded a total loss from continuing operations of $4,380,178 or $0.05 per share, compared to $4,758,001 or $0.05 per share in 2017, a decrease of $377,823 or 8% from the prior year. Total loss decreased in 2018 compared to the same period in 2017 mainly due to a write-down of the Kaoko property and a one-time mandatory contribution to the Government of Ecuador for earthquake relief efforts recorded as other expenses and general exploration in 2017, offset by higher compensation costs, loss on fair value investments and lower finance income in 2018.

Shareholder and regulatory expenses totalled $231,967, a decrease of $63,447 from $295,414 in 2017 due to timing of corporate marketing efforts and investor relations expenses.

In 2018, travel expenses of $98,971 were lower by $29,705 compared to $128,676 in 2017. The decrease in 2018 was due to timing of travel as well as conference attendance during the year.

Compensation expenses totalled $2,590,223 compared to $1,770,999 in 2017, an increase of $819,224 or 46%. The increase in 2018 was mainly as a result of more employees as the Company completed its FS, severance costs, and other related costs for increased regional exploration activities in Ecuador.

For the year ended December 31, 2018, stock-based compensation expenses totaled $1,017,612, a decrease of $82,488 or 7% from $1,100,100 over the same period in 2017. The decrease was due to higher valued options issued in 2017, offset by the amount of additional options vesting following issuances in the second and fourth quarter of 2018.

The write-down of exploration property of $516,923 in 2017 related to the Kaoko property in Namibia was based on management's assessment of its recoverable fair value less costs to dispose, which valued the property at $nil.

The fair value gain/loss on investments totalled a loss of $143,166 in 2018 compared to a gain of $218,930 in 2017. The change in the fair value in the year was due to mark-to-market losses on the investments held as at December 31, 2018. See "Financial Condition and Liquidity" below for further discussion of the financing activities.

Finance income from interest on cash balances totalled $153,160 in 2018, a decrease of $62,629 or 29% from $215,789 in 2017. The decrease was due to lower cash balances held during 2018 compared to 2017 as a result of the equity financing in Q1 2017.

The cumulative translation adjustment decreased by $8,541,803 for the year ended December 31, 2018 compared to the same period in 2017, from a loss of $3,652,405 to a gain of $4,889,398. The changes in the year were a result of movements 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 weakened relative to the US dollar during the three-month period ended December 31, 2018 as the average rate was $1.3204/US$1.00 compared to an average rate of $1.2713/US$1.00 in the same period of 2017. The Canadian dollar was consistent relative to the US dollar during the year ended December 31, 2018 as the average rate was $1.2957/US$1.00 compared to an average rate of $1.2978/US$1.00 in 2017.

The US Dollar was $1.34/US$1.00 as at March 28, 2019

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, 2018 and 2017, the Company had negative cash flow from operating activities and anticipates negative cash flow from operating activities in future periods until such time when commercial production may be achieved from the development of Loma Larga.

Cash flows used in operating activities in the year ended December 31, 2018 totalled $2,802,933, compared to $3,455,144 in the year in 2017. Changes in interest income on cash deposits, long-term provisions and working capital as well as unrealized fair value loss on investments, comprise the principal amounts that reconcile the statement of loss to the statement of cash flows from operating activities.

See "Contractual Obligations and Commitments" and "Liquidity and Capital Resources" below for further discussion of the Company's contractual commitments and ability to fund those commitments in connection with its business plan.

Financing activities

On March 19, 2019, the Company closed a non-brokered private placement (the "Private Placement") of 4,615,385 common shares ("Shares") at a price of $0.65 per Share for gross proceeds of $3 million. The proceeds from the Private Placement will be used for general working capital and corporate purposes. IAMGOLD Corporation, which has a right to maintain its 35.6% pro rata shareholding in the Company, also participated in the Private Placement.

On March 2, 2017, the Company completed an equity financing by way of short form prospectus offering (the "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 intended 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, 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, 2018 totalled $12,543,042 compared to $11,462,967 for the corresponding year in 2017. Investing activities in 2018 were slightly higher than in 2017 primarily due to expenditures related to the completion of the FS at Loma Larga, as well as expenditures incurred on the exploration programs at both Loma Larga and the Exploration Properties.

Liquidity and Capital Resources

The Financial Statements have been prepared using IFRS applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due for the foreseeable future. The Company has no operating cash flow from a producing mine and therefore must utilize its current cash reserves, income from short term investments and deposits, and other financing transactions to maintain its capacity to meet working capital requirements and planned corporate expenditures, as well as to fund the development of Loma Larga and other exploration activities. It is not possible to predict whether adequate financing will be available in the future on acceptable terms. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern and to realize its assets and discharge its liabilities in the normal course of business and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. Such adjustments could be material. Although the Company has been successful in the past to obtain financing, there can be no assurances that the steps management is taking, and will continue to take, will be successful in future reporting periods or that such financing will be on terms advantageous to the Company.

As at December 31, 2018, the Company had cash of $3,747,042 (2017 - $19,139,960) and working capital[8] of $2,465,753 (2017 - $18,655,998). The following table sets forth a breakdown of the components to calculate working capital as at December 31, 2018 and December 31, 2017.

As at	**December 31, 2018**	December 31, 2017
Current assets		
Cash	**$ 3,747,042**	$ 19,139,960
Other receivables	**368,666**	715,710
	4,115,708	19,855,670
Current liabilities		
Other payables	**1,649,955**	1,199,672
	1,649,955	1,199,672
Working capital	**$ 2,465,753**	$ 18,655,998

Cash and working capital have decreased during the year ended December 31, 2018 due to expenditures at Loma Larga, the 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.

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

The value of the Canadian dollar relative to the US dollar significantly impacts the Company's operating budget as Loma Larga expenditures and regional exploration in Ecuador are US dollar denominated. The average Canadian dollar remained fairly consistent in 2018 relative to the to the US dollar, thus operating expenses have not been materially affected.

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

A continuous review of capital expenditure programs ensures the Company's capital resources are utilized in a responsible and sustainable manner to ensure the Company continues as a going concern. 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 exploration activities, and ultimate development and construction of Loma Larga. 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 Ecuador S.A. ("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 its expenditures and those from its subsidiaries 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, 2018 and 2017, 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 mineral properties. In estimating fair value less costs of disposal of the Kaoko property, management's judgment was involved in interpreting the third-party information and property data to arrive at a measurement of the recoverable amount of the property. An amount of $nil (2017 - $516,923) was recognized relating to the write-off 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 $948,081 (2017: $974,636) 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, 2018, the Company has non-capital losses of $30,111,364 in Canada that expire over the years of 2026 to 2038 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 financial 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 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.

The Financial Statements have been prepared using IFRS applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due for the foreseeable future. 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, 2018 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, 2018, 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 $26,000 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 the US dollar currency converted from its Canadian dollar bank accounts. The Company currently does not enter into financial instruments to manage foreign exchange risk. Fluctuations in the exchange rates may, consequently, have an impact upon the reported operations of the Company and may affect the value of the Company's assets and liabilities.

Financial instruments denominated primarily in US dollars are subject to foreign currency risk. As at December 31, 2018, had the US dollar weakened/strengthened by 10% against the Canadian dollar, with all other variables held constant, the Company's total loss for the year ended December 31, 2018 would have been approximately $91,000 higher/lower as a result of foreign exchange losses/gains on translation of non-Canadian dollar denominated financial instruments. Similarly, as at December 31, 2018, shareholders' equity would have been approximately $91,000 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, 2018, 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 $18,200. Similarly, as at December 31, 2018, shareholders' equity would have been approximately $18,200 higher/lower if the market value securities held by the Company had increased/decreased by 10%.

CHANGES IN SIGNIFICANT ACCOUNTING POLICIES AND FUTURE ACCOUNTING PRONOUNCEMENTS

Changes in significant accounting policies and future accounting pronouncements are disclosed in Note 3 of the Financial Statements.

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, 2018**	December 31, 2017	December 31, 2016
Financial results:			
Interest income	**$ 153,160**	$ 215,789	$ 95,252
Total loss	**4,380,178**	4,758,001	2,315,168
Total comprehensive income/(loss)	**509,220**	(8,410,406)	(3,655,868)
Loss per share from continuing operations* - basic and diluted	**(0.05)**	(0.05)	(0.04)

As at	**December 31, 2018**	December 31, 2017	December 31, 2016
Financial position:			
Working capital	**$ 2,465,753**	$ 18,655,998	$ 8,380,909
Mineral properties and deferred exploration	**75,263,964**	57,407,535	49,204,481
Total assets	**80,230,307**	78,180,691	58,910,451
Non-current liabilities	**948,081**	974,636	613,764
Common shares	**135,787,827**	135,803,542	110,359,748
Contributed surplus	**13,775,952**	12,643,569	11,479,822
Deficit	**$ (83,454,702)**	$ (79,074,524)	$ (74,316,523)
Number of shares issued and outstanding	**92,598,651**	92,586,747	64,872,641

**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.*

Interest income decreased in 2018 compared to 2017 and increased compared to 2016 as a result of a higher average cash balance in 2017 upon completion of the Offering in Q1 2017. Corporate expenditures in 2018 and 2017 were predominantly focused on the FS for Loma Larga, as well and exploration at both Loma Larga and the Company's regional Exploration Properties in Ecuador.

Total comprehensive income/loss is affected by cumulative translation adjustments of the Company's Ecuadorian subsidiary. The Company realized a comprehensive income in 2018 compared to a loss in 2017 largely due to cumulative translation adjustments as a result of the declining value of the Canadian dollar relative to the US dollar during the year. In 2017, comprehensive loss was higher compared to 2016 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.

Working capital decreased in 2018 compared to 2017 due to lower average cash balances as a result of expenditures at Loma Larga, the Exploration Properties and general corporate expenditures. The increase in working capital in 2017 compared to 2016 is due to higher average cash balances upon completion of the Offering.

Total assets increased from 2016 to 2018 primarily due to the capitalization of expenditures at Loma Larga and the Exploration Properties, as well as the receipt of cash on completion of the Offering and cumulative translation adjustments.

The decrease in non-current liabilities from 2017 to 2018 and the increase in the same from 2016 to 2017 are due changes in estimates provided by actuaries in Ecuador for termination benefits accrued in INV Minerales and the related cumulative translation adjustments from fluctuations due to movements of the Canadian dollar relative to the in US dollars.

Share capital remained consistent in 2018 compared with 2017. The increase in share capital in 2017 from 2016 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.

USE OF PROCEEDS

The Company's primary 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 intended to use the proceeds of the Offering (the "Proceeds"), in part, to complete its FS on Loma Larga, to undertake exploration programs on the Project, and to undertake early stage exploration at 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	$ 11,000,000
Exploration at the Loma Larga Property and Other Properties in Ecuador	5,000,000	5,900,000
Working Capital and General Corporate Purposes	8,800,000	8,400,000
	$ 25,300,000	**$ 25,300,000**

The FS expenditures above include funds for the geotechnical and hydrogeological programs as well as the FS costs. The first phase of the exploration drill program at Loma Larga was completed in 2017. Work at the Exploration Properties commenced in the second half of 2017 and continued into 2018.

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, 2018 and 2017.

i) During the year ended December 31, 2018, legal fees of $91,000 (2017 - $104,000) were charged from a law firm in which an officer of the Company is a partner.

ii) During the year ended December 31, 2018, a company of which a director is the Chief Executive Officer, was paid $30,000 (2017 - $70,000) for capital market advisory services to INV Metals in relation to the Offering in the normal course and approved by the board of directors.

iii) On March 2, 2017 the Company closed a bought deal financing pursuant to which the Company issued 27,600,000 common shares of the Company for aggregate gross proceeds of $27.6 million net of transaction costs. IAMGOLD exercised its pre-emptive right to maintain its pro rata ownership and was issued 9,822,546 common shares. In addition, certain directors and officers of the Company purchased 5,577,911 shares, representing approximately 20% of the Offering.

2) Remuneration of directors and officers

The following summarizes remuneration of directors and officers during the years ended December 31, 2018 and 2017.

For the years ended		December 31, 2018		December 31, 2017
Salaries of key management	**$**	**1,503,590**	$	1,044,525
Director fees		**255,505**		236,615
Stock-based compensation		**975,530**		1,044,559
	$	**2,734,625**	$	2,325,699

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**
Operating leases	$	1,042,628	$	337,978	$	704,650	$	-
Environmental management plan	$	287,753	$	287,753	$	-	$	-

INV Metals has a lease arrangement for office space that was renewed in January 2018 and expires on December 31, 2022. During the year ended December 31, 2018 an amount of $312,928 (2017 - $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 "ORANO"), the original owner of the property. In addition, the Company must pay ORANO, $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 completion of a bankable feasibility study from the date in which the Board makes a formal production decision. Any contingent payments are subject to significant uncertainty based on many factors, including, but not limited to 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 income/loss in each quarter below includes cumulative translation adjustments of the Company's Ecuadorian subsidiary, which fluctuate due to movements of the Canadian dollar relative to the US dollar.

For the period ended	**December 31, 2018**	**September 30, 2018**	**June 30, 2018**	**March 31, 2018**
Interest income	**$ 22,953**	**$ 35,135**	**$ 41,826**	**$ 53,246**
Total loss	**(1,836,398)**	**(377,584)**	**(1,458,879)**	**(707,317)**
Total comprehensive income/(loss)	**1,555,995**	**(1,428,957)**	**(389,471)**	**771,653**
Loss per share from continuing operations* - basic and diluted	**$ (0.01)**	**$ (0.01)**	**$ (0.02)**	**$ (0.01)**

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 income/(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)

**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.*

Total loss increased in Q4/2018 compared to Q3/2018 primarily due to higher compensation expenses in Q4 related to severance and directors' fees, and the fair value loss on marked to market investments in Q4, compared to a fair value gain in Q3. Total loss decreased in Q3/2018 compared to Q2/2018 primarily due to the fair value gain in Q3 on marked to market investments compared to a small loss in Q2. Total loss increased in Q2/2018 compared to Q1/2018 primarily due to higher compensation and stock-based compensation expenses in the quarter. Total loss decreased in Q1/2018 compared to Q4/2017 primarily due to timing differences in compensation and stock-based compensation expenses. 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 fair value gain on marked to market investments and lower foreign currency translation losses. Total loss decreased in Q2/2017 compared to Q1/2017 primarily due to lower compensation and stock-based compensation expenses in the quarter. 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.

OUTSTANDING SHARE DATA

As at December 31, 2018 the Company had 92,598,651 Common Shares outstanding, as well as stock options to purchase 8,209,200 Common Shares at a weighted average price of $0.72 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, 2018 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 Mr. Darren King, Vice President Exploration, INV Metals Inc., both non-Independent Qualified Persons under NI 43-101.

For readers to fully understand the technical information in this MD&A, they should review the Technical Report filed on January 14, 2019 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 total current assets less its total 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.

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.

1) Technical Report Results and Further Advancement of Loma Larga

The Company's material property is Loma Larga, located in Ecuador. There is a risk that the Loma Larga Project may not yield the anticipated results set out in the 2019 Technical Report to warrant advancement or the Board and/or management of the Company may decide not to proceed with the further exploration and development of the Loma Larga Project. Such a decision may create a material adverse effect on the Company and may materially adversely affect the Company's financial condition and its ability to raise funds through financing transactions as the Loma Larga Project is currently the Company's flagship asset.

Further, there is a risk that the Company may not be able to execute its Exploitation Contract with the Government of Ecuador or may not obtain the required permits to operate the Loma Larga Property as a large-scale mining project as contemplated in the 2019 Technical Report. If the Company does not execute its Exploitation Contract with the Government of Ecuador or is unable to obtain the required permits to operate as a large-scale miner such that the Board decides not to proceed with development, the Company may be required to write-down part or all of the value currently attributed to the Loma Larga 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 $72 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 FS on Loma Larga estimates initial capital costs for development of approximately US$309.5 million. There is a risk that the Company may not be able to fund the development of the Project if it cannot raise significant equity or debt financing in the future. The Financial Statements are prepared on a going concern basis. The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. During the year ended December 31, 2018, 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 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. See "Financial Condition and Liquidity – Liquidity and Capital Resources" for a discussion of liquidity and capital risks.

2) Political stability and government regulation

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.

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 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.

3) Local opposition to mining in Ecuador

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 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 projects 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 Las Peñas and may result in a change in the focus of the Company's future activities.

On January 30, 2019, the CNE called a referendum, to be held on March 24, 2019, regarding mining activities in the Girón canton, based upon submissions by the Community Water Systems Union, an affiliate of the "FOA-ECUARUNARI-CONAIE". The entire Loma Larga gold-copper-silver mineral deposit and all related Mineral Resources and Mineral Reserves are exclusively located within the Rio Falso concession and are not situated within the Girón Canton. However, the processing and tailings facilities were proposed to be constructed within the Cristal concession, which is partially located within the Girón Canton.

On March 18, 2019, the Constitutional Court ruled that the principle of tacit approval be invoked, allowing for the referendum to proceed without the Constitutional Court opining on the merits of the questions being asked because a certain period of time had elapsed without a specific decision.

On March 24, 2019, a referendum was held in the Girón canton and the result of the referendum was not in favour of mining activities in the canton. Girón canton is an adjacent jurisdiction which does not contain the Loma Larga Mineral Resources and Reserves. The Company reported that it will relocate the proposed processing and tailings facilities outside of Girón canton and will continue the engineering work required to locate the facilities in the same canton as the Loma Larga Mineral Resources and Reserves, and reaffirmed that Loma Larga will continue to advance towards development.

Opposition to mining activities in the region may affect the Company's ability to explore Loma Larga and the Exploration Properties in the short and long term, as well as its ability to obtain the required permits to advance the development of Loma Larga. The current value attributed to Loma Larga is approximately $72 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.

4) Tax regime in Ecuador

A mining concessionaire in Ecuador will be subject to 25% corporate income tax on its gross income less certain deductible costs and must make a total profit sharing payment equal to 15% of its pre-tax income, less certain deductible costs. Of this profit sharing amount, 3% is distributed to the concessionaire´s employees and 12% is paid to the Government of Ecuador to be used for social investment projects. The Government of Ecuador also imposes a 12% VAT on goods and services purchased within Ecuador or imported from abroad, subject to certain exclusions, and other taxes, including customs duties, capital outflow tax, municipal fees and property tax. Starting January 1, 2018, VAT may be recoverable in proportion to the value of mineral exports.

On August 21, 2018, the National Assembly revoked the extraordinary revenue tax (also known as a windfall tax) which contemplated a rate of 70% of the amount by which market prices exceed a stipulated base price for precious and base metals. In addition, there is a constitutional provision that establishes that the Government of Ecuador's share of cumulative benefits derived (considering the income tax, royalties, VAT, and 12% of the profit sharing payment) from the mining concessions will not be less than 50% (the sovereign adjustment). To the extent that the Government of Ecuador's cumulative benefit falls below 50%, an annual sovereign adjustment will be required.

The tax regime in Ecuador may be subject to differing interpretations, is subject to change without notice and the Company's interpretations may not coincide with that of the Ecuadorian tax authorities. In order for there to be restrictions on the repatriation of earnings, the Government of Ecuador would need to reform through the National Assembly the Organic Code of Production, Commerce and Investment that grant rights to freely repatriate earnings. As a result, the taxation applicable to transactions and operations may be challenged or revised by the Ecuadorian tax authorities, which could result in significant additional taxes, penalties and/or interest. Given the complexity of the tax calculations and sovereign adjustment, there is a risk that the currently expected taxation regime will not be applied or that different tax authorities will not agree with the calculations which may negatively impact the Company and the economic feasibility of the Loma Larga Project. This can be diminished by the execution an investment protection agreement setting out the legal framework, tax and legal stability, contractual rights, tax incentives and guarantees between the concessionaire and the Government of Ecuador.

5) Reliability of resource and reserve estimates

The mineral resource estimates contained in this AIF and the 2019 Technical Report are estimated quantities of measured, indicated and inferred mineral resources. The mineral reserve estimates contained in this AIF and the 2019 Technical Report are estimated quantities of proven and probable mineral reserves that can be mined legally and economically and processed by extracting their mineral content under current conditions and conditions anticipated in the future. The Company determines the amount of its mineral resources and mineral reserves according to the applicable regulatory requirements and established mining standards.

There are numerous uncertainties inherent in estimating mineral resources and mineral reserves, including many factors beyond the Company's control. Such estimation is a subjective process and the accuracy of any mineral resource or mineral reserve estimate is a function of the quantity and quality of available data, the assumptions made and judgments used in engineering and geological interpretation. Mineral resource and mineral reserve estimates are also uncertain because they are based on limited sampling and not the entire ore body. In addition, there can be no assurance that gold recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. There is no assurance that the estimated amount of mineral reserves will be recovered or that such minerals will be recovered at costs that the Company assumed in determining such mineral reserves.

As the Company gains more knowledge and understanding of an ore body through on-going exploration and mining activity, the mineral resource and mineral reserve estimates may change significantly, either positively or negatively. In particular, results of drilling, metallurgical testing, production, the evaluation of mine plans and fluctuations in gold prices subsequent to the date of any estimate may require revisions of such estimate. Any material reductions in mineral resource or mineral reserve estimates or of the Company's ability to extract the mineral reserves could have a material adverse effect on the Company's results of operations and financial condition.

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

- 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;

- Risk that future referendums relating to mining activities may be held within the jurisdictions in which the Company's Exploration Properties are located, and in the jurisdictions where the Loma Larga Mineral Resources and Mineral Reserves and other concessions comprising the Loma Larga Project are located. There can be no guarantee that the results of potential future referendums will not negatively impact the Company or its investment in the Loma Larga Project or the Exploration Properties. There may also be additional future legal actions that may adversely impact the Loma Larga Project, the Company's Exploration Properties or the Company. There is a risk that the judicial system within Ecuador does not operate on an impartial basis, is not free of political influence and does not operate within the rule of law.

- Risks and uncertainties related to the unexpected costs and/or liabilities related to Loma Larga;

- Risks related to potential delays in exploration or potential future development activities;

- 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 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;

- 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 Corporation differ from those of other shareholders due to its ability to significantly influence on decisions to be made by the Company following the Loma Larga acquisition in 2012;

- Risks from disruption, damage or failure from various causes, including, but are not limited to, computer viruses, security breaches, cyber-attacks, natural disasters and defects in design. The Company could also be adversely affected by system or network disruptions if new or upgraded information technology systems are defective, not installed properly or not properly integrated into the Company's operations; 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).

Each committee of the Board, including the Audit committee, the Compensation committee, the Social, Health, Safety and Environment committee and the Corporate Governance and Nominating committee, has an approved committee charter, which outlines the committees' mandate, specifies procedures for calling a meeting and authorizes access to outside resources.

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* ("NI 52-109"), issued by the Canadian Securities Administrators ("CSA") requires the CEO and the CFO to certify that they are responsible for establishing and maintaining Disclosure Controls for the issuer, that Disclosure Controls have been designed to provide reasonable assurance that material information relating to the issuer is made known to them, that they have evaluated the effectiveness of the issuer's Disclosure Controls, and that their conclusions about the effectiveness of those Disclosure Controls at the end of the period covered by the relevant annual filings have been disclosed by the issuer.

INV Metals' CEO and CFO have evaluated the effectiveness of the Company's Disclosure Controls as at December 31, 2018 and concluded that, subject to the inherent limitations noted above, those disclosure controls were effective for the period then ended.

2) Internal Controls over Financial Reporting

NI 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, 2018 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, 2018.

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 2019, the Property categorization as a "large-scale" project under Ecuador's mining laws and tax regimes, future anticipated results of exploration programs, including, but not limited to, interpretation of drill results, uncertainty surrounding metallurgical test results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations and the assumptions on which such economic evaluations are based, the industry-wide and Loma Larga specific risks that are identified in the Technical Report, the possibility that future exploration, development or mining results will not be consistent with the Company's expectations, the future price of precious and base metals, demand for metals, currency exchange rates, political and operational risks inherent in mining or development activities, legislative factors relating to prices, taxes, royalties, land use, title and permits, importing and exporting of minerals, environmental protection, expenditures on property, plant and equipment, increases and decreases in mineral reserves and/or mineral resources, anticipated grades and recovery rates that are or may be based on assumptions and/or estimates related to future economic, market and other conditions, requirements for additional capital and other statements relating to the financial and business prospects of the Company.

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

The Financial Statements have been prepared using IFRS applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due for the foreseeable future. The Company has no operating cash flow from a producing mine and therefore must utilize its current cash reserves, income from short term investments and deposits, and other financing transactions to maintain its capacity to meet working capital requirements and planned corporate expenditures, as well as to fund the development of Loma Larga and other exploration activities. It is not possible to predict whether adequate financing will be available in the future on acceptable terms. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern and to realize its assets and discharge its liabilities in the normal course of business and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. Such adjustments could be material. Although the Company has been successful in the past to obtain financing, there can be no assurances that the steps management is taking, and will continue to take, will be successful in future reporting periods or that such financing will be on terms advantageous to the Company.

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; the outcome of the referendum regarding mining activities in the Girón Canton if proceeded as currently planned; the liability of the Company or INV Minerales under the Ecuadorian Internal Tax Regime Law conducting operations in a foreign country and compliance with foreign laws; failure to fulfill the requirements of any phase of the mining laws of Ecuador; uncertainties of project cost, construction and operating cost overruns or unanticipated costs and expenses; presence of a significant shareholder; presence of endangered species; the reliability of mineral resource and mineral reserve estimates as well as other assumptions and parameters underlying the anticipated recoverability of precious and base metals; compliance with statutory and regulatory standards; environmental hazards; reliance on adequate infrastructure for mining activities; the assurance of titles or boundaries; surface rights and access rights; costs of land reclamation; permits; uninsurable risks related to exploration, development and production; uncertainties inherent in competition with other exploration companies; hedging; timing and availability of external financing on acceptable terms and in light of the current decline in global liquidity and credit availability; future prices of precious and base metals; currency exchange rates; the market price of Common Shares; future sales of Common Shares; dependence on key management employees and the ability to recruit and retain employees with special skill and knowledge; conflicts of interest of directors and officers of the Company; use of proceeds; dilution; the regulatory regime in Ecuador; the tax regime in Ecuador; community relations; and enforcement of legal rights. See "Risks and Uncertainties" in this MD&A. This list is not exhaustive of the factors that may affect the forward-looking statements. These and other factors should be considered carefully by prospective investors, who should not place undue reliance on such forward-looking statements. Forward-looking statements are made based upon management's 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.