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## Management's Discussion and Analysis of Financial Position and Results of Operations ("MD&A")

*The following information, prepared as of March 30, 2009, should be read in conjunction with the unaudited consolidated financial statements of i-minerals inc. for the nine months ended January 31, 2009, as well as the audited consolidated financial statements for the year ended April 30, 2008 and the related management's discussion and analysis (the "Annual MD&A"). All amounts are expressed in Canadian dollars unless otherwise indicated.*

### Forward-Looking Statements

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as "plans", "intends", "anticipates", "should", "estimates", "expects", "believes", "indicates", "suggests" and similar expressions.

This MD&A and in particular the "Outlook" section, contains forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Information concerning the interpretation of drill results may also be considered a forward-looking statement, as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed.

It is important to note that:

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of March 30, 2009.
- Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.
- Subject to applicable laws, the Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

The material assumptions that were applied in making the forward looking statements in this MD&A include: execution of the Company's existing plans or exploration programs for the Helmer-Bovill property, either of which may change due to changes in the views of the Company or if new information arises which makes it prudent to change such plans or programs; and the accuracy of current interpretation of drill and other exploration results.

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Risks and Uncertainties".

## General

The Company's principal business is the development of the Helmer-Bovill industrial mineral property. The Helmer-Bovill property is comprised of ten adjacent and non-adjacent mineral leases that cover a border phase of the Thatuna granodiorite ("TG") that hosts potentially economic deposits of feldspar, quartz and kaolinitic clays, primarily kaolinite and halloysite. The mineral commodities are found in three modes of occurrence:

- the unweathered Thatuna granodiorite hosts primary deposits of sodium ("Na") feldspar and quartz;
- the weathered Thatuna granodiorite hosts residual deposits of potassium ("K") feldspar, kaolin (kaolinite / halloysite) and quartz; and
- the Latah formation is favourable for the occurrence of transported kaolin and quartz.

All of the deposit types are amenable to low strip ratio, low-cost open pit mining techniques. The Helmer-Bovill property is favourably located in Latah County, Idaho where it enjoys very competitive transportation logistics: rail access; deep water port access through the Port of Lewiston about 50 miles away; and proximity to the Interstate highway network. The town of Bovill has readily available electricity and natural gas.

To date, the Company has identified two resources, a measured and indicated Na-feldspar-quartz resource known as the Kelly's Basin deposit; and a K-feldspar-quartz deposit known as the Moose Creek Tailings deposit. The Kelly's Basin deposit is the subject of an ongoing feasibility study by SRK Consulting (US), Inc. ("SRK").

Elsewhere on the property, where portions of the granitoid body have been subjected to intense weathering, residual and sedimentary deposits of kaolinitic clays occur. In these areas, kaolinite and halloysite are the primary minerals of economic interest. Based upon recent metallurgical work and historic mining and related development efforts, the Helmer-Bovill property has the potential to host significant tonnages of halloysite bearing clays.

## Results of Operations

### *- Nine Month Results*

The Company recorded a net loss of \$332,141 (\$0.01 per share) for the nine months ended January 31, 2009 as compared to a loss of \$470,877 (\$0.03 per share) reported in the same period of 2008. Expenses decreased to \$341,858 in 2009 compared to \$457,733 in 2008, due primarily to a decrease in non-cash stock-based compensation charges with respect to the granting of stock options which decreased to \$58,918 in 2009 from \$247,977. This decrease was offset by an increase in professional fees from \$5,598 to \$48,764 as the Company incurred legal charges associated with the permitting process and support for the ongoing feasibility study. Travel expenses increased to \$28,257 in 2009 as compared with \$3,312 in 2008 primarily related to company personnel accompanying the governor of Idaho on a trade mission to Asia. Promotions and shareholder communication expense was largely unchanged at \$79,745 in 2009 compared to \$78,952 in 2008, primarily reflecting the continuation of an agreement for investor relations and other corporate development services at a cost of \$8,000 per month. Expense items in 2009 also include management fees of \$15,501 (2008 - \$13,569), and consulting fees of \$27,000 (2008 - \$27,000) charged by directors for services rendered.

The 2008 loss was offset by a foreign exchange gain of \$8,176 resulting from a weakening of the Canadian dollar in relation to U.S. dollar-denominated cash. In 2008, the Company recognized a foreign exchange loss of \$22,249 due to a strengthening of the Canadian dollar during the period. The comparative 2008 loss was offset by a recovery of the non-controlling interest's share of the i-minerals Helmer Bovill L.L.P. losses amounting to \$6,928.

- Three Month Results

The Company recorded a net loss of \$112,320 (\$0.00 per share) for the quarter ended January 31, 2009 as compared to a loss of \$177,613 (\$0.01 per share) reported in the same period of 2008. Expenses decreased to \$110,422 in 2009 compared to \$188,520 in 2008. Variances included non-cash stock-based compensation charges with respect to the granting of stock options which decreased to \$4,921 in 2009 from \$121,485. This variance was offset by an increase in professional fees from \$5,015 to \$19,083; and an increase in travel expense from \$2,172 to \$16,514. The Company also recognized a foreign exchange loss of \$1,959 whereas in the comparative period in 2008 it recognized a foreign exchange gain of \$10,411.

**Capital Expenditures**

The Company incurred deferred exploration expenditures of \$746,079 during the nine months ended January 31, 2009, compared to \$676,282 incurred in the same period of 2008. The 2009 expenditures were incurred on the Helmer-Bovill Property and included costs associated with the ongoing SRK feasibility study.

**Summary of Quarterly Results (unaudited)**

	For the quarter ended			
	January 31 2009	October 31 2008	July 31 2008	April 30 2008
Total revenues	\$nil	\$nil	\$nil	\$nil
Net loss	(\$112,320)	(\$117,031)	(\$102,790)	(\$132,885)
Net loss per share (basic and diluted) <sup>(1)</sup>	(\$0.00)	(\$0.01)	(\$0.01)	(\$0.01)
Total assets	\$5,924,557	\$5,852,077	\$5,900,366	\$4,975,403

	For the quarter ended			
	January 31 2008	October 31 2007	July 31 2007	April 30 2007
Total revenues	\$nil	\$nil	\$nil	\$nil
Net loss	(\$177,613)	(\$231,206)	(\$62,058)	(\$65,400)
Net loss per share (basic and diluted) <sup>(1)</sup>	(\$0.01)	(\$0.01)	(\$0.00)	(\$0.00)
Total assets	\$4,951,932	\$5,021,413	\$5,224,887	\$4,097,212

<sup>(1)</sup> The basic and diluted calculations result in the same values due to the anti-dilutive effect of outstanding convertible instruments, stock options and warrants.

There were no material factors affecting the comparability of the foregoing financial data except that the net loss for the quarter ended January 31, 2008 and the quarter ended October 31, 2007 included non-cash charges of \$121,485 and \$113,042, respectively, for stock-based compensation expense.

The increases in total assets for the quarters ended July 31, 2008 and July 31, 2007 were due to the completion of private placement financings during the respective quarters.

### **Financing Activities**

There was no financing activity in the second quarter of fiscal 2009 (the quarter ended October 31, 2008) nor the third quarter of fiscal 2009 (the quarter ended January 31, 2009).

During the first quarter of fiscal 2009 (the quarter ended July 31, 2008), the Company completed a financing in which it raised net proceeds of \$901,466 from a non-brokered private placement of 1,510,032 units at a price of \$0.60 per unit. Each unit is comprised of one common share and one share purchase warrant entitling the holder to acquire an additional share at a price of \$0.43 per share (as amended) until expiry on January 20, 2010. The Company paid 10% finders' fees on a portion of the units subscribed through the issuance of 8,000 units with terms identical to those placed in the offering. The Company also received \$218,750 from the exercise of 625,000 stock options at \$0.35 per share.

During the comparative nine months ended January 31, 2008, the Company completed a financing in which it raised \$900,000 from a non-brokered private placement of 1.8 million units at a price of \$0.50 per unit. The Company also received subscriptions amounting to \$212,100 (U.S. \$200,000) in respect of a convertible private placement of convertible partnership units which closed subsequent to quarter-end, and raised \$52,500 on the exercise of stock options and warrants.

### **Liquidity and Capital Resources**

The Company's aggregate operating, investing and financing activities during the nine months ended January 31, 2009 resulted in a net cash inflow of \$196,233. As at January 31, 2009, the Company had cash of \$270,637, however after taking into account net payables, the Company had a working capital deficit of \$42,597.

The Company has not as yet put into commercial production any of its mineral properties and as such has no operating revenues. Accordingly, the Company is dependent on the equity markets as its sole source of operating working capital. The Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects.

The recent events in the global financial markets have had a profound impact on the global economy. Virtually all industries are impacted by these market conditions, which have included: a sharp contraction in the credit markets resulting in a widening of credit risk spreads and higher costs of funding; a deterioration in the credit ratings of numerous large financial institutions; devaluations and high volatility in global equity, commodity, foreign exchange and metals markets and a corresponding lack of market liquidity; and a slowdown in economic activity that is affecting major global economies. These events could have a significant impact on the Company.

Current financial markets are likely to continue to be volatile, reflecting ongoing concerns about the stability of the global economy and weakening global growth prospects. Unprecedented uncertainty in the credit markets has also led to increased difficulties in raising funds. Junior exploration companies world-wide have been hit particularly hard by these trends. As a result, the Company may have difficulties raising equity financing for the purposes of mineral exploration and development, particularly without excessively diluting the present shareholders of the Company.

The Company is dependent on raising further funds to fund its obligations as they become due. Management intends to pursue additional equity financing in 2009 and has recently re-priced all of its outstanding share purchase warrants. Management remains confident that equity financing will continue to be available; however, the Company cannot provide any assurance that equity financing will be available on terms and conditions acceptable to the Company or at all.

Based upon the receipt of a favourable feasibility study on the Kelly's basin deposit, further funding will be required. However, attractive State-sponsored debt financing instruments may be available, and the Company intends to pursue such financial instruments to cover the bulk of the capital costs associated with placing the Kelly's Basin deposit into production.

#### **Transactions with Related Parties**

The Company has entered into the following transactions with related parties.

During the nine months ended January 31, 2009, management fees of \$15,501 (January 31, 2008 - \$13,569) and consulting fees of \$27,000 (January 31, 2008 - \$27,000) were charged by directors or companies controlled by them and expensed by the Company. A further \$91,108 (January 31, 2008 - \$82,700) in consulting and research fees were charged by directors and are included with mineral property deferred costs. Transactions with related parties are recorded at the exchange amount, being the price agreed between the parties.

Current payables of \$356,243 as at January 31, 2009 include \$81,243 owing to related parties. These amounts are unsecured, non-interest bearing and have no fixed terms for repayment.

A director of the Company owns a 25% interest in Idaho Industrial Minerals LLC, the property vendor in respect of the agreement to acquire a 100% interest in the Helmer-Bovill property.

All of the Units issued under the 2005 and fiscal 2008 convertible partnership unit private placements were subscribed for by a private company related to a director of the Company. These Units were all converted into common shares of the Company during the current fiscal year.

#### **Critical Accounting Estimates**

The Company's critical accounting estimates are as described in the Annual MD&A.

## Recent Accounting Pronouncements

The Canadian Institute of Chartered Accountants ("CICA") issued the new Handbook Section 3064, "Goodwill and Intangible Assets", which will replace Section 3062, "Goodwill and Other Intangible Assets". The new standard establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of preproduction and start-up costs and requires that these costs be expensed as incurred. The new standard applies to annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. Management is currently assessing the impact of these new accounting standards on its consolidated financial statements.

In January 2009, the CICA issued CICA Handbook Section 1582, "Business Combinations", Section 1601, "Consolidations", and Section 1602, "Non-controlling Interests". These sections replace the former CICA Handbook Section 1581, "Business Combinations" and Section 1600, "Consolidated Financial Statements" and establish a new section for accounting for a non-controlling interest in a subsidiary. CICA Handbook Section 1582 establishes standards for the accounting for a business combination, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent consideration and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. It provides the Canadian equivalent to International Financial Reporting Standard ("IFRS") 3, "Business Combinations" (January 2008). The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

CICA Handbook Section 1601 establishes standards for the preparation of consolidated financial statements.

CICA Handbook Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27, "Consolidated and Separate Financial Statements" (January 2008).

CICA Handbook Section 1601 and Section 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles ("GAAP") with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended April 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

## **Changes in Accounting Policies Including Initial Adoption**

On May 1, 2008, the Company adopted the following new accounting standards issued by the CICA: Section 1535 “Capital Disclosures”, Section 3862 “Financial Instruments – Disclosures” and Section 3863 “Financial Instruments – Presentation”. These new requirements of Sections 1535, 3862 and 3863 are for disclosure purposes only and have not impacted the financial results of the Company.

### **a) Capital disclosures – section 1535**

Section 1535 specifies the disclosure of (i) an entity’s objectives, policies, and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

### **b) Financial instruments – sections 3862 and 3863**

The new Sections 3862 and 3863 replace Section 3861, “Financial Instruments – Disclosure and Presentation”, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. The new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how a company manages those risks.

## **Off-Balance Sheet Arrangements**

The Company has not entered into any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative financial obligations, or with respect to any obligations under a variable interest equity arrangement.

## **Financial Instruments**

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest rate or credit risk arising from these financial instruments. The fair values of these financial instruments approximate their carrying values due to the short-term or demand nature of these instruments.

The Company operates in the United States and a significant portion of its financial assets and liabilities is denominated in U.S. dollars giving rise to risks from changes in foreign exchange rates.

## **Outstanding Share Data**

Authorized Capital:

100,000,000 common shares, without par value

Issued and outstanding:

31,160,567 common shares as at March 30, 2009

Outstanding options, warrants, and convertible securities as at March 30, 2009:

Security	Number	Exercise price	Expiry date
Stock Options	45,000	\$0.35	August 1, 2009
Stock Options	100,000	\$0.35	September 6, 2010
Stock Options	100,000	\$0.40	September 6, 2010
Stock Options	360,000	\$0.53	March 21, 2011
Stock Options	390,000	\$0.55	July 24, 2012
Stock Options	130,000	\$0.70	October 23, 2012
Warrants	1,843,400	\$0.43	July 12, 2009
Warrants	1,518,032	\$0.43	January 20, 2010

### Risks and Uncertainties

The exploration for and development of industrial mineral deposits are highly speculative activities and are subject to significant risks. The Company's ability to realize its investments in exploration projects is dependent upon a number of factors, including its ability to continue to raise the financing necessary to complete the exploration and development of those projects and the existence of economically recoverable reserves within its projects. The Company's operations are subject to a number of risk factors as detailed in the Annual MD&A.

### Internal Control over Financial Reporting

In connection with the Exemption Orders issued in November 2007 by each of the British Columbia Securities Commission and Ontario Securities Commission, the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the interim consolidated financial statements for the nine months ended January 31, 2009 and this accompanying MD&A.

In contrast to the certificate under Multilateral Instrument 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) ("MI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in MI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company on SEDAR at [www.sedar.com](http://www.sedar.com).

### Outlook

The major focus of the Company continues to be the completion of the ongoing feasibility study on the Kelly's Basin portion of the Helmer-Bovill project by SRK; the attainment of the Section 404 Wetland Permit application through the US Army Corps of Engineers; and negotiations with Idaho Department of Lands (the "IDL") to secure a surface lease to locate the process facility and deposit tailings material. In this regard:

- The final resource calculation is under review based upon a preliminary geostatistical resource model. Completion was postponed while metallurgical work on composite sample was completed at the Minerals Research Laboratory at North Carolina State University ("MRL").

- The initial mine plan is complete incorporating overburden, pit and bench design and haul routes. Finalization of the mine plan is dependent upon the completion of the resource model.
- The preferred process plant location has been selected with access and permitting issues being addressed. The preferred location is outside of the Company's mineral leases requiring the IDL to grant the Company a surface lease or the historic operator to assign a mined out mineral lease to i-minerals. The Company has made application to the IDL for a surface lease, but the application has been hindered by IDL staff assigned the file appearing to have limited experience with or understanding of mining related projects. An alternate site on the Company's mineral leases has also been identified, but this site requires additional surface disturbance and has less optimal access. If no tangible progress can be made with IDL in the next 45 days, i-minerals will shift its focus to the alternate site.
- Marketing and transportation studies are proceeding very favourably. Between western North American and Pacific Rim markets, these studies indicate a base load tonnage of feldspar products can be placed. Management attended a trade mission to Asia with the Governor of Idaho.
- Management has very recently returned from a series of meetings with prospective accounts in Washington, Oregon and California. These meetings generated additional market contacts and strong interest in the Company's products resulting in requests for products samples for testing and applications.
- The Company's miner permit application was reviewed and accepted August 7, 2008 by the US Army Corp. of Engineers under application number 2006-640-CO1 with the public comment period completed September 6, 2008. I-minerals is drafting formal responses to the comments brought forward by the regulators which relate to the diversion of an intermittent creek, process plant location, tailings storage and water balances in the area of the proposed open pit. In general, all of the comments are in line with management's expectations. Any issues brought forward in the comment process that were not already addressed in the Section 404 Wetland Permit Application or the preliminary National Environmental Policy Act ("NEPA") review for the Helmer-Bovill project were identified prior to the comment period and are being addressed on an ongoing basis.
- The proposed operation includes development of a mineral deposit that contains no metals or sulfides and the proposed process facility has zero water discharge, both attributes in the permitting process.

The Company has concurrently identified several new markets that will provide for value added products. Halloysite is a unique kaolin which occurs as microscopic tubes often referred to as "halloysite nanotubes". A number of companies are pursuing development of products in numerous industries including life sciences, plastic and polymers and others. The halloysite nanotubes are added to different compounds to improve characteristics such as strength, weight and in some instances, the biodegradability of the resulting product. The Company has provided product samples to a few companies for testing in assorted nano-tech applications. One of these nano-tech companies has completed initial tests using the Helmer-Bovill halloysite nanotubes with very favourable results. Commercialization of any halloysite based nano-tech product will require a long term supply of halloysite. There are few deposits that offer the combination of a large volume of clay hosting significant concentrations of halloysite with a high aspect ratio and low initial levels of deleterious elements. While market studies and initial testing of the halloysite products at international laboratories have generated very strong results, the Company's focus going forward will be the completion of the feasibility study and the associated mine permit application on the Kelly's Basin Deposit.

#### **Other Information**

Additional information related to the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com) and at the Company's website at [www.imineralsinc.com](http://www.imineralsinc.com).