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

The following information, prepared as of August 26, 2010 should be read in conjunction with the audited consolidated financial statements of i-minerals inc. (the "Company") for the year ended April 30, 2010, which are prepared in accordance with Canadian generally accepted accounting principles. 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 August 26, 2010.
- 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. These minerals of economic interest occur in two related deposit types, both of which contain two or more of the targeted minerals:

- the unweathered Thatuna granodiorite hosts deposits of sodium ("Na") feldspar and quartz; and
- the weathered Thatuna granodiorite hosts residual deposits of potassium ("K") feldspar, kaolin (kaolinite / halloysite) and quartz.

Both of the deposits 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 in the Lewiston, Idaho area about 50 miles away; and proximity to the Interstate highway network. The area 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 metallurgical work and historic mining and related development efforts, the Helmer-Bovill property has the potential to host significant tonnages of halloysite bearing clays.

Selected Annual Information

The table below provides selected financial information for the Company on a consolidated basis for each of the past three years ended April 30. Reporting currency for the Company is the Canadian dollar.

(Audited)

	2010	2009	2008
Working Capital (Deficit)	\$ 1,081,230	\$ (557,150)	\$ (142,254)
Total Revenues	\$ nil	\$ nil	\$ nil
Net Loss	\$ (1,128,538)	\$ (451,520)	\$ (603,762)
Net Loss Per Share (basic and diluted) ⁽¹⁾	\$ (0.03)	\$ (0.02)	\$ (0.03)
Total Assets	\$ 7,772,578	\$ 6,030,256	\$ 4,975,403
Long-term Debt	\$ 502,844	\$ nil	\$ nil
Deferred Exploration Expenditures – for the year	\$ 466,802	\$ 1,090,960	\$ 877,121
Deferred Exploration Expenditures – cumulative	\$ 6,298,849	\$ 5,832,047	\$ 4,741,087
Dividends declared	\$ nil	\$ nil	\$ nil

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

There were no material factors affecting the comparability of the foregoing financial data except that during the year ended April 30, 2010, the Company recorded a non-cash charge of \$413,261 for stock-based compensation expense (2009 - \$8,143; 2008- \$238,735).

Results of Operations

The Company recorded a net loss of \$1,128,538 (\$0.03 per share) for the year ended April 30, 2010 as compared to a loss of \$451,520 (\$0.02 per share) reported in fiscal 2009. Expenses increased to \$1,142,161 in 2010 compared to \$474,577 in 2009. The majority of the increase in expenses relates to non-cash stock-based compensation charges which increased to \$413,261 from \$8,143 as a consequence of a third quarter grant of incentive stock options. There were no stock options granted in the comparative period. The Company also recorded increased bank charges, interest and accretion expense of \$92,407 (2009 - \$4,372) primarily in respect of convertible loans and interest on convertible loans of \$57,284 (2009 - \$nil). Professional fees increased to \$215,983 from \$144,996 reflecting increased legal fees associated with the negotiation of a surface lease on which to locate the process facility as part of the permitting and feasibility process. Promotion and shareholder communication expense was \$114,484 in 2010 and \$103,744 in 2009 as the Company has amended its agreement for investor relations and other corporate development services increasing the cost to \$10,000 per month from \$8,000 per month. Consulting fees increased to \$64,533 from \$38,500 due to additional consultants being engaged in relation to the attainment of the surface lease and increased monthly fees charged. Included in this amount is \$48,400 (2009 - \$38,500) charged by directors or officers or companies controlled by them for services rendered. Travel expenses increased to \$54,114 from \$40,908 due to costs associated with financing and efforts to market the Company's mineral products. Expense items in 2010 also include management fees of \$19,100 (2009 - \$20,870) charged by a director for services rendered.

The 2010 expenses were offset by a foreign exchange gain of \$11,735 (2009 - \$21,496) resulting from a strengthening of the Canadian dollar during the period in relation to U.S. dollar-denominated payables.

Capital Expenditures

The Company incurred deferred exploration expenditures of \$466,802 during the year ended April 30, 2010, compared to \$1,090,960 incurred in fiscal 2009. The 2010 expenditures were incurred on the Helmer-Bovill Property and included engineering and consulting charges of \$261,938, marketing and research costs of \$103,518 and environmental costs of \$47,415 associated with the ongoing feasibility work.

Summary of Quarterly Results (unaudited)

	For the quarter ended			
	April 30 2010	January 31 2010	October 31 2009	July 31 2009
Total revenues	\$nil	\$nil	\$nil	\$nil
Net loss	(\$381,265)	(\$524,602)	(\$148,083)	(\$74,588)
Net loss per share (basic and diluted) ⁽¹⁾	(\$0.01)	(\$0.02)	(\$0.00)	(\$0.00)
Total assets	\$7,772,578	\$8,139,120	\$6,255,482	\$6,153,324

	For the quarter ended			
	April 30 2009	January 31 2009	October 31 2008	July 31 2008
Total revenues	\$nil	\$nil	\$nil	\$nil
Net loss	(\$119,379)	(\$112,320)	(\$117,031)	(\$102,790)
Net loss per share (basic and diluted) ⁽¹⁾	(\$0.00)	(\$0.00)	(\$0.01)	(\$0.01)
Total assets	\$6,030,256	\$5,924,557	\$5,852,077	\$5,900,366

⁽¹⁾ The basic and diluted calculations result in the same values due to the anti-dilutive effect of outstanding convertible loan 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, 2010 included a non-cash charge of \$360,761 for stock-based compensation expense.

Fourth Quarter

The Company recorded a net loss of \$381,265 (\$0.01 per share) for the fourth quarter ended April 30, 2010 as compared to a loss of \$119,379 (\$0.01 per share) reported in the fourth quarter of fiscal 2009. Expenses increased to \$347,272 in 2010 from \$132,719 in 2009. The 2010 loss includes non-cash stock based compensation of \$52,500 (2009 – recovery of \$50,775); and bank charges, interest and accretion expense of \$46,483 (2009 - \$1,579) related to accretion in respect of convertible loans; and interest on convertible loans of \$27,162 (2009 - \$nil).. The fourth quarter loss also included a foreign exchange loss of \$34,038 (2009 – gain of \$13,320) which resulted from a depreciation of the Canadian dollar during the quarter.

During the fourth quarter, the Company incurred deferred property expenditures of \$123,787 (2009 - \$344,881) at Helmer-Bovill. The fourth quarter expenditures were incurred on the Helmer-Bovill Property and included engineering and consulting charges of \$73,124, and marketing and research costs of \$27,490.

Financing Activities

On June 30, 2009, the Company completed the first tranche of Series A, a non-brokered unsecured convertible debenture financing, raising U.S.\$250,000 (CDN\$290,625), including U.S.\$150,000 received from a company controlled by a director of the Company. On September 15, 2009, the Company completed the second tranche of Series A, raising U.S.\$192,880 (CDN\$207,597), including U.S.\$153,251 received from directors or companies controlled by them. On January 29, 2010, the Company completed Series B, raising \$450,000.

The Company has agreed to pay interest at the rate of 12 per cent per year, calculated semi-annually and paid semi-annually either in cash or in shares, at the election of the Company. The debentures have a term of two years to June 30, 2011 for tranche one of Series A, September 15, 2011 for tranche two of Series A, and January 29, 2012 for Series B and are convertible into shares of the Company at the rate of one share per \$0.35 of principal outstanding. Accordingly, the first tranche of Series A are convertible into 830,565 shares of the Company; the second tranche of Series A are convertible into 599,006 shares of the Company; and Series B are convertible into 1,285,714 shares of the Company. Conversion of all series of the debentures (collectively the “Debentures”) is at the sole discretion of the holders unless the closing price of the Company’s common shares, as traded on the TSX Venture Exchange, is \$0.75 or greater for a period of ten consecutive trading days subsequent to four months and one day after the issuance of the Debentures, in which case the Company may give notice to the holders, forcing conversion of the Debentures. The Company estimated the fair value of the holder’s conversion option using the

Black-Scholes option pricing model with the following assumptions: two year estimated life, 109.5% to 113.3% volatility, a risk free rate of 1.3% to 1.5% and expected dividends of \$nil.

The Company also issued 830,565 share purchase warrants to the holders of tranche one of the Series A debentures with each warrant entitling the holder to acquire an additional share at a price of \$0.43 until expiry on June 30, 2010; 599,006 share purchase warrants to the holders of tranche two of the Series A debentures with each warrant entitling the holder to acquire an additional share at a price of \$0.43 until expiry on September 15, 2010; and 1,285,714 share purchase warrants to the holders of the Series B debentures with each warrant entitling the holder to acquire an additional share at a price of \$0.43 until expiry on January 29, 2012. The warrants are detachable from the debentures and may therefore be exercised prior to conversion of the Debentures.

A value of \$106,447 (\$0.07 per warrant) has been attributed to the warrants issued with the Series A debentures and credited to warrants within shareholders' equity. A value of \$126,901 (\$0.10 per warrant) has been attributed to the warrants issued with the Series B debentures. The Company estimated the fair value of the share purchase warrants by using the Black-Scholes option pricing model with the following assumptions: one to two year estimated life, 113% to 145% volatility, a risk free rate of 0.3% to 1.3% and expected dividends of \$nil.

During the year ended April 30, 2010, the Company paid interest of \$27,650 through the issuance of 69,597 common shares. At April 30, 2010, accounts payable and accrued liabilities included \$26,514 (2009 - \$nil) of interest payable on the convertible loans.

Liquidity and Capital Resources

The Company's aggregate operating, investing and financing activities during the year resulted in a net cash inflow of \$1,292,061. As at April 30, 2010, the Company had working capital of \$1,081,230, including cash of \$1,332,167. The Company also had outstanding convertible debt debentures amounting to US\$442,880 (CDN\$449,898) and Series B convertible debt debentures amounting to \$450,000. Debentures with a principal amount of US\$250,000 are due on June 30, 2011; debentures with a principal amount US\$192,880 are due on September 15, 2011; and debentures with a principal amount \$450,000 are due on January 29, 2012. The debentures are convertible into shares of the Company at the rate of one share per \$0.35 of principal outstanding.

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 Company remains dependent on raising additional financing to fund exploration and development requirements on the Helmer-Bovill property and for general corporate costs. Based upon the receipt of a favourable feasibility study on the Kelly's Basin deposit, significant 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 year ended April 30, 2010, management fees of \$19,100 (2009 - \$20,870) and consulting fees of \$48,400 (2009 - \$38,500) were charged by directors or officers or companies controlled by them. A further \$115,346 (2009 - \$124,352) in consulting and research fees were charged by directors and are included with mineral property deferred costs.

As at April 30, 2010, \$118,674 (2009 - \$88,268) is owed to a director and officer of the Company. The balance is non-interest bearing, unsecured, and due on demand. Included in accounts payable as at April 30, 2010 was \$26,324 (2009 - \$5,775) payable to related parties.

Transactions with related parties are recorded at the exchange amount, being the price agreed between the parties.

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.

During the third quarter ended January 31, 2010, the Company received a bridge loan in the amount of US\$100,000 from a company related to a director of the Company. The Company signed a promissory note for this amount, with such note bearing interest at 12% per annum compounded and paid semi-annually. The loan and accrued interest had a maturity date of the earlier of May 1, 2010 and the date on which the Company were to close a financing of a minimum of \$1,000,000. The note, together with accrued interest was repaid on January 31, 2010.

During fiscal 2010, convertible debentures aggregating U.S.\$303,251 (2009 - \$nil) were subscribed for by directors or companies controlled by them.

Recent Accounting Pronouncements

a) Business combinations, consolidated financial statements and non-controlling interest

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.

b) International Financial Reporting Standards ("IFRS")

In 2008, the Canadian Accounting Standards Board confirmed that publicly listed companies will be required to adopt IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Early adoption may be permitted, however it will require exemptive relief on a case by case basis from the Canadian Securities Administrators. The Company expects its first consolidated financial statements presented in accordance with IFRS to be for the three-month period ended July 31, 2011, which includes presentation of its comparative results for fiscal 2010 under IFRS.

In order to prepare for the changeover to IFRS, the Company has developed an IFRS conversion plan comprised of three phases:

Phase	Description and Status
<p><i>PRELIMINARY PLANNING AND SCOPING</i></p>	<p>This phase involves development of an internal diagnostic review designed to understand, identify and assess the overall effort required to produce financial information under IFRS. Management has commenced the IFRS diagnostic review. This review includes high level consideration of the impacts of IFRS on the Company's consolidated financial statements, internal control over financial reporting and information systems.</p> <p>Based on management's preliminary review of IFRS and current Company processes, minimal impact is expected on information systems.</p> <p>The IFRS diagnostic review includes a high level impact assessment of IFRS effective in 2009, as relevant to the Company. This initial assessment will identify standards of high or medium priority to the Company, including standards on foreign currency translation, exploration and evaluation of mineral resources, income tax, share based payments and first time adoption of IFRS. The International Accounting Standards Board has activities currently underway which may, or will, change the standards effective upon the Company's adoption of IFRS, and therefore may impact this initial high level assessment. The Company will assess any such change as a component of its Detailed Impact Assessment phase and update its IFRS conversion plan as appropriate.</p>
<p><i>DETAILED IMPACT ASSESSMENT</i></p>	<p>This phase involves detailed review of IFRS relevant to the Company and identification of all differences between existing Canadian GAAP and IFRS that may or will result in accounting and/or disclosure differences in the Company's consolidated financial statements, along with quantification of impact on key line items and disclosures. The phase includes identification, evaluation and selection of accounting policies necessary for the Company's conversion to IFRS. The Company is in the process of completing its IFRS diagnostic review. Once the IFRS diagnostic review is complete, a detailed review and analysis of IFRS differences relevant to the Company will be completed. The Company expects to complete this phase by early 2011.</p>
<p><i>IMPLEMENTATION</i></p>	<p>This phase will embed the required changes for conversion to IFRS into the underlying financial close and reporting process and business processes. This will include finalization and approval of accounting policy changes, collection of financial information necessary to prepare IFRS compliant consolidated financial statements, implementation of additional internal controls, and preparation and approval of completed IFRS consolidated financial statements. The IFRS changeover is expected to impact the presentation and/or valuations of balances and transactions in the Company's quarterly and annual consolidated financial statements and related notes effective May 1, 2011, however continued progress on the IFRS conversion plan is necessary before the Company is able to describe or quantify those effects. Management intends to prepare an opening balance sheet as at May 1, 2010, using IFRS accounting policies, and to have this statement reviewed by its auditors in early 2011.</p>

Changes in Accounting Policies Including Initial Adoption

The Company completed the first tranche of a convertible debenture financing during the current fiscal period and adopted the following accounting policy:

Convertible debt

The Company classifies the proceeds received from convertible loans into their liability and equity components using the relative fair value approach. The carrying amount of the liability component is accreted over the life of the instrument through charges to operations using the effective interest rate method. On conversion into shares, the carrying amount of the equity component and the carrying amount of the liability component are transferred to share capital. In the event that the instrument is settled in cash, this is treated as the extinguishment of the instrument; a gain or loss on extinguishment of the liability component is recognized in the current period operations.

On May 1, 2009, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"):

a) Goodwill and intangible assets

The CICA issued the new Handbook Section 3064, "Goodwill and Intangible Assets", replacing 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. Accordingly, the Company adopted the new standard for its fiscal year beginning May 1, 2009. This standard did not have a material impact on the Company's consolidated financial statements.

b) Financial Statement Concepts

CICA Handbook Section 1000 has been amended to focus on the capitalization of costs that meet the definition of an asset and de-emphasizes the matching principle. The revised requirements are effective for annual and interim financial statements relating to fiscal year beginning on or after October 1, 2008. Accordingly, the Company adopted the new standard for its fiscal year beginning May 1, 2009. This standard did not have a material impact on the Company's consolidated financial statements.

c) Financial Instruments

In May 2009, the CICA amended Section 3862, "Financial Instruments – Disclosures", to include additional disclosure requirements about fair market value measurements for financial instruments and liquidity risk disclosures. The fair value hierarchy shall have the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The adoption of this standard did not have a significant impact on the Company's consolidated financial statements.

d) Credit Risk and the Fair Value of Financial Assets and Liabilities

In January 2009, the CICA issued EIC Abstract 173 – Credit risk and the fair value of financial assets and liabilities (“EIC-173”). EIC-173 provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC-173 is applicable for the Company’s interim and annual consolidated financial instruments for its fiscal year ending April 30, 2010, with retroactive application. The adoption of EIC-173 had no impact on the Company’s financial statements.

e) Mining Exploration Costs

In March 2009, the CICA issued EIC Abstract 174 – Mining Exploration Costs (“EIC-174”) which supersedes EIC Abstract 126 – Accounting by Mining Enterprises for Exploration Costs, to provide additional guidance for mining exploration enterprises on the accounting for capitalization of exploration costs and when an impairment test of these costs is required. EIC-174 is applicable for the Company’s interim and annual financial statements for its fiscal year ending April 30, 2010, with retroactive application. The adoption of EIC-174 did not result in a material impact on the Company’s financial statements.

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

All financial instruments are classified into one of these five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities and are measured on the balance sheet date at fair value upon initial recognition. Subsequent measurement depends on the initial classification of the instrument, as follows: held-for-trading financial assets are measured at fair value, with changes in fair value recognized in net loss; available-for-sale financial instruments are measured at fair value, with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired; and loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost. All derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sales and purchases exemption. Changes in the fair value of derivatives that are not exempt are recorded in net loss.

The Company has designated its cash as held-for-trading. Receivables are designated as loans and receivables. Accounts payable and accrued liabilities, amounts due to related parties and convertible loan – debt component are designated as other liabilities. At April 30, 2010 and April 30, 2009, the Company had neither available-for-sale nor held-to maturity financial instruments.

Outstanding Share Data

Authorized Capital:

100,000,000 common shares, without par value

Issued and outstanding:

39,938,155 common shares as at August 26, 2010

Outstanding options, warrants, and convertible securities as at August 31, 2010:

Security	Number	Exercise price	Expiry date
Stock Options	100,000	\$0.35	September 6, 2010
Stock Options	100,000	\$0.40	September 6, 2010
Stock Options	115,000	\$0.40	March 21, 2011
Stock Options	245,000	\$0.53	March 21, 2011
Stock Options	270,000	\$0.40	July 24, 2012
Stock Options	120,000	\$0.55	July 24, 2012
Stock Options	130,000	\$0.40	October 23, 2012
Stock Options	1,400,000	\$0.40	January 7, 2015
Stock Options	100,000	\$0.40	February 15, 2015
Warrants	830,565	\$0.43	June 30, 2011 ⁽¹⁾
Warrants	599,006	\$0.35	September 15, 2011 ⁽¹⁾
Warrants	8,270,000	\$0.35 ⁽²⁾	July 29, 2011
Warrants	1,333,196	\$0.50	July 29, 2011
Warrants	1,285,714	\$0.43	January 29, 2012
Convertible Debentures	830,565	⁽³⁾	June 30, 2011
Convertible Debentures	599,006	⁽³⁾	September 15, 2011
Convertible Debentures	1,285,714	⁽³⁾	January 29, 2012

(1) The expiry dates on these warrants were extended by one year.

(2) These warrants were re-priced from \$0.50 to \$0.35.

(3) The convertible debentures are convertible into common shares at the rate of one share per \$0.35 of principal outstanding.

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.

Stage of Development

The Company's properties are in the exploration stage and the Company does not have an operating history. As a result, there can be no assurance that the Company will be able to develop and operate its properties, or any one of them, profitably, or that its activities will generate positive cash flow. As a result of the Company's lack of operating history, it faces many of the risks inherent in starting a new business.

Industrial minerals exploration involves a high degree of risk. The amounts attributed to the Company's interest in its properties as reflected in its financial statements represent acquisition and exploration expenses and should not be taken to represent realizable value. Hazards such as unusual or unexpected geological formations and other conditions are involved.

Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are some of the risks involved in the operation of mines and the conduct of exploration programs. Unknowns with respect to geological structures and other conditions are involved. Existing and future environmental laws may cause additional expenses and delays in the activities of the Company, and they may render the Company's properties uneconomic. The Company has no liability insurance of

the type that covers liability for pollution or hazards, and the Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the Company's financial position.

Risks Inherent in the Mining Industry

Mineral exploration and development is highly speculative and capital intensive. Most exploration efforts are not successful, in that they do not result in the discovery of mineralization of sufficient quantity or quality to be profitably mined. The operations of the Company are also indirectly subject to all of the hazards and risks normally incident to developing and operating mining properties. These risks include insufficient ore reserves, fluctuations in production costs that may make mining of reserves uneconomic; significant environmental and other regulatory restrictions; labour disputes; geological problems; failure of pit walls or dams; force majeure events; and the risk of injury to persons, property or the environment.

Uncertainty of Reserves and Mineralization Estimates

There are numerous uncertainties inherent in estimating proven and probable reserves and mineralization, including many factors beyond the control of the Company. The estimation of reserves and mineralization is a subjective process and the accuracy of any such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may justify revision of such estimates. No assurances can be given that the volume and grade of reserves recovered and rates of production will not be less than anticipated. Assumptions about prices are subject to greater uncertainty and metals prices have fluctuated widely in the past. Declines in the market price of industrial minerals also may render reserves or mineralization containing relatively lower grades of ore uneconomic to exploit. Changes in operating and capital costs and other factors including, but not limited to, short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades, may materially and adversely affect reserves.

Fluctuations in the Market Price of Minerals

The profitability of mining operations is directly related to the market price of the industrial minerals being mined. The market price of industrial minerals may fluctuate widely and is affected by numerous factors beyond the control of any mining company. These factors include expectations with respect to the rate of inflation, the exchange rates of the dollar and other currencies, interest rates, global or regional political, economic or banking crises, and a number of other factors. If the market prices of the mineral commodities the Company plans to explore decline, this will have a negative effect on the availability of financing for the Company.

Marketability

The marketability of the industrial minerals which may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of the feldspar, quartz, kaolin and other industrial mineral markets and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of industrial minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Environmental Risks

Mining is subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. Insurance against environmental risk (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) is not generally available to the Company (or to other companies in the minerals industry) at a reasonable price. To the extent that the Company becomes subject to environmental liabilities, the satisfaction of any such liabilities would reduce funds otherwise available to the Company and could have a

material adverse effect on the Company. Laws and regulations intended to ensure the protection of the environment are constantly changing, and are generally becoming more restrictive.

Mineral Exploration and Mining Activities Require Compliance with a Broad Range of Law and Regulation, Violation of which can be Costly

Mining operations and exploration activities are subject to national and local laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection and mine safety. In order to comply, the Company may be required to make capital and operating expenditures or to close an operation until a particular problem is remedied. In addition, if the Company's activities violate any such laws and regulations, it may be required to compensate those suffering loss or damage, and may be fined if convicted of an offense under such legislation.

Land Reclamation Requirements for Exploration Properties May be Burdensome

Although variable, depending on location and the governing authority, land reclamation requirements are generally imposed on mineral exploration companies, as well as companies with mining operations, in order to minimize long term effects of land disturbance. Reclamation may include requirements to control dispersion of potentially deleterious effluents and to reasonably re-establish pre-disturbance land forms and vegetation. In order to carry out reclamation obligations imposed on the Company in connection with mineral exploration, the Company must allocate financial resources that might otherwise be spent on further exploration programs.

Permitting

In the ordinary course of business, mining companies are required to seek governmental permits for expansion of existing operations or for the commencement of new operations. Obtaining the necessary governmental permits is a complex and time-consuming process involving numerous jurisdictions and often involving public hearings and costly undertakings. The duration and success of efforts to obtain permits are contingent upon many variables not within the Company's control. Obtaining environmental protection permits, including the approval of reclamation plans, may increase costs and cause delays depending on the nature of the activity to be permitted and the interpretation of applicable requirements implemented by the permitting authority. There can be no assurance that all necessary permits will be obtained and, if obtained, that the costs involved will not exceed those that were previously estimated. It is possible that the costs and delays associated with the compliance with such standards and regulations could become such that the Company would not proceed with the development or operation of a mine or mines.

Profitability of Operations

The Company is not currently operating profitably and it should be anticipated that it will operate at a loss at least until such time as production is achieved from one of the Company's properties, if production is, in fact, ever achieved. The Company has never earned a profit.

Future Financings

If the Company's exploration programs are successful, additional funds will be required for further exploration and development to place a property into commercial production. The only source of future funds presently available to the Company is through the sale of equity capital or the offering by the Company of an interest in any of its properties to be earned by another party or parties carrying out further exploration or development thereof. There is no assurance such sources will continue to be available on favourable terms or at all. If available, future equity financings may result in substantial dilution to current shareholders.

Industry Competition in the Acquisition of Industrial Mineral Properties and the Recruitment and Retention of Qualified Personnel

The Company must compete with other industrial mineral exploration and mining companies, many of which have greater financial resources, for the acquisition of industrial mineral claims, leases and other industrial mineral interests as well as for the recruitment and retention of qualified employees and other personnel. If the Company requires and is unsuccessful in acquiring additional industrial mineral properties or personnel, there can be no assurance the Company will be able to compete against such companies with respect to exploration and development, industrial mineral production and marketing.

Internal Control over Financial Reporting

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109") 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 annual audited financial statements and this accompanying Annual MD&A (together the "Annual Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR at www.sedar.com.

Outlook

The primary focus of the Company continues to be the completion of the ongoing feasibility study by SRK and associated permitting by Tetra Tech on the Kelly's Basin portion of the Helmer-Bovill project with the secondary focus being the advancement of the Primary Clay Deposits, which includes the WBL Pit Area through resource definition and mineral characterization work. Completion of both feasibility and permitting activities at Kelly's Basin was dependent on the Company successfully negotiating a surface lease over certain Idaho Department of Lands ("IDL") ground providing the Company with access to the preferred location for construction of the mill facility and tailings storage in previously disturbed areas. On May 7, 2010 the Company reached an agreement in principle with the IDL and with the final surface lease agreement approved by the Idaho Land Board on June 15, 2010. With the surface lease secured, and annual rental payment made and bonding in place, feasibility and permitting work is actively ongoing.

Kelly's Basin Feasibility

- The resource calculation, based upon geostatistical resource model has been completed.
- The initial mine plan is near completion incorporating overburden, pit and bench design and haul routes.
- Haul routes from the pit to the mill site have been completed.
- A three dimensional water balance model has been largely completed indicating minimal impact on the water system in the immediate vicinity of the process plant and open pit.
- Marketing and transportation studies indicate that between western North American and International markets, a base load tonnage of feldspar products can be placed.
- Contacts with some potentially significant customers have been generated through the Company's marketing efforts. The Company has sent several of these users product samples which have been tested and satisfy these users' standards.
- A draft of the full feasibility study should be completed in early 2011 pending the completion of ongoing detailed engineering work. In the interim a pre-feasibility study has been commissioned with results expected in October 2010.

Kelly's Basin Permitting

- The Section 404 Wetland Permit Application was reviewed and accepted August 7, 2008 by the US Army Corp. of Engineers ("the Corps.") under application number 2006-640-CO1 with the public comment completed September 6, 2008. Environmental engineering has been required to divert an intermittent water flow around the proposed open pit without changing flow rates with minimal impact on defined mineral resources. The final plans for the diversion of this intermittent flow are expected to be submitted shortly to the Corps. The majority of all issues identified during the public comment period have been addressed. Additional water monitoring to build upon the 27 year data currently available should allow the permitting to be completed in parallel with the feasibility study in early 2011.

Primary Clay Deposit Developments

- The Company recently completed a small drill program on their mineral leases covering the Primary Clay Deposits, which are the mineral leases in the northern tier of the Helmer-Bovill lease block that overlie the granitoid rock that is altered by weathering in the higher elevations. Of the 10 holes drilled, 5 were in the immediate vicinity of the WBL Pit area and 5 on the adjacent ridge, referred to as the Middle Ridge. Sufficient drilling has now been completed to allow for the calculation of some indicated resources with an overall inferred resource. Samples have been prepped and sent for analysis and metallurgical work. Once the resource has been defined and the analytical results and metallurgical work completed the Company plans to undertake a Preliminary Economic Analysis ("PEA") or Scoping study on the WBL Area deposits. With the analytical and metallurgical work ongoing, the Company is targeting the completion of the PEA for late October 2010.
- Mineral product marketing efforts are not as well developed for the Primary Clay Deposits as the marketing efforts related to the minerals from Kelly's Basin. Halloysite offers many significant opportunities the Company is actively exploring. Halloysite is a unique kaolin which occurs as microscopic tubes often referred to as "halloysite nanotubes". Testing to date shows i-minerals halloysite to have the lowest levels of trace elements of any halloysite tested. Depending how the halloysite reacts to additional treatment, these low levels of metals could provide a competitive edge into the life science market applications. In general, halloysite nanotubes are being used in an increasing number of applications in the development of products in the plastic and polymers industry. When halloysite is added to plastic and polymer compounds, not only is the strength improved and weight reduced, but in some instances, the resulting compound is biodegradable.
- i-minerals believes there to be significant opportunity in metakaolin markets for the kaolin product produced from the Primary Clay Deposits. To this end it has sent a sample from the last round of metallurgical work for pozzolon testing. This testing will provide information as to how the addition of i-minerals metakaolin to cement adds to the strength and other physical characteristics of the cement. Initial results should be available prior to year end, but it is the longer term tests that provide the greatest information to prospective customers.

Other Information

Additional information related to the Company is available for viewing on SEDAR at www.sedar.com and at the Company's website at www.imineralsinc.com.