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

The following information, prepared as of December 22, 2010 should be read in conjunction with the unaudited consolidated financial statements of i-minerals inc. (the "Company") for the six months ended October 31, 2010, as well as the audited consolidated financial statements for the year ended April 30, 2010 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 December 22, 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 three resources. The Na-feldspar-quartz resource known as the Kelly's Basin deposit, together with a K-feldspar-quartz deposit known as the M C Tailings deposit, have been the subject of a preliminary feasibility study by SRK Consulting (US), Inc. ("SRK") while the Primary Clay Deposits have been the subject of a preliminary economic assessment ("PEA") also by SRK. An NI 43-101 report on the Kelly's Basin and MC Tailings has been filed on SEDAR. The report supporting the resources and economic analysis as set out in the PEA is expected to be filed on SEDAR in January 2011. The Kelly's Basin deposit is the subject of an ongoing feasibility study by SRK which is expected to be completed in Q2 2011 subject to the Company raising additional capital.

Results of Operations

- Six Month Results

The Company recorded a net loss of \$721,320 (\$0.02 per share) for the six months ended October 31, 2010 as compared to a loss of \$222,671 (\$0.01 per share) reported in the six months ended October 31, 2009. The 2010 loss includes warrant amendment expense of \$327,860 (2009 - \$nil) representing non-cash charges incurred in connection with the extension of certain warrant expiry dates and the re-pricing of certain warrants.

Expenses increased to \$752,373 in 2010 compared to \$253,274 in 2009, primarily due to the aforementioned warrant amendment expense. The Company also recorded increased bank charges, interest and accretion expense of \$108,231 (2009 - \$21,746) primarily in respect of convertible loans; and interest on convertible loans of \$54,516 (2009 - \$nil). Consulting fees increased to \$67,779 from \$24,538 due to additional consultants being engaged primarily in respect of government relations. Included in this amount is \$36,200 (2009 - \$18,000) charged by directors or officers or companies controlled by them for services rendered. Promotion and shareholder communication expense was \$72,592 in 2010 and \$55,543 in 2009. The aforementioned variances were offset by a decrease in professional fees from \$82,230 to \$37,143, reflecting reduced legal fees associated with the permitting process.

The 2010 expenses were offset by a foreign exchange gain of \$20,030 (2009 -\$28,764) resulting from a slight weakening of the Canadian dollar during the period in relation to U.S. dollar-denominated cash (2009 - strengthening) of the Canadian dollar in relation to U.S. dollar-denominated payables).

- Three Month Results

The Company recorded a net loss of \$182,785 (\$0.00 per share) for the three months ended October 31, 2010 as compared to a loss of 148,083 (\$0.00 per share) reported in the three months ended October 31, 2009. Expenses increased to \$203,083 in 2010 compared to \$134,013 in 2009. The Company recorded increased bank charges, interest and accretion expense of \$56,537 (2009 - \$16,195) primarily in respect of convertible loans; and interest on convertible loans of \$27,196 (2009 - \$nil). Consulting fees increased to \$27,109 from \$12,214 due to additional

consultants being engaged primarily in respect of government relations. Included in this amount is \$20,200 (2009 - \$9,000) charged by directors or officers or companies controlled by them for services rendered. Promotion and shareholder communication expense was \$39,417 in 2010 and \$31,400 in 2009. The aforementioned variances were offset by a decrease in professional fees from \$37,074 to \$14,239, reflecting reduced legal fees associated with the permitting process.

The 2010 expenses were offset by a foreign exchange gain of \$9,301 (2009 – loss of \$15,898).

Capital Expenditures

The Company incurred deferred exploration expenditures of \$886,719 during the six months ended October 31, 2010, compared to \$248,744 incurred in the same period of 2009. The 2010 expenditures were incurred on the Helmer-Bovill property and included drilling costs of \$139,569 (2009 - \$nil), engineering and consulting charges of \$404,283 (2009 - \$128,306) and environmental costs of \$159,758 (2009 - \$47,415).

Summary of Quarterly Results (unaudited)

	For the quarter ended			
	October 31 2010	July 31 2010	April 30 2010	January 31 2010
Total revenues	\$nil	\$nil	\$nil	\$nil
Net loss	(\$182,785)	(\$538,535)	(\$381,265)	(\$524,602)
Net loss per share (basic and diluted) ⁽¹⁾	(\$0.00)	(\$0.01)	(\$0.01)	(\$0.02)
Total assets	\$7,766,680	\$7,653,862	\$7,772,578	\$8,139,120

	For the quarter ended			
	October 31 2009	July 31 2009	April 30 2009	January 31 2009
Total revenues	\$nil	\$nil	\$nil	\$nil
Net loss	(\$148,083)	(\$74,588)	(\$119,379)	(\$112,320)
Net loss per share (basic and diluted) ⁽¹⁾	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)
Total assets	\$6,255,482	\$6,153,324	\$6,030,256	\$5,924,557

⁽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 July 31, 2010 included a non-cash charge of \$327,860 for warrant amendment expense, and the net loss for the quarter ended January 31, 2010 included a non-cash charge of \$360,761 for stock-based compensation expense.

Financing Activities

During the six months ended October 31, 2010, the Company completed no financings.

During the comparative six months ended October 31, 2009, the Company completed, in two tranches, a non-brokered unsecured convertible debenture financing, raising proceeds of \$498,222 (US\$442,880). The debentures bear interest at 12% per annum, have terms of two years, and are convertible into shares of the Company at the rate of one share per \$0.35 of principal outstanding. Accordingly, the debentures are convertible into 1,429,571 shares of the Company. Conversion is at the sole discretion of the debentureholder 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 debentureholders, forcing conversion of the debentures.

The Company also issued 1,429,571 share purchase warrants to the debentureholders with each warrant entitling the holder to acquire an additional share for a period of one year. The warrants are detachable from the debentures and may therefore be exercised prior to conversion of the debentures.

Liquidity and Capital Resources

The Company's aggregate operating, investing and financing activities during the six months ended October 31, 2010 consumed cash of \$1,043,190. As at October 31, 2010, the Company had cash of \$288,977. On an overall basis, the Company had a working capital deficit of \$473,238, including convertible debt debentures with a book value of \$349,087 that are included in current liabilities. The Company had further convertible debt debentures with a book value of \$259,318 that are treated as a long-term liability.

Debentures with a principal amount of US\$250,000 are due on June 30, 2011; debentures with a principal amount of US\$192,880 are due on September 15, 2011; and debentures with a principal amount of \$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. Management is currently pursuing additional financing.

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 three months ended October 31, 2010, management fees of \$4,591 (October 31, 2009 - \$4,869) and consulting fees of \$20,200 (October 31, 2009 - \$9,000) were charged by directors or officers or companies controlled by them. A further \$27,931 (October 31, 2009 - \$25,979) in consulting and research fees were charged by directors and are included with mineral property deferred costs.

During the six months ended October 31, 2010, management fees of \$9,218 (October 31, 2009 - \$9,717) and consulting fees of \$36,200 (October 31, 2009 - \$18,000) were charged by directors or officers or companies controlled by them. A further \$56,056 (October 31, 2009 - \$52,537) in consulting and research fees were charged by directors and are included with mineral property deferred costs.

As at October 31, 2010, \$138,482 (April 30, 2010 - \$118,674) 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 \$25,940 (April 30, 2010 - \$26,324) 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.

Changes in Accounting Policies Including Initial Adoption

Business combinations, consolidated financial statements and non-controlling interest

Effective May 1, 2010, the Company elected to early adopt CICA Handbook Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements", 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).

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 International Financial Reporting Standard IAS 27, "Consolidated and Separate Financial Statements" (January 2008).

To date there has been no impact on the Company's financial statements as a result of the adoption of these sections.

Recent Accounting Pronouncements

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 2011 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
<i>PRELIMINARY PLANNING AND SCOPING</i>	<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 2010, 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>
<i>DETAILED IMPACT ASSESSMENT</i>	<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 mid 2011.</p>
<i>IMPLEMENTATION</i>	<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 mid 2011.</p>

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 October 31, 2010, 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:

39,987,997 common shares as at December 22, 2010

Outstanding options, warrants, and convertible securities as at December 22, 2010:

Security	Number	Exercise price	Expiry date
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
Stock Options	500,000	\$0.40	December 1, 2015
Warrants	830,565 ⁽¹⁾	\$0.43	June 30, 2011
Warrants	599,006 ⁽¹⁾	\$0.43	September 15, 2011
Warrants	8,270,000 ⁽²⁾	\$0.35	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) On June 7, 2010, the Company extended the life of 830,565 warrants by one year from June 30, 2010 to June 30, 2011 and 599,006 warrants by one year from September 15, 2010 to September 15, 2011.
- (2) On July 6, 2010, the Company reduced the exercise price of these warrants to \$0.35 per share for warrants originally exercisable at \$0.50 per share.
- (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. 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 three months ended July 31, 2010 and this accompanying MD&A.

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 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. Subsequent to the end of the quarter the Company announced the results of a Prefeasibility Study on the Kelly's Basin Sodium feldspar – quartz deposit completed by SRK Consultants of Denver, Colorado ("SRK") that estimated the Net Present Value ("NPV") to be \$61 million with an Internal Rate of Return ("IRR") of 19%. Also subsequent to the end of the quarter the Company announced the results of a Preliminary Economic Assessment of the Primary Clay deposits, also completed by SRK that estimated the NPV of the Primary Clay deposits to be \$96 million with an IRR of 48%. Subject to successfully completing further financing early in the first calendar quarter of 2011, the Company expects to complete the full feasibility study and permitting process in the second calendar quarter of 2011.

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.