

Management's Statement of Responsibility

### Management's Statement of Responsibility

The consolidated financial statements contained in this annual report have been prepared by management in accordance with generally accepted accounting principles and have been approved by the Company's Board of Directors. The integrity and objectivity of these consolidated financial statements are the responsibility of management. In addition, management is responsible for all other information in the annual report and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements. Management maintains a system of internal accounting controls to provide reasonable assurance that the Company's assets are safeguarded and accounted for, and to facilitate the preparation of relevant, reliable, and timely financial information. Where necessary, management uses its best judgment to make estimates required to ensure fair and consistent presentation of this information, fulfills its responsibilities for financial reporting and internal control, and exercises this responsibility principally through the Audit Committee. The functions of the Audit Committee are to review the quarterly and annual consolidated financial statements; review the adequacy of the system of internal controls; review any relevant accounting, financial and security regulatory matters; and recommend the appointment of external auditors. The external auditors, BDO Dunwoody, LLP, conduct an independent examination in accordance with generally accepted auditing standards, and express their opinion on the consolidated financial statements. Their examination includes a review of the Company's system of internal controls and appropriate tests and procedures to provide reasonable assurance that the consolidated financial statements are, in all material respects, presented fairly and in accordance with generally accepted accounting principles in Canada. The external auditors have free and full access to the Audit Committee with respect to their findings concerning the fairness of financial reporting.

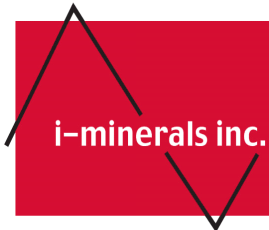
Signed "Roger A. Kauffman"

President and CEO

Signed "W. Barry Girling"

Director

August 27, 2008



**BDO Dunwoody LLP**  
Chartered Accountants

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Auditors' Report

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## Auditors' Report

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### To the Shareholders of i-minerals inc.

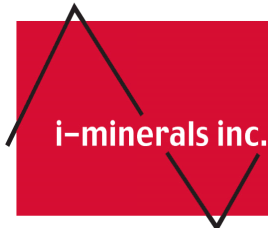
We have audited the Consolidated Balance Sheets of i-minerals inc. (an exploration stage company) as at April 30, 2008 and 2007 and the Consolidated Statements of Loss and Comprehensive Loss and Deficit and Cash Flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(signed) "BDO Dunwoody LLP"  
Chartered Accountants

August 27, 2008  
Vancouver, British Columbia



**i-minerals inc.**  
 (an Exploration Stage Company)  
 Consolidated Balance Sheets  
 As at April 30, 2008 and 2007  
 (expressed in Canadian dollars)

Consolidated Balance Sheets

April 30	2008	2007
<b>Assets</b>		
CURRENT		
Cash	\$ 74,404	\$ 102,344
Receivables and prepaids	36,299	10,181
Deposits	1,125	1,125
	<b>111,828</b>	113,650
MINERAL PROPERTY ACQUISITION COSTS (Note 4)	117,000	117,000
MINERAL PROPERTY DEFERRED COSTS	4,741,087	3,863,966
EQUIPMENT (Note 5)	5,488	2,596
	<b>\$ 4,975,403</b>	<b>\$ 4,097,212</b>
<b>Liabilities</b>		
CURRENT		
Accounts payable and accrued liabilities	\$ 148,116	\$ 161,738
Amounts due to related parties (Note 8)	105,966	33,298
	<b>254,082</b>	195,036
FUTURE INCOME TAX LIABILITY (Note 2(ii))	743,925	650,824
	<b>998,007</b>	845,860
NON-CONTROLLING INTEREST (Note 7)	1,585,593	1,473,522
<b>Shareholders' Equity</b>		
SHARE CAPITAL (Note 6)	11,579,663	10,825,318
WARRANTS (Note 6)	277,062	9,185
COMMITMENT TO ISSUE SHARES (Note 4)	31,500	31,500
CONTRIBUTED SURPLUS (Note 6)	681,353	485,840
DEFICIT ACCUMULATED IN THE EXPLORATION STAGE	(10,177,775)	(9,574,013)
	<b>2,391,803</b>	1,777,830
	<b>\$ 4,975,403</b>	<b>\$ 4,097,212</b>

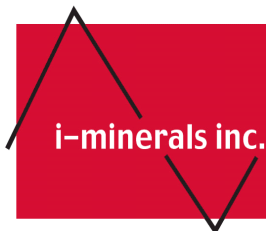
ABILITY TO CONTINUE AS A GOING CONCERN (Note 1)  
 CONTINGENCIES (Note 9)  
 SUBSEQUENT EVENTS (Note 11)

APPROVED BY THE BOARD

Signed "Roger A. Kauffman"

Signed "W. Barry Girling"

The accompanying notes are an integral part of these consolidated financial statements



Consolidated Statements of Loss and Comprehensive Loss and Deficit

**i-minerals inc.**  
*(an Exploration Stage Company)*  
 Consolidated Statements of Loss and Comprehensive Loss and Deficit  
 For the Years Ended April 30, 2008 and 2007  
*(expressed in Canadian dollars)*

	2008	2007
<b>EXPENSES</b>		
Accounting	\$ 26,688	\$ 26,394
Amortization	1,286	1,177
Bank charges and interest	2,381	1,298
Consulting (Note 8)	43,600	36,000
Management fees (Note 8)	18,101	20,939
Office, telephone and miscellaneous	48,100	37,849
Professional fees	48,984	91,928
Promotions and shareholder communication	102,952	110,102
Rent	4,669	4,618
Stock-based compensation (Note 6)	238,735	141,515
Transfer and regulatory fees	25,407	13,869
Travel	30,837	2,473
	<b>(591,740)</b>	(488,162)
Foreign exchange (loss) gain	(21,297)	12,413
Interest income	2,347	12,288
	<b>(610,690)</b>	(463,461)
Non-controlling interest (Note 7)	6,928	108,472
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR</b>	<b>(603,762)</b>	(354,989)
<b>DEFICIT, BEGINNING OF YEAR</b>	<b>(9,574,013)</b>	(9,219,024)
<b>DEFICIT, END OF YEAR</b>	<b>\$ (10,177,775)</b>	\$ (9,574,013)
<b>Loss per share - basic and diluted</b>	<b>\$ (0.03)</b>	\$ (0.02)
<b>Weighted average number of shares outstanding</b>	<b>18,162,006</b>	16,087,792

The accompanying notes are an integral part of these consolidated financial statements

**i-minerals inc.**  
*(an Exploration Stage Company)*  
 Consolidated Statements of Cash Flows  
 For the Years Ended April 30, 2008 and 2007  
*(expressed in Canadian dollars)*

## Consolidated Statements of Cash Flows

	2008	2007
<b>OPERATING ACTIVITIES</b>		
Net loss for the year	\$ (603,762)	\$ (354,989)
Items not involving cash:		
Amortization	1,286	1,177
Stock-based compensation	238,735	141,515
Foreign exchange gain on loans	(3,280)	(192)
Non-controlling interest	(6,928)	(108,472)
Unrealized foreign exchange loss	2,033	418
Change in non-cash operating working capital items:		
Receivables and prepaids	(26,118)	(1,636)
Accounts payable and accrued liabilities	(18,653)	12,198
Amounts due to related parties	75,948	(29,072)
<b>Cash flows used in operating activities</b>	<b>(340,739)</b>	<b>(339,053)</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of loans from shareholders	-	(55,900)
Units issued for cash	979,000	233,000
Convertible partnership units issued for cash	212,100	-
<b>Cash flows from financing activities</b>	<b>1,191,100</b>	<b>177,100</b>
<b>INVESTING ACTIVITIES</b>		
Equipment	(4,178)	(3,054)
Mineral property expenditures	(872,090)	(832,015)
<b>Cash flows used in investing activities</b>	<b>(876,268)</b>	<b>(835,069)</b>
<b>DECREASE IN CASH</b>	<b>(25,907)</b>	<b>(997,022)</b>
<b>FOREIGN EXCHANGE EFFECT ON CASH</b>	<b>(2,033)</b>	<b>(464)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>102,344</b>	<b>1,099,830</b>
<b>CASH, END OF YEAR</b>	<b>\$ 74,404</b>	<b>\$ 102,344</b>
<b>SUPPLEMENTARY NON-CASH FINANCING AND INVESTING INFORMATION</b>		
Mineral property expenditures included in accounts payable and accrued liabilities	\$ (74,133)	\$ (79,164)
Common shares issued for financing fee	21,700	-
Commitment to issue common shares as consideration for mineral property	-	31,500
Contributed surplus on exercise of stock options	43,222	95,856
Interest paid	\$ -	\$ -
Taxes paid	-	-

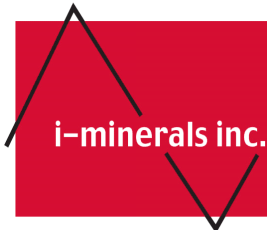
The accompanying notes are an integral part of these consolidated financial statements

**i-minerals inc.**  
*(an Exploration Stage Company)*  
 Consolidated Statement of Mineral Property Deferred Costs  
 For the Years Ended April 30, 2008 and 2007  
*(expressed in Canadian dollars)*

Consolidated Statement of Mineral  
Property Deferred Costs

	Balance, April 30, 2006	Expenditures incurred during the year	Balance, April 30, 2007	Expenditures incurred during the year	Balance, April 30, 2008
<b>UNITED STATES</b>					
HELMER BOVILL PROPERTY					
Assays	\$ 43,501	\$ -	\$ 43,501	\$ -	\$ 43,501
Drilling	571,540	151,312	722,852	260,718	983,570
Engineering and consulting	1,224,635	326,678	1,551,313	270,610	1,821,923
Environmental	-	65,836	65,836	20,717	86,553
Field and survey	164,765	25,901	190,666	15,816	206,482
Licenses and fees	29,358	19,931	49,289	51,117	100,406
Marketing and research	447,071	105,886	552,957	96,805	649,762
Mineral analysis and processing	277,258	127,393	404,651	114,700	519,351
Project management	54,170	62,414	116,584	18,536	135,120
Technical reports	44,977	-	44,977	-	44,977
Travel	95,512	25,828	121,340	28,102	149,442
<b>TOTAL</b>	<b>\$ 2,952,787</b>	<b>\$ 911,179</b>	<b>\$ 3,863,966</b>	<b>\$ 877,121</b>	<b>\$ 4,741,087</b>

The accompanying notes are an integral part of these consolidated financial statements



## 1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN:

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain mineral reserves that are economically recoverable.

The recoverability of amounts shown for mineral property acquisition costs and mineral property deferred costs is dependent upon the discovery of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the development, and upon future profitable production or proceeds from the disposition of the mineral properties.

The Company has incurred losses since inception and, at April 30, 2008, had a working capital deficit of \$142,254 and an accumulated deficit of \$10,177,775. Subsequent to April 30, 2008, the Company raised \$906,019 under the terms of a non-brokered private placement and \$218,750 from the exercise of stock options (Note 11).

The ability of the Company to continue as a going concern is dependent upon its ability to raise sufficient funds to meet its obligations as they become due. Management believes that it will be able to obtain the necessary financing to meet the Company's requirements on an ongoing basis; however, there can be no assurance that the necessary financing will be obtained.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. They do not reflect adjustments to the carrying values of assets and liabilities which may be necessary should the Company be unable to do so. The Company has incurred losses since inception and the ability of the Company to continue as a going concern depends upon its ability to raise adequate financing and to develop profitable operations in the future.

## 2. SIGNIFICANT ACCOUNTING POLICIES:

### a) Basis of Consolidation:

These consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries, i-minerals USA inc. and CKD Ventures Ltd., Inc. (U.S.A.) (inactive), and its interest in the *i-minerals* Helmer Bovill L.L.P. (Note 7). All intercompany transactions are eliminated on consolidation.

### b) Mineral Property Costs:

The Company records its interest in mineral properties and areas of geological interest at cost less option payments received and other recoveries. Exploration and development costs relating to these interests and projects are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or allowed to lapse. Acquisition costs as well as deferred exploration and development costs will be amortized over the useful life of the orebody following attainment of commercial production or will be written-off if the property or project is abandoned.

The recorded amounts for mineral property deferred costs and mineral property acquisition costs represent costs incurred and are not intended to reflect present or future values. The ultimate recovery of such capitalized costs is dependent upon the discovery and development of economic ore reserves or the sale of mineral rights.

## 2. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

### b) Mineral Property Costs continued:

The Company reviews capitalized costs on its mineral properties on a periodic basis and will recognize an impairment in value based upon current exploration or production results, if any, and upon management's assessment of the future probability of profitable revenues from the property or from sale of the property. Management's assessment of the property's estimated current fair market value is also based upon management's review of other property transactions that have occurred in the same geographic area as its properties. The Company does not accrue the estimated future costs of maintaining its mineral properties in good standing.

### c) Financing Costs:

Commissions paid to underwriters, professional fees, regulatory fees, and other costs that are directly attributable to the issuance of shares are charged to share capital. Deferred financing costs represent costs incurred on incomplete financings which are expected to be subsequently completed. Financing costs incurred on failed financings are charged to expense.

### d) 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, credit or currency risks arising from financial instruments.

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

### e) Foreign Currency Transactions:

Transactions denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect on the transaction date. At the balance sheet date, monetary items denominated in a foreign currency are adjusted to reflect the exchange rate in effect at that time. Exchange gains and losses arising on the translation or settlement of foreign currency denominated monetary items are included in the determination of net loss for the year.

### f) Use of Estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant areas where management judgment is applied include asset valuations, the recoverability of exploration and development expenditures on mineral properties, asset retirement obligations, stock based compensation, and contingent liabilities. In the opinion of management, all adjustments considered necessary for fair presentation of the results for the periods presented are reflected in these financial statements

### g) Stock-based Compensation:

The Company's stock-based compensation plan is described in Note 6.

The fair value of stock options is charged to operations as appropriate, with an offsetting credit to contributed surplus. The fair value of stock options which vest immediately is recorded at the date of grant; the fair value of options which vest in future is recognized on a graded basis over the vesting period. Any consideration received on exercise of stock options together with the related portion of contributed surplus is credited to share capital. The fair value of stock options is assessed using the Black-Scholes Option Pricing Model.

**2. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:**

## h) Loss per Share:

Loss per share is calculated using the weighted average number of shares outstanding during the year. The effect of potential issuances of 13,963,370 (2007 - 11,430,000) shares under option, common share purchase warrants, and convertible partnership units would be anti-dilutive and therefore basic and diluted loss per share are the same.

## i) Future Income Taxes:

Income taxes are calculated under the asset and liability method. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future income tax liabilities or assets. Future income tax liabilities or assets are calculated using enacted tax rates anticipated to apply in the periods that the temporary differences are expected to reverse.

To the extent that the Company does not consider it to be more likely than not that a future income tax asset will be realized, it provides a valuation allowance against the excess.

Future tax benefits which may arise as a result of non-capital losses and resource deductions have not been recognized in these financial statements as it is more likely than not that the Company will be unable to use such benefits before they expire. Accordingly, they are being reduced by a valuation allowance.

*i-minerals* Helmer Bovill L.L.P. has issued partnership units to finance its exploration activities. Such units were issued for cash in exchange for the Company giving up tax benefits arising from an equal dollar amount of exploration expenditures. The Company records such share issuances by crediting non-controlling interest for the full value of cash consideration received. The Company follows the recommendations of Emerging Issues Committee (EIC) Abstract No. 146, "Flow-Through Shares" to account for expenditures related to flow-through issuances. This abstract requires the recognition of a future income tax liability on the date that exploration expenditures are incurred and renounced to investors. This date may be different than the effective date of renunciation. Any offsetting future tax asset would be recognized as a recovery of income tax expense.

During the year ended April 30, 2008, the Company incurred \$273,826 (2007 - \$911,179) in deferred exploration expenses through the *i-minerals* Helmer Bovill L.L.P, for which the related tax benefit of \$93,101 (2007 - \$310,129) will be provided to the limited partner pursuant to the Partnership Agreement (Note 7).

## j) Asset Retirement Obligations:

The Company recognizes the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development, and/or normal use of the assets. The obligation will be measured initially at fair value using present value methodology and the resulting costs will be capitalized into the carrying amount of the related asset. In subsequent periods, the liability will be adjusted for any changes in the amount or timing of the underlying future cash flows. Capitalized asset retirement costs will be depreciated on the same basis as the related asset and the discounted accretion of the liability is included in determining the results of operations.

At April 30, 2008 and 2007, the Company has only performed preliminary exploratory work on its mineral properties, and has not incurred significant reclamation obligations. As such, no asset retirement obligation accrual was made in these financial statements.

## k) Equipment:

Equipment is carried at cost and is amortized over the estimated useful economic lives using the declining balance method. Amortization is recorded at one-half the normal rate in the year of acquisition.

### 3. CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION:

#### Financial instruments

Effective May 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants' new Handbook Section 1530, "Comprehensive Income", Section 3855, "Financial Instruments", and Section 3861, "Financial Instruments - Disclosure and Presentation". These standards were adopted on a prospective basis with no restatement of prior year financial statements.

#### a) Comprehensive income

Section 1530 introduces new requirements for situations when certain gains and losses ("other comprehensive income" or "OCI") must be temporarily presented outside of net loss. Comprehensive income includes both net loss and OCI. OCI is the change in shareholders' equity from non-owner sources which are not included in the calculation of net loss until realized. Cumulative changes in OCI are included in Accumulated Other Comprehensive Income ("AOCI"), which is presented as a new category of shareholders' equity on the balance sheet. The Company had no OCI transactions during the year ended April 30, 2008, and no opening nor closing balances for AOCI.

#### b) Financial instruments recognition, measurement, disclosure and presentation

Under Section 3855, 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. All financial instruments and derivatives are measured on the balance sheet date at fair value upon initial recognition. Subsequent measurement depends on the initial classification of the instrument. Held-for-trading financial assets are measured at fair value, with changes in fair value recognized in net earnings (loss). Available-for-sale financial instruments are measured at fair value, with changes in fair value recorded in OCI until the instrument is derecognized or impaired. 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.

Upon adoption of these new standards, the Company has designated its cash as held-for trading, which is measured at fair value. Receivables are designated as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are designated as other liabilities, which are measured at amortized cost. At April 30, 2008, the Company had neither available-for-sale nor held-to maturity financial instruments. The adoption of this policy had no material impact on opening deficit.

Section 3861 identifies and details information to be disclosed in the financial statements.

#### c) Hedging

This standard specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The Company currently does not hold any financial instruments designated for hedge accounting.

#### d) Accounting Changes

Section 1506 revised the standards on changes in accounting policy, estimates or errors to require a change in accounting policy to be applied retrospectively (unless doing so is impracticable or is specified otherwise by a new accounting standard), changes in estimates to be recorded prospectively, and prior period errors to be corrected retrospectively. Voluntary changes in accounting policy are allowed only when they result in financial statements that provide reliable and more relevant information. In addition, these revised standards call for enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements. The impact of this new standard cannot be determined until such time as the Company makes a change in accounting policy, other than the changes resulting from the implementation of the new CICA Handbook standards discussed in this note.

**3. CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION - CONTINUED:**

**Future accounting and reporting changes**

The Canadian Institute of Chartered Accountants issued new accounting standards which the Company will adopt, effective May 1, 2008: Section 1535 "Capital Disclosures", Section 3862 "Financial Instruments - Disclosures" and Section 3863 "Financial Instruments - Presentation". The new requirements of Sections 1535, 3862 and 3863 are for disclosure purposes only and will not impact the financial results of the Company.

- (i) Section 1535 establishes guidelines for the disclosure of information on an entity's capital and how it is managed. This enhanced disclosure enables users to evaluate the entity's objectives, policies and processes for managing capital.
- (ii) Sections 3862 and 3863 replace the existing Section 3861 "Financial Instruments - Disclosure and Presentation". Section 3862 requires enhanced disclosure on the nature and extent of financial instrument risks and how an entity manages those risks. Section 3863 carries forward the existing presentation requirements and provides additional guidance for the classification of financial instruments.

The Canadian Institute of Chartered Accountants 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.

**International Financial Reporting Standards ("IFRS")**

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 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.

**4. MINERAL PROPERTY ACQUISITION COSTS:**

	2008	2007
Helmer Bovill Property - Latah County, Idaho	\$ 117,000	\$ 117,000

The Company has entered into a purchase and sale agreement with Idaho Industrial Minerals LLC ("IIM"), a company in which one of the Company's directors has a 25% interest, under which the Company has the right to acquire a 100% interest in 10 lease applications that comprise the Helmer Bovill property by issuing to IIM a total of 1,750,000 shares of the Company. These shares will be issued based on certain development-based benchmarks being attained as follows:

- 100,000 shares upon assignment of the mineral lease applications to the Company (issued)
- 350,000 shares upon the State of Idaho issuing mining leases to the Company (issued)
- 400,000 shares upon the completion of a feasibility study
- 500,000 shares upon completion of the permitting process necessary to construct and operate a mining facility
- 400,000 shares upon completion of a production plant and first delivery of a commercial product

In fiscal 2006, the total consideration of 1,750,000 shares was increased by an additional 50,000 shares in return for an extension of the agreement until August 2008. In fiscal 2007, all approvals were received and the commitment to issue shares was recorded at the trading value on the resolution date of \$0.63 per share. See Note 11 c).

## 5. EQUIPMENT:

Equipment consists of the following:

	2008			2007		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Computer hardware	\$ 7,071	\$ 1,683	\$ 5,388	\$ 3,053	\$ 457	\$ 2,596
Computer software	1,597	1,497	100	1,437	1,437	-
	<u>\$ 8,668</u>	<u>\$ 3,180</u>	<u>\$ 5,488</u>	<u>\$ 4,490</u>	<u>\$ 1,894</u>	<u>\$ 2,596</u>

## 6. SHARE CAPITAL:

### Common shares

	Shares	Amount
Authorized - 100,000,000 common shares without par value		
Issued and outstanding at April 30, 2006	15,923,765	\$ 10,496,462
Exercise of stock options	630,000	328,856
Issued and outstanding at April 30, 2007	16,553,765	10,825,318
Private placement of units	1,800,000	629,448
Issue costs - units	43,400	(6,510)
Exercise of warrants and stock options	200,000	131,407
Issued and outstanding at April 30, 2008	18,597,165	\$ 11,579,663

During the year ended April 30, 2008, the Company closed a non-brokered private placement of 1,800,000 units at a price of \$0.50 per unit for gross proceeds of \$900,000. 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 \$0.60 per share until July 13, 2008, and \$0.70 per share thereafter until expiry July 12, 2009. The value of \$270,552 (\$0.15 per warrant) has been attributed to the warrants issued under this private placement based on the Black Scholes pricing model and has been credited to warrants within shareholders' equity. Assumptions used in the pricing model are as follows: average risk-free interest rate - 4.7%; expected life - 2 years; expected volatility - 75%; and expected dividends - nil. The Company paid 10% finders' fees on a portion of the units subscribed through the issuance of 43,400 units with terms identical to those placed in the offering. The value of \$6,510 (\$0.15 per warrant) has been attributed to the warrants portion of the finders' fees based on the Black Scholes pricing model and has been credited to warrants within shareholders' equity.

### Stock options

On October 30, 2002, the Company adopted a stock option plan ("the Plan"). The Plan provides that the directors of the Company may grant options to purchase common shares to directors, officers, employees and service providers of the Company on terms that the directors of the Company may determine are within the limitations set forth in the Plan. The maximum number of shares available under the Plan is limited to 10% of the issued common shares.

A summary of the Company's stock options outstanding at April 30, 2008 and April 30, 2007 and the changes for the years ending on those dates was as follows:

**6. SHARE CAPITAL - CONTINUED:**

	Number Outstanding	Weighted Average Exercise Price
Balance at May 1, 2006	2,010,000	\$ 0.40
Exercised	(630,000)	\$ 0.37
Balance at April 30, 2007	1,380,000	\$ 0.41
Granted	520,000	\$ 0.59
Exercised	(150,000)	\$ 0.41
Balance at April 30, 2008	1,750,000	\$ 0.46
Weighted average fair value of stock options granted during fiscal 2008		\$ 0.45
Weighted average fair value of stock options granted during fiscal 2007		n/a

The Company uses the Black-Scholes option pricing model to estimate the value of the options at each grant date. For options granted during fiscal 2008, the Company used the following weighted average assumptions: dividend yield - nil; annualized volatility - 106% to 107%; risk-free interest rate - 4.4% to 4.6%; expected life - 5 years. In 2007 no options were granted.

Options granted under the Stock Option Plan are expensed over the vesting period. During the year ended April 30, 2008, an amount of \$238,735 (2007 - \$141,515) was expensed and credited to contributed surplus.

Of the total options granted, 1,425,000 were exercisable at April 30, 2008 (2007 - 1,260,000) at a weighted average exercise price of \$0.43 (2007 - \$0.40).

**Share purchase warrants**

A summary of fully-exercisable share warrant activity during the years ended April 30, 2008 and April 30, 2007 was as follows:

	Number Outstanding	Weighted Average Exercise Price	Amount
Balance at May 1, 2006 and 2007	50,000	\$ 0.35	\$ 9,185
Issued	1,843,400	\$ 0.60	277,062
Exercised	(50,000)	\$ 0.35	(9,185)
Balance at April 30, 2008	1,843,000	\$ 0.60	\$ 277,062

Summary of warrants and stock options outstanding at April 30, 2008:

Security	Number Outstanding	Exercise Price	Expiry Date
Warrants	1,843,400	\$ 0.70	July 12, 2009
Stock options	625,000	\$ 0.35	June 4, 2008 (Note 11 a)
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

The Company also has outstanding 2,000,000 convertible partnership units which are convertible into 10,000,000 common shares of the Company; and a further 74,074 convertible partnership units which are convertible into 370,370 common shares (Note 7).

## 6. SHARE CAPITAL - CONTINUED:

### Contributed surplus

Balance - May 1, 2006	\$	440,181
Stock-based compensation		141,515
Contributed surplus on exercise of stock options		(95,856)
<hr/>		
Balance - April 30, 2007		485,840
Stock-based compensation		238,735
Contributed surplus on exercise of stock options		(43,222)
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Balance - April 30, 2008	\$	681,353

## 7. CONVERTIBLE PARTNERSHIP UNITS:

During fiscal 2005, *i-minerals* Helmer Bovill L.L.P. (the "Limited Partnership") a newly-created limited partnership, of which the Company is the general partner holding a 66.6% interest in partnership capital, closed a private placement of convertible partnership units raising proceeds of U.S. \$2,000,000. Under the terms of the offering, the Company will issue 10 million common shares upon the conversion of the Limited Partners' 2 million partnership units (the "Units") of the Limited Partnership. All of the Units under the offering were subscribed for by a private company related to a director of the Company at a purchase price of U.S. \$1.00 per Unit. Each Unit is convertible into five common shares of the Company, resulting in an effective conversion price of U.S. \$0.20 per common share.

The Company is the general partner of the Limited Partnership and will direct the expenditure of funds on the Helmer Bovill property. As the general partner, the Company has agreed to pass all tax losses back to the Limited Partners in the year in which the expenditures are incurred and in proportion to the Limited Partners' interest in the Limited Partnership. The losses will accrue to the Limited Partners until either all funds advanced by the Limited Partners have been expended, or the Limited Partners convert their Limited Partnership interests into common shares of the Company. In turn, the Limited Partners can apply the losses against certain United States based income.

At any time from and after the date of formation of the Partnership, each Limited Partner has the option to convert each Unit into five common shares of the Company. Effective March 31, 2007, the Company has the option to call all, but not less than all, of the Units subscribed for under the original offering which will convert automatically into five common shares of the Company.

During the year ended April 30, 2008, the Company closed a further convertible private placement of partnership units, raising proceeds of \$212,100 (U.S. \$200,000). Under the terms of the offering, the Company will issue 370,370 common shares upon the conversion of 74,074 Units. Each Unit is convertible into five common shares of the Company resulting in an effective price of U.S. \$0.54 per common share. All of the Units under the offering were subscribed for by a private company related to a director of the Company.

Each Limited Partner has the option to convert each Unit into five common shares of the Company. At any time from and after March 31, 2009, the Company shall have the option to call all, but not less than all, of the outstanding Units acquired under the recently completed offering, which will convert automatically into five common shares of the Company.

Continuity Schedule of non-controlling interest at April 30, 2008:

		<b>Amount</b>
Balance at April 30, 2006	\$	1,892,123
Increase in future income tax liability		(310,129)
Non-controlling interest included in loss		(108,472)
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Balance at April 30, 2007		1,473,522
Private placement of partnership units		212,100
Increase in future income tax liability		(93,101)
Non-controlling interest included in loss		(6,928)
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Balance at April 30, 2008	\$	1,585,593

**7. CONVERTIBLE PARTNERSHIP UNITS - CONTINUED:**

All profits of the partnership and distributions of available cash flow for any fiscal year are allocated to all Partners in the ratio of their percentage interest in partnership capital. Losses for any fiscal year are allocated to the Limited Partners until all funds advanced by the Limited Partners have been expended.

**8. RELATED PARTY TRANSACTIONS:**

Related party transactions not disclosed elsewhere in these financial statements are as follows:

Except as noted below, amounts due to related parties are unsecured, non-interest bearing and have no fixed terms for repayment.

During the year ended April 30, 2008, management fees of \$18,101 (2007 - \$20,939) and consulting fees of \$36,000 (2007 - \$36,000) were charged by directors or officers or companies controlled by them. A further \$109,870 (2007 - \$121,944) in consulting and research fees were charged by directors and are included with mineral property deferred costs. As at April 30, 2008, \$105,966 (2007 - \$33,298) is still 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, 2008 was \$5,511 (2007 - \$6,087) payable to related parties.

During the comparative year ended April 30, 2007, the Company repaid non-interest bearing advances from a director amounting to \$55,900 (U.S. \$50,000).

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

**9. CONTINGENCIES:**

The Company may be subject to various contingent liabilities that occur in the normal course of operations. The outcome of these contingencies is not determinable and such expense, if any, will be recognized in the periods in which they become likely.

**10. SEGMENT DISCLOSURES:**

The Company considers its business to comprise a single operating segment, being exploration of resource properties, within the geographic area of the United States.

**11. SUBSEQUENT EVENTS:**

- a) Subsequent to April 30, 2008, 625,000 stock options were exercised at a price of \$0.35 per share, generating proceeds of \$218,750.
- b) Subsequent to April 30, 2008, the Company closed a non-brokered private placement of 1,510,032 units at a price of \$0.60 per unit for proceeds of \$906,019. 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 \$0.70 per share 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.
- c) Subsequent to April 30, 2008, the Company issued 50,000 common shares to satisfy its commitment to issue shares under the Helmer Bovill property acquisition agreement (Note 4).

