

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: **July 31, 2021**

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: **000-55321**



I-MINERALS INC.

(Exact name of registrant as specified in its charter)

Canada

(State or other jurisdiction of incorporation or organization)

20-4644299

(I.R.S. Employer Identification No.)

Suite 880, 580 Hornby Street, Vancouver, BC, Canada V6C 3B6

(Address of principal executive offices)(Zip Code)

(877) 303-6573

Registrant's telephone number, including area code

Not applicable

(Former name or former address if changed since last report)

Securities registered under section 12(g) of the Exchange Act: Common shares with no par value.

Indicate by check mark if the registrant is a well-known season issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
(Do not check if a smaller reporting company)		Emerging growth company	<input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in rule 12b-2 of the Exchange Act). Yes No

As of September 14, 2021, the registrant had 93,730,212 outstanding shares of common stock.

I-Minerals Inc.
TABLE OF CONTENTS

Part I. Financial Information

Item 1. Financial Statements (Unaudited)

Condensed interim consolidated balance sheets – July 31, 2021 and April 30, 2021

Condensed interim consolidated statements of loss – Three months ended July 31, 2021 and 2020

Condensed interim consolidated statements of cash flows – Three months ended July 31, 2021 and 2020

Condensed interim consolidated statements of capital deficit – Three months ended July 31, 2021 and 2020

Notes to the condensed interim consolidated financial statements – July 31, 2021

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Item 4. Controls and Procedures

Part II. Other Information

Item 1. Legal Proceedings

Item 1A. Risk Factors

Item 2. Unregistered Sales of Equity Securities and use of Proceeds

Item 3. Defaults Upon Senior Securities

Item 4. Mine Safety Disclosures

Item 5. Other Information

Item 6. Exhibits

Signatures



I-Minerals Inc.

Condensed Interim Consolidated Financial Statements
For the three months ended July 31, 2021 and 2020
(Unaudited - Expressed in US dollars)

I-Minerals Inc.
Condensed Interim Consolidated Balance Sheets
July 31, 2021 and April 30, 2021

(Unaudited - Expressed in US dollars)
(Prepared in accordance with US GAAP)

	Notes	July 31, 2021 \$	April 30, 2021 \$
ASSETS			
Current assets			
Cash and cash equivalents		59,946	110,684
Receivables		8,766	5,819
Prepays		42,950	65,967
		111,662	182,470
Equipment and right-of-use asset		38,640	45,439
Mineral property interest and deferred development costs	3	1,892,410	1,892,410
Deposits		29,208	29,208
TOTAL ASSETS		2,071,920	2,149,527
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	4,8	1,361,834	2,898,466
Lease liability – current	5	27,982	27,982
Promissory notes due to related party	6	33,904,894	32,029,474
		35,294,710	34,955,922
Lease liability – non-current	5	4,141	9,966
TOTAL LIABILITIES		35,298,851	34,965,888
CAPITAL DEFICIT			
Capital Stock			
Authorized:			
Unlimited common shares with no par value			
Issued and fully paid: 93,730,212 (April 30, 2021 – 93,730,212)	7	19,225,087	19,225,087
Additional paid-in capital		1,865,342	1,865,342
Deficit		(54,317,360)	(53,906,790)
TOTAL CAPITAL DEFICIT		(33,226,931)	(32,816,361)
TOTAL LIABILITIES AND CAPITAL DEFICIT		2,071,920	2,149,527

Basis of Presentation and Going Concern (Note 1)
Subsequent events (Note 12)

On behalf of the Board

“John Theobald” Director

“W. Barry Girling” Director

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

I-Minerals Inc.
Condensed Interim Consolidated Statements of Loss
For the three months ended July 31, 2021 and 2020

(Unaudited - Expressed in US dollars)

	Notes	2021 \$	2020 \$
<i>OPERATING EXPENSES</i>			
Amortization		633	5,062
Management and consulting fees	8	52,114	50,159
Mineral property expenditures		136,091	138,490
General and miscellaneous		52,524	37,912
Professional fees	8	99,320	70,382
		(340,682)	(302,005)
<i>OTHER (EXPENSE) INCOME</i>			
Foreign exchange (loss) gain		821	7,979
Interest expense	6	(70,709)	(890,109)
<i>LOSS FOR THE PERIOD</i>		(410,570)	(1,184,135)
Loss per share – basic and diluted		(0.00)	(0.01)
Weighted average number of shares outstanding		93,730,212	93,730,212

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

I-Minerals Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the three months ended July 31, 2021 and 2020

(Unaudited - Expressed in US dollars)

	2021 \$	2020 \$
OPERATING ACTIVITIES		
Net loss for the period	(410,570)	(1,184,135)
Items not involving cash:		
Amortization	633	5,062
Change in non-cash operating working capital items:		
Receivables	(2,947)	2,268
Prepays	23,017	(18,965)
Accounts payable and accrued liabilities	89,129	946,939
Cash flows used in operating activities	(300,738)	(248,831)
FINANCING ACTIVITIES		
Proceeds from promissory notes received	250,000	120,000
Cash flows from financing activities	250,000	120,000
DECREASE IN CASH	(50,738)	(128,831)
CASH, BEGINNING OF THE PERIOD	110,684	347,887
CASH, END OF THE PERIOD	59,946	219,056
SUPPLEMENTAL CASH FLOW INFORMATION (Note 10)		
Interest paid	-	-
Taxes paid	-	-

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

I-Minerals Inc.
Condensed Interim Consolidated Statements of Capital Deficit
For the three months ended July 31, 2021 and 2020

(Unaudited - Expressed in US dollars)

	Number of Shares #	Amount \$	Commitment to Issue Shares \$	Additional Paid-in Capital \$	Accumulated Deficit (Revised) \$	Total Capital Deficit \$
Balance at April 30, 2020	93,730,212	19,225,087	-	1,865,342	(48,685,278)	(27,594,849)
Adoption of ASU 2018-07 adjustment (Note 2)	-	-	-	-	16,541	16,541
Balance at May 1, 2020	93,730,212	19,225,087	-	1,865,342	(48,668,737)	(27,578,308)
Withholding tax	-	-	-	-	(80,951)	(80,951)
Loss for the period	-	-	-	-	(1,184,135)	(1,184,135)
Balance at July 31, 2020	93,730,212	19,225,087	-	1,865,342	(49,933,823)	(28,843,394)
Withholding tax	-	-	-	-	(257,843)	(257,843)
Loss for the period	-	-	-	-	(3,715,124)	(3,715,124)
Balance at April 30, 2021	93,730,212	19,225,087	-	1,865,342	(53,906,790)	(32,816,361)
Loss for the period	-	-	-	-	(410,570)	(410,570)
Balance at July 31, 2021	93,730,212	19,225,087	-	1,865,342	(54,317,360)	(33,226,931)

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

I-Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements For the three months ended July 31, 2021 and 2020

(Unaudited - Expressed in US dollars except where otherwise indicated)

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION AND LIQUIDITY:

I-Minerals Inc. (the “Company”) was incorporated under the laws of British Columbia, Canada, in 1984. The Company is listed for trading on the TSX Venture Exchange under the symbol “IMA” and the OTCQB marketplace under the symbol “IMAHF”.

The Company’s principal business is the development of the Helmer-Bovill industrial mineral property (“the Property”) located in Latah County, Idaho. Since inception, the Company has been in the exploration and evaluation stage but moved into the development stage in fiscal 2018. In fiscal 2019, the Company reverted back to the evaluation stage as management determined that the Feasibility Study on the property should be considered non-current. The Helmer-Bovill property is comprised of eleven mineral leases that host potentially economic deposits of feldspar, quartz and kaolinitic clays, primarily kaolinite and halloysite.

Basis of Presentation and Going Concern

The accompanying unaudited condensed interim consolidated financial statements have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) for interim financial information as well as Article 10 of Regulation S-X on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for the next year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At July 31, 2021, the Company had not yet achieved profitable operations, had an accumulated deficit of \$54,317,360 since inception and expects to incur further losses in the development of its business, all of which casts substantial doubt upon the Company’s ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Company’s ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to develop the Property and to meet its obligations and repay its liabilities arising from normal business operations when they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. The Company has been receiving funds from a company controlled by a director of the Company through promissory notes (Note 6). Management considers that the Company will be able to obtain additional funds by promissory notes; however, there is no assurance of additional funding being available. The Company has historically satisfied its capital needs primarily by issuing equity securities and/or promissory notes. Management plans to continue to provide for its capital needs by issuing promissory notes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation and Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries, i-Minerals USA, Inc. and CKD Ventures Ltd. All inter-company accounts and transactions have been eliminated. The Company’s fiscal year-end is April 30th.

Financial Instruments and Fair Value Measures

The book value of cash, receivables, accounts payable and accrued liabilities approximate their fair values due to the immediate or short-term maturity of those instruments. The fair value hierarchy under US GAAP is based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value which are the following:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

I-Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements For the three months ended July 31, 2021 and 2020

(Unaudited - Expressed in US dollars except where otherwise indicated)

- Level 2 - observable inputs other than Level 1, quoted prices for similar assets or liabilities in active prices whose inputs are observable or whose significant value drivers are observable; and
- Level 3 - assets and liabilities whose significant value drivers are unobservable by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company's promissory notes are based on Level 3 inputs in the Accounting Standards Codification ("ASC") 820 fair value hierarchy. The Company calculated the fair value of these instruments by discounting future cash flows using rates representative of current borrowing rates. At July 31, 2021, the promissory notes had a fair value of \$22,546,754 (April 30, 2021 – \$20,819,200).

The Company had certain Level 3 liabilities required to be recorded at fair value on a recurring basis in accordance with US GAAP as at July 31, 2021 and April 30, 2021. As at July 31, 2021 and April 30, 2021, the Company's Level 3 liabilities consisted of promissory notes.

The resulting Level 3 liabilities have no active market and are required to be measured at their fair value each reporting period based on information that is unobservable.

A summary of the Company's Level 3 liabilities as at July 31, 2021 and April 30, 2021 is as follows:

	July 31, 2021 \$	April 30, 2021 \$
Non-employee options (Note 7)		
Beginning fair value	-	16,541
Transfer value on exercise	-	-
Fair value of options on vesting	-	-
Change in fair value	-	-
Adoption of ASU 2018-07 adjustment	-	(16,541)
Ending fair value	-	-
Promissory notes (Note 6)	33,904,894	32,029,474
Total Level 3 liabilities	33,904,894	32,029,474

Certain assets and liabilities are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments only in certain circumstances (for example, when there is evidence of impairment). There were no assets or liabilities measured at fair value on a nonrecurring basis as at July 31, 2021 and April 30, 2021.

Earnings (Loss) Per Share

The basic loss per common share is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding. Diluted loss per common share is computed similar to basic loss per common share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. For the three months ended July 31, 2021, loss per share excludes 2,450,000 (2020 – 2,950,000) potentially dilutive common shares (related to outstanding options and warrants) as their effect was anti-dilutive.

I-Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements For the three months ended July 31, 2021 and 2020

(Unaudited - Expressed in US dollars except where otherwise indicated)

Adoption of New Accounting Pronouncements

Income Taxes

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. ASU 2019-12 will simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. For public business entities, the amendments in this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. Effective May 1, 2021, the Company adopted the new standard. The adoption of this ASU did not result in any adjustments to the financial statements.

Recently Issued Accounting Pronouncements

Financial Instruments - Credit Losses

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU 2016-13 replaced the incurred loss impairment methodology under current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. ASU 2016-13 requires use of a forward-looking expected credit loss model for accounts receivables, loans, and other financial instruments. ASU 2016-13 is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. In October 2019, the FASB issued ASU No. 2019-10, "Financial Instruments-Credit Losses (Topic 326): Effective Dates", to finalize the effective date delays for private companies, not-for-profits, and smaller reporting companies applying the CECL standards. The ASU is effective for reporting periods beginning after December 15, 2022 and interim periods within those fiscal years. Early adoption is permitted. The Company has not early adopted this update and it will become effective on April 1, 2023 assuming the Company will remain an emerging growth company. The Company is currently assessing the impact of adopting this standard on its consolidated financial statements.

3. MINERAL PROPERTY INTEREST AND DEFERRED DEVELOPMENT COSTS:

Helmer-Bovill Property – Latah County, Idaho

The Company has an undivided 100% interest in 11 State of Idaho mineral leases. The State of Idaho mineral leases are subject to a 5% production royalty on gross sales. The mineral leases are in good standing until March 1, 2023 at which time they will be held by us contingent on undertaking mining operations.

In May 2017, the Idaho Department of Lands accepted our operation and reclamation plan. Together with a water rights permit from the Idaho Department of Water Resources, we were able to proceed with development and construction of the mine, subject to obtaining sufficient financing. As a result, management made the decision to begin capitalizing all development expenditures directly related to the Helmer-Bovill Property. In February 2019, the Company determined that the Feasibility Study should be considered non-current and accordingly, the Company has returned to the evaluation stage for accounting purposes.

I-Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements For the three months ended July 31, 2021 and 2020

(Unaudited - Expressed in US dollars except where otherwise indicated)

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

	July 31, 2021	April 30, 2021
	\$	\$
Trade payables	176,426	160,503
Amounts due to related parties (Note 8)	221,413	219,256
Withholding tax and interest on deemed dividends (Notes 6 and 11)	956,756	896,756
Interest payable on promissory notes (Note 6)	7,239	1,621,951
Total accounts payable and accrued liabilities	1,361,834	2,898,466

5. LEASE LIABILITY:

The Company entered into a property lease in October 2020 and the Company recognized a lease obligation with respect to the operating lease. The terms and the outstanding balances as at July 31, 2021 and April 30, 2021 are as follows:

	July 31, 2021	April 30, 2021
	\$	\$
Right-of-use asset from property lease repayable in monthly instalments of \$2,332 and an interest rate of 13% per annum and an end date of October 15, 2022	32,123	37,948
Less: current portion	(27,982)	(27,982)
Non-current portion	4,141	9,966

The following is a schedule of the Company's future minimum lease payments related to the office lease obligation:

	July 31, 2021
	\$
2022	27,982
2023	6,995
Total minimum lease payments	34,977
Less: imputed interest	(2,854)
Total present value of minimum lease payments	32,123
Less: current portion	(27,982)
Non-current portion	4,141

I-Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements For the three months ended July 31, 2021 and 2020

(Unaudited - Expressed in US dollars except where otherwise indicated)

6. PROMISSORY NOTES DUE TO RELATED PARTY:

	July 31, 2021	April 30, 2021
	\$	\$
Third promissory notes	27,718,629	26,404,927
Fifth promissory notes	3,385,478	3,199,806
Sixth promissory notes	2,800,787	2,424,741
Total promissory notes	33,904,894	32,029,474

The Company has Third Promissory Notes, Fifth Promissory Notes and Sixth Promissory Notes due to a company controlled by a director of the Company (the "Lender"). The Third Promissory Notes were due on March 31, 2019. On March 27, 2019, an amending agreement was entered into extending the maturity date of the Promissory Notes from March 31, 2019 to June 30, 2019 for no consideration. On June 28, 2019, the Company entered into an amending agreement with the Lender further extending this maturity date to October 31, 2019 for no consideration. The Fifth Promissory Notes were due on December 31, 2019. On October 25, 2019, the Company entered into an amending agreement with the Lender extending the maturity date for both notes, for no consideration, to the earlier of (i) June 30, 2020 and (ii) 60 days after a pre-feasibility study has been filed on SEDAR. The Sixth Promissory Notes have the same maturity date. On June 4, 2020, all three promissory notes were extended to December 15, 2020 for no consideration. On December 3, 2020, the maturity date was extended to March 15, 2021 for no consideration. On March 9, 2021 the maturity date was extended to April 15, 2021 for no consideration. On April 15, 2021 the maturity date was extended to May 15, 2021 for no consideration. On May 10, 2021 the maturity date was extended to June 15, 2021 for no consideration. On June 15, 2021 the maturity date was extended to July 15, 2021 for no consideration. On July 15, 2021 the maturity date was extended to August 15, 2021 for no consideration. In addition, the interest rate was decreased to 0.13% per annum effective May 1, 2021 from 12% to 14%. On August 12, 2021 the maturity date was extended to September 15, 2021 for no consideration. On September 13, 2021 the maturity date was extended to October 15, 2021 for no consideration.

In accordance with the guidance of ASC 470-50 and ASC 470-60, the Company determined that the March 27, 2019, June 28, 2019, October 25, 2019, June 4, 2020, December 3, 2020, March 9, 2021, April 15, 2021, May 10, 2021, June 15, 2021 and July 15, 2021 extension agreements qualified as troubled debt restructurings. However, as the Company did not transfer assets or grant an equity interest to the Lender and since the carrying amount of the promissory notes at the time of the restructurings did not exceed the total future cash payments specified by the new terms, this change was accounted for prospectively using the effective interest rate that equates the carrying amount to the expected future cash flows.

Certain conditions may result in early repayment including immediate repayment in the event a person currently not related to the Company acquires more than 40% of the outstanding common shares of the Company.

Third Promissory Notes

The Third Promissory Notes bear interest at the rate of 0.13% per annum and during the three months ended July 31, 2021, the Company recorded interest of \$8,789 (2020 - \$738,929). Interest is payable semi-annually as calculated on May 31st and November 30th of each year. Interest is to be paid either in cash, in common shares or deemed an advance of principal at the option of the Lender. A 5% late payment penalty may apply if payment is not paid within ten days after the due date. During the three months ended July 31, 2021, the Lender elected to have interest payable from December 1, 2020 to May 31, 2021 of \$1,313,702 deemed as advances.

Fifth Promissory Notes

On September 11, 2018, the Company entered into a Loan Agreement with the Lender pursuant to which up to \$2,500,000 will be advanced to the Company in tranches (the "Fifth Promissory Notes"). As at July 31, 2021, the Company had received \$2,500,000 (April 30, 2021 - \$2,500,000) in advances pursuant to the Fifth Promissory Notes.

I-Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements For the three months ended July 31, 2021 and 2020

(Unaudited - Expressed in US dollars except where otherwise indicated)

The Fifth Promissory Notes bear interest at the rate of 0.13% per annum and during the three months ended July 31, 2021, the Company recorded interest of \$1,071 (2020 - \$103,176). Interest is payable semi-annually as calculated on May 31st and November 30th of each year. Interest is to be paid either in cash, in common shares or deemed an advance of principal at the option of the Lender. A 5% late payment penalty may apply if payment is not paid within ten days after the due date. During the three months ended July 31, 2021, the Lender elected to have interest payable from December 1, 2020 to May 31, 2021 of \$185,672 deemed as advances.

Sixth Promissory Notes

On October 25, 2019, the Company entered into a Loan Agreement with the Lender pursuant to which up to \$700,000 will be advanced to the Company in tranches (the "Sixth Promissory Notes"). On January 20, 2020 and July 8, 2020, the Company entered into amending agreements whereby the Lender agreed to advance an additional \$600,000 and \$1,200,000, respectively, under the same terms as the Sixth Promissory Notes. As at July 31, 2021, the Company had received \$2,500,000 in advances pursuant to the Sixth Promissory Notes (April 30, 2021 - \$2,250,000).

The Sixth Promissory Notes bear interest at the rate of 0.13% per annum and during the three months ended July 31, 2021, the Company recorded interest of \$849 (2020 - \$48,004). Interest is payable semi-annually as calculated on May 31st and November 30th of each year. Interest is to be paid either in cash, in common shares or deemed an advance of principal at the option of the Lender. A 5% late payment penalty may apply if payment is not paid within ten days after the due date. During the three months ended July 31, 2021, the Lender elected to have interest payable from December 1, 2020 to May 31, 2021 of \$126,046 deemed as advances.

During the three months ended July 31, 2021, the Company recorded accrued interest of \$60,000 with respect to the accrued withholding tax payable (Note 11).

The Third Promissory Notes, the Fifth Promissory Notes and the Sixth Promissory Notes are collateralized by the Company's Helmer-Bovill Property.

The following table outlines the estimated cash payments required, by calendar year, in order to repay the principal balance of the Third Promissory Notes, the Fifth Promissory Notes and the Sixth Promissory Notes:

2022	2023	2024	2025	2026	Total
\$	\$	\$	\$	\$	\$
33,904,894	-	-	-	-	33,904,894

7. SHARE CAPITAL:

Common shares

a) Authorized:

Unlimited number of common shares, without par value.

The holders of common shares are entitled to receive dividends which are declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

b) Stock transactions:

During the three months ended July 31, 2021 and 2020, the Company did not complete any stock transactions.

I-Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements For the three months ended July 31, 2021 and 2020

(Unaudited - Expressed in US dollars except where otherwise indicated)

c) Stock options:

The Company has granted stock options under the terms of its 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. The maximum term of stock options is ten years. All stock options vest on the date of grant, unless otherwise stated. As at July 31, 2021, the Company had 6,923,021 stock options available for grant pursuant to the Plan (April 30, 2021 – 6,623,021).

The Company's stock options outstanding as at July 31, 2021 and the changes for the period then ended are as follows:

	Number Outstanding	Weighted Average Exercise Price (in CAD\$)
Balance outstanding at April 30, 2020	2,950,000	0.26
Expired	(200,000)	0.25
Balance outstanding at April 30, 2021	2,750,000	0.26
Expired	(300,000)	0.30
Balance outstanding at July 31, 2021	2,450,000	0.25
Balance exercisable at July 31, 2021	1,200,000	0.25

Summary of stock options outstanding at July 31, 2021:

Security	Number Outstanding	Number Exercisable	Exercise Price (CAD\$)	Expiry Date	Remaining Contractual Life (years)
Stock options	1,000,000	1,000,000	0.25	April 20, 2022	0.72
Stock options	⁽¹⁾ 1,450,000	⁽¹⁾ 200,000	0.25	August 9, 2023	2.02

Notes:

⁽¹⁾ 1,250,000 stock options vest on the completion of certain milestones including equity financing, project financing, mine construction and achieving commercial production. 200,000 stock options vested as to 25% every three months from the date of grant.

Non-Employee Stock Options

In accordance with the guidance of ASU 2018-07, the measurement and classification of stock options awarded to non-employees is aligned with that for employees. The ASU retains the existing cost attribution guidance, which requires entities to recognize compensation cost for nonemployee awards in the same period and in the same manner (i.e. capitalize or expense) they would if they paid cash for the goods or services, but it moves the guidance to ASC 718. Effective May 1, 2020, the Company adopted the new standard. Upon adoption, the Company applied the modified retrospective transition approach and recorded an adjustment on May 1, 2020 to decrease derivative liabilities by \$16,541 and decrease opening deficit by \$16,541.

As at July 31, 2021, the unamortized compensation cost of options is \$93,382 and the intrinsic value of options expected to vest is \$nil.

I-Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements For the three months ended July 31, 2021 and 2020

(Unaudited - Expressed in US dollars except where otherwise indicated)

8. RELATED PARTY TRANSACTIONS:

During the three months ended July 31, 2021, management and consulting fees of \$23,000 (2020 - \$24,000) were charged by RJG Capital Corporation, a wholly-owned company of W. Barry Girling, Director. Wayne Moorhouse, Director, charged \$5,706 (2020 - \$4,098) in management and consulting fees. Gary Childress, Director, charged \$3,657 (2020 - \$3,310) in management and consulting fees. \$7,440 (2020 - \$6,929) was charged by Malaspina Consultants Inc. for the services of Matt Anderson, CFO, and are included in professional fees.

Included in accounts payable and accrued liabilities are amounts owed to directors or officers or companies controlled by them. As at July 31, 2021, the amount was \$221,413 (April 30, 2021 – \$219,256). All amounts are non-interest bearing, unsecured, and due on demand.

The promissory notes received from a company controlled by a director (Note 6) are related party transactions.

9. SEGMENT DISCLOSURES:

The Company considers its business to comprise a single operating segment being the exploration and development of its resource property. Substantially all of the Company's long-term assets and operations are located in Latah County, Idaho.

10. NON-CASH TRANSACTIONS:

Investing and financing activities that affect recognized assets or liabilities but that do not result in cash receipts or cash payments are excluded from the consolidated statements of cash flows. During the three months ended July 31, 2021, the following transactions were excluded from the consolidated statement of cash flows:

- a) The transfer of \$1,625,421 of interest payable on the Third, Fifth and Sixth Promissory Notes from accounts payable and accrued liabilities to promissory notes; and,
- b) Deferred mineral property expenditures of \$40,062 included in accounts payable and accrued liabilities at April 30, 2021, less \$40,062 included in accounts payable at April 30, 2020 (net inclusion of \$nil).

During the three months ended July 31, 2020, the following transactions were excluded from the consolidated statement of cash flows:

- a) The transfer of \$1,674,717 of interest payable on the Third, Fifth and Sixth Promissory Notes from accounts payable and accrued liabilities to promissory notes; and,
- b) Deferred mineral property expenditures of \$40,062 included in accounts payable and accrued liabilities at July 31, 2020, less \$40,062 included in accounts payable at April 30, 2020 (net inclusion of \$nil).

11. PRIOR PERIODS FINANCIAL REVISIONS:

The Company determined that accrued interest on the promissory notes are subject to withholding taxes as the Lender controls over 25% of the common shares of the Company and the Company's debt to equity ratio exceeded certain statutory limits that caused interest expense deductibility to be partially restricted. The withholding taxes are payable based on the amount of restricted interest, when such interest is paid or at the end of a fiscal year and are accounted for as a deemed dividend in accordance with ASC 740-10-15-4. The impact of the error on financial statements for the three months ended July 31, 2020 are presented below. There was no impact on the Company's Consolidated Statement of Loss or the Consolidated Statement of Cash Flows.

I-Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements For the three months ended July 31, 2021 and 2020

(Unaudited - Expressed in US dollars except where otherwise indicated)

Impact for the three months ended July 31, 2020

	As Previously Reported \$	As Revised \$
Capital Deficit:		
Accumulated deficit	(49,294,910)	(49,933,823)
Total capital deficit	(28,204,481)	(28,843,394)

Management also assessed the materiality of the effect of the errors on the Company's prior annual financial statements, both quantitatively and qualitatively, in accordance with the Securities and Exchange Commission's ("SEC") Staff Accounting Bulletin ("SAB") No. 99, "Materiality" and SAB No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements". Management concluded the error was not material to any previously issued financial statements. Consequently, the Company will correct this error prospectively and revise its financial statements when the balance sheets, statements of loss and cash flows for such periods are included in future filings ("the Revisions"). The Revisions have no impact on net loss or net cash used in operating activities as previously reported.

12. SUBSEQUENT EVENTS:

Subsequent to July 31, 2021:

- i) On August 12, 2021, the maturity date of the promissory notes was extended to September 15, 2021 for no consideration;
- ii) On August 10, 2021, the Company received \$110,000 pursuant to the Sixth Promissory Notes; and,
- iii) On September 13, 2021, the maturity date of the promissory notes was extended to October 15, 2021 for no consideration.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Quarterly Report constitute "forward-looking statements." These statements, identified by words such as "plan," "anticipate," "believe," "estimate," "should," "expect" and similar expressions include our expectations and objectives regarding our future financial position, operating results and business strategy. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration and development activities; changes in project parameters as plans continue to be refined; changes in labour costs or other costs of production; future mineral prices; equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry, including but not limited to environmental hazards, cave-ins, pit-wall failures, flooding, rock bursts and other acts of God or unfavourable operating conditions and losses; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the section titled "Risk Factors" in our Annual Report on Form 10-K which was filed with the SEC on August 10, 2021.

Forward looking statements are based on a number of material factors and assumptions, including the results of exploration/development and drilling activities, the availability and final receipt of required approvals, licenses and permits, that sufficient working capital is available to complete proposed exploration/development and drilling activities, that contracted parties provide goods and/or services on the agreed time frames, the equipment necessary for exploration/development is available as scheduled and does not incur unforeseen break downs, that no labour shortages or delays are incurred and that no unusual geological or technical problems occur. While we consider these assumptions may be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in the section titled "Risk Factors" in this Quarterly Report.

We intend to discuss in our Quarterly Reports and Annual Reports any events or circumstances that occurred during the period to which such documents relate that are reasonably likely to cause actual events or circumstances to differ materially from those disclosed in this Annual Report. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on our business or the extent to which any factor, or combination of such factors, may cause actual results to differ materially from those contained in any forwarding looking statement.

CAUTIONARY NOTE TO U.S. INVESTORS REGARDING ESTIMATES OF MEASURED, INDICATED AND INFERRED RESOURCES AND PROVEN AND PROBABLE RESERVES

The terms "mineral reserve", "proven mineral reserve" and "probable mineral reserve" as used in this Quarterly Report are Canadian mining terms as defined in accordance with Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") and the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") – CIM Definition Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as amended (the "CIM Definition Standards"). These definitions differ from the definitions in the United States Securities and Exchange Commission ("SEC") Industry Guide 7 ("SEC Industry Guide 7") under the United States Securities Act of 1933, as amended (the "Securities Act"). Under SEC Industry Guide 7 standards, a "final" or "bankable" feasibility study is required to report reserves, the three-year historical average price is used in any reserve or cash flow analysis to designate reserves, and the primary environmental analysis or report must be filed with the appropriate governmental authority.

In addition, the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in and required to be disclosed by NI 43-101; however, these terms are not defined terms under SEC Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that all or any part of a mineral deposit in these categories will ever be converted into reserves. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all, or any part, of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of unit measures in a resource is permitted disclosure under Canadian regulations; however, the SEC only permits issuers to report mineralization that does not constitute "reserves" by SEC standards as in place tonnage and grade without reference to unit measures.

Accordingly, information contained in this Quarterly Report and any documents incorporated by reference herein contain descriptions of our mineral deposits that may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

As used in this Quarterly Report, unless the context otherwise requires, “we,” “us,” “our,” the “Company” and “I-Minerals” refers to I-Minerals Inc. All dollar amounts in this Quarterly Report are in U.S. dollars unless otherwise stated.

PART I

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

General

We were incorporated under the laws of British Columbia, Canada in 1984. In 2004, we changed our corporate jurisdiction from a British Columbia company to a Canadian corporation. In December 2011, we amended our articles to change our name from “i-minerals inc.” to “I-Minerals Inc.”

The Company is engaged in the exploration, evaluation and development of our Helmer-Bovill industrial minerals property (the “Helmer-Bovill Property”). The Helmer-Bovill Property, in which we hold a 100% interest, is comprised of 11 mineral leases totaling 5,140.64 acres located approximately 6 miles northwest of Bovill, Latah County, Idaho. Since inception, the Company has been in the exploration stage but moved into the development stage in fiscal 2018. In fiscal 2019, the Company reverted back to the evaluation stage.

Our principal executive office is located at Suite 880, 580 Hornby Street, Vancouver, British Columbia, Canada and our telephone number is (877) 303-6573. Our operations office is located at 13403 N. Government Way, #102, Hayden, Idaho.

To date, we have not earned significant revenues from the operation of our Helmer-Bovill Property. Accordingly, we are dependent on debt and equity financing as our primary source of operating working capital. Our capital resources are largely determined by the strength of the junior resource markets and by the status of our projects in relation to these markets, and its ability to compete for investor support of its projects.

Our Principal Projects

Our activities at the Helmer-Bovill Property are focused on developing the Bovill Project.

The Bovill Project

Our lead project, the Bovill Project, is a strategically located long term resource of quartz, potassium feldspar (“K-spar”), halloysite and kaolinite formed through weathering of a border phase of the Idaho Batholith causing all minerals to be contained within a fine white clay-sand mixture referred to as “primary clay.” The Bovill Project is located within 3 miles of state highways with electricity and natural gas already at the property boundary.

Since 2010, our exploration work has focused diamond drilling on the Bovill Project. To date, a total of 322 diamond drill holes have been drilled totaling 35,909 feet. As a result of these drill campaigns, four deposits have been identified: Kelly’s Hump, Kelly’s Hump South, Middle Ridge and WBL.

In June 2014, we completed an updated pre-feasibility study on the Bovill Kaolin Project (the “2014 PFS”) and on March 8, 2016, we announced the economic results of our initial feasibility study (the “2016 FS”). However, based on the results of an updated independent market study it is apparent that fundamental changes in the businesses that consume our minerals has taken place over the past several years. These changes include offshoring and reformulation wherein industries that had previously used K-spar for example have reformulated their production batches using alternate minerals. Markets do exist for all of the minerals contained within the Bovill Kaolin Project but not in the volumes contemplated in the 2016 FS. Accordingly, the 2016 FS is considered not to be current and should not be relied upon.

The mineral resources stated in the 2016 FS remain current and have recently been re-stated in a standalone technical report prepared by SRK Consulting (U.S.) recently completed an updated resource estimate. The updated mineral resource statement from this report, summarized below, contains the same tonnages and grades as were disclosed in the 2016 FS and is the basis of the reserves defined in the 2020 Pre-Feasibility Report.

2020 Pre-Feasibility Study

The Company engaged MillCreek Engineering of Salt Lake City, Utah to estimate the capital and operating costs for a smaller plant capable of producing up to 20,000 tons of metakaolin and 10,000 tons of halloysite per year. The estimated Operating Costs and Capital Cost fell in line with expectations and the Company retained MillCreek to complete a Pre-Feasibility Study of a metakaolin and halloysite operation. It is envisioned that the sand fraction (K-spar and quartz) will be screened and sold into lower value industrial applications.

On March 3, 2020, we announced a pre-feasibility study of our metakaolin and halloysite operation (the "2020 PFS"). The 2020 PFS was led by Millcreek Engineering, who were responsible for overall project management and the process plant and infrastructure design (including OPEX and CAPEX) and economic analyses. Other engineering and geological services were provided by Mine Development Associates (mine modelling; ore scheduling; mineral reserve estimation); SRK Consulting (U.S.) Inc. (mineral resource estimation); and, HDR Engineering Inc. (environmental review).

Highlights of the PFS include:

- 20% Pre-Tax IRR; 18% After Tax IRR
- US\$48.3 million Pre-Tax NPV; US\$33.7 million After Tax NPV
- Initial Capital Cost of US\$48.3 million
- Total Life of Operation Capital Costs of US\$54.2 million
- 25 year mine life with 1.04:1 strip ratio

The 2020 PFS is based on the production of two minerals, halloysite and kaolinite. The halloysite is beneficiated into two mineral products; HalloPure which is about 70% halloysite and 30% kaolinite and premium quality Ultra-Hallopure which is greater than 90% halloysite with the balance kaolinite. The quality of Bovill Halloysite is regarded as being exceptional and the research on halloysite applications has dramatically increased over the past 5 years involving polymers, filtration, extruded polystyrene insulation, green technology and life sciences. The kaolinite is flash calcined to produce metakaolin, a Supplementary Cementitious Material ("SCM") and highly reactive pozzolan that when added to concrete increases strength and durability, reduces permeability, reduces the effect of alkali-silica reactivity and increases resistance to chloride ingress and sulfate attack. By using metakaolin the sustainability of the concrete is increased through longer service life and the carbon footprint is reduced by lowering the quantity of Portland cement. Feldspathic sand is produced during the production process which meets the specifications of a number of applications including arena sand, USGA bunker and top-dressing sand. There is a potential upside from sale of feldspathic sand which is not included in the project economics and accordingly the feldspathic sand is not included in the reserves.

A conservative approach to the build-up of sales has been assumed with full production being achieved in the first quarter of the 5th year of operation as some product applications will require development. There is potential for full production to be achieved earlier which would have a corresponding positive effect on the NPV and IRR.

Updated Measured and Indicated Resource Estimate

- Measured Resources of 5.7 million tons containing 76.5% quartz/K-spar sand, 12.3% Kaolinite and 4.0% Halloysite.
- Indicated Resources of 15.5 million tons containing 57.0% quartz/K-spar sand, 15.5% Kaolinite and 2.8% Halloysite.
- 667,000 tons of contained halloysite, 3,119,000 tons of contained kaolinite and 13,235,000 tons of contained quartz/K-spar.

Updated Mineral Reserves

	Proven	Probable	Total P&P
K Tons	1,310	1,868	3,178
Halloysite %	8.8	8.0	8.3
Halloysite K Tons	115	149	264
Kaolinite %	11.1	22.4	17.7
Kaolinite K Tons	145	418	563
NSR	\$ 109	\$ 123	\$ 117

* Notes on Mineral Reserves:

- Reserves are based on a \$40.00 NSR cutoff grade and pit designs.
- Rounding of numbers in mineral reserves listed above may cause apparent inconsistencies.
- The reference point for Mineral Reserves is at the plant stockpile

The full 2020 PFS was filed on www.sedar.com on April 16, 2020 and is available on the Company's website.

Plan of Operation and Outlook

The company is taking a sequential approach to the development of the Bovill Project. The first phase is the amendment of our Operations and Reclamation Plan ("ORP") with the Idaho Department of Lands (the "IDL"). With the changes to the business plan, now focusing on the production of halloysite and metakaolin, the mine plan was developed based on areas with increased concentrations of halloysite and kaolin. This resulted in a reconfiguration of the open pits where these minerals are proposed to be mined. As a result of the reconfiguration of the open pits, the areas of disturbance and road design to service the mining operations has changed, triggering the need to amend the previously approved ORP. In general, the disturbed area is smaller than the disturbed area in the prior ORP. The amended ORP was submitted to the IDL on August 28, 2020.

Concurrent with the updating of the ORP, the development of a market for feldspathic sand is ongoing. Target markets include bunker sand and top dressing for golf courses, equestrian sand and other applications. Market development for the halloysite is ongoing with global interest in our products continuing to develop with strong interest being shown by several South Korean companies. Treated halloysite is also being tested in air filtration activities as an environmentally friendly alternative to activated charcoal.

Upon approval of the ORP, we intend to initiate a Feasibility Study ("FS") and Front End Engineering Design Study ("FEED Study"). The amended ORP was submitted to the IDL on August 28, 2020. The company received initial comments from the IDL on October 21, 2020 and responded to such comments on November 6, 2020 with formal approval of the ORP being received on December 18, 2020. At this time, we expect to commence the FS and FEED Study in calendar Q1 2022.

The ORP, FS and FEED Study is forecasted to take a minimum of 6 months and a maximum of 12 months to complete. Estimated costs to complete is estimated as follows:

Feasibility Study and FEED Study	\$ 885,000
Mineral Marketing	420,000
General and administrative	650,000
Sub total	1,955,000
Contingency	105,000
Total	\$ 2,060,000

Results of Operation

Three months ended July 31, 2021

We recorded a net loss of \$410,570 (\$0.00 per share) for the three months ended July 31, 2021 as compared to a net loss of \$1,184,135 (\$0.01 per share) for the three months ended July 31, 2020. The decrease in the net loss recorded for the three months ended July 31, 2021 as compared to the net loss for the three months ended July 31, 2020 is the net result of changes to a number of expenses. Of note are the following items:

- Management and consulting fees of \$52,114(2020 - \$50,159) are comprised of fees to manage our Company and stock-based compensation. The stock-based compensation recognized in the current period was \$nil (2020 - \$nil). Approximately 75% of the fees to manage our Company are charged to management and consulting fees and the other 25% is charged to mineral property expenditures.
- Mineral property expenditures of \$136,091 (2020 - \$138,490) are costs incurred on our Helmer-Bovill Property. The expenditures in the current period are pre-development costs that have been expensed during the period. The main components of costs during the current period included engineering and consulting (\$30,000) and metallurgy (\$52,890). During the current period, the Company continued to optimize the metallurgical processes and detailed engineering. Effective January 31, 2019, the Company returned to the evaluation stage for accounting purposes and therefore stopped capitalizing development costs.
- General and miscellaneous expenses of \$52,524 (2020 - \$37,912) are comprised of office and telephone expenses, payroll taxes, medical benefits, insurance premiums, travel expenses, promotional expenses, shareholder communication fees, transfer agent fees and filing fees. The increase during the current period was due primarily to an increase in insurance.
- Professional fees of \$99,320 (2020 - \$70,382) include legal fees, audit fees and financial consulting fees. The increase during the period was due to additional professional tax fees.
- Interest expense of \$70,709 (2020 - \$890,109) is from promissory notes that bear interest at the rates of 12%-14% per year up to April 30, 2021 and 0.13% per year effective May 1, 2021. Interest decreased due to the decrease in interest rate, offset by recognizing \$60,000 of interest expense due to the Canada Revenue Agency relating to the withholding tax payable.

Liquidity and Capital Resources

Our aggregate operating, investing and financing activities during the three months ended July 31, 2021 resulted in a net cash outflow of \$50,738 (2020 – outflow of \$128,831). As at July 31, 2021, we had a working capital deficiency of \$35,183,048.

During the three months ended July 31, 2021, \$300,738 was used in operations (2020 - \$248,831). During the three months ended July 31, 2021 and we received \$250,000 from financing activities (2020 - \$120,000).

We have been financed by advances pursuant to promissory notes advanced by BV Lending LLC, an entity controlled by Allen L. Ball, a member of our Board of Directors and our largest shareholder (the “Lender”). During the three months ended July 31, 2021, the Company was receiving advances pursuant to the Sixth Promissory Notes. As at July 31, 2021, the balance of the promissory notes was \$33,904,894.

As at July 31, 2020, the Third Promissory Notes, the Fifth Promissory Notes and the Sixth Promissory Notes had a maturity date of the earlier of (i) June 30, 2020 and (ii) 60 days after a pre-feasibility study has been filed on SEDAR. On June 4, 2020, the promissory notes maturity date was extended from June 30, 2020 to December 15, 2020 for no consideration. All other terms remained the same. On December 3, 2020, the Lender agreed to extend the maturity date of the promissory notes to March 15, 2021 for no consideration. On March 9, 2021, the Lender agreed to extend the maturity date to April 15, 2021 for no consideration. On April 15, 2021 the maturity date was extended to May 15, 2021 for no consideration. On May 10, 2021 the maturity date was extended to June 15, 2021 for no consideration. On June 15, 2021 the maturity date was extended to July 15, 2021 for no consideration. On July 15, 2021 the maturity date was extended to August 15, 2021. In addition, the interest rate was decreased to 0.13% per annum effective May 1, 2021 for no consideration. On August 12, 2021, the maturity date was extended to September 15, 2021 for no consideration. On September 13, 2021, the maturity date was extended to October 15, 2021 for no consideration.

We have not as yet put into commercial production any mineral properties and as such have no operating revenues. Accordingly, we are dependent on debt and equity financing as its primary source of operating working capital. Our capital resources are largely determined by the strength of the junior resource markets and by the status of our projects in relation to these markets, and our ability to compete for investor support of our projects.

We remain dependent on additional financing to fund development requirements on the Helmer-Bovill property and for general corporate costs. With respect to funds required for capital cost items, State-sponsored debt financing instruments may be available on attractive terms, and we intend to pursue such financial instruments to cover portions of the capital costs associated with placing the Bovill Project deposits into production.

We do not have the ability to internally generate sufficient cash flows to support our operations for the next twelve months. We have been receiving funds from a company controlled by a director of the Company through promissory notes. We

have no formal plan in place to address this going concern issue but consider that we will be able to obtain additional funds by equity financing and/or debt financing; however, there is no assurance of additional funding being available.

During 2020 and 2021, there was an outbreak of COVID-19 that has impacted the economic environment and the capital markets. As the Company is at the stage of exploration and evaluation and is looking to fund mine development leading to production, the impacts of COVID-19 are not determinable at this date. COVID-19 however, could have a material impact on the Company's financial position, results of operation and cash flows. The Company's liquidity and its ability to continue as a going concern may also be impacted.

Off-Balance Sheet Arrangements

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to shareholders.

Critical Accounting Policies

Measurement Uncertainty

The preparation of these consolidated financial statements in conformity with US GAAP requires us 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. We regularly evaluate estimates and assumptions related to the useful life and recoverability of long lived assets, stock-based compensation, valuation of convertible debentures and derivative liabilities, and deferred income tax asset valuation allowances. We base our estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by us may differ materially and adversely from our estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected. The most significant estimates with regard to our condensed consolidated financial statements relate to the determination of fair values of derivative liabilities and stock-based transactions.

Stock-based Compensation

We account for all stock-based payments and awards under the fair value based method. Stock-based payments to non-employees are measured at the fair value of the consideration received, or the fair value of the equity instruments issued, or liabilities incurred, whichever is more reliably measurable.

We account for the granting of stock options using the fair value method whereby all awards will be recorded at fair value on the date of the grant. The fair value of all stock options is expensed over their vesting period with a corresponding increase to additional paid-in capital.

Compensation costs for stock-based payments that do not include performance conditions are recognized on a straight-line basis. Compensation cost associated with a share based award having a performance condition is recognized on the probable outcome of that performance condition during the requisite service period. Share based awards with a performance condition are accrued on an award by award basis.

We use the Black-Scholes option valuation model to calculate the fair value of stock options at the date of the grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimates.

Mineral Property Acquisition and Exploration Costs

Mineral property acquisition costs are capitalized when incurred. Acquisition costs include cash consideration and the fair market value of shares issued on the acquisition of mineral property claims.

Costs related to the development of our mineral reserves are capitalized when it has been determined an ore body can be economically developed. The development stage begins when an ore body is determined to be economically recoverable based on proven and probable reserves and appropriate permits are in place, and ends when the production stage or

exploitation of reserves begins. Major mine development expenditures are capitalized, including primary development costs such as costs of building access ways, tailings impoundment, development of water supply and infrastructure developments.

Exploration costs include those relating to activities carried out (a) in search of previously unidentified mineral deposits, or (b) at undeveloped concessions. Pre-development activities involve costs incurred in the exploration stage that may ultimately benefit production that are expensed due to the lack of evidence of economic development, which is necessary to demonstrate future recoverability of these expenses. Secondary development costs are incurred for preparation of an ore body for production in a specific ore block or work area, providing a relatively short-lived benefit only to the mine area they relate to, and not to the ore body as a whole.

Once production has commenced, capitalized costs will be depleted using the units-of-production method over the estimated life of the proven and probable reserves. If mineral properties are subsequently abandoned or impaired, any capitalized costs will be charged to the Consolidated Statements of Loss in that period.

We assess the carrying cost of our mineral properties for impairment whenever information or circumstances indicate the potential for impairment. Such evaluations compare estimated future net cash flows with our carrying costs and future obligations on an undiscounted basis. If it is determined that the future undiscounted cash flows are less than the carrying value of the property, a write down to the estimated fair value is charged to the Consolidated Statements of Loss for the period. Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses if the carrying value can be recovered.

For significant exploration and development projects, interest is capitalized as part of the historical cost of developing and constructing assets in accordance with ASC 835-20. Interest is capitalized until the asset is ready for service. Capitalized interest is determined by multiplying the Company's weighted-average borrowing cost on general debt by the average amount of qualifying costs incurred. Once an asset subject to interest capitalization is completed and placed in service, the associated capitalized interest is expensed through depletion or impairment.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable

Item 4. Controls and Procedures.

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as of July 31, 2021 (the "Evaluation Date"). Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of July 31, 2021. There were no material changes in the Company's internal control over financial reporting during the first quarter of fiscal 2022.

PART II

Item 1. Legal Proceedings.

None.

Item 1A. Risk Factors.

There have been no material changes from the risk factors as previously disclosed in our Annual Report on Form 10-K which has been filed with the SEC on August 10, 2021.

Item 2. Sale of Unregistered Securities.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (The "Dodd-Frank Act"), issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States are required to disclose in their periodic reports filed with the SEC information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining-related fatalities. During the three months ended July 31, 2021, our U.S. exploration properties were not subject to regulation by the Federal Mine Safety and Health Administration ("MSHA") under the Federal Mine Safety and Health Act of 1977 (the "Mine Act").

Item 5. Other Information

None.

Item 6. Exhibits

- 3.1 Certificate of Continuation.⁽²⁾
- 3.2 Articles of Continuance.⁽²⁾
- 3.3 Certificate of Amendment.⁽²⁾
- 3.4 Articles of Amendment.⁽²⁾
- 3.5 By-Laws.⁽²⁾
- 10.1 Assignment Agreement with Contingent Right of Reverter dated August 10, 2002, between the Company, Idaho Industrial Minerals, LLC and Northwest Kaolin Inc.⁽²⁾
- 10.2 Amendment and Ratifications of Assignment Agreement with Contingent Right of Reverter dated August 10, 2005, between the Company, Idaho Industrial Minerals, LLC and Northwest Kaolin Inc.⁽²⁾
- 10.3 Second Amendment and Ratifications of Assignment Agreement with Contingent Right of Reverter dated August 10, 2005, between the Company, Idaho Industrial Minerals, LLC and Northwest Kaolin Inc.⁽²⁾
- 10.4 Third Amendment and Ratifications of Assignment Agreement with Contingent Right of Reverter dated August 10, 2008, between the Company, Idaho Industrial Minerals, LLC and Northwest Kaolin Inc.⁽²⁾
- 10.5 Fourth Amendment and Ratifications of Assignment Agreement with Contingent Right of Reverter dated January 1, 2010, between the Company, Idaho Industrial Minerals, LLC and Northwest Kaolin Inc.⁽²⁾
- 10.6 Employment Agreement dated April 1, 2013 between the Company and Thomas M. Conway.⁽²⁾
- 10.7 Loan Agreement dated September 13, 2013 between the Company and BV Lending LLC.⁽²⁾
- 10.8 Stock Option Plan.⁽¹⁾
- 10.9 Sales Agreement dated April 28, 2014 between I-Minerals USA, Inc. and Pre-Mix, Inc.⁽²⁾
- 10.10 Loan Agreement dated February 18, 2015 between the Company and BV Lending LLC.⁽³⁾
- 10.11 Amendment Agreement dated December 1, 2015 between the Company and BV Lending LLC.⁽⁴⁾
- 10.12 Loan Agreement dated June 1, 2016 between the Company and BV Lending LLC.⁽⁵⁾
- 10.13 Amending Agreement dated October 25, 2017 between the Company and BV Lending LLC.⁽⁶⁾
- 10.14 Amending Agreement dated January 18, 2018 between the Company and BV Lending LLC.⁽⁷⁾
- 10.15 Amending Agreement dated March 30, 2018 between the Company and BV Lending LLC.⁽⁸⁾
- 10.16 Employment Agreement dated March 1, 2018 between the Company and John Theobald.⁽⁹⁾
- 10.17 Settlement Agreement dated August 3, 2018 between the Company and Thomas Conway.⁽⁹⁾
- 10.18 Loan Agreement dated September 11, 2018 between the Company and BV Lending LLC.⁽⁹⁾
- 10.19 Amending Agreement dated March 27, 2019 between the Company and BV Lending LLC
- 10.20 Amending Agreement dated June 28, 2019 between the Company and BV Lending LLC
- 10.21 Loan Agreement dated October 25, 2019 between the Company and BV Lending LLC.⁽¹¹⁾
- 10.22 Amending Agreement dated October 25, 2019 between the Company and BV Lending LLC.⁽¹²⁾
- 10.23 Amending Agreement dated November 25, 2019 between the Company and BV Lending LLC.⁽¹²⁾
- 10.24 Amending Agreement dated January 20, 2020 between the Company and BV Lending LLC.⁽¹³⁾

- 10.25 Amending Agreements dated June 4, 2020 between the Company and BV Lending LLC. ⁽¹⁴⁾
- 10.26 Amending Agreement dated July 8, 2020 between the Company and BV Lending LLC. ⁽¹⁴⁾
- 10.27 Amending Agreements dated December 3, 2020 between the Company and BV Lending LLC. ⁽¹⁵⁾
- 10.28 Amending Agreements dated March 9, 2021 between the Company and BV Lending LLC. ⁽¹⁶⁾
- 10.29 Amending Agreements dated July 15, 2021 between the Company and BV Lending LLC. ⁽¹⁷⁾
- 31.1 Certification of Chief Executive Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002 (Rule 13a-14 and 15d-14 of the Exchange Act)
- 31.2 Certification of Chief Financial Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002 (Rule 13a-14 and 15d-14 of the Exchange Act)
- 32.1 Certification of Chief Executive Officer pursuant to pursuant to Section 1350 of Title 18 of the United States Code
- 32.2 Certification of Chief Financial Officer pursuant to pursuant to Section 1350 of Title 18 of the United States Code

Notes:

- (1) Filed as an exhibit to our Registration Statement on Form 10 filed with the SEC on November 17, 2014.
- (2) Filed as an exhibit to our Registration Statement on Form 10/A filed with the SEC on December 24, 2014.
- (3) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on March 11, 2015.
- (4) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on December 7, 2015.
- (5) Filed as an exhibit to our Form 10-Q filed with the SEC on September 14, 2016.
- (6) Filed as an exhibit to our Form 10-Q filed with the SEC on December 15, 2017.
- (7) Filed as an exhibit to our Form 10-Q filed with the SEC on March 14, 2018.
- (8) Filed as an exhibit to our Form 10-K filed with the SEC on August 3, 2018.
- (9) Filed as an exhibit to our Form 10-Q filed with the SEC on September 14, 2018.
- (10) Filed as an exhibit to our Form 10-K filed with the SEC on July 29, 2019.
- (11) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on November 8, 2019.
- (12) Filed as an exhibit to our Form 10-Q filed with the SEC on December 16, 2019.
- (13) Filed as an exhibit to our Form 10-Q filed with the SEC on March 13, 2020.
- (14) Filed as an exhibit to our Form 10-K filed with the SEC on July 28, 2020.
- (15) Filed as an exhibit to our Form 10-Q filed with the SEC on December 11, 2020.
- (16) Filed as an exhibit to our Form 10-Q filed with the SEC on March 15, 2021.
- (17) Filed as an exhibit to our Form 10-K filed with the SEC on August 10, 2021.

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

I-MINERALS INC.

Date: September 14, 2021 By: /s/ John Theobald
JOHN THEOBALD
Chief Executive Officer and President
(Principal Executive Officer)

Date: September 14, 2021 By: /s/ Matthew Anderson
MATTHEW ANDERSON
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

In accordance with the Securities Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: September 14, 2021 By: /s/ John Theobald
JOHN THEOBALD
Chief Executive Officer, President and Director

Date: September 14, 2021 By: /s/ Allen L. Ball
ALLEN L. BALL
Director

Date: September 14, 2021 By: /s/ W. Barry Girling
W. BARRY GIRLING
Director

Date: September 14, 2021 By: /s/ Gary Childress
GARY CHILDRESS
Director

Date: September 14, 2021 By: /s/ Wayne Moorhouse
WAYNE MOORHOUSE
Director