I-Minerals Inc.
Suite 880 - 580 Hornby Street
Vancouver, BC, V6C 3B6
Phone: 604.303.6573
Fax: 604.684.0642
Email: info@imineralsinc.com

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

The following information, prepared as of September 30, 2013 should be read in conjunction with the unaudited condensed interim consolidated financial statements of I-Minerals Inc. (the "Company") for the three months ended July 31, 2013, together with the audited consolidated financial statements of the Company for the year ended April 30, 2013 and the accompanying management's Discussion and Analysis (the "Annual MD&A") for that fiscal year. The referenced consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in US dollars ("$") unless otherwise indicated. Certain figures are expressed in Canadian dollars ("CDN$").

Forward-Looking Statements

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

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

It is important to note that:

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of September 30, 2013.

- Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.

- Subject to applicable laws, the Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

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

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

General

The Company's principal business is the development of the Helmer-Bovill industrial mineral property. The Helmer-Bovill property is comprised of eleven adjacent and non-adjacent mineral leases that cover a border phase of the Thatuna granodiorite ("TG") that hosts potentially economic deposits of feldspar, quartz and kaolinitic clays, primarily kaolinite and halloysite. These minerals of economic interest occur in two related deposit types, both of which contain two or more of the targeted minerals:

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

The Helmer-Bovill property is favourably located in Latah County, Idaho where it enjoys very competitive transportation logistics: rail access; deep water port access in the Lewiston, Idaho area about 50 miles away; and proximity to the Interstate highway network. The area of Bovill has readily available electricity and natural gas.

I-Minerals is focused on the development of the Bovill Kaolin deposit a primary clay deposit containing kaolinite, halloysite, potassium feldspar and quartz formed through the weathering of the Thatuna granodiorite. It is the subject of a recently completed pre-feasibility study that indicates it can be economically mined by low strip ratio open pit mining techniques. In the fourth quarter of 2012 the Company received permits to mine the WBL Tailings, a probable reserve of fine ground tailings from prior mining activity containing potassium feldspar-quartz material and achieved limited production in the quarter.

The Bovill Kaolin deposits contain a high value suite of minerals and as the clays are essentially fine sands, no crushing is required, which, everything else equal offers lower capital and operating costs as compared with a hard rock operation. The results of Technical Economic Model (TEM) for the Pre-Feasibility Study were released in early January 2013 and indicated a pre-tax Net Present Value ("NPV") of US$237 million (US$ 150 million after tax NPV) a 37% pre-tax internal rate of return ("IRR") (28% after tax IRR) with initial capital costs ("CAPEX") of US$66 million ($83.3 million life of mine) and an estimated payback of three years on a mine life of over 25 years. Management is very pleased with the results of the TEM as the combination of low CAPEX and high NPV and IRR are much stronger than many base or precious metal mines. In particular the low CAPEX and short payback should make the raising of production capital easier than high CAPEX projects given the current challenges facing the resource equity markets.

The full Pre-Feasibility Study (the "PFS") was completed by SRK Consultants of Denver Colorado with tailings design by Tetra Tech and Capital Cost estimation by Roberts & Schaeffer was filed on SEDAR (www.sedar.com) on February 15, 2013 and can be viewed on the Company's website at www.imineralsinc.com. Management is pleased with the PFS results given there are large areas of primary clay which have had insufficient drilling to be categorized as indicated resources and these areas of inferred resources could not be included in the pre-feasibility modelling. Additional drilling and metallurgical work offers the prospects on not only increasing indicated resources, but could also lead to the discovery of additional high grade halloysite zones. The detailed metallurgical work undertaken as part of the PFS process demonstrated the halloysite was not uniformly distributed throughout the primary clay. This resulted in the halloysite resources incorporated in the TEM being lower than those in the PEA, but with little apparent impact on the total project valuation.

Mineral valuations in the PFS are based upon a February 2012 report on market opportunities for the kaolinite, potassium feldspar and quartz products from Charles River Associates. This report, a summary of which is available on the Company's website, identified numerous markets for high value products and generally supports product valuations used in economic valuations to date. In addition, the Company received a market study on the potential of halloysite by Durtec GmbH of Germany. This work also indicates strong market opportunities for high quality halloysite products. Customer interest in the Company's products is gaining traction, particularly the k-spar where there is currently no quality product available in volume as well as higher quality quartz products.

In September 2012 the Company received approval of its Mine Plan of Operations ("the MPO") from the Idaho Department of Lands. The MPO allows the Company, to campaign mine up to 50,000 tons per annum of feldspathic sands at the WBL Tailings from June through October for up to ten years. The feldspathic sands were deposited as tailings from clay mining operations that occurred on or near the Company's mineral leases between 1956 and 1974. The MPO describes excavation and screening of the bulk K-spar/quartz product with no additional onsite treatment. The product will in turn be sold into ceramics industries including pottery supplies, tiles and other applications that require similar material for a ceramic body. Several customers wish to test product samples with a view to purchases in 2013 based upon price and quality considerations. 2012 production was lower than permitted volumes given the late start and limited marketing efforts undertaken to date. However, increasing volumes are projected for 2013 and subsequent years.

On January 23, 2013 the Company delivered 1.3 million shares to Idaho Industrial Minerals, LLC. The shares represent the final payment under the underlying property agreement and the Company now owns outright the State Of Idaho Mineral Leases that comprise the Helmer Bovill property. These leases have all been renewed for a second 10 year term leaving the company well positioned for the future development of the property.

Drilling is currently underway with the objective of upgrading the probable reserve defined in the Pre-Feasibility study to a proven reserve through reducing the distance between drill holes. In addition a new area referred to as Kelly's Hump, part of a new mineral lease acquired in June 2013, is also being tested for its prospects to host halloysite. Preliminary results from this program are expected in early October.

Results of Operations

Three months ended July 31, 2013

The Company recorded a net loss of $985,347 ($0.01 per share) for the three months ended July 31, 2013 as compared to a net loss of $45,218 ($0.00 per share) for the three months ended July 31, 2012. The table below details certain non-cash or unusual transactions that for the purposes of this discussion have been adjusted out of the reported net loss to produce an adjusted net loss that forms a better basis for comparing the period over period operating results of the Company.

	2013 ($)	**2012 ($)**
Net loss for the period as reported	(985,347)	(45,218)
Interest on convertible loans, demand loans and loans	9,186	19,923
Interest on promissory notes	60,548	4,500
Share-based payments	97,420	-
Change in fair value of convertible loans	-	14,533
Change in fair value of warrant derivatives	751,222	(104,777)
Adjusted net loss for the period	(66,971)	(111,039)

(1) Adjusted net loss for the period is not a term recognized under IFRS.

Comments regarding certain of these items are as follows:

- Convertible loans, demand loans and loans bore interest at a rate of 12% per year. Interest decreased in Q1 2014 due to settlement of a part of the convertible loans in 2013.
- Promissory notes bear interest at the rate of 9.5% to 12%.
- During Q1 2014, the Company granted 1,960,000 stock options to a director of the Company. 810,000 stock options vest based on the achievement of certain milestones relating to developing the Helmer-Bovill Property. The remaining stock options vested on grant. No stock options were granted or vested during 2013.
- Change in fair value of the convertible loans and the warrants derivatives is based on the change in remaining term of the instruments and the stock price of the Company. The warrant derivative liabilities do not represent cash liabilities.

The decrease in adjusted net loss recorded in the three months ended July 31, 2013 as compared to the three months ended July 31, 2012 is the net result of changes to a number of expenses. Of note are the following items:

- Accounting fees of $8K (2012 - $12K) include fees relating to the completion of financial reporting. In 2012, the fees included work on the transition to IFRS.
- Management and consulting fees of $23K (2012 - $17K) are comprised of fees to manage to Company.
- Professional fees of $12K (2012 - $37K) include legal fees, audit fees and financial consulting fees.
- Promotion and shareholder communication fees of $2K (2012 - $16K) decreased due to a reduction in online and television based marketing activities of the Company's properties.
- Foreign exchange gain of $5K (2012 – loss of $1K) is based on cash held and accounts payable denominated in Canadian dollars.

Capital Expenditures

The Company incurred deferred exploration expenditures of $181,575 during the three months ended July 31, 2013 compared to $1,304,921 during the year ended April 30, 2013. The current period expenditures were incurred on the Helmer-Bovill Property and included engineering and consulting charges of $53,002, mineral analysis and processing of $32,633, environmental costs of $28,719, permitting, licenses and fees of $30,679 and marketing and research costs of $90,448.

Summary of Quarterly Results (unaudited)

	For the quarter ended			
	July 31, 2013 ($)	April 30, 2013 ($)	January 31, 2013 ($)	October 31, 2012 ($)
Total revenues	nil	nil	nil	nil
Net loss	(985,347)	(406,625)	(291,567)	(171,307)
Net loss per share (basic and diluted) (1)	(0.01)	(0.01)	(0.00)	(0.00)
Total assets	12,327,886	11,771,884	11,568,723	11,159,516

	For the quarter ended			
	July 31, 2012 ($)	April 30, 2012 ($)	January 31, 2012 ($)	October 31, 2011 ($)
Total revenues	nil	nil	nil	nil
Net (loss) income	(45,218)	185,732	162,735	219,529
Net (loss) income per share (basic and diluted) (1)	(0.00)	0.00	0.00	0.00
Total assets	10,795,879	10,440,068	10,520,532	10,941,924

(1) The basic and diluted calculations result in the same values.

The net income recorded in quarters is due to the change in the fair value of the warrant derivative liabilities. These are non-cash charges based on the change in fair value of certain share purchase warrants.

Financing Activities

The Company did not complete any equity financing activities during the three months ended July 31, 2013.

Subsequent to July 31, 2013, the Company entered into an additional agreement with a director of the Company (the "Lender") pursuant to which up to $4,933,000 will be advanced to the Company in tranches, of which $1,550,000 had been advanced as at July 31, 2013 (the "Second Promissory Notes"). The Second Promissory Notes bear interest at the rate of 12% per annum. The Second Promissory Notes are secured by the Company's Helmer-Bovill Property. Interest is payable semi-annually from the date of each advance and interest is to be paid either in cash or in common shares at the option of the Lender. The Second Promissory Notes are due between 12 months and 24 months from the date of the last advance or earlier, subject to certain conditions. The Company will issue the Lender bonus shares and bonus share purchase warrants equal to 6% of the amounts advanced. Each bonus share purchase warrant will entitle the Lender to purchase one common share of the Company at a price equal to the greater of (a) the market price of the Company's common shares on the date of the advance and (b) the volume weight average price of the Company's common shares over the twenty trading days immediately prior to the date of the advance. The bonus share purchase warrants expire on the earlier of (a) December 1, 2016 and (b) the date the advance has been repaid in full, including interest.

During the three months ended July 31, 2013, the Company received $645,000 of proceeds from Second Promissory Notes from the Lender. Subsequent to July 31, 2013, the Company received an additional $250,000 of Second Promissory Notes from the Lender.

Liquidity and Capital Resources

The Company's aggregate operating, investing and financing activities during the three months ended July 31, 2013 resulted in a net cash inflow of $348,713 (2013 – 13,517). As at July 31, 2013, the Company had working capital deficiency of $2,996,095 (April 30, 2013 – working capital deficiency of $2,651,848), including cash of $391,909 (April 30, 2013 – $43,196).

Debentures with a principal amount of $250,000, $192,880 and CDN$225,000 were due on January 29, 2013. On January 31, 2013, they became Demand Loans. On April 18, 2013, CDN$12,500 ($12,094) and $344,000 of the Demand Loans plus accrued interest of $6,668 were settled by the issuance of 3,710,365 shares at the aggregate fair value of CDN$371,037 ($362,762). CDN$212,500 of the Demand Loans were converted to Loans due April 1, 2014 with no change in other terms. At July 31, 2013, $100,000 remained outstanding as Demand Loans and CDN$212,500 remained outstand as Loans.

Subsequent to July 31, 2013, $100,000 of Demands Loans plus accrued interest of $6,411 was repaid.

Subsequent to July 31, 2013, CDN$212,500 of the Loans plus accrued interest of CDN$15,234 were settled by the issuance of 2,277,341 shares at the aggregate fair value of CDN$227,734.

The First Promissory Notes (July 31, 2013 - $1,000,000) are due on demand and the Second Promissory Notes (July 31, 2013 - $1,550,000) are due between 12 months and 24 months from the date of the last advance or earlier, subject to certain conditions.

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

The Company remains dependent on raising additional financing to fund development requirements on the Helmer-Bovill property and for general corporate costs. At this time insufficient work has been completed to estimate the costs of completing a bankable feasibility study on the Bovill Kaolin deposits. With respect to funds required for capital cost items once a bankable feasibility study is completed, attractive State-sponsored debt financing instruments may be available, and the Company intends to pursue such financial instruments to cover portions of the capital costs associated with placing the Bovill Kaolin deposits into production.

Transactions with Related Parties

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

During the three months ended July 31, 2013, management and consulting fees of $14,515 (2012 - $14,699) were charged by directors or officers or companies controlled by them. A further $37,500 (2012 - $37,500) in consulting fees were charged by directors and are included with mineral property deferred costs.

Included in accounts payable and accrued liabilities are amounts owed to directors or officers or companies controlled by them. As at July 31, 2013, the amount was $212,961 (April 30, 2013 - $205,200). All amounts are non-interest bearing, unsecured, and due on demand.

The promissory notes received from directors during the three months ended July 31, 2013 and the year ended April 30, 2013 are related party transactions.

Key management includes the Chief Executive Officer and the directors of the Company. The compensation paid or payable to key management for services during the three months ended July 31, 2013 and 2012 is as follows:

	2013 $	2012 $
Consulting fees	52,015	52,199
Share-based payments	74,818	-
	126,833	52,199

Off-Balance Sheet Arrangements

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

Financial Instruments

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

The Company has designated its cash and receivables as loans and receivables. Accounts payable and accrued liabilities, demand loans, loans and promissory notes are designated as other financial liabilities. Warrant derivatives are designated as FVTPL financial liabilities. At July 31, 2013, the Company had neither available-for-sale nor held-to maturity financial instruments.

Outstanding Share Data

Authorized Capital:
Unlimited common shares, without par value

Issued and outstanding:
70,579,332 common shares as at September 30, 2013

Outstanding options and warrants as at September 30, 2013:

Security	Number	Exercise Price (CDN$)	Expiry date
Stock Options	1,150,000	0.40	January 7, 2015
Stock Options	100,000	0.40	February 15, 2015
Stock Options	500,000	0.40	December 1, 2015
Stock Options	220,000	0.35	June 6, 2016
Stock Options	170,000	0.45	June 6, 2016
Stock Options	310,000	0.55	June 6, 2016
Stock Options	1,400,000	0.10	July 30, 2018
Stock Options	260,000	0.15	July 30, 2018
Stock Options	300,000	0.25	July 30, 2018
Warrants	20,000,000	0.40	April 29, 2016

Risks and Uncertainties

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

Stage of Development

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

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

Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are some of the risks involved in the operation of mines and the conduct of exploration/development programs. Unknowns with respect to geological structures and other conditions are involved. Existing and future environmental laws may cause additional expenses and delays in the activities of the Company, and they may render the Company's properties uneconomic. The Company has no liability insurance of the type that covers liability for pollution or hazards, and the Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the Company's financial position.

Risks Inherent in the Mining Industry

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

Uncertainty of Reserves and Mineralization Estimates

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

Risks in Title to Mineral Properties

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. Although the Company has taken steps to verify title to mineral leases in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Fluctuations in the Market Price of Minerals

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

Marketability

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

Environmental Risks

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

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

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

Land Reclamation Requirements for Exploration Properties May be Burdensome

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

Permitting

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

Profitability of Operations

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

Future Financings

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

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

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

Internal Control over Financial Reporting

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109") the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim consolidated financial statements for the three months ended July 31, 2013 and this accompanying MD&A (together the "Interim Filings").

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

Outlook

The focus of the Company continues to be the detailed assessment of all of its mineral assets and advancing the Bovill Kaolin project towards production. With the Pre-Feasibility Study now completed the next step is additional permitting activities and ultimately leading to the completion of a full feasibility study. The first step in this process is to complete sufficient drilling to upgrade the probable reserve contained in the PFS to a proven reserve through in-fill drilling. In addition areas of the property that have not been as thoroughly evaluated as the WBL Area and the North Ridge will be evaluated for halloysite content. Drilling commenced on the first week of August 2013.

Based upon opportunities identified in the Charles Rivers report, internal marketing efforts and customer leads generated through the website, strong interest has been generated in all of the Company's mineral products with ever increasing interest in the K-spar Samples continue to be sent to customers for testing and the response is generally very favourable.

Other Information

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