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

FORM 10-Q

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

For the quarterly period ended: **July 31, 2015**

[ ] 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)

British Columbia, Canada	**20-4644299**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Suite 880, 580 Hornby Street, Vancouver, BC, Canada V6E 3M4
(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 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 [X] 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 [X] No [ ]

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

Large accelerated filer	[ ]	Accelerated filer	[ ]
Non-accelerated filer (Do not check if a smaller reporting company)	[ ]	Smaller reporting company	[X]

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

As of September 11, 2015, the registrant had 82,604,710 outstanding shares of common stock.

I-Minerals Inc.
INDEX

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

I-Minerals Inc.

Condensed Consolidated Financial Statements
For the three months ended July 31, 2015
(Unaudited - Expressed in US dollars)

I-Minerals Inc.

Condensed Consolidated Balance Sheets

(Unaudited - Expressed in US dollars)

	Notes	July 31, 2015 $	April 30, 2015 $
ASSETS			
Current assets			
Cash		792,580	272,040
Receivables		34,488	33,500
Prepaids		190,466	252,819
		1,017,534	558,359
Equipment		13,553	14,632
Mineral property interest	3	305,850	305,850
Deposits		14,932	14,932
TOTAL ASSETS		1,351,869	893,773
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	4,9	711,244	876,844
		711,244	876,844
Promissory notes	5	5,577,520	5,543,991
Second promissory notes	6	2,756,651	1,432,565
Derivative liabilities	2,7,8	1,604,750	1,245,456
TOTAL LIABILITIES		10,650,165	9,098,856
CAPITAL DEFICIT			
Capital Stock			
Authorized:			
Unlimited common shares with no par value			
Issued and fully paid: 82,608,710 (April 30, 2015 - 79,255,728)	8	17,242,019	16,586,067
Additional paid-in capital		1,827,117	1,827,780
Commitment to issue shares	5,6	47,700	136,735
Deficit		(28,415,132)	(26,755,665)
TOTAL CAPITAL DEFICIT		(9,298,296)	(8,205,083)
TOTAL LIABILITIES AND CAPITAL DEFICIT		1,351,869	893,773

On behalf of the Board

"Thomas M. Conway" Director

"W. Barry Girling" Director

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

I-Minerals Inc.

Condensed Consolidated Statements of Loss
For the three months ended July 31, 2015 and 2014

(Unaudited - Expressed in US dollars)

	Notes	2015 $	2014 $
OPERATING EXPENSES			
Amortization		1,079	1,466
Management and consulting fees	8	31,518	74,995
Mineral property expenditures		684,515	297,615
General and miscellaneous		157,910	74,383
Professional fees		155,145	110,550
		(1,030,167)	(559,009)
OTHER (EXPENSE) INCOME			
Foreign exchange gain		2,093	2,452
Loss on settlement of liabilities	5,6	(31,512)	-
Accretion expense	5,6	(72,679)	(21,676)
Interest expense	5,6	(248,451)	(153,293)
Change in fair value of derivative liabilities	2,7,8	(278,751)	784,430
(LOSS) INCOME FOR THE PERIOD		(1,659,467)	52,904
Loss per share – basic and diluted		(0.02)	0.00
Weighted average number of shares outstanding		79,951,372	76,116,611

I-Minerals Inc.

Condensed Consolidated Statements of Cash Flows

For the three months ended July 31, 2015 and 2014

(Unaudited - Expressed in US dollars)

	2015 $	2014 $
OPERATING ACTIVITIES		
Loss for the period	(1,659,467)	52,904
Items not involving cash:		
Amortization	1,079	1,466
Stock-based compensation	4,556	60,182
Loss on settlement of liabilities	31,512	-
Accretion expense	72,679	21,676
Change in fair value of derivative liabilities	278,751	(784,430)
Change in non-cash operating working capital items:		
Receivables	(988)	(56,148)
Prepaids	62,353	28,986
Accounts payable and accrued liabilities	230,065	99,448
Cash flows used in operating activities	(979,460)	(575,916)
INVESTING ACTIVITIES		
Purchase of equipment	-	(6,204)
Cash flows used in investing activities	-	(6,204)
FINANCING ACTIVITIES		
Proceeds from exercise of stock options	-	9,185
Promissory notes received	-	450,000
Second promissory notes received	1,500,000	-
Cash flows from financing activities	1,500,000	459,185
INCREASE (DECREASE) IN CASH	520,540	(122,935)
CASH, BEGINNING OF THE PERIOD	272,040	604,936
CASH, END OF THE PERIOD	792,580	482,001
SUPPLEMENTAL CASH FLOW INFORMATION (Note 12)		
Interest paid	-	-
Taxes paid	-	-

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

I-Minerals Inc.

Condensed Consolidated Statements of Capital Deficit

For the three months ended July 31, 2015

(Unaudited - Expressed in US dollars)

	Number of Shares #	Amount $	Commitment to Issue Shares $	Additional Paid-in Capital $	Accumulated Deficit $	Total Capital Deficit $
Balance at April 30, 2015	79,255,728	16,586,067	136,735	1,827,780	(26,755,665)	(8,205,083)
Issued during the period:						
Shares issued as a debt discount	1,085,297	228,775	(136,735)	-	-	92,040
Shares issuable as a debt discount	-	-	47,700	-	-	47,700
Shares issued to settle accounts payable and accrued liabilities	2,267,685	427,177	-	-	-	427,177
Share-based payments	-	-	-	(663)	-	(663)
Loss for the period	-	-	-	-	(1,659,467)	(1,659,467)
Balance at July 31, 2015	82,608,710	17,242,019	47,700	1,827,117	(28,451,132)	(9,298,296)

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

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 OTCQX 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. 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 Liquidity

The accompanying unaudited condensed 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, 2015, the Company had not yet achieved profitable operations, had an accumulated deficit of $28,415,132 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.

Accordingly, the financial statements do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of our management, all adjustments (consisting of only normal recurring accruals) considered necessary for a fair presentation of the interim financial statements have been included. Operating results for the three months ended July 31, 2015 are not necessarily indicative of the results that may be expected for the full year ending April 30, 2016. All amounts presented are in US dollars except where otherwise indicated. For further information refer to the financial statements and footnotes thereto for the year ended April 30, 2015 included in the Company's Annual Report on Form 10-K filed on July 28, 2015.

The Company's ability to continue as a going concern is dependent upon its ability to complete a feasibility study, 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 is currently receiving funds from a company controlled by a director of the Company through promissory notes (Notes 5, 6 and 13). Management has no formal plan in place to address this concern but considers that the Company will be able to obtain additional funds by equity financing and/or 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 equity securities and/or promissory notes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Financial Instruments and Fair Value Measures

The book value of cash, accounts receivable, 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 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:

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

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

Level 2 - observable inputs other than Level I, 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 and Second Promissory Notes are based on Level 2 inputs in the 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, 2015, the Promissory Notes had a fair value of $5,693,272 (April 30, 2015 – $5,479,007) and the Second Promissory Notes had a fair value of $3,058,149 (April 30, 2015 - $1,532,123).

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, 2015 and April 30, 2015. As at July 31, 2015, the Company's Level 3 liabilities consisted of the warrants issued in connection with the Company's offering of equity units in a private placement and warrants issued as financing fees as well as the grant of share purchase options to non-employees.

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 for the three months ended July 31, 2015 and 2014 is as follows:

	2015 $	2014 $
Warrants (Note 7)		
Beginning fair value	1,128,841	3,211,386
Issuance	75,324	21,716
Change in fair value	270,097	(783,246)
Ending fair value	1,474,262	2,449,856
Non-employee options (Note 8(c))		
Beginning fair value	116,615	68,859
Vesting	5,219	51,809
Change in fair value	8,654	(1,184)
Ending fair value	130,488	119,484
Total Level 3 liabilities	1,604,750	2,569,340

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 during the periods ended July 31, 2015 and April 30, 2015.

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, 2015, loss per share excludes

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

30,281,069 (2014 – 27,912,657) potentially dilutive common shares (related to outstanding options and warrants) as their effect was anti-dilutive.

3. MINERAL PROPERTY INTEREST:

Helmer-Bovill Property – Latah County, Idaho

The Company entered into a purchase and sale agreement with Idaho Industrial Minerals LLC ("IIM"), a company in which one of the Company's directors has a 25% interest, under which the Company had the right to acquire a 100% interest in 11 lease applications that comprise the Helmer-Bovill property by issuing to IIM a total of 1,750,000 shares of the Company. During fiscal 2009, 50,000 shares were issued in return for an extension of the agreement. During fiscal 2010, the terms of the agreement were further amended and the agreement was extended until August 2013. Under the terms of the amended agreement, the shares were to be issued based on certain development-based benchmarks being attained as follows:

- 100,000 shares upon assignment of the mineral lease applications to the Company (issued);
- 350,000 shares upon the State of Idaho issuing mineral leases to the Company (issued);
- 600,000 shares upon the completion of a feasibility study (issued); and,
- 700,000 shares upon completion of the permitting process necessary to construct and operate a mining facility (issued).

On January 21, 2013, the Company issued the final 1,300,000 shares to IIM. With the issuances of the final tranches of shares, the Company believes it has now fulfilled all its obligations under the purchase and sale agreement with IIM (Note 11).

During the year ended April 30, 2012, the Company acquired an undivided 100% interest in two State of Idaho mineral leases contiguous to the Helmer-Bovill Property. The Company paid $10,000 and issued 50,000 shares at the fair value of $15,170. The two State of Idaho mineral leases are subject to a 3% production royalty on gross sales.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

	July 31, 2015 $	April 30, 2015 $
Trade payables	364,784	383,977
Amounts due to related parties (Note 9)	176,595	175,789
Interest payable on promissory notes and second promissory notes	169,865	317,078
Total accounts payable and accrued liabilities	711,244	876,844

5. PROMISSORY NOTES:

	July 31, 2015 $	April 30, 2015 $
Promissory notes	5,577,520	5,543,991
Total promissory notes	5,577,520	5,543,991

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

On September 13, 2013 and January 27, 2014, the Company entered into additional agreements with a company controlled by a director of the Company (the "Lender") pursuant to which $5,787,280 was advanced to the Company in tranches (the "Promissory Notes"). The Promissory Notes mature as to $1,000,000 on December 31, 2015, $2,000,000 on June 30, 2016 and the balance due on December 31, 2016. 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. On December 4, 2014, the maturity dates of the Promissory Notes were amended so that the maturity dates are the later of the original maturity dates and one year after resolution of the IIM litigation (Note 11).

The following table outlines the estimated cash payments required in order to repay the principal balance of the Promissory Notes based on the estimate that the settlement of the IIM litigation will occur in September 2015:

2016	2017	2018	2019	2020	Total
$	$	$	$	$	$
-	5,787,280	-	-	-	5,787,280

The Promissory Notes bear interest at the rate of 12% per annum and during the three months ended July 31, 2015, the Company recorded interest of $175,049 (2014 - $153,293). Interest is payable semi-annually as calculated on May 31st and November 30th. Interest is to be paid either in cash or in common shares at the option of the Lender. During the three months ended July 31, 2015, the Company settled $345,616 of interest payable on the Promissory Notes by the issuance of 1,980,840 common shares at the fair value of $373,142 based on their quoted market price at the date of issuance. Accordingly, the Company recorded a loss on settlement of liabilities of $27,526. The interest settled was for the period from December 1, 2014 to May 31, 2015.

The Company and the Lender agreed that the Lender would receive bonus shares equal to 6% of each loan tranche advanced divided by the Company's common share market price where, for purposes of calculating the number of shares issuable for each loan tranche, the Company's common share market share price is discounted by 25% as allowed by regulation. The amount of bonus shares issued were subject to a minimum price of CAD$0.105 and a maximum of 1,720,649 bonus shares. In addition, the Company would issue the Lender an equal number of share purchase warrants for each loan tranche advanced. Each bonus share purchase warrant entitles 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 weighted 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, 2015, the Company issued 13,588 bonus shares to the Lender at the fair value of $2,640, based on their quoted market price at the date the advances were received. At April 30, 2015, the $2,640 was recorded in commitment to issue shares.

The aggregate finance fees (bonus shares and bonus warrants) are recorded against the Promissory Notes balance and are being amortized to the Statement of Loss over the life of the Promissory Notes, based on the later of the original maturity dates and one year after the resolution of the IIM litigation using the effective interest method. The unamortized debt discount as at July 31, 2015 is $209,760 (April 30, 2015 – $243,289).

The Promissory Notes are collateralized by the Company's Helmer-Bovill Property.

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

6. SECOND PROMISSORY NOTES:

	July 31, 2015 $	April 30, 2015 $
Second promissory notes	2,756,651	1,432,565
Total second promissory notes	2,756,651	1,432,565

On February 18, 2015, the Company entered into an agreement with a company controlled by a director of the Company (the "Lender") pursuant to which up to $4,463,000 will be advanced to the Company in tranches, of which $3,117,000 had been advanced as at July 31, 2015 (the "Second Promissory Notes"). The Second Promissory Notes mature as to $1,000,000 one year after resolution of the IIM litigation (Note 11), $2,000,000 one and a half years after resolution of the IIM litigation and the balance due two years after resolution of the IIM litigation. 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. Debt issuance costs will be amortized over the estimated maturity life of the promissory notes.

The following table outlines the estimated cash payments required in order to repay the principal balance of the Second Promissory Notes based on the estimate that the settlement of the IIM litigation will occur in September 2015:

2016 $	2017 $	2018 $	2019 $	2020 $	Total $
-	3,000,000	117,000	-	-	3,117,000

The Second Promissory Notes bear interest at the rate of 12% per annum and during three months ended July 31, 2015, the Company recorded interest of $73,402 (2014 - $nil). Interest is payable semi-annually as calculated on May 31st and November 30th. Interest is to be paid either in cash or in common shares at the option of the Lender. During the three months ended July 31, 2015, the Company settled $50,049 of interest payable on the Second Promissory Notes by the issuance of 286,845 common shares at the fair value of $54,035. Accordingly, the Company recorded a loss on settlement of liabilities of $3,986. The interest settled was for the period from January 8, 2015 to May 31, 2015.

The Company and the Lender have agreed that the Lender is to receive bonus shares equal to 7.5% of each loan tranche advanced divided by the Company's common share market price. In addition, the Company will issue the Lender an equal number of share purchase warrants for each loan tranche 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 weighted 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 31, 2018 and (b) the date the advance has been repaid in full, including interest.

During the three months ended July 31, 2015, the Company issued 1,071,709 bonus shares to the Lender at the fair value of $226,135, based on their quoted market price at the date the advances were received, including 679,985 shares having a fair value of $134,095 that the Company had previously committed to issue. At July 31, 2015, the Company was committed to issuing an additional 198,750 bonus shares to the Lender at the fair value of $47,700. The fair value of the bonus shares was determined by reference to the trading price of the Company's common shares on the date the advances were received.

The fair value of 198,750 bonus share purchase warrants committed to be issued (based on advances received during the period) during the three months ended July 31, 2015 of $75,324 was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: stock price – CAD$0.24; exercise price –

CAD$0.27; expected risk-free interest rate – 1.03%; expected life – 3.47 years; expected volatility – 104% and expected dividend rate – 0%.

The aggregate finance fees (bonus shares and bonus warrants) are recorded against the Second Promissory Notes balance and are being amortized to the Statement of Loss over the life of the Second Promissory Notes, based on two years after the resolution of the IIM litigation, using the effective interest method. The unamortized debt discount as at July 31, 2015 is $360,349 (April 30, 2015 – $184,435).

The Second Promissory Notes are collateralized by the Company's Helmer-Bovill Property.

7. WARRANT LIABILITIES:

The Company has share purchase warrants exercisable into common shares at an exercise price denominated in Canadian dollars. As a variable amount of US dollars are exercisable into a fixed number of common shares, the share purchase warrants are classified as derivative liabilities.

The Company records the fair value of the share purchase warrants in accordance with ASC 815, "Derivatives and Hedging". The Company uses the Black-Scholes option pricing model to calculate the fair values of the derivative liabilities. The fair value of the derivative liability is revalued on each balance sheet date with corresponding gains and losses recorded in the consolidated statement of loss.

	$
Balance, April 30, 2015	1,128,841
Bonus warrants issued pursuant to Second Promissory Notes (Note 6)	75,324
Change in fair value of warrant derivatives	270,097
Balance, July 31, 2015	1,474,262

Warrant Derivative Liabilities

At July 31, 2015, the Company determined the fair value of Warrant Derivative Liabilities to be $1,474,262 (April 30, 2015 - $1,128,841) as estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	July 31, 2015	April 30, 2015
Stock price (CAD$)	0.28	0.25
Exercise price (CAD$)	0.37	0.38
Risk-free interest rate (%)	0.86	1.11
Expected life (years)	0.92	0.79
Expected volatility (%)	100	87
Expected dividends ($)	Nil	Nil

8. SHARE CAPITAL:

Common shares

a) Authorized:

Unlimited number of common shares, without par value.

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

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, 2015, the Company completed the following stock transactions:

i) On July 10, 2015, the Company issued 1,085,297 common shares with a fair value of $228,775 including 693,573 shares having a fair value of $136,735 which the Company had committed to issue at April 30, 2015. The common shares were issued as debt discounts pursuant to the Promissory Notes and the Second Promissory Notes (Notes 5 and 6).

ii) On July 14, 2015, the Company issued 2,267,685 common shares with a fair value of $427,177 as settlement of accrued interest payable on Promissory Notes and Second Promissory Notes (Notes 5 and 6).

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, 2015, the Company had 3,125,871 stock options available for grant pursuant to the Plan (April 30, 2015 - 2,790,573).

The Company's stock options outstanding as at July 31, 2015 and April 30, 2015 and the changes for the periods then ended are as follows:

	Number Outstanding		Weighted Average Exercise Price
Balance outstanding at April 30 and July 31, 2015	5,135,000	CAD$	0.22
Balance exercisable at July 31, 2015	4,450,000	CAD$	0.22

Summary of stock options outstanding at July 31, 2015:

Security	Number Outstanding	Exercise Price	Expiry Date	Remaining Contractual Life (years)
Stock options	500,000	CAD$ 0.40	December 1, 2015	0.34
Stock options	1,300,000	CAD$ 0.10	July 30, 2018	3.00
Stock options	260,000	CAD$ 0.15	July 30, 2018	3.00
Stock options	300,000	CAD$ 0.25	July 30, 2018	3.00
Stock options	200,000	CAD$ 0.25	November 19, 2018	3.31
Stock options	150,000	CAD$ 0.25	January 8, 2019	3.44
Stock options	300,000	CAD$ 0.25	May 23, 2019	3.81
Stock options	150,000	CAD$ 0.25	December 16, 2017	2.38
Stock options	1,975,000	CAD$ 0.25	January 19, 2020	4.50

Non-Employee Stock Options

In accordance with the guidance of ASC 815-40-15, stock options awarded to non-employees that are fully vested and exercisable in Canadian dollars are required to be accounted for as derivative liabilities because they are considered not to be indexed to the Company's stock due to their exercise price being denominated in a currency other than the Company's functional currency. Stock options awarded to non-employees that are not vested are accounted for as equity awards until the terms associated with their vesting requirements have been met. As at July 31, 2015, there are 75,000 non-employee stock option awards that have not vested (April 30, 2015 – 112,500).

The non-employee stock options are accounted for at their respective fair values and are summarized as follows for the three months ended July 31, 2015 and 2014:

	2015 $	2014 $
Fair value of non-employee options, beginning of the period	116,615	68,859
Fair value of non-employee options, at vesting	5,219	51,809
Change in fair value of non-employee stock options during the period	8,654	(1,184)
Fair value of non-employee options, end of the period	130,488	119,484

The Company determined the fair value of its non-employee stock options as at July 31, 2015 and April 30, 2015 using the Black-Scholes option pricing model with the following weighted average assumptions:

	July 31, 2015	April 30, 2015
Stock price (CAD$)	0.28	0.25
Exercise price (CAD$)	0.20	0.19
Risk-free interest rate (%)	1.12	1.23
Expected life (years)	3.51	3.82
Expected volatility (%)	104	101
Expected dividends ($)	Nil	Nil

The non-employee options are required to be re-valued with the change in fair value of the liability recorded as a gain or loss on the change of fair value of derivative liability and included in other items in the Company's Consolidated Statements of Loss at the end of each reporting period. The fair value of the options will continue to be classified as a liability until such time as they are exercised, expire or there is an amendment to the respective agreements that renders these financial instruments to be no longer classified as a liability.

As at July 31, 2015, the unamortized compensation cost of options is $49,409 and the intrinsic value of options expected to vest is $172,013 (CAD$225,000).

Share-based payments are classified in the Company's Statement of Loss during the three months ended July 31, 2015 and 2014 as follows:

	2015 $	2014 $
Management and consulting fees	4,556	60,182
	4,556	60,182

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

d) Share purchase warrants:

A summary of fully-exercisable share purchase warrants as at July 31, 2015 and April 30, 2015 and the changes for the periods then ended are as follows:

	Number Outstanding		Weighted Average Exercise Price
Balance at April 30, 2015	24,555,595	CAD$	0.37
Issued	590,474	CAD$	0.25
Balance at July 31, 2015	25,146,069	CAD$	0.37

Summary of warrants outstanding and issuable at July 31, 2015:

Security	Number Outstanding	Exercise Price	Expiry Date
Warrants	1,550,000	CAD$ 0.40	January 31, 2016
Warrants	200,000	CAD$ 0.25	January 31, 2016
Warrants	20,000,000	CAD$ 0.40	April 29, 2016
Warrants	667,520	CAD$ 0.14	December 1, 2016(1)
Warrants	122,142	CAD$ 0.14266	December 1, 2016(1)
Warrants	104,119	CAD$ 0.165	December 1, 2016(1)
Warrants	76,723	CAD$ 0.17	December 1, 2016(1)
Warrants	87,818	CAD$ 0.17223	December 1, 2016(1)
Warrants	111,762	CAD$ 0.185	December 1, 2016(1)
Warrants	132,208	CAD$ 0.217	December 1, 2016(1)
Warrants	62,002	CAD$ 0.222	December 1, 2016(1)
Warrants	58,181	CAD$ 0.225	December 1, 2016(1)
Warrants	165,326	CAD$ 0.23	December 1, 2016(1)
Warrants	51,202	CAD$ 0.25	December 1, 2016(1)
Warrants	92,357	CAD$ 0.276	December 1, 2016(1)
Warrants	200,091	CAD$ 0.28	December 1, 2016(1)
Warrants	45,439	CAD$ 0.29	December 1, 2016(1)
Warrants	96,261	CAD$ 0.292	December 1, 2016(1)
Warrants	52,459	CAD$ 0.305	December 1, 2016(1)
Warrants	597,617	CAD$ 0.22	December 31, 2018(1)
Warrants	242,545	CAD$ 0.23	December 31, 2018(1)
Warrants	194,344	CAD$ 0.24	December 31, 2018(1)
Warrants	37,203	CAD$ 0.245	December 31, 2018(1)
Warrants	198,750	CAD$ 0.272	December 31, 2018(1)

Notes:
(1) The warrants are exercisable until the earlier of the date disclosed or the date that the promissory note or second promissory note advance, including interest, is repaid (Notes 5 and 6).

9. RELATED PARTY TRANSACTIONS:

During the three months ended July 31, 2015, the Company settled $395,665 of interest payable on the Promissory Notes and Second Promissory Notes owed to a company controlled by a Director by issuing 2,267,685 common shares at the fair value of $427,177 (Notes 5 and 6).

During the three months ended July 31, 2015, management and consulting fees of $23,929 (2014 - $13,863) were charged by RJG Capital Corporation, a wholly-owned company of W. Barry Girling, Director. Wayne Moorhouse, Director, charged $765 (2014 - $nil) in management and consulting fees. $7,758 (2014 - $10,042) 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, 2015, the amount was $176,595 (April 30, 2015 – $175,789). All amounts are non-interest bearing, unsecured, and due on demand.

The promissory notes and second promissory notes received from a company controlled by a director (Notes 5, 6 and 13) are related party transactions.

10. SEGMENT DISCLOSURES:

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

11. CONTINGENT LIABILITY:

The Company is currently named as a defendant in a lawsuit in Latah County, State of Idaho (the "Latah County Lawsuit"). The plaintiffs who filed the Latah County Lawsuit on June 6, 2014, Hoodoo Resources, LLC ("Hoodoo") and Brent Thomson as trustee for the Brent Thomson Family Trust (the "Thomson Family Trust") (collectively referred to as the "Plaintiffs"), have alleged both direct claims and derivative claims on behalf of Idaho Industrial Minerals, LLC ("IIM"). The derivative claims alleged by the Plaintiffs against the Company seek damages for breach of the terms of the August 10, 2001 agreement, as amended, between the Company and IIM (the "IIM Agreement") and the return of the Idaho state mineral leases of the Helmer-Bovill Property to IIM.

During the three months ended July 31, 2015, a court-ordered mediation was held. The mediation was successful and all parties entered into an agreement in principle to settle the parties' claims against one another that was documented in a Binding Settlement Term Sheet whereby the Company agreed to pay $100,000 (accrued in accounts payable and accrued liabilities) of the Plaintiffs legal fees and the Plaintiffs agreed to dismiss the Latah County Lawsuit. The agreement in principle is subject to Court approval.

12. 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 condensed consolidated statements of cash flows. During the three months ended July 31, 2015, the following transactions were excluded from the condensed consolidated statement of cash flows:

a) The issuance by the Company of 1,980,840 common shares at the fair value of $373,142 as payment of interest on the Promissory Notes;

b) The issuance by the Company of 286,845 common shares at the fair value of $54,035 as payment of interest on the Second Promissory Notes; and,

c) The commitment to issue 590,474 common shares at the fair value of $139,740 and 590,474 warrants at the fair value of $75,324 pursuant to the Second Promissory Notes.

During the three months ended July 31, 2014, the following transactions were excluded from the condensed consolidated statement of cash flows:

a) The commitment to issue 150,045 common shares at the fair value of $36,000 and 150,045 warrants at the fair value of $21,716 pursuant to the Promissory Notes.

13. SUBSEQUENT EVENTS:

Subsequent to July 31, 2015:

a) The Company received an aggregate of $500,000 of Second Promissory Notes (Note 6).

b) The Company granted 200,000 stock options to a consultant at an exercise price of CAD$0.25 per share that expire on August 4, 2020. These options vested on the date of grant.

Item 2. Management's discussion and analysis of financial condition and results of operations

Forward Looking Statements

The information contained in this Form 10-Q contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve risks and uncertainties. Any statement which does not contain a historical fact may be deemed to be a forward-looking statement. In some cases, you can identify forward-looking statements by terminology such as "may", "will", "should", "expect", "plan", "intend", "anticipate", "believe", "estimate", "predict", "potential" or "continue", the negative of such terms or other comparable terminology. In evaluating forward looking statements, you should consider various factors outlined in our Annual Report on Form 10-K filed with the U.S. Securities Exchange Commission ("SEC") on July 28, 2015 and, from time to time, in other reports we file with the SEC. These factors may cause our actual results to differ materially from any forward-looking statement. We disclaim any obligation to publicly update these statements, or disclose any difference between our actual results and those reflected in these statements.

As used in this Registration Statement, unless the context otherwise requires, "we," "us," "our," the "Company" and "I-Minerals" refers to I-Minerals Inc. All dollar amounts in this registration statement are in U.S. dollars unless otherwise stated.

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."

We are an exploration stage company engaged in the exploration 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 southwest of Bovill, Latah County, Idaho.

We acquired the Helmer-Bovill Property from Idaho Industrial Minerals ("IIM") pursuant to an Assignment Agreement with Contingent Right of Reverter (the "IIM Agreement") dated August 12, 2002, as amended August 10, 2005, August 10, 2008 and January 21, 2010, between I-Minerals USA (formerly Alchemy Kaolin Corporation), our wholly owned subsidiary, and IIM. Under the terms of the IIM Agreement, we issued a total of 1,800,000 common shares to IIM.

Our principal executive office is located at Suite 880, 580 Hornby Street, Vancouver, British Columbia, Canada and our telephone number is (877) 303-6573.

To date, we have not earned significant revenues from the operation of our mineral properties. 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 its ability to compete for investor support of its projects.

Our Principal Projects

Our operations at the Helmer-Bovill Property are focused on developing the Bovill Minerals Mine and the WBL Tailings Project.

The Bovill Minerals Mine (previously referred to as the Bovill Kaolin Project)

Our lead project, the Bovill Minerals Mine, is a strategically located long term resource of high purity quartz, potassium feldspar ("K-spar"), halloysite and kaolin 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 Minerals Mine 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 Kaolin Project. To date, a total of 243 diamond drill holes have been drilled totaling 26,753 feet. As a result of these drill campaigns, four deposits have been identified: Kelly Hump, Kelly South, Middle Ridge and WBL.

In June 2014, we completed an updated pre-feasibility study on the Bovill Kaolin Project (the "2014 PFS"), which included the following highlights:

- *Updated Measured and Indicated Resource Estimate*
  - Measured Resources of 3.3 million tons containing 76.1% quartz/K-spar sand, 12.7% Kaolinite and 4.5% Halloysite.
  - Indicated Resources of 7.9 million tons containing 74.4% quartz/K-spar sand, 15.6% Kaolinite and 2.7% Halloysite.
  - 358,000 tons of contained halloysite, 1,657,600 tons of contained kaolinite and 8,407,000 tons of contained quartz/K-spar.

- *Mineral Reserve Estimate*

Reserve	Million Tons	Halloysite Grade	Kaolin Grade	Quartz & K-Spar Sand (%)	Halloysite Tons	Kaolinite Tons	Quartz & K-Spar Sand (t)
Kelly Hump							
Proven	1.7	4.8%	13.5%	81.7%	82,000	229,000	1,389,000
Probable	1.0	6.0%	15.4%	78.6%	60,000	154,000	782,000
Kelly South							
Proven	0	0	0	0	0	0	0
Probable	1.3	1.6%	23.2%	75.3%	20,000	296,000	959,000
Middle Ridge							
Proven	0.7	6.9%	12.8%	80.3%	48,000	90,000	563,000
Probable	1.4	4.6%	13.1%	82.3%	66,000	187,000	1,179,000
WBL							
Proven	0	0	0	0	0	0	0
Probable	0.8	2.4%	16.5%	81.1%	18,000	128,000	629,000

- *Economic Analysis*
  - US$330 million Pre-Tax NPV; US$212 million After Tax NPV using a 6% discount rate.
  - 38.2% Pre-Tax IRR; 30.5% After Tax IRR.
  - Initial Capital Cost of $72.7 million and Total Life of Mine capital costs $90.8 million.
  - Life of Mine in excess of 25 years with a stripping ratio of 0.69:1 (waste:ore).
  - 3 year estimated after tax payback.

With the 2014 PFS finalized, our focus will be to complete a feasibility study on the Bovill Kaolin Project. We anticipate that a feasibility study will be finalized in the first quarter of calendar 2016.

The WBL Tailings Project

We also plan to commence mining operations at the WBL Tailings Project. The WBL Tailings Project is feldspathic sands deposited as tailings from clay mining operations during the period from 1961 to 1974. In September 2012, we received approval of our Mine Plan of Operations ("MPO") from the Idaho Department of Lands. The MPO allows us to mine up to 50,000 tons per annum from feldspathic sands from June to October for a period of 10 years.

Plan of Operation

During the next twelve months, our plan of operation is to complete a feasibility study on our Bovill Kaolin Project and to continue production at our WBL Tailings Project.

Feasibility Study of the Bovill Kaolin Project

As recommended in the 2014 PFS, in January 2015 we commenced the feasibility study of the Bovill Kaolin Project. In order to bring the Bovill Kaolin Project to feasibility, we have or will be required to undertake additional exploration and drilling, complete mining, tailings and environmental studies and complete additional material testing. The feasibility study is currently approximately 50% complete and we anticipate that initial results will be available in late 2015 or early 2016 with the formal document completed in the first quarter of calendar 2016 at an estimated cost of US$3,056,000.

Outlook

Our focus continues to be the detailed assessment of all of our mineral assets and advancing the Bovill Minerals Mine, part of the Bovill Kaolin Project, towards production. With the updated PFS completed in June 2014, the next step is additional permitting activities and ultimately the completion of a full feasibility study. We have completed sufficient drilling at sufficiently close drill hole spacing to allow for the calculation of measured and indicated resources at Kelly's Hump and Middle Ridge. These resources were upgraded to probable and proven reserves with an expected 25 year mine life as part of the PFS process.

Permitting is on schedule to be largely completed within six months save an air discharge permit. A second bulk sample has been sent to Ginn Mineral Research with separation of the clay minerals (kaolin and halloysite) underway. Processing of the sand fraction (quartz and K-spar) from the initial bulk sample is continuing at the Minerals Research laboratory at North Carolina State University. Metallurgical work on the K-spar is complete with quartz flotation ongoing. The purpose of the current round of pilot scale separations is to confirm grades and separation characteristics of all areas of the deposits and provide samples for melt tests and customer tests. The processing of the initial bulk sample at Ginn Mineral Research to create halloysite and metakaolin products is complete and the processing of the second sample should be completed in September 2015. The processing to create K-spar and quartz products at MRL is ongoing with the K-spar portion of the pilot plant complete and the processing of the quartz fraction ongoing with completion expected by Q4 of calendar 2015.

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 has generally been very favorable.

Results of Operation

Three months ended July 31, 2015

We recorded a loss of $1,659,467 ($0.02 per share) for the three months ended July 31, 2015 as compared to income of $52,904 ($0.00 per share) for the three months ended July 31, 2014. The increase in the loss recorded in the three months ended July 31, 2015 as compared to the income in the three months ended July 31, 2014 is the net result of changes to a number of expenses. The income in the prior period was due to the change in fair value of derivative liabilities as explained below. Of note are the following items:

- Management and consulting fees of $31,519 (2014 - $74,995) are comprised of fees to manage our Company and stock-based compensation. The stock-based compensation recognized in the current period was $4,556 (2014 - $60,182). Approximately half of the fees to manage our Company are charged to management and consulting fees and the other half is charged to mineral property expenditures.
- Mineral property expenditures of $684,460 (2014 - $297,615) are costs incurred on our Helmer-Bovill Property. The main expenses incurred during the current period included engineering and consulting ($393,191) and mineral analysis and processing ($174,024). We were working on completing a feasibility study during the current period. In the prior period, the Company incurred $109,275 of engineering and consulting expenditures as part of updating the pre-feasibility study.
- General and miscellaneous expenses of $157,910 (2014 - $74,383) 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 marketing activities of our property.
- Professional fees of $155,145 (2014 - $110,550) include legal fees, audit fees and financial consulting fees. The increase in fees in the current period was due to increase legal fees relating to the IIM litigation and legal fees relating to the Unimin Temporary Restraining Order.
- Loss on settlement of liabilities of $31,513 (2014 – $nil) represents the change in fair value of common shares between the date the Company agreed to settled liabilities for common shares and the date that the common shares were ultimately issued. The Company used common shares to settle interest payable pursuant to promissory notes and second promissory notes.
- Accretion expense of $72,679 (2014 - $21,676) is the amortization of the fair value of bonus shares and bonus warrants issued to the lender of the promissory notes and the second promissory notes. The bonus shares and bonus warrants are amortized over the life of the promissory notes.
- Interest expense of $248,451 (2014 - $153,293) is from promissory notes and second promissory notes that bear interest at a rate of 12% per year. Interest increased as additional funds were advanced.
- We recorded a loss on change in fair value of derivative liabilities of $278,751 (2014 – gain of $784,430). The change in fair value of derivative liabilities is based on the change in remaining term of derivative instruments and our stock price. The derivatives include warrants as well as stock options granted to non-employees. The derivative liabilities do not represent cash liabilities.

Liquidity and Capital Resources

Our aggregate operating, investing and financing activities during the three months ended July 31, 2015 resulted in a net cash inflow of $520,540 (2014 – outflow of $122,935). As at July 31, 2015, we had working capital of $306,290, including cash of $792,580.

During the three months ended July 31, 2015, we used $1,270,890 on cash flows from operations before changes in non-cash operating working capital items (2014 - $648,202). The increase in these cash flows was due primarily to an increase in mineral property expenditures. During the three months ended July 31, 2015, we spent $nil on investing activities (2014 - $6,204) and we received $1,500,000 from financing activities (2014 - $459,185).

We are being financed by advances pursuant to Promissory Notes and Second 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. BV Lending agreed to advance up to $5,787,280 pursuant to the Promissory Notes. The final advance pursuant to the Promissory Notes was received in January 2015 and the balance due at July 31, 2015 was $5,787,280. On February 18, 2015, we entered into the Second Promissory Notes with BV Lending pursuant to which BV Lending agreed to advance up to an additional $4,463,000. The balance due pursuant to the Second Promissory Notes at July 31, 2015 was $3,117,000.

The Promissory Notes are due as to $1,000,000 on December 31, 2015, $2,000,000 on June 30, 2016 and the balance due on December 31, 2016. Certain conditions may result in early repayment. The maturity dates are the later of these maturity dates and one year after resolution of the IIM litigation.

The Second Promissory Notes mature as to $1,000,000 one year after resolution of the IIM litigation, $2,000,000 one and a half years after resolution of the IIM litigation and the balance due two years after resolution of the IIM litigation. Certain conditions may result in early repayment.

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 once a feasibility study is completed, 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 Kaolin 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 are currently 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. As a result, our auditors have expressed substantial doubt in their auditors' report in the financial statements for the year ended April 30, 2015 about our ability to continue as a going concern.

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.

The fair value of stock-based payments to non-employees is periodically re-measured until the counterparty performance is complete, and any change therein is recognized over the vesting period of the award and in the same manner as if we had paid cash instead of paying with or using equity based instruments. The cost of the stock-based payments to non-employees that are fully vested and non-forfeitable as at the grant date is measured and recognized at that date, unless there is a contractual term for services in which case such compensation would be amortized over the contractual term.

We account for the granting of stock options to employees using the fair value method whereby all awards to employees 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.

Derivative Liabilities

We evaluate our financial instruments and other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for in accordance with ASC 815. The result of this accounting treatment is that the fair value of the embedded derivative is marked-to-market at each balance sheet date and recorded as a liability and the change in fair value is recorded in the consolidated statement of loss. Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. Derivative instruments that become subject to reclassification are reclassified at the fair value of the instrument on the reclassification date. Derivative instrument liabilities will be classified in the balance sheet as current or non-current based on whether or not settlement of the derivative instrument is expected within 12 months of the balance sheet date.

We use the Black-Scholes option valuation model to value derivative liabilities. This model uses Level 3 inputs in the fair value hierarchy established by ASC 820 Fair Value Measurement.

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, 2015. 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, 2015. There were no material changes in the Company's internal control over financial reporting during the third quarter of 2015.

Part II – OTHER INFORMATION

Item 1. Legal Proceedings.

Derivative Complaint

We are currently named as a defendant in a lawsuit pending in Latah County, State of Idaho, Case No. CV 2014-1306 (the "Latah County Lawsuit"). The plaintiffs who filed the Latah County Lawsuit, Hoodoo Resources, LLC ("Hoodoo") and Brent Thomson as trustee for the Brent Thomson Family Trust (the "Thomson Family Trust") (Hoodoo and the Thomson Family Trust are sometimes collectively referred to as the "Plaintiffs"), have alleged both direct claims and derivative claims on behalf of Idaho Industrial Minerals, LLC ("IIM"). The Plaintiffs' claims were initially brought on June 6, 2014, as third-party claims in response to a complaint filed against Hoodoo and the Thomson Family Trust by another IIM member, BV Natural Resources, LLC ("BVNR"), which owns a 25% interest in IIM. BVNR's lawsuit against Hoodoo and the Thomson Family Trust was filed in Ada County, State of Idaho, Case No. CV OC 1401549 (the "Ada County Lawsuit"). BVNR has also filed a separate action against the Plaintiffs in Nez Perce County, State of Idaho, Case No. CV 14 02312 (the "Nez Perce Lawsuit"). Both the Ada County Lawsuit and the Nez Perce Lawsuit are pending, but we are not a party in those lawsuits.

In the Ada County Lawsuit, BVNR asserts that Hoodoo and the Thomson Family Trust, both owners of a 12.5% interest in IIM, attempted to take action on behalf of IIM without authority and breached fiduciary duties owed to the other members of IIM. In response to BVNR's initial complaint, Hoodoo and the Thomson Family Trust filed a counterclaim against BVNR and a third-party complaint against us, as well as Barry Girling and Allen Ball, members of our Board of Directors, and an entity Allen Ball owns, Ball Ventures, LLC, and Roger Kauffman, our former President and Director. Since filing the third-party claims in the Ada County Lawsuit, the Plaintiffs have dismissed Mr. Kauffman and Mr. Girling from the lawsuit with prejudice, and the claims against us were severed and transferred to Latah County.

The derivative claims alleged by Hoodoo and the Thomson Family Trust against us originally included claims of fraud, conspiracy and various allegations of breach of the terms of the IIM Agreement and sought the return of the Idaho state mineral leases of the Helmer-Bovill Property (the "Leases") to IIM. Many of the original claims against us have been dismissed since the inception of the lawsuit. The remaining claims against us are the return of the Leases due to our alleged breach of the IIM Agreement by (1) failing to provide IIM copies of letters between us and the State of Idaho in relation to a transfer of the leases to an entity that we control, and (2) failing to complete the deliverables as required by the IIM Agreement, namely completion of a feasibility study; completion of the permitting process for the Helmer-Bovill Property; completion of a processing plant; and production of commercial products from minerals on the Helmer-Bovill Property.

We categorically deny the claims against us. Under the original terms of the IIM Agreement, which was executed in August 2002 and was to expire 3 years thereafter, we were required to deliver a total of 1.75 million common shares to IIM as follows:

(1) 100,000 common shares upon execution of the original IIM Agreement;

(2) 400,000 common shares upon the completion of a feasibility study;

(3) 350,000 common shares upon the State of Idaho issuing leases with respect to the Helmer-Bovill Property;

(4) 500,000 common shares upon completion of the permitting process; and

(5) 400,000 common shares upon the delivery of commercial product from a production plant on the Helmer-Bovill Property.

In August 2005, pursuant to the Second Amendment to the IIM Agreement, the term of the IIM Agreement was extended for three additional years to August 10, 2008 and IIM agreed that, with the issuance of a total of 1.75 million shares plus an additional Fifty Thousand (50,000) common shares as consideration for the Second Amendment, IIM would release any and all interest in the Leases and the Helmer-Bovill Property. In August 2008, pursuant to the Third Amendment to the IIM Agreement, the term was further extended for 3 additional years to August 10, 2011. In January 2010, pursuant to the Fourth Amendment to the IIM Agreement, the term was further extended to August 10, 2013. In addition, the Fourth Amendment re-allocated the number of common shares issuable to IIM by "eliminating any and all obligations of [I-Minerals] to issue any shares on the Completion of a Production Plant and First Delivery of Commercial Product" and re-allocating the related 400,000 shares by increasing the number of shares issuable upon completion of a feasibility study from 400,000 to 600,000 common shares, and the number of shares issuable upon completion of the permitting process from 500,000 to 700,000 common shares.

100,000 common shares were issued to IIM in fiscal 2003 upon execution of the original IIM Agreement, and an additional 350,000 common shares were issued to IIM in fiscal 2005 upon the State of Idaho issuing leases in respect of the Helmer-Bovill Property. An additional 50,000 shares were issued in fiscal 2006 as consideration for the extension to the term granted under the Second Amendment to the IIM Agreement. In January 2013, we delivered to IIM 1.3 million common shares based upon (i) completion of the feasibility study titled "NI 43-101 Technical WBL Tailings Mineral Production Project, Latah County, Idaho" by B. Stryhas, C.P.G., H. Gatley, P.Eng., V.Obie, RM SME, and C.Hoag, C.P.G. and dated effective

November 30, 2012 (the “Feasibility Study”); and (ii) receipt of a letter from the Idaho Department of Lands dated November 7, 2012 confirming that our permitting application had been accepted, along with other supporting documents (collectively, the “Permit”). In addition, we had commenced production and sale of a commercial product prior to delivery of the shares to IIM. The final share issuance was approved by the TSX Venture Exchange.

We believe that we have fully performed our obligations under the IIM Agreement and that, upon delivery of the remaining 1.3 million shares required by the IIM Agreement, the contractual release of all IIM interest in the Leases and the Helmer-Bovill Property took effect. Further, our categorical denial of any deceit or fraud in connection with entering into the Third Amendment and Fourth Amendment to the IIM Agreement with IIM was vindicated when the Plaintiffs voluntarily dismissed those claims during the discovery process. We have vigorously defended the action brought by Hoodoo and the Thomson Family Trust and filed a counterclaim against the Plaintiffs seeking damages for tortious interference with prospective economic advantage, tortious interference with contract, and unjust enrichment.

Our vigorous defense of the lawsuit has resulted in a significant reduction in the number of claims against us and our officers and directors. While we remain steadfast that we would have ultimately prevailed in the lawsuit, the Court ordered us to participate in mediation in an attempt to settle the case. Mediation was ordered while our Motion for Sanctions against the Plaintiffs and Plaintiffs’ counsel was pending. In that Motion, we sought severe sanctions against Plaintiffs and Plaintiffs’ counsel due to a number of false statements made in affidavits and Court filings.

Court-ordered mediation was held on May 28, 2015. The goal of mediation was to settle the claims between us and the Plaintiffs in the Latah County Lawsuit, as well as the claims asserted by BVNR against the Plaintiffs in the Ada County Lawsuit and Nez Perce Lawsuit. The mediation was successful and all parties entered into an agreement in principle to settle the parties’ claims against one another that was documented in a Binding Settlement Term Sheet. The terms of the settlement include “the broadest release allowed by law” and require that all claims now existing, whether known or unknown, be dismissed with prejudice. The settlement also includes an acknowledgement by the Plaintiffs that “I-Minerals is the sole owner of the” mineral Leases that are subject to the August 10, 2002 agreement, as amended, between the Company and IIM, and that the Company owns the mineral Leases “free and clear of all claims of the parties” to the lawsuit. We have agreed to pay $100,000 (accrued in accounts payable and accrued liabilities) towards the Plaintiffs legal fees. The agreement in principle is subject to Court approval.

Since the mediation was held and the Binding Settlement Term Sheet was executed, the parties have been diligently negotiating the terms of a more formal settlement agreement. The parties are in agreement with respect to most of the material terms of the settlement agreement. While we are hopeful that the parties will quickly agree on mutually acceptable terms to the more formal settlement agreement, the Binding Term Sheet anticipated such a problem and included a clause stating that “if the parties cannot agree to a final settlement agreement the terms of this Agreement shall be binding.” BVNR and the Plaintiffs, together with us, have agreed to file the Binding Term Sheet with the Court for approval if a formal settlement agreement cannot be reached.

Temporary Restraining Order

In July, 2014, we announced the engagement of Dr. Thomas Gallo, a former employee of Unimin Corporation (“Unimin”), as a consultant to oversee our ceramic test work and market development. On August 13, 2014, Unimin obtained a Temporary Restraining Order which restrains and enjoins Dr. Gallo from disclosing to us specifications of Unimin’s process in producing high purity quartz. On September 17, 2014, the North Carolina Court of Justice denied Unimin’s Motion for a Preliminary Injunction (the “P.I. Motion”) pursuant to Rule 65 of the North Carolina Rules of Civil Procedure and determined “Unimin has failed to present sufficient evidence to show that it is will succeed on the merits of its claims.”

Item 1A. Risk Factors

There have been no material changes from the risk factors as previously disclosure in our Annual Report on Form 10-K which was filed with the SEC on July 28, 2015.

Item 2. Unregistered sales of equity securities and use of proceeds

All unregistered sales of equity securities during the period covered by the Quarterly Report were previously disclosed in our current reports on Form 8-K or our Annual Report on Form 10-K.

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, 2015, 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)

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.

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 11, 2015

By: */s/ Thomas M. Conway*
THOMAS M. CONWAY
Chief Executive Officer and President
(Principal Executive Officer)

Date: September 11, 2015

By: */s/ Matthew Anderson*
MATTHEW ANDERSON
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)