

I-Minerals – “A gold mine without the gold”

Thomas Conway, President, CEO and Director of I-Minerals Inc. (TSXV: IMA | OTCQB: IMAHF) (“I-Minerals”) in an interview with InvestorIntel Senior Editor Jeff Wareham discuss their fully permitted Bovill Kaolin industrial minerals project in Idaho. The Bovill Kaolin project features the industrial minerals halloysite, kaolin, metakaolin, K-Spar, and quartz. Thomas points out, though not everyone may know what these minerals are used for, we do use them in a variety of ways in our everyday life. In fact, the German Institute of Diabetes, in partnership with the company DURTEC GmbH have been using I-Minerals’ Ultra Hallopure Halloysite, as a key ingredient to develop a state of the art wound treatment cloth – investors can expect to hear more on this in the coming months. As there is limited information available in regards the value of industrial minerals, Thomas recommends investors review the publicly listed company Imerys SA, to get a feel for how lucrative their industry is and how much money there is to be made. In a closing thought, Thomas states I-Minerals is a “Gold mine without the gold.” ...to access the complete interview, [click here](#)

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The next big thing?

If one has been around in the mining space as long as I have it is hard to say that one hears something new. In the case of

I-Minerals Inc. (TSXV: IMA | OTCQB: IMAHF) though its focus is on a number of industrial minerals which one does not come across daily (at least not the names) but which one might require in daily existence.

The “I” in I-Minerals is quite clearly “Industrial” rather than the more the meaning of the all-things-to-all-men “I” in Apple products. In this case the sought-after products are K-spar, quartz, Metakaolin and Halloysite. Unlike the promoters that (mainly) inhabit the gold space (though also notorious in Rare Earths once upon a time and more recently in Lithium) that have no intention of developing their properties those in Industrial need to be serious because no-one is going to give them more than short-shrift if they shamelessly play the Vancouver promotion game. I-Minerals are moving forward on several projects so we thought it timely to review their activities.

The Products

Kaolin is as old as humanity because it used to go by the name “china-clay” and was the basic ingredient in the better grades of porcelain and pottery goods.

Quartz is rather self-evident and not exactly a mineral in short supply with its uses ranging from the mundane to the super-sophisticated (even though the latter hardly gleans a high price excepting for those adding value to it).

K-Spar is used by producers of high-clarity glass, ceramics, sanitary ware, tableware, and paint are the primary users of K-feldspar. Deposits of high quality K-spar that can be economically extracted are rare. This rarity of quality deposits has resulted in K-spar selling at much higher prices than sodium feldspar. At present there is no domestic U.S. production of K-spar with K_2O purities in excess of 10%. I-Minerals is developing a series of K-spar products in the 12.5% to 13% K_2O range.

Halloysite is intriguing because while it has historically been used in the manufacture of porcelain, bone china, and fine china, it is new quasi-non-technology applications that store the pulse. Amongst these are its use as a suspension agent in glaze preparations as well as in filters and inkjets.

Halloysite nanotubes (HNTs) can be coated with metallic and other substances to achieve a wide variety of electrical, chemical, and physical properties. The hollow tube of HNTs can be filled with a variety of active ingredients including those used for cosmetics, household and personal care products, pesticides, pest repellents, pharmaceuticals and other agents that could benefit from extended release. I-Minerals claims that its HalloPure products, with low initial levels of trace elements, provide a strong starting point for further purification to meet the stringent requirements of the pharmaceutical and cosmetic industries while the high aspect ratio adds strength in plastics and polymers applications.

The Properties

The main project of the company is the Bovill Kaolin, the geology of which is characterized by the Thatuna Batholith, a granitic intrusive composed mainly of Na-feldspar, K-feldspar and quartz. The mineral deposit is the overprinting of the intrusive rock by a weathered saprolite horizon which directly overlies the bedrock from which it was derived. During the natural processes of weathering, the original plagioclase feldspars have preferentially broken down to produce the clays kaolinite and halloysite. The K-feldspars have resisted weathering to a degree and much of the original component remains as free grains. Similarly, the quartz component of the host rock remains as free grains in the weathered material. The mineral resource products include kaolinite, halloysite, K-feldspar and quartz.

A PFS dating from June 2014, that was prepared by SRK, estimated the initial capital required to be US\$72.7mn with an

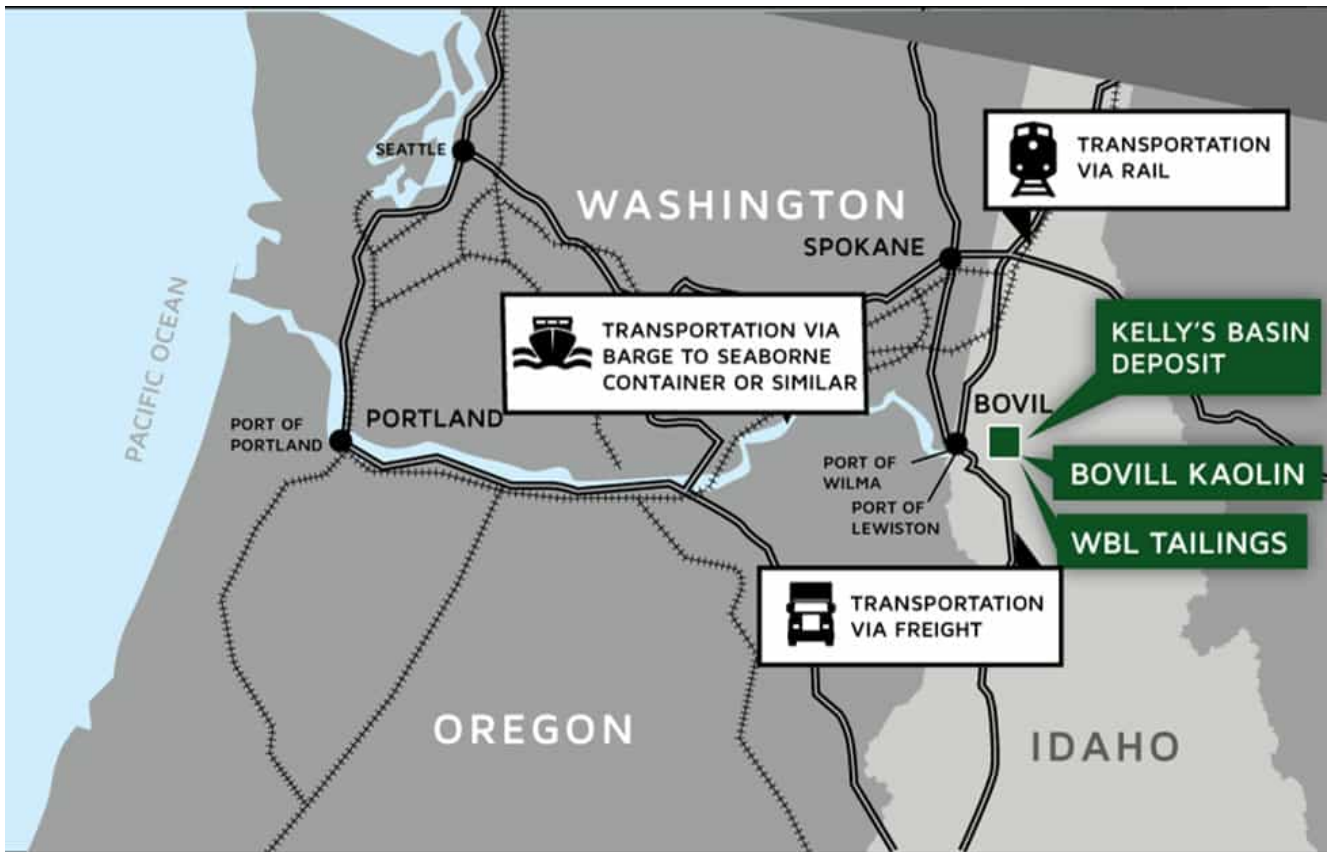
additional US\$18.2mn in sustaining capital yielding total Life of Mine capital estimated at US\$90.8mn.

Operating costs are estimated on preliminary mine and process design criteria, engineering, as well as budgetary quotes. Over the LoM, operating costs will be about US\$70.72/t of product.

The financial analysis metrics were:

- an NPV (at 6% discount) of US\$212.7 million
- an post-tax IRR of 30.5%
- Payback will be in three years from the start of production
- A mine life of 25 years
- Product yields include, 3.8% halloysite, 6.9% kaolin, 7.3% metakaolin, 16.6% K-Spar, and 37.9% quartz, over the LoM
- An average operating cost of US\$70.68/t-product;
- Capital costs of US\$90.8 million, consisting of initial capital costs of US\$72.7 million and sustaining capital over the LoM of US\$18.2 million
- Mine closure cost, included in the above estimates is US\$5.1 million

At this point, permitting work with the State of Idaho is well underway.



As is well known we are very partial to reactivating old sites with “plug-and-play” qualities. Tailings facilities can often qualify in this regard. I-Minerals has been working on the revival of the WBL Tailings project with initial production achieved in October 2012.. These dumps were created by the mining of primary clays from 1960 to 1974. The operator at that time was focused on the kaolin component from the primary clays and wasted the potassium feldspar (K-spar) and quartz fraction to the tails.

Recognizing the tailings represented an excellent source of K-spar and quartz, in May 2010 I-Minerals commissioned SRK to provide an estimate of the potential of the WBL Tailings resulting in an indicated resource of 509,000 short tons of recoverable feldspathic sand containing about 92,000 tons of K-spar (18% feldspar) and 214,000 tons of quartz (42% quartz) over an average thickness of about 17 feet.

I-Minerals was granted a reclamation permit by the Idaho Department of Lands to mine up to 50,000 ton per annum of the

feldspathic sand for a period of 10 years. Mining is limited to the June through October period.

A bulk sample of the WBL Tailings was processed to yield a high quality K-spar product that had very low iron and other trace elements. With little further processing, the feldspathic sand can be readily used as filler in ceramic body applications given it fires white. Servicing this market simply requires excavation of unconsolidated K-spar- and quartz-bearing feldspathic sand and screening to remove undesirable constituents prior to being loaded.

Conclusion

We have to say that the Trump “make America great again” campaign has been long on rhetoric and short on action. And yet despite this there are stirrings of action (from entrepreneurial miners rather than bureaucrats) on the front of enabling mining in the US (again) of minerals where the US had lost all presence despite being the largest or amongst the largest users of said minerals. Something is afoot...

We are seeing this over and over again in base metals and specialty (and industrial) minerals where once the curtains seemed to have fallen definitively upon domestic production. The squandering of scarce resources by the Chinese has some little part to play but so does the interest of end-users in “securing their upstream”, one of our key mantras. One cannot have all one’s mineral needs sourced in China and then tell investors with a straight face that one is sure of one’s supply. This then combines with another of our themes being “the end of cheap” in which costs in China rise and normalization of environmental rules squeeze out the once cheap and dirty producers with which China established its dominance.

I-Minerals is a good example of a company that has seized a key niche in minerals that are widely needed but not widely

sourced and definitely not sourced domestically (with ease) in North America. This meshes well with the theme we highlighted as one of the Next Big Things at InvestorIntel's CTMS Conference held in Toronto back in May and it's a trend we shall be seeing more of in the coming years.

Conway on one of the most ubiquitous minerals on earth

Thomas Conway, President, CEO and Director of I-Minerals Inc. (TSXV: IMA | OTCQB: IMAHF) in an interview with InvestorIntel Sr Editor and analyst Peter Clausi discuss the Bovill quartz project. Lodged in the Bovill Kaolin deposit in Idaho are four industrial minerals that are used in everyday products. Namely: quartz. Don't tell the kids, this is not the kindergarten sandbox stuff. I-Minerals only deals with the kind of quartz that is required for high-end applications like LED lighting and the computer/phone/tablet screen you're reading this on.

Peter Clausi: Tom, I did some research on your company and I'm really impressed.

Thomas Conway: Well, thanks. It's quite a different play. Most unlike conventional mining in that we have four unique industrial minerals, which are used in everyday life and so people are familiar with them, but they don't recognize it because they're in products that they use every day, but they don't really know what minerals go into them.

Peter Clausi: Right. I see your main product is quartz. Other than my bathroom countertop, what do I use quartz for in my everyday life?

Thomas Conway: Well, there's quartz and there's quartz. It's one of the most ubiquitous minerals on earth and it sells for about \$25.00 a ton to \$20,000.00 depending on the application.

Peter Clausi: Where does it trade? Is there a market like a London Metals Exchange?

Thomas Conway: No it does not trade. This is highly secretive and everything goes under contract. The largest company is Sibelco Unimin. They have pretty much a monopoly on the very high-end \$1,000.00 plus type quartz which goes into computer applications. Like the screen we're looking at, like on my iPad, is high-end quartz as all the chips that come out of that or you can use it for making mundane things, like making a regular float glass or golf course sand or kids sandboxes. These things trade over a very wide range, but every mineral we have here is not LME traded. The pricing, particularly for the quartz, is quite opaque.

Peter Clausi: It's a lot like graphite and some forms of manganese, they trade off an exchange.

Thomas Conway: That's correct. We have K-spar, which is not, again, exchange traded. We have Halloysite, which is very high valued clay, which is quite unique. Then we've got Metakaolin, which is another clay product and again, that goes into the cement industry. Some of those, you know, you have a little bit better understanding of price, but I would say all this stuff is very, very opaque...to access the complete interview, [click here](#)

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I-Minerals' Crystal-Clear Quartz Rally

For a mine, successfully reaching the pilot-plant stage is like SpaceX bringing down a falcon rocket upright for the first time. The seemingly endless drill-cores and studies transition into construction and product samples; permits come through, agreements are made, and lo-and-behold, stocks climb.

For I-Minerals Inc. (TSXV: IMA | OTCQB: IMAHF) ("IMA"), their ability to produce some of the highest purity quartz in the industry has caused quite the stir, even sparking a legal row thought to be an aggressive and anti-competitive move by a multinational high purity quartz producer. The settlement of the litigation culminated in complete victory for I-Minerals at the end of last year, allowing them to continue development of their pilot plant unabated and generate an astonishing year-to-date, return on stocks of 57.89%.

IMA holds the largest known resource of Halloysite suitable for the high value life sciences market. With the other three minerals Quartz K-Spar and Kaolin profitable on their own, IMA is poised to be the lowest cost highest quality Halloysite producer on earth.

The company's trial products have received significant responses, with remarkable test results, further corroborated by interest from potential clients, including major infrastructure construction and cement companies.

The relatively simple mine leaves little environmental impact, meaning that the permitting stage is advancing smoothly; the company has already received approval from the Idaho Department of Water Resources, granting them access to aquifers and surface water for use in mineral processing.

Pilot plant work at the site also produced an exceedingly high

quality potassium feldspar (“K-spar”) product. Fortispar™ results have been outstanding, generating some of the best chemistries of any K-spar product available anywhere. The K-spar is the initial product, it is simply floated while the quartz sinks. Samples sent to customers as part of the company’s continuing marketing efforts were met with requests for more, usually a good sign.

TrueQ™, the company’s high purity quartz product, was proven suitable for high-end industrial applications such as solar, specialty and display glass, fine ceramics and glaze markets. Opportunities also exist for TrueQ™, as a feedstock for certain ultra-high purity quartz solutions and potentially the sodium silicate manufacturing industries. Based on analytical testing to date, an extra chemical process will open up even more higher value markets including fiber optics and LED lighting; both vital features of the ever-growing electronics and communications industries.

Given that customer feedback has been so strong, upon completion of the K-spar pilot plant, an additional quartz pilot plant will be commissioned. Several years worth of semi-processed resources are already present in the form of a mineral rich clay that remains from previous operations at the site.

A robust Feasibility Study confirms I-Minerals Inc. will be a low cost producer of four unique high value industrial minerals; K-spar, high purity quartz, kaolin and halloysite. Measured and indicated resources of 11.2 million tonnes of the particularly impressive feldspar ore are present at the Idaho site, with a mine-life of twenty-five years, and a considerable number of achievements so far this year, it offers amazing value as either a short or long-term security.