

Quarterly Activities Report

For the period ending 30 June 2022

Highlights

- Latest auger drilling results successful in defining substantial new areas of High Purity Silica Sand at the Stockyard Project
- Maiden Exploration Target announced for the Stockyard Project
- Mining Lease application submitted and Scoping Study advancing for the Stockyard Project
- Metallurgical testwork successful in reducing iron oxide content to 185ppm Fe₂O₃, confirming suitability of Stockyard Project silica sand for HPSS Market
- Changes to the Board supporting the Company's Strategic Growth

Industrial Minerals Ltd (ASX: IND or the Company) is pleased to provide an update on its activities during the June 2022 Quarter.

IND's Managing Director Jeff Sweet commented,

"This quarter saw sustained progress at the Stockyard Project with further positive auger assay results enabling IND to release a Maiden Exploration Target. Work on the Maiden Mineral Resource estimate and Scoping Study are progressing well and on track to be released in Q3 2022."

Stockyard Exploration Target

During the period, the Company received assay results from 362 auger samples, returning an average grade of 99.1% SiO₂ (reported above 98.5% SiO₂). Refer to ASX release dated 26 May 2022. These results in conjunction with previous significant results have allowed IND to estimate a Maiden Exploration Target for the Stockyard Project of:

- **8Mt to 15Mt with an average grade range of 96.0% to 99.4% SiO₂**

Importantly, the Exploration Target is contained within a small portion of the Stockyard project where extensive auger drilling has been completed by the Company since it listed on the ASX in July 2021.

Stockyard Exploration Target – June 2022		
	Lower Range	Upper Range
Quantity (Tonnes)	8M	15M
Grade (SiO ₂)	96.0%	99.4%

The potential quantity and grade of the Exploration Target is conceptual in nature, and there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource. The Exploration Target has been prepared and reported in accordance with the 2012 edition of the JORC Code.

The Exploration Target has been developed based upon the current geological understanding of the geometry of mineralised zones at the Stockyard Project. This understanding has been developed through extensive exploration drilling completed to date, and regional geological mapping using spatial datasets.

The Exploration Target has utilised auger drilling results completed to date with more than 1161 auger holes for 1194 metres having intersected high purity silica sand at the project. Industrial Mineral's auger drilling at Stockyard has intersected a total of 55 high purity silica sand deposits from surface to an average depth of 1.03 metres.

Auger drill intercepts to date have returned an average grade of 98.9 % SiO₂ over a combined surface area spanning 700 hectares, refer to ASX releases dated 17 Nov 2021, 6 April 2022, and 26 May 2022 for further details on drilling completed by the Company.

Following compilation and review of all auger drilling completed in 2021, Industrial Minerals has used the below parameters in calculating the Exploration Target:

- Cumulative Surface Area: 700 hectares (or 7.0 km²)
- Average depth: 1.03 metres
- Bulk Density: 1.62 (t/m³)

The **average grade** of mineralisation is **98.9% SiO₂** and therefore a range of 96.0% and 99.4% is provided around that to account for uncertainty.

Mining Lease Application and Scoping Studies

The Company also announced that it has submitted a Mining Lease application to the Department of Mines, Industry Regulation and Safety (DMIRS) for the first Silica Sand mine within the Stockyard Project (refer to ASX release dated 6 June 2022). As part of the Scoping Study being conducted at the Stockyard Project, the Mining Lease application area has been selected to support the Company's rapid development strategy with the aim of minimizing roadblocks to progressing the project to production and first shipment to potential customers.

The Mining Lease area is entirely within a single private property of which IND has an Access Agreement and strong working relationship with the owner. The proposed disturbance footprint consists of cleared farmland which avoids the need to disturb Native Vegetation, specifically that which is crucial to endangered Carnaby's Cockatoo. Due to the simple mining and processing route proposed to produce a DSO Silica Sand product, along with the small scale of this initial Mining Lease, IND believe it will be able to move swiftly to receive final approvals required to commence operations.

IND's Scoping Study is progressing well and is focused on the Mining Lease application area, while also considering the current and future exploration across the greater Stockyard Project area.

Workstreams underway as part of the Stockyard Scoping Study are listed below:

- Assays for drilling completed to date have now been received and compiled into a master database, allowing the Maiden Mineral Resource Estimate to be finalised in Q3 2022.
- Composite samples for High Purity Silica Sand mineralised bodies within the Mining Lease application area have been submitted to KeyPointe Pty Ltd for Metallurgical testwork. Results to date have seen key contaminant, Fe₂O₃, can be reduced to 185 ppm after heavy liquid separation and attritioning (refer to ASX release dated 19 July 2022).
- Desktop and Level 1 Environmental surveys have been conducted and are to be included in the Mining Proposal and Mine Closure Plan for the Mining Lease.
- Ground Water Licence approved with sufficient allocation of water for proposed mining and processing requirements.

- Mining Engineering and Site Planning is advancing in conjunction with resource modelling which will allow Mining, Processing and Logistics tenders to be released to selected parties in Q3 of 2022.

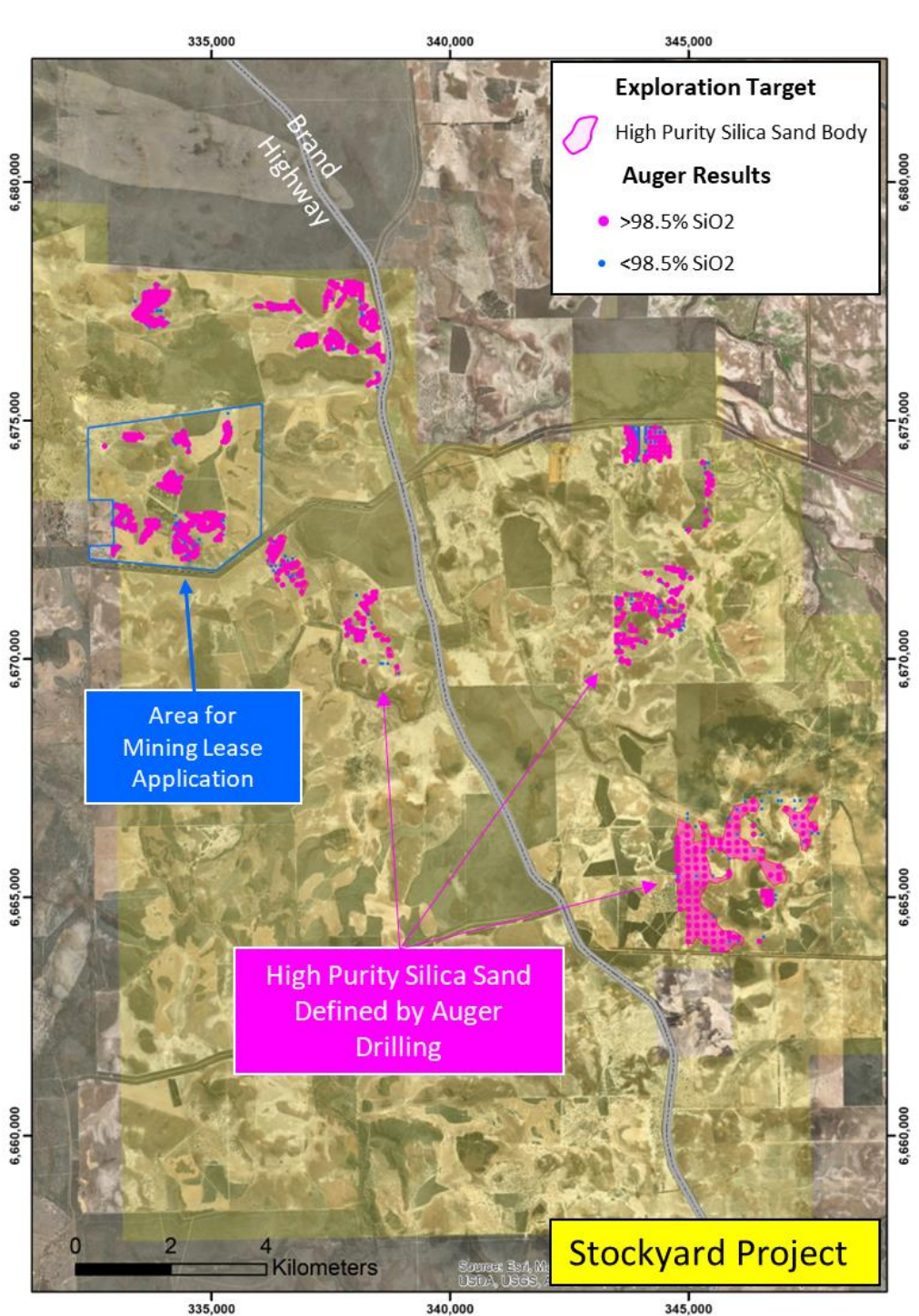


Figure 1. Stockyard Project displaying Exploration Target and Mining Lease application

Board Changes Support IND's Exploration Strategy

In May 2022, the Company made several changes to its Board to support the continued development and growth of the Company in line with its current strategy. Mr Jeff Sweet was promoted to Managing Director while Mr Ashley Pattison stepped back from his role as Executive Chair to continue as Non-Executive Chair of Industrial Minerals. The Company also appointed Ms Melanie Leighton as Non-Executive Director. Ms Leighton is a highly experienced Mining Professional, having worked in technical, management and corporate roles over the past 23 years. Ms Leighton is currently a Non-Executive Director of Greater Boulder Resources Ltd and provides geological and corporate services to several ASX listed companies, including Industrial Minerals. Ms Leighton has been engaged by the Company as a technical consultant since February 2022. Refer to ASX release dated 9 May 2022.

IND's Managing Director Jeff Sweet commented,

"With the continued support of Ashley Pattison and the addition of Melanie Leighton to the Board, the Company is in a strong position to move the Stockyard Project towards production and continue to explore its other priority projects."

Non-Executive Chair – Ashley Pattison

Mr Pattison has over 20 years' experience in the resources sector from both a corporate finance and operational perspective. A qualified chartered accountant, he has extensive experience in operations, finance, strategy and corporate finance. Having lived and worked in several countries, he has gained substantial exposure to exploration and producing operations in Australia and South America. Ashley has been the Managing Director of a number of listed and private mining companies over the past 10 years and also CEO of a listed mining service Company.

Managing Director – Jeff Sweet

Mr Sweet has over 24 years' quality experience in the quarry, mining and logistics industries primarily in operations management roles. Mr Sweet had a practical start to his career working for owner operator and contracting companies in resource sectors including Gold, Iron Ore, Phosphate and Construction Materials. Mr Sweet has complimented his broad experience with a Master of Science (Mineral Economics).

Non-Executive Director – Alex Neuling

Mr Neuling is a chartered accountant and chartered company secretary with over 20 years corporate and financial experience, including more than 15 years as company secretary, CFO &/or a Director of various ASX listed companies in the Oil & Gas, Mineral Exploration, Biotech & Mining Services sectors. Prior to these roles, Alex worked at Deloitte in London and in Perth.

Non-Executive Director– Melanie Leighton

Melanie is a geologist with over 20 years’ experience in the mining industry, spanning multiple commodities and deposit types. Ms Leighton is a founding Director of Leighton Geoservices Pty Ltd, a consulting firm providing corporate and geological services to the mineral resources sector with the mantra of bridging the gap between technical, corporate and investor. Melanie has held management and senior geological roles with Hot Chili Limited, Harmony Gold and Hill 50 Gold, gaining practical and management experience within the areas of exploration, mining and resource development. Melanie also has considerable experience in the areas of stakeholder engagement and investor relations.

Company Landholdings

During the quarter, changes to the status of the Company’s tenement holdings consisted of the grant of E70/6041 (Mindarra) and E70/6065 (Narrikup). Both projects are prospective for High Purity Silica Sand, with the Narrikup Project located in close proximity to the Albany Port. Refer to Appendix A for the full tenement holdings.



Figure 2. Narrikup Project (E70/6065) Location Map.



Figure 3 : High Purity Silica Sands Projects

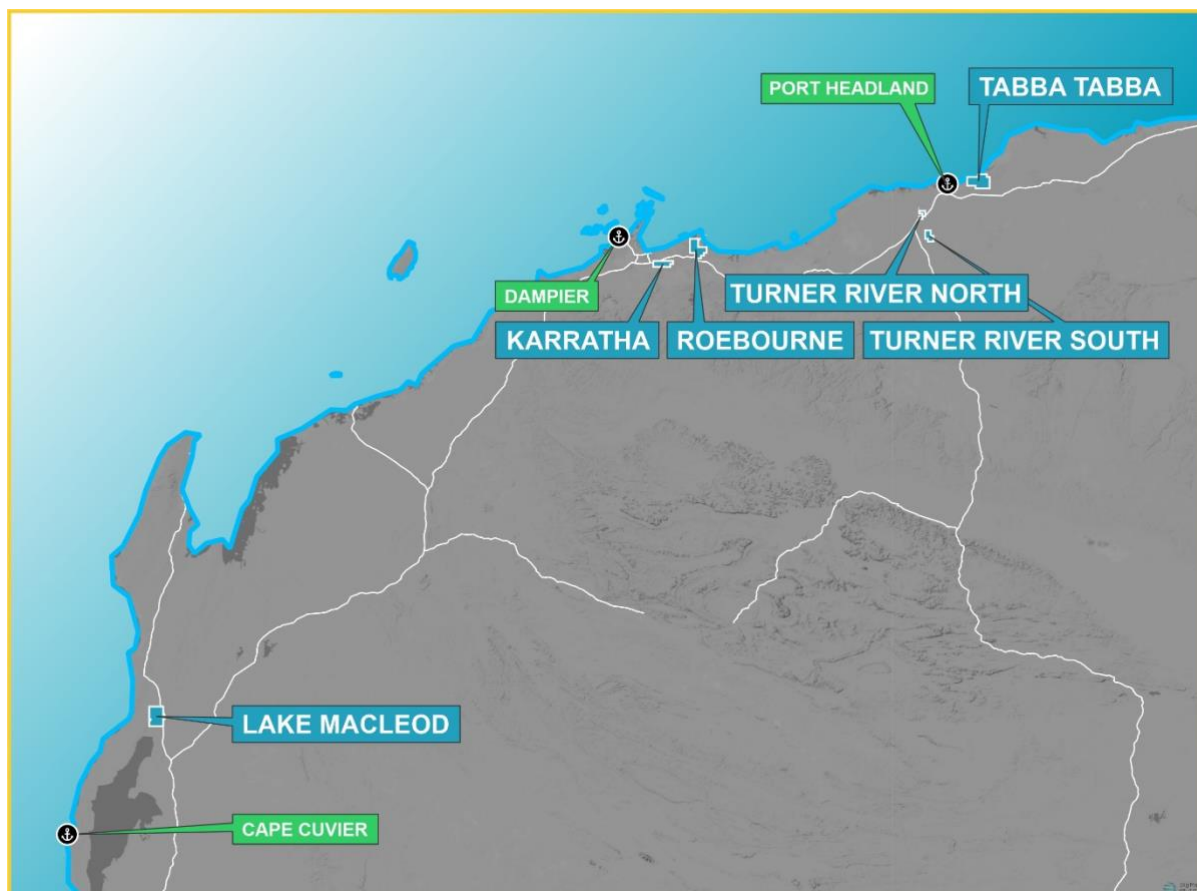


Figure 4 : Strategic Industrial Mineral Projects

Planned Activities for Coming Quarters

The Company's primary objective for 2022 is the rapid development of the Stockyard project. Along with the progress announced to date, key milestones that the Company is working towards for the remainder of 2022 are detailed below:

- Stockyard Maiden Mineral Resource Estimate and Scoping Study
- Mining Lease application submitted; approval expected in Q3 2022
- Submission and approval of statutory requirements including Mining Proposal, Mine Closure Plans, Project Management Plans and Works Approvals
- Continued systematic assessment and exploration across the Stockyard Project and other High Purity Silica Sands projects
- Further growth and development of potential customers with the aim to enter into offtake agreements
- Further engagement with farmers and stakeholders, presenting IND's Low Impact Mining (LIM) Strategy

IND will continue to maintain momentum across its portfolio of High Purity Silica Sand and Strategic Industrial Mineral Projects with continued systematic assessment and exploration. The Company looks forward to further engaging with landowners and stakeholders, presenting its LIM Strategy, highlighting the benefits to agricultural productivity while minimising negative effects to the surrounding environment.

Corporate and Financial

As at 30 June 2022, the Company had \$3.4M in cash. An Appendix 5B for the quarter (5B) is attached to this activities report. Exploration expenditure for the period (items 1.2a and 2.1d in the 5B) was \$233,000.

Listing Rule 5.3.5

Payments to related parties (as detailed in item 6 of the 5B) comprise payment of Directors fees, technical and management consulting fees as well as payments for office rent to a company in which Mr Pattison has an equity interest. Payments to related parties in the June 2022 Period totalled \$153,000.

Listing Rule 5.3.4 Use of funds

IND was admitted to trading on the ASX on 15 July 2021. The 30 June 2022 quarter is included in a period covered by a Use of Funds statement in a prospectus lodged with ASX under Listing Rule 1.a, condition 3. A comparison of the Company's expenditure against the estimated Use of Funds statement is set out below as required under Listing Rule 5.3.4.

Expenditure item	Note	Use of Funds (2 years) \$	Actual to 30 June 2022 (excluding GST) \$	Variance \$
Exploration at the projects	1	2,855,000	178,000	2,677,000
Cash reimbursement to project vendors		53,557	41,062	12,495
Expenses of the offer	2	540,000	503,000	37,000
Administration costs	1	1,260,000	500,551	759,449
Working capital	1	772,093	859,942	(87,849)
		5,480,650	2,082,555	3,398,095

Note:

1. The Use of Funds statement covers a 2 year period whereas current actual expenditure covers the period since incorporation (11 months). Expenditure items are budgeted to be incurred over the full 2 year period.
2. Initial listing fees, Independent Geologist's Fees, Printing and miscellaneous expenses were lower than budgeted in the use of funds statement

For enquiries regarding this Quarterly Report please contact:

Mr. Ashley Pattison
Non-Executive Chair
(08) 6270 6316

Mr. Jeff Sweet
Managing Director
(08) 6270 6316

About IND

IND is a diversified Industrial Mineral project developer with a primary focus on High Purity Silica Sand. IND will focus on exploring and developing its highly prospective Australian High Purity Silica Sands and complementary Industrial Mineral Projects.

IND now holds 100% of 14 High Purity Silica Sand projects and six complementary Industrial Mineral projects across Western Australia and is focused on exploring and developing these projects, which have the potential to add significant value to investors and stakeholders.

Website: www.industmin.com

Competent Person

The information in this announcement that relates to exploration activities on the Projects is based on information compiled and fairly represented by Ms Melanie Leighton, who is a Member of the Australasian Institute of Geologists (MAIG). Ms Leighton has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which she has undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Ms Leighton consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

Forward-looking Statements

Certain statements contained in this document may be 'forward-looking' and may include, amongst other things, statements regarding production targets, economic analysis, resource trends, pricing, recovery costs, and capital expenditure. These 'forward-looking' statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by IND, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies and involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as 'believe', 'expect', 'anticipate', 'indicate', 'target', 'plan', 'intends', 'budget', 'estimate', 'may', 'will', 'schedule' and others of similar nature. IND does not undertake any obligation to update forward-looking statements even if circumstances or management's estimates or opinions should change. Investors should not place undue reliance on forward-looking statements as they are not a guarantee of future performance.

Disclaimer

No representation or warranty, express or implied, is made by IND that the material contained in this document will be achieved or proved correct. Except for statutory liability and the ASX Listing Rules which cannot be excluded, IND and each of its directors, officers, employees, advisors and agents expressly disclaims any responsibility for the accuracy, correctness, reliability or completeness of the material contained in this document and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person through use or reliance on any information contained in or omitted from this document.

Appendix A – Tenement Schedule as at 30 June 2022

Project	Location	Tenement Number	Status	Interest %
Arrowsmith East	Arrowsmith East, WA	E70/5856	Granted	100%
Bookara	Bookara, WA	E70/5855	Granted	100%
Bookara	Bookara, WA	E70/6006	Application	100%
Bookara	Bookara, WA	E70/6007	Application	100%
Cataby West	Mimegarra, WA	E70/5714	Application	100%
Cataby West	Mimegarra, WA	E70/5778 ²	Application	100%
Gingin	Gingin, WA	E70/5742 ²	Granted	100%
Gingin	Gingin, WA	E70/5868	Granted	100%
Gingin	Gingin, WA	E70/5918	Granted	100%
Gingin	Gingin, WA	E70/5782 ²	Application	100%
Jurien	Cataby, WA	E70/5741 ²	Granted	100%
Karratha	Hammersley Range, WA	E47/3144 ²	Granted	100%
Lake MacLeod	Lyndon River, WA	E08/3089 ¹	Granted	100%
Mindarra	Mindarra, WA	E70/6041	Granted	100%
Mount Lefroy	Mount Lefroy, WA	E70/5857	Granted	100%
Mullering	Cataby, WA	E70/5715 ¹	Granted	100%
Narrikup	Albany, WA	E70/6065	Granted	100%
Quins	Cowalla, WA	E70/5340 ¹	Granted	100%
Quins	Cowalla, WA	E70/5720 ¹	Granted	100%
Regans Ford	Regans Ford, WA	E70/5858	Application	100%
Roebourne	Roebourne, WA	E47/4582	Application	100%
Stockyard	Stockyard, WA	E70/5845	Granted	100%
Stockyard	Stockyard, WA	E70/5846	Granted	100%
Stockyard	Stockyard, WA	E70/5873	Granted	100%
Stockyard	Stockyard, WA	E70/5936	Granted	100%
Stockyard	Stockyard, WA	E70/5937	Application	100%
Stockyard	Stockyard, WA	E70/5938	Granted	100%
Tabba Tabba	Tabba Tabba, WA	E45/6091	Application	100%
Turner River	Turner River, WA	E45/5268 ³	Granted	100%
Turner River North	Turner River, WA	E45/4570	Granted	100%
Turner River North	Turner River, WA	E45/6062	Application	100%
Unicup	North Unicup, WA	E70/5713 ²	Granted	100%
Unicup	North Unicup, WA	E70/5870	Granted	100%
Waroona	Harvey, WA	E70/5887	Application	100%
Waroona	Waroona, WA	E70/5888	Application	100%

1. Tenement currently held by Mining Equities Pty Ltd. Applications have been submitted for the transfer to Industrial Minerals Ltd.
2. Tenement currently held by Gundara Enterprises Pty Ltd. Applications have been submitted for the transfer to Industrial Minerals Ltd.
3. Tenement currently held by Peter Gianni. Applications have been submitted for the transfer to Industrial Minerals Ltd.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Industrial Minerals Ltd

ABN

87 648 183 297

Quarter ended ("current quarter")

30 June 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(7)	(456)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(73)	(445)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(79)	(900)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	(41)
(c) property, plant and equipment	(43)	(51)
(d) exploration & evaluation	(226)	(497)
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(269)	(589)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	5,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(374)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	4,626
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,761	275
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(79)	(900)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(269)	(589)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	4,626

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,412	3,412

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,412	3,761
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,412	3,761

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(68)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	(80)

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

- 6.1 Payment of directors' fees to related parties on an arm's length basis under the terms disclosed in the IPO prospectus. In addition, includes \$34,600 paid to an entity in which Mr Pattison holds 33.3% equity interest for office rental, including a rental deposit.
- 6.2 Payment of directors' and consulting fees to related parties on an arm's length basis under the terms disclosed in the IPO prospectus related to exploration activities at granted tenements.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities		-
- Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(79)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(269)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(348)
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,412
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	3,412
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	9.8
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: ..27 July 2022.....

Authorised by: ..Natalie Madden – Company Secretary.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.