

QUARTERLY ACTIVITIES REPORT

For the period ending 31 December 2023

Highlights

Pippingarra Quarry Project

- Secured an exclusive option to acquire 80% interest in lithium and High Purity Quartz (HPQ) rights in the world class Pilbara lithium province, WA.
- 3,500m RC drill program commenced to follow up historical drill results.
- Assays now expected in Q1 2024 due to industry-wide lab delays.

Stockyard High Purity Silica Sand (HPSS) Project

- IND hosted Potential Strategic Offtake Partners from China on a tour of the Stockyard HPSS Project and Geraldton Port.

Industrial Minerals Ltd (ASX: **IND** or the **Company**) is pleased to provide an update on its activities during the December 2023 Quarter. During the period, the Company announced the exciting opportunity to acquire 80% interest in lithium and HPQ rights for the Pippingarra Quarry Project. An initial Phase 1 Reverse Circulation (RC) drill program commenced to follow up historical lithium drill results, and HPQ samples were collected and sent to potential buyers. Offtake discussions also progressed at the Stockyard HPSS Project through a site visit and tour of the Geraldton Port with potential strategic offtake partners from China.

IND's Managing Director Jeff Sweet commented:

"This has been a defining quarter for IND, through the deal to acquire a highly prospective project, nestled between other impressive lithium discoveries in the Pilbara region.

"The acquisition provides IND the opportunity to expand into lithium, and further strengthens our HPQ position. We wasted no time in commencing a 3,500m RC drill program to follow up on historical results and develop our understanding of the project's potential.

"We had expected to have the assay results from this program to announce by the end of the December 2023, however with the high levels of exploration underway across Western Australia, IND has been advised that these are more likely to be returned in February due to the industry-wide laboratory backlog.

"IND is very excited to get started on the upcoming work program, and we look forward to updating shareholders on the results from our drill program and other exploration activities as soon as is practical."

Pippingarra Quarry Project

The Pippingarra Quarry Project (**Pippingarra**) is prospective for High Purity Quartz (HPQ) and lithium, located 30km south-east of Port Hedland within world class Pilbara lithium province of Western Australia and near some of the world's largest hard rock lithium mines (*Figure 1*).

Historical drilling at the operating Pippingarra Quarry successfully defined over 2km of flat lying pegmatite, averaging 200m wide and 20m thick, open in all directions (*Figure 2*). Of the 38 diamond holes drilled by previous owners, only one drill hole was assayed for lithium, intersecting 6m at 3.73% Li₂O from 26m in a vertical diamond hole.

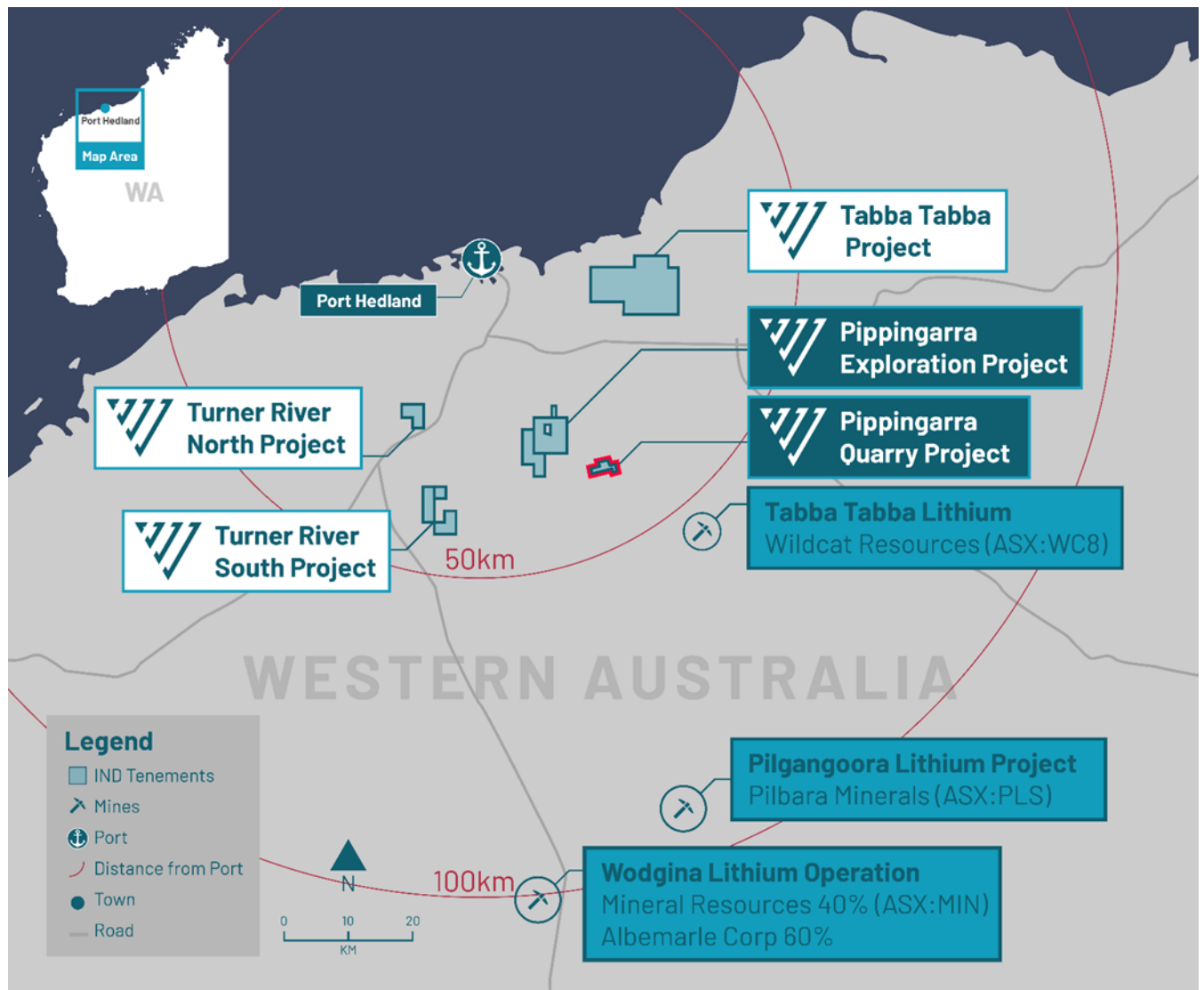


Figure 1. Pippingarra Quarry Project and IND tenure in relation to neighbouring lithium projects in the Pilbara Region of Western Australia.

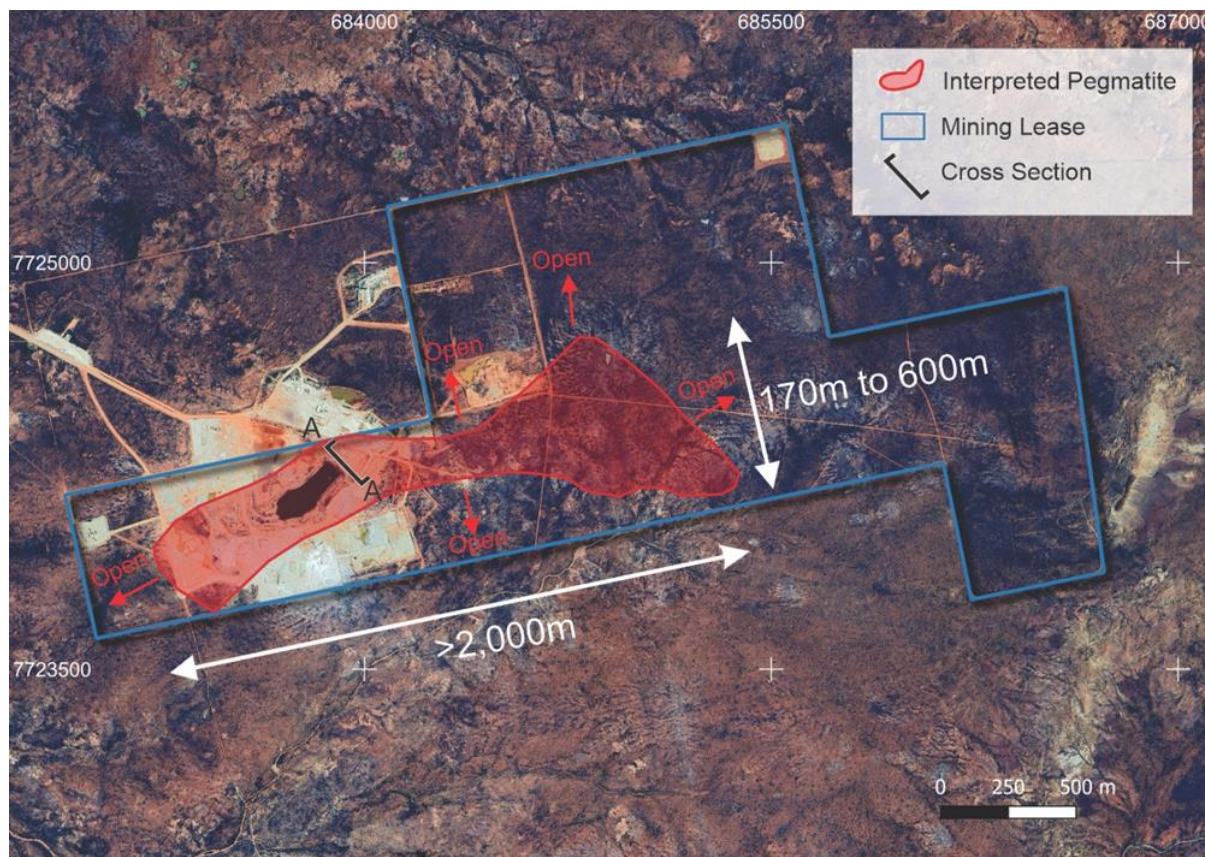


Figure 2. Interpreted pegmatite mineralisation zone.

Project Acquisition¹

During the quarter, IND was pleased to announce the agreement of binding terms with North West Quarries Pty Ltd (**NWQ**) for the exclusive option to acquire an 80% interest in the non-construction material mineral rights, including lithium and HPQ, at the Pippingarra Quarry Project near Port Hedland (*Figure 2*). The Project is adjacent to Pippingarra Road and is only 40km by road to the Port Hedland port. It is 80km by road to the Pilgangoora Lithium Mine processing plant and 117km by road to the Wodgina Lithium Mine processing plant.

The acquisition was a logical expansion of IND's activities in the Pilbara region, with the Company already holding a number of tenements in the region prospective for HPQ and lithium.

Phase 1 Exploration Program^{2,3,4}

During the quarter, IND mobilised RC drill rigs to site to conduct an initial 3,500m Phase 1 Exploration program at Pippingarra (*Figure 3*). The drilling planned to focus on three priority lithium areas, testing and validating historical drill data adjacent to the existing open pit, and along strike.

IND appointed the experienced lithium geological consultant, Bourke and Associates, to oversee the RC drill program at Pippingarra due to their standing as "Expert" under the definitions provided by the JORC and Valmin Codes.

Assay results from Phase 1 drilling are expected February 2024 after the laboratory has advised IND of delays due to a backlog of results from the high levels of exploration activity.

Phase 2 drilling is planned to commence in Q1 2024 after these results have been received and interpreted.

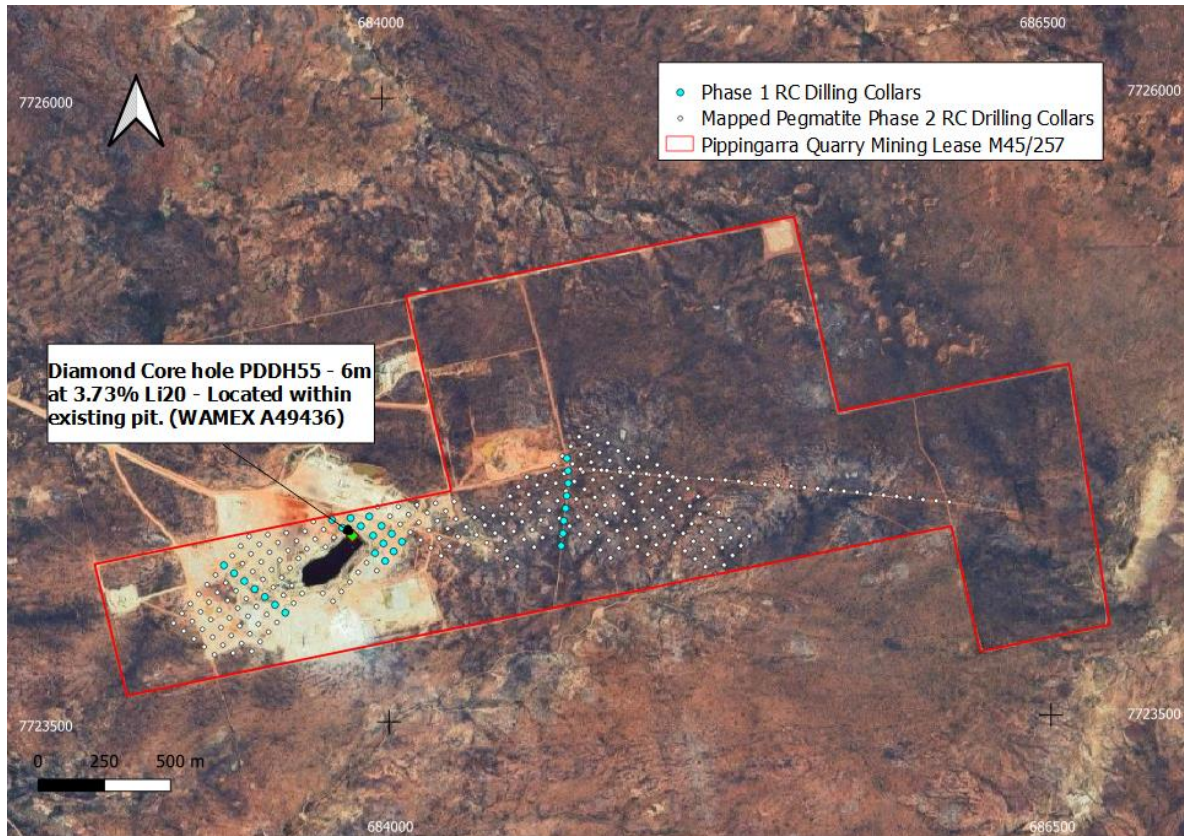


Figure 3. Phase 1 Priority RC Drill Program, as represented in turquoise dots.

High Purity Quartz

Historical core photos from Pippingarra displayed wide bands (~10m) of very white, clean quartz close to surface, which is considered encouraging due to the inbound enquiries IND has received for Ultra High Purity Quartz from Potential Offtake Groups (*Plate 1*).

During the quarter, IND was pleased to announce the receipt of numerous requests from end users and traders for samples of the HPQ product, prompting the collection of quartz samples for two potential buyers in China. The samples will be tested for suitability as feedstock for the manufacture of high-grade crucibles, which are used in the electronics industry.

IND eagerly awaits the results following full testing and analysis of the samples.



Plate 1. Historical drill core for hole PDDH9. Massive quartz from 5.6m to 15.5m. (Wamex Report A33097).

Stockyard High Purity Silica Sand (HPSS) Project

Offtake Discussions⁵

Offtake discussions progressed for the Company's flagship Stockyard HPSS Project near Eneabba in Western Australia.

IND hosted Potential Strategic Offtake Partners on a tour of the flagship Stockyard HPSS Project and the Geraldton Port (*Figure 4*), aimed at fostering potential strategic offtake partnerships. The visit showcased the scale and capabilities of Stockyard, whilst underscoring mutual interest and commitment from both sides to explore and harness the potential offered by the supply of HPSS to the specialty glass and PV solar glass industry.



Figure 4. Strategic Offtake Partners Visit Geraldton Port

Corporate and Financial

As at 31 December 2023 the Company had \$1,439,002 in cash. An Appendix 5B for the quarter (5B) is attached to this activities report.

Additional ASX Listing Rule Disclosures

ASX Listing Rule: 5.3.1 Exploration expenditure for the period (items 1.2a and 2.1d in the 5B) was \$453,000.

ASX Listing Rule 5.3.3: The details of the mining tenements, the location and the Company's beneficial percentage interest held in those Tenements at the end of the Quarter is included in the Table at the end of this as Appendix 1.

ASX 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 December 2023 Period totalled \$133,000.

ASX Announcements included in this Report

This Quarterly Activities Report contains information reported in accordance with JORC 2012 in the following announcements released during the reporting period:

27 October 2023 – Option to Acquire Pippingarra Lithium Project, Pilbara WA

¹ ASX Announcement 27 October 2023 – Option to Acquire Pippingarra Lithium Project, Pilbara WA

² ASX Announcement 13 November 2023 – RC Drill Rig Mobilised at Pippingarra Project

³ ASX Announcement 23 November 2023 – RC Drilling Commences at Pippingarra Quarry Project

⁴ ASX Announcement 5 December 2023 – RC Drilling Update for Pippingarra Quarry Project

⁵ ASX Announcement 3 October 2023 – Potential Offtake Partner Visit to Stockyard Site

This announcement has been approved by the Industrial Minerals Board.

For enquiries regarding this report please contact:

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About IND

Industrial Minerals Ltd is a critical minerals explorer and a developer of high purity silica sand and quartz. The Company has HPSS and HPQ advanced projects in Western Australia positioned to supply the rapidly expanding solar PV industry. IND holds 100% of 21 High Purity Silica Sand projects and seven complementary Industrial Mineral projects across Western Australia and is focused on exploring and developing these projects.

IND is also exploring for lithium and high purity quartz (HPQ) in the established lithium province of Pilbara in Western Australia, where it has recently secured an option to acquire an 80% interest in the non-construction material mineral rights to the operating Pippingarra Quarry (Granted Mining Lease, M45/258), which includes lithium and HPQ.

Website: www.industmin.com

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 31 December 2023

Project	Location	Tenement Number	Status	Interest %
Albany	East Mindijup, WA	E 70/6495	Granted	100%
Albany	Kallumup, WA	E 70/6497	Granted	100%
Albany	Manypeaks, WA	E 70/6498	Granted	100%
Bookara	Bookara, WA	E 70/5855	Granted	100%
Cataby West	Caro Brook, WA	E 70/5714	Application	100%
Cataby West	Mimegarra, WA	E 70/5778	Application	100%
Eneabba	Eneabba, WA	E 70/6345	Granted	100%
Eneabba	Eneabba North, WA	E 70/6490	Granted	100%
Esperance East	Esperance East, WA	E 63/2260	Granted	100%
Esperance East	Esperance East, WA	E 63/2343	Granted	100%
Esperance West	Esperance West, WA	E 63/2259	Granted	100%
Gingin	Gingin, WA	E 70/5742	Granted	100%
Gingin	Muckenburra, WA	E 70/5782	Application	100%
Gingin	Gingin West, WA	E 70/5868	Granted	100%
Gingin	Wallering Brook, WA	E 70/5881	Granted	100%
Gingin	Gingin, WA	E 70/5918	Granted	100%
Gingin	Eclipse Hill, WA	E 70/6156	Granted	100%
Gingin	Tea Tree Road, WA	E 70/6177	Granted	100%
Gingin	Gingin West, WA	E 70/6211	Granted	100%
Gingin	Gingin, WA	E 70/6417	Granted	100%
Jurien	Jurien, WA	E 70/5741	Granted	100%
Karratha	Pattersons Hut Well, WA	E 47/3144	Granted	100%
Lake MacLeod	Lyndon River, WA	E 08/3089	Granted	100%
Mindarra	Mindarra, WA	E 70/6041	Granted	100%
Mount Lefroy	Mount Lefroy, WA	E 70/5857	Granted	100%
Mullering	Cataby, WA	E 70/5715	Granted	100%
Narrikup	Narrikup, WA	E 70/6065	Granted	100%
North Sterlings	North Sterlings, WA	E 70/6204	Granted	100%
Pinjarra	Pinjarra, WA	E 70/6203	Granted	100%
Pippingarra	ANZAC Well, WA	E 45/5444	Granted	100%
Quinns	Cowalla, WA	E 70/5340	Granted	100%
Quinns	Cowalla, WA	E 70/5720	Granted	100%
Stockyard	Eneabba, WA	E 70/5845	Granted	100%
Stockyard	Eneabba, WA	E 70/5846	Granted	100%
Stockyard	Warradarge, WA	E 70/5873	Granted	100%
Stockyard	Warradarge, WA	E 70/5936	Granted	100%
Stockyard	Warradarge, WA	E 70/5937	Granted	100%
Stockyard	Warradarge, WA	E 70/5938	Granted	100%
Stockyard	Warradarge, WA	M 70/1417	Granted	100%
Turner River	Turner River, WA	E 45/5268	Granted	100%
Turner River North	Turner River, WA	E 45/4570	Granted	100%
Unicup	North Unicup, WA	E 70/5713	Granted	100%
Roebourne	Wickham, WA	E 47/4582	Application	100%
Regans Ford	Regans Ford, WA	E 70/5858	Application	100%
Waroona	Harvey, WA	E 70/5887	Application	100%
Waroona	Waroona, WA	E 70/5888	Application	100%
Tabba Tabba	Tabba Tabba, WA	E 45/6091	Application	100%
Eneabba	Enneaba, WA	E 70/6205	Application	100%
Pinjar	Swan, WA	P 70/1767	Application	100%
Pippingarra	North Trig Hill, WA	E 45/6509	Application	100%
Mindarra	Wannamal, WA	E 70/6428	Application	100%
Pippingarra	Pippingarra, WA	E 45/6700	Application	100%
Tabba Tabba	Tabba Tabba, WA	E 45/6759	Application	100%
Mt Regal	Mt Regal, WA	E 47/5070	Application	100%
Pippingarra	Pippingarra, WA	E 45/6798	Application	100%
Abydos	Abydos, WA	E 45/6817	Application	100%
Yule	Yule, WA	E 45/6818	Application	100%

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")

31 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(77)	(114)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(188)	(443)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	9
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	(261)	(548)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	(50)	(50)
(c) property, plant and equipment	(85)	(85)
(d) exploration & evaluation	(376)	(681)
(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 (6 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	(511)	(816)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	1,364	1,628
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(8)	(11)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(7)	(18)
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	1,349	1,599

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	862	1,204
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(261)	(548)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(511)	(816)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,349	1,599

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 (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,439	1,439

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	1,439	862
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)	1,439	862

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	48
6.2	Aggregate amount of payments to related parties and their associates included in item 2	85
<p><i>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.</i></p>		
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 \$7,000 paid to an entity in which Mr Pattison holds 33.3% equity interest for office rental	
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)	(261)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(376)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(637)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,439
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	1,439
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.26
<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: ..31 January 2024.....

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.