

IND HPQ Marketing and Exploration Update

Highlights

- Encouraging preliminary feedback received from Pippingarra pegmatite being assessed by interested party for producing high purity quartz
- China marketing visit provides valuable insights to enhance IND's operations, production capabilities and research & development programs
- IND's network of on-ground experts has afforded access to potential collaboration opportunities in major quartz production centre of Lianyungang, China
- Mineral Resource definition activities are progressing well at IND's High Purity Quartz (HPQ) Projects in Western Australia

Industrial Minerals Ltd (ASX: IND) (The **Company** or **IND**) is pleased to provide an update on its recent marketing activities in China and resource definition activities at its Pippingarra HPQ Project (**Pippingarra**).

IND's Managing Director Jeff Sweet commented:

"After receiving encouraging testwork feedback from an interested party in China, I was very pleased to get on the ground in China to continue strategically advancing IND's HPQ product into this major production centre.

"The high quality of the meetings and industry access afforded to IND is a testament to the consistent marketing efforts of our team in the region, and the strong network of experts we have built to assist with our ongoing commercialisation strategy.

"Furthermore, I am very pleased with the progress of IND's systematic resource definition activities underway at our HPQ projects, and I look forward to bringing those results to our shareholders and followers as these become available."

Marketing Activities in China

Pippingarra Pegmatite

IND has received enquiries from several parties interested in testing the Company's pegmatite ore to assess its suitability as a feed for high purity quartz product applications. Pegmatite ore is ideal for high-purity quartz production because it typically contains large, well-formed quartz crystals with minimal impurities. The Spruce Pine Mining District in North Carolina, USA, is a prime example where pegmatite ore is mined for high-purity quartz (HPQ) production, supplying the semiconductor, solar, and optical industries.

As a result of these enquiries, a 60kg sample of pegmatite from the Pippingarra Project was sent to an interested party in China to assess its suitability for HPQ applications. Testwork was conducted to evaluate the suitability of Pippingarra pegmatite for high to ultra-pure quartz applications. The testwork has provided encouraging results, however they are preliminary in nature, with further work required before results can be disclosed.

The beneficiation process conducted during testwork included all stages completed by North Carolina State University-Mineral Research Laboratory on IND quartz samples earlier in the year¹. They included sizing, attrition, floatation, magnetic separation, acid leaching, with the addition of calcination and hot chlorination. This is widely accepted in the high purity quartz industry as standard processing testwork.

The next stage of testing requires a one-tonne pegmatite sample, which has been collected from Pippingarra and sent to the interested party for further refined beneficiation testwork. The quartz sand produced is intended to be used to create a trial crucible and additional samples will be sent to potential customers for evaluation.

These results are preliminary in nature and subject to further refinement, validation, and verification. The Company emphasizes that the results disclosed herein should not be interpreted as definitive or indicative of economic viability at this stage. Further testwork is planned to bring the data in compliance with JORC 2012 standards, and updates will be provided in due course.



Plate 1: Pippingarra rock sample being tested by interested party

¹ ASX Announcement 26 July 2024 - Maiden Mukinbudin Quartz Processing Testwork Achieves Premium HPQ Product

Donghai County Visit

Encouraging results from preliminary testwork on the Pippingarra pegmatite prompted IND Managing Director, Jeff Sweet, to visit the interested party's testing facilities, as well as quartz processing facilities and potential buyers in the major quartz region around Lianyungang, China.

Accompanied by a local quartz industry expert, IND was provided the opportunity to meet with several HPQ companies and industry leaders, including Pacific Quartz, as well as new and established high purity quartz sand producers, fused quartz factories, acid treatment plants and quartz traders.

IND has built on its strong connections across the quartz industry value chain, expanding the opportunities available to process and distribute quartz products in the future. It was evident from discussions with both buyers and traders that HPQ market pricing in China is currently challenging, but they also confirmed that buyers are continually looking to source quality ore from suppliers with large resources that can supply consistent quality quartz ore.

During the visit, a newly commissioned HPQ factory was also visited, with the owners expressing interest in testing IND's quartz material. While no agreement has been reached yet, this potential collaboration could open further avenues for product development and market expansion.



Plate 2: Left: Acid leach in newly commissioned HPQ factory visited in Lianyungang.

Right: Hand sorting fused quartz

Assessing Quartz Stone Direct Shipping Ore (DSO) Opportunities

Along with high purity quartz applications, the quartz stone industry is being evaluated as a potential DSO opportunity. The quartz stone industry focuses on engineered products like countertops, benchtops, and tiles made from crushed quartz combined with resin and pigments. These products are highly sought after for their durability, non-porosity, and aesthetic appeal. Asia-Pacific and North America are the largest markets, driven by construction booms and remodeling projects.

IND is currently evaluating the opportunity to supply DSO quartz from the Pippingarra Project to manufacturers of engineered quartz products in countries with high manufacturing capacity, like China. IND is also in discussions with potential third parties to process the Company's quartz ore into intermediate products, such as quartz sand or powder. With quartz demand expected to grow, IND is well-positioned to capitalise on supplying essential raw materials to this thriving industry.

HPQ Mineral Resource Definition Update

IND is well advanced with its resource definition activities at the Pippingarra HPQ Project, located in the Pilbara region of Western Australia. A Phase 2 resource definition drilling program has been designed to test the continuity of quartz zones to the east of the Exploration Target area, as well as test a further 19 targets identified from mapped quartz blows outcropping at surface.

A 2,000m RC drilling program is underway with approximately half of the program complete. A total of 40 RC drill holes have been designed on a nominal spacing of 200m x 50m to an average depth of 50 metres, which is considered suitable for mineral resource estimation. A key aim of the drill program is to define shallow quartz ore zones, with targets generated from the extensive historical drill data and surface mapping conducted across the project area.

The Company is awaiting results from the first ~1,000m of resource definition drilling before it completes the remaining drilling. Results from resource definition drilling are anticipated in the coming weeks.

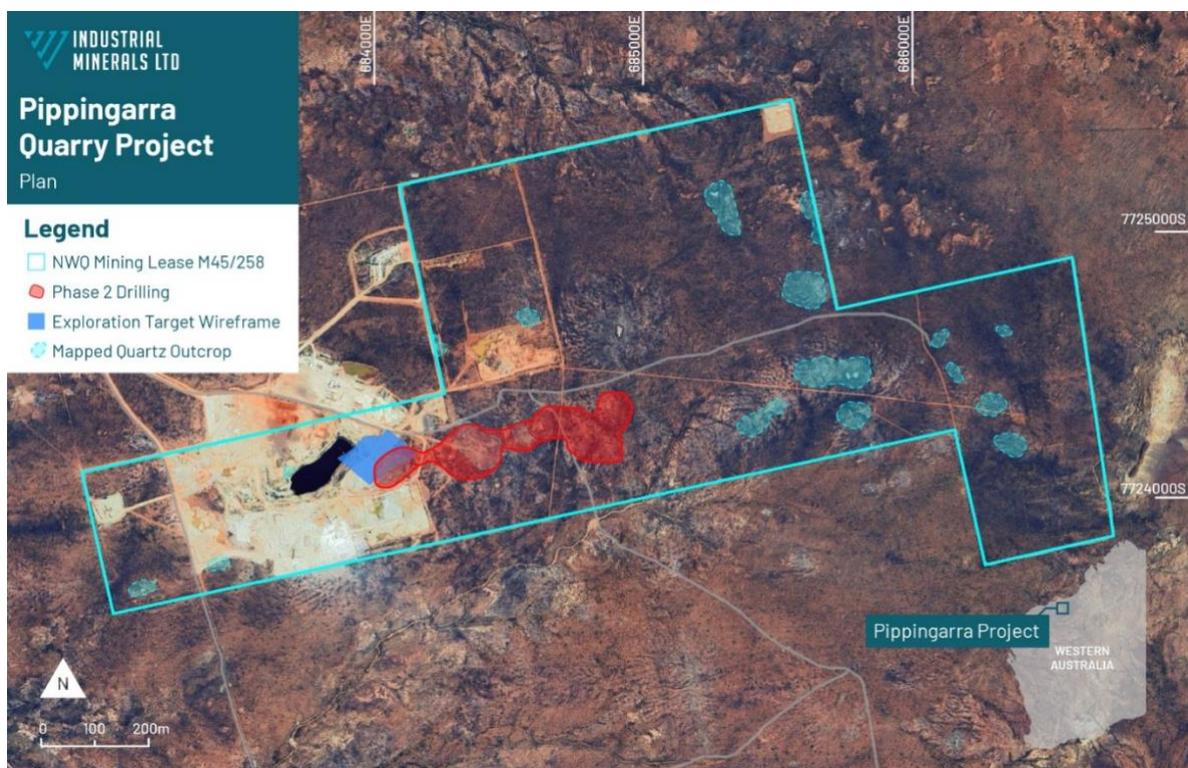


Figure 1: Pippingarra Project Quartz zone identified by IND RC and historical diamond drilling results.

A more powerful RC drill rig will then be mobilized to site, with the hard/ abrasive quartz and pegmatite units requiring a drill rig with additional capacity to achieve designed depths.

IND defined a Maiden HPQ Exploration Target² in April 2024 at Pippingarra based on the RC drilling program completed in December 2023. The exploration target range is 1M to 3M tonnes at 97%-99% SiO₂.

The Exploration Target is based upon the Reverse Circulation (RC) Drilling program completed by IND in December 2023. Drilling was conducted on a 50m x 50m spacing. From this, holes INRC003 – INRC009 recorded thicknesses of white crystalline quartz over widths from 12m to 20m.

² ASX Announcement 24 April 2024 – IND Establishes HPQ Exploration Target at Pippingarra Project

In addition to the distinct and well-defined quartz unit there is also pervasive “free” coarse grained quartz crystals throughout the feldspar rich pegmatite units which form a significant part of the Pippingarra pegmatite and have been observed to comprise more than 30% quartz. These feldspar - quartz rich pegmatite zones also contribute to the overall quartz contained within the Exploration Target area.

A Deep Ground Penetrating Radar (DGPR) survey has been completed over an area directly to the east of the historical pegmatite pit. DGPR is a contemporary geophysical technique which has proven successful in mapping subsurface pegmatite or quartz bodies.

Results of the DGPR survey are pending, and the Company expects results of the survey to be released in the coming 1-2 weeks, once QAQC, processing and modelling is complete.

If the DPGR survey proves effective for mapping pegmatites at Pippingarra, IND plans to complete the same survey at the Mukinbudin HPQ Project.

This announcement has been authorised by the Board of Industrial Minerals Ltd.

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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 holds high purity silica sand (HPSS) and high purity quartz (HPQ) advanced projects in Western Australia, positioned to supply the rapidly expanding solar PV industry. The Company has a strategy of defining high quality resources near key infrastructure and located on granted mining leases to fast-track the pathway to production. IND's advanced testwork and large portfolio of projects gives the company a competitive advantage in presenting a range of product specifications to its broad network of potential customers.

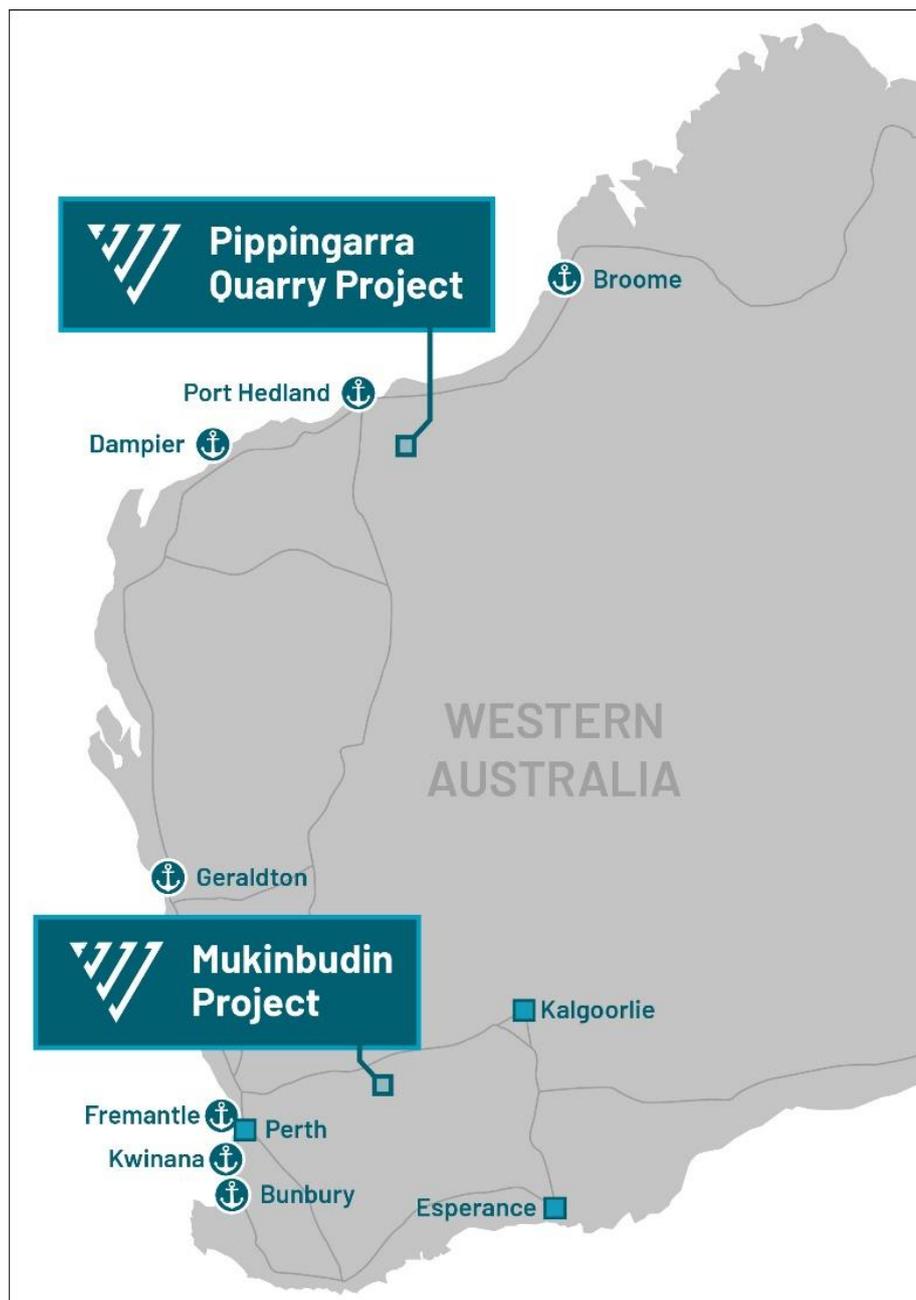


Figure 2. IND High Purity Quartz Projects in Western Australia

Competent Person Statement

Where statements in this announcement refer to exploration results which have previously been reported, the Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcements, and in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. These announcements may be viewed at www.industmin.com and www.asx.com.au. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market announcements.

ASX Announcements referenced in this release:

28 August 2024 - IND HPQ Drill Program and Testwork Update

31 October 2024 - Quarterly Activities / Appendix 5B Cash Flow Report

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.

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