



**INDUSTRIAL
MINERALS LTD**

INTERIM FINANCIAL REPORT

For the 6 month period
ended 31 December 2024

ASX:IND
industmin.com

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Corporate Directory

Directors

Ashley Pattison, Non-Executive Chairman

Jeffrey Sweet, CEO & Managing Director

Alex Neuling, Non-Executive Director

Melanie Leighton, Non-Executive Director

Company Secretary

Natalie Madden

Principal and Registered Office

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Securities Exchange Listing

Australian Securities Exchange

ASX CODE: IND

Share Registry

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Directors' Report

The Directors of Industrial Minerals Ltd (the Company or IND) submit herewith the interim report of the Group for the half-year ended 31 December 2024. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names and particulars of the Directors of the Company during or since the end of the half-year are:

Ashley Pattison, Non-Executive Chair

Jeff Sweet, CEO and Managing Director

Melanie Leighton, Non-Executive Director

Alex Neuling, Non-Executive Director

Principal Activities

The principal activity of the Company during the half-year was mineral exploration in Western Australia.

Dividends

The Directors resolved that no dividend be paid for the half-year.

Subsequent events

There have not been any matters or circumstances occurring subsequent to the end of the half-year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Review of operations

Pippingarra Project

The Pippingarra Project is a High Purity Quartz (HPQ) Quarry Project located south-east of Port Hedland, in the Pilbara region of Western Australia.

Mineral Resource Definition

Following a compilation and review of the 2023 drilling program and the extensive historical drilling data, an infill and resource definition drilling program was planned to extend the quartz zones to the east and to areas where there are mapped quartz blows¹. A Reverse Circulation (RC) drilling rig was mobilised in October 2024 and commenced the drilling program as planned. At the same time IND also studied the application and merits of Deep Ground Penetrating Radar (DGPR) as a geophysical tool to distinguish between and map the lithological units within the pegmatite. It was concluded that the DGPR surveying would provide greater coverage of the area and assist with drill targeting. Additionally, it could significantly reduce drilling costs by optimising the drill program.

Mineral resource consultant, Rose Mining Geology, is compiling and modelling the DGPR and drill data and a Maiden Mineral Resource Estimate is anticipated to be available in the March Quarter of 2025, once final assay results are received from the laboratory.

¹ Refer to ASX Announcement 28 August 2024 Exploration and Testwork Update

In April 2024 IND defined a Maiden HPQ Exploration Target 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 nominal 50m x 50m spacing. From this, holes INRC003 – INRC009 recorded thicknesses of white crystalline quartz over widths from 12m to 20m.

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.

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.



Figure 1: RC Drilling at Pippingarra in October 2024

Ore Sorting Trial

IND partnered with the renowned ore sorting specialist Nexus Bonum 22 to conduct initial quartz ore sorting trials using Pippingarra ore. This initiative aims to explore potential Direct Shipping Ore (DSO) opportunities currently under evaluation. Pegmatite ore samples were sent to two leading ore sorting manufacturers with demonstration units in Australia. A hand sorted quartz sample was used to train the ore sorter in what to detect as product using a combination of optical and lased sensors. While this was an initial trial, the results were promising for recovering a pure quartz ore product from existing waste material from the Pippingarra Project.

HPQ Evaluation and Testwork

During the September quarter, the Company received results from High Purity Quartz Processing Testwork completed by North Carolina State University's Mineral Research Laboratory ("NCSU-MRL"). The testwork was completed on samples from IND's Pippingarra Quarry Project and Mukinbudin Quartz/Feldspar Project in Western Australia².

North Carolina State University's Minerals Research Laboratory is a world leader in research, development and implementation of mineral processing techniques. The main focus of NCSU-MRL's research is the beneficiation of industrial minerals.

IND sent three 20kg quartz ore samples to NCSU-MRL for the purpose of assessing the potential to use as feedstock for the production of High Purity Quartz. Test samples T1-A and T1-B were sourced from IND's Pippingarra Quarry Project and test sample T1-C was sourced from the Mukinbudin Project.

Inductively Coupled Plasma - Mass Spectrometry ("ICP-MS") analysis was used to determine the elemental impurities, with detection limits suitable to the stringent requirements for high purity quartz. Testing was completed on the non-magnetic samples post flotation (removal of feldspar and mica minerals) and post acid leaching which was the final stage of processing.

Total yields achieved in the testwork were compelling. The standard flotation produced a quartz yield, by weight, of 98.2% for T1-A, 98.4% for T1-B, and 98.7% for T1-C. After magnetic separation, these yields were 82.5% for T1-A, for 83.6% T1-B, and 84.4% for T1-C. The leaching process resulted in a 14.5% loss by weight, due to impurity removal, for T1-A. The losses for T1-B and T1-C were 14.8% and 15.0%.

These highly encouraging results from NCSU-MRL confirmed the potential for further assessment of beneficiation testwork. IND has conducted extensive research to determine the leading HPQ institutions that were able to provide the services required to progressively evaluate our quartz ore, optimise and develop a process to maximise product purity.

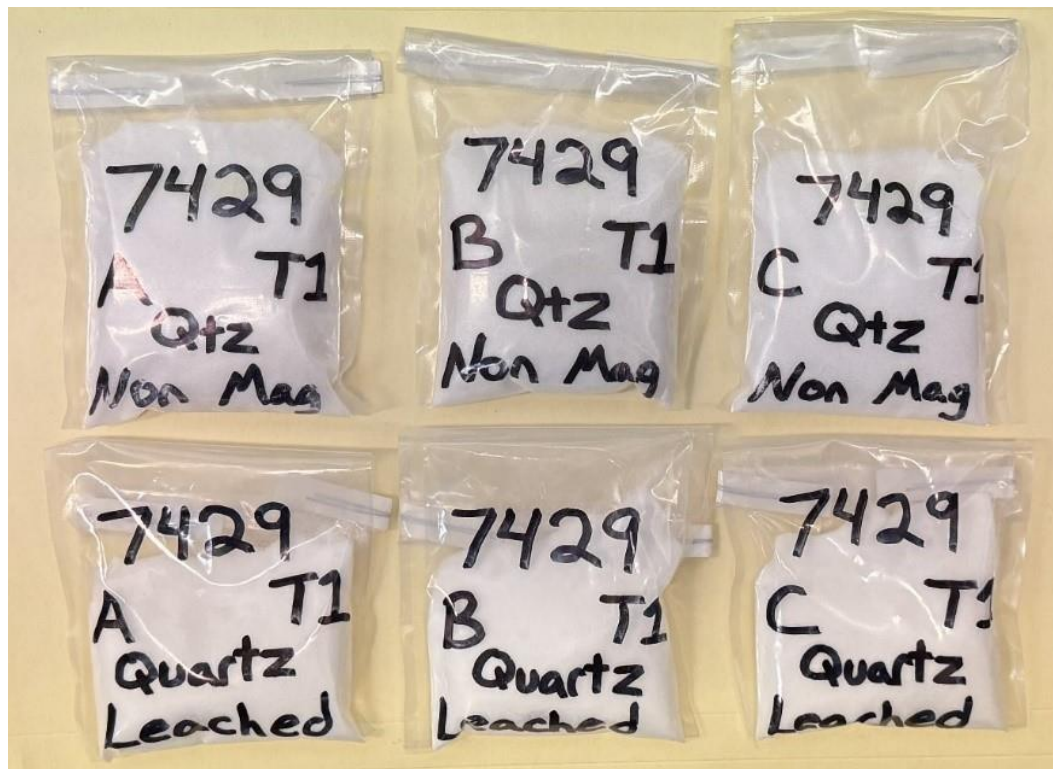


Figure 2: High Purity Quartz samples from testwork conducted at NCSU – Minerals Research Laboratory

² For full details of the NCSU-MRL testwork, please refer to ASX Announcement 26 July 2024 – HPQ Process Testwork Results

In August, IND sent quartz ore samples to ANZAPLAN Dorfner, a global leader in HPQ assessment and evaluation. ANZAPLAN received the samples and conducted a preliminary assessment in September prior to providing a formal analysis and testwork proposal. ANZAPLAN's timeline was not favourable for IND's marketing plan, so the Southwest University of Science and Technology (SWUST), a prominent university located in Sichuan, China was approached.

SWUST is known for its strong emphasis on science and technology, particularly in fields like engineering, materials science, and environmental studies. SWUST has significant expertise in the assessment, testing, and beneficiation of quartz ore. SWUST is equipped with state-of-the-art laboratories and research facilities that support detailed mineralogical studies and advanced material processing.

The university employs sophisticated geophysical and geochemical techniques to analyse the properties of quartz ore, identifying impurities and determining the best methods for purification. SWUST researchers focus on developing and optimizing purification techniques to produce high-purity quartz. This includes physical separation, chemical treatment, and advanced processing methods. They use proprietary geophysical software for data analysis, which helps in accurately assessing the quality and characteristics of quartz ore.

IND also engaged with an independent HPQ agent in Lianyungang, China, to manage a Process Testwork program aimed at HPQ product for the Solar PV Crucible market. As a result of enquiries received from several parties interested in testing the Company's pegmatite ore, a 60kg sample of pegmatite from the Pippingarra Project was sent to China to assess its suitability as a feed for high purity quartz product applications during the December quarter³. The testwork provided encouraging results, however they are preliminary in nature, with further work required before results can be disclosed. In the December quarter, a larger two-tonne sample was prepared and sent for the second stage refined beneficiation testwork, which involves producing larger product samples for trial production of a quartz crucible, and to be supplied to potential customers for evaluation. The second stage testwork is anticipated to be completed in March 2025.

These results are preliminary in nature and subject to further refinement, validation, and verification. The Company emphasises that the results disclosed 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.



Figure 3: Pippingarra rock sample being tested by interested party

³ Refer to ASX Announcement 25 November 2024 HPQ Marketing & Exploration Update

Donghai County Visit

Following the encouraging results from preliminary testwork on the Pippingarra pegmatite sample, IND visited the interested party's testing facilities, as well as quartz processing facilities and also met with potential buyers in the major quartz region around Lianyungang, China.

Accompanied by a local quartz industry expert, IND met 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 upon its strong connections across the quartz industry value chain, expanding the opportunities available to process and distribute quartz products in the future.

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.



Figure 4: Acid leach in newly commissioned HPQ factory visited in Lianyungang

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 such as 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 remodelling 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.

Mukinbudin Project

Once the DGPR survey has proven effective at the Pippingarra Project, it is planned to do the same at the Mukinbudin Project. Identified quartz and pegmatite zonation, combined with historical drill data will aid in drill targeting within and surrounding the old mine workings.

Business Development Activities

The Company remains fully committed to advancing its HPQ projects in Australia, with ongoing HPQ beneficiation testwork and advanced marketing opportunities. To support this, IND is taking the necessary steps to verify the testwork being conducted by sending a Metallurgist to China to oversee the beneficiation testing process and provide the required certification. This will assist the Company to progress towards securing offtake agreements with potential buyers in China and the broader East Asia region.

While IND continues to work through the steps towards commercialising its HPQ product, the Company is committed to providing near-term value to shareholders. The Board intends to build on its solid track record of acquiring prospective ground for HPQ and High Purity Silica Sands (HPSS) potential, and to that end has commenced a strategic process to consider additional mineral project acquisitions which will allow IND to diversify its portfolio while maintaining the momentum of HPQ development.

Corporate and Financial

Completion of Placement and Share Purchase Plan

Following shareholder approval on 7 October 2024⁴, the Company formally completed the Placement and Share Purchase Plan (SPP) announced on 31 July 2024⁵ that raised a combined total of \$2.3 million.

The funds raised through the Placement and SPP are being used to further advance the Company's High Purity Quartz projects, with specific focus on progressing the resource infill drilling program at the Pippingarra and Mukinbudin HPQ projects.

JORC Compliance Statements | Competent Person

The information in this announcement that relates to exploration activities on the Company's Projects is based on information compiled and fairly represented by Mr Bryan Bourke, who is a Member of the Australian Institute of Geoscientists and a consultant to Industrial Minerals Ltd. Mr Bourke has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he 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". Mr Bourke consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

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. 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.

⁴ Refer to ASX Announcement 7 October 2024 Results of Meeting

⁵ Refer to ASX Announcement 31 July 2024 Placement and Share Purchase Plan

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.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 12 of the interim financial report.

The Directors' report is signed in accordance with a resolution of Directors made pursuant to s306(3) of the Corporations Act 2001.



Jeffrey Sweet

Managing Director

Perth, 14 March 2025

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated interim financial report of Industrial Minerals Ltd for the half-year ended 31 December 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
14 March 2025



D I Buckley
Partner

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Industrial Minerals Ltd

Report on the Interim Financial Report

Conclusion

We have reviewed the interim financial report of Industrial Minerals Ltd ("the Company") and its controlled entities ("the Group"), which comprises the condensed statement of financial position as at 31 December 2024, the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, selected explanatory notes, and the directors' declaration, for the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying interim financial report of Industrial Minerals Ltd does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibility is further described in the *Auditor's Responsibility for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

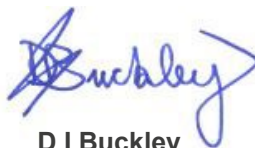
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
14 March 2025



D I Buckley
Partner

Directors' Declaration

In the Directors' opinion:

- (a) The financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional requirements;
- (b) The financial statements and notes give a true and fair view of the Group's financial position at 31 December 2024 and of its performance for the half-year ended on that date;
- (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and
- (d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by s.303(3) of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Directors



Jeffrey Sweet

Managing Director

Perth, 14 March 2025

Condensed consolidated statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2024

	Note	Half-year ended 31/12/24 \$	Half-year ended 31/12/23 \$
Continuing operations			
Other income		20,746	8,597
Finance costs	(3)	(3,310)	(1,003)
Exploration expenses	(3)	(1,088,190)	(356,272)
Administrative and corporate expenses		(117,743)	(108,641)
Consulting fees		(104,156)	(109,667)
Stakeholder relations		(11,155)	(20,065)
Marketing and public relations		(193,532)	(141,885)
Share-based payments	(3)	(365,400)	76,736
Occupancy expenses		(14,888)	(14,226)
Depreciation	(3)	(34,556)	(18,276)
Other expenses		(18,399)	(31,446)
Loss from ordinary activities before income tax		(1,930,583)	(716,148)
Income tax		-	-
Loss for the period		(1,930,583)	(716,148)
Other comprehensive income		-	-
Total comprehensive loss for the period		(1,930,583)	(716,148)
Loss per share			
Basic loss per share (cents per share)		(2.51)	(1.09)
Diluted loss per share (cents per share)		(2.51)	(1.09)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Condensed consolidated statement of financial position

As at 31 December 2024

	Note	31/12/24 \$	30/06/24 \$
Current assets			
Cash		1,232,487	358,951
Trade and other receivables		84,994	93,776
Total current assets		1,317,481	453,727
Non-current assets			
Capitalised exploration and evaluation expenditure	(5)	2,153,017	2,635,242
Property, plant and equipment		70,666	86,896
Right-of-use assets		79,977	98,303
Other non-current assets		18,850	18,850
Total non-current assets		2,322,510	2,839,291
Total assets		3,639,991	3,292,018
Current liabilities			
Trade and other payables		200,942	384,639
Current lease liability		37,287	36,008
Total current liabilities		238,229	420,647
Non-current liabilities			
Non-current lease liability		53,921	69,390
Total non-current liabilities		53,921	69,390
Total liabilities		292,150	490,037
Net assets		3,347,841	2,801,981
Equity			
Issued capital	(6)	8,564,925	6,478,882
Reserves		1,631,288	1,240,888
Accumulated losses		(6,848,372)	(4,917,789)
Total equity		3,347,841	2,801,981

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Condensed consolidated statement of changes in equity

For the half-year ended 31 December 2024

	Issued capital	Share based payment reserve	Accumulated losses	Total equity
	\$	\$	\$	\$
Balance at 1 July 2023	4,863,839	1,317,624	(3,241,800)	2,939,663
Loss for the period	-	-	(716,148)	(716,148)
Total comprehensive loss for the period	-	-	(716,148)	(716,148)
Shares issued on option exercise	1,628,000	-	-	1,628,000
Lapse of unvested options	-	(76,736)	-	(76,736)
Share issue costs	(12,957)	-	-	(12,957)
Balance at 31 December 2023	6,478,882	1,240,888	(3,957,948)	3,761,822
Balance at 1 July 2024	6,478,882	1,240,888	(4,917,789)	2,801,981
Loss for the period	-	-	(1,930,583)	(1,930,583)
Total comprehensive loss for the period	-	-	(1,930,583)	(1,930,583)
Share placement	1,900,000	-	-	1,900,000
Share purchase plan	412,500	-	-	412,500
Share based payments	(25,000)	390,400	-	365,400
Share issue costs	(201,457)	-	-	(201,457)
Balance at 31 December 2024	8,564,925	1,631,288	(6,848,372)	3,347,841

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed consolidated statement of cash flows

For the half-year ended 31 December 2024

	Half-year ended 31/12/24 \$	Half-year ended 31/12/23 \$
Cash flows from operating activities		
Payments to suppliers and employees	(514,626)	(468,369)
Payments for non-capitalised exploration and evaluation	(152,797)	(5,805)
Interest received	8,146	8,597
Net cash (outflow) from operating activities	(659,277)	(465,577)
Cash flows from investing activities		
Payments for capitalised exploration and evaluation expenditure	(557,230)	(811,225)
Payments to acquire property, plant and equipment	-	(85,252)
Net cash (outflow) from investing activities	(557,230)	(896,474)
Cash flows from financing activities		
Proceeds from share issue	2,312,500	1,628,000
Costs of issue	(201,457)	(12,957)
Interest paid	(3,310)	(1,003)
Payments for leases	(17,690)	(16,497)
Net cash inflow from financing activities	2,090,043	1,597,543
Net increase in cash and cash equivalents	873,536	235,489
Cash and cash equivalents at beginning of the period	358,951	1,203,513
Cash and cash equivalents at the end of the period	1,232,487	1,439,002

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the condensed consolidated financial statements

For the half-year ended 31 December 2024

1. Material accounting policies

These general purpose financial statements for the interim reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These condensed general purpose interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the period ended 30 June 2024 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted and methods of computation are consistent with those of the previous financial period, unless otherwise stated.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the commercial realisation of the Group's assets and the settlement of liabilities in the normal course of business.

The Directors have prepared a cashflow forecast which indicates the Group will be required to raise capital to meet all commitment and working capital requirements. The Directors expect that the Group will be able to successfully raise sufficient funding to enable it to continue as a going concern for at least 12 months from the signing of this financial report.

Should the Group be unable to raise sufficient funding, there is a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts which differ to those stated in the financial statements.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There was no material impact to Company accounting policies.

Any new or amended Accounting Standards or Interpretations in issue that are not yet mandatory have not been early adopted and are not expected to have a material impact on accounting policies.

2. Segment note*Identification of reportable operating segments*

The Group is organised into one operating segment, being mining and exploration operations. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources.

Types of products and services

The principal products and services of this operating segment are the mining and exploration operations in Western Australia.

Notes to the condensed consolidated financial statements

For the half-year ended 31 December 2024

3. Expenses

Loss before income tax from continuing operations includes the following specific expenses:

	Half-year ended 31 December 2024 \$	Half-year ended 31 December 2023 \$
<u>Share-based payment expense</u>		
Public relations (see note 7)	-	(76,736)
Consultant options	34,800	-
Director options	330,600	-
	<u>365,400</u>	<u>(76,736)</u>
<u>Exploration expenses</u>		
Expenditure not capitalised	174,997	290,562
Impairment of capitalised exploration	913,193	65,710
	<u>1,088,190</u>	<u>356,272</u>
<u>Depreciation</u>		
Depreciation on property, plant and equipment	16,230	10,007
Depreciation on right-of-use assets	18,326	18,276
Depreciation transferred to exploration and evaluation	-	(10,007)
	<u>34,556</u>	<u>18,276</u>
<u>Finance costs</u>		
Interest on lease liabilities	3,310	1,003

4. Dividends

No dividend has been paid or proposed in respect of the half-year ended 31 December 2024 (2023: nil).

5. Capitalised exploration and evaluation expenditure

Exploration and evaluation phase:	\$
Balance 1 July 2023	1,815,424
Exploration expenditure incurred	1,742,452
Impairment recognised ²	(811,473)
Expenditure not capitalised ¹	(111,161)
Balance at 30 June 2024	2,635,242
Exploration expenditure incurred	605,965
Impairment recognised ²	(913,193)
Expenditure not capitalised ¹	(174,997)
Balance at 31 December 2024	2,153,107

1. Exploration expenditure on areas of interest where tenure was not granted at period end was written off to profit or loss.
2. An impairment has been recognised of previously capitalised exploration expenditure on tenements where no further activity is planned and tenure will not be continued.

Notes to the condensed consolidated financial statements

For the half-year ended 31 December 2024

The ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and exploitation, or alternatively sale of the respective area of interest. Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

6. Share capital

	31/12/24 \$	30/06/24 \$
80,322,500 fully paid ordinary shares (30 June 2024: 68,760,000)	8,564,925	6,478,882
	8,564,925	6,478,882

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number and amounts paid on the shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to a vote.

Ordinary shares have no par value, and the Company does not have a limited amount of authorised capital.

Movements in share capital during the period from incorporation were as follows:

		Number of shares	Share Capital \$
As at 1 July 2024		68,760,000	6,478,882
Placement	(a)	8,375,000	1,675,000
Share Purchase Plan	(b)	2,062,500	412,500
Placement – director participation	(c)	1,125,000	225,000
Issue costs			(226,457)
As at 31 December 2024		80,322,500	8,564,925

- (a) On 8 August 2024, the Group issued 8,375,000 ordinary shares at an issue price of \$0.20 and 4,187,498 free-attaching options exercisable at \$0.30 on or before 11 November 2027.
- (b) On 6 September 2024, the Group completed a Share Purchase Plan to raise \$412,500 through the issue of 2,062,500 ordinary shares and 1,018,750 free-attaching options exercisable at \$0.30 on or before 11 November 2027.
- (c) On 11 November 2024, the Group issued 1,125,000 ordinary shares at an issue price of \$0.20 and 562,500 free-attaching options exercisable at \$0.30 on or before 11 November 2027 following the receipt of shareholder approval for director participation in the placement noted above at (a).

Notes to the condensed consolidated financial statements

For the half-year ended 31 December 2024

Share Options

Unissued shares under option at balance date were as follows:

Series	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
Director options	1,250,000	Ordinary	\$0.40	30/11/2025
Director options	1,250,000	Ordinary	\$0.30	30/11/2025
Placement/SPP options ¹	5,768,748	Ordinary	\$0.30	11/11/2027
Lead broker options ²	1,000,000	Ordinary	\$0.30	11/11/2027
Director/Consultant options ³	5,250,000	Ordinary	\$0.30	30/11/2027

All options were issued by Industrial Minerals Ltd. The following options have been issued during the period:

1. A total of 5,768,748 free-attaching options exercisable at \$0.30 on or before 11 November 2027 were issued to participants of the July/August 2024 Placement and Share Purchase Plan following receipt of shareholder approval.
2. 1,000,000 listed options exercisable at \$0.30 on or before 11 November 2027 were issued to the lead broker of the July/August 2024 Placement and Share Purchase Plan following receipt of shareholder approval.
3. 5,250,000 options exercisable at \$0.30 on or 30 November 2027 were issued to directors and the company secretary as a performance incentive.

No options were exercised or expired during the period.

7. Share-based payments

	Half-year ended 31 December 2024	Half-year ended 31 December 2023
Recognised in profit or loss:		
Director incentives	330,600	-
Company secretary incentives	34,800	-
Marketing and public relations	-	(76,736)
	365,400	(76,736)
Recognised in equity		
Broker options	25,000	-
	25,000	-

Incentive options

During the period, a total of 5,250,000 options exercisable at \$0.30 on or before 30 November 2027 were issued to the directors and Company Secretary of the Group as a performance incentive.

Broker options

During the period, 1,000,000 options exercisable at \$0.30 on or before 11 November 2027 were issued to the Group's lead broker on completion of the SPP and Placement.

Notes to the condensed consolidated financial statements

For the half-year ended 31 December 2024

Fair value of share options granted in the period:

Incentive Options were valued using the Black-Scholes option pricing model; Broker Options were priced at market value.

	<u>Incentive options</u>
Number issued	5,250,000
Grant date	10/12/2024
Exercise price	\$0.30
Expected volatility	95%
Option life	3 years
Dividend yield	Nil
Risk free interest rate	3.85%

8. Financial instruments

Fair value of financial assets and liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required).

The Group holds the following financial instruments:

	<u>31/12/24</u>	<u>30/06/24</u>
	\$	\$
Financial assets		
Cash and cash equivalents	1,232,487	358,951
Loans and receivables (including trade receivables)	84,994	93,776
Financial liabilities		
Trade and other payables (at amortised cost)	200,942	384,638
Lease liabilities	91,108	105,399

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair value.

9. Key management personnel

Remuneration arrangements of key management personnel are disclosed in the 30 June 2024 financial report. There has been no material change since 30 June 2024. Refer to Note 7 for options issued to Directors.

10. Commitments

In order to maintain and preserve rights of tenure to granted exploration tenements, the Group is required to meet certain minimum levels of exploration expenditure specified by the State Government of Western Australia. The WA commitments are subject to amendment from time to time as a result of changes to the number or area of granted tenements, escalating expenditure with tenement age, a change of tenement type from exploration license to mining lease or other reasons pursuant to the WA Mining Act.

Notes to the condensed consolidated financial statements

For the half-year ended 31 December 2024

As at reporting date these future minimum exploration expenditure commitments are as follows:

	31/12/24	30/06/24
	\$	\$
Not longer than 1 year	535,500	1,010,500
Longer than 1 year and not longer than 5 years	1,204,583	2,841,750
Longer than 5 years	-	-
Total	1,740,083	3,852,250

11. Subsequent events

There have not been any matters or circumstances occurring subsequent to the end of the half-year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

