



INDUSTRIAL MINERALS CORPORATION LTD.



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OTCQX: ILMCY

ASX :IDM

September
2011

Forward Looking Statements



The content of this presentation and statements made and/or answers given to questions during this presentation that relate to future plans, events or performance are forward-looking statements that involve risks and uncertainties, including risks associated with uncertainties pertaining to customer orders, demand for services and products, development of markets for the Company's services and products, market growth and other risks identified in the Company's regulatory filings. Actual results, events and performance may differ materially. Participants in this presentation are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The company undertakes no obligation to release publicly the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Competent Persons Statement

The information in this presentation that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Joseph Daniel Drew, who is a Member of The Australasian Institute of Mining and Metallurgy.

Joseph Drew is employed as Director of Geology by Oregon Resources Corporation (a wholly owned subsidiary of Industrial Minerals). Joseph Drew has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Joseph consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Minerals processing company developing Southern Oregon Mineral Sands Project

- ✓ Wholly owned subsidiary Oregon Resources Corporation (ORC)
 - ❑ Established 1989
 - ❑ ~2,600 acres mineral sands near Coos Bay, OR
 - ❑ Ore close to surface <60 feet and is free dig (no blasting or crushing)
 - ❑ Minerals do not require refining or chemical leaching
 - ❖ Separated by taking advantage of their susceptibility to gravity concentration and magnets.

- ✓ ORC, US Bureau of Mines, US data:
 - ❑ Heavy mineral deposits
 - ❖ Chromite
 - ❖ Iron/Ilmenite
 - ❖ Garnet
 - ❖ Zircon.

Minerals

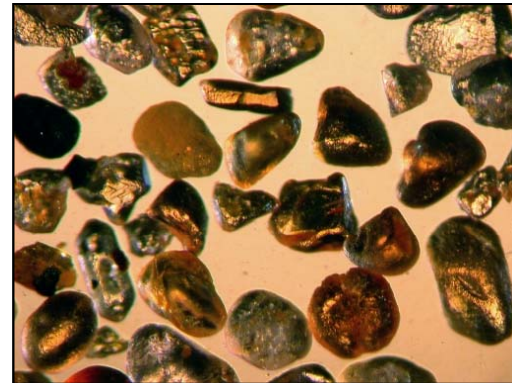
➤ **Chromite –**

- ❑ Main commodity; only domestic source
- ❑ Spherical/well rounded grains
- ❑ Marketed as foundry sand
- ❑ Zircon replacement; value added



➤ **Zircon –**

- ❑ Foundry sand
- ❑ Non ceramic

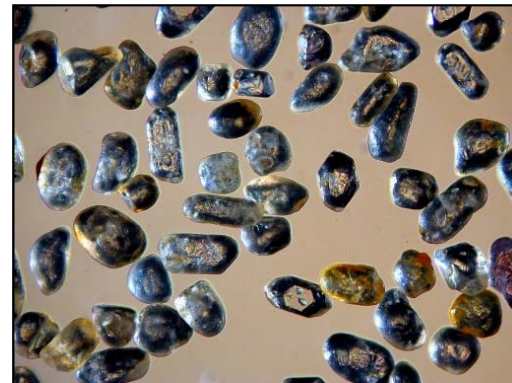


➤ **Hi-iron/ilmenite**

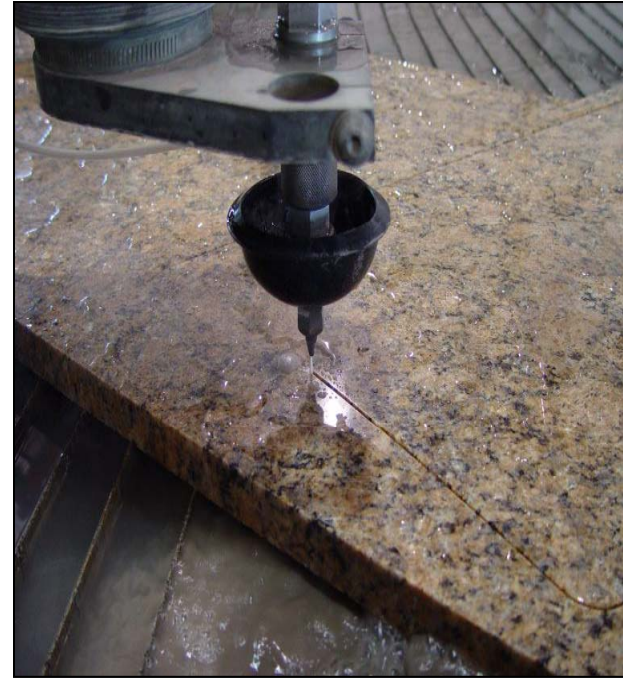
- ❑ Unique chemical makeup
- ❑ Foundry & furnace applications

➤ **Garnet –**

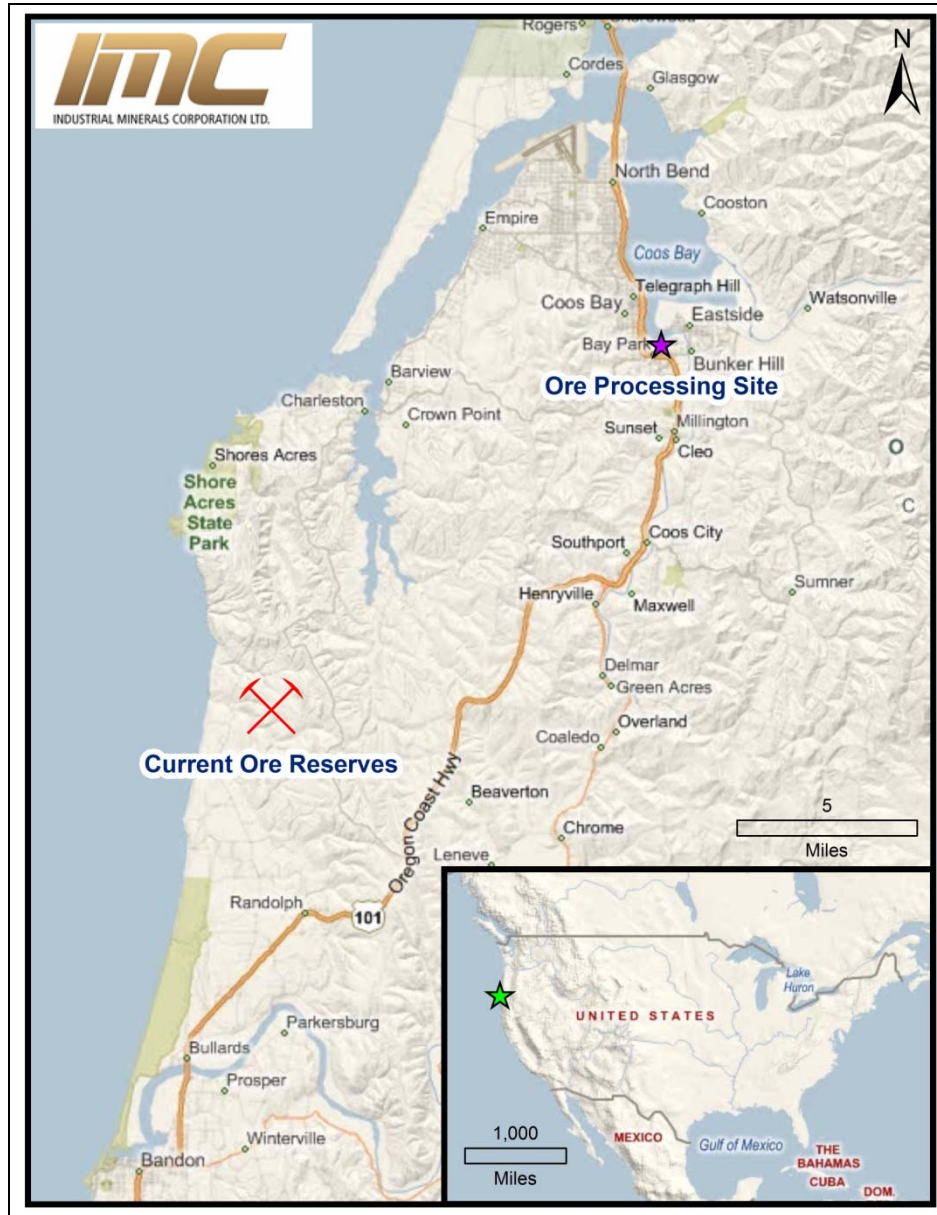
- ❑ Water-Jet – cleaning medium



Markets



Location | Logistics



- Deep Water Port
- Major Highway Connection
- Rail Access
- Process Site (full utilities)
- Local Airport
- Logging – Natural Resources
- Population of Skilled Labor

Project Overview

Unique mineral deposit	<ul style="list-style-type: none">▪ Extremely unique deposit contains >> 43% heavy mineral content▪ Only emerging producer of foundry grade Chromite in the United States.	✓
Growth platform	<ul style="list-style-type: none">▪ Long term project▪ Current resource of 10 years expected to be increased to a mine life exceeding 20 years on a plant throughput rate of one million tpa.	✓
High product demand	<ul style="list-style-type: none">▪ Foundries that produce high value castings, require quality chromite & zircon sand.▪ Ensures high quality finish and reduces the after cast costs of grinding and sanding (often result from using poor quality foundry sands).▪ Stable pricing of niche market chromite grades has been retained through the recent economic cycle as the majority of South African chromite supply is driven by demand for ferrochrome.	✓
Security of tenure	<ul style="list-style-type: none">▪ Secured mineral lease agreements with land owners.▪ All requisite permitting been applied and approved.▪ Leading environmental and legal consultants involved in project permitting, environmental and third party review.	✓

Project Overview (cont.)

<p>Long term project</p>	<ul style="list-style-type: none"> ▪ ORC has been involved in the Coos Bay project development since 1990 with an investment of \$100 million by time of commercial production. Targeted mine life of 30 years, from ongoing exploration ▪ Value additions expected through new product stream and vertical opportunities 	<p>✓</p>
<p>Sustainable relationships</p>	<ul style="list-style-type: none"> ▪ Strong relationships with major distribution companies that include HA International, Possehl Erzkontor & IGC Technologies ▪ 3+ years of material testing with foundries, using test material produced from 100,000 tpa pilot plant. ▪ Positive test results with major foundries including Columbus Steel, ME Global etc., have validated the unique attributes and quality of the material. 	<p>✓</p>
<p>Expertise of management</p>	<ul style="list-style-type: none"> ▪ Strong management with all senior project personnel specialists in mineral sands. ▪ Established relationships with foundries, industry and the local community in Coos Bay. 	<p>✓</p>

Jorc Reserves and Resources

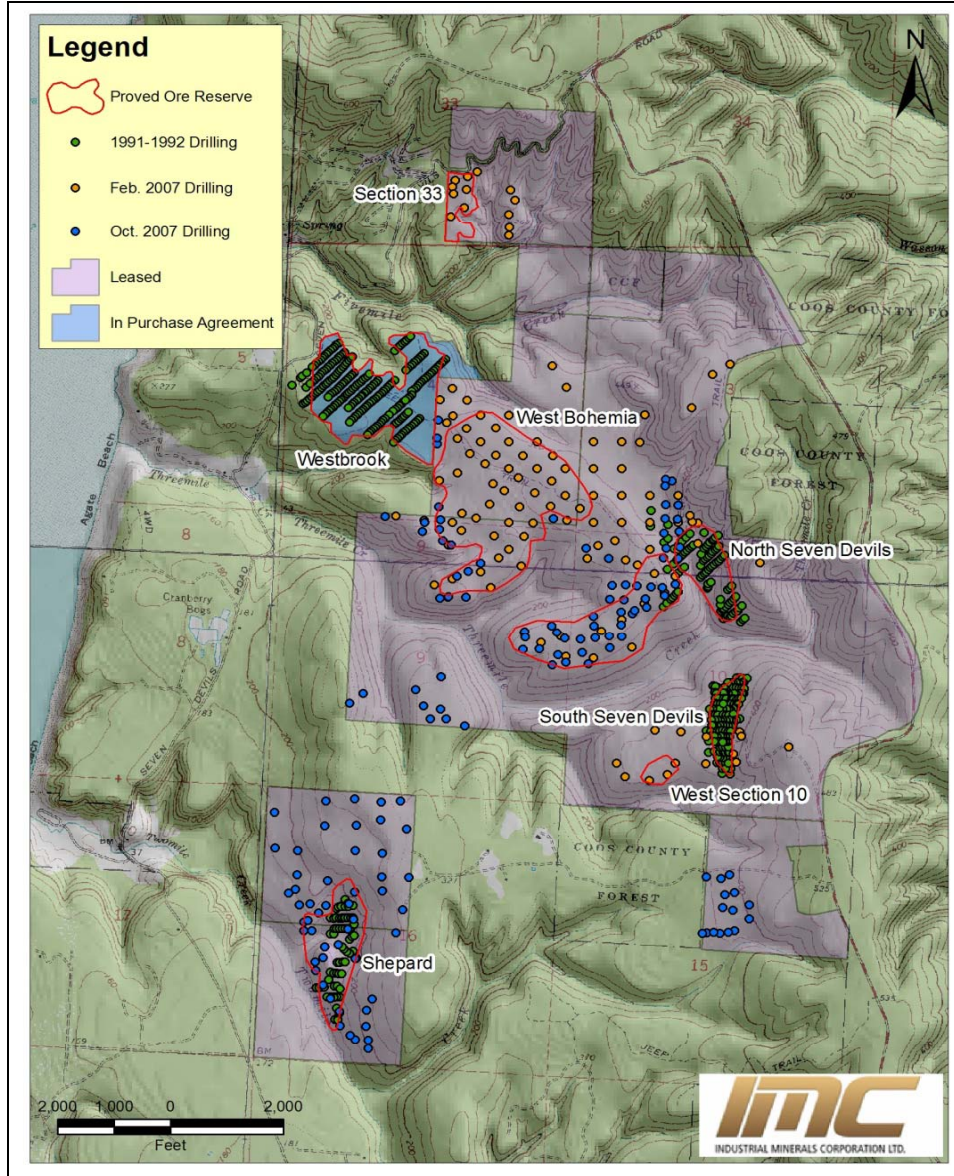


Table 1. Summary of Ore Reserves

Deposit	Reserve Category	Ore Tons (short tons)	<i>In Situ Assemblage</i>			
			HM Grade (%)	Chromite Grade %	Garnet Grade %	Zircon Grade %
North Seven Devils	Proved	948,469	33.67	11.79	2.62	0.63
Section 33 Deposit	Proved	205,664	19.48	8.54	1.41	0.34
Shepard	Proved	755,859	42.87	10.05	5.41	0.60
South Seven Devils	Proved	793,500	28.74	12.49	2.81	0.83
West Bohemia	Proved	5,124,902	15.04	5.33	0.74	0.23
West Section 10	Proved	30,000	18.00	6.00	1.00	0.30
Westbrook	Proved	824,344	21.90	8.53	1.00	0.43
Grand Total	Proved	8,682,738	21.5	7.5	1.6	0.4

Table 2. Summary of Mineral Resources

Deposit	Resource Category	Ore Tons (short tons)	<i>In Situ Assemblage</i>			
			HM Grade (%)	Chromite Grade %	Garnet Grade %	Zircon Grade %
South Slough	Indicated	2,593,000	---	7.4	---	---
Pioneer Eagle	Indicated	800,000	---	13.8	---	---
Section 36 Deposit	Indicated	121,400	---	7.3	---	---
Butler	Indicated	121,480	---	15.7	---	---
Rose	Indicated	38,900	---	14.4	---	---
Grand Total	Indicated	3,674,780	---	9.1	---	---

Deposit Layering



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High Percentage of Heavy Mineral In situ



Mineral Separation Plant



Wet Plant Spirals

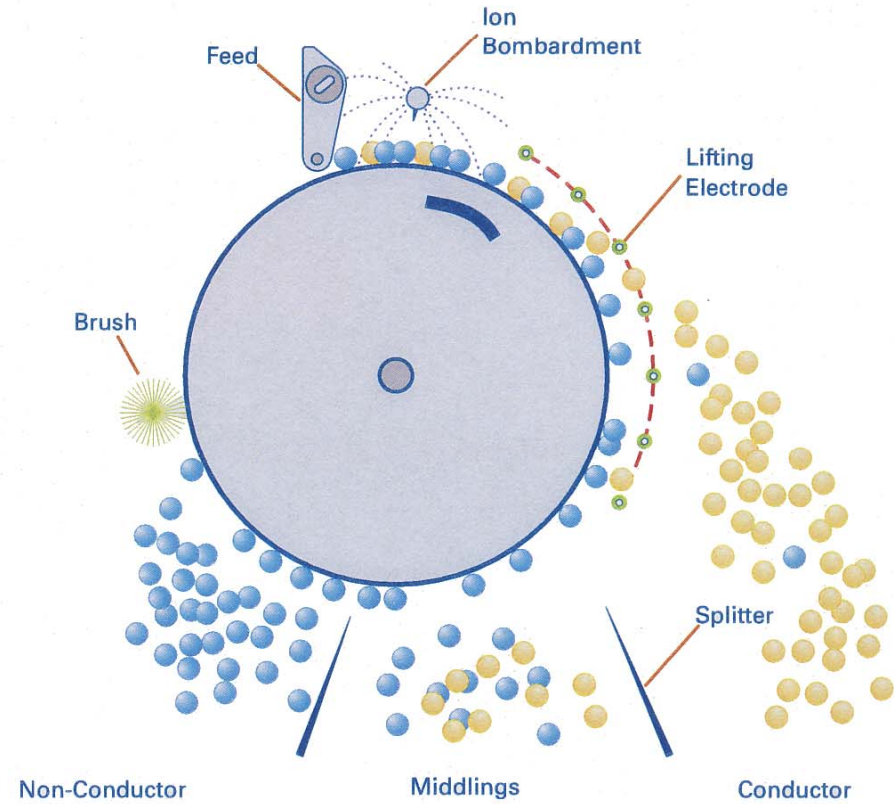
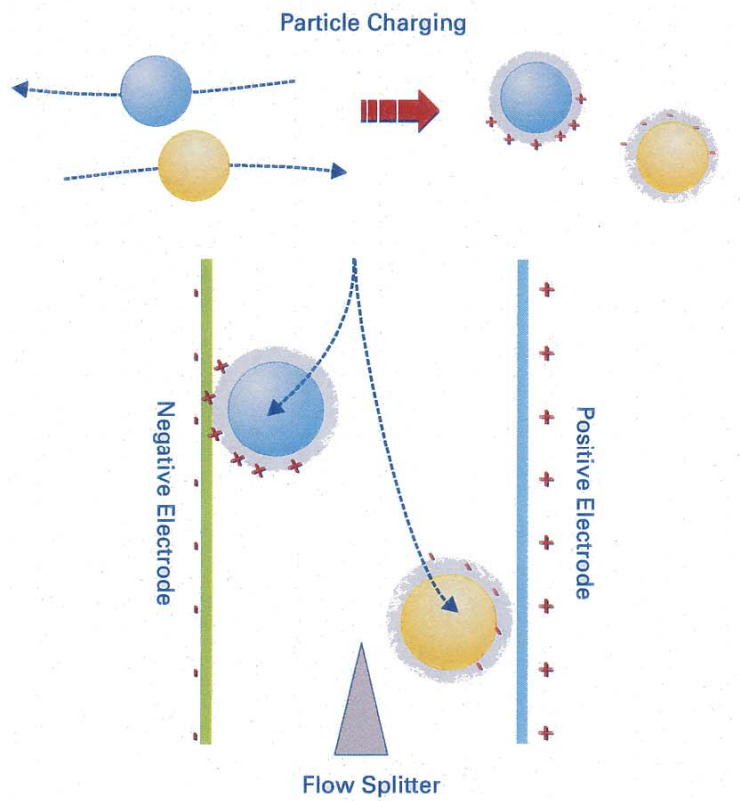


Spiral Concentrator Separation

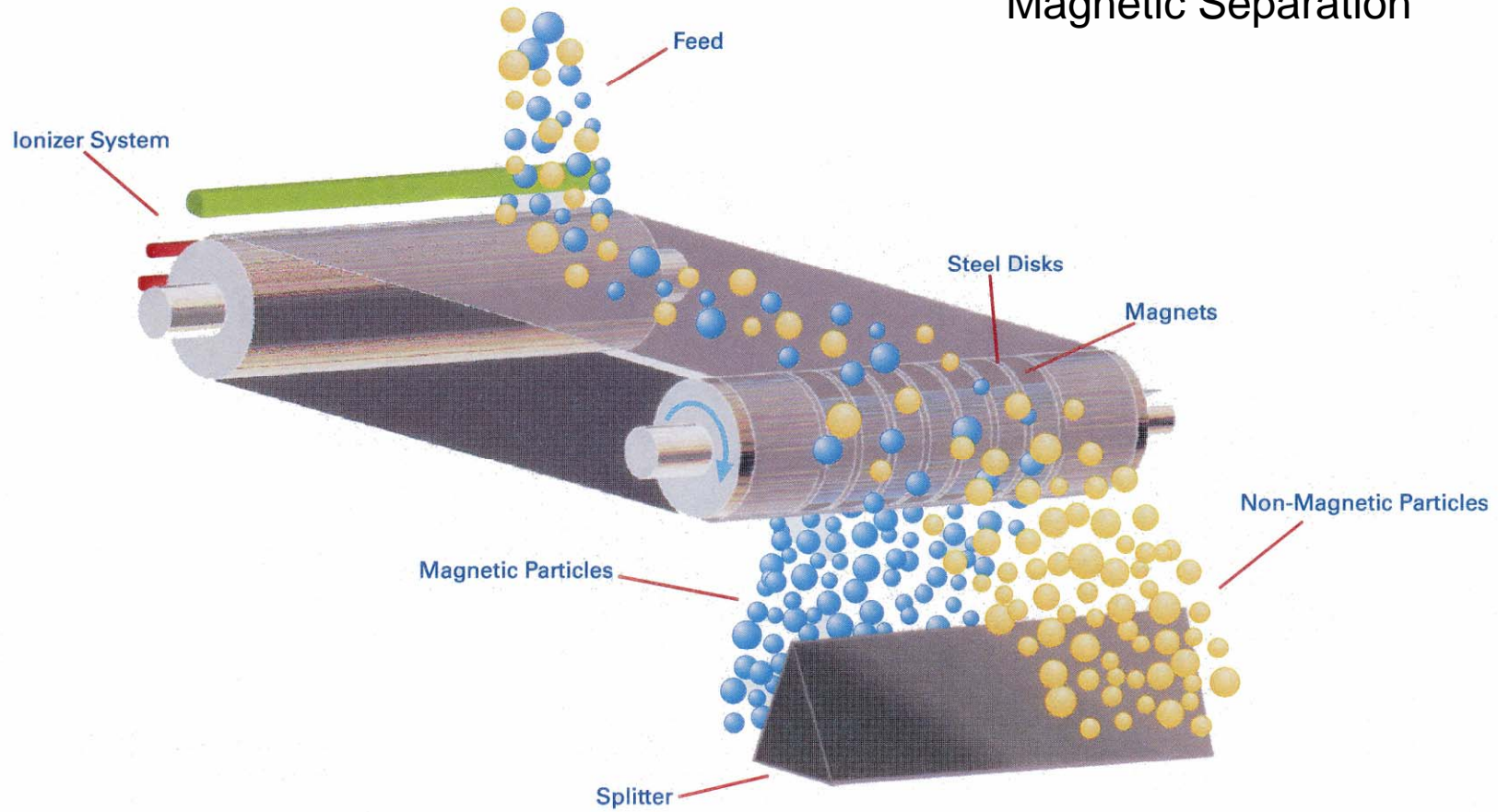


Dry Separation

High Tension (Conductivity) Separation



Magnetic Separation



Product Storage



Excavation and Reclamation

➤ Topsoil Removal

- ❑ Berms around open pits

➤ Ore Excavation and Screening

- ❑ Grade control in-pit
- ❑ Pebbles, roots, logs retained in pit

➤ Trucked to Coos Bay for Processing

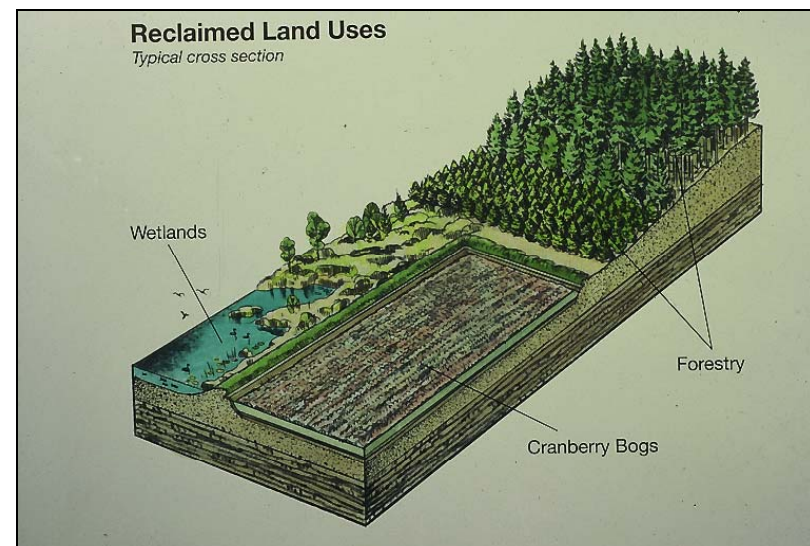
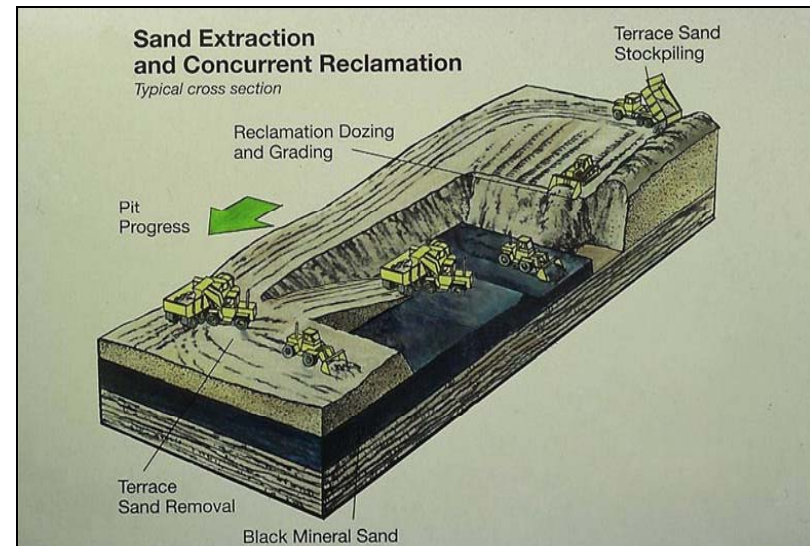
- ❑ Conventional wet process water requirements too great

➤ Tailings Returned to Pit

- ❑ Highway rated belly-dump truck (low moisture required)

➤ Reclamation Begins

- ❑ Dry tailings = reclamation success
- ❑ Grading plan executed
- ❑ Timber, housing, golf course



SpheriChrome™ Launch



**GIFA June 2011
International Foundry Trade Fair**



Chromite Market



It's The Natural Choice
 SpheriChrome is a new generation of cost effective, domestically produced chromite sand for large steel applications. It provides significant advantages over other mineral sands due to its round shape.



HA International is proud to be the exclusive North American distributor of SpheriChrome chromite sand. Mined in the United States, SpheriChrome is a specialty casting sand that provides innovative foundries with a unique value proposition.

Advantages:

- ✓ Cost savings with a reduction in binder usage
- ✓ Effective substitute for zircon
- ✓ Improved tensile strength
- ✓ Reduction in casting defects
- ✓ Reduced finishing and cleaning costs
- ✓ Better casting quality and reduced costs
- ✓ Domestic supply



Zircon Enhancer

The sand structure of SpheriChrome offers high compatibility with Zircon sands. SpheriChrome can be used as a complete Zircon substitute or can be blended with Zircon sand to provide versatility.

Grain Structure Comparison

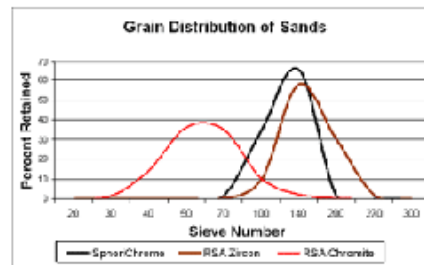


Conventional Sub Angular



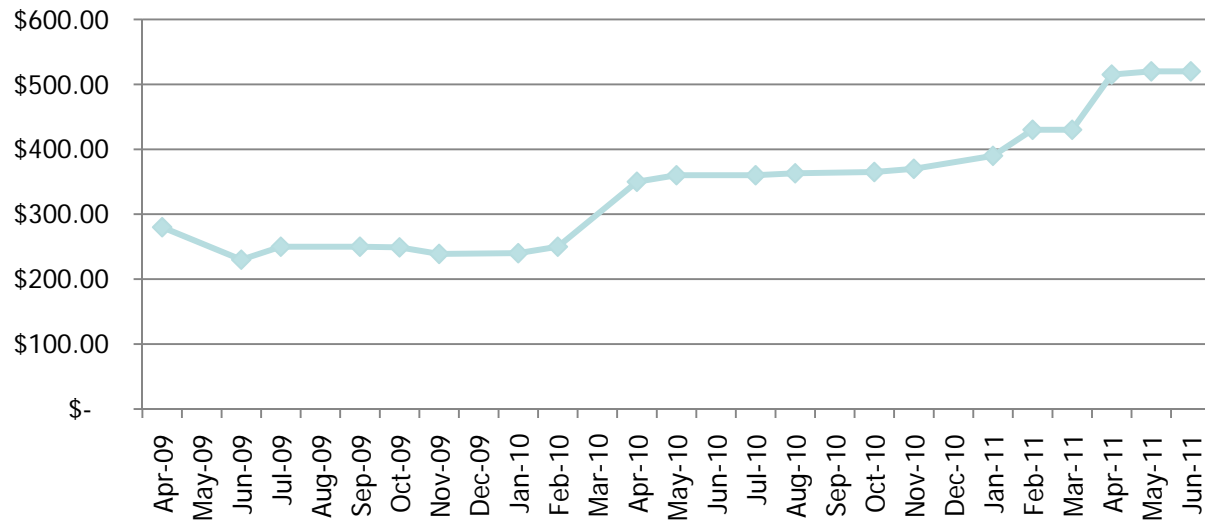
SpheriChrome Round Grain

- | | | |
|----|-------------------|----|
| ↑ | Binder Required | ↓ |
| ↓ | Heat Transfer | ↑ |
| ↑ | Metal Penetration | ↓ |
| -- | Casting Finish | ++ |

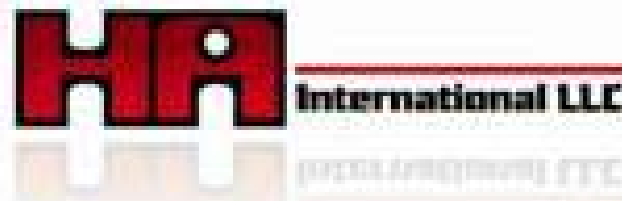


- Uniform grain distribution at any ratio
- Increased chill effect
- Reduction in overall sand cost

Conventional Foundry Chromite Market



Chromite, standard foundry,
46-47% Cr2O3, wet bulk, FOB
South Africa \$/ ton



Forestment
Resources Pty.Ltd.
富瑞盟资源有限公司



Estimated Production



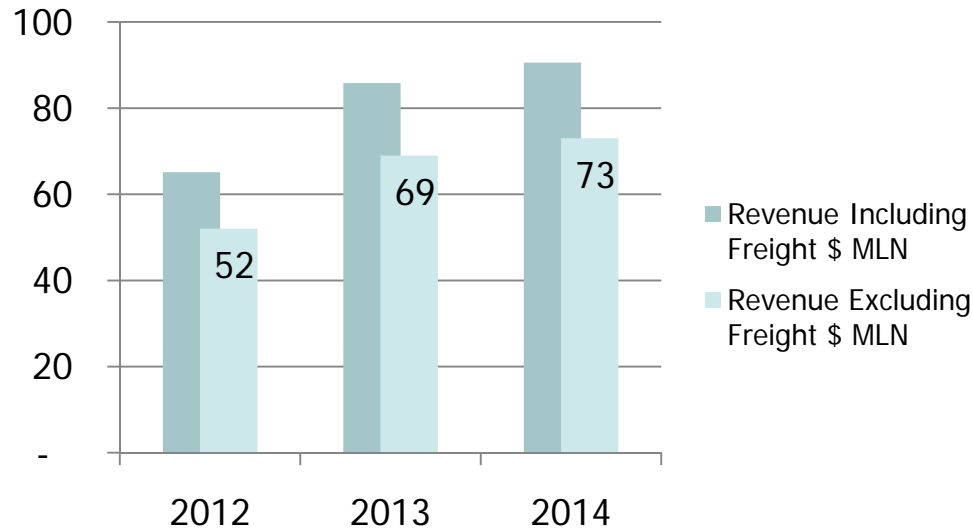
Production Estimate

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Tons				
Chromite	71,765	95,000	95,000	95,000
Garnet	12,530	16,060	11,721	32,298
Zircon	7,300	7,979	8,473	8,215
Hi Iron	<u>15,288</u>	<u>21,452</u>	<u>37,934</u>	<u>67,250</u>
Total	106,883	140,491	153,154	202,760

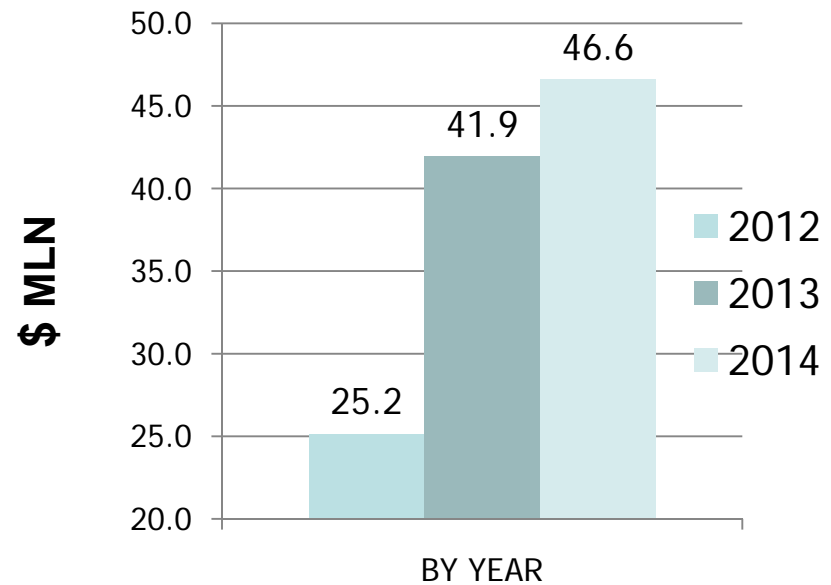
Project Financials – Based on 95k tpa Chromite



Group Revenue

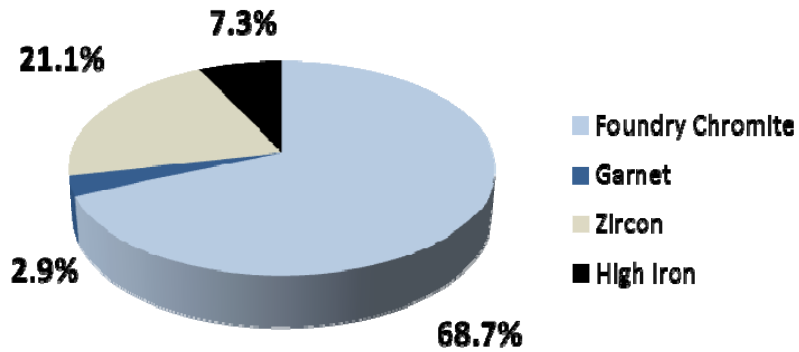


EBITDA

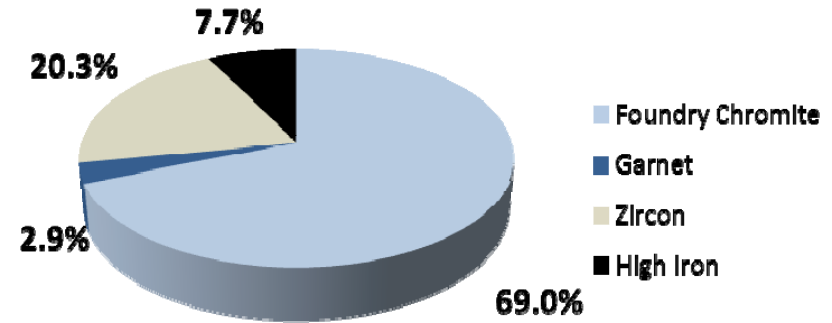


Project Financials

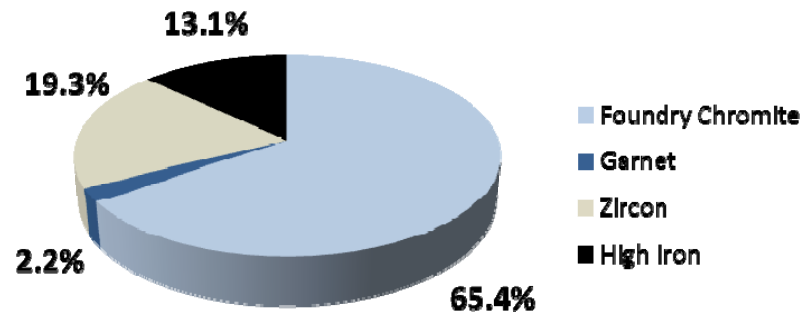
Revenue by Commodity - 2012



Revenue by Commodity - 2013



Revenue by Commodity - 2014



IMC – Company Highlights



Industrial Minerals (ASX: IDM)

Corporate Profile (A\$) – As of Sept 5 2011

Ordinary shares on issue		523.3m
Options on issue	Listed	32.7m
	Unlisted	143.5m
Fully diluted shares on issue		699.5m
Share price	2 Sept 2011	\$0.20
Market capitalization – fully diluted	2 Sept 2011	\$139.9m

Industrial Minerals share price (A\$)



Sourced: ASX

(OTCQX: ILMCY)

Major shareholders

Sentient Group (fully diluted)	>	20%
Macquarie Bank (fully diluted)	>	20%
Resource Finance		10%
Management		7.0%

Note: Inclusive of all securities being issued to Macquarie & Sentient, conversion of all options under the employee option plan and listed options. Resulting in \$23.18m additional cash.

Board of Directors

Philip Garratt	Chief Executive Officer
Barry Bolitho	Chairman
Michael Brickell	Non Executive Director
John Mears	Non Executive Director
Daniel Smith	COO, Executive Director
Cheryl Wilson	Non Executive Director

Experienced Team



Strong, resources industry experienced team

Philip Garratt
CEO, Director

- Over 25 years of experience at senior management levels in diverse enterprises
- He is the President and Chief Executive Officer of Resource Finance and Investment (RFI). Under his stewardship RFI commenced the Oregon project with other base and precious metal projects in 1989. His resource sector experience also covers hydrocarbon exploration and petroleum distribution. He was appointed CEO in 2006 contemporaneously with the acquisition of the Oregon project from RFI.

Barry Bolitho
Chairman

- Experienced mining industry executive who has had development and operational roles in industrial minerals, mineral sands, base and precious metals
- Most recent board positions include Chairman of Jabiru Metals Ltd and Blackwood Corporation and until December 2010 a Director of Andean Resources.
- BS in Applied Chemistry and is a Fellow of the Australian Institute of Mining and Metallurgy

Michael Brickell
Non Executive
Director

- Has over 40 years of experience at senior management levels in retail business enterprises in England, Europe and North America
- Is a Fellow of the Institute of Chartered Accountants in England and Wales. Presently he also serves as Chairman of the Audit and Compliance Committee

John Mears
Non Executive
Director

- BSc (Geology), P.Geo - John is an Executive Director of The Sentient Group, a Geologist and member of AusIMM. He has over 15 years experience in exploration and mining and has served as a director of a number junior explorers. He successfully commenced and operated a consulting firm and drilling company and has worked with members of the Sentient team since the mid 1990s.

Cheryl Wilson
Non Executive
Director

- Over 17 years of experience in the mineral resource industry and a wide range of management experience in banking, law, marketing and corporate development
- She has vast experience on the Oregon Heavy Minerals Project where she has been responsible for the overall management and operations until her retirement as an executive in 2010.

Experienced Team



Strong, resources industry experienced team – plus more

Daniel Smith
COO, Director

- Geologist with over 25 years experience in the resources industry including exploration, project management, geology and project engineering. He has considerable experience in the mineral resource industry with Iluka Resources Inc., Hanson Aggregates and Western Mining Corporation.

Steven Blacklock
CFO

- Chartered accountant with over 20 years of senior management experience in resources companies reporting in Canada and the United States. Steve has a broad base of experience including strategic planning, operations, internal and external financial reporting, equity and debt financing, regulatory compliance and risk management and tax compliance.
- Steve was involved at the inception of the Oregon project.

Todd Lessard
Director
Engineering &
Processing

- Degree in Chemical Engineering with 15 years of operational experience including production management, supervision of maintenance, process/project engineering in mining/reclamation operations, physical separations and bulk & packaged storage and delivery. Todd is well-versed in Environmental (Solid Waste Minimization, Surface Water & Ground water and Title V Air) and Quality System (ISO/QS9000) requirements and compliance.

Joe Drew
Director of
Exploration

- Joseph is a mine and exploration geologist with proven success on industrial mineral projects (DuPont and Iluka). He is experienced with many aspects of developing a resource for production. Joseph is experienced in all aspects required for the determination of geologic zonation of deposits for metallurgical study.

Peter Zagar
OH&S &
Environmental

- Peter has a BA Geography, Minor Environmental Studies, San Jose State University, Certified MSHA Trainer. Highly skilled. Environmental, Safety and Health Manager with over 20 years of experience in the Aggregate and Cement Industries. Strong operations background including Quarry and Maintenance management

Economic Impact



- 75 DIRECT FULL TIME EMPLOYEES
- 187 INDIRECT JOBS (FACTOR OF 2.5x)
- \$95 MILLION TOTAL CAPITAL EXPENDITURE (PLANT \$58 MILLION)
- \$3.5 MILLION ANNUAL PAYROLL
- \$4 MILLION ANNUAL EXPENSES FOR GOODS AND SERVICES
- MINING & HAULING CONTRACT ~\$7.5 MILLION ANNUAL EXPENDITURE
- UTILIZATION OF THE NATURAL GAS LINE, RAILROAD AND MARITIME INFRASTRUCTURE
- >140,000 TONS OF FINISHED PRODUCT SHIPPED YEARLY BY WATER, RAIL AND TRUCK
- ROYALTY VALUE TO LANDOWNERS RANGES FROM \$32,000 - \$130,000 PER ACRE

Investment Summary



- Plant commissioning is complete
- Commenced shipping of products
- Positive market demand for primary products
- Strong balance sheet
- Supportive shareholder base
- Growth potential with additional mineral suite and leases



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APPENDIX



Concurrent Extraction & Reclamation



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Reclamation



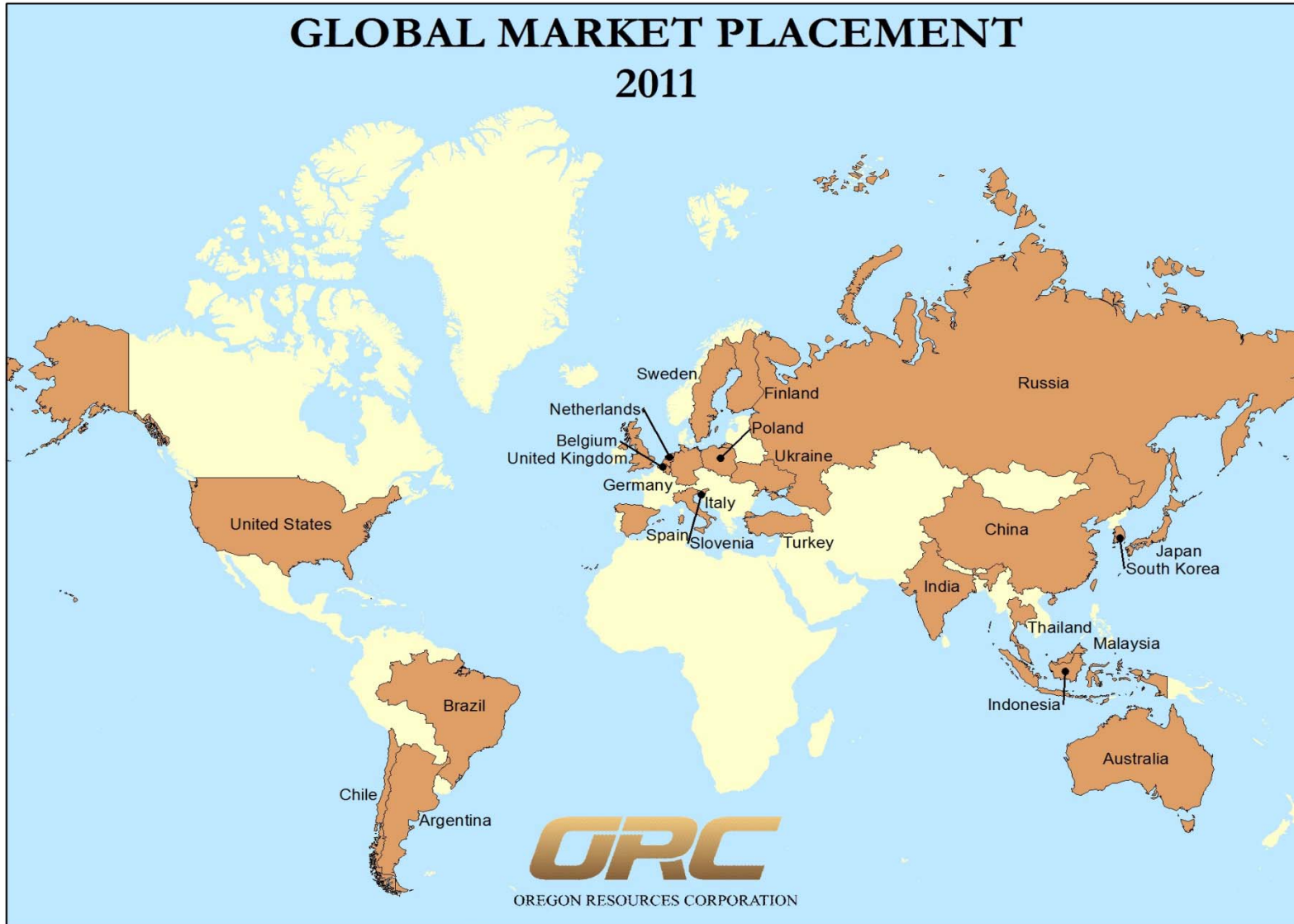
HMC Storage Pile at Processing Facility



Dewatered Tailings



Foundry Markets





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