

STOCKYARD SILICA SAND PROJECT – Supplemental Disclosure

Industrial Minerals Ltd (ASX:IND, **IND** or the **Company**) announced on 26 July 2021 the securing of the Stockyard Silica Sands Project, located directly to the south of VRX Silica Ltd's Arrowsmith Project.

As previously advised, Stockyard is considered prospective for High Purity Silica Sand and is located largely within areas of cleared farming land, introducing potential for rapid project development, should exploration and related studies support a viable project.

Introduction Fee

As previously advised, IND has agreed to pay Mining Equities Pty Ltd (**MEPL**) a 1% gross revenue royalty (**Royalty**) in relation to minerals extracted, produced, and sold from the Stockyard Project for the introduction of the opportunity. IND now also confirms the following:

- MEPL held licence applications over the majority of the project area over which IND has now submitted an application. MEPL applied for licences which comprise the majority of the Stockyard project area (previous ELAs E70/5797 and E70/5929) and subsequently approached IND to understand whether IND wished to acquire an interest in the project area.
- IND has executed a Finders Fee Agreement (**FFA**) with MEPL, documenting the terms of the introduction.
- MEPL is an entity controlled by Mr Peter Gianni and Mr Robert Jewson, both of whom are substantial shareholders in IND. MEPL and Mr Gianni are also counterparties to tenement acquisition agreements with the Company for a number of other tenement interests acquired by IND as disclosed in the Company's prospectus dated 4 June 2021.
- No consideration has been paid or is payable to MEPL in relation to the FFA other than the Royalty; and
- Material terms of the Royalty are as set out in Appendix 1 to this announcement.

ABOUT INDUSTRIAL MINERALS LTD

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

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

This announcement has been approved for release by the Board of Industrial Minerals Ltd.

For enquiries regarding this release please contact:

Mr. Ashley Pattison,
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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

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APPENDIX 1 – Summary of Material Royalty Terms

1. Nature of Royalty

1% of the gross revenue of the sale of any minerals extracted, produced and sold from the Tenements, from any renewable energy sources and any associated by-products.

2. Payment of Royalty

Quarterly from the commencement of commercial production.

3. Royalty Records, Royalty Statements and Auditing

The Royalty is subject to usual clauses concerning maintenance of records, production of statements and audit rights.

4. Commingling

The Royalty is subject to usual clauses concerning commingling of production in accordance with good mining and metallurgical practices.

5. Assignment and mining activities

IND must not assign, transfer or dispose of its interest (or any part thereof) in any of the Tenements (Transfer) without first delivering to the Introducer a deed executed by the proposed assignee whereby such assignee assumes all the obligations of IND relating to the Royalty to the extent that such obligations relate to the interest being assigned, transferred or disposed of. On delivery of such deed to the Introducer, IND will be released from such obligations to the extent those obligations are assumed by the assignee.

The decision of whether and when to commence or pursue exploration, development or mining on the Tenements (including a decision to commence commercial production) or to do so at any rate or in any manner is solely a matter for IND to determine in its sole and unfettered discretion;

IND has complete discretion concerning the nature, timing and extent of all exploration, development and mining operations conducted on the Tenements and may suspend operations and production on the Tenements at any time it wishes to so, whether or not the operations are affected by force majeure; and

IND is not liable for any quantity of minerals or commercial value lost in processing ore, concentrates and minerals in accordance with good mining practice and no Royalty is due on any such lost value.