



**INDUSTRIAL
MINERALS LTD**

ABN 87 648 183 297

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2021**

INDUSTRIAL MINERALS LTD

ABN 87 648 183 297

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INDUSTRIAL MINERALS LTD

ABN 87 648 183 297

Corporate Directory

Directors

Ashley Pattison
Executive Chairman

Jeffrey Sweet
Operational Director

Alex Neuling
Non-Executive Director

Company Secretary

Natalie Madden

Principal and Registered Office

Unit 38
460 Stirling Hwy
Peppermint Grove WA 6011

Telephone: +61 8 6270 6316

Email: admin@industmin.com
Website: www.industmin.com

Auditors

HLB Mann Judd (WA Partnership)
Level 4
130 Stirling Street
Perth WA 6000

Bankers

Westpac

Securities Exchange Listing

Australian Securities Exchange

Home Exchange: Perth, Western Australia
Code: IND

Share Registry

Automic Group
Level 2, 267 St Georges Terrace
Perth WA 6000

Telephone: 1300 288 664

Directors' Report (continued)

The Directors of Industrial Minerals Ltd (the Company) submit herewith the interim report of the Company for the half-year ended 31 December 2021. 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 - *Executive Chairman*

Jeffrey Sweet - *Operational 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.

Review of operations

Mineral Exploration Projects

During the reporting period, the Company has added to its portfolio of tenements, building on existing and new projects. The Company continues to progress land access and exploration activities at its eleven High Purity Silica Sand Projects and six Industrial Mineral Projects, located in Western Australia. These projects are comprised of seventeen Granted and sixteen Pending Exploration Licences. Analysis of historical exploration data across the High Silica Sand Projects has been complemented by several agricultural and soil data sources. A focus for the Company continues to be consultation with private land holders, Local Shire officials and Government Authorities.

Directors' Report

Subsequent events

There has not been any matter or circumstance 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.

Future developments

Disclosure of information regarding likely developments in the Company's operations in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 4 of the financial statements.

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

On behalf of the Directors



Ashley Pattison
Executive Chairman
Perth, 16 March 2022

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Industrial Minerals Ltd for the half-year ended 31 December 2021, 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
16 March 2022



D I Buckley
Partner

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Industrial Minerals Ltd

Report on the Condensed Interim Financial Report

Conclusion

We have reviewed the accompanying interim financial report of Industrial Minerals Ltd ("the company") which comprises the condensed statement of financial position as at 31 December 2021, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the company 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 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 company's financial position as at 31 December 2021 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 responsibilities are further described in the *Auditor's responsibilities 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.

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 company's financial position as at 31 December 2021 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
16 March 2022



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 Company's financial position at 31 December 2021 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



Ashley Pattison
Executive Chairman
Perth, 16 March 2022

INDUSTRIAL MINERALS LTD

ABN 87 648 183 297

Condensed statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2021

	Note	Half-year ended 31/12/21
Continuing operations		\$
Other income		294
Exploration expenses	(3)	(365,355)
Administrative and corporate expenses		(35,995)
Consulting fees		(114,980)
Stakeholder relations		(4,339)
Marketing and public relations		(28,717)
Share based payments	(3)	(19,833)
Occupancy expenses		(34,236)
Other expenses		(272)
Loss from ordinary activities before income tax		(603,433)
Income tax		-
Loss for the period		(603,433)
Other comprehensive income		-
Total comprehensive loss for the period		(603,433)
Loss per share		
Basic (loss) per share (cents per share)		(0.98)
Diluted (loss) per share (cents per share)		(0.98)

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

INDUSTRIAL MINERALS LTD

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Condensed statement of financial position

As at 31 December 2021

	Note	31/12/21 \$	30/06/21 \$
Current assets			
Cash		4,064,774	275,115
Trade and other receivables	(6e)	153,658	27,560
Total current assets		4,218,432	302,675
Non-current assets			
Capitalised exploration and evaluation expenditure	(5)	177,652	17,893
Total non-current assets		177,652	17,893
Total assets		4,396,084	320,568
Current liabilities			
Trade and other payables		116,918	279,493
Total current liabilities		116,918	279,493
Total liabilities		116,918	279,493
Net assets		4,279,166	41,075
Equity			
Issued capital	(6)	4,863,839	352,604
Reserves		476,887	146,598
Accumulated losses		(1,061,560)	(458,127)
Total equity		4,279,166	41,075

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

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Condensed statement of changes in equity

For the half-year ended 31 December 2021

	Issued capital \$	Share based payment reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	352,604	146,598	(458,127)	41,075
Loss for the period	-	-	(603,433)	(603,433)
Total comprehensive loss for the period	-	-	(603,433)	(603,433)
Issue of shares	5,119,026	-	-	5,119,026
Share issue costs	(277,502)	-	-	(277,502)
Share issue cost - share based payments	(330,289)	330,289	-	-
Balance at 31 December 2021	4,863,839	476,887	(1,061,560)	4,279,166

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

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Condensed statement of cash flows

For the half-year ended 31 December 2021

	Half-year ended 31/12/21 \$
Cash flows from operating activities	
Payments to suppliers and employees	(294,736)
Net cash (outflow) from operating activities	(294,736)
Cash flows from investing activities	
Interest received	279
Payments for exploration and evaluation expenditure	(533,483)
Payments to acquire property, plant and equipment	(8,112)
Net cash (outflow) from investing activities	(541,316)
Cash flows from financing activities	
Proceeds from share issue	5,000,026
Less costs of issue	(374,315)
Net cash inflow from financing activities	4,625,711
Net increase in cash and cash equivalents	3,789,659
Cash and cash equivalents at beginning of the period	275,115
Cash and cash equivalents at the end of the period	4,064,774

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

Notes to the condensed financial statements

For the half-year ended 31 December 2021

1. Significant accounting policies

These general purpose financial statements for the interim reporting period ended 31 December 2021 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 general purpose 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 2021 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. The Company was incorporated on 23 February 2021, therefore the Statement of Profit or Loss and Other Comprehensive Income Statement, Statement of Changes in Equity and Statement of Cash Flows do not contain any comparatives.

New or amended Accounting Standards and Interpretations adopted

The Company 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 Company 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.

Notes to the financial statements

For the half-year ended 31 December 2021

Types of products and services

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

3. Expenses

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

	Half-year ended 31 December 2021 \$
Share based payment expense - Public relations	19,833
Exploration and evaluation expenditure not capitalised	365,355

4. Dividends

No dividend has been paid or proposed in respect of the half-year ended 31 December 2021.

5. Capitalised exploration and evaluation expenditure

Exploration and evaluation phase:	\$
Balance at incorporation	-
Exploration expenditure incurred	85,993
Expenditure not capitalised ¹	(68,100)
Balance at 30 June 2021	17,893
Exploration expenditure incurred	525,114
Expenditure not capitalised ¹	(365,355)
Balance at 31 December 2021	177,652

1. Exploration expenditure on areas of interest where tenure was not granted at period end was written off to profit or loss.

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.

Notes to the financial statements

For the half-year ended 31 December 2021

6. Share capital

	31/12/21 \$	30/06/21 \$
63,500,000 fully paid ordinary shares (30 June 2021: 38,050,000)	4,863,839	352,604
	4,863,839	352,604

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:

		Share Capital \$
	Number of shares	
Founder capital	(a) 33,000,000	3,300
Seed funding	(b) 5,050,000	505,000
Issue costs	(c)	(155,696)
As at 30 June 2021	38,050,000	352,604
Initial Public Offering	(d) 25,000,000	5,000,026
Share based payment	(e) 450,000	119,000
Issue costs		(607,791)
As at 31 December 2021	63,500,000	4,863,839

- (a) 33,000,000 number of shares were issued to the Company founders at \$0.0001 on 1 March 2021.
- (b) In March 2021, the Company issued 5,050,000 shares for \$0.10 per share to raise a total of \$505,000 as funding towards initial operations.
- (c) At 30 June 2021, the Company has incurred and accrued costs in relation to its completed share issues and its Initial Public Offering on the ASX.
- (d) On 13 July 2021, the Company completed its Initial Public Offering ('IPO') of 25,000,000 ordinary shares at \$0.20 per share.
- (e) On 7 December 2021, the Company engaged Scandinavian Alliance for investor relations management for a consideration of 450,000 ordinary shares to cover upfront fees and their initial engagement. The contract is for 6 months from 1 December 2021. At balance date, \$99,167 is recognised as a prepayment within trade and other receivables.

Notes to the financial statements

For the half-year ended 31 December 2021

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	5,750,000 ¹	Ordinary	\$0.30	23/03/2024
Broker options	4,000,000	Ordinary	\$0.30	13/07/2024
Employee options – Sales and Marketing	2,000,000	Ordinary	\$0.40	06/12/2023

1. Issued in prior period

All options were issued by Industrial Minerals Ltd. A total of 4,000,000 broker options were issued on 13 July 2021 with an exercise price of \$0.30 on or before 13 July 2024 as part of the IPO. The options have a fair value of \$330,289 and have been applied against issued capital as a cost of equity.

A further 2,000,000 options with an exercise price of \$0.40 were issued under the Employee Securities Incentive Plan to the newly appointed General Manager (GM) of Sales and Marketing on 6 December 2021 with an expiry date of 6 December 2023. The following performance conditions apply to the recipient:

1. 500,000 options vest upon the Company signing a commercially acceptable offtake arrangement negotiated by the GM;
2. 500,000 options vest upon first commercial product shipment under an arrangement negotiated by the GM; and
3. 1,000,000 options vest on shipment of 100,000 DMT of silica sand product under an arrangement negotiated by the GM.

The options have a fair value of \$179,200. No amount was recognised during the period as the vesting expense is not material.

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Notes to the financial statements

For the half-year ended 31 December 2021

For the options granted during the current financial period, the valuation model inputs used to determine the fair value at the grant date are as follows:

	Broker options	Employee options – Sales and Marketing
Grant date	13/07/2021	06/12/2021
Expiry date	13/07/2024	06/12/2023
Share price at grant date	\$0.20	\$0.25
Exercise price	\$0.30	\$0.40
Expected volatility	80%	90%
Dividend yield	Nil	Nil
Risk-free interest rate	0.92%	0.98%
Fair value at grant date	\$0.0830	\$0.0896

7. 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 Company holds the following financial instruments:

	31/12/21 \$	30/06/21 \$
Financial assets		
Cash and cash equivalents	4,064,774	275,115
Loans and receivables (including trade receivables)	153,658	27,560
Financial liabilities		
Trade and other payables (at amortised cost)	116,918	279,493

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

8. Key management personnel

Remuneration arrangements of key management personnel are disclosed in the 30 June 2021 financial report.

Notes to the financial statements

For the half-year ended 31 December 2021

9. Commitments

In order to maintain and preserve rights of tenure to granted exploration tenements, the Company 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.

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

	31/12/21	30/06/21
	\$	\$
Not longer than 1 year	435,667	236,333
Longer than 1 year and not longer than 5 years	1,726,917	741,667
Longer than 5 years	-	-
Total	2,162,584	978,000

10. Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial 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.