

QUARTERLY ACTIVITIES REPORT

For the period ending 31 December 2024

Highlights

- Encouraging preliminary feedback received from an interested party who is assessing the amenability of Pippingarra pegmatite to produce high purity quartz.
- China marketing visit provides valuable insights to enhance IND's operations, production capabilities and research & development (R&D) programs.
- IND's established network of on-ground experts unlocking potential collaboration opportunities in major quartz production center of Lianyungang, China.
- Mineral Resource Definition activities progressed at Pippingarra and Mukinbudin HPQ projects.
- Placement and Share Purchase Plan (SPP) completed.^{1,2}

Industrial Minerals Ltd (ASX: **IND** or the **Company**) is pleased to provide an update on its activities for the December 2024 quarter. Key activities during the quarter focused on advancing the Pippingarra and Mukinbudin High Purity Quartz (HPQ) projects. These activities, including resource infill drilling as well as continuing ongoing metallurgical testwork and marketing efforts, were supported by additional funding following shareholder approval of the recent Placement and Share Purchase Plan (SPP).

IND's Managing Director Jeff Sweet commented:

"With work on the Maiden Mineral Resource Estimate for the Pippingarra Project nearing completion, along with strong inbound interest from potential end users, we are encouraged by the opportunity to progress our HPQ portfolio."

"We are also pleased with the shareholder support for the recent funding initiative, which has enabled meaningful progress along the development pathway to establish the Company as a key supplier in the high-purity quartz materials sector."

"We look forward to providing shareholders with progress updates over the March 2025 quarter."

¹ ASX Announcement 31 July 2024 - Placement and Share Purchase Plan

² ASX Announcement 7 October 2024 – Results of Meeting

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Marketing Activities in China

Pippingarra Pegmatite

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 an interested party in China to assess its suitability as a feed for high purity quartz product 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 year³. 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 two-tonne pegmatite sample, which has been collected from Pippingarra and sent to the interested party for further refined beneficiation testwork, which is anticipated to be completed in March 2025. Pending the laboratory results from the beneficiation testwork, the quartz sand produced is intended to be used to produce trial HPQ products 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.



Figure 1: Pippingarra rock sample being tested by interested party

³ ASX Announcement 26 July 2024 - HPQ Process Testwork Results

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Donghai County Visit

Following 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 2: Left: 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.

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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.

Pippingarra HPQ Mineral Resource Definition

Following a compilation and review of the 2023 drilling and the extensive historical drilling, 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 blows. A 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 by the end of February 2025, once final assay results are received from the laboratory.

In April 2024 IND defined a Maiden HPQ Exploration Target⁴ 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.

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.

⁴ ASX Announcement 24 April 2024 – IND Establishes HPQ Exploration Target at Pippingarra Project



Figure 3: RC Drilling at Pippingarra in October 2024

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 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.

Completion of Placement and Share Purchase Plan⁵

Following shareholder approval on 7 October 2024, the Company formally completed the Placement and Share Purchase Plan (SPP) that raised a combined total of \$2.3 million.

⁵ ASX Announcement 11 November 2024 – Completion of Placement and SPP

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

Corporate and Financial

As at 31 December 2024 the Company had \$1.23 million in cash. An Appendix 5B for the quarter (5B) is attached to this activities report.

Additional ASX Listing Rule Disclosures

ASX Listing Rule: 5.3.1 Exploration expenditure for the period (items 1.2a and 2.1d in the 5B) was \$364,000.

ASX Listing Rule 5.3.3: The details of the mining tenements, the location and the Company's beneficial percentage interest held in those Tenements at the end of the Quarter is included in the Table at the end of this as Appendix 1.

ASX Listing Rule 5.3.5: Payments to related parties (as detailed in item 6 of the 5B) comprise payment of Directors fees, technical and management consulting fees as well as payments for office rent to a company in which Mr Pattison has an equity interest. Payments to related parties in the December 2024 Period totaled \$130,000.

ASX Announcements included in this Report

This Quarterly Activities Report contains information reported in accordance with JORC 2012 in the following announcements released during the reporting period:

Date	ASX Release
25 November 2024	HPQ Marketing and Exploration Update
11 November 2024	Completion of Placement and SPP
7 October 2024	Results of Meeting
24 April 2024	IND Establishes HPQ Exploration Target at Pippingarra Project
31 July 2024	Placement and Share Purchase Plan
26 July 2024	HPQ Process Testwork Results

-ENDS-

This announcement has been approved by the Industrial Minerals Board.

For enquiries regarding this report please contact:

Mr. Jeff Sweet,
Managing Director
(08) 6270 6316

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

Broker and Media Enquiries:
Fiona Marshall
Senior Communications Advisor
White Noise Communications
0400 512 109
fiona@whitenoisecomms.com

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.

Website: www.industmin.com

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JORC Compliance Statements | Competent Person

The information in this announcement that relates to exploration activities and exploration target 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 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.

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.

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Appendix A - Tenement Schedule as at 31 December 2024

Project	Location	Tenement Number	Status	Interest %
Abydos	Pilbara, WA	E 45/6817	Application	100%
Albany	Albany, WA	E 70/6495	Granted	100%
Albany	Albany, WA	E 70/6497	Granted	100%
Albany	Albany, WA	E 70/6498	Granted	100%
ANZAC Well	Pilbara, WA	E 45/5444	Granted	100%
Bookara	Bookara, WA	E70/5855	Granted	100%
Cataby West	Cataby, WA	E70/5714	Application	100%
Cataby West	Cataby, WA	E70/5778	Application	100%
Enneaba	Enneaba, WA	E 70/6345	Application	100%
Gingin	Gingin, WA	E 70/6417	Granted	100%
Gingin	Gingin, WA	E70/5782	Application	100%
Karratha	Hamersley Range, WA	E47/3144	Granted	100%
Lake MacLeod	Lyndon River, WA	E08/3089	Granted	100%
Mindarra	Mindarra, WA	E 70/6428	Application	100%
Mt Regal	West Pilbara, WA	E 47/5070	Application	100%
Muckinbudin	Muckinbudin, WA	E 70/5326	Granted	100%
Narrikup	Albany, WA	E70/6065	Granted	100%
North Trig Hill	Pilbara, WA	E 45/6509	Application	100%
Pinjar	Pinjar, WA	P70/1767	Application	100%
Pippingarra	Pilbara, WA	E 45/6700	Application	100%
Pippingarra	Pilbara, WA	E 45/6753	Application	100%
Pippingarra	Pilbara, WA	E 45/6754	Application	100%
Pippingarra	Pilbara, WA	E 45/6755	Application	100%
Pippingarra	Pilbara, WA	E 45/6756	Application	100%
Pippingarra	Pilbara, WA	E 45/6757	Application	100%
Pippingarra	Pilbara, WA	E 45/6758	Application	100%
Pippingarra	Pilbara, WA	E 45/6798	Application	100%
Quins	Cowalla, WA	E70/5720	Granted	100%
Regans Ford	Regans Ford, WA	E70/5858	Application	100%
Roebourne	Roebourne, WA	E47/4582	Application	100%
Stockyard	Stockyard, WA	M 70/1417	Granted	100%
Stockyard	Stockyard, WA	L 70/237	Granted	100%
Stockyard	Stockyard, WA	L 70/238	Granted	100%
Stockyard	Stockyard, WA	E70/5873	Granted	100%
Stockyard	Stockyard, WA	E70/5936	Granted	100%
Stockyard	Stockyard, WA	E70/5937	Granted	100%
Stockyard	Stockyard, WA	E70/5938	Granted	100%
Tabba Tabba	Pilbara, WA	E 45/6759	Application	100%
Tabba Tabba	Tabba Tabba, WA	E45/6091	Application	100%

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Turner River	Turner River, WA	E45/5268	Granted	100%
Turner River North	Turner River, WA	E45/4570	Granted	100%
Unicup	North Unicup, WA	E70/5713	Granted	100%

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Industrial Minerals Ltd

ABN

87 648 183 297

Quarter ended ("current quarter")

31 December 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(68)	(175)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(176)	(494)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	8
1.5 Interest and other costs of finance paid	(3)	(3)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(243)	(664)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(296)	(557)
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(296)	(557)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	225	2,313
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(56)	(201)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(7)	(18)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	162	2,094
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,609	359
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(243)	(664)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(296)	(557)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	162	2,094

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,232	1,232

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,232	1,609
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,232	1,609

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	64
6.2	Aggregate amount of payments to related parties and their associates included in item 2	66

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

6.1 Payment of directors' fees to related parties on an arm's length basis under the terms disclosed in the IPO prospectus.

6.2 Payment of directors' and consulting fees to related parties on an arm's length basis under the terms disclosed in the IPO prospectus related to exploration activities at granted tenements.

A further \$10,500 is included in item 3.6 for office rental to an entity in which Mr Pattison holds 33.3% equity interest.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities		-
- Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(243)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(206)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(539)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,232
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	1,232
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.29
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: ..30 January 2025.....

Authorised by: ..Natalie Madden – Company Secretary.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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