



STOCK EXCHANGE ANNOUNCEMENT

RESOURCE UPDATE – NORTH AND SOUTH SEVEN DEVILS

29 August 2007

History

In January and February 2007 Industrial Minerals Corporation Limited (IDM:ASX) (“IMC” or “the Company”) began an aggressive exploration program in the vicinity of known heavy mineral occurrences (Westbrook and North/South Seven Devils deposits). The drilling results announced in June 2007, were relegated to those holes within the West Bohemia resource. Continuing results have revealed expanded resources in the vicinity of the North and South Seven Devils deposits.

Geology

Ground reconnaissance has led to the development of a deposit genesis for North/South Seven Devils that involves more than simple wave/storm mineral segregation, as is typical of most worldwide heavy mineral deposits. The North and South Seven Devils deposits are located within two parallel tension faults that have activated a graben system that, combined with shoreface/swash zone wave energy, has generated an extremely high grade/well segregated deposit. The deposits known as North and South Seven Devils were, at one time, joined in a continuous fashion. Erosion has since removed up to one third of the deposit. Drilling has been focused on finding the continuation of this graben, especially north of the North Seven Devils deposit.

In July 2007, the Company had LIDAR (Light Detection and Ranging) applied to the study area. LIDAR enables the precise construction of topography both for surveying applications and for computer modelling.

Assay

Samples collected from a Sonic drill rig (4 inch core) on 5 ft. intervals were sent to the SGS laboratory in Lakefield, Ontario for heavy liquid separation and mineral assemblage determination via QemSCAN. Blind triplicates as well as SGS QA/QC standards have been applied to assure quality results. Also used in the resource/reserve calculation were assay results from the 1992 drilling (North and South Seven Devils). Whenever needed, qualitative field logs completed by geologists have been used to aid modelling (e.g. rock type, roots/tree remains, organics, etc).

Estimation and Modelling Techniques

All estimations are based on computer models generated in Surpac Quarry software. Modelling incorporates all database information (assays, geology, surveys). Topography DTM (wireframes) are created using the aforementioned LIDAR point data and is regarded as highly accurate. Estimates take into account a chromite in-situ (in-ground) cut-off of 4%. This factor has been determined by previous economic evaluations of the reserves.

Resource Update

The resources for both North and South Seven Devils have been increased from the results of the Jan-Feb 2007 drilling. Drilling results indicate an additional 580,000 short tons of ore adjacent to the North Seven Devils deposit (see Table 1) and an increase of 180,000 short tons of measured resource to the South Seven Devils deposit (see Table 2).

Table 1. Resource/Reserve Evaluation - North Seven Devils

Mineral Resource Category	2007	2006	Adjustment	2007	In-Situ Assemblages		
	Ore Short Tons (Millions)	Ore Short Tons (Millions)	Ore Short Tons (Millions)	HM Grade (%)	Chromite Grade (%)	Garnet Grade (%)	Zircon Grade (%)
Measured	-	-	-	-	-	-	-
Indicated	0.58	0.00	0.58	31.5	10.2	3.3	0.6
Inferred	-	-	-	-	-	-	-
Total	0.58	0.00	0.58	31.5	10.2	3.3	0.6

Mineral Reserve Category	2007	2006	Adjustment	2007	In-Situ Assemblages		
	Ore Short Tons (Millions)	Ore Short Tons (Millions)	Ore Short Tons (Millions)	HM Grade (%)	Chromite Grade (%)	Garnet Grade (%)	Zircon Grade (%)
Proved	-	-	-	-	-	-	-
Probable	0.49	0.49	0.00	34.8	15.2	1.7	1.2
Total	0.49	0.49	0.00	34.8	15.2	1.7	1.2

Notes

* Cut off based on $\geq 4\%$ chromite (in-situ)

* Reserve In-situ garnet and zircon grades from deposit bulk sampling.

Table 2. Resource/Reserve Evaluation - South Seven Devils

Mineral Resource Category	2007	2006	Adjustment	2007	In-Situ Assemblages		
	Ore Short Tons (Millions)	Ore Short Tons (Millions)	Ore Short Tons (Millions)	HM Grade (%)	Chromite Grade (%)	Garnet Grade (%)	Zircon Grade (%)
Measured	0.18	0.00	0.18	43.4	13.1	4.8	1.0
Indicated	-	-	-	-	-	-	-
Inferred	-	-	-	-	-	-	-
Total	0.18	0.00	0.18	43.4	13.1	4.8	1.0

Mineral Reserve Category	2007	2006	Adjustment	2007	In-Situ Assemblages		
	Ore Short Tons (Millions)	Ore Short Tons (Millions)	Ore Short Tons (Millions)	HM Grade (%)	Chromite Grade (%)	Garnet Grade (%)	Zircon Grade (%)
Proved	-	-	-	-	-	-	-
Probable	0.60	0.60	0.00	34.8	15.3	6.0	1.8
Total	0.60	0.60	0.00	34.8	15.3	6	1.8

Notes

* Cut off based on >= 4% chromite (in-situ)

* Reserve In-situ garnet and zircon grades from deposit bulk sampling.

Future Exploration

Drilling scheduled to begin in September 2007 will include focused effort on delineation and expansion of the North Seven Devils graben to the north and the location and continuation of the southern end of the graben (Figure 1).

JORC 2004 Statement

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

Joseph D. Drew is employed as Director of Geology by Oregon Resources Corporation a wholly owned subsidiary of Industrial Minerals Corporation Limited.

Joseph D. 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.

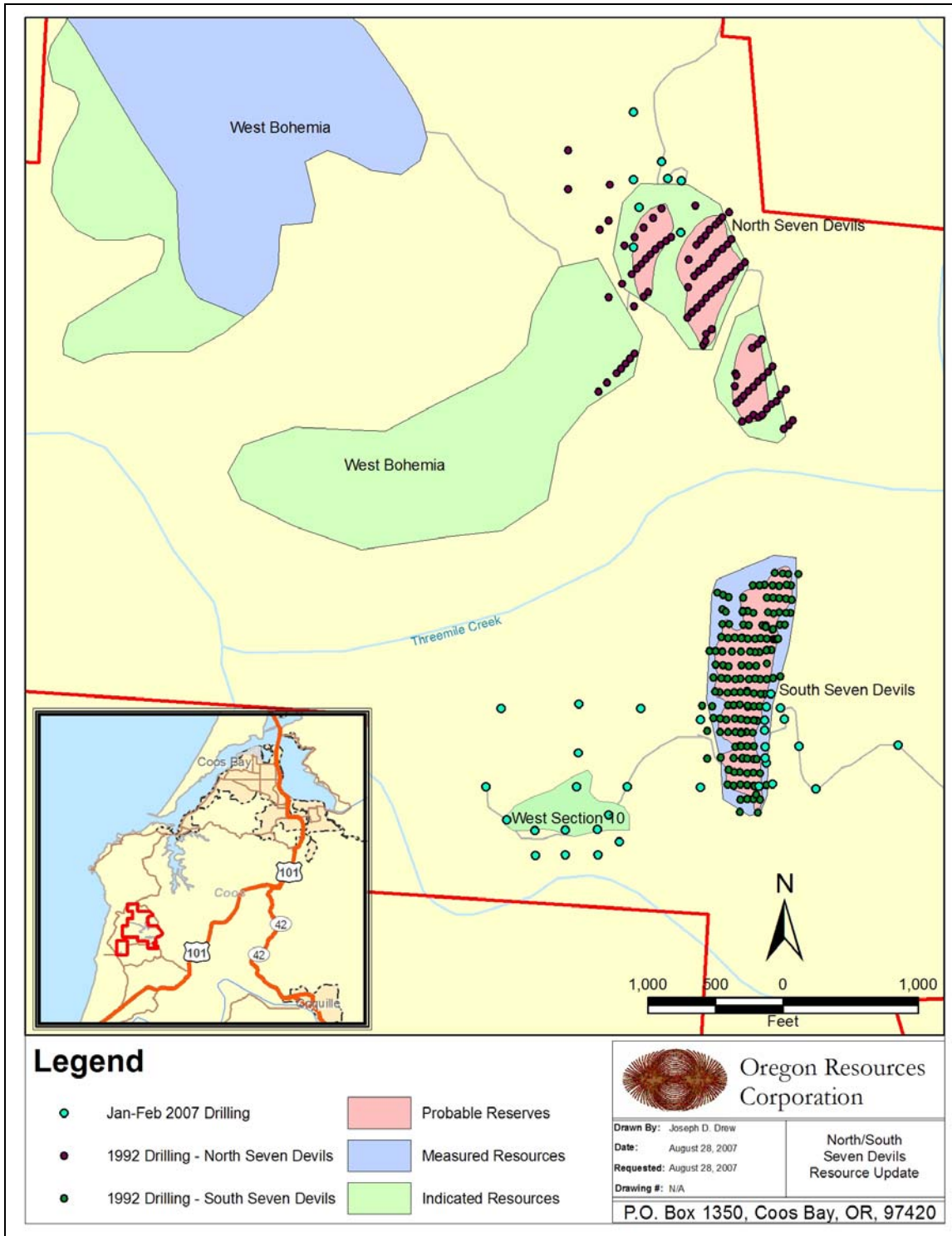


Figure 1. Map depicting relative location and extent of resource upgrades.



Permit Appeal

The Company's applications for conditional use permits for its processing plant and associated mining sites in Coos Bay, Oregon were approved by the Coos County Planning Commission ("Planning Commission") on the evening of August 2, 2007.

The appeal period of fifteen (15) days has ended for any interested party with standing to appeal. No appeal has been filed on the processing plant and the approval stands. A Notice of Appeal ("NOA") has been filed by a nearby property owner as to the mining sites' conditional use permit application. The Board of County Commissioners ("Board") will render its decision on the appeal within sixty (60) days. The Board may affirm, remand or reverse the Planning Commission's decision.

A final decision by the Board of Commissioners may be appealed to the Land Use Board of Appeals (LUBA). If a party wishes to file an appeal with LUBA, the party will have twenty-one (21) days in which to file the appeal. Generally, the appeal processing timeframe for such appeals is approximately six (6) to seven (7) months, which would mean that a final decision may be rendered by LUBA in March or April, 2008.

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