



STOCK EXCHANGE ANNOUNCEMENT

OREGON HEAVY MINERALS PROJECT

ADDITIONAL ORE RESERVES

20 June 2008

The directors of Industrial Minerals Corporation Ltd (IDM:ASX) ("the Company") are pleased to provide an update on the ore reserve estimate for the Oregon Heavy Minerals Project.

Highlights

- Moved the previously stated 1.38 million short tons of *probable* ore reserve to *proved* ore reserve.
- Estimated an additional 7.30 million short tons of proved ore reserve bringing the total proved ore reserve to 8.68 million short tons.

Updated Ore Reserve Estimate

During the latter part of 2006, an exploration plan was initiated to further expand existing probable ore reserves and delineate additional ore reserves.

At that time, the existing probable ore reserve was stated to be 1.38 million short tons. An expanded mineral resource was identified and drilled in and around the existing ore reserves and reported in 2007 and the first quarter of 2008.

With mineral resource estimation completed, the IDM team focused on reserve estimation. The existing probable ore reserves were moved to the proved category based on the completion of the step-out drilling and edge definition. Additional proved ore reserves totaling 7.30 million short tons have been added via conversion from measured and indicated mineral resources, bringing the total estimated proved ore reserve to 8.68 million short tons (Table 1). All ore reserve estimates are in addition to mineral resource estimates (Table 2). Please refer to Appendix A for additional JORC 2004 criteria.

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

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	---	---

Joseph D. Drew is employed as Director of Geology by Oregon Resources Corporation (wholly owned subsidiary of IDM).

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.



APPENDIX A

Ore Reserve Estimation Background (For JORC 2004)

Mineral Resource

The mineral resource estimate used as a basis for conversion to ore reserves was created in Surpac Quarry mining software using modeling techniques common in the mineral sand industry. The style of mineralization can be modeled with a low level of difficulty given their thin, shallow, and un-faulted nature and the predictable mineral assemblage.

Study Status

The level of detail gathered to arrive at the current ore reserve estimates is relatively high for this style of mineralization. Four metallurgical test bulks were created from drillhole samples that were selected based on their locations within the depositional system. These locations correspond to the South and North Seven Devils deposits, Westbrook, and Shepard. The metallurgical test work, process flow investigation, process equipment specification & layout was completed by Outotec (formerly Outokumpu) in Jacksonville, Florida.

Additionally, a three hundred ton bulk sample from the South Seven Devils deposit was successfully processed through the company's wet-process pilot plant located in Coos Bay, Oregon with the ultimate goal of producing thirty tons of chromite foundry sand product for sales and promotion. Assisting with the test work was Outotec, Hazen Research (chromite product), and the Mineral Research Lab at North Carolina State University (garnet and zircon separation).

Cut-off Parameters

The ore reserve estimates are based on net value per short ton mined and optimal pits developed by applying the Lerchs Grossman algorithm. For the purpose of estimating mineral resources, a cut-off grade of four percent chromite in-situ is used.

Mining Factors and Assumptions

In calculating ore reserves, it is assumed that mining will occur via dozer push to in-pit screen and load out. Certain pits will require the conveyance of screened material to the surface for load out. Belly dump haul trucks (or similar) will be used to transport screened ore and process tailings to and from the pit and the process location in Coos Bay, OR. These costs have all been calculated per short ton and applied to the net value of ore reserve models.

In addition, the typical oversize and slimes (-230 mesh fines) have been studied for each drillhole on the micro scale and each deposit on the macro scale. All reported grades have been factored to reflect oversize and slimes.

All overburden has been included in the net value calculations.



Metallurgical Factors and Assumptions

The ore will be handled using techniques that are a staple with regards to the style of mineralization. A wet process will concentrate the valuable "black sand" from the non-valuable beach sand. This concentrate will then be dried and separated into products using a combination of electrostatic and magnetic separators. This method of processing is common worldwide and typical for this style of mineralization.

Recoveries derived from extensive bulk and pilot plant test work have been factored in to the net value calculations.

Cost and Revenue Factors

All indirect (offices, site administration, taxes, consulting fees), direct variable (haulage, mining, preparation & rehabilitation, and pumping), and indirect non-variable (wet/dry mills, water supply, natural gas, electricity, stores, vehicles, lab, exploration) costs have been calculated and factored into the net value calculations used in the Lerchs Grossman algorithm.

Market Assessment of principal products

The principal product in the heavy mineral suite and the major economic contributor is chromite. During the past several years, substantive testing has been undertaken to confirm the characteristics and industry acceptability of the chromite as a foundry sand. The majority of the test work has been undertaken at the University of Northern Iowa and at foundries in the United States. In addition the Company's chromite was blended with chromite foundry sand and zircon sourced from South Africa and Australia, with the objective of ascertaining the potential of the Company's chromite as a performance enhancer or booster. The results of this testing indicated that the Company's chromite added higher tensile, heating transfer and finer finish to product created using South African chromite, improved zircon in finish and elevated tensile strength.

The Company's chromite can be used by foundries either as a stand-alone product or blended with other foundry specification chromite and zircon when higher quality finished product is required. It can substitute zircon foundry sand in most applications.

The company has obtained MOU's for non United States distribution of approximately 75% of anticipated annual chromite product volume at market pricing, FOB Portland. The balance will be placed directly into the US domestic market as a valued added component in resin coated foundry sand and in applications requiring an upgraded chilling and fine finish.

The Company's garnet is classified as suitable for application in the water jet market as a catalyst in the precision cutting of various products including aluminum and stainless steel. The garnet has been comparison tested against the leading waterjet abrasive and assigned a cutting efficiency of 91% in cutting steel and 96% in cutting aluminum versus the Barton Mines# 80 HPX garnet. The United States water jet market is growing at 10% per annum and the garnet used in water jet cutting is consuming 130,000-140,000 tons per annum.



The garnet has been tested by two waterjet OEM's and two large garnet distribution companies. Preliminary indications are the ORC garnet is as good or better than imported Indian and Chinese garnets. The plant location and logistics provide relatively easy access to the lucrative markets of the US West Coast and provide a competitive advantage over the offshore producers who are impacted by ocean freight rates and appreciating currencies against the \$US. The majority of the anticipated average annual production will be placed in the west coast US market.

The zircon is a Standard to Premium product with anticipated averaged annual production quantities being readily placed in the domestic market although several overseas purchasers have indicated a desire in taking the entire production. The Company is evaluating the regional ceramic, foundry and zircon metal markets and will complete a review before committing to a single buyer. Again, proximity to market is an advantage.

Classification

The ore reserve estimates have been classified as "proved" based on the fact that the current level of study has been maximized against economic benefit.

Audits/Reviews

A fatal flaws analysis of the project was completed in May 2008 by Behre Dolbear. Their conclusion was that no fatal flaws existed regarding the project, and specifically the mineral resource and ore reserve estimates at that time.

Discussion of Relative Accuracy and Confidence

Ore reserve estimates reflect the best available data and educated assumptions based on the style of mineralization at present. As with any operation, reconciliation of the models will be conducted routinely to ensure quality of data in the future.