



## STOCK EXCHANGE ANNOUNCEMENT

### ACCEPTANCE OF OFFER – US\$30 MILLION DEBT FACILITY

7 September 2009

Further to the announcement regarding receipt of a Committed Letter of Offer (“Offer”) for a US\$30 million Debt Facility (“Facility”) from Macquarie Bank Limited (“MBL”), the directors of Industrial Minerals Corporation Limited (IDM:ASX) (the “Company”) advise that they have formally accepted the Offer.

In accepting the Offer, the directors of IDM considered amongst other factors MBL’s commitment as a long term substantial stakeholder in the Southern Oregon Mineral Sands Project (“Project”). The Company will benefit from the experience, advice and support of MBL’s senior executives in the Metals and Energy Capital division of the bank. During the due diligence process, MBL executives interacted with IDM’s management team and future customers and conveyed a high level of understanding of the industrial minerals industry, which has built a solid platform of trust, long term commitment and integrity.

The Debt Facility has been structured to provide MBL with an equitable return on its investment and takes account of the bank’s inability to hedge any of IDM’s commodities as they are not “exchange traded”.

A summary of the principal terms of the Facility are outlined below:

- Facility Amount:** A finance term facility of up to US\$30 million.
- Final Maturity Date:** 30 June 2013.
- Interest Rate & Repayments:** USD LIBOR + 7.00% per annum and payable quarterly.
- Fees:** As are customary for a Facility of this type including the issue up to 100 million American style four year call options (“Options”) to MBL in three tranches as follows:
- i) the first tranche of 50 million Options issued on acceptance of the Offer and shall have an exercise price of A\$0.06, vesting contemporaneously with the initial draw down under the Facility;
  - ii) the second tranche of 25 million Options issued before the first drawdown under the Facility and shall have an exercise price at the higher of A\$0.15 or a 15% premium to the 90-day VWAP of IDM shares prior to first drawdown; and
  - iii) the final tranche of Options issued upon first chromite production and shall have an exercise price at the lower of A\$0.25 or a 15% premium to the 90-day VWAP of IDM shares immediately prior to the date of first chromite production.

**Royalty:** MBL shall be granted a 3.0% Gross Revenue Royalty (the "**Royalty**") on the first 280,000 tonnes of chromite production, reducing to 1.5% for the remaining reserves and production.

IDM will be granted a call option to acquire the Royalty from MBL.

**Conditions Precedent:** As are customary for a financing of this type, including, but not limited to:

- a) approvals for issuance of the first and second tranche Options;
- b) all necessary regulatory and other approvals required for the commencement and development of the Project;
- c) US\$15 million equity component being finalised;
- d) a minimum of 40% of forecast production of chromite and high iron ilmenite products for the first year of operations shall be committed for sale; and
- e) satisfactory due diligence (including but not limited to technical and legal due diligence).

The directors of IDM are confident the relationship with MBL will secure the Company's long term development plans for the Project and potentially provides additional benefits of being aligned with a truly international bank with significant mineral resource expertise and involvement.

Bligh Capital continues to engage with several parties to procure the US\$15 million equity component. The Company will provide details regarding the equity funding as soon as is appropriate.

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