

**INDUSTRIAL MINERALS CORPORATION  
LIMITED**

**ABN 26 108 029 198**

**PROSPECTUS**

**For an offer of 35,000,000 Shares to raise \$14,000,000 at an offer price of 40 cents each.**

The securities being offered by this Prospectus should be considered speculative.  
This document is important and should be read in its entirety.  
You may wish to consult your stockbroker, solicitor, accountant or other financial adviser about its contents.

## Corporate Directory

### DIRECTORS

**Jeremy Shervington**  
Non Executive Chairman

**Michael Brickell**  
Deputy Chairman

**Philip Garratt**  
Executive Director and Chief Executive Officer

**Cheryl Wilson**  
Executive Director

**Daniel Smith**  
Executive Director and Chief Operating Officer

**Alec Pismiris**  
Executive Director

### COMPANY SECRETARY

Alec Pismiris

### REGISTERED OFFICE

Level 1  
2 Richardson Street  
West Perth WA 6005  
Telephone: (+618) 9481 8760

Email: [info@imcl.com.au](mailto:info@imcl.com.au)

Website: [www.industrialmineralscorp.com.au](http://www.industrialmineralscorp.com.au)

ASX Code: IDM  
IDMO

### SOLICITOR TO THE ISSUE

**Jeremy Shervington**  
Level 1  
2 Richardson Street  
West Perth WA 6005  
Telephone: (+618) 9481 8760

### CORPORATE ADVISOR

**Capital Investment Partners Pty Ltd**  
Level 34, Exchange Plaza  
2 The Esplanade  
Perth WA 6000  
Telephone: (+618) 9421 2111

### SHARE REGISTRY

**Computershare Investor Services Pty Ltd**  
Level 2, Reserve Bank Building  
45 St George's Terrace  
Perth WA 6000  
Telephone: 1300 367 601

### AUDITORS

**Ernst & Young**  
11 Mounts Bay Road  
Perth WA 6000  
Telephone: (+618) 9429 2222

## Key Offer Statistics

• Offer price per Share	40 cents
• Shares to be offered under this Prospectus	35 million
• Amount to be raised under the Offers	\$14 million
• Shares on issue following the Offer	165,635,000
• Performance Shares on issue following the Offer	30 million
• Market capitalisation at the Offer price (including the 30 million Performance Shares)	\$78.25 million

## Key Investment Highlights

- In excess of \$7 million has been spent on the Southern Oregon Mineral Sands Project on defining the resource profile of the Project, testing the products, acquiring infrastructure, and on developing relationships with high level end users.
- The Company now wishes to move forward with the main plant design for the Project and construction in order to produce and supply a unique foundry grade chromite.

## Key Risks

Key risks associated with the Company's business include:

- The completion of the 700,000tpa mineral processing plant and commencement of production on the Project are dependent on a number factors including, but not limited to, the Company's ability to obtain further funding, unanticipated technical and operational difficulties, mechanical failure, unexpected shortages or increases in the prices of consumables, spare parts and plant and equipment, cost overruns and contracting risk from third parties providing essential services.
- The Project contains resources which have yet to be adequately tested to prove economic viability.
- The Project requires several permits and approvals from the State of Oregon and Coos County with respect to the operation planned to take place on the industrial site and at the various locations that the minerals will be extracted from.
- In the event that the Company commences production from the Project, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including the ability to enter into supply agreements on acceptable terms, environmental hazards, industrial accidents, technical failures, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions and other accidents.

Additional risks that you should consider before investing in the Shares appear in Section 3.8 of this Prospectus and in Section 8 of the IPO Prospectus. Prior to applying for Shares, prospective investors should read this Prospectus in full to appreciate the risks associated with an investment in the Company.

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## Letter from the Chairman

Dear Investor,

On behalf of the Directors of the Company, I am pleased to invite you as a prospective investor to consider the Offer of Shares set out in this document.

Since the Company's admission to the Official List of ASX in November 2006, the Company has made significant progress in executing its stated strategy and achieved several demonstrable milestones. The key milestones reported are:

- (a) the commissioning of the 10 tonne per hour pilot plant at the industrial site located in Coos Bay, Southern Oregon, and the granting by Coos County of a Conditional Use Permit for limited production on this site;
- (b) the successful completion of the 2006 exploration drilling program on 18 February 2007; and
- (c) the positive drill results and high level end user and distributor interest in the principal mineral constituents that are expected to be produced from the Project procuring a decision from the Company that it will increase the size of the Southern Oregon Mineral Sands Project from 400,000 tonnes per annum to 700,000 tonnes per annum.

The funds raised from the Offer made pursuant to this Prospectus will be used by the Company for the design, construction and commissioning of a 700,000 tonne per annum processing plant for the Project. As previously announced to the ASX, the Company has contracted Outokumpu to commence the basic engineering design work for this plant in advance of receiving the final flow sheet design.

Further details of the proposed use of funds are set out in Section 3 of the Prospectus.

The information in this Prospectus is important and should be read with care. Whilst the prospects are exciting, any investment of this nature should be considered speculative.

On behalf of Directors, I commend this investment to you and look forward to welcoming your subscriptions under this Prospectus.

Yours sincerely



**Jeremy Shervington**  
Chairman

## Capital Structure

After completion of the Offer made pursuant to this Prospectus, the capital structure of the Company will be as follows:

### Shares

Issued Shares	130,625,000
Performance Shares	30,000,000
Shares to be offered pursuant to the Offer <sup>(1)</sup>	35,000,000
Maximum Total Shares and Performance Shares on issue	<b>195,625,000</b>

### Options

Existing Options	16,312,500
Maximum Total Options on issue	<b>16,312,500</b>

New funds raised by the Offer	\$14,000,000
Estimated costs of the Offer	\$895,080

Note 1: Subject to the passing of the Resolution at the General Meeting, the Company will issue 35,000,000 Shares pursuant to the Offer.

## Important Notice

This Prospectus is dated 8 June 2007 and a copy of this Prospectus was lodged with ASIC on that date. ASIC takes no responsibility for the contents of this Prospectus.

No Shares will be allotted or issued on the basis of this Prospectus later than the expiry date of this Prospectus being the date which is 13 months after the date of this Prospectus. Shares allotted or issued pursuant to this Prospectus will be allotted or issued on the terms and conditions set out in this Prospectus. Application will be made by the Company to the ASX within seven days after the date of this Prospectus for the Shares offered to be admitted to quotation on the ASX.

Before deciding to invest in the Company, potential investors should read the entire Prospectus and if, in any doubt, seek professional advice from an accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest. There are risks associated with an investment in the Company and the Shares offered by this Prospectus should be considered speculative. The Shares offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Shares.

Terms referred to in this Prospectus are defined in the Glossary in Section 7 of this Prospectus.

References to dollars are to Australian dollars unless otherwise indicated.

## Short Form Prospectus

This Prospectus is a short form prospectus issued in accordance with section 712 of the Corporations Act. This means this Prospectus alone does not contain all information that is generally required to satisfy the disclosure requirements of the Corporations Act. Rather, it incorporates all other necessary information by reference to information contained in the IPO Prospectus lodged with ASIC on 3 August 2006.

In referring to the IPO Prospectus, the Company:

- (a) identifies the IPO Prospectus as being relevant to the Offer of a Share under this Prospectus and containing information that will provide investors and their professional advisers with information to assist them in making an informed assessment of:
  - (i) the rights and liabilities attaching to the Shares;
  - (ii) the capacity of the Company to issue the Shares; and
  - (iii) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company;
- (b) refers investors and their professional advisers to Section 2 of this Prospectus which summarises the information in the IPO Prospectus deemed to be incorporated in this Prospectus;
- (c) informs investors and their professional advisers that they are able to obtain, free of charge, a copy of the IPO Prospectus by contacting the Company directly by telephone on +61 8 9421 2111 or by email at [info@imcl.com.au](mailto:info@imcl.com.au); and

- (d) advises that the information in the IPO Prospectus will be primarily of interest to investors and their professional advisers or analysts.

## Section 1

### Details of the Offer

#### 1.1 Description of the Offer

Pursuant to this Prospectus, the Company offers for subscription up to 35,000,000 Shares at an issue price of 40 cents each to raise \$14,000,000 before the costs of the Offer.

The Offer is subject to and conditional upon Shareholders approving the relevant resolutions being put at a General Meeting of Shareholders.

The Shares offered under this Prospectus will rank equally with the Existing Shares.

The rights attaching to the Shares are summarised in Section 5.8.

#### 1.2 Indicative Dates

Prospectus lodged with the ASIC	8 June 2007
General Meeting to consider Resolution	20 July 2007
Offer Applications close	20 July 2007
Allotment of Shares	27 July 2007
Shares expected to commence trading on ASX	27 July 2007

These dates are indicative only and may vary. The Company reserves the right to vary the opening and closing dates of the Offer without prior notice. Applicants are encouraged to apply as soon as possible after the Offer opens as the Offer may close earlier than the date specified above. The Company also reserves the right not to continue with the Offer at any time before the allotment of Shares to successful Applicants.

It is possible that the Shares offered by this Prospectus may not be issued under this prospectus but that an equivalent number of Shares may be issued separately to professional investors.

#### 1.3 Applications for Shares – Offer

Investors who wish to apply for Shares in the Offer should complete the Application Form attached to this Prospectus.

The Offer is for a maximum of 35,000,000 Shares. Applicants may apply for a minimum parcel of 5,000 Shares representing a minimum investment of \$2,000. Applicants requiring additional Shares must apply for Shares in multiples of 500 Shares (equivalent to \$200) thereafter.

#### 1.4 Lodgement of Application Form

To apply for Shares offered pursuant to the Public Offer made under this Prospectus, the *Application Form* accompanying this Prospectus must be completed in accordance with the instructions accompanying it and lodged at the following address, on or before the Offer Closing Date:

Computershare Investor Services Pty Ltd  
Level 2, Reserve Bank Building  
45 St George's Terrace  
Perth WA 6000  
AUSTRALIA

**or**

Computershare Investor Services Pty Ltd  
GPO Box D182  
Perth WA 6840  
AUSTRALIA

Applications must be accompanied by payment in full in Australian currency of 40 cents for each Share applied for. Payment must be by way of cheque or bank draft drawn on and payable on an Australian bank and should be made payable to "**Industrial Minerals Corporation Limited – Share Issue Account**" and crossed 'Not Negotiable'.

No brokerage or stamp duty is payable by Applicants in respect of their Applications for Shares under this Prospectus. The Company will be paying a lead manager fee of 6% on \$10 million and 5% on any equity raised which is greater than \$10 million to the Corporate Advisor. The Corporate Advisor may elect to pass part of the lead manager fee on to licensed advisors that participate in the Offer.

The amount payable on Application will not vary during the period of the Offer and no further amount is payable on allotment.

Applicants under the Offer must apply for a minimum of 5,000 Shares representing a minimum investment of \$2,000. Applicants requiring additional Shares must apply for additional Shares in multiples of 500 thereafter.

A duly completed and lodged Application Form will constitute an offer by the Applicant to subscribe for the number of Shares applied for pursuant to the Application Form as the case may be.

Application Forms must not be circulated to prospective investors unless accompanied by a copy of this Prospectus.

## **1.5 Minimum Subscription and Oversubscriptions**

The minimum subscription is \$14 million and Oversubscriptions will not be accepted.

## **1.6 Underwriting**

The Offer is not underwritten.

## **1.7 Allotment of Shares**

The acceptance of Applications and the allocation of Shares are at the discretion of the Directors of the Company. The Company reserves the right to allot to an Applicant a lesser number of Shares than the number for which the Applicant applies or to reject an Application. If the number of Shares allotted is fewer than the number applied for, surplus Application money will be refunded without interest.

Application money will be held in trust in a subscription account until allotment or, where applicable, it is repaid to the Applicants. The subscription account will be established and kept by the Company on behalf of the Applicants.

All interest earned on all Application moneys (including those which do not result in allotment of Shares) will be retained by the Company.

## **1.8 ASX Listing**

Application will be made by the Company to the ASX, within seven days after the date of this Prospectus, for admission for the Shares offered to be admitted for quotation.

If the Shares offered pursuant to the Offers are not admitted to quotation by ASX within three months after the date of this Prospectus all Application moneys will be refunded without interest and no Shares will be issued pursuant to this Prospectus unless ASIC grants the Company an exemption permitting the allotment or issue.

The fact that ASX may admit the Shares to quotation is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

## **1.9 CHESS**

The Company has applied to participate in CHESS, operated by ASTC, a wholly owned subsidiary of ASX, in accordance with the Listing Rules and ASTC Settlement Rules.

Under this system, the Company will not issue certificates to investors. Instead, shareholders will receive a statement of their holdings in the Company. If an investor is broker-sponsored, the ASTC will send them a CHESS statement.

The CHESS statement will set out the number of securities allotted to each holder under the Prospectus, give details of the shareholder's holder identification number and give the participant identification number of the sponsor.

If you are registered on the Issuer Sponsored Subregister, your statement will be dispatched by the share registry and will contain the number of securities allotted under the Prospectus and the shareholder's security holder reference number.

A CHESS statement or Issuer Sponsored Statement will routinely be sent to shareholders at the end of any calendar month during which the balance of their holding changes. A shareholder may request a statement at any other time, however, a charge may be made for additional statements.

## **1.10 Overseas Investors**

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia.

### **1.11 Condition Precedent to the Offer**

The Offer of Shares pursuant to this Prospectus is subject to:

- (a) the passage of the Resolution;

No Shares will be issued under this Prospectus unless the above condition is fulfilled.

If the condition is not satisfied by 30 July 2007 (or such other date as the Company determines) then the Directors will return all Application moneys to Applicants without interest.

### **1.12 Enquiries in Relation to the Offer**

This Prospectus provides information for potential investors in the Company, and should be read in its entirety. If after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or independent financial adviser.

## **Section 2**

### **Information Deemed To Be Incorporated In Prospectus**

#### **2.1 Short Form Prospectus**

This Prospectus is a short form prospectus issued in accordance with section 712 of the Corporations Act. This means that this Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type, however, it incorporates by reference, information contained in the IPO Prospectus that was lodged with the ASIC on 3 August 2006.

The information to be incorporated by reference into this Prospectus is summarised below in Section 2.2 and will primarily be of interest to investors and their professional advisers or analysts.

Investors and their professional advisers are able to obtain a copy of the IPO Prospectus free of charge by contacting the Company on +61 8 9421 211 or by email [info@imcl.com.au](mailto:info@imcl.com.au). The IPO Prospectus is also available by searching the ASIC's records in relation to the Company or from the Company's website, [www.industrialmineralscorp.com.au](http://www.industrialmineralscorp.com.au).

#### **2.2 Summary of Information Deemed to be Incorporated**

Set out below is a summary of the information contained in the IPO Prospectus that is deemed to be incorporated in this Prospectus to assist investors and their professional advisers to determine whether they need to obtain a copy of the IPO Prospectus for the purposes of making an informed investment decision in relation to the Offer.

*The sections referred to in this Section 2.2 are references to sections in the IPO Prospectus.*

##### **Section 1 – Overview of the Company**

Section 1 summarises the history of the Company and includes information in relation to the Company's objectives and a summary of the Company's proposed expenditure plans.

##### **Section 3 – Oregon Project Summary**

Section 3 contains general information relating to the Project including the general objectives and strategies of the Company in relation to the Project and summarises the previous exploration results and reserve and resource estimates.

##### **Section 4 – Directors and Management**

Section 4 contains information relating to each of the directors and the company secretary of the Company.

##### **Section 5 – Independent Geologist's Report**

Section 5 comprises an Independent Geologist's Report prepared by Gannett Fleming Inc. and dated 5 July 2006. The Independent Geologist's Report contains information on the geology of the Project, project location and access, past exploration, and proposed exploration and expenditure programs.

## **Section 7 – Solicitor’s Report**

Section 7 comprises a Solicitor’s Report prepared by Stoel Rives LLP.

The Solicitor’s Report was included in the IPO Prospectus to assist investors and their financial advisers in making an assessment of the tenure and status of the Company’s interest in the Project.

## **Section 8 – Risk Factors**

Section 8 notes that an investment in the Company should be considered speculative and has risks reasonably expected of an investment in a business of its type. It details a number of factors that may impact on the success and future profitability of the Company including but not limited to general investment risk factors, general exploration and development risks, resources estimates, environmental risks, share market conditions, terrorism, commodity prices, competition, production risks, financial risks, taxation, government, title and title opinions, foreign currency fluctuations, insurance risk, personnel, force majeure and litigation.

## **Section 9 – Additional Information**

Section 9 sets out, amongst other things, the following additional information required to be disclosed in the Prospectus:

- (a) summaries of material contracts;
- (b) rights attaching to the Shares issued under the IPO Prospectus, the Performance Shares and the Existing Options;
- (c) a summary of the Employee Share Option Plan;
- (d) Director’s interests;
- (e) interests of persons named in the IPO Prospectus;
- (f) details of the consents of persons named in the IPO Prospectus; and
- (g) costs of the offer pursuant to the IPO Prospectus.

## Section 3

### Overview of the Company

#### 3.1 Background

The principal activities of the Company since the date on which the IPO Prospectus was lodged with the ASIC on 3 August 2006 comprise:

- the acquisition of a 100% interest in Oregon Resources Corporation Inc., a wholly owned subsidiary of RFI, holding interests in the Southern Oregon Mineral Sands Project which covers 2,598 acres of terraced mineral sands properties near Coos Bay in the Cape Arago district of southwest Oregon;
- raising \$8 million under a public offer of shares made under the IPO Prospectus;
- the admission of the Company to the Official List on 2 November 2006 with Official Quotation of its securities commencing on 8 November 2006;
- completed the relocation and commissioning of the 10 tonne per hour pilot plant to the industrial site located in Coos Bay, and the granting by Coos County of a Conditional Use Permit for limited production on this site;
- commencement of the operation of the 10 tonne per hour pilot plant;
- shipment of 9 tons of exploration sample for testing at the Outokumpu mineral separation unit in Jacksonville, Florida;
- the successful completion of the 2006 exploration drilling program on 18 February 2007 and resulting expansion in the resource profile of the Project;
- the carrying out of further testing of samples of product from the Project;
- positive discussions with high level end users of the principal mineral constituents that are expected to be produced from the Project;
- the negotiations with an international engineering firm for the entry into a turn key contract for the design, construction and commissioning of the principal mineral sands processing facility;
- the engagement of a consultant to assist in the preparation and completion of an application for a Conditional Use Permit in connection with the principal mineral sands processing facility to be constructed on the industrial site at Coos Bay, a Conditional Use Permit in connection with the mining operation on the Project, and an Operating Permit from the Oregon Department of Geology and Mineral Industries;

- the acquisition by the Company of the industrial site at Coos Bay under the terms of the Teck Cominco Limited Lease and Option to Purchase set out in section 9.4(b) of the IPO Prospectus;
- application and grant of property and income tax abatement from local and state taxing authorities;
- engagement of Mr Steven M Blacklock as Chief Financial Officer; and
- the negotiations with the Coquille Indian Tribe for the acquisition of approximately 88 acres of land located in Coos County, Oregon, USA, including any and all water rights, minerals and mineral rights, development rights, and access rights.

The achievement of the above and in particular, the positive drill results and high level end user and distributor interest in the principal mineral constituents that are expected to be produced from the Project have resulted in a decision by the Company to increase the size of the Southern Oregon Mineral Sands Project from 400,000 tonnes per annum to 700,000 tonnes per annum.

The basis for this decision is that a larger scale operation will enable the mining and processing of the lower grade mineral sand deposits and not just the higher grade mineral sand deposits. It is contemplated that there potentially could be a blending of the ore from the lower and higher grade mineral sand deposits. This would facilitate a more even yearly production of mineral sand product, thus allowing for a balanced sale of product from the Project. A constant mineral sand ore feed rate of roughly similar percentages of the various minerals would also facilitate a more efficient wet and dry separation of product.

The Company estimates the provisional capital expenditure requirements for the Project on the basis of a 700,000 tonne per annum mineral processing facility will be approximately between US\$25 million to US\$30 million. Further details of these requirements are set out in Section 3.6 below.

### **3.2 Purpose of the Offer**

The Company is seeking to raise up to \$14 million through the Offer (before the costs of the Offer).

The Company's principal objective is to build, commission and commence operation of a 700,000 tonne per annum mineral processing plant at the industrial facility located in Coos Bay, Southern Oregon.

Funds raised from the Offer will be used by the Company:

- for the design, construction and commissioning of a 700,000 tonne per annum mineral sands processing plant;
- to purchase the plant and equipment required for the 700,000 tonne per annum mineral sands processing plant;
- exercise the option to acquire the Coos Bay land from Teck Cominco Limited;

- to prepare and submit the application to Coos County for a Conditional Use Permit in connection with the 700,000 tonne per annum mineral sands processing plant;
- to prepare and submit the application to Coos County for a Conditional Use Permit in connection with the mining operation on the Project;
- to prepare and submit an Operating Permit Application to the Oregon Department of Geology and Mineral Industries;
- to carry out ongoing resource and reserve expansion of the Project; and
- working capital.

### 3.3 Expenditure Plans

The existing cash of the Company together with the additional funds raised from the Offer will be broadly applied from Completion as follows:

Use of Funds	\$
Capital expenditure and all associated costs required to reach commissioning and start up phase of the 700,00 tpa mineral processing plant (including estimated costs and contributions incurred in procuring additional project finance)	11,000,000
Acquisition of Coos Bay land from Teck Cominco Limited	525,000
Acquisition of land from the Coquille Indian Tribe	300,000
Further exploration and testing	1,250,000
Marketing	475,000
Administration – Australian operations	840,000
Administration – US operations	1,600,000
Expenses of the capital raising	895,080
Unallocated working capital	1,914,920
Total funds to be expended	18,800,000
<b>Made up of:</b>	
New funds from Capital Raising	14,000,000
Existing cash assets	4,800,000

It is anticipated that funds raised together with the existing cash of the Company will be spent on the activities set out in Section 3.2 generally within the time frames outlined in Section 3.5.

### 3.4 Forecasts

The Directors have considered the matters set out in ASIC Policy Statement 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the proposed operations of the Company being mineral exploration and development are inherently uncertain. Accordingly, any forecast or projected information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable forecast or projection.

However, the Directors are in a position to make certain projections in relation to the Project based on the events that the management of the Company reasonably expects to take place or actions the management of the Company reasonably expects to occur and these are set out in Sections 3.7 and 3.8 below.

### 3.5 Timetable of Proposed Activities

The following is a summary of the projected activities involved in the funding, construction and commissioning of the 700,000tpa plant.

<b>Activity</b>	<b>Timing</b>
Submission of Conditional Use Permit – Processing Site	April 2007
Project Financing (Debt)	June 2007
Basic Engineering / Cost Study	June 2007
Submission of Conditional Use Permit – Mine Site	May 2007
Long Lead Equipment Procurement	May 2007
Contract Finalisation	June 2007
Detailed Engineering	August 2007
Obtain Conditional Use Permit – Processing Site	August 2007
Construction	September 2007
Obtain Conditional Use Permit – Mine Site	September 2007
Submit Approval for Operating Permit	August 2007
Obtain Operating Permit	January 2008
Commissioning and Start Up	Feb – March 2008
Marketing	Ongoing

These dates are predictive in character and may vary. The dates may be affected by inaccurate assumptions or by known or unknown risks and uncertainties. The dates may differ from those ultimately achieved.

### 3.6 Cost of Activities

The following is a summary of the predicted costs for the stages involved in the funding, construction and commissioning of the 700,000tpa plant.

<b>Activity</b>	<b>Predicted Cost (\$)</b>
Project Financing (Debt)	500,000
Basic Engineering / Cost Study	63,000
Submission and Approval of the Conditional Use Permits	20,000
Preparation of all documentation of all permits requisite for the Submission and Approval of the Operating Permit	600,000
Long Lead Equipment Procurement	1,300,000
Contract Finalisation	20,000
Detailed Engineering	88,000
Construction	33,000,000
Commissioning and Start Up	375,000
Marketing	250,000
<b>Total</b>	<b>36,216,000</b>

These amounts are predictive in character and may vary. The amounts may be affected by inaccurate assumptions or by known or unknown risks and uncertainties. The amounts may differ from those ultimately achieved.

### **3.7 Project Financing**

As set out in Section 3.6 above, the predicted costs involved in the funding, construction and commissioning of the 700,000tpa plant are, based on current estimates, in aggregate approximately \$36,216,000.

After completion of the Issue, the existing cash of the Company and the additional funds raised from the Offer will comprise \$17,900,000, and based on the estimates set out in Section 3.6 above, the Company will need to raise up to a further \$18,316,000 to complete the 700,000tpa mineral processing plant in order for production to commence. The Company proposes to raise these funds through either equity or debt finance, or a combination thereof.

### **3.8 Investment Risks**

Investors should be aware that there are risks associated with any investment in the stock market. In addition, there are a number of risk factors specific to investing in the Company, the resource, mining and exploration industry in which the Company operates and the general business environment.

Key risks associated with the Company's business include:

- The completion of the 700,000tpa mineral processing plant and commencement of production are dependent on the Company's ability to obtain further funding. There can be no assurance that such funding required by the Company will be made available to it and, if such funding is available, that it will be offered on reasonable terms.
- The completion of the 700,000tpa mineral processing plant and commencement of production are dependent on a number of other factors including unanticipated technical and operational difficulties, mechanical failure, unexpected shortages or increases in the prices of consumables, spare parts and plant and equipment, cost overruns and contracting risk from third parties providing essential services.
- The Project contains resources which have yet to be adequately tested to prove economic viability
- The Project requires several permits and approvals from the State of Oregon and Coos County with respect to the operation planned to take place on the industrial site and at the various locations that minerals will be extracted. Although the Company has engaged consultants to assist with obtaining the required permits and approvals, there can be no certainty that those permits and approvals will be obtained, or if they are obtained, as to timing.
- The predicted costs involved in the funding, construction and commissioning of the 700,000tpa plant are estimates only and are based on, amongst other things, quotations the Company has received to date from the proposed principal contractor and other third parties. At the date of the Prospectus, the engineering design of the plant is not sufficiently complete to allow for final estimates to be provided. Actual costs of the funding, construction and commissioning of the plant may be higher or less than those set out in Section 3.6 and will depend on various factors, including the costs of labour, raw materials, transport and equipment.
- In the event that the Company commences production from the Project, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including the ability to enter into supply agreements on acceptable terms,

environmental hazards, industrial accidents, technical failures, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions and other accidents

Additional risks that you should consider before investing in the Shares appear in Section 8 of the IPO Prospectus. Prospective applicants should read the entire Prospectus and the IPO Prospectus incorporated into this document by reference before applying for Shares.

## Section 4

### Financial Information

#### Pro Forma Statement of Financial Position

Set out below, for the purposes of illustration only, is an unaudited pro forma consolidated balance sheet of the Company as at 31 December 2006 taking into account the effect of the Offer made pursuant to this Prospectus and assuming Completion has occurred. The pro forma consolidated balance sheet illustrates the effect of the Offer as if the issue of securities under this Prospectus had occurred on 31 December 2006 (based on the assumptions below).

The financial information is presented in abbreviated form and does not contain all the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act.

INDUSTRIAL MINERALS CORPORATION LIMITED	Consolidated as at 31 December 2006 (ACTUAL) \$A	Pro-forma consolidated as at 31 December 2006 \$A
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	6,373,886	19,478,806
Trade and other receivables	106,228	106,228
Prepayments	176,202	176,202
Other current assets	53,635	53,635
<b>NON CURRENT ASSETS</b>		
Property, plant & equipment	3,131,788	3,131,788
Exploration & evaluation	20,333,109	20,333,109
<b>TOTAL ASSETS</b>	<b>30,174,848</b>	<b>43,279,768</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	1,132,782	1,132,782
<b>NON CURRENT LIABILITIES</b>		
Trade and other payables	103,634	103,634
Long term loans	68,822	68,822
<b>TOTAL LIABILITIES</b>	<b>1,305,238</b>	<b>1,305,238</b>
<b>NET ASSETS</b>	<b>28,869,610</b>	<b>41,974,530</b>
<b>EQUITY</b>		
Contributed Equity	29,316,274	42,421,194
Retained earnings	(830,446)	(830,446)
Reserves	383,782	383,782
<b>TOTAL EQUITY</b>	<b>28,869,610</b>	<b>41,974,530</b>

The pro forma consolidated balance sheet assumes:

- (a) the issue and allotment by the Company of 35,000,000 Shares at an issue price of 40 cents each to raise a total of \$14,000,000;
- (b) the payment of all transaction costs (brokerage fees, ASX fees and other expenses of the Offer totaling \$895,080);
- (c) USD/AUD exchange rate \$0.7893, the spot rate as at 31 December 2006; and
- (d) does not take into account expenditure of approximately \$1.62 million incurred since 31 December 2006.

## Section 5

### Additional Information

#### 5.1 Listing on ASX and Escrow of Securities

The Company was admitted to the Official List on 2 November 2006 with Official Quotation of its securities commencing on 8 November 2006.

Pursuant to Chapter 9 of the Listing Rules a number of the securities issued pursuant to the IPO Prospectus are subject to escrow requirements.

Details of these securities and the periods of escrow of are as follows:

Type	Number	Date of Release from Escrow
Shares and Performance Shares	106,253,250	8 November 2008
Options exercisable at 20 cents each and expiring 31 December 2009	2,383,125	8 November 2008
Options exercisable at 20 cents each and expiring 31 December 2009	4,404,375	8 November 2007

The balance of the issued capital of the Company, being 54,371,750 Shares and 2,275,000 Options exercisable at 20 cents each and expiring 31 December 2009 are quoted and freely tradeable on ASX.

#### 5.2 Activities since Listing on ASX

Since listing on ASX, the Company has focussed on the commencement of exploration activities on the Southern Oregon Mineral Sands Project and the transportation and commissioning of the pilot plant in Coos Bay, Oregon.

#### 5.3 Continuous Disclosure and Documents Available for Inspection

The Company is listed on ASX and its securities are quoted on ASX.

The Company is a “disclosing entity” for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations, which require it to disclose to ASX any information of which it is or becomes aware concerning the Company and which a reasonable person would expect to have a material effect on the price of value of the securities of the Company.

Copies of documents lodged with ASIC in relation to the Company may be obtained from or inspected at, an office of ASIC. This includes the Incorporated Information referred to in Section 2 of this Prospectus.

The Company will provide a copy of all documents used to notify ASX of information relating to the Company under the provisions of the Listing Rules since official quotation on 8 November 2006. As at the time of lodging this Prospectus, such documents were:

<b>Date</b>	<b>Details</b>
05/06/2007	Resource Update - West Bohemia
01/06/2007	Change of Director's Interest Notice
25/05/2007	Share Placement & Appointment of Chief Financial Officer
23/05/2007	Trading Halt
08/05/2007	Change of Director's Interest Notice
07/05/2007	Change of Director's Interest Notice
30/04/2007	Third Quarter Cashflow Report
30/04/2007	Third Quarter Activities Report
27/03/2007	Change of Director's Interest Notice
16/03/2007	Half Year Accounts
21/02/2007	Completion of 2006 Drill Program
14/02/2007	Change of Director's Interest Notice
13/02/2007	Change of Director's Interest Notice
12/02/2007	Overview & Status of Current Drill Program
09/02/2007	Change of Director's Interest Notice
29/01/2007	Second Quarter Cashflow Report
29/01/2007	Second Quarter Activities Report
09/01/2007	Change of Director's Interest Notice
20/12/2006	Agreement - URS Corporation
12/12/2006	Change of Director's Interest Notice
11/12/2006	Change of Director's Interest Notice x 3
11/12/2006	Appendix 3B
08/12/2006	Change of Director's Interest Notice
05/12/2006	Operations Update
04/12/2006	Change of Director's Interest Notice
24/11/2006	Results of AGM
23/11/2006	Change of Director's Interest Notice
21/11/2006	Change of Director's Interest Notice
09/11/2006	Initial Director's Interest Notice
09/11/2006	Initial Director's Interest Notice
09/11/2006	Initial Director's Interest Notice
09/11/2006	Initial Director's Interest Notice
09/11/2006	Initial Director's Interest Notice
09/11/2006	Initial Director's Interest Notice
09/11/2006	Becoming a substantial holder
06/11/2006	Annual Report 2006
06/11/2006	Annual Financial Report for period ended 30/06/05
06/11/2006	Special Purpose Financial Report 30-Jun-06
06/11/2006	Terms & Conditions of Performance Shares
06/11/2006	Terms of Employee Share Option Plan
06/11/2006	Terms of Options
06/11/2006	Distribution Schedule/Top 20 Optionholders
06/11/2006	Distribution Schedule - Fully Paid Shares
06/11/2006	Statement of Securities Subject to Escrow
06/11/2006	Constitution
06/11/2006	Appendix 1A - ASX Listing application & agreement

<b>Date</b>	<b>Details</b>
02/11/2006	Admission to Official List
02/11/2006	ASX Circular: Commencement of Official Quotation

#### **5.4 Trading History**

The Company's securities commenced trading on ASX on 8 November 2006 and consequently the trading history on ASX as at the date of this Prospectus is limited to that period.

The highest and lowest recorded market sale prices of the Shares quoted on ASX during the period from commencement of Official Quotation to the date of this Prospectus were 19.5 cents on 15 November 2006 and 52 cents on 6 June 2007.

The last market sale price of the Shares on ASX on the last day that trading took place prior to the date of this Prospectus was 48 cents on 7 June 2007.

The highest and lowest recorded market sale prices of the Options quoted on ASX during the period from commencement of Official Quotation to the date of this Prospectus were 5 cents on 22 November 2006 and 30 cents on 5 June 2007.

The last market sale price of the Options on ASX on the last day that trading took place prior to the date of this Prospectus was 30 cents on 5 June 2007.

#### **5.5 Legal Proceedings**

The Directors are not aware of any litigation of a material nature pending or threatened which may significantly affect the Company.

#### **5.6 Material Contracts**

Set out below is a brief summary of certain contracts which have been entered into by the Company and which have been identified as material and relevant to potential investors. To fully understand all rights and obligations of a material contract it would be necessary to review each contract in full and these summaries should be read in that light.

##### **(a) Mandate Letter**

Pursuant to a letter CIP ("**Mandate**"), CIP has been engaged to act as the corporate advisor to the Offer made under this Prospectus.

CIP will be entitled to receive a lead manager fee from the Company equivalent to 6% on any equity component (not including instruments convertible into equity) arranged where the total equity raised is less than \$10 million. The lead manager fee will comprise of a management fee equal to 2% and a share placement fee equal to 4% of the total funds raised.

Where the total equity raised is greater than \$10 million, CIP will be entitled to receive a lead manager fee from the Company equivalent to 6% on the equity component raised of \$10 million and 5% on any equity component (not including instruments convertible into equity) arranged which is greater than \$10 million. The lead manager fee will comprise of a management fee equal to 1.5% and a share placement fee equal to 3.5% of the total funds raised.

CIP will be entitled to receive a lead manager fee from the Company equivalent to 1% on any non-convertible debt component arranged by CIP. In recognition of the Company's recent negotiations with General Electric, the lead manager fee payable on any non-convertible debt provided by General Electric will be discounted to 0.5%.

CIP will be entitled to receive a lead manager fee from the Company equal to 2% on any convertible debt component arranged directly by CIP. In recognition of the Company's recent negotiations with General Electric, the lead manager fee payable on any convertible debt provided by General Electric will be discounted to 0.5%.

Incorporated into the above fees is an amount of \$35,000 for all reasonable out of pocket expenses approved by the Company. CIP is also entitled to be reimbursed for all approved amounts of expenses incurred in carrying out its engagement in excess of \$35,000.

It is a condition of CIP's participation in the engagement that the Company has agreed to indemnify and keep indemnified CIP, its directors, agents and staff against all liabilities, obligations, losses, damages, fees or expenses of any kind in any way relating to the Offer.

CIP may terminate the Mandate if the Company commits or allows to be committed a material breach of any of the terms of the Mandate, or if any warranty or representation given or made by the Company is not complied with or proves to be untrue in any respect.

## **5.7 General Meeting of Shareholders**

Completion is conditional on the Resolution being approved at a General Meeting of Shareholders to be held before Completion. A brief description of the Resolution to be put to Shareholders at the General Meeting follows:

- (a) the issue of 13 million of the Shares for the purposes of Listing Rule 7.1.

## **5.8 Rights Attaching to Shares**

The rights attaching to Shares in the Company are:

- (a) set out in the Constitution, a copy of which is available for inspection at the registered office of the Company during normal business hours; and
- (b) in certain circumstances, regulated by the Corporations Act, the Listing Rules, the SCH Business Rules and the general law.

The following is a summary of the principal rights of the holders of Shares in the Company.

### **Voting**

Every holder of Shares present in person or by proxy, attorney or representative at a meeting of shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of Shares who is present in person or by proxy, attorney or representative has one vote for every Share held by him or her, registered in such shareholder's name on the Company's share register.

A poll may be demanded by the Chairman of the meeting, by any five shareholders present in person or by proxy, attorney or representative, or by any one or more shareholders who are together entitled to not less than five percent of the total voting rights of, or paid up value of, the Shares of all those shareholders having the right to vote at that meeting.

## **Dividends**

Dividends are payable out of the Company's profits and may be declared by the Directors.

## **Transfer of Shares**

A shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX or the Corporations Act for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or in any other usual form or in any form approved by the Directors.

The Directors of the Company may refuse to register any transfer of Shares, other than a proper SCH transfer (as defined in the Corporations Act), where permitted by the Listing Rules. The Company must not refuse to register or give effect to or delay or in any way interfere with a proper SCH transfer of Shares or other securities.

## **Meetings and Notice**

Each shareholder is entitled to receive notice of and to attend general meetings of the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the constitution of the Company, the Corporations Act or the Listing Rules.

## **Liquidation Rights**

Once all the liabilities of the Company are satisfied, a liquidator may, with the authority of a special resolution of shareholders divide the whole or any part of the remaining assets of the Company. The liquidator can with the sanction of a special resolution of the Company's shareholders vest the whole or any part of the assets in trust for the benefit of shareholders as the liquidator thinks fit, but no shareholder of the Company can be compelled to accept any shares or other securities in respect of which there is any liability.

## **Shareholder Liability**

As the Shares under Offer pursuant to the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

## **Alteration to the Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

## **ASX Listing Rules**

Despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision or not to contain a provision the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

## 5.9 Director's Interests

Except as disclosed in this Prospectus, no Director holds, or during the last two years has held, any interest in:

- (a) the formation or promotion of the Company;
- (a) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (b) the Offer;

and no amounts of any kind (whether in cash, Shares or otherwise) have been paid or agreed to be paid to any Director to induce him or her to become, or to qualify as, a director, or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Offers.

### Shareholding Qualifications

The Directors are not required to hold any shares in the Company under the constitution of the Company.

### Directors' Holdings

Set out in the table below are details of each of the Directors' relevant interests in the securities of the Company as at the date of this Prospectus:

Director	Relevant Interest in Shares	Relevant Interest in Existing Options	Relevant Interest in ESOP Options
Jeremy Shervington	1,475,000	612,500 <sup>(1)</sup>	NIL
Michael Brickell	NIL	NIL	NIL
Alec Pismiris	1,637,500	568,750 <sup>(1)</sup>	NIL
Philip Garratt	1,252,805	375,000 <sup>(1)</sup>	2,750,000 <sup>(2)</sup>
Cheryl Wilson	NIL	NIL	2,750,000 <sup>(2)</sup>
Daniel Smith	NIL	NIL	1,750,000 <sup>(2)</sup>

Note 1: The Existing Options have an exercise price of 20 cents each and expire on 31 December 2009.

Note 2: The issue of the ESOP Options was approved by shareholders at a general meeting held on 27 September 2006. The terms of the ESOP Options were that 25% of the ESOP Options issued are exercisable at 20 cents each expiring 2 November 2008, 50% of the ESOP Options issued are exercisable at 25 cents each expiring 2 November 2009, and 25% of the ESOP Options issued are exercisable at 30 cents each expiring 2 November 2010.

Directors may subscribe for Shares under this Prospectus.

## Remuneration of Directors

Details of Directors' remuneration which has accrued from the date of the IPO Prospectus to the date of this Prospectus is as follows:

Director	Base Salary / Fees \$	Super-annuation \$	Equity Based \$	Other \$	Total \$
Jeremy Shervington	40,000	NIL	NIL	NIL	40,000
Michael Brickell	18,000	NIL	NIL	NIL	18,000
Alec Pismiris	18,000	NIL	NIL	38,000	56,000
Philip Garratt	83,333	NIL	191,881	NIL	275,214
Cheryl Wilson	91,463*	NIL	191,881	NIL	283,344
Daniel Smith	162,805*	NIL	122,106	NIL	284,911

\* Calculated using a USD/AUD exchange rate of \$0.82.

## Related Party Transactions

The following related party transactions took place in connection with due diligence investigations conducted on several potential investment opportunities that were considered by the Company during the year.

A legal firm of which Mr Shervington, a Director, is a director will receive legal fees of approximately \$50,000 in connection with the Offer. The firm has received legal fees in the amount \$114,045 in the 2 years before the lodgement of this Prospectus in connection with the provision of legal services at normal commercial rates. The firm may receive fees for other legal services provided to the Company from time to time which will be rendered under normal terms and conditions and at normal commercial rates. No fee is payable to the firm which is contingent upon the outcome of the Prospectus.

A corporate advisory firm, CIP, of which Mr Pismiris, a Director, is a director will receive a management fee of approximately 1.86% and a lodgement and selling fee of approximately 3.86% of the amount raised under the Offer. CIP was paid \$512,000 exclusive of goods and services tax in fees in connection with corporate advisory services provided to the Company in the 2 years before the lodgement of this Prospectus. In addition, nominees of CIP hold 2,000,000 Shares.

The above transactions were entered into on arms length commercial terms.

## 5.10 Interests of Named Persons

Except as disclosed in this Prospectus, no promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus holds, or during the last two years has held, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer;

and no amounts of any kind (whether in cash, Shares or otherwise) have been paid or agreed to be paid to a promoter or any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

CIP has acted as corporate advisor to the Company in relation to the Offer. For these services, the Company will pay the lead manager fee as set out in section 5.6(a).

A legal firm of which Mr Shervington is a director has acted as solicitors to the Offer and in that capacity has been involved in undertaking due diligence enquiries in relation to the Prospectus, legal documentation, and providing legal advice to the Company in relation to the Offer. The Company will pay approximately \$50,000 to that firm for these services.

The amounts disclosed above are exclusive of any amount of goods and services tax payable by the Company in respect of those amounts.

## **5.11 Consents**

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based other than as specified in this Section;
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section; and
- (c) has not authorised or caused the issue of this Prospectus.

Gannett Fleming, Inc. has given its written consent to the inclusion by reference in this Prospectus of its Independent Geological Report set out in Section 5 of the IPO Prospectus and all statements referring to it and to the report in the form and context in which they are included in the IPO Prospectus and has not withdrawn such consent before lodgement of this Prospectus with the ASIC.

Stoel Rives has given its written consent to the inclusion in this Prospectus by reference of its Solicitors Report on Mining Interests set out in Section 7 of the IPO Prospectus and all statements referring to them and to that report in the form and context in which they are included in the IPO Prospectus and has not withdrawn such consent before lodgement of this Prospectus with the ASIC.

Jeremy Shervington has consented in writing to the references to him as Solicitor to the Issue in this Prospectus in the form and context in which they appear.

Messrs Ernst & Young have consented in writing to the references to them as auditors of the Company in the form and context in which they appear.

Each of the following has consented to being named in the Prospectus in the capacity as noted below and to the references to them in this Prospectus in the form and context in which they appear and have not withdrawn such consent prior to the lodgement of this Prospectus with the ASIC:

- (i) Computershare Investor Services Pty Ltd as share registry for the Company; and
- (ii) Capital Investment Partners Pty Ltd as corporate advisor to the Company;

There are a number of persons referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus. There are no statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of the Prospectus.

## 5.12 Costs of the Offer

Assuming the Offer made pursuant to this Prospectus is fully subscribed excluding Oversubscriptions, the total estimated costs of the Offer, including legal fees incurred, registration fees, fees for other advisers, Prospectus design, printing and advertising expenses and other miscellaneous expenses, will be approximately \$895,080 (exclusive of any goods and services tax which may be payable on that amount) comprising the following:

	\$
Lead Manager Fee	800,000
Legal and related costs	50,000
Lodgement and Listing Fees	20,080
Printing and postage	5,000
Administration / Accounting Fees	20,000
<b>Total Cost Estimate</b>	<b>895,080</b>

## Section 6

### Directors' Responsibility Statement and Consent

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that no statements made by the Directors in this Prospectus are misleading or deceptive and that in respect of any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC.

The Prospectus is prepared on the basis that certain matters may be reasonably expected to be known to likely investors or their professional advisers.

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Dated this 8 day of June 2007

A handwritten signature in black ink, appearing to be 'Jeremy David Shervington', written in a cursive style.

Signed for and on behalf of  
Industrial Minerals Corporation Limited  
by Jeremy David Shervington  
Chairman

## Section 7

### Glossary of Terms

The following terms and abbreviations used in this Prospectus have the following meanings:

<b>Applicant(s)</b>	Person(s) who submit a valid Application Form pursuant to this Prospectus.
<b>Application</b>	A valid application made to subscribe for a specified number of Shares pursuant to this Prospectus.
<b>Application Form</b>	Application Form accompanying this Prospectus.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASTC</b>	ASX Settlement and Transfer Corporation Pty Ltd.
<b>ASX</b>	ASX Limited ACN 008 624 691.
<b>Board</b>	The board of Directors.
<b>Business Day</b>	A day on which ASX is open for trading.
<b>CHESS</b>	Clearing House Electronic Subregister System.
<b>CIP</b>	Capital Investment Partners Pty Ltd ABN 37 110 468 589.
<b>Company</b>	Industrial Minerals Corporation Limited ABN 26 108 029 198.
<b>Completion</b>	Means the issue of the Shares pursuant to this Prospectus.
<b>Constitution</b>	The constitution of the Company.
<b>Corporations Act</b>	Corporations Act 2001 (Cth).
<b>Directors</b>	The Directors of the Company.
<b>ESOP Options</b>	12,000,000 Options issued under the Company's Employee Share Option Plan the terms of which are set out in section 9.9 of the IPO Prospectus.
<b>Existing Options</b>	9,062,500 Options with an expiry date of 31 December 2009 and an exercise price of 20 cents issued on the terms and conditions set out in section 9.8 of the IPO Prospectus.
<b>Existing Shares</b>	The 130,625,000 Shares on issue at the date of this Prospectus.
<b>General Meeting</b>	A general meeting of Shareholders to be held before Completion and in any event, before 30 July 2007.
<b>IPO Prospectus</b>	The Prospectus lodged by the Company with ASIC on 3 August 2006.
<b>Listing Rules</b>	The official listing rules of ASX.
<b>Offer</b>	An offer to the public described in Section 1.1.
<b>Official List</b>	The official list of ASX.
<b>Official Quotation</b>	Means quotation of the Shares on ASX.
<b>Option</b>	Means an option to acquire a Share.

<b>Performance Shares</b>	The 30,000,000 Performance Shares on issue at the date of this Prospectus.
<b>Project or Southern Oregon Mineral Sands Project</b>	The Company's Southern Oregon Mineral Sands Project.
<b>Prospectus</b>	This Prospectus.
<b>Quotation or Official Quotation</b>	Means official quotation on ASX.
<b>Resolution</b>	The resolution to be put to Shareholders at the General Meeting including:  (a) the issue of 13,000,000 of the Shares to be issued pursuant to the Offer for the purposes of Listing Rule 7.1.
<b>RFI</b>	Resource Finance & Investment Limited
<b>SCH Business Rules</b>	The SCH Business Rules as referred to in the Company's Constitution and which are now known as the ASTC Settlement Rules.
<b>Section</b>	A section of this Prospectus.
<b>Share(s)</b>	Fully paid ordinary share(s) in the Company.
<b>WST</b>	Western standard time.



## Guide to the Industrial Minerals Corporation Limited Application Form

**This Application Form relates to the Offer of a maximum of 35,000,000 Shares in Industrial Minerals Corporation Limited at \$0.40 per Share, pursuant to the Prospectus dated 8 June 2007. The expiry date of the Prospectus is the date which is 13 months after the date of the Prospectus. The Prospectus contains information about investing in the Shares of the Company and it is advisable to read this document before applying for Shares. A person who gives another person access to this Public Offer Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary prospectus (if applicable), and a Public Offer Application Form, on request and without charge.**

Please complete all relevant sections of this Public Application Form using BLOCK LETTERS. These instructions are cross referenced to each section of this Public Application Form. Further particulars and the correct forms of registrable titles to use on this Public Application Form are contained below.

- A** Insert the number of Shares you wish to apply for. The Application must be for a minimum of 5,000 Shares and thereafter in multiples of 500 Shares.
- B** Insert the relevant amount of Application monies. To calculate your Application monies, multiply the number of Shares applied for by the sum of \$0.40
- C** Write the full name you wish to appear on the statement of shareholdings. This must be either your own name or the name of the company. Up to three Joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applicants using the wrong form of title may be rejected. Clearing House Electronic Sub-Register System (CHES) participants should complete their name and address in the same format as that are presently registered in the CHES system.
- D** Enter your Tax File Number (TFN) or exemption category. Where applicable, please enter the TFN for each Joint Applicant. Collection of TFN(s) is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application.
- E** Please enter your postal address for all correspondence. All communications to you from the share registry will be mailed to the person(s) and address as shown. For Joint Applicants, only one address can be entered.
- F** Please enter your telephone number(s), area code, email address and contact name in case we need to contact you in relation to your Application.
- G** The Company will apply to ASX to participate in CHES, operated by ASTC, a wholly owned subsidiary of ASX. In CHES, the Company will operate an electronic CHES subregister of securities holdings and an electronic issuer sponsored subregister of securities holdings. Together the two subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to Application in respect of securities allotted. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold securities allotted to you under this Application in uncertified form on the CHES subregister, complete Section G or forward your Public Application Form to your sponsoring participant for completion of this section prior to lodgement. Otherwise, leave Section G blank and on allotment, you will be sponsored by the Company and an SRN will be allocated to you. For further information refer to the relevant section of the Prospectus.
- H** Please complete cheque details as requested:  
Make your cheque payable to "Industrial Minerals Corporation Limited–Share Issue Account" in Australian currency and cross it "Not Negotiable". Your cheque must be drawn on an Australian Bank. The amount should agree with the amount shown in Section B. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.
- I** Before completing this Public Offer Application Form the Applicant(s) should read the Prospectus to which the Application relates. By lodging this Public Offer Application Form, the Applicant(s) agrees that this Application is for Shares in the Company upon and subject to the terms of this Prospectus, agrees to take any number of Shares equal to or less than the number of Shares indicated in Section A that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign this Public Offer Application Form.

### Correct form of Registrable Title

Note that only legal entities are allowed to hold Shares. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable title may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title below:

Type of investor	Correct form of Registrable Title	Incorrect form of Registrable Title
<b>Individual</b> Use names in full, no initials	Mr John Alfred Smith	JA Smith
<b>Minor</b> (a person under the age of 18) Use the name of a responsible adult, do not use the name of a minor.	John Alfred Smith <Peter Smith>	Peter Smith
<b>Company</b> Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
<b>Trusts</b> Use trustee(s) name(s), do not use the name of the trust	Mrs Sue Smith <Sue Smith Family A/C>	Sue Smith Family Trust
<b>Deceased Estates</b> Use executor(s) personal name(s), do not use the name of the deceased	Ms Jane Smith <Est John Smith A/C>	Estate of late John Smith
<b>Partnerships</b> Use partners personal names, do not use the name of the partnership	Mr John Smith and Mr Michael Smith <John Smith and Son A/C>	John Smith and Son

### Lodgement of Applications

Return your completed Public Offer Application Form with cheque(s) attached to:

**Computershare Investor Services Pty Ltd**  
Level 2, Reserve Bank Building  
45 St George's Terrace  
Perth WA 6000

**OR** **Computershare Investor Services Pty Ltd**  
GPO Box D182  
Perth WA 6840

**Public Application Forms must be received no later than 5.00pm WST time on 20 July 2007.**