



STOCK EXCHANGE ANNOUNCEMENT

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 MARCH 2010

27 April 2010

OREGON HEAVY MINERALS PROJECT

During the quarter ended 31 March 2010, Industrial Minerals Corporation Limited ("IMC" or "the Company") continued with pre production development of the Oregon Mineral Sands Project.

Principal activities were related to completion of project funding, product marketing and testing, engagement of project managers, final bid documentation and completion of pile driving for the processing site foundations.

PROJECT FUNDING

During the quarter due diligence activities were completed by representatives of Macquarie Bank Limited ("MBL") and The Sentient Group ("Sentient") enabling final documentation and the completion process to commence. An initial equity investment of \$A4.35 million was received by way of a share placement provided equally between MBL and Sentient which was the maximum permitted under the Company's 15% new issues capacity. At a subsequent meeting of shareholders held on 1 April 2010, approval for the balance of equity and debt funding was obtained in accordance with previously announced terms. As at the date of this report all conditions precedent relating to the total funding package had been satisfied and the remainder of the equity investment by MBL and Sentient of A\$12.15 million has been received by the Company.

SITE WORKS

Completion of pile driving was slightly delayed due primarily to weather and equipment issues and ultimately completed in late March 2010. A total of 514 piles were driven. The pile driving construction time line was reduced by using friction collar connections versus welding the pipe together. Demolition work of the existing concrete structures has been completed.

Figures 1 and 2 below illustrate the completed work together with an overlay of the processing site with the various components of the processing facility and additional improvements. Contract execution for the main plant construction is imminent and foundation steel formwork and concrete construction should commence by the middle of the current quarter. Heery International were engaged as project managers on our behalf Oregon Resources Corporation Inc. and will interface with Outotec and other service and equipment providers to ensure on time and within budget completion.

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Figure 1: Partial view of processing site depicting completed foundation support pilings



Figure 2: Site with overlay of various process plant components

Plant design and engineering have been significantly completed and updated quotations for principal components of the processing plant have been received. Contractors have re submitted bids for the plant construction and related services and contracts are currently being let.

ADDITIONAL LEASES

Weyerhaeuser acquired the surface and mineral rights to a 167+ acre tract of land located within the targeted mineral resource area. This area is being added as an addendum to the Company's current Mineral Lease Agreement with Weyerhaeuser. The property is directly adjacent and abuts the Company's current leases which contain JORC classified proven reserves. This property has been incorporated into the 2010-11 resource evaluation and drilling program scheduled to commence in June 2010.

An additional mineral lease for another land holding of approximately 460 acres was acquired and is also included in the 2010-11 program. This property is in several sections with the main portion directly abutting an existing lease which contains JORC classified reserves.

The lease terms specifically provide the Company with the exclusive rights to explore, develop, mine, mill, remove and market all minerals found on or under the properties and are for time periods,(with options to extend if deemed necessary) sufficient to comply with the existing mine plan.

EXPLORATION

An application for an exploration permit was prepared and submitted to DOGAMI (Oregon Department of Geology and Mineral Industries) in March 2010. It is anticipated that this permit will be issued shortly enabling the exploration schedule to commence on 17 May 2010 with path clearing followed by drilling on 2 June 2010. Boart Longyear (formerly Prosonic) has been contracted to complete the sonic drilling for the exploration program.

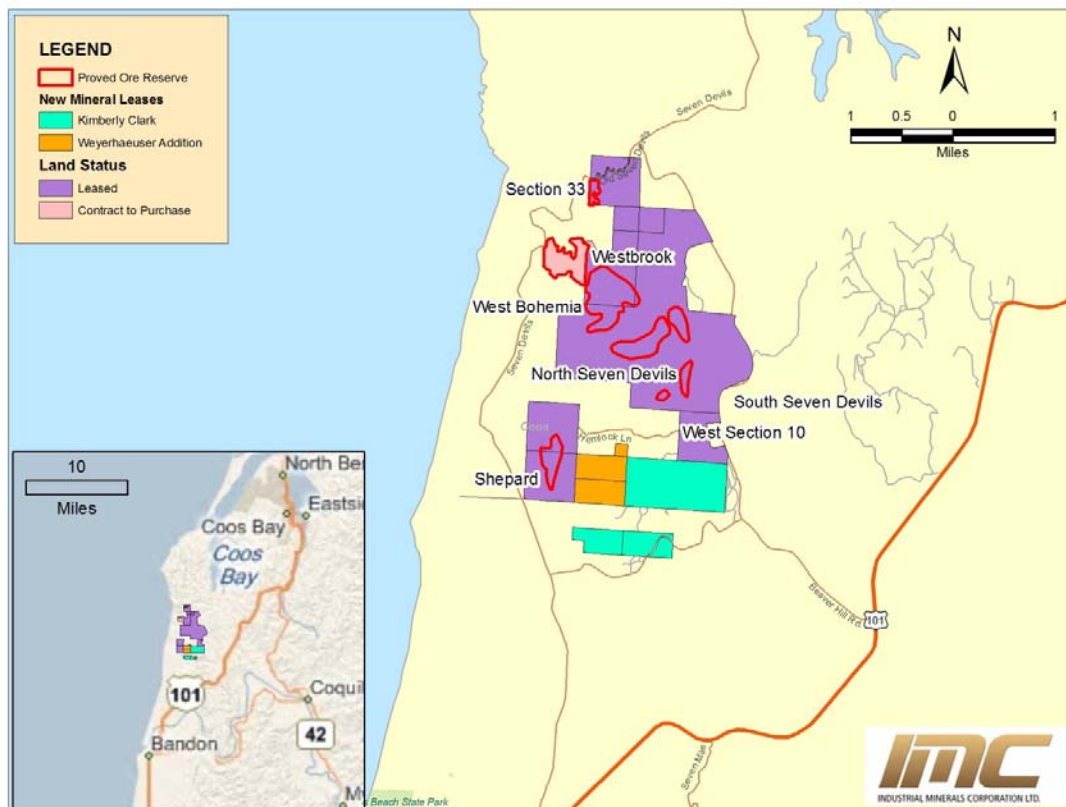


Figure 3. General location map depicting addition to lease.

INDIAN TRIBE LAND PURCHASE

Pursuant to a Letter Agreement dated 12 November 2009, between the parties, the Coquille Indian Tribe agreed to an extension of the Closing Date of the Purchase and Sale Agreement to 2 February 2011. Consideration of US\$150,000 for the extension was paid by the Company. The mineral rights are controlled by the Company and form part of the current resource.

Negotiations are ongoing with respect to final terms of an Exploration Agreement with Option to Lease mineral rights on land comprising approximately 5,900 acres within the targeted mineral resource area.

TIMING AND PRODUCTION SCHEDULE

Revised construction schedules and prices have been incorporated into contracts and a date for plant completion has been set for January 2011. At that time commissioning will commence and full production is scheduled for early May 2011.

MARKETING

CHROMITE

During the September 2009 quarter the Company's chromite was extensively tested (under supervision by HA International) at the North American facility of an International foundry. The testing was requested by the foundry to determine if the Company's chromite could be substituted for currently used zircon. Over 18 castings were poured under extreme conditions, which included the pouring of 7,000 lbs of metal around a core of the Company's chromite and the currently used zircon. The passages using the Company's chromite were open and could be cleaned easily. However, the castings utilising the zircon sands required the residue to be chipped out of the passages as the zircon cores were penetrated by the metal and significantly fused to casting walls.

Figures 4 and 5 below are photographs of several of these castings with an explanation of the protocols undertaken.



Figure 4. Photograph of casting.

This core passage is shown in Figure 4 was formed with a core sand mixture containing 1.1% Phenolic Urethane binder and the Company's chromite sand. The casting surface is excellent and required a minimal amount of grinding and cleaning. Cores formed with the Company's chromite sand provided \approx 400 to 430 p.s.i. tensile strength, as compared with the 350 to 380 p.s.i., obtained with the zircon sand, using the same binder addition. In addition to the higher tensile strength, the foundry observed excellent shakeout characteristics, quoting "the sand poured out of the casting like water".

The rod shown in the photograph is rebar, a reinforcement rod to provide additional resistance to core breakage during the core handling and core setting operations. It is hoped that this rod can be eliminated; however the foundry would like to focus on making more of these castings, using their current procedures, addressing additional advantages in the near future.



Figure 5. Photograph of casting.

The pulp lifter casting shown in Figure 5 above weighs approximately 4,600lb / 2,080 kg and is seen after the shot blast operation, but prior to processing in the cleaning room. This foundry stated that this was the most difficult casting they have produced, prior to the Company's chromite trials, and it is now a routine casting, with the foundry personnel anxious to investigate this unique chromite sand for other complex or difficult casting applications.

Management are confident of the value proposition offered to foundries who are focused on the creation of larger scale high value castings as well as those who recognise the benefits of significantly reducing the after casting work (with its inherent cost) undertaken in the clean room to rectify casting deficiencies.

IMC provided personnel at the March 2010 Cast Expo in Orlando to assist HA International with its pre launch presentation for the Company's chromite. Due to the current downturn attendance levels were lower than in times of normal economic conditions although the interest level was as good or better.

Market pricing for foundry grade chromites have firmed with indicative prices for South African specification ex- port RSA close to US\$500 mt.

HIGH IRON/ILMENITE

IGC Technologies LLC ("IGC") was also present at Cast Expo and Industrial Minerals conference and undertook a soft launch of product incorporating the Company's Hi-Iron material. IGC has committed to take the production quantities of the Hi-Iron product which will form part of several new and unique IGC product formulations.

ZIRCON

HA International has indicated that it would take the annual production of zircon at current market pricing. Terms are currently being incorporated into an agreement covering the purchase and sale for market volume and minimum quantity of specialty chromite.

CORPORATE

The value of the Australian dollar appreciated slightly against the \$US compared with the end of the previous quarter. The Company retains the majority of its funds in \$A converting to \$US as expenditure warrants. The Company's cash balance at 31 March 2010 was \$3.96 million.

Shareholder Information

As at 31 March 2010 the Company had 707 shareholders and 334,394,500 ordinary fully paid shares on issue with the top 20 shareholders holding 68.25% of the total issued capital.

Employee Option Plan

The Board believes that it is in the interests of the Company to align the interests of its key employees (including directors) with the performance of the Company, to provide incentives to those key employees and to minimise cash expenditure on employees' discretionary, incentive based remuneration. To fulfill this objective the Board has adopted an Employee Option Plan ("Plan") after outlining the Plan with certain key stakeholders in the Company and believes that they are supportive of it. Ratification of the decision will be sought at the meeting of shareholders to be held shortly.



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