



STOCK EXCHANGE ANNOUNCEMENT

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2010

OREGON HEAVY MINERALS PROJECT

During the quarter ended 31 December 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 the construction of the mineral processing plant, interview and hiring of senior managers and product marketing.

The following provides a summary of specific activities undertaken design

The Outotec/FEDinc design / engineering portion is 100% complete with the exception of as-builds’.

Procurement

Ninety seven percent of all the equipment has been delivered.

Site Construction Contracts

Concrete Works package now complete, with the exception of Area 4, with final punch list now completed.

Ore Storage – Fifty percent of the conveyors and loading hoppers have been installed.

Wet Mill – Design/Fabrication and delivery is complete. Ninety five percent of the installation of the structural steel is complete. MCC (Motor Control Centre) and operator control room is complete. MCC’s have been installed.

Water Treatment/Tails Handling – Structural steel design, fabrication, procurement and delivery is complete. Fabrication and installation of the thickener, process water and wet mill feed tanks are ongoing. Completion of the tanks will be by February 2011.

HMC Storage – Structural steel design and fabrication is complete. Installation of the fluid bed dryer has begun.

Dry Mill – Structural steel design, fabrication and delivery is completed. Installation of equipment and outside siding is ongoing.



Process site 21 January 2011



Process site 21 January 2011

TIMING AND PRODUCTION SCHEDULE

Heery International carried out a further review and finalization of a schedule for completion of the project on 13 January 2011. Based on current information available, final structural steel deliveries and extended equipment deliveries, Heery's projected date for completion, including mechanical commissioning of the equipment is 18 April, 2011.

CONTRACTS

West Coast Contractors was selected as the mining and hauling contractor with a contract price within budget. Contract negotiations with West Coast Contractors are ongoing. Contract completion is anticipated to be by mid February if not earlier.

EXPLORATION

Exploration Manager is investigating a purchase or lease of a property abutting up to the Section 33 deposit.

MINE DEVELOPMENT

Surveying of the pit and disturbance boundaries for South Seven Devils Deposit has been completed. Model verification, grade control evaluations (i.e. blending) and finalizing the road designs are ongoing.

PRINCIPAL TEAM ADDITIONS

Human Resource Manager
Mine Manager
Maintenance Manager
Accountant
Logistics Coordinator

MARKETING

CHROMITE

Significant effort and collaboration with our marketing partners resulted in determining the most descriptive and applicable branding for our premium Chromite product. It was determined that **SpheriChrome** captured the pertinent positive difference between the Company's chromite and any other. The unique roundness offers foundries the ability to reduce emissions and save by significantly reducing the need for binder or resin. In addition when formed in a casting the spherical nature of the grains inherently provides a superior bridge with the adjoining grains and enhances heat transfer, which results in superior tensile strength of the casting and clean break out from the mould.

Further confirmation of the superior finishes and improved casting processes have been generated by test-work by our North American and European marketing partners, HA International and Possehl Erzkontor. The primary focus has been on confirming that **SpheriChrome** is a viable substitute for Zircon foundry sand. Similar efforts have commenced in Asia and we have engaged a specialist group that is focused exclusively on the introduction of **SpheriChrome** into China. Other markets in the region are being addressed by specialists. The market for quality grades of foundry and refractory chromites has continued to improve with prices and volumes increasing.

GARNET

As previously mentioned the Oregon garnet is close to market and will be produced as a by-product of the Chromite/Zircon and Hi-Iron production. We expect to compete effectively and sell all of the planned production into the US markets.

HIGH-IRON / ILMENITE

IGC Technologies, igctechnologies.com continues with market development and preparation for product deliveries scheduled for the second quarter.

ZIRCON

Demand is far outstripping supply and prices continue to increase. The Company is expecting to benefit from the increasing demand through its SpheriChrome product and zircon production.

OTHER MINERALS

The deposits contain a suite of valuable heavy minerals. The strategy has been to commence production with the four main products and then provide focus on the commercialisation of the others. The plant design provides for the separation and production of some additional product streams.

Evaluation commenced on a "Middlings" chromite product which appears to have good potential in refractory applications. This evaluation is expected to be concluded after commencement of commercial production.

Additional minerals which are expected to be separated and ultimately produced when markets and potential sales are identified are;

Kyanite, Staurolite, Silmanite and Epidote

CORPORATE

The Company's cash balance at 31 December 2010 was \$3.766 million. The balance of the debt facility was US\$20.613m with a remaining US\$14.387m unutilised.

Shareholder Information

As at 31 December 2010 the Company had 744 shareholders and 457,894,500 ordinary fully paid shares on issue with the top 20 shareholders holding 74.22% of the total issued capital.

American Depositary Receipt (ADR) Program

The Company has established a sponsored American Depositary Receipt (ADR) Program.

The primary benefit of establishing the program is to create a broader secondary market for IDM particularly in North America, thereby providing better access for American Investors to deal in IDM securities (securities).

The ADRs will be tradable via licensed U.S. brokers in the ordinary course of trading in the Over-The-Counter (OTC) Market in the U.S.

IDM has appointed The Bank of New York Mellon (BNYM) as its authorized U.S representative and Depositary Bank to establish the Level I ADR facility.

Particulars for the U.S. sponsored ADR program are as follows:

U.S. Exchange:	OTC
Ticker Symbol:	ILMCY
CUSIP Number:	456253103

ADR to Ordinary Share Ratio: 1: 20

ENDS



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