



7 October 2011

STOCK EXCHANGE ANNOUNCEMENT

CORPORATE UPDATE

Court Dismisses Suit Challenging Permitting of Heavy Mineral Sands Mining Project

Industrial Minerals Corporation Limited ("IDM") (ASX code: IDM) is pleased to announce that U.S. District Judge Michael Hogan dismissed a lawsuit brought by various environmental groups and individuals claiming that the U.S. Army Corps of Engineers and National Marine Fisheries Service violated certain environmental laws in issuing a wetlands fill permit for the heavy mineral sands mining project operated by the company's subsidiary, Oregon Resources Corporation ("ORC"). The judge granted motions for summary judgment filed by ORC and the two government permitting agencies, dismissing all of plaintiffs' claims and issuing a final judgment in ORC's favor. The plaintiffs have until October 28, 2011 to appeal the ruling to a higher court. If they do so, IMC will continue to take all necessary steps to defend the ruling and ensure that the project continues to move forward.

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