

STOCKYARD OFFTAKE DISCUSSIONS PROGRESSING

Recent Trip to China Opens Further Strategic Offtake Opportunities

Highlights

- Positive discussions with Potential Offtake Partners continue with mutual agreement on the benefits of processing final HPSS product in China to meet end customers' specifications.
- IND continues to evaluate third-party processing options in China, entering into a partnership with Chinese Offtake Partners and/or IND building its own processing plant in China.
- During IND's recent trip to China, potential Ports Facilities, Industrial Parks, and Silica Sand Processing Plant Manufacturer were visited with the Potential Offtake Partners.
- Potential Offtake Partners planning a site visit to Stockyard in August 2023.



Plate 1. Meeting with local representative from Lusigang Town - Port and industrial land

Industrial Minerals Ltd (ASX: **IND** or the **Company**) is pleased to provide an update on offtake discussions for its flagship Stockyard High Purity Silica Sand (**HPSS**) Project near Eneabba in Western Australia.

Following a recent visit to China by IND's Chair Ashley Pattison, Managing Director Jeff Sweet and Marketing Manager Wei Li, the Company is pleased to report on progress with potential offtake partners and to announce that the option of processing Stockyard Direct Shipping Ore (**DSO**) HPSS in China has been evaluated by IND to be the superior option, offering significant advantages over processing in Australia, including lower CAPEX and OPEX.

IND's Managing Director Jeff Sweet commented:

"I am pleased with the substantial progress that was made during a visit to China last month, where IND was able to tour silica sand processing plant factories, port facilities and industrial parks with one of our potential strategic offtake partners."

"During advanced discussions with Potential Strategic Offtake Partners, IND's direct shipping ore strategy for the Stockyard Project was supported and processing options evaluated to produce HPSS product to final end-user specifications at a facility in China."

"This is a key step for IND moving towards the production of silica sand from Western Australia to meet strong global demand from the photovoltaic (PV) solar and high-end technology markets. We are excited at the value this will bring to our shareholders."

Recent China Visit and Offtake Partner Discussions

To progress the Company's DSO strategy for its Stockyard HPSS Project, the team recently visited China which provided the Company with invaluable opportunities to visit local port facilities, industrial parks, and silica sand processing plant manufacturers in the company of potential offtake partners, further strengthening prospects for a successful collaboration.

Visiting the port facilities and industrial parks firsthand allowed IND to assess their capabilities, proximity to end customers, access to skilled labour, and available infrastructure. These insights are vital for streamlining the logistics of shipping silica sand from Australia to China and on to the PV glass factories. Following the site visits, discussions with IND's potential offtake partners progressed to assessing the benefits of processing in China and the options for this to take place.



Plate 2. Silica Sand Processing Plant presentation attended by IND and Potential Strategic Offtake Partners

Benefits of Processing HPSS in China

IND has assessed the information gathered during the recent trip to China and in collaboration with industry experts, the Company has found that processing of silica sand in China will potentially result in lower operating expenses (OPEX) and capital expenditures (CAPEX). The in-China processing option offers advanced technology and economies of scale, allowing the Company to optimise production costs without compromising on the quality of the final product.

Processing in China allows IND to be positioned closer to its target market, reducing transportation costs and enhancing supply chain efficiency. The Company intends to customise this processing according to the exact requirements of the PV glass manufacturers, ensuring a high-quality end product.

This strategic location in China for the proposed IND processing plant, allows the Company access to valuable market insights and trends, enabling the Company to adapt and swiftly respond to market demands and tailor its silica sand product to meet evolving customer needs in the dynamic PV glass industry.

A primary challenge in the shipping of silica sand from Australia to China is the risk of contamination. By undertaking the final processing of silica sand in China, this risk is greatly reduced. Any potential contamination introduced during shipping from Australia will be removed during the processing stage, ensuring that the final product meets the exact requirements of the PV glass market. This approach ensures the market value of IND's silica sand and reinforces the Company's commitment to delivering top-quality products to potential customers. This approach also opens the possibility for additional ship loading options, including the ongoing assessment of using larger vessels for shipping, thus reducing operating cost for transport of silica sand.

Processing Options

Primary processing options being explored with Potential Strategic Offtake Partners included:

1. third-party processing;
2. partnership with Chinese Offtake Partner; and
3. IND building its own processing plant.

IND is assessing the feasibility of building its own purpose-built processing plant in China. This option offers the advantage of complete control over processing operations, allowing the Company to design the facility to ensure quality control and also cater to the specific needs of the HPSS being processed. In addition, having a strategic partner that possesses the expertise and infrastructure to build and operate a processing plant could expedite the setup process and leverage the local market knowledge.

IND is also evaluating the option of engaging a reputable third-party processing company in China. By outsourcing the processing, we can capitalise on the third-party's existing facilities and capabilities, enabling a faster route to market entry. Collaborating with established Chinese processing partners also enhances IND's market credibility and fosters valuable relationships within the industry.

Next Steps

IND's primary objective is to finalise firm sales orders and/or long-term offtake over its HPSS projects, with planned activities to achieve this including:

- Site visit to Stockyard Project with Potential Offtake Partners
- Further assessment of processing options in China
- Ongoing exploration of IND's other HPSS and Quartz Projects across WA.

The Company looks forward to providing further updates as results come to hand.

This announcement has been approved by the Board of Industrial Minerals.

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About IND

Industrial Minerals Ltd is a developer of high purity silica sand and quartz with advanced projects in Western Australia positioned to supply the rapidly expanding solar PV industry. IND holds 100% of 21 High Purity Silica Sand projects and seven complementary Industrial Mineral projects across Western Australia and is focused on exploring and developing these projects, which have the potential to add significant value to investors and stakeholders.

Website: www.industmin.com

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