



STOCK EXCHANGE ANNOUNCEMENT

SHAREHOLDER MEETING TO APPROVE

THE ISSUE OF SECURITIES

23 February 2010

The directors of Industrial Minerals Corporation Limited (IDM:ASX) ("**the Company**") are pleased to advise the notice of meeting materials relating to the issue of securities to Macquarie Bank Limited and The Sentient Group pursuant to the proposed US\$15 million Equity Investment will be despatched to shareholders on Tuesday, 2 March 2010.

The General Meeting of shareholders will be held at 52 Ord Street, West Perth, at 8.30 am (WST) on Thursday, 1 April 2010.

Alec Pismiris  
Company Secretary  
Industrial Minerals Corporation Limited  
(+6 18) 6263 0888  
[www.industrialmineralscorp.com.au](http://www.industrialmineralscorp.com.au)

INDUSTRIAL MINERALS CORPORATION LIMITED  
ABN 26 108 029 198

NOTICE OF GENERAL MEETING

AND

EXPLANATORY MEMORANDUM

IMPORTANT INFORMATION

*This is an important document that should be read in its entirety.  
If you do not understand it you should consult your professional advisers without delay.*

*If you wish to discuss any aspect of this document with the Company please contact  
Mr Alec Pismiris on telephone (+6 18) 6263 0888.*

INDUSTRIAL MINERALS CORPORATION LIMITED  
ABN 26 108 029 198

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Industrial Minerals Corporation Limited will be held at 52 Ord Street, West Perth, Western Australia at 8.30 am Perth time on Thursday, 1 April 2010 to conduct the following business and to consider, and if thought fit, to pass the following Resolutions.

AGENDA

RESOLUTION 1 – RATIFICATION OF SHARE ISSUE

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*"That for the purposes of Listing Rule 7.4 approval be and is hereby given to the issue of 43,500,000 shares at a price of 10 cents per Share to the entities described in the Explanatory Memorandum."*

RESOLUTION 2 – APPROVAL FOR THE ISSUE OF SHARES AND OPTIONS

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

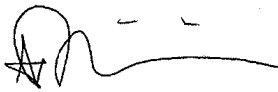
*"That, in accordance with Listing Rule 7.1 and for all other purposes, approval be and is hereby given to the issue of:*

- (a) up to 138,638,000 Shares; and*
- (b) 50 million First Tranche Options; and*
- (c) 25 million Second Tranche Options; and*
- (d) 25 million Final Tranche Options.*

*to the entities and on the terms and conditions set out in the Explanatory Memorandum."*

Dated this 23<sup>rd</sup> day of February 2010

BY ORDER OF THE BOARD



ALEC PISMIRIS  
Company Secretary

## Definitions

Terms which are used in this Notice and which are defined in Section 4 of the Explanatory Memorandum have the meanings ascribed to them therein.

## Note

If you have recently changed your address or if there is any error in the name and address used for this Notice, please notify the Company Secretary. In the case of a corporation, notification is to be signed by a director or company secretary.

## Proxies

A Shareholder who is entitled to vote at the Meeting has a right to appoint a proxy and should use the proxy form enclosed with this Notice. The proxy need not be a Shareholder of the Company and can be an individual or a body corporate.

A body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the Meeting. The representative should bring to the AGM evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

A Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, section 249X of the Corporations Act 2001 will take effect so that each proxy may exercise half of the votes (ignoring fractions).

A proxy's authority to speak and vote for a Shareholder at the Meeting is suspended if the Shareholder is present at the Meeting.

The proxy form must be signed and dated by the Shareholder or the Shareholder's attorney. Joint Shareholders must each sign.

Proxy forms and the original or a certified copy of the power of attorney (if the proxy form is signed by an attorney) must be received:

- at 52 Ord Street, West Perth WA 6005; or
- on fax number (+6 18) 9481 5142;

not later than 8.30 am Perth time on 30 March 2010.

Pursuant to regulation 7.11.37 of the Corporations Regulations, the Board has determined that the shareholding of each Shareholder for the purposes of ascertaining the voting entitlements for the Meeting will be as it appears in the share register at 7.00pm Sydney time on 30 March 2010.

## Bodies Corporate

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of a company's Shareholders. The appointment may be a standing one.

Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

## Voting Restriction

In accordance with Listing Rules 7.4 and 14.11 of the Listing Rules the Company will disregard any votes cast on Resolution 1 by:

- a person who participated in the issue;
- the Sentient Group;
- Macquarie Bank Limited; and
- an associate of any of the abovementioned persons.

However the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In accordance with Listing Rules 7.1, 7.3.8 and 14.11 of the Listing Rules the Company will disregard any votes cast on Resolution 2 by:

- the Sentient Group;
- Macquarie Bank Limited;
- a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities in the Company if Resolution 2 is passed; and
- an associate of any of the abovementioned persons.

However the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

INDUSTRIAL MINERALS CORPORATION LIMITED  
ABN 26 108 029 198

EXPLANATORY MEMORANDUM TO ACCOMPANY THE NOTICE OF MEETING

1. Introduction

This Explanatory Memorandum forms part of a Notice convening a General Meeting of Industrial Minerals Corporation Limited to be held at 8.30 am Perth time on Thursday, 1 April 2010 at 52 Ord Street, West Perth, Western Australia,

Certain terms used in this Explanatory Memorandum are defined in Section 4.

The purpose of this explanatory memorandum is to provide Shareholders with information that the Board believes to be material to Shareholders in deciding whether or not to approve the above resolutions. This explanatory memorandum is an important document and should be read carefully in full by all Shareholders.

2. Resolution 1 – Ratification of Share Issue

2.1 Background

On 27 January 2010 the Company announced that it has received a Committed Letter of Offer from Macquarie and Sentient to provide a US\$30 million Debt Facility and US\$15 million Equity Investment such funds to be provided by the Company to its wholly owned subsidiary, Oregon Minerals Corporation Inc. to fund the development of the Company's Southern Oregon Mineral Sands Project.

Macquarie and Sentient are to contribute equally in the provision of the Facilities.

On 3 February 2010 the Company issued 43,500,000 Shares as part of the Equity Investment, having received US\$3,908,953.50 as part of the Equity Investment.

The purpose of the Meeting is to seek the approvals required to enable the balance of the Facilities to be implemented.

2.2 Listing Rules Chapter 7

Under Chapter 7 of the Listing Rules there are limitations on the capacity of a company to enlarge its capital by the issue of equity securities in any 12 month period. The limitation is to 15%.

Listing Rule 7.4.2 provides that when an issue of securities is made without approval under Listing Rule 7.1 the issue is treated as having been made with approval for the purposes of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and shareholders subsequently approve the issue of securities.

Resolution 1 is therefore designed to have the issue of 43,500,000 Shares described above approved by Shareholders and to reinstate the Company's capacity to issue up to 15% of its issued capital, if required, in the next 12 months without the requirement for Shareholder approval pursuant to Listing Rule 7.1.

Listing Rule 7.5 contains certain requirements as to the contents of a notice sent to Shareholders for the purpose of Listing Rule 7.4 and the following information is included in the Explanatory Memorandum for that purpose:

- (a) *The number of securities allotted*

The number of securities allotted was 43,500,000 Shares.

- (b) *The price at which the securities were issued*

The issue price of the Shares was 10 cents per Share.

- (c) *The terms of the securities;*

The Shares the subject of Resolution 1 are fully paid ordinary shares and they rank equally with all existing Shares.

- (d) *The names of the allottees or the basis on which allottees were determined:*

The Shares were allotted and issued to Macquarie/Sentient in equal shares.

- (e) *The use (or intended use) of the funds raised:*

The intended use of the funds raised is to assist with funding the development of the Company's Southern Oregon Mineral Sands project.

- (f) *A voting exclusion statement:*

A voting exclusion statement is included in the Notice.

### 3. Resolution 2 – Approval for the Issue of Shares and Options

Resolution 2 seeks Shareholder approval for the issue of the First, Second and Final Tranche Options to Macquarie/Sentient as well as the remaining Shares (in addition to the 43,500,000 Shares the subject of Resolution 1) in respect of the remaining US\$11,091,046.50 due pursuant to the Equity Investment.

The 138,638,000 Shares referred to in paragraph (a) of Resolution 2 is the number of Shares that would be issued in exchange for the payment of the remaining US\$11,091,046.50 of Equity Investment if the Exchange Rate at the time of payment and issue was A\$1.00 = US\$0.80, and is considered to be a practical maximum number. As at the 22 February 2010 being the day immediately prior to this Explanatory Memorandum, the average Exchange Rate was A\$1.00 = US\$0.89863 and at that rate the number of Shares to be issued would be 123,421,725.

Under the terms of the Facilities, the Company is also required to issue up to 100 million Options to Macquarie/Sentient in three tranches as follows:

- (a) the first tranche of 50 million Options to be issued on acceptance of the offer of the Facilities and shall have an exercise price of A\$0.06, vesting contemporaneously with the initial draw down under the Debt Facility;
- (b) the second tranche of 25 million Options to be issued before the first drawdown under the Debt Facility and shall have an exercise price at the higher of A\$0.15 or a 15% premium to the 90-day VWAP of IDM shares prior to first drawdown; and
- (c) the final tranche of 25 million Options to vest upon first chromite production from the Project and shall have an exercise price at the lower of A\$0.25 or a 15% premium to the 90-day VWAP of IDM Shares immediately prior to the date of first chromite production from the Project.

### 3.1 Listing Rules Chapter 7

Listing Rule 7.1 provides that an entity must not, subject to certain exceptions, issue during any 12 month period any equity securities or other securities with rights of conversion to equity (such as an option) if the number of those securities exceeds 15% of the total ordinary securities on issue at the commencement of that 12 month period.

The Company is therefore seeking approval for the purposes of Listing Rule 7.1 for the issue of up to a maximum of 138,638,000 Shares and 100,000,000 Options. This will also enable the Company to have the flexibility to issue equity securities in the future up to the 15% threshold without the requirement to obtain Shareholder approval.

Listing Rule 7.3 contains requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 7.1 and the following information is included in the Explanatory Memorandum for that purpose:

(a) *The maximum number of securities the Company is to issue*

The maximum number of Shares to be issued is 138,638,000.

The maximum number of Options to be issued is 100,000,000.

(b) *The date by which the Company will issue the securities*

The Options will be issued no later than three months after the date of the Meeting or such later date as may be permitted by any waiver granted by ASX.

(c) *The issue price of the securities*

The Options will be issued for nil cash consideration but represent a fee in accordance with the terms of the Facilities. The Shares will be issued at 10 cents each.

(d) *The names of the allottees (if known) or the basis upon which allottees will be identified or selected*

The Options and Shares are to be issued to Macquarie/Sentient in equal shares, neither of which is a related party of the Company.

(e) *The terms of the securities*

The Shares are ordinary fully paid shares ranking equally with all existing Shares on issue.

The terms and conditions of the Options are set out in Sections 3.2, 3.3 and 3.4.

(g) *The dates of allotment or a statement that allotment will occur progressively*

The Shares and Options will be allotted simultaneously on the same date as they are issued as set out in paragraph (b) above.

(h) *A voting exclusion statement*

A voting exclusion statement is included in the Notice under the heading "Voting Restriction".

### 3.2 Terms and Conditions of the First Tranche Options to be issued pursuant to Resolution 2

A summary of the proposed terms and conditions of the First Tranche Options is as follows:

- (a) Each Option will not vest until first drawdown occurs under the Debt Facility and thereafter is exercisable at any time until 5.00 pm Perth time on the date which is 4 years after the date of issue of the Options;
- (b) The Options held by each holder can be exercised in whole or in part, and if exercised in part multiples of 50,000 must be exercised on each occasion except where the number of Options held is less than 50,000 in which case all such Options must be exercised at the same time;
- (c) The exercise price is 6 cents in cash;
- (d) In accordance with Section 708A of the Corporations Act, the Company must, within 2 Business Days of issuing Shares on exercise of any of the Options, issue a notice complying with Sections 708A(5)(e) and 708A(6) of the Corporations Act to remove any secondary trading restrictions on any such Shares;
- (e) The Options can be transferred subject to the Corporations Act 2001 (Cth);
- (f) The optionholder will be permitted to participate in any new issue of Shares to Shareholders of the Company on prior exercise of the Options in which case the optionholder will be afforded the period of at least 9 business days prior to and inclusive of the record date to determine entitlements to the issue to exercise the Options;
- (g) The Options do not confer on the holder any right to participate in dividends until Shares are allotted pursuant to the exercise of the Options;
- (h) In the event of a reorganisation of the issued capital of the Company, the Options will be reorganised in accordance with the Listing Rules (if applicable) and in any case in a manner which will not result in any benefits being conferred on optionholders which are not conferred on Shareholders;
- (i) The number of Shares to be issued pursuant to the exercise of Options will be adjusted for bonus issues made prior to exercise of the Options so that, upon exercise of the Options the number of Shares received by the optionholder will include the number of bonus Shares that would have been issued if the Options had been exercised prior to the record date for the bonus issues. The exercise price of the Options shall not change as a result of any such bonus issues;
- (j) Application will not be made for the Options to be granted quotation by ASX;
- (k) Subject to paragraph (i) above the Options do not confer on the holder any right to a change in the exercise price of the Options or a change to the number of underlying securities over which the Options can be exercised.

### 3.3 Terms and Conditions of the Second Tranche Options to be issued pursuant to Resolution 2

A summary of the proposed terms and conditions of the Second Tranche Options is as follows:

- (a) Each Option will not vest until first drawdown occurs under the Debt Facility and thereafter is exercisable at any time until 5.00 pm Perth time on the date which is 4 years after the date of issue of the Options;
- (b) The Options held by each holder can be exercised in whole or in part, and if exercised in part multiples of 50,000 must be exercised on each occasion except where the number of Options held is less than 50,000 in which case all such Options must be exercised at the same time;
- (c) The exercise price (payable in cash) is the higher of 15 cents and a price equal to the 15% premium to the 90-day VWAP of the Company's Shares prior to date of first drawdown under the Debt Facility;
- (d) In accordance with Section 708A of the Corporations Act, the Company must, within 2 Business Days of issuing Shares on exercise of any of the Options, issue a notice complying with Sections 708A(5)(e) and 708A(6) of the Corporations Act to remove any secondary trading restrictions on any such Shares;
- (e) The Options can be transferred subject to the Corporations Act 2001 (Cth);
- (f) The optionholder will be permitted to participate in any new issue of Shares to Shareholders of the Company on prior exercise of the Options in which case the optionholder will be afforded the period of at least 9 business days prior to and inclusive of the record date to determine entitlements to the issue to exercise the Options;
- (g) The Options do not confer on the holder any right to participate in dividends until Shares are allotted pursuant to the exercise of the Options;
- (h) In the event of a reorganisation of the issued capital of the Company, the Options will be reorganised in accordance with the Listing Rules (if applicable) and in any case in a manner which will not result in any benefits being conferred on optionholders which are not conferred on Shareholders;
- (i) The number of Shares to be issued pursuant to the exercise of Options will be adjusted for bonus issues made prior to exercise of the Options so that, upon exercise of the Options the number of Shares received by the optionholder will include the number of bonus Shares that would have been issued if the Options had been exercised prior to the record date for the bonus issues. The exercise price of the Options shall not change as a result of any such bonus issues;
- (j) Application will not be made for the Options to be granted quotation by ASX;
- (k) Subject to paragraph (i) above the Options do not confer on the holder any right to a change in the exercise price of the Options or a change to the number of underlying securities over which the Options can be exercised.

### 3.4 Terms and Conditions of the Final Tranche Options to be issued pursuant to Resolution 2

A summary of the proposed terms and conditions of the Final Tranche Options is as follows:

- (a) Each Option will not vest until the date of first chromite production from the Project and thereafter is exercisable at any time until 5.00 pm Perth time on the date which is 4 years after the date of issue of the Options;
- (b) The Options held by each holder can be exercised in whole or in part, and if exercised in part multiples of 50,000 must be exercised on each occasion except where the number of Options held is less than 50,000 in which case all such Options must be exercised at the same time;
- (c) The exercise price (payable in cash) is the higher of 15 cents and a price equal to the 15% premium to the 90-day VWAP of the Company's Shares prior to the date of first chromite production from the Project;
- (d) In accordance with Section 708A of the Corporations Act, the Company must, within 2 Business Days of issuing Shares on exercise of any of the Options, issue a notice complying with Sections 708A(5)(e) and 708A(6) of the Corporations Act to remove any secondary trading restrictions on any such Shares;
- (e) The Options can be transferred subject to the Corporations Act 2001 (Cth);
- (f) The optionholder will be permitted to participate in any new issue of Shares to Shareholders of the Company on prior exercise of the Options in which case the optionholder will be afforded the period of at least 9 business days prior to and inclusive of the record date to determine entitlements to the issue to exercise the Options;
- (g) The Options do not confer on the holder any right to participate in dividends until Shares are allotted pursuant to the exercise of the Options;
- (h) In the event of a reorganisation of the issued capital of the Company, the Options will be reorganised in accordance with the Listing Rules (if applicable) and in any case in a manner which will not result in any benefits being conferred on optionholders which are not conferred on Shareholders;
- (i) The number of Shares to be issued pursuant to the exercise of Options will be adjusted for bonus issues made prior to exercise of the Options so that, upon exercise of the Options the number of Shares received by the optionholder will include the number of bonus Shares that would have been issued if the Options had been exercised prior to the record date for the bonus issues. The exercise price of the Options shall not change as a result of any such bonus issues;
- (j) Application will not be made for the Options to be granted quotation by ASX;
- (k) Subject to paragraph (i) above the Options do not confer on the holder any right to a change in the exercise price of the Options or a change to the number of underlying securities over which the Options can be exercised.

### 4. Definitions

In this Explanatory Memorandum:

"ASX" means ASX Limited A.C.N. 008 624 691;

"Company" means Industrial Minerals Corporation Limited A.C.N. 108 029 198;

“Constitution” means the constitution of the Company as amended from time to time;

“Corporations Act” means the Corporations Act 2001 (Cth);

“Debt Facility” means the debt facility of US\$30 million to be provided by Macquarie/Sentient to the Company and its wholly owned subsidiary Oregon Minerals Corporations Inc. to partially fund the Company’s Southern Oregon Mineral Sands project and which was announced to ASX on 27 January 2010;

“Director” means a director of the Company;

“Equity Investment” means the investment of US\$15 million to be made at AUD 10 cents per Share by Macquarie/Sentient as announced by the Company to ASX on 27 January 2010;

“Explanatory Memorandum” means this Explanatory Memorandum;

“Facilities” means the Debt Facility and the Equity Investment;

“Final Tranche Options” means the Options described in Section 3.4;

“First Tranche Options” means the Options described in Section 3.2;

“Listing Rules” means the official listing rules of the ASX;

“Macquarie” means Macquarie Bank Limited A.C.N. 008 583 542;

“Meeting” means the meeting of Shareholders convened by this Notice;

“Notice” and “Notice of Meeting” means the notice of meeting to which this Explanatory Memorandum is attached;

“Option” means an option to acquire one Share and “Optionholder” has a corresponding meaning;

“Project” means the Southern Oregon mineral sands project owned by the Company’s wholly owned subsidiary;

“Resolution” means a resolution set out in this Notice and “Resolutions” has a corresponding meaning;

“Second Tranche Options” means the Options described in Section 3.3;

“Section” means a section of this Explanatory Memorandum;

“Sentient” means Sentient Executive GP III Limited;

“Share” means an ordinary fully paid ordinary share in the capital of the Company and “Shareholder” has a corresponding meaning;

“VWAP” means the daily volume weighted average sale price of the ordinary Shares in the Company quoted on the ASX but does not include:

- (a) special crossings;
- (b) crossings prior to the commencement of normal trading;
- (c) crossings during the after hours adjust phase; or
- (d) the exercise of options,

“WST” means Western Standard Time.

INDUSTRIAL MINERALS CORPORATION LIMITED  
ABN 26 108 029 198

PROXY FORM

The Secretary  
Industrial Minerals Corporation Limited  
52 Ord Street  
West Perth WA 6005

Fax Number: +61 8 9481 5142

I/We \_\_\_\_\_

of \_\_\_\_\_

being a Shareholder(s) of Industrial Minerals Corporation Limited hereby appoint \_\_\_\_\_

of \_\_\_\_\_

or failing him/her \_\_\_\_\_

of \_\_\_\_\_

or failing him/her the Chairman as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be held at 52 Ord Street, West Perth, Western Australia at 8.30 am Perth time on Thursday, 1 April 2010, and at any adjournment thereof in respect of [ ]% of my/our shares or, failing any number being specified, ALL of my/our shares in the Company. If two proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is [ ]%. (An additional proxy form will be supplied by the Company on request.)

If you wish to indicate how your proxy is to vote, please tick the appropriate places below. If no indication is given on a Resolution, the proxy may abstain or vote at his or her discretion.

I/we direct my/our proxy to vote as indicated below:

	FOR	AGAINST	ABSTAIN
Resolution 1 – Ratification of Share Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Approval for the Issue of Shares and Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Proxies given by a natural person must be signed by each appointing Shareholder or the Shareholder's attorney duly authorised in writing. Proxies given by companies must be executed in accordance with section 127 of the Corporations Act or signed by the appointor's attorney duly authorised in writing. The Chairman intends to vote all undirected proxies in favour of each Resolution.

If you do not wish to direct your proxy how to vote, please place a mark in the box.

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the Resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

