

For personal use only

Interim Financial Report

For the Half-Year Ended
31 December 2022



Contents

Corporate Directory	3
Directors' Report	4
Auditor's independence declaration	6
Independent Auditor's review report	7
Directors' Declaration	9
Condensed statement of profit or loss and other comprehensive income	10
Condensed statement of financial position	11
Condensed statement of changes in equity	12
Condensed statement of cash flows	13
Notes to the condensed financial statements	14

For personal use only

Corporate Directory

Directors

Ashley Pattison, Non-Executive Chairman

Jeffrey Sweet, CEO & Managing Director

Alex Neuling, Non-Executive Director

Melanie Leighton, Non-Executive Director

Company Secretary

Natalie Madden

Principal and Registered Office

Unit 38, 460 Stirling Hwy, Peppermint Grove WA 6011

Telephone: +61 8 6270 6316

Email: admin@industmin.com

Website: www.industmin.com

Auditors

HLB Mann Judd (WA Partnership)

Level 4, 130 Stirling Street, PERTH WA 6000

Bankers

Westpac

Securities Exchange Listing

Australian Securities Exchange

ASX CODE: IND

Share Registry

Automic Group

Level 2, 267 St Georges Terrace, Perth WA 6000

Telephone: 1300 288 664

For personal use only

Directors' Report

The Directors of Industrial Minerals Ltd (the Company or IND) submit herewith the interim report of the Company for the half-year ended 31 December 2022. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names and particulars of the Directors of the Company during or since the end of the half-year are:

Ashley Pattison, Non-Executive Chair

Jeff Sweet, CEO and Managing Director

Melanie Leighton, Non-Executive Director

Alex Neuling, Non-Executive Director

Principal Activities

The principal activity of the Company during the half-year was mineral exploration in Western Australia.

Dividends

The Directors resolved that no dividend be paid for the half-year.

Review of operations

Mineral Exploration Projects

During the reporting period, the Company has added to its portfolio of tenements, building on existing and new projects. The Company continues to progress land access and exploration activities at its twenty High Purity Silica Sand Projects and six Industrial Mineral Projects, located in Western Australia.

IND holds 100% of 20 High Purity Silica Sand projects and six 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.

During the period, the Company progressed activities at its Flagship Stockyard High Purity Silica Sand (**HPSS**) Project. The project was granted a Mining Lease, and key environmental studies were completed. The Company announced its Maiden Mineral Resource Estimate for Stockyard of 9.6Mt at 98.9% SiO₂ with Scoping Study well advanced and Pre-Feasibility Study (PFS) planned to continue directly from Scoping Study, with several workstreams already at PFS level. IND continues to work on resource extensions and infill drilling to add to the Stockyard Mineral Resource inventory.

IND signed a non-binding MOU for supply and potential refining of HPSS targeting the high growth Photovoltaic (PV) glass market in China. The Company has sent a 20-tonne bulk sample processed by simple washing and screening methods to obtain a beneficiate direct shipping ore (DSO) product, and awaits feedback from work underway by potential offtake partner Shandong Hongbote Solar Technology Co. Ltd (**SHST**).

The Company progressed metallurgical results, indicating reduced iron oxide content to 185ppm Fe₂O₃ which is suitable for the HPSS market. Subsequent to the period, the Company reported the receipt of key environmental approvals for mine establishment activities at Stockyard.

IND progressed its wider project portfolio during the period and was pleased to announce the addition of the Narrikup Project, located 40km north of the port of Albany. The Company expanded the Bookara HPSS Project area to 1190km² as two additional exploration leases were granted.

For personal use only

Directors' Report (continued)

The Company progressed Prospectivity Studies in the portfolio with regional reconnaissance soil samples highlighting the potential for high purity silica sand with very low iron content, with a best result of 99.6%

SiO₂ and 200ppm Fe₂O₃ returned from the Mindarra Project. IND also reported that Bookara Project exploration auger drilling programs had commenced.

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the half year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 6 of the interim financial report.

The Directors' report is signed in accordance with a resolution of Directors made pursuant to s306(3) of the Corporations Act 2001.



Ashley Pattison

Non-Executive Chairman

Perth, 14 March 2023

For personal use only

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Industrial Minerals Ltd for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
14 March 2023



D I Buckley
Partner

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

For personal use only

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Industrial Minerals Ltd

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying interim financial report of Industrial Minerals Ltd ("the company") which comprises the condensed statement of financial position as at 31 December 2022, the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the company at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Industrial Minerals Ltd does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 E: mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
14 March 2023



D I Buckley
Partner

For personal use only

Directors' Declaration

In the Directors' opinion:

- (a) The financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional requirements;
- (b) The financial statements and notes give a true and fair view of the Company's financial position at 31 December 2022 and of its performance for the half-year ended on that date;
- (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and
- (d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by s.303(3) of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Directors



Ashley Pattison

Non-Executive Chairman

Perth, 14 March 2023

For personal use only

Condensed statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2022

	Note	Half-year ended 31/12/22 \$	Half-year ended 31/12/21 \$
Continuing operations			
Other income		9,331	294
Finance costs	(3)	(7,506)	-
Exploration expenses	(3)	(86,369)	(365,355)
Administrative and corporate expenses		(91,441)	(35,995)
Consulting fees		(167,130)	(114,980)
Stakeholder relations		(30,306)	(4,339)
Marketing and public relations		(76,219)	(28,717)
Share-based payments	(3)	(601,046)	(19,833)
Occupancy expenses		(13,800)	(34,236)
Depreciation	(3)	(18,326)	-
Other expenses		(6,209)	(272)
Loss from ordinary activities before income tax		(1,089,021)	(603,433)
Income tax		-	-
Loss for the period		(1,089,021)	(603,433)
Other comprehensive income		-	-
Total comprehensive loss for the period		(1,089,021)	(603,433)
Loss per share			
Basic (loss) per share (cents per share)		(1.71)	(0.98)
Diluted (loss) per share (cents per share)		(1.71)	(0.98)

The above condensed statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Condensed statement of financial position

As at 31 December 2022

	Note	31/12/22 \$	30/06/22 \$
Current assets			
Cash		2,158,143	3,411,756
Trade and other receivables		106,990	43,531
Total current assets		2,265,133	3,455,287
Non-current assets			
Capitalised exploration and evaluation expenditure	(5)	1,195,444	607,283
Property, plant and equipment		35,320	41,159
Right-of-use assets		152,683	171,009
Other non-current assets		18,850	18,850
Total non-current assets		1,402,297	838,301
Total assets		3,667,430	4,293,588
Current liabilities			
Trade and other payables		123,596	244,785
Current lease liability		32,653	32,653
Total current liabilities		156,249	277,438
Non-current liabilities			
Non-current lease liability		122,481	139,475
Total non-current liabilities		122,481	139,475
Total liabilities		278,730	416,913
Net assets		3,388,700	3,876,675
Equity			
Issued capital	(6)	4,863,839	4,863,839
Reserves		1,309,606	708,560
Accumulated losses		(2,784,745)	(1,695,724)
Total equity		3,388,700	3,876,675

The above condensed statement of financial position should be read in conjunction with the accompanying notes.

For personal use only

Condensed statement of changes in equity

For the half-year ended 31 December 2022

	Issued capital	Share based payment reserve	Accumulated losses	Total equity
	\$	\$	\$	\$
Balance at 1 July 2021	352,604	146,598	(458,127)	41,075
Loss for the period	-	-	(603,433)	(603,433)
Total comprehensive loss for the period	-	-	(603,433)	(603,433)
Issue of shares	5,119,026	-	-	5,119,026
Share issue costs	(277,502)	-	-	(277,502)
Share issue cost - share-based payments	(330,289)	330,289	-	-
Balance at 31 December 2021	4,863,839	476,887	(1,061,560)	4,279,166
Balance at 1 July 2022	4,863,839	708,560	(1,695,724)	3,876,675
Loss for the period	-	-	(1,089,021)	(1,089,021)
Total comprehensive loss for the period	-	-	(1,089,021)	(1,089,021)
Share-based payments	-	601,046	-	601,046
Balance at 31 December 2022	4,863,839	1,309,606	(2,784,745)	3,388,700

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed statement of cash flows

For the half-year ended 31 December 2022

	Half-year ended 31/12/22 \$	Half-year ended 31/12/21 \$
Cash flows from operating activities		
Payments to suppliers and employees	(520,173)	(294,736)
Net cash (outflow) from operating activities	(520,173)	(294,736)
Cash flows from investing activities		
Interest received	9,331	279
Payments for exploration and evaluation expenditure	(716,333)	(533,483)
Payments to acquire property, plant and equipment	(1,938)	(8,112)
Net cash (outflow) from investing activities	(708,940)	(541,316)
Cash flows from financing activities		
Proceeds from share issue	-	5,000,026
Less costs of issue	-	(374,315)
Interest paid	(7,506)	-
Payments for leases	(16,994)	-
Net cash (outflow)/inflow from financing activities	(24,500)	4,625,711
Net (decrease)/increase in cash and cash equivalents	(1,253,613)	3,789,659
Cash and cash equivalents at beginning of the period	3,411,756	275,115
Cash and cash equivalents at the end of the period	2,158,143	4,064,774

The above condensed statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the condensed financial statements

For the half-year ended 31 December 2022

1. Significant accounting policies

These general purpose financial statements for the interim reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the period ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted and methods of computation are consistent with those of the previous financial period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There was no material impact to Company accounting policies.

Any new or amended Accounting Standards or Interpretations in issue that are not yet mandatory have not been early adopted and are not expected to have a material impact on accounting policies.

2. Segment note

Identification of reportable operating segments

The Company is organised into one operating segment, being mining and exploration operations. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources.

Types of products and services

The principal products and services of this operating segment are the mining and exploration operations in Western Australia.

For personal use only

Notes to the condensed financial statements

For the half-year ended 31 December 2022

3. Expenses

Loss before income tax from continuing operations includes the following specific expenses:

	Half-year ended 31 December 2022 \$	Half-year ended 31 December 2021 \$
<u>Share-based payment expense</u>		
Public relations (see note 6)	26,796	19,833
Director options (see note 6)	574,250	-
	601,046	19,833
<u>Exploration expenses</u>		
Expenditure not capitalised	43,105	365,355
Impairment of capitalised exploration	43,264	-
	86,369	365,355
<u>Depreciation</u>		
Depreciation on property, plant and equipment	7,777	-
Depreciation on right-of-use assets	18,326	-
Depreciation transferred to exploration and evaluation	(7,777)	-
	18,326	-
<u>Finance costs</u>		
Interest on lease liabilities	7,506	-
	7,506	-

4. Dividends

No dividend has been paid or proposed in respect of the half-year ended 31 December 2022 (2021: nil).

5. Capitalised exploration and evaluation expenditure

Exploration and evaluation phase:	\$
Balance 1 July 2021	17,893
Exploration expenditure incurred	1,009,626
Expenditure not capitalised ¹	(420,236)
Balance at 30 June 2022	607,283
Exploration expenditure incurred	674,530
Impairment recognised ²	(43,264)
Expenditure not capitalised ¹	(43,105)
Balance at 31 December 2022	1,195,444

1. Exploration expenditure on areas of interest where tenure was not granted at period end was written off to profit or loss.
2. An impairment has been recognised of previously capitalised exploration expenditure on tenements where no further activity is planned and tenure will not be continued.

Notes to the condensed financial statements

For the half-year ended 31 December 2022

The ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and exploitation, or alternatively sale of the respective area of interest. Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

6. Share capital

	31/12/22	30/06/22
	\$	\$
63,500,000 fully paid ordinary shares (30 June 2022: 63,500,000)	4,863,839	4,863,839
	4,863,839	4,863,839

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number and amounts paid on the shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to a vote.

Ordinary shares have no par value, and the Company does not have a limited amount of authorised capital.

Movements in share capital during the period from incorporation were as follows:

		Number of shares	Share Capital \$
As at 1 July 2021		38,050,000	352,604
Initial Public Offering	(a)	25,000,000	5,000,026
Share based payment	(b)	450,000	119,000
Issue costs			(607,791)
As at 30 June 2022		63,500,000	4,863,839
As at 31 December 2022		63,500,000	4,863,839

- (a) On 13 July 2021, the Company completed its Initial Public Offering ('IPO') of 25,000,000 ordinary shares at \$0.20 per share.
- (b) On 7 December 2021, the Company engaged Scandinavian Alliance for investor relations management for a consideration of 450,000 ordinary shares to cover upfront fees and their initial engagement.

Notes to the condensed financial statements

For the half-year ended 31 December 2022

Share Options

Unissued shares under option at balance date were as follows:

Series	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
Director options	5,750,000	Ordinary	\$0.30	23/03/2024
Broker options	4,000,000	Ordinary	\$0.30	13/07/2024
Employee options - Sales and Marketing	2,000,000	Ordinary	\$0.40	06/12/2023
Investor relations options	1,500,000	Ordinary	\$0.30	23/03/2024
Director options ¹	1,250,000	Ordinary	\$0.40	30/11/2025
Director options ²	1,250,000	Ordinary	\$0.30	30/11/2025

All options were issued by Industrial Minerals Ltd.

- 1,250,000 options with an exercise price of \$0.40 were issued to Jeffrey Sweet as a director incentive following shareholder approval on 30 November 2022. The options have a fair value of \$272,750 which has been expensed in the current period.
- 1,250,000 options with an exercise price of \$0.30 were issued to Melanie Leighton as a director incentive following shareholder approval on 30 November 2022. The options have a fair value of \$301,500 which has been expensed in the current period.

A share based payment expense of \$26,796 has been recognised during the period as a vesting expense related to the Employee options - Sales and Marketing.

For the options granted during the current financial period, the valuation model inputs used to determine the fair value at the grant date are as follows:

	Director options - Jeffrey Sweet	Director options - Melanie Leighton
Grant date	30/11/2022	30/11/2022
Expiry date	30/11/2025	30/11/2025
Share price at grant date	\$0.38	\$0.38
Exercise price	\$0.40	\$0.30
Expected volatility	90%	90%
Dividend yield	Nil	Nil
Risk-free interest rate	3.91%	3.91%
Fair value at grant date	\$0.2182	\$0.2412

For personal use only

Notes to the condensed financial statements

For the half-year ended 31 December 2022

7. Financial instruments

Fair value of financial assets and liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required).

The Company holds the following financial instruments:

	31/12/22	30/06/22
	\$	\$
Financial assets		
Cash and cash equivalents	2,158,143	3,411,756
Loans and receivables (including trade receivables)	106,990	43,531
Financial liabilities		
Trade and other payables (at amortised cost)	123,596	244,785
Lease liabilities	155,134	172,128

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair value.

8. Key management personnel

Remuneration arrangements of key management personnel are disclosed in the 30 June 2022 financial report.

9. Commitments

In order to maintain and preserve rights of tenure to granted exploration tenements, the Company is required to meet certain minimum levels of exploration expenditure specified by the State Government of Western Australia. The WA commitments are subject to amendment from time to time as a result of changes to the number or area of granted tenements, escalating expenditure with tenement age, a change of tenement type from exploration license to mining lease or other reasons pursuant to the WA Mining Act.

As at reporting date these future minimum exploration expenditure commitments are as follows:

	31/12/22	30/06/22
	\$	\$
Not longer than 1 year	1,267,167	685,500
Longer than 1 year and not longer than 5 years	5,279,250	2,822,583
Longer than 5 years	-	-
Total	6,546,417	3,508,083

For personal use only

Notes to the condensed financial statements

For the half-year ended 31 December 2022

10. Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the half year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

For personal use only