



**INDUSTRIAL MINERALS INC.**



## **Northern Graphite Initiates Environmental/Mine Permitting Process**

April 1, 2010 – Industrial Minerals Inc. (IDSM:OTC-BB) (“IDSM”) and its subsidiary **Northern Graphite Corporation** (“Northern” or the “Company”), announce that Stantec Consulting Ltd. has been retained to prepare a detailed scope of work, schedule and cost estimate to obtain environmental and governmental approvals, complete a Closure Plan amendment, and conduct a critical issues assessment to enable Northern to commence development of the Bissett Creek graphite project.

Gregory Bowes, CEO of Northern stated that “Permitting is the longest lead time item and by starting now we hope to be in position to make a construction decision within 12 to 18 months.” He added that “Recent financings have also given us the confidence to commence metallurgical testing and an exploration and confirmation drilling program, followed by a Pre Feasibility Study which will be finished by the end of the year.”

Northern owns 100% of the large Bissett Creek graphite deposit which is located 15km from the Trans-Canada highway, east of North Bay, Ontario. A full feasibility study was completed by Kilborn Engineering and others in 1989 (which pre-dates National Instrument 43-101 and is not compliant), but Bissett Creek was not developed due to a subsequent decline in graphite prices. Graphite prices have since recovered due to the ongoing industrialization of China, India and other emerging economies. However, new applications such as lithium ion batteries, fuel cells and nuclear and solar power have the potential to create significant incremental demand growth. There is up to 20 times more graphite than lithium, in a lithium ion battery. China, which produces 80% of the world’s graphite, is seeing production and export growth leveling off and export taxes and a licensing system have been instituted. With limited worldwide exploration and few potential development projects on the horizon, the Company is well positioned to benefit from the continued improvement in graphite demand and prices.

### **Financing Update**

Northern also announces that it has completed additional private placements totalling 1,327,000 units for gross proceeds of CDN\$331,750. Each unit was priced at C\$0.25 and is comprised of one common share and one common share purchase warrant exercisable at a price of C\$0.35 per share for a period of 18 months from the date upon which the Company or its successor becomes a reporting issuer in a jurisdiction of Canada. In addition, the Company has issued 400,000 units, with the same terms, as part of debt settlement agreements with three creditors of the Company. Northern now has 22,905,571 common shares outstanding of which IDSM owns 11,750,000.

Subject to the receipt of all required corporate, regulatory and stock exchange approvals, Northern plans to complete a going public transaction in Canada as soon as possible and as part of this process IDSM plans to distribute its Northern shares to IDSM shareholders.

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Act of 1933, as amended, and may not be offered or sold in the United States or to a U.S. person absent registration or an applicable exemption from the registration requirements of such Act.

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