



INDUSTRIAL MINERALS INC.



Industrial Minerals Subsidiary Seeks to Raise \$6 Million and Obtain TSX Venture Exchange Listing

Ottawa, Canada - (Market Wire) – October 28, 2009 – Industrial Minerals Inc. (“IDSM”) (OTCBB: IDSM) is pleased to announce that its wholly-owned subsidiary, Industrial Minerals Canada, Inc. (“IMC”) has entered into a letter of intent to effect a business combination (the “Transaction”) with Rattlesnake Ventures Inc. (“RVI”) to form a new company to be called Northern Graphite Corporation (“Northern Graphite”). The Transaction will constitute the Qualifying Transaction of RVI, a Capital Pool Company, and if completed will result in IMC becoming publicly listed on the TSX Venture Exchange (the “Exchange”) as Northern Graphite.

Financing

Research Capital Corporation (“Research Capital”) has agreed to act as lead agent to complete, on a commercial best-efforts basis, a private placement financing of up to CDN\$6 million (the “Offering”) by IMC in connection with the Transaction.

It is anticipated that the Offering will consist of CDN\$3,000,000 in subscription receipts at a price of CDN\$0.50 per subscription receipt and CDN\$3,000,000 in flow-through common shares at a price of CDN\$0.50 per share. Each subscription receipt shall, subject to the satisfaction of certain conditions as described below, be convertible into one unit consisting of one common share and one half of one common share purchase warrant of IMC. Each whole warrant shall entitle the holder thereof to purchase one common share of IMC at a price of CDN\$0.625 per common share for a period of 24 months from the closing of the Transaction.

The gross proceeds received from the sale of the subscription receipts, less any amounts paid to Research Capital on account of commission and expenses, shall be deposited into escrow on closing of the Offering with an escrow agent agreed upon between IMC and Research Capital. These escrowed funds will be released to IMC, and the subscription receipts will automatically convert into units, upon the satisfaction of the following conditions (the “Escrow Release Conditions”): (i) the execution of a definitive agreement in respect of the Transaction; (ii) receipt of the conditional approval of the Exchange for the Transaction; (iii) IMC having received all required shareholder and regulatory approvals for the Transaction; and (iv) such other conditions as may be required by Research Capital, acting reasonably.

In the event that the Escrow Release Conditions are not satisfied by the date which is six months from the closing of the Offering (the “Escrow Deadline”), the escrowed proceeds from the sale of the subscription receipts, together with the agents’ commission in respect thereof, shall be returned to the subscribers for the subscription receipts, provided that IMC shall have the right to extend the Escrow Deadline with the approval of the holders of not less than 50% of the subscription receipts.

In addition, in the event that the Transaction has not been completed on or prior to the date which is four months from the closing of the Offering (the “Listing Deadline”), IMC shall issue to each subscriber for subscription receipts under the Offering a number of common shares as is equal to 10% of the total number of subscription receipts purchased by each subscriber. In addition, IMC shall issue to each subscriber for subscription receipts under the Offering a number of common shares as is equal

to 1.5% of the total number of subscription receipts purchased by each subscriber upon the expiration of each calendar month following the Listing Deadline until the Transaction has been completed.

At closing of the Offering, Research Capital will receive a cash commission equal to 7% of the gross proceeds of the Offering, as well as agent's options to acquire that number of units equal to 7% of the number of securities sold under the Offering at an exercise price equal to the price of the subscription receipts and flow-through common shares under the Offering.

Concurrently with the closing of the Transaction, the units, flow-through common shares and agent's options shall be exchanged for units, flow-through common shares and agent's options of Northern Graphite having the same terms on a one-for-one basis.

The proceeds from the sale and issuance of the flow-through shares will be used by Northern Graphite to incur Canadian Exploration Expense ("CEE") and Canadian Development Expense ("CDE") related to exploration and development of the Bissett Creek Project, including additional confirmation and exploration drilling, metallurgical testing and operation of a pilot plant. The CEE and CDE will be renounced to purchasers effective December 31, 2009. The proceeds from the sale of the Units will be used to complete a pre-feasibility study on the Bissett Creek Project and for general corporate purposes. Closing of the Offering is presently expected to take place in November 2009.

Transaction with RVI

Under the terms of the Transaction, which is subject to a number of conditions including the completion of due diligence, the execution of a definitive agreement, the receipt of all necessary regulatory and shareholder approvals and closing of the Offering for an aggregate amount of not less than CDN\$5 million, RVI will consolidate its common shares (the "RVI Shares") on a 1 for 3.7 basis and will issue 24 million RVI Shares to IDSM in exchange for all of the issued and outstanding common shares of IMC by way of an amalgamation, plan of arrangement, share exchange or other similar form of transaction, with the resulting issuer being named "Northern Graphite Corporation".

Upon completion of the Offering and the Transaction, Northern Graphite will have approximately 38.8 million common shares outstanding. IDSM will review various mechanisms for distributing the Northern Graphite shares it will receive on closing of the Transaction to its current shareholders, subject to any regulatory hold periods and escrow conditions imposed pursuant to the Transaction and the Offering. Under the terms of the Transaction, IDSM can only distribute one third of the Northern Graphite shares received on the three, nine and fifteen month anniversaries following the commissioning of the pilot plant at the Bissett Creek Project. For additional details on the Transaction, please refer to RVI's press release dated October 28, 2009.

Officers and Directors

On closing of the Transaction all officers and directors of RVI will resign and the directors of Northern Graphite will be:

Gregory Bowes, B.Sc. (geology), MBA - President, CEO and Director

Iain Scarr, B.Sc. (geology), MBA Director

Formerly Commercial Director and VP Exploration, Rio Tinto Industrial Minerals Division

Ron Little, P.Eng. Director

President, CEO and Director, Orezone Gold Corporation (ORE:T)

Chris Crupi CA Director

President and Director, Paramount Gold & Silver (PZG:T, NYSE.A)

K. Sethu Raman PhD Director

Director, Lake Shore Gold Corp. (LSG:T)

Mike Durose M.Sc. P.Geo Director

Former Senior Mining Analyst for Scotiabank and Morgan Stanley

About Northern Graphite

Upon closing of the Transaction, Northern Graphite will have a 100% ownership interest in a large graphite deposit (the “Bissett Creek Project”) located less than 20km from the Trans-Canada highway, east of North Bay, Ontario. A full feasibility study was completed on the Bissett Creek Project by Kilborn Engineering and others in 1989 (which pre-dates National Instrument 43-101 (“NI 43-101”) and is therefore not 43-101 compliant), but the Bissett Creek Project was not developed due to a decline in graphite prices in the 1990s. A preliminary assessment report has been prepared in accordance with NI 43-101 and will be filed on SEDAR (www.sedar.com) within 45 days hereof.

About Graphite

Graphite prices have increased substantially as a result of growing demand in traditional steel and automotive markets, primarily driven by the industrialization of China and other emerging economies. Demand for high-quality graphite is expected to accelerate due to emerging applications such as lithium ion batteries, fuel cells, nuclear and solar power, and semiconductors. For example, there is 10 times more graphite than lithium in a lithium ion battery. China produces more than 70% of the world’s graphite and rare earth elements but has implemented export restrictions and quotas. Concerns over China’s supply and declining quality of graphite have also had a positive impact on graphite prices.

Short-Term Note Financing

IMC is in the process of completing a non-brokered financing with various lenders, including a director of IDSM, of approximately \$300,000 through the issuance of senior secured convertible non-interest bearing notes (the “Notes”) to provide for both operating expenses of IMC and the costs that will be incurred by IMC in connection with completing the Transaction. The Notes will be secured by a security interest over all of the assets of IMCI, including the mineral claims and leases comprising the Bissett Creek Project.

In the event that IMC completes the Offering and raises not less than \$1,000,000 in aggregate pursuant thereto, the Notes shall automatically convert into units of IMC (the “IMC Conversion Units”), each IMC Conversion Unit consisting of one common share and one common share purchase warrant of IMC (“IMC Conversion Warrant”) and having terms substantially similar to the IMC units to be issued pursuant to the Offering, provided that: (i) the IMC Conversion Units shall be priced at a 30% discount to the Offering units and the exercise price for the IMC Conversion Warrants shall also be at a 30% discount to the exercise price of the warrants to be issued under the Offering; and (ii) holders of the Notes shall be entitled to one full IMC Conversion Warrant as part of each IMC Conversion Unit issued on conversion of the Notes. The foregoing conversion rights shall be subject to standard anti-dilution provisions.

Concurrently with the closing of the Transaction, each IMC common share and IMC Conversion Warrant comprising the IMC Conversion Units shall be exchanged for one RVI Share and one post-

consolidation common share warrant of RVI having the same terms as the IMC Conversion Warrants, respectively.

If IMC does not complete the Offering or raises less than \$1,000,000 pursuant thereto, the Notes shall be convertible into units of IMI (the “IMI Conversion Units”) at the option of the holder at any time after the date which is six months from the date of closing of the issuance of the Notes, at a conversion price of \$0.02 per IMI Conversion Unit (the “IMI Conversion Price”). Each IMI Conversion Unit shall consist of one common share and one common share purchase warrant of IMI (“IMI Conversion Warrant”), with each IMI Conversion Warrant entitling the holder to purchase one common share of IMI at a price of \$0.03 per share for a period of 24 months.

RVI has agreed to advance \$100,000 on the same terms as the Notes to IMC to complete the Transaction, subject to Exchange approval and completion of satisfactory due diligence.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful. The securities have not been registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements.

For additional information, please contact:

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NO REGULATORY AUTHORITY HAS APPROVED OR DISAPPROVED THE CONTENT OF THIS RELEASE