



INDUSTRIAL MINERALS INC.



Industrial Minerals Completes C\$2.1M Financing

March 8, 2010 – Industrial Minerals Inc. (“IDSM”) (OTCBB: IDSM) announces that its wholly-owned subsidiary, Northern Graphite Corporation (“Northern” or the “Company”), formerly Industrial Minerals Canada Inc., has completed a non-brokered private placement financing consisting of the issuance of 5,900,000 units at a price of C\$0.25 per unit, each unit being 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. Gross proceeds were C\$1.475 million. In addition, Northern previously raised C\$600,000 through the issuance of convertible secured notes which, pursuant to their terms, automatically converted into units upon the closing of the financing at a conversion price of \$0.175 per unit, each unit consisting of one common share and one common share purchase warrant exercisable at a price of C\$0.245 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.

As a result of the private placement and the conversion of the convertible secured notes the Company issued a total of 9,328,571 common shares. IDSM owns 11,750,000 common shares which represents a 55.7% interest in the Company. 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 IDSM plans to distribute its Northern shares to IDSM shareholders. The Company’s previously announced letter of intent to effect a business combination with Rattlesnake Ventures Inc. has been terminated and the Company is examining other alternatives. Gregory Bowes, CEO of Northern stated that “the Company is now in a much stronger financial position and will finally be able to begin advancing the Bissett Creek project towards the completion of a pre feasibility study and construction permitting.”

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 exports 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.

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 described herein 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 or to a U.S. person absent registration or an applicable exemption from the registration requirements of such Act.

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Safe Harbor Statement

All statements contained herein, as well as oral statements that may be made by the Company or by officers, directors or employees of the Company acting on the Company's behalf that are not statements of historical fact, constitute "forward-looking statements" and are made pursuant to the Safe-Harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of the company to be materially different from the historical results or from any future results expressed or implied by such forward-looking statements. Such risks and uncertainties are outlined in the Company's Annual Report on Form 10-K for 2009 as filed with the Securities and Exchange Commission. The Company is not obligated to revise or update any forward-looking statements in order to reflect events or circumstances that may arise after the date of this release.

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