

IMPACT MINERALS LIMITED
ACN 119 062 261
(Company)

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement is current as at 20 September 2018 and has been approved by the Board of the Company on that date.

This Corporate Governance Statement discloses the extent to which the Company has followed the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations (**Recommendations**). The Recommendations are not mandatory, however the Recommendations that have not been followed have been identified and reasons provided for not following them along with what (if any) alternative governance practices the Company has adopted in lieu of the recommendation.

This Corporate Governance Statement and further information about the Company's governance practices is set out on the Company's website at <http://www.impactminerals.com.au/corporate-governance/>.

Due to the current size and nature of the existing Board and the magnitude of the Company's operations, the Board does not consider that the Company will gain any benefit from individual Board committees and that its resources would be better utilised in other areas as the Board is of the strong view that at this stage the experience and skill set of the current Board is sufficient to perform these roles. Under the Company's Board Charter, the duties that would ordinarily be assigned to individual committees are currently carried out by the full Board under the written terms of reference for those committees.

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
<i>Principle 1: Lay solid foundations for management and oversight</i>		
Recommendation 1.1 A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	YES	The Company has adopted a Board Charter that sets out the specific roles and responsibilities of the Board, the Chair and management and includes a description of those matters expressly reserved to the Board and those delegated to management. The Board Charter sets out the specific responsibilities of the Board, requirements as to the Board's composition, the roles and responsibilities of the Chairman, the establishment, details of the Board's relationship with management, details of the Board's performance review and details of the

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		<p>Board's disclosure policy.</p> <p>A copy of the Company's Board Charter is available on the Company's website.</p>
<p>Recommendation 1.2</p> <p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and</p> <p>(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a Director.</p>	<p>YES</p>	<p>(a) The Company conducts appropriate checks (including checks in respect of character, experience, education, criminal record and bankruptcy history (as appropriate)) before appointing a person, or putting forward to security holders a candidate for election, as a Director.</p> <p>(b) All material information relevant to a decision on whether or not to elect or re-elect a Director is provided to security holders in the Notice of Meeting containing the resolution to elect or re-elect a Director.</p>
<p>Recommendation 1.3</p> <p>A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.</p>	<p>YES</p>	<p>The Company has written agreements with each of its Directors and senior executives. which sets out the terms of that Director's or senior executive's appointment.</p>
<p>Recommendation 1.4</p> <p>The company secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</p>	<p>YES</p>	<p>The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. In accordance with this, the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</p>
<p>Recommendation 1.5</p> <p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p>	<p>PARTIALLY COMPLY</p>	<p>(a) The Company is committed to supporting and managing diversity as a means of enhancing the Company's performance by recognising and utilising the contribution of the diverse skills and talents of its Directors, officers and employees and has established a Diversity Policy. The Company has not fully complied with Recommendation 1.5 in that it has not set measurable objectives for achieving gender diversity. The Board monitors diversity across the Company and is satisfied with the current level of gender diversity. Due to the small size of the Company and its small number of employees, the Board</p>

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<p>(c) disclose as at the end of each reporting period:</p> <p>(i) the measurable objectives for achieving gender diversity set by the Board in accordance with the entity's diversity policy and its progress towards achieving them; and</p> <p>(ii) either:</p> <p>(A) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in the Workplace Gender Equality Act.</p>		<p>does not consider it appropriate to formally set measurable objectives for gender diversity at this time.</p> <p>(b) The Diversity Policy is available on the Company's website.</p> <p>(c)</p> <p>(i) Due to the small size of the Company and its small number of employees, the Board does not consider it appropriate to formally set measurable objectives for gender diversity at this time.</p> <p>(ii) As at the reporting date, the proportion of women employees across the organisation was as follows:</p> <table data-bbox="1294 644 2056 775"> <tr> <td>Proportion of women in the whole organisation</td> <td>17%</td> </tr> <tr> <td>Proportion of women in senior executive positions</td> <td>0%</td> </tr> <tr> <td>Proportion of women on the Board</td> <td>0%</td> </tr> </table> <p>The Company is not a "relevant employer" under the Workplace Gender Equality Act.</p>	Proportion of women in the whole organisation	17%	Proportion of women in senior executive positions	0%	Proportion of women on the Board	0%
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Proportion of women in senior executive positions	0%							
Proportion of women on the Board	0%							
<p>Recommendation 1.6</p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	YES	<p>(a) The Company's Board is responsible for evaluating the performance of the Board and individual Directors on an annual basis as outlined in the Board Charter which is available on the Company's website.</p> <p>(b) A formal performance review of the Board and Director was undertaken during the reporting period.</p>						
<p>Recommendation 1.7</p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the</p>	NO	<p>(a) The Company's Board is responsible for evaluating the performance and determining the remuneration of senior executives, and ensuring that appropriate policies and procedures are in place for recruitment, training, remuneration and succession as outlined in the Board</p>						

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<p>performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>		<p>Charter which is available on the Company's website.</p> <p>(b) The Chairman and the Board regularly met with the Managing Director to discuss any issues or concerns as they arose. This ongoing process has remained in-house and informal throughout the year, relying on regular discussion. A formal performance review of the Managing Director and other senior executives was not undertaken during the reporting period due to the comparatively small size of the Company.</p>
<p>Principle 2: Structure the Board to add value</p>		
<p>Recommendation 2.1</p> <p>The Board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, <p>and disclose:</p> <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <p>or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and</p>	<p>YES</p>	<p>(a) The Company does not have a Nomination Committee.</p> <p>(b) The Company does not have a Nomination Committee as the Board considers the Company will not currently benefit from its establishment. The Board carries out the duties that would ordinarily be carried out by a Nomination Committee, including the following processes to address succession issues and to ensure the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively:</p> <ul style="list-style-type: none"> (i) Devoting time at least annually to discuss Board succession issues; and (ii) All Board members being involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules.

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responsibilities effectively.		
<p>Recommendation 2.2</p> <p>A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</p>	YES	<p>The Board has identified that the appropriate mix of skills and diversity required of its members on the Board to operate effectively and efficiently is achieved by personnel having substantial skills and experience in operational management, exploration and geology, corporate law, finance, listed resource companies, equity markets and global funds management. Each of these areas is currently well represented on the Board.</p> <p>A profile of each Director setting out their skills, experience, expertise and period of office is set out in the Directors' Report in the Annual Report.</p>
<p>Recommendation 2.3</p> <p>A listed entity should disclose:</p> <p>(a) the names of the Directors considered by the Board to be independent Directors;</p> <p>(b) if a Director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and</p> <p>(c) the length of service of each Director</p>	YES	<p>(a) The Board has five Directors, two of which are considered to be independent, namely Mr Peter Unsworth and Mr Paul Ingram.</p> <p>(b) There are no independent Directors who fall into this category.</p> <p>(c) The length of service of each Director as at the end of financial year is as follows: Mr Peter Unsworth 12.2 years, Dr Mike Jones 12.3 years, Mr Paul Ingram 8.8 years, Dr Markus Elsasser 5.9 years and Mr Eamon Hannon 0.6 years.</p>
<p>Recommendation 2.4</p> <p>A majority of the Board of a listed entity should be independent Directors.</p>	NO	<p>The Board currently comprises a total of 5 directors, of whom 2 are considered to be independent. As such, the Board does not have a majority of independent Directors.</p> <p>The Board believes that the current composition of the Board is most appropriate for the Company having regard to its size, its current level of operations, its history and its strategy and includes an appropriate mix of relevant skills and expertise.</p>

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		The Board recognises the ASX Corporate Governance Council's recommendation that the majority of the Board should be comprised of independent Directors and as the Company grows and/or its circumstances change, the Board may make further appointments of independent Directors if considered appropriate.
<p>Recommendation 2.5</p> <p>The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.</p>	YES	<p>The Chair of the Company is Mr Peter Unsworth who is an independent Director.</p> <p>The roles of Chairman and Managing Director are not performed by the same person.</p>
<p>Recommendation 2.6</p> <p>A listed entity should have a program for inducting new Directors and providing appropriate professional development opportunities for continuing Directors to develop and maintain the skills and knowledge needed to perform their role as a Director effectively.</p>	YES	<p>The Board is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors. In order to develop and maintain the skills and knowledge required to perform their role, all Directors are encouraged to undergo continual professional development. Subject to approval, the Company will pay reasonable expenses to enable Directors to seek independent professional advice if required to properly discharge their responsibilities.</p> <p>The Company Secretary is responsible for facilitating inductions and professional development.</p>
Principle 3: Act ethically and responsibly		
<p>Recommendation 3.1</p> <p>A listed entity should:</p> <p>(a) have a code of conduct for its Directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	YES	<p>(a) The Company's Code of Conduct applies to the Company's Directors, senior executives and employees.</p> <p>(b) The Company's Code of Conduct is available on the Company's website.</p>

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Principle 4: Safeguard integrity in financial reporting		
<p>Recommendation 4.1</p> <p>The Board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <ul style="list-style-type: none"> (i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and (ii) is chaired by an independent Director, who is not the Chair of the Board, <p>and disclose:</p> <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	YES	<ul style="list-style-type: none"> (a) The Company does not have an Audit Committee. (b) The Company does not have an Audit Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by an Audit Committee including the following processes to independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner: <ul style="list-style-type: none"> (i) The Board devotes time at annual Board meetings to fulfilling the roles and responsibilities associated with maintaining the Company's internal controls and arrangements with external auditors; and (ii) All members of the Board are involved in the Company's external audit process to ensure the proper maintenance of the entity and the integrity of all financial reporting.
<p>Recommendation 4.2</p> <p>The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO/Managing Director and CFO a declaration that the financial records of the entity have been properly maintained and that the</p>	YES	<p>The Company's Managing Director and Chief Financial Officer have provided the Board with the appropriate declarations in accordance with section 295A of the Corporations Act and this Recommendation 4.2 in relation to the full year and half year statutory financial reports as well as the quarterly cash flow reports.</p>

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financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.		
<p>Recommendation 4.3</p> <p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	YES	The Company's external auditor is invited to, and attends, the Annual General Meeting. The auditor's presence is made known to Shareholders during the meeting and Shareholders are provided with an opportunity to address questions to the Auditor.
Principle 5: Make timely and balanced disclosure		
<p>Recommendation 5.1</p> <p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	YES	The Company's Continuous Disclosure Policy is available on the Company website.
Principle 6: Respect the rights of security holders		
<p>Recommendation 6.1</p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	YES	Information about the Company and its governance, including copies of its various corporate governance policies, is available on the Company's website at http://impactminerals.com.au/corporate-governance/
<p>Recommendation 6.2</p> <p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	YES	The Company has adopted a Shareholder Communications Policy which aims to promote and facilitate effective two-way communication with investors. The Policy outlines a range of ways in which information is communicated to shareholders and is available on the Company's website.

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<p>Recommendation 6.3</p> <p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	YES	Shareholders are encouraged to participate at all general meetings and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material stating that all Shareholders are encouraged to participate at the meeting.
<p>Recommendation 6.4</p> <p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	YES	<p>The Shareholder Communication Policy provides that security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted.</p> <p>Shareholders queries should be referred to the Company Secretary in the first instance.</p>
Principle 7: Recognise and manage risk		
<p>Recommendation 7.1</p> <p>The Board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, <p>and disclose:</p> <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or 	YES	<ul style="list-style-type: none"> (a) The Company does not have a Risk Committee. (b) The Company does not have a Risk Committee as the Board considers the Company will not currently benefit from its establishment. The Board carries out the duties that would ordinarily be carried out by a Risk Committee. The Company's Risk Management Policy is available on the Company's website.

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(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.		
<p>Recommendation 7.2</p> <p>The Board or a committee of the Board should:</p> <p>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	YES	<p>(a) The Board will review at least annually the Company's risk management framework of material business risks and satisfy itself that the risk management system is operating effectively in all material respects.</p> <p>(b) The risk management framework was reviewed by the Board during the reporting period.</p>
<p>Recommendation 7.3</p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	YES	<p>(a) Due to the size of the Company and its current level of activity and operations, the Company does not have an internal audit function.</p> <p>(b) The Company will conduct periodic reviews of the Company's financial systems, documents and processes, and any recommendations for improvement will be reported to the Board as part of the Company's risk management processes.</p>
<p>Recommendation 7.4</p> <p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	YES	<p>The Company discloses whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks in its Annual Report and on its website as part of its continuous disclosure obligations.</p> <p>The Company does not have any material exposure to economic, environmental or social sustainability risks.</p>

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Principle 8: Remunerate fairly and responsibly		
<p>Recommendation 8.1</p> <p>The Board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, <p>and disclose:</p> <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	YES	<p>(a) The Company does not have a Remuneration Committee.</p> <p>(b) The Company does not have a Remuneration Committee as the Board considers the Company will not currently benefit from its establishment. The Board carries out the duties that would ordinarily be carried out by a Remuneration Committee including the following processes to set the level and composition of remuneration for Directors and senior executives and to ensure that such remuneration is appropriate and not excessive:</p> <ul style="list-style-type: none"> (i) Devoting time at least annually to discuss a) the on-going appropriateness and relevance of Director and executive remuneration and other executive benefit programs and b) ensuring that remuneration policies fairly and responsibly reward executives having regard to the performance of the Company, the performance of the executive and prevailing remuneration expectations in the market; and (ii) All Board members being involved in the Company's remuneration process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules.
<p>Recommendation 8.2</p> <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives and ensure that the different roles and responsibilities of non-executive Directors compared to executive Directors and other senior executives are reflected in the level and composition of their remuneration.</p>	YES	<p>Non-executive Directors are remunerated on a fixed fee basis for their time, commitment and responsibilities as part of an aggregate remuneration pool approved by Shareholders. These fees are not linked to the performance of the Company. Non executive Directors' remuneration may also include options, subject to approval by Shareholders.</p> <p>Senior executives are remunerated either by way of annual salary (i.e. cash and superannuation components) or by consulting fees. Senior executives may also, at the Board's discretion, receive incentive options. Further</p>

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		details on the Company's remuneration practices with regard to Directors and senior executives will be contained within the Remuneration Report which forms part of the Directors' Report in the Annual Report.
<p>Recommendation 8.3</p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	YES	<p>(a) The Company has a Directors' and Employees' Option Acquisition Plan (Plan) which was approved by Shareholders at the 2015 Annual General Meeting. A summary of the Plan was included in the Company's 2015 Notice of Annual General Meeting, a copy of which is available on the Company's website.</p> <p>(b) The Company's Securities Trading Policy (available on the Company's website) prohibits Directors, officers and employees from entering into transactions or arrangements which operate to limit the economic risk of their security holding in the Company without first seeking and obtaining written acknowledgement from the Chairman.</p>