

**Impact Minerals Limited
(and Controlled Entities)**
(ABN 52 119 062 261)

**Interim Financial Report
For the half year ended
31 December 2014**

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Directors Report

For the half year ended 31 December 2014

Your directors submit the financial report of the consolidated entity for the half year ended 31 December 2014.

Directors

The names of directors who held office during or since the end of the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Peter Unsworth	Non-Executive Chairman
Michael Jones	Managing Director
Paul Ingram	Non-Executive Director
Markus Elsasser	Non-Executive Director

Review of Operations

Exploration expenditure (before impairment and re-imburement) of \$ 1,964,671 was capitalised in the half year to 31 December 2014. The balance of deferred exploration expenditure carried forward as at 31 December 2014 is \$8,553,672.

The consolidated entity registered a net loss for the half year to 31 December 2014 of \$897,786 (2013 Loss: \$4,628,266).

During the period the Company raised \$2,578,976 through the issue of 78,423,516 new ordinary shares at 3.3 cents per share.

The consolidated entity had cash assets of \$2,173,303 at 31 December 2014 (30 June 2014: \$750,909).

Auditor's Declaration

Section 307C of the Corporations Act 2001 requires our auditors, Bentleys, to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 2 and forms part of this directors' report for the half-year ended 31 December 2014.

This report is signed in accordance with a resolution of the Board of Directors.



Michael G Jones

Managing Director

Dated this 11th day of February 2015

To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the review of the financial statements of Impact Minerals Limited for the half year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



BENTLEYS
Chartered Accountants



MARK DELAURENTIS CA
Director

Dated at Perth this 11th day of February 2015

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2014

	Note	Consolidated	
		31 Dec 2014	31 Dec 2013
		\$	\$
Interest income and others		10,937	23,748
Research and Development rebate		1,188,833	-
		1,199,770	23,748
Employee benefits expenses		(295,186)	(484,558)
Corporate and administration expenditure		(425,454)	(691,815)
Depreciation and amortisation expense		(2,395)	(7,343)
Occupancy		(59,685)	(36,188)
Impairment of exploration expenditure	3	(1,025,138)	(3,432,110)
Loss on sale of subsidiary	5	(289,698)	-
Profit / (Loss) before income tax expense		(897,786)	(4,628,266)
Income tax expense		-	-
Net Profit / (Loss) for the period		(897,786)	(4,628,266)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		314,766	(72,909)
Other comprehensive income (net of tax)		314,766	(72,909)
Total comprehensive income for the period		(583,020)	(4,701,175)
Profit / (Loss) for the period attributable to			
Members of the parent entity		(897,786)	(3,739,375)
Non-controlling interest		-	(888,891)
		(897,786)	(4,628,266)
Total comprehensive income attributable to:			
Members of the parent entity		(583,020)	(3,810,522)
Non-controlling interest		-	(890,653)
		(583,020)	(4,701,175)
Basic profit / (loss) per share (Cents)		(0.16)	(1.15)

The accompanying notes form part of these condensed consolidated financial statements

Condensed Consolidated Statement of Financial Position*As at 31 December 2014*

	Note	Consolidated	
		31 Dec 2014	30 Jun 2014
		\$	\$
Current Assets			
Cash and cash equivalents		2,173,303	750,909
Trade and other receivables		76,933	270,897
Total Current Assets		2,250,236	1,021,806
Non-Current Assets			
Property and equipment		4,559	6,844
Deferred exploration expenditure	3	8,553,672	7,714,139
Other non-current assets	5	30,568	126,417
Total Non-Current Assets		8,588,799	7,847,400
Total Assets		10,839,035	8,869,206
Current Liabilities			
Trade and other payables		86,493	219,955
Provisions		90,608	84,966
Total Current Liabilities		177,101	304,921
Total Liabilities		177,101	304,921
Net Assets		10,661,934	8,564,285
Equity			
Issued capital	4	31,232,503	28,653,052
Option reserve		736,506	635,288
Foreign currency translation reserve		(639,009)	(953,775)
Transactions with non-controlling interest		(1,161,069)	(1,161,069)
Accumulated losses		(19,506,997)	(18,609,211)
Total Equity		10,661,934	8,564,285

The accompanying notes form part of these condensed consolidated financial statements

Condensed Consolidated Statement of Changes in Equity*For the half year ended 31 December 2014*

	Consolidated						
	Issued Capital	Option Reserve	Foreign currency translation reserve	Transactions with Non- Controlling Interest	Accumulated Losses	Non- Controlling Interest	Total Equity
	\$	\$		\$	\$	\$	\$
Balance at 1 July 2013	24,366,377	353,638	(454,917)	-	(11,705,113)	1,087,255	13,647,240
Loss for the period	-	-	-	-	(3,739,375)	(888,891)	(4,628,266)
Other Comprehensive Income							
Exchange differences on translation of foreign operations	-	-	(71,147)	-	-	(1,762)	(72,909)
Total comprehensive income for the half year	-	-	(71,147)	-	(3,739,375)	(890,653)	(4,701,175)
Shares issued	3,000,000	-	-	-	-	-	3,000,000
Share issue costs	(46,336)	-	-	-	-	-	(46,336)
Share based payment	-	322,303	-	-	-	7,816	330,119
Balance at 31 December 2013	27,320,041	675,941	(526,064)	-	(15,444,488)	204,418	12,229,848
Balance at 1 July 2014	28,653,052	635,288	(953,775)	(1,161,069)	(18,609,211)	-	8,564,285
Profit for the period	-	-	-	-	(897,786)	-	(897,786)
Other Comprehensive Income							
Exchange differences on translation of foreign operations	-	-	314,766	-	-	-	314,766
Total comprehensive income for the half year	-	-	314,766	-	(897,786)	-	(583,020)
Shares issued	2,594,226	-	-	-	-	-	2,594,226
Share issue costs	(14,775)	-	-	-	-	-	(14,775)
Share based payment	-	101,218	-	-	-	-	101,218
Balance at 31 December 2014	31,232,503	736,506	(639,009)	(1,161,069)	(19,506,997)	-	10,661,934

The accompanying notes form part of these condensed consolidated financial statements

Condensed Consolidated Statement of Cash Flow*For the half year ended 31 December 2014*

	Note	Consolidated	
		31 Dec 2014 \$	31 Dec 2013 \$
Cash flows from operating activities			
Payments to suppliers and employees		(712,255)	(883,246)
Payments for exploration activities		(1,644,571)	(2,571,473)
Interest received		10,936	23,748
R&D Tax Concession		1,188,833	-
Net cash used in operating activities		<u>(1,157,057)</u>	<u>(3,430,971)</u>
Cash flows from investing activities			
Net cash outflow arising on acquisition		-	-
Payment for sale of financial assets		-	-
Net cash used in investing activities		<u>-</u>	<u>-</u>
Cash flows from financing activities			
Proceeds from issue of shares		2,594,226	3,000,000
Share issue costs		(14,775)	(46,336)
Net cash provided by financing activities		<u>2,579,451</u>	<u>2,953,664</u>
Net increase/(decrease) in cash held		1,422,394	(477,307)
Cash and cash equivalents at the start of the period		750,909	2,514,656
Cash and cash equivalents at the end of the period		<u><u>2,173,303</u></u>	<u><u>2,037,349</u></u>

The accompanying notes form part of these condensed consolidated financial statements

Notes to Condensed Consolidated Financial Statements

For the half year ended 31 December 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2014 have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: interim financial reporting.

This interim report is intended to provide users with an update on the latest annual financial statements of Impact Minerals Limited and its controlled entities (the consolidated entity). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the consolidated entity. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the consolidated entity for the year ended 30 June 2014, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. The relevant amendments and their effects on the current period or prior periods are described below.

The accounting policies have been applied consistently throughout the consolidated entity for the purposes of preparation of these interim financial statements.

Going Concern

The interim financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Consolidated Group incurred a loss for the period of \$897,786 (2013 Loss: \$4,628,266) and net cash outflows from operating activities of \$1,157,057 (2013: Cash outflows of \$3,430,971).

The ability of the Consolidated Group to continue as a going concern is principally dependent upon the ability of the Consolidated Group to secure funds by raising capital from equity markets and managing cashflow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Consolidated Group to continue as a going concern.

The directors have prepared a cash flow forecast which indicates that the Consolidated Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Consolidated Group and parent entities history of raising capital to date, the directors are confident of the Consolidated Group's ability to raise additional funds as and when they are required.

Should the Consolidated Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Consolidated Group be unable to continue as a going concern and meet its debts as and when they fall due.

New or revised standards and interpretations that are first effective in the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 1031 'Materiality' (2013)
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non Financial Assets'
- AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'
- AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'
- AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'
- AASB 2014-1 'Amendments to Australian Accounting Standards'

Notes to Condensed Consolidated Financial Statements

For the half year ended 31 December 2014

- Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycles'
- Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)'
- Part C: 'Materiality'
- Interpretation 21 'Levies'

The adoption of the above standards have not had a material impact on this half year financial report.

NOTE 2: SEGMENT REPORTING

Segment Information

Identification of reportable segments

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The Company is managed primarily on the basis of its exploration and corporate activities. Operating segments are therefore determined on the same basis.

The results of Impact Group are reviewed as a separate operating segment by the Board of Directors.

Notes to Condensed Consolidated Financial Statements*For the half year ended 31 December 2014***NOTE 2: SEGMENT REPORTING (Continued)****Consolidated 31 December 2014**

	Australia Projects	Africa Projects	Turkey	Corporate / Treasury	Total
	\$	\$	\$	\$	\$
REVENUE					
For the year ended 31 December 2014					
Total segment revenue	-	22	-	1,199,747	1,199,769
Total segment expenses	(106,192)	(1,032,754)	(289,698)	(668,911)	(2,097,555)
Segment net loss before tax	(106,192)	(1,032,732)	(289,698)	530,836	(897,786)
Reconciliation of segment performance to group performance					(897,786)

Assets

	Australia Projects	Africa Projects	Turkey	Corporate / Treasury	Total
	\$	\$	\$	\$	\$
As at 31 December 2014					
Total segment assets	5,908,935	2,638,803	-	2,291,297	10,839,035
<i>Reconciliation of segment assets to group assets</i>					
Intersegment elimination					
Total group assets					10,839,035
Segment asset movement for the period:	5,395,210	11,588	(98,632)	(3,338,337)	1,969,829

Liabilities

	Australia Projects	Africa Projects	Turkey	Corporate / Treasury	Total
	\$	\$	\$	\$	\$
As at 31 December 2014					
Total segment liabilities	6,684	12,809	-	157,608	177,101
<i>Reconciliation of segment liabilities to group liabilities</i>					
Total group liabilities					177,101

Notes to Condensed Consolidated Financial Statements

For the half year ended 31 December 2014

I. CONSOLIDATED 31 DECEMBER 2013

	Australia Projects	Africa Projects	Turkey	Corporate / Treasury	Impact Group Sub-total	Invictus Group	Total
	\$	\$	\$	\$	\$	\$	\$
REVENUE							
For the year ended 31 December 2013							
Total segment revenue	-	231	-	71,643	71,874	(48,126)	23,748
Total segment expenses	-	(44,789)	(18,848)	(990,524)	(1,054,161)	(3,597,852)	(4,652,014)
Segment net loss before tax	-	(44,558)	(18,848)	(918,881)	(982,287)	(3,645,978)	(4,628,266)
Reconciliation of segment performance to group performance							(4,628,266)

Assets

	Australia Projects	Africa Projects	Turkey	Corporate / Treasury	Impact Group Sub-total	Invictus Group	Total
	\$	\$	\$	\$	\$	\$	\$
As at 30 June 2014							
Total segment assets	100	2,627,215	98,632	5,629,634	8,355,581	513,625	8,869,206
<i>Reconciliation of segment assets to group assets</i>							
Intersegment elimination							
Total group assets							8,869,206
Segment asset movement for the period:	(236)	(2,930,244)	(48,149)	(1,525,732)	(4,504,361)	(3,469,822)	(7,974,183)

Liabilities

	Australia Projects	Africa Projects	Turkey	Corporate / Treasury	Impact Group Sub-total	Invictus Group	Total
	\$	\$	\$	\$	\$	\$	\$
As at 30 June 2014							
Total segment liabilities	-	18,814	-	179,398	198,212	106,710	304,921
<i>Reconciliation of segment liabilities to group liabilities</i>							
Total group liabilities							304,921

Notes to Condensed Consolidated Financial Statements*For the half year ended 31 December 2014***NOTE 3: EXPLORATION EXPENDITURE**

	31 December 2014	30 June 2014
	\$	\$
Capitalised cost at the beginning of the period	7,714,139	11,581,800
Impairment of exploration expenditure	(1,025,138)	(6,576,618)
Exploration expenditure for the year	1,964,671	2,708,957
Sale of tenements (Turkey)	(100,000)	-
Cost carried forward	<u>8,553,672</u>	<u>7,714,139</u>

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Capitalised exploration expenditure includes \$852,891 in relation to certain tenements which are currently in the process of being renewed. However, as at the date of this report the Consolidated Group is not aware of any impediments to the tenements being renewed.

NOTE 4: ISSUED CAPITAL

	31 December 2014	30 June 2014
	\$	\$
565,770,890 fully paid ordinary shares with no par value	32,115,834	29,531,508
Share issue costs	(883,331)	(878,456)
	<u>31,232,503</u>	<u>28,653,052</u>

	31 December 2014	30 June 2014	31 December 2014	30 June 2014
	No.	No.	\$	\$
a. Ordinary shares				
At the beginning of reporting period	487,063,284	371,912,552	28,653,052	24,366,377
Shares issued during the year				
- Placement Tranche 1		48,067,069		1,857,624
- Placement Tranche 2		30,880,299		1,142,377
- Invictus Merger		36,203,364		1,339,524
- Placement(a)	78,423,516		2,587,976	
- Director Shares(b)	284,090		6,250	
- Transaction costs	-	-	(14,775)	(52,850)
- At the end of the reporting period	<u>565,770,890</u>	<u>487,063,284</u>	<u>31,232,503</u>	<u>28,653,052</u>

(a) On the 14 July 2014 the Company issued 78,423,516 Company Shares at a price of 3.3 cents to sophisticated and professional investors;

(b) On the 10 December 2014 the Company issued at a price of 2.2 cents per share 142,045 Company Shares to Dr. Markus Elsasser and 142,045 Company Shares to Mr. Paul Ingram in accordance with resolutions 6 and 7 passed the Company's Annual General Meeting held on the 27th November 2014.

Notes to Condensed Consolidated Financial Statements

For the half year ended 31 December 2014

NOTE 5: DISPOSAL OF INTEREST IN SUBSIDIARIES

On the 2 October 2014 the Impact Group sold all the shares in its subsidiary companies, Impact Madencilik Sanayi Ve Ticaret A.S. & Invictus Madencilik Sanayi Ve Ticaret A.S. for total consideration of 4 Turkish Lira.

The net assets of these subsidiaries at the date of disposal are as follows:

	Impact Madencilik Sanayi Ve Ticaret A.S.	Invictus Madencilik Sanayi Ve Ticaret A.S.
Net assets disposed of	43,961	245,739
Total consideration	1	1
Loss on disposal of subsidiary	<u>43,960</u>	<u>245,738</u>

A loss of \$289,698 was recognised on the disposal of Impact Madencilik Sanayi Ve Ticaret A.S. and Invictus Madencilik Sanayi Ve Ticaret A.S. No tax charge or credit arose on the transaction.

NOTE 6: CONTINGENCIES

There has been no change in contingent liabilities or assets since the annual reporting date.

NOTE 7: FINANCIAL INSTRUMENTS

The Group's financial instruments consist of trade and other receivables and trade and other payables. These financial instruments are measured at amortised costs, less any provision for non-recovery. The carrying amounts of the financial assets and liabilities approximate their fair value.

NOTE 8: SUBSEQUENT EVENTS

On 16 January 2015 the Company issued at a price of 2.2 cents 142,045 Company shares each to Dr Markus Elsasser and Mr Paul Ingram in accordance with resolution 4 and 5 of the Annual General Meeting held on 27th November 2014.

On the 6th February 2015 the Company agreed to purchase seven exploration licenses in the Mulga Tank Project that are in joint venture with Golden Cross Resources Limited for \$275,000 in cash. Upon settlement the Company will then own 100% of these tenements. A deposit of \$25,000 has already been paid with the balance of \$250,000 due on settlement which is expected to occur by early March 2015.

Director's Declaration

For the half year ended 31 December 2014

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 2 to 12 are in accordance with the *Corporations Act 2001*; including:
 - a. Complying with the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. give a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year then ended; and
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Michael G Jones

Managing Director

Dated this 11th day of February 2015

Independent Auditor's Review Report

To the Members of Impact Minerals Limited

We have reviewed the accompanying half-year financial report of Impact Minerals Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2014, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

Directors Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2014 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. As the auditor of the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year 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.

Independent Auditor's Review Report

To the Members of Impact Minerals Limited (Continued)



Independence

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

Conclusion

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 Impact Minerals Limited and Controlled Entities is not in accordance with the Corporations Act 2001 including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1 in the half-year financial report which indicates that the Consolidated Entity incurred a loss of \$897,786 during the period ended 31 December 2014. This condition, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the half-year financial report.

A handwritten signature in blue ink that reads "Bentleys".

BENTLEYS
Chartered Accountants

A handwritten signature in blue ink that reads "Mark DeLaurentis".

MARK DELAURENTIS CA
Director

Dated at Perth this 11th day of February 2015