



## ASX ANNOUNCEMENT

ASX: IPT

Date: 11 October 2013

Number: 308/111013

### SEPTEMBER 2013 QUARTERLY REPORT

#### SUMMARY

#### 1. IMPACT MINERALS LTD TO MERGE WITH INVICTUS GOLD LTD

- Merger Implementation Agreement (MIA) signed with Invictus Gold Limited pursuant to which Impact proposes to acquire all of the issued shares in Invictus that it does not already own under a Scheme of Arrangement.
- Under the proposed Share Scheme, Impact will offer five IPT shares for every four IVG shares on issue.
- The merger is expected to be completed in December.
- The merger will offer a simplified corporate structure and a more compelling investment case.

#### 2. MULGA TANK PROJECT, AUSTRALIA (IPT 100% & EARNING 50%)

- A ground electromagnetic (EM) survey identified seven strong, undrilled EM conductors, variably coincident with strong nickel, cobalt, copper and palladium soil geochemistry responses and strike lengths of up to 800 m.
- A review of previous drill core confirmed that much of the nickel sulphide mineralisation discovered at Mulga Tank is primary magmatic sulphide hosted in ultramafic rocks.
- Drilling programs are scheduled to commence in November.
- Impact secured the right to acquire a greater interest in two key licences. The planned acquisition will potentially deliver Impact a 70% interest in one licence and a 75% interest in another (up from 50% currently).

#### 3. BROKEN HILL PROJECT, AUSTRALIA (IMPACT EARNING 80%)

- An EM anomaly was identified adjacent to the dormant Red Hill Mine where high grade copper, nickel and platinum group mineralisation was mined in the early 1900's.
- Follow up field work is in progress.

#### 4. CORPORATE

- Impact placed 78,947,368 shares at 3.8 cents per share to raise A\$3 million to drive exploration at the Company's highly prospective Mulga Tank and Broken Hill joint ventures.

Market Cap

A\$16.79m (0.040 p/s)

Issued Capital

419,979,621

#### Directors

Peter Unsworth  
Chairman

Dr Michael Jones  
Managing Director

Paul Ingram  
Non-Executive Director

Markus Elsasser  
Non-Executive Director

James Cooper-Jones  
Company Secretary

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ASX Code: **IPT**

## **1. IMPACT MINERALS LIMITED TO MERGE WITH INVICTUS GOLD LIMITED**

During the Quarter, Impact announced that it had signed a Merger Implementation Agreement (“MIA”) with Invictus Gold Limited (“Invictus”; ASX: IVG), pursuant to which Impact proposes to acquire all of the issued shares in Invictus that it does not already own under a Scheme of Arrangement (“Share Scheme”).

Under the proposed Share Scheme, Impact will offer five IPT shares for every four IVG shares on issue. This will result in Impact acquiring 28,962,680 Invictus shares, being the number of shares it does not already own or control and issuing approximately 36,203,350 new Impact shares.

Invictus has also made a proposal for the cancellation of all of the listed Invictus options on issue by separate Scheme of Arrangement (“Option Scheme”). Under the proposed Option Scheme, eligible Invictus optionholders will receive one new listed Impact option for every one listed Invictus option held at an exercise price of 20 cents and expiring 30th November 2015. Implementation of the Option Scheme is conditional on the Share Scheme becoming effective.

Impact is currently the largest shareholder of Invictus with a shareholding interest of 73.99%.

The merger is unanimously recommended by the Independent Invictus Directors (comprising Mr Michael Busbridge and Mr Richard Basham), who have also agreed to vote in favour of the merger in respect of all shares they control, in the absence of a superior proposal.

The merger of Impact and Invictus will result in a simpler corporate and asset ownership structure for Impact. It will also provide Invictus shareholders with a broader asset base, better access to capital and share market liquidity.

### **1.1. MERGER IMPLEMENTATION AGREEMENT (MIA)**

The merger will be implemented by a Scheme of Arrangement under the Australian Corporations Act.

Under the MIA, each party has agreed to take the steps necessary to implement the Schemes.

The offer is subject to a number of conditions which are customary for a transaction of this type, including:

- Receipt of ASIC, ASX and other regulatory approvals;
- No material adverse change or prescribed event for either company (as defined in MIA);
- An Independent Expert Report concluding that the Share Scheme is in the best interests of Invictus shareholders; and
- Receipt of Court and Invictus shareholder approval.

### **1.2. BOARD**

The Board of the merged entity will remain the current board of Impact.

### **1.3. TREATMENT OF UNLISTED INVICTUS OPTIONS**

Invictus and Impact will cooperate with each other to ensure that all unlisted Invictus options are cancelled or are otherwise dealt with to Impact’s satisfaction.

## 1.4. TIMETABLE

The indicative timetable for the transaction is as follows:

Friday, 27 September 2013	Draft scheme documentation lodged with ASIC
Thursday, 24 October 2013	Court hearing to approve convening Invictus shareholder and option holder meetings
Thursday, 31 October 2013	Scheme documents mailed to Invictus shareholders and option holders
Tuesday, 3 December 2013	Scheme meetings
Tuesday, 10 December 2013	Second court hearing to approve Schemes
Wednesday, 18 December 2013	Implementation of the Schemes

The above timetable is subject to possible change.

## 2. MULGA TANK PROJECT, WESTERN AUSTRALIA (IPT 100% AND EARNING 50%)

The Mulga Tank Project covers about 425 sq km of the emerging mineral province of the south east Yilgarn Craton of Western Australia. The province is host to Sirius Resources' Nova nickel deposit; St George Mining's Dragon disseminated nickel sulphide discovery; AngloGold Ashanti - Independence Group's Tropicana gold mine; and the significant uranium deposit at Mulga Rocks (Figure 1).

The Mulga Tank Project comprises 13 exploration licences of which Impact:

- owns 100% of six licences (E39/1632 and E39/1633 which are granted and four applications); and
- is earning currently a 50% interest in seven licences from Golden Cross Resources (E39/988, E39/1072, E39/14939, E39/1440, E39/1441, E39/1442 and E39/1513). A third party owns 20% of E39/988 and 25% of E39/1072.

### 2.1. SEVEN NEW EM CONDUCTORS IDENTIFIED AT THE MULGA TANK PROJECT

[On 2 September 2013](#), Impact announced that it had identified seven strong, large and undrilled electromagnetic (EM) conductors at the Mulga Tank project, supporting the project's potential to host large, massive nickel sulphide deposits similar to the Perseverance and Rocky's reward deposits in WA (Figures 1 and 3). The conductors were identified in a ground EM survey and are variably coincident with strong nickel, cobalt, copper and palladium soil geochemistry responses (Figure 2).

The newly confirmed cluster of conductors occur on Licence E39/988, have strike lengths of up to 800 m and commence at depths of between 100 m and 350 m below surface. Importantly, the conductors occur close to the base of the Mulga Tank Dunitite as interpreted from previous drill holes and magnetic data and therefore are possible zones of massive nickel sulphide mineralisation that have accumulated at, or close to, the base of the dunitite (an ultramafic rock).

One of the conductors is close to a previous drill hole that returned 11 m at 0.37% nickel including 1 m at 1.1% nickel, suggesting that a larger body of massive sulphide may be nearby.

While none of the conductors have been drilled to date, the Project's recent award of \$134,000 under the State Government's Industry Drilling Programme, will allow Impact to expand planned drill programs to test all seven areas. Drilling is planned to commence in November.

### The Seven Conductors

The seven EM conductors identified occur in five areas all located close to the basal contact of, and in peripheral units around, the Mulga Tank Dunite within E39/988. The EM data was processed and interpreted by NEWEXCO consultants.

The five areas are called **Northeast Plate**, **West Plates**, **South Plate**, **East Plate** and **Panhandle Plates** (Figures 2, 4 and 5). None of the conductors have been drill tested.

**Northeast Plate** (Figure 4): This is the strongest conductor. It has a strike extent of 650 m, starts at 250 m below surface and extends down dip for 350 m to the north east. The conductor is coincident with the strongest nickel-in-soil response in the entire area of 3,040 ppb (Figure 3) and is partly coincident with copper-in-soil results of up to 2840 ppb as well as elevated cobalt and palladium.

**South Plate** (Figure 2): The conductor has a strike extent of 800 m, starts at 180 m below surface and extends down dip for at least 500 m to the north east. The conductor is coincident with elevated nickel-in-soil results between 800 ppb and 1,660 ppb (Figure 4) with partly coincident copper-in-soil results up to 3320 ppb as well as elevated cobalt and palladium.

**West Plates** (Figures 2 and 5): This area is about 3 km by 1.5 km in size and contains three short strike extent conductors and one single strike extensive conductor that is likely to be a graphite or sulphide-rich mudstone which has been modelled to extend to a depth greater than 1 kilometre. The shorter strike extent conductors start at between 100 m and 250 m below surface. The surface projections of the West Plate conductors are coincident with nickel-in-soil values of between 800 ppb and up to 1500 ppb (Figure 5). They are also partly coincident with copper-in-soil values up to 3040 ppb as well as elevated cobalt and palladium. MTD003, drilled in close proximity to the uppermost portion of the large plate, intersected a zone of disseminated nickel sulphide with a best assay of 11 m at 0.37% nickel including **1 m at 1.1% Ni, 0.5 g/t PGE and 270 ppm cobalt**. This zone may expand at depth into a larger zone of massive nickel sulphides.

Strong conductors have also been identified at **East Plate** and **Panhandle Plates** (Figure 1) that are also coincident with elevated nickel-, copper-, cobalt- and palladium-in-soil results and also represent high priority target areas.

## 2.2. EXPLORATION MODEL FOR MULGA TANK: PERSEVERANCE AND ROCKY'S REWARD MASSIVE SULPHIDE DEPOSITS

During the Quarter, a review of previous diamond drill core confirmed that much of the nickel sulphide mineralisation discovered at Mulga Tank is primary magmatic sulphide hosted in ultramafic rocks similar to those that host the significant nickel deposits found at the Perseverance (45 Mt at 2% nickel) and Rocky's Reward (9.6 Mt at 2.4% Ni) mines near Leinster in Western Australia (Figures 1 and 3).

The review also indicated that the Mulga Tank Dunite is very similar to the host unit to the Perseverance nickel deposit as well as the host unit to the Mount Keith disseminated nickel sulphide deposit that contains over 2 million tonnes of nickel metal. The geology indicates that the prospective basal unit of the Mulga Tank Dunite is preserved over a 12 sq km area and has not been explored.

The conductors identified at Northeast Plate, West Plates and East Plate all represent drill targets for the Perseverance Model with potential to host over one million tonnes of nickel (Figure 3).

Conductors identified at South Plate and Panhandle Plates occur at the base of separate narrow ultramafic intrusions interpreted from the airborne magnetic data that surround the main Mulga Tank Dunite. These target areas represent drill targets for the Rocky's Reward Model with the potential to host over 200,000 tonnes of nickel (Figure 3).

### 2.3. IMPACT GAINS RIGHT TO ACQUIRE MORE OF THE MULGA TANK NICKEL PROJECT

[On 19 September](#), Impact announced it had secured the right to acquire a greater interest in the licence over the conductors, E39/988 as well as E39/1072, another key exploration licence at Mulga Tank by acquiring a third party's stake of 20 and 25% respectively.

The planned acquisition, following agreement between Impact and Golden Cross Limited (GCR), will potentially deliver Impact a 70% interest (up from 50% currently) in E39/988 and a 75% interest (also up from 50% currently) in E39/1072.

Impact intends to elevate the right to buy to actual acquisition, with the final payment terms, most likely comprising cash and/or shares in Impact, to be agreed with the third party, probably at a valuation to be set by an Independent Expert.

### 2.4. NEXT STEPS

Drilling programs are scheduled to commence in November and will test the seven new coincident electromagnetic (EM) conductors and soil geochemistry anomalies.

## 3. BROKEN HILL PROJECT (IMPACT EARNING 80%)

Impact recently acquired the farm in rights to the Broken Hill Project and can earn 80% of the rights to Ni-Cu-PGE mineralisation associated with mafic and ultramafic rocks from Golden Cross Limited by spending an additional \$345,000 by November 2015 and a further \$200,000 by November 2017.

The Broken Hill Project is located 20 km east of the World Class Broken Hill silver-lead-zinc mine in the richly mineralised Curnamona Province and consists of one Exploration Licence (EL7390) covering 140 square kilometres (Figure 6).

Previous exploration at Broken Hill has focused on the Platinum Springs Prospect in the area of the Mulga Springs Gossan. Here some of the highest grade PGE assays in Australia including rare high grades of osmium, iridium and ruthenium have been returned including a representative 120 kg sample of gossan which returned **19.6 g/t platinum, 50 g/t palladium, 3 g/t rhodium, 3 g/t osmium, 4.4 g/t iridium, 2 g/t ruthenium, 0.57 g/t gold, 0.34% nickel and 0.71% copper.**



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Investors should note that these assays may have been upgraded by near surface weathering. However drill holes beneath some of the gossans has identified massive sulphide mineralisation in relatively fresh rock at about 45 m below surface with similar grades including best intercepts of:

**4 m at 17.9 g/t Pt+Pd+Au, 2.3% nickel and 3.2% copper from 43 m; and**

**2.1 m at 8.3 g/t Pt+Pd+Au, 3% nickel and 3.5% copper from 45 m.**

This suggests very high grade mineralisation may be found in fresh rock at depth.

### 3.1. GROUND EM ANOMALY IDENTIFIED AT THE RED HILL PROSPECT

[On 19 August 2013](#), Impact announced that an ongoing review of the project had identified an EM anomaly adjacent to the dormant Red Hill Mine where widespread high grade copper, nickel and platinum group mineralisation was confirmed earlier in the Quarter (see ASX [announcement dated 16th July 2013](#)).

By reprocessing ground EM data acquired in 2005 at a broad line spacing of 200 m, Impact identified a previously unrecognised mid to late time conductor on two lines that may potentially be related to massive sulphide mineralisation (Figure 7).

The survey covered a part of the Red Hill Prospect, which contains the dormant Red Hill Mine. The mine occurs close to the western contact of an ultramafic dyke that outcrops over an area of 500 m by 250 m and cross-cuts younger rocks of the Broken Hill Group.

Mining records sourced by Impact suggest that about 500 tonnes of ore was mined at Red Hill between 1906 and 1937, with face samples returning a grade range of:

**2 to 4% copper, 2 to 3% nickel, 5 to 41 g/t PGE and 22 to 70 g/t silver.**

An interpretation of the old data suggests that four parallel 'lodes', each 1 m to 2.5 m thick were mined (Figure 8). The lodes are open along strike and at depth.

In addition, previous rock chip assays taken over a 130 m by 30 m northeast trending area centred on the Red Hill Mine and close to the contact between the host ultramafic dyke and the surrounding rocks, returned a grade range of:

**1 to 36 g/t PGE and 0.2 to 6.1% copper and 0.2 to 1.9% nickel.**

These are in part coincident with the EM anomaly. Follow up soil sampling using a hand held XRF machine is in progress.

The Red Hill Prospect has not been drill tested.

### 3.2. NEXT STEPS

A field programme is in progress that comprises field checking, soil and rock chip sampling and re-logging of previous diamond drill core. Reprocessing of other ground geophysical surveys in the project area is also underway.



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## 4. CORPORATE ACTIVITIES

### 4.1. IMPACT SECURES A\$3 M PLACEMENT

On 19 September 2013, Impact announced a A\$3 million capital raising through a placement of 78,947,368 shares, at an issue price of 3.8 cents per share, to sophisticated and professional investors to drive the Company's highly prospective Mulga Tank nickel project in W.A. and the high grade nickel-copper-platinum project at Broken Hill in New South Wales. In addition, post the merger with Invictus Gold, funds will be put towards a drill programme at the Commonwealth high grade gold-silver-base metal project in New South Wales.

Funds raised from the placement will be used in part to accelerate the maiden drill programme in November at Mulga Tank.

#### Details of Placement

The placement shares will be issued in two tranches. The first tranche comprising 48,067,069 shares will be issued pursuant to Impact's Listing Rule 7.1 capacity. The second tranche of shares comprising 30,880,299 shares will be issued subject to shareholder approval to be obtained at a general meeting of shareholders to be held on 6 November 2013.

On completion of the share placement, Impact will have 450,859,920 ordinary shares on issue

**Dr Michael G Jones**  
Managing Director

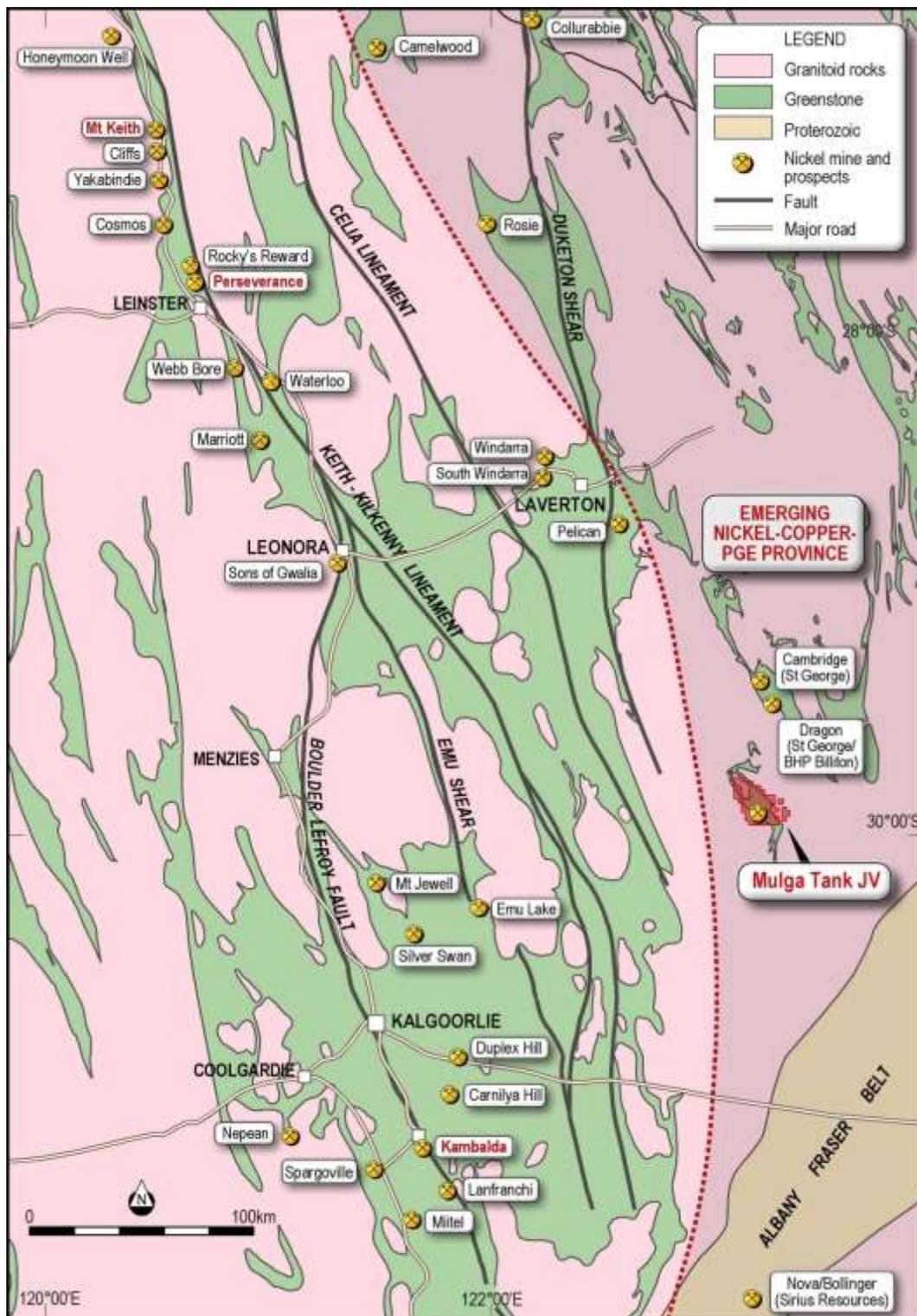
*The review of exploration activities and results contained in this report is based on information compiled by Dr Michael G. Jones, a Member of the Australian Institute of Geoscientists. He is a director of the company and works for Impact Minerals Limited. He has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Mike Jones has consented to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

#### Company Contact

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Managing Director  
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#### Media Contact

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**Figure 1.** Location of the Mulga Tank Project and significant nickel sulphide mines and prospects including Perseverance and Rocky's Reward deposits with new nickel-copper-PGE discoveries in the emerging nickel-copper province to the east.

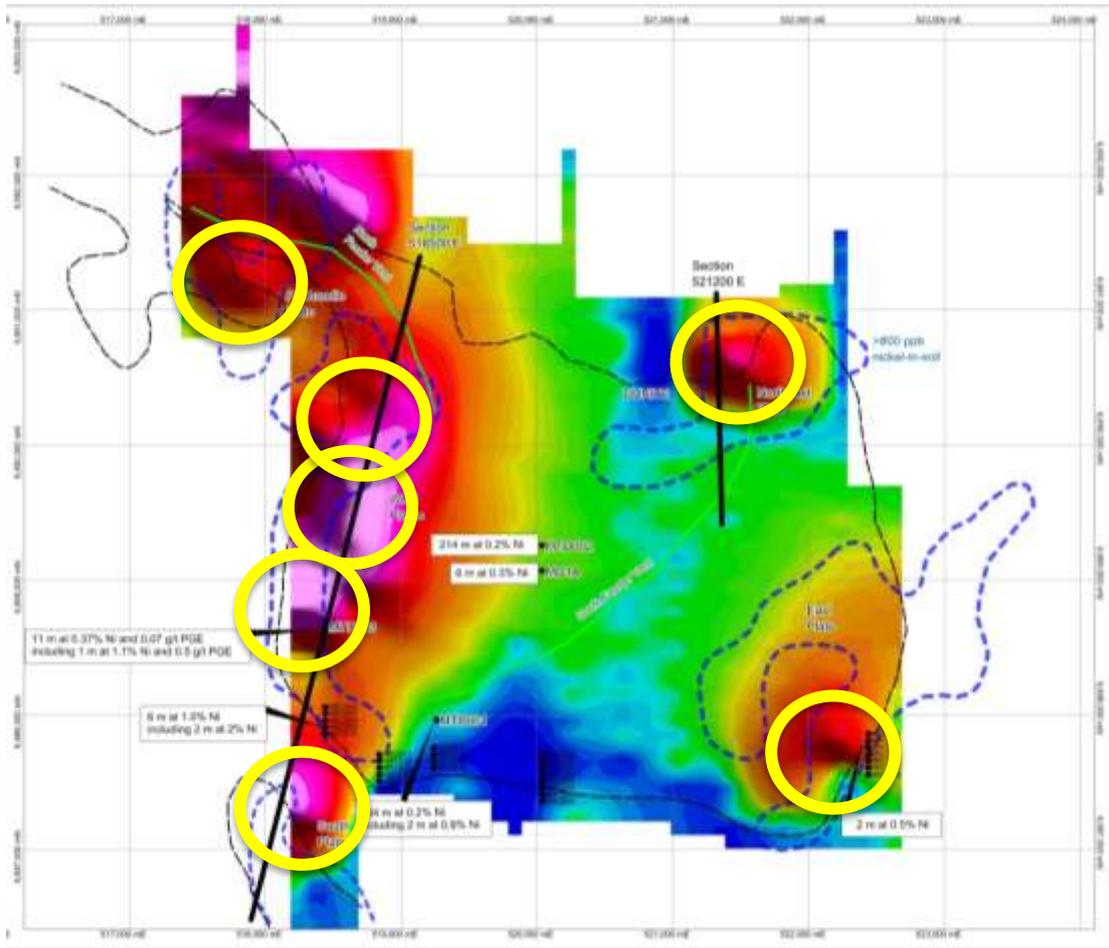


Figure 2. EM late time conductivity image (vertical component, channel 30-35) and the outline of the Mulga Tank Dunitic interpreted from airborne magnetic data (black dash), > 800 ppb nickel-in-soil outline (dark blue line) and previous drill holes. The EM conductors are shown in yellow.

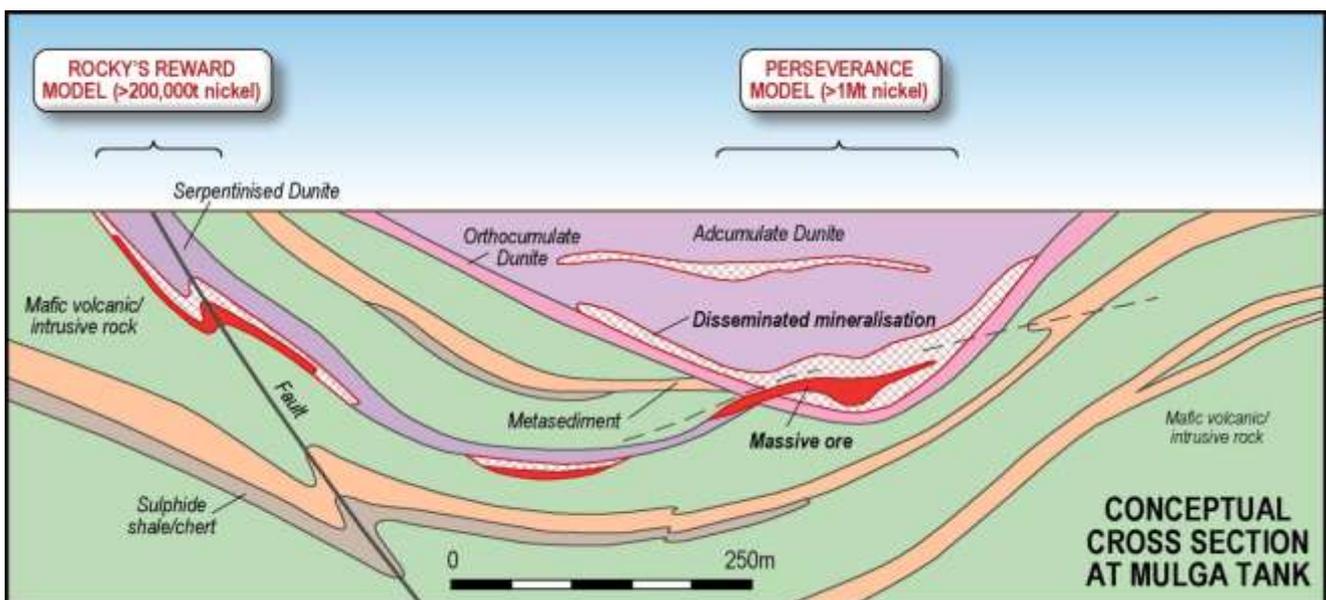


Figure 3. Conceptual cross section for Mulga Tank showing the Perseverance and Rocky's Reward exploration target models.



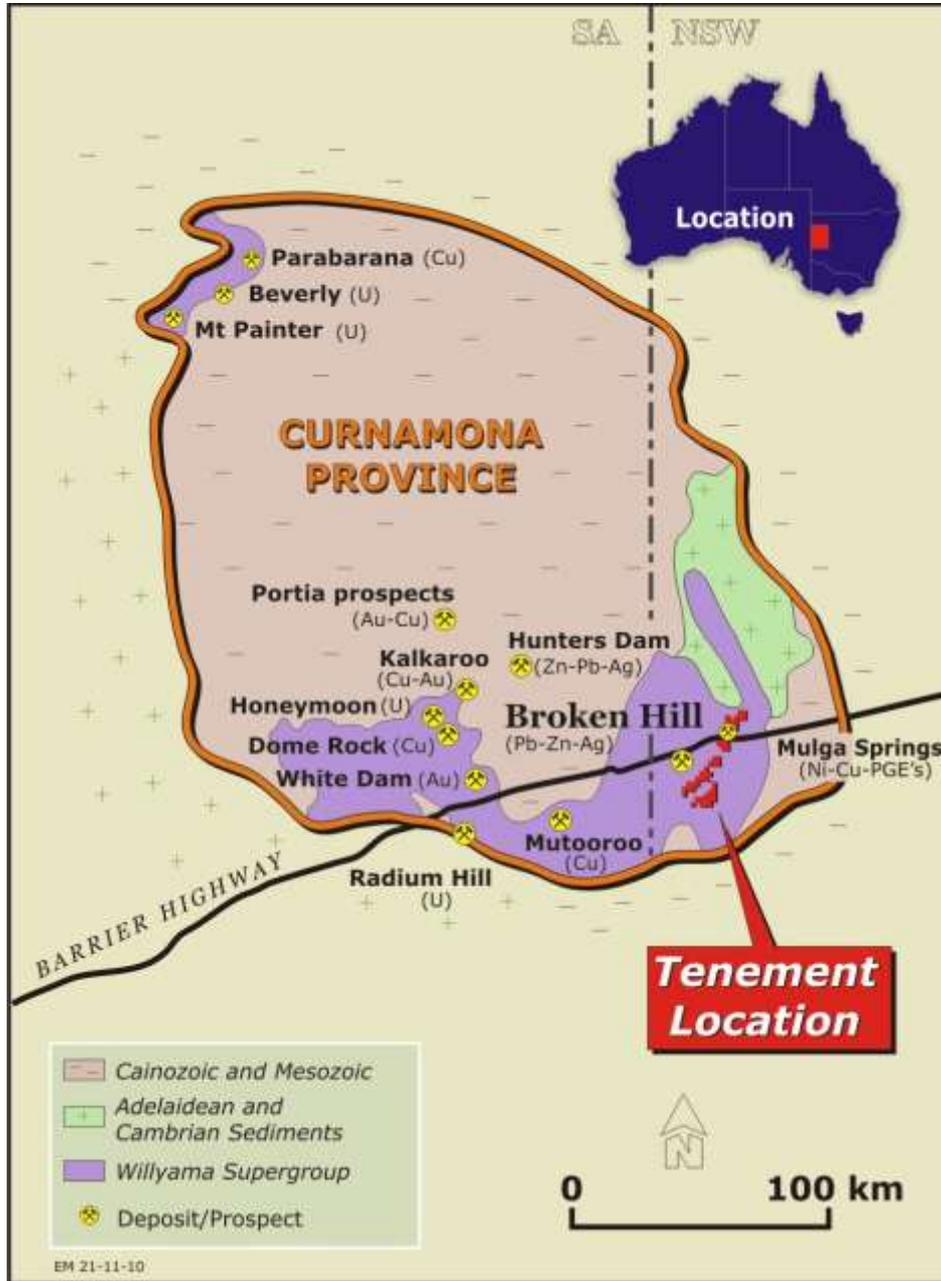


Figure 6. Location of the Broken Hill Ni-Cu-PGE Project.

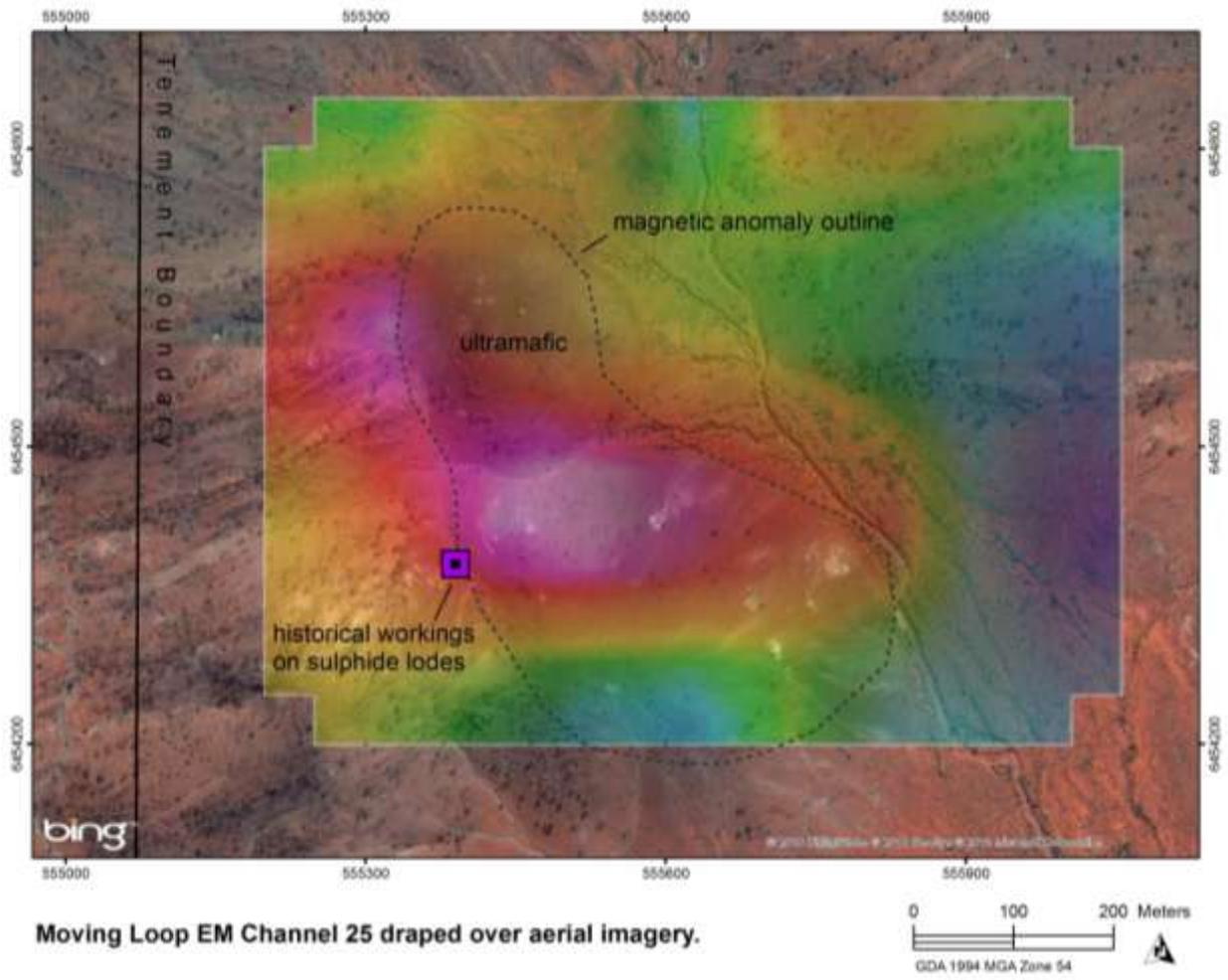


Figure 7. Image of mid-to late time channel EM data from the Red Hill Prospect. The red-to-white colour indicates areas of higher conductivity.

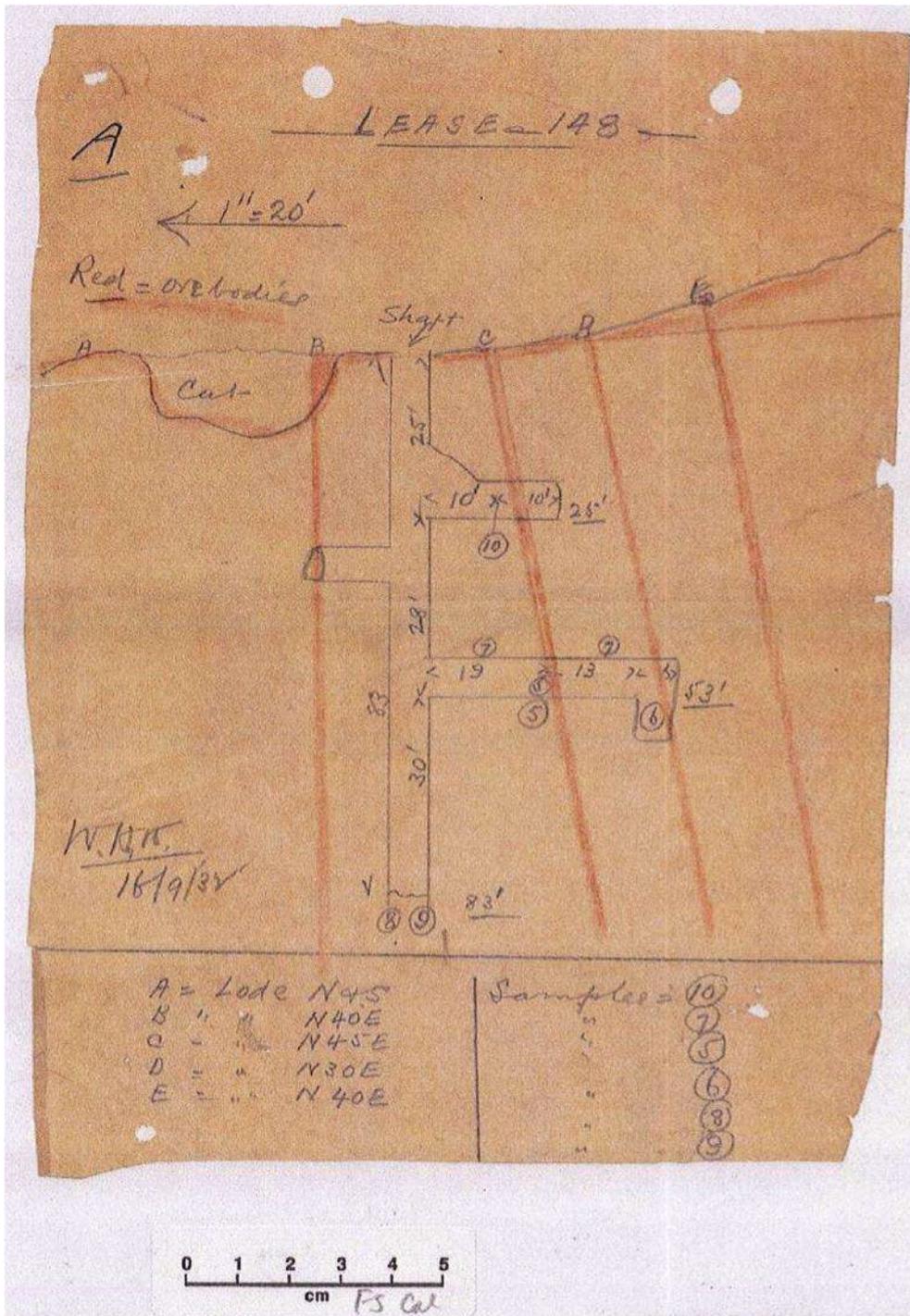


Figure 8. One of 3 cross section sketches dated 1932 recovered from historic records of the Red Hill mine showing the location of the four lodes and the main shaft.