

Impact Minerals Limited

ABN 52 119 062 261

Annual Report 2020



impact.
MINERALS

Corporate Directory

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Bernard Crawford

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SECURITIES EXCHANGE LISTING

The Company is listed on the Australian Securities Exchange Ltd ("ASX")

Home Exchange: Perth, Western Australia
ASX Code: IPT



Perth HQ

Broken Hill

Commonwealth

Impact Minerals Limited

Impact Minerals Limited is an exploration company listed on the ASX in November 2006.

The Company manages extensive tenement holdings of nearly 4,000 square kilometres within Australia featuring significant potential for high-grade mineral deposits of gold, silver, lead, zinc, copper, nickel and PGM's.

The Directors of the Company have extensive experience in mineral exploration and a strong history of exploration success, business development and corporate management.

Impact Minerals intends to build wealth for its shareholders through a vigorous campaign of project generation and discovery of major mineral deposits to move towards profitable mining operations.

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Chairman's Letter



Dear Fellow Shareholder,

The year to 30th June 2020 has been an active and rewarding one for your Company. Before I mention the key highlights, which are presented in more detail in the Review of Operations, I would like to commend our Managing Director, Dr Mike Jones, for his tremendous untiring efforts in managing the Company's activities. Earlier in the first half of the year, markets were under pressure for explorers and capital raising was difficult. Your Directors reluctantly resolved to reduce staff levels and remuneration, including for your Directors. The remaining Impact staff have responded positively and worked tirelessly to take the Company forward.

Great progress has been made at our Commonwealth Project where we hold about 1,000 square kilometres in the Lachlan Fold Belt in NSW, prospective for massive sulphide deposits of gold, silver and base metals as well as porphyry copper-gold.

In January Impact announced details of four priority undrilled prospects for porphyry copper-gold identified near the Alkane Resources Limited Boda-Kaiser discovery. All four prospects have characteristics suggesting they are parts of large porphyry or other intrusive related copper-gold systems.

In August of this year, Dr Jones announced that with the Aspley Prospect (one of the four prospects referred to above), near textbook examples of the zones of metal assemblages expected around major alkaline, porphyry copper-gold complexes had been defined over about 4 square kilometres. Exploration has been fast-tracked to identify specific drill targets. The announcement followed the raising of \$3.25 million to bring the Company's cash holding to in excess of \$5 million. The raising is being directed to proposed drilling at Commonwealth and for another drill programme at Broken Hill which is now in progress. The Broken Hill programme is targeted at high grade palladium and other platinum group metals at Red Hill and other prospects.

The Blackridge conglomerate-hosted gold project in Queensland proved to be frustrating. In November last year, for commercial reasons, Impact resolved to not exercise its option to purchase several mining lease applications. As a result, the planned trial mining operation did not proceed.

However in July of this year, Impact made two new 100% owned applications for exploration permits at Blackridge, giving the Company 150 square kilometres or about 90% of the southern part of the large Miclere-Blackridge gold field that produced over 300,000 oz of gold. The new leases include ground previously held under the option to purchase that was not exercised. Currently further work is being undertaken on the Miclere-Blackridge ground for a potentially larger exploration/development play.

More details on the Company's activities and projects are set out in the Review of Operations.

We are looking forward to an exciting few months ahead of us, despite problematic logistical issues caused by the Covid 19 virus, because of increasingly positive activity and results at Commonwealth and Broken Hill.

During the year our Non-Executive Director, Eamon Hannon, resigned from the Board to concentrate on his role as Managing Director of Buxton Resources Limited. During his short period of tenure, Eamon's professional input was greatly appreciated.

A handwritten signature in black ink, appearing to read 'Peter Unsworth', written in a cursive style.

Peter Unsworth
Chairman

Review of Operations

Impact Minerals Limited is an Australian Exploration Company listed on the Australian Stock Exchange (ASX-IPT). The company is a project generator and developer and explores a portfolio of tenement holdings (~3,800 sq km) within major mining regions of Australia featuring significant potential for high-grade mineral deposits of gold, silver, lead, zinc, copper, cobalt, nickel and platinum group metals. The company has five active exploration projects, each containing multiple targets for high-grade mineral discoveries:

COMMONWEALTH PROJECT:

903 sq km in the Lachlan Fold Belt in New South Wales prospective for volcanogenic massive sulphide deposits of gold, silver and base metals as well as porphyry copper-gold.

BROKEN HILL PROJECT:

816 sq km in the Broken Hill region prospective for silver-lead-zinc, nickel-copper-platinum group metals and copper-cobalt-gold deposits.

ARKUN PROJECT:

1,900 sq km centred between York and Corrigin 100 km east of Perth prospective for nickel-copper-platinum group metals and gold.

BLACKRIDGE PROJECT:

150 sq km covering Permian sedimentary rocks near Clermont in central Queensland and prospective for conglomerate-hosted gold deposits.

CLERMONT PROJECT:

70 sq km in the Anakie Inlier and also close to Clermont which is prospective for epithermal and quartz vein-hosted gold deposits. No work was done at Clermont during the year.

Review of Operations

1. COMMONWEALTH GOLD-SILVER-BASE METAL PROJECT (IPT 100%)

The significant exploration potential for large porphyry copper-gold deposits at Impact Minerals Limited's (ASX:IPT) 100% owned Commonwealth project in the Lachlan Fold Belt copper-gold province in New South Wales was confirmed and enhanced by work completed during the year.

Relevant ASX announcements by Impact were released on 22nd August 2019, 22nd November 2019, 23rd April 2020 and 23rd June 2020.

Four prospects, **Boda South**, **Apsley**, **Spicers Creek** and **Greenobbys** were the focus of work and were identified from reconnaissance field checking, new rock chip assays and interpretation of regional magnetic data. This work was prompted by the recent discovery of significant porphyry copper-gold mineralisation at Boda by Alkane Resources Limited (ASX: ALK) (Figures 2 and 3).

At Boda, which lies immediately along trend from Impact's tenements, a significant drill intercept of 1,167 metres at 0.55 g/t gold and 0.25% copper including a higher grade "core" of 96.8 metres at 4 g/t gold and 1.5% copper was recently reported (ALK ASX Release 23rd March 2020).

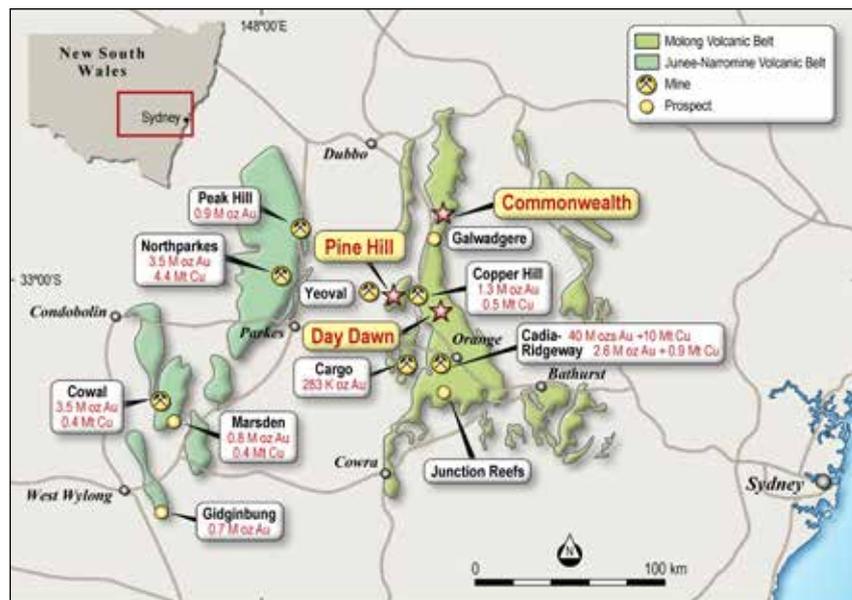


Figure 1: Location of Impact's Commonwealth, Pine Hill and Day Dawn Projects covering about 900 km² of the Lachlan Fold Belt of NSW, home to many significant gold and copper mines.

The Boda deposit is currently about 400 metres wide (true width), shows strong zonation of metals and alteration minerals with higher grade copper-gold associated with magnetite in so called skarn-related alteration. The magnetite can be identified as an anomaly in regional magnetic data (ALK ASX Release 23rd March 2020).

In addition, Alkane has shown that Boda is hosted by rocks of a specific high potassium alkaline geochemistry called **shoshonites**. Importantly these are of the same chemistry and age (Ordovician) as the host rocks at Cadia-Ridgeway and North Parkes (Figure 1) and are generally accepted as crucial components to the formation of giant porphyry copper-gold deposits globally.

All four of Impact's prospects have characteristics suggesting they are parts of large porphyry or other intrusive-related copper-gold systems including:

1. Significant copper and/or gold with associated pathfinder metals in recent rock chip assays.
2. Alteration minerals that suggest they lie within the outer (propylitic) to middle-inner (potassic) zones of such intrusive-related systems, the prospective centres of which may lie only within a few hundred metres of the areas sampled, either at depth or along trend; and
3. A spatial association with unexplained magnetic anomalies and which, like Boda, could be a direct indication of significant copper-gold mineralisation.

Review of Operations

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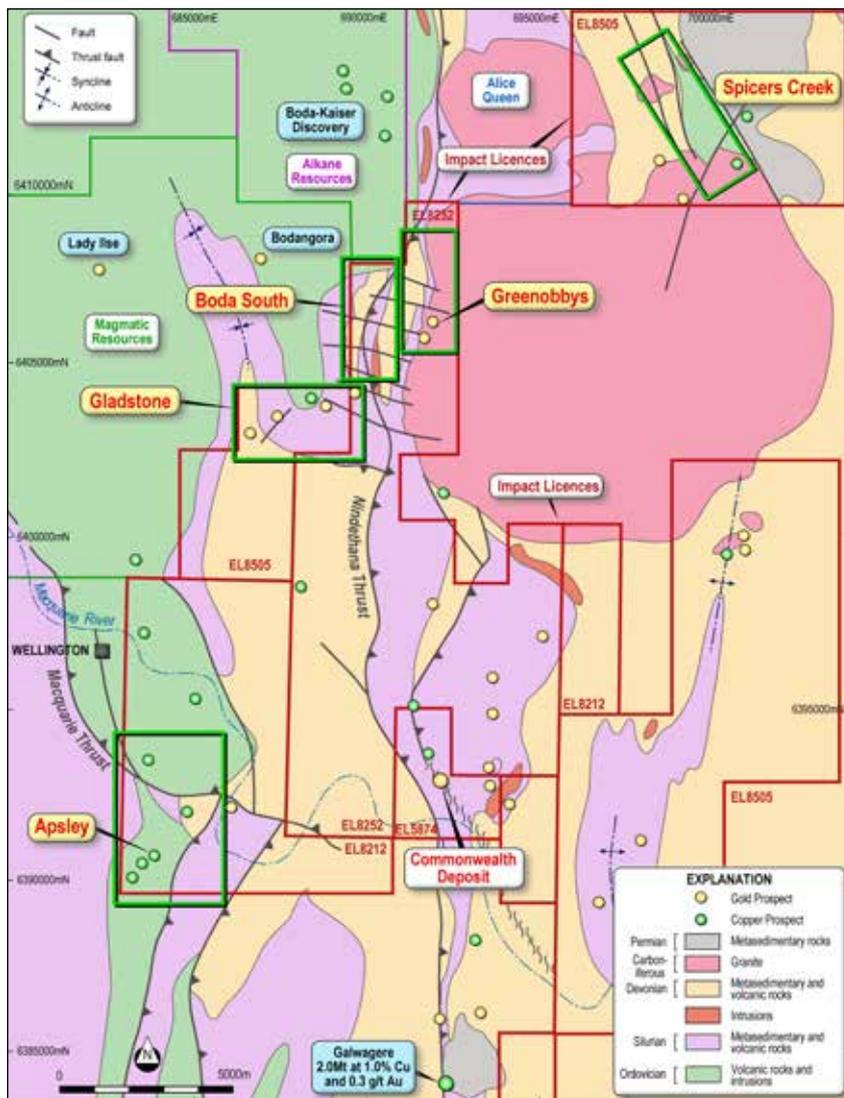


Figure 2: Priority prospects for follow up work and geology of the Commonwealth Project. Note the location of the Boda-Kaiser prospects (Alkane Resources) and the Lady Ilse prospect (Magmatic Resources Limited).

Furthermore, new rock chip data and maps from the Geological Survey of New South Wales confirm that there are extensive areas of copper-rich shoshonite and related high potassium rocks of Ordovician age at the Apsley, Spicers Creek and Boda South prospects (Figure 3).

In addition, standard element ratio plots show that the shoshonites are also part of an igneous differentiation trend in which the rocks become more potassic (K_2O -bearing) and, very importantly, more copper-rich as they evolve towards shoshonite compositions (Figure 3).

Furthermore, the prospects also have extensive areas of copper+/-gold mineralisation as well as important pathfinder metal assemblages and alteration mineral assemblages typical of porphyry copper gold systems as described separately for each prospect below.

These features constitute a major breakthrough for Impact as it indicates that many of the crucial fundamental components required to form a large porphyry copper-gold deposit are present at these prospects.

Review of Operations

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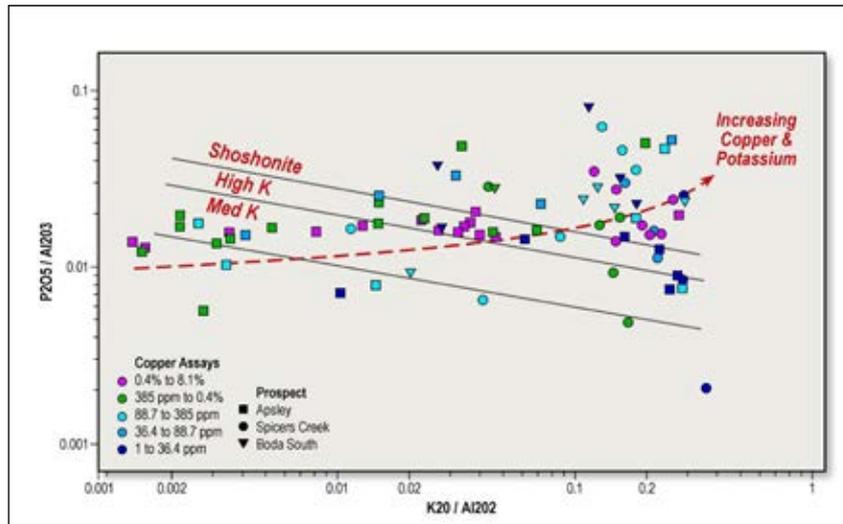


Figure 3: Major element ratio plot for Boda South (triangles) together with Apsley (squares) and Spicers Creek (circles) with copper results coloured by grade. An igneous differentiation trend towards copper-bearing high potassium-shoshonite rocks is evident; this is common to major porphyry copper deposits in the Lachlan Fold Belt.

Key features identified at Apsley by Impact include:

1. Widespread and abundant copper oxides and fresh copper sulphides (malachite, azurite, chalcopyrite and bornite) which occur over at least a 2 square kilometre sized area with rock chip assays of up to 8.1% copper and 23 g/t silver with associated anomalous molybdenum, tellurium, tungsten and gold in places (Figure 4 and Figure 5).
2. The alteration mineral and pathfinder metal assemblages are mostly typical of the outer distal zones of porphyry copper systems (Figure 5: chlorite-albite (propylitic) alteration with pathfinder metal assemblages of Tl-Li-Sb-As and Cu-Bi-Te-Se). Copper is widespread in the outer zones of many porphyry copper gold deposits, for example North Parkes.

1.1 APSLEY

A highly prospective target zone of about 2 square kilometres in size that has not been previously drilled has now been identified at Apsley.

The **Apsley** target is centred 8 km south of Wellington and covers a number of magnetic anomalies within Ordovician basalts and andesites (Figures 2 and 4). These are direct analogies to the magnetic response at Boda associated with the skarn mineralisation and parent porphyry intrusion (Figure 4).

Impact's work indicates that a major copper mineralised system is present at the prospect, potentially sourced from a buried porphyry intrusion with high grade copper-gold mineralisation that may lie within a few hundred metres from surface.

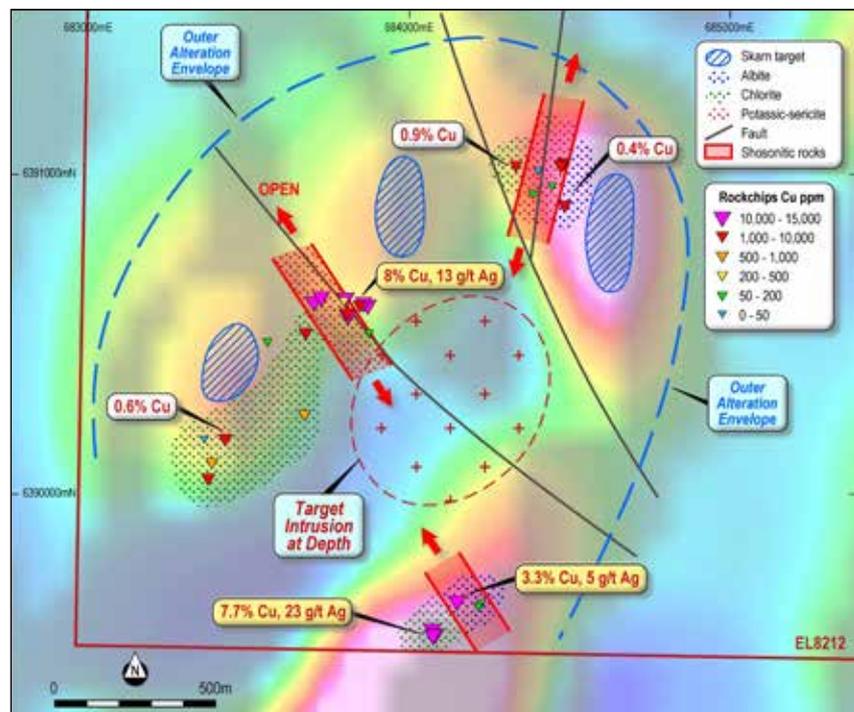


Figure 4: Airborne magnetic image (RTP 2VD) of the Apsley Prospect with copper assay results, interpreted alteration zones and possible parent intrusion at depth. The anomalous copper samples are adjacent to the magnetic anomalies which may represent skarn mineralisation. Warmer colours on the image represent stronger magnetic responses.

Review of Operations

continued

- Higher grade copper assays occur in focussed zones of more proximal sericite-potassic altered shoshonites and related high-potassium rocks. These zones are interpreted to lie along faults that have tapped a mineralised intrusion at depth (Figures 4 and 6).
- The entire area of extensive copper mineralisation is associated with several significant magnetic anomalies which may represent skarn assemblages or parent porphyry intrusions directly associated with higher grade mineralisation at depth.

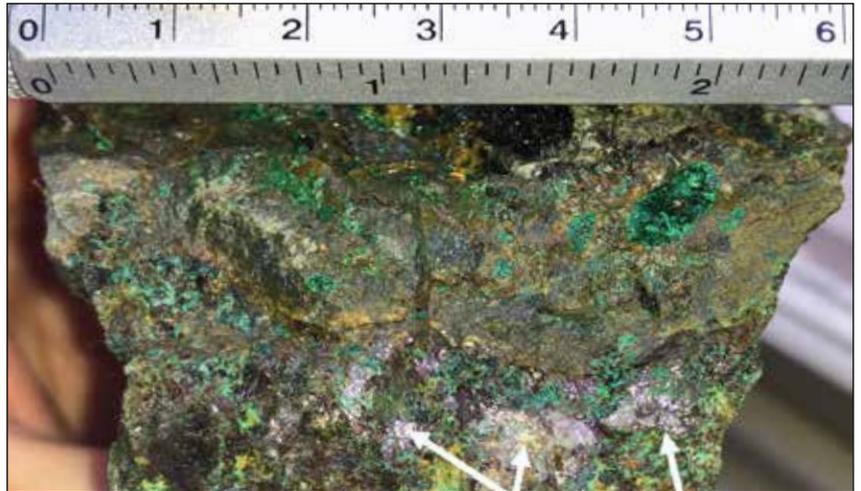


Figure 5: Apsley Prospect: Sample AP01: volcanic rock with extensive bornite (purple) and chalcopyrite (yellow) as well as copper oxides and carbonates (green) within moderately magnetic volcanic rock.

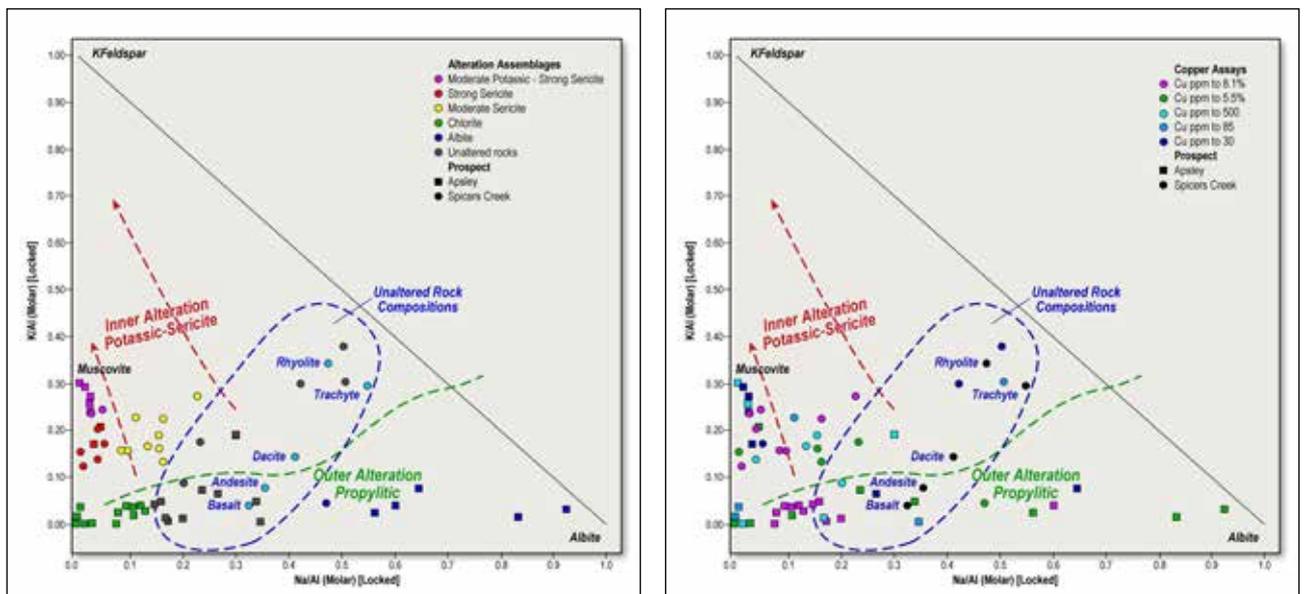


Figure 6: Industry-standard Feldspar-Sodium (Na)-Potassium (K) General Element Ratio plots showing alteration minerals (left) and the same samples coloured by copper results (right) for Apsley (squares) and Spicers Creek (circles). A clear trend of increasing copper towards more proximal inner alteration assemblages is very evident and consistent with being related to significant porphyry copper-gold systems (note the two prospects are many kilometres apart and thus two separate systems are present).

GEOCHEMICAL EXPLORATION FOR PORPHYRY COPPER-GOLD DEPOSITS

A key driver in the exploration for large porphyry copper-gold deposits is to develop an understanding of the nature and distribution of the distinct zones of commodity metals, pathfinder metals and associated alteration minerals that form around such deposits in order to provide vectors to the high grade cores.

The zones, which are well understood in the scientific literature, vary from outer (distal) zones commonly characterised by chlorite-albite-epidote (propylitic) alteration and pathfinder metals such as antimony-arsenic-lithium-bismuth-tellurium-silver; to middle-inner zones (proximal) characterised by sericite-K feldspar (potassic) alteration and the pathfinder metals molybdenum-gold-copper-tungsten-tin.

These zones can be readily identified in industry-standard geochemical graphs such as potassium-aluminium-sodium molar ratio plots shown here (46 samples in total for Apsley and 23 samples from Spicers Creek).

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continued

1.2 SPICERS CREEK

The **Spicers Creek** target occurs in the north east of the Commonwealth project and comprises a number of intriguing magnetic anomalies within Ordovician and Devonian volcanic and intrusive rocks (Figures 2 and 7).

A highly prospective target zone about 200 metres wide and at least 1,000 metres long has been identified at the south eastern part of the Spicers Creek prospect which is undrilled (Figure 7).

Key features identified at Spicers Creek by Impact include:

1. Copper oxides and fresh copper sulphides (chalcopyrite, chalcocite, bornite, azurite, and malachite) occur intermittently over 700 metres of trend within a zone at least 1,000 metres long and up to 200 metres wide that contains smoky quartz veins within epidote-garnet skarn altered mafic schists with later cross-cutting porphyry dykes. One stand-out rock chip sample returned 6.8 g/t gold, 14.4% copper and 83 g/t silver with strongly elevated molybdenum (46 ppm), bismuth (185 ppm), tellurium (18 ppm) and tungsten (88 ppm). The other rock chip samples returned values of up to 132 ppb gold, 4.7 g/t silver and 0.7% copper.

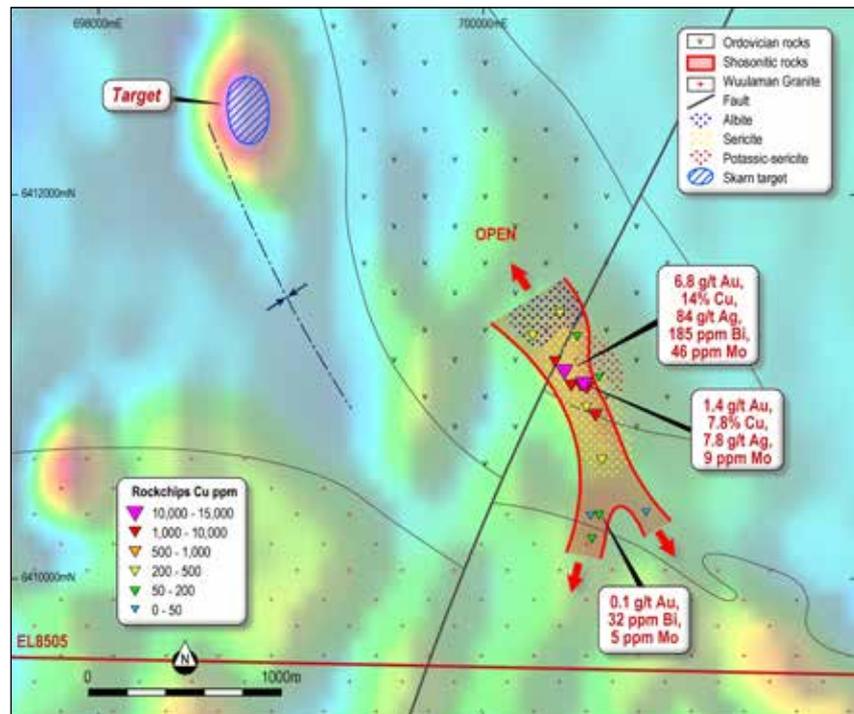


Figure 7: Image of magnetic data showing rock chip assay results, interpreted alteration zones and underlying geology at the Spicers Creek prospect. Warm colours in the magnetic image represent zones of stronger magnetic response.

2. The alteration mineral assemblages indicate strong moderate to strong sericite alteration of shoshonite and related rocks and this is associated with the strongest copper results (Figure 6). The pathfinder metal assemblages of moderately elevated Tl-Li-Sb-As, Bi-Te-Se and Cu-Au-Bi-Mo is a mix of both outer and inner assemblages. This suggests the alteration zones have been “telescoped” along a fault that may have tapped a mineralised intrusion at depth or along trend.
3. The magnetic data indicates the prospect area sampled is coincident with a broad weak linear magnetic anomaly about 1,000 metres long. Several other much stronger unexplained magnetic anomalies up to 1,000 metres long occur in the northwest of the prospect area and all of these are targets for skarn-related mineralisation (Figure 7). Further work along trend to the north west is required.

Review of Operations

continued

1.3 BODA SOUTH PROSPECT

The Boda South prospect, which is undrilled, covers the faulted southern contact of the Boda Intrusive Complex (BIC), host to the Boda-Kaiser mineralisation and which is Ordovician in age (Figures 2 and 8). As demonstrated at Apsley and Spicers Creek, Boda South also contains the fundamental characteristics required to potentially host a significant porphyry copper-gold deposit:

1. Copper-bearing Ordovician shoshonites with weak to moderate copper assays of up to 0.1% with copper increasing as the rocks become more potassium rich (shoshonitic - Figure 2).
2. Metal assemblages of up to 40 ppm bismuth and 21 ppm tellurium as well as moderate epidote-chlorite alteration indicate the area may lie in the upper phyllic to outer (propylitic) zone of a porphyry copper-gold system. Typical values of both these pathfinders documented above known deposits are in the order of about 1 to 5 ppm.
3. An association with two sub-parallel magnetic anomalies within the BIC as evident in regional magnetic data (Figure 8). This is a similar position to the Boda deposit, located about 3,000 metres along trend to the north, where the high grade copper-gold mineralisation discovered by Alkane also occurs **between** two magnetic units of the BIC (Figure 2 and ALK: ASX Release 23rd March 2020).

Given the prospective nature of the BIC, modelling of magnetic data is required to determine the depth to the intrusive complex at Boda South.

1.4 GREENOBBYS

The **Greenobbys** prospect lies a few kilometres east of Boda South and covers the variably magnetic western margin of the very potassium-rich Wuuluman Granite which is of Carboniferous age (Figures 2 and 8). These rocks are much younger than the Boda Intrusive Complex and are in a different geological setting.

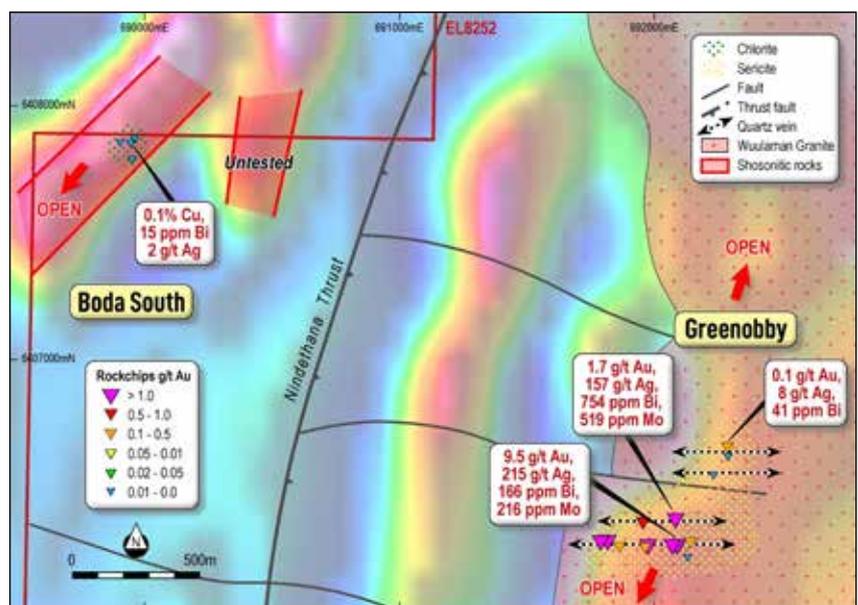


Figure 8: Airborne magnetic image of the Boda South and Greenobbys Prospects with gold assay results and interpreted alteration zones. Warmer colours on the image represent stronger magnetic responses.

Key features identified at Greenobbys include:

1. Several north west trending zones of rubbly outcrop of quartz and potassium feldspar (“K-feldspar”) veins that each extend over at least 500 metres of trend. These zones are parallel to faults noted on the government Geological Survey maps and also the controlling faults at the rich Bodangora Mine located 4 km to the west and which produced about 250,000 ounces of gold at greater than 20 g/t in similar quartz veins (owned by Magmatic Resources Limited; Figure 2).
2. The veins show a gradation from coarse K-feldspar with lesser quartz (pegmatite), to K-feldspar and grey quartz in equal proportions to creamy white quartz with little or no K-feldspar (Figure 9).
3. The quartz dominant veins are vuggy and contain boxwork gossan formed by the weathering of sulphides including pyrite (Figure 9). There are a number of shallow pits along the vein system.

Review of Operations

continued



Figure 9: Gradation of veins from K-feldspar dominant (left photo) to quartz-dominant (right photo) with increasing boxwork gossan (dark brown colour) from weathered sulphides.

These veins contain up to 9.5g/t gold (six samples with more than 1 g/t gold) and 215 g/t silver (four samples with more than 1 ounce per tonne) (Figure 8). In addition, the veins contain a remarkable array of pathfinder metals that are anomalous on a regional scale compared to Impact's other prospects in particular bismuth (up to 754 ppm), molybdenum (up to 519 ppm) and tellurium (up to 40 ppm).

Other pathfinder metals present include selenium-thallium-antimony-arsenic-lead-barium and tungsten as well as the rare metals indium and rhenium. In addition, preliminary interpretation suggests the metals are associated with sericite-adularia alteration.

All of these features are interpreted to indicate the veins are related to fluids released from a potassium rich granite, possibly the host Wuuluman Granite, and which may represent a "telescoped" epithermal system covering at least several hundred square metres. The veins are open along trend and at depth. There is no drilling recorded in the area.

Telescoping refers to the significant overlap between proximal and distal metal and mineral assemblages and suggests the possible rapid collapse of the parent hydrothermal system. This is encouraging for the discovery of bonanza gold-silver veins.

The scale and size of the vein and alteration system is very encouraging and further field checking and sampling is warranted.

1.5 NEXT STEPS FOR INTRUSIVE RELATED GOLD DEPOSIT EXPLORATION

Impact's work strongly supports the potential for the Commonwealth Project to host not only significant porphyry copper-gold deposits but also intrusion-related epithermal gold-silver deposits. Further work is now required to refine and rank these target areas for drilling.

At present the Apsley target is ranked as the most prospective and a detailed soil geochemistry survey was completed in June 2000 and an interpretation of the results is in progress.

In addition, a detailed airborne magnetic and radiometric survey covering Impact's priority areas was also completed recently and a detailed interpretation is in progress.

All of this new data will be interpreted and synthesised to help define follow up work programmes which will include drilling in 2020 and 2021.

1.6 COMMONWEALTH AND SILICA HILL DEPOSITS

During the year Impact announced a significant increase in resources at the Commonwealth gold-silver-zinc-lead-copper deposit including a maiden resource for the silver-rich Silica Hill prospect (Figure 9) (ASX Release August 22nd 2019).

The new resource contains **88,800 ounces of gold and 3.3 million ounces of silver** all of which occurs from surface to a depth of 250 metres and well within range of potential open pit mining.

The Mineral Resources at Commonwealth and Silica Hill were prepared in accordance with the JORC 2012 Code by independent resource consultants Optiro and follows several drill programmes across the project area completed in late 2018.

Review of Operations

continued

The updated Inferred Resource for the Commonwealth deposit at a cut-off of 0.5 g/t gold is (Figure 10):

COMMONWEALTH (MAIN SHAFT TO COMMONWEALTH SOUTH)								
Resource Classification Cut-off 0.5 g/t gold	Tonnes	Gold (g/t)	Contained gold (oz)	Silver (g/t)	Contained silver (oz)	Zinc (%)	Lead (%)	Copper (%)
Inferred	912,000	2.4	70,800	44	1,300,000	1.20%	0.50%	0.08

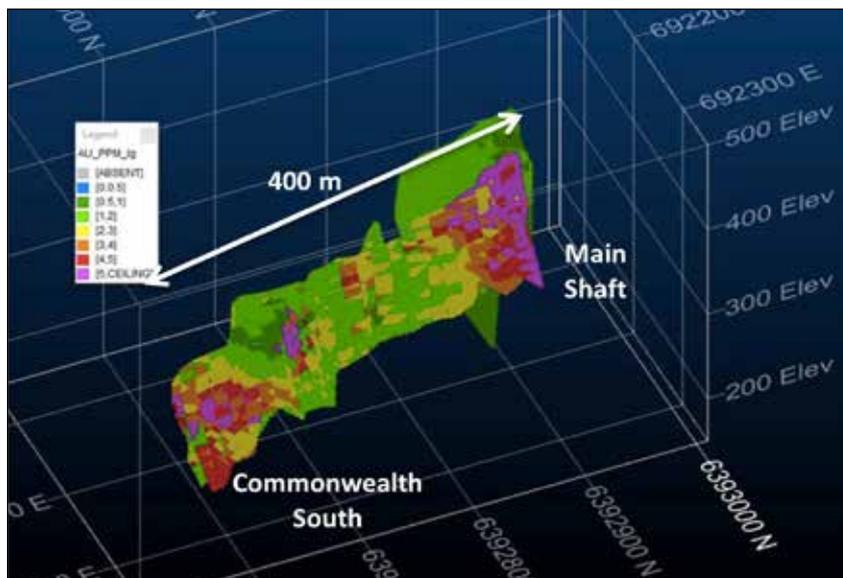
A separate Inferred Mineral Resource (included within the overall resource) has also been calculated for the massive sulphide lens at Main Shaft alone to demonstrate the high grade nature of such deposits that are the principal target for Impact’s exploration programme. The Main Shaft Inferred Resource is:

MAIN SHAFT MASSIVE SULPHIDE LENS								
Resource Classification Cut-off 0.5 g/t gold	Tonnes	Gold (g/t)	Contained gold (oz)	Silver (g/t)	Contained silver (oz)	Zinc (%)	Lead (%)	Copper (%)
Inferred	142,000	4.5	20,600	161	737,500	4.6	1.7	0.2

At Silica Hill the maiden Inferred Resource at a 50 g/t silver cut-off is:

SILICA HILL							
Resource Classification Cut-off 50 g/t silver	Lode	Tonnes (t)	Silver (g/t)	Contained silver (oz)	Gold (g/t)	Contained gold (oz)	
Inferred	North	397,000	89	1,136,000	1	12,900	
Inferred	South	313,000	87	871,000	0.5	5,100	
	TOTAL	710,000	88	2,007,000	0.8	18,000	

The resources are open along trend and at depth and extensive further resource definition and extensional drilling is required to follow up key intercepts at Main Shaft, Commonwealth South and Silica Hill as outlined below.



The Company confirms that it is not aware of any new information or data that materially affects the resources reported above and in the relevant market announcements, and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply.

Figure 10: Block model of the resource from Commonwealth South (left) to Main Shaft (right). The high grade blocks in red and pink show that the deposit is open along trend and at depth.

Review of Operations

continued

1.7 FURTHER EXPLORATION AT MAIN SHAFT

At **Main Shaft** the massive sulphide lens is still open at depth and along trend to the north and south east. For example the resource is open to the north down plunge from drill hole CMIPT084 and at depth below drill holes CMIPT021 and CMIPT082 (Figures 11 and 12).

Hole CMIPT084 returned:

5.7 metres at 3.8 g/t gold, 347 g/t silver, 10.8% zinc and 3.7% lead from 52.1 metres down hole; including 0.7 metres at 15.6 g/t gold, 245 g/t silver, 8.6% zinc and 1.9% lead; and 0.5 metres at 4.9 g/t gold, 917 g/t silver, 10.2% zinc and 4.6% lead from 56.9 metres.

Hole CMIPT021 returned:

8.1 metres at 6 g/t gold, 193 g/t silver, 5.9% zinc, 2.3% lead and 0.16% copper from 71 metres; including 2.9 metres at 9.3 g/t gold, 201 g/t silver, 11.6% zinc, 4.7% lead and 0.2% copper.

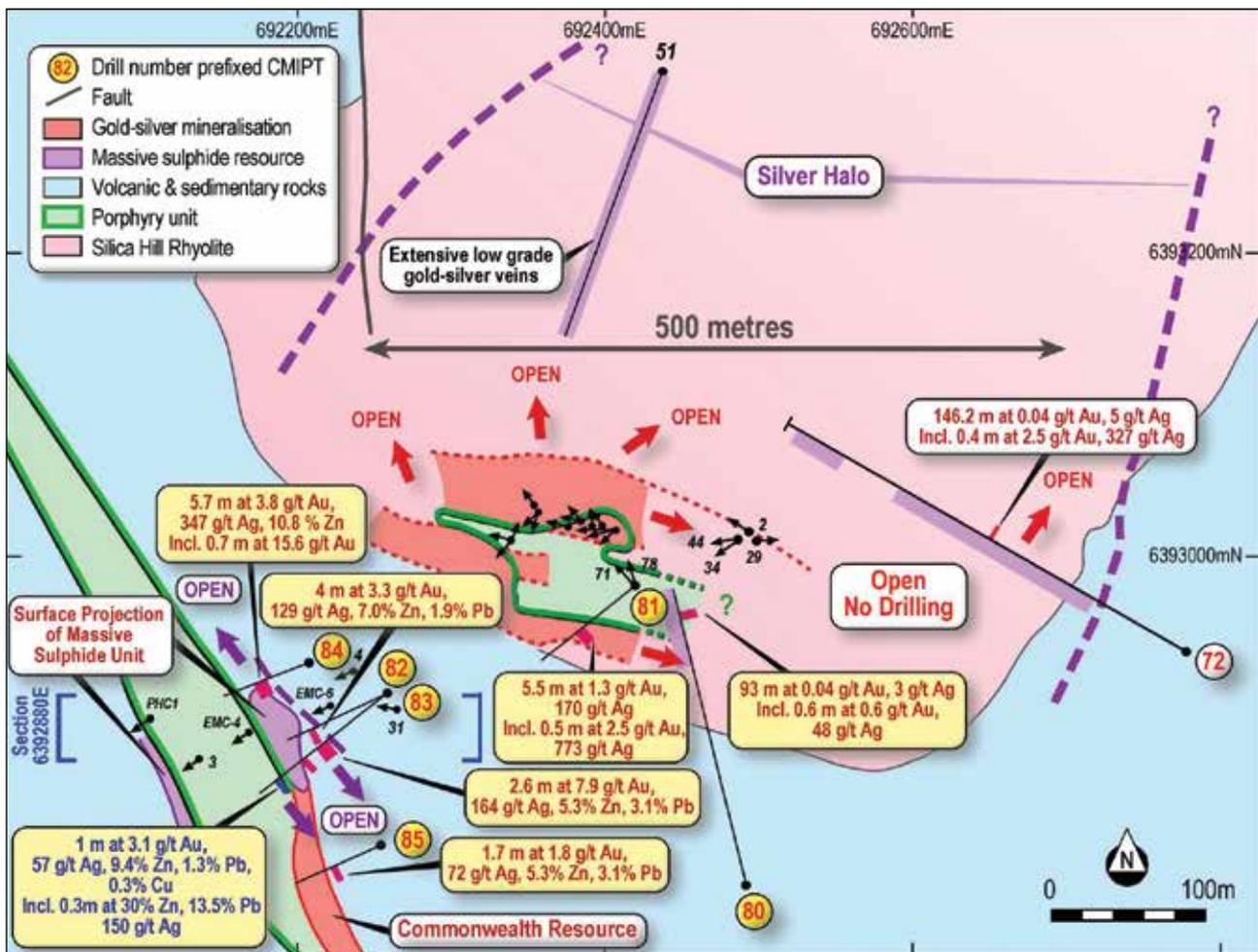


Figure 11: Location of drill assays from the 2018 drill programme at Main Shaft and Silica Hill (yellow labels). The Main Shaft resource is labelled "Massive Sulphide Resource". The Silica Hill Prospect is in the centre of the map.

Review of Operations

continued

Hole CMIPT083 returned:

4 metres at 3.3 g/t gold 129 g/t silver, 7% zinc and 1.9% lead from 96.4 metres down hole; including 2.1 metres at 5.1 g/t gold, 239 g/t silver, 12.8% zinc and 3.5% lead.

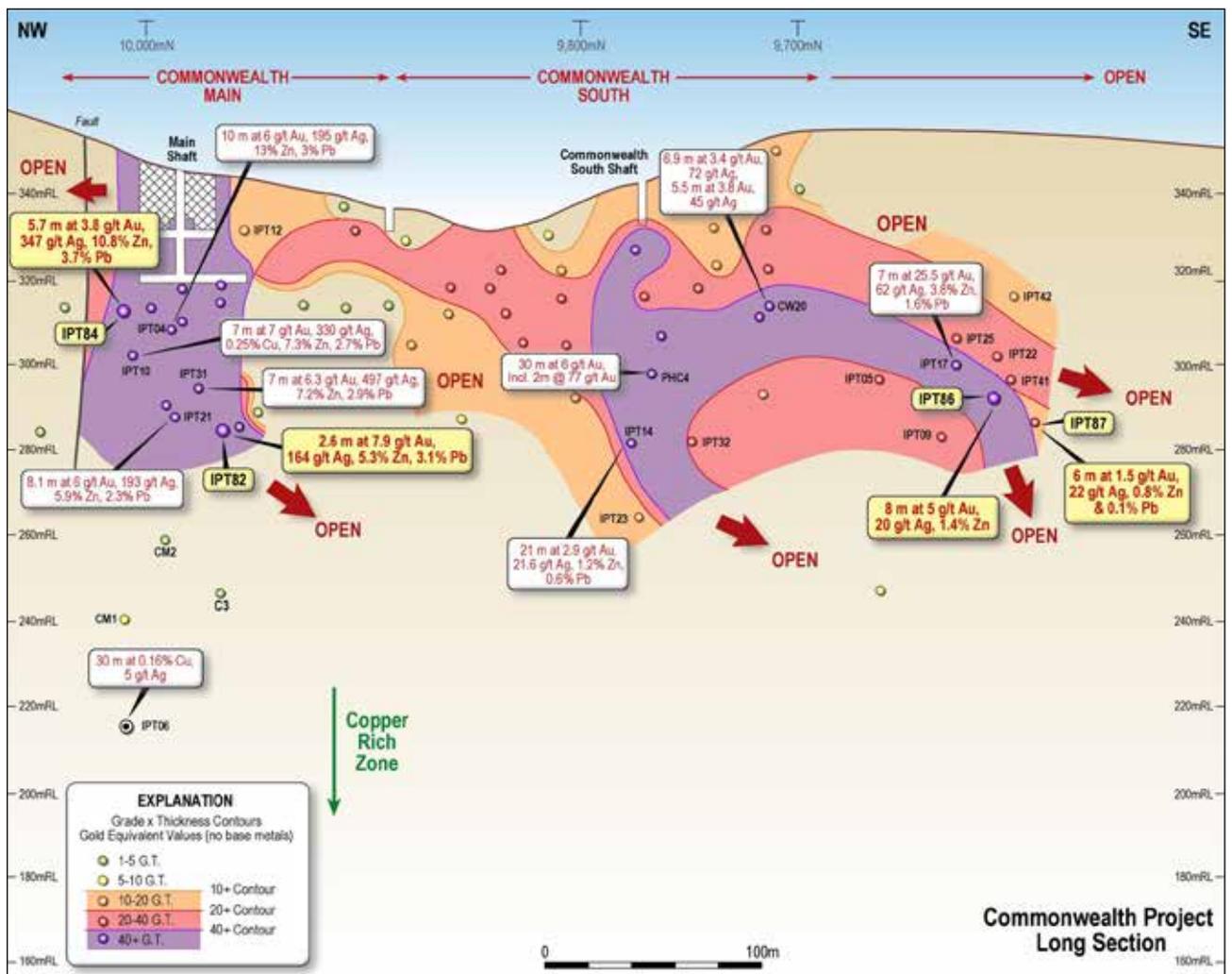


Figure 12: Long section through the upper zone of mineralisation along the Commonwealth deposit and showing significant areas that require drill testing.

In addition Hole CMIPT083 at Main Shaft also intersected a narrow high grade massive sulphide unit about 30 metres below the Main Shaft unit and together with other drill holes confirms the discovery of a second massive sulphide unit that is at least 100 metres by 150 metres in dimension and is untested at depth (Figures 11 and 13).

Review of Operations

continued

The second massive sulphide unit returned:

1 metre at 3.1 g/t gold, 57 g/t silver, 9.4% zinc and 4.2% lead and 0.2% copper from 143 metres down hole; including 0.3 metres at 0.8 g/t gold, 150 g/t silver, 30.2% zinc and 13.5% lead.



Figure 13: Second massive sulphide unit in Hole CMIPT083: massive and brecciated massive sphalerite (red-brown) with lesser galena. Up to 3% chalcocopyrite (yellow) is present in places.

1.8 FURTHER EXPLORATION AT COMMONWEALTH SOUTH

At Commonwealth South, at the southern end of the Commonwealth Resource, two diamond drill holes completed in late 2018 identified significant extensions to the near-surface resource both along trend and at depth (Figures 12 and 14).

Hole CMIPT086 returned:

8 metres at 5.0 g/t gold, 20 g/t silver, 1.3% zinc and 0.5% lead from 94 metres down hole; including 5 metres at 7.7 g/t gold, 25 g/t silver 2.1% zinc and 0.7% lead; which includes 0.5 metres at 34.3 g/t gold, 40 g/t silver, 5.8% zinc and 2.3% lead from 97.6 metres.

Hole CMIPT087 returned:

6 metres at 1.5 g/t gold, 22 g/t silver, 0.8% zinc and 0.1% lead from 96.8 metres down hole; including 0.35 metres metres at 8.9 g/t gold, 21 g/t silver, 3.5% zinc and 0.6% lead.



In addition follow up drilling is required immediately down plunge to the south of drill hole CMIPT017 (Figure 12) which returned:

7 metres at 25.5 g/t gold, 62 g/t silver, 3.8% zinc, 1.6% lead and 0.1% copper from 88 metres; including 4 metres at 41.8 g/t (1.3 ounces per tonne) gold, 93 g/t silver, 5.5% zinc, 2.3% lead from 90 metres.

A second lower zone of mineralisation has also been intersected at Commonwealth South from about 115 metres down hole with increasing gold grades at depth. The best result is from Hole CMIPT087 and is the deepest intercept in the zone and which returned (Figure 14):

12.5 metres at 0.65 g/t gold, 3.7 g/t silver, 0.25% zinc from 116.5 metres down hole; including 5 metres at 1.2 g/t gold, 3.6 g/t silver and 0.2% zinc from 188.2 metres.

A significant number of drill holes have now intersected a lower zone of mineralisation over the entire length of the Commonwealth deposit. The grade appears to be improving at depth, and is very poorly tested.

Review of Operations

continued

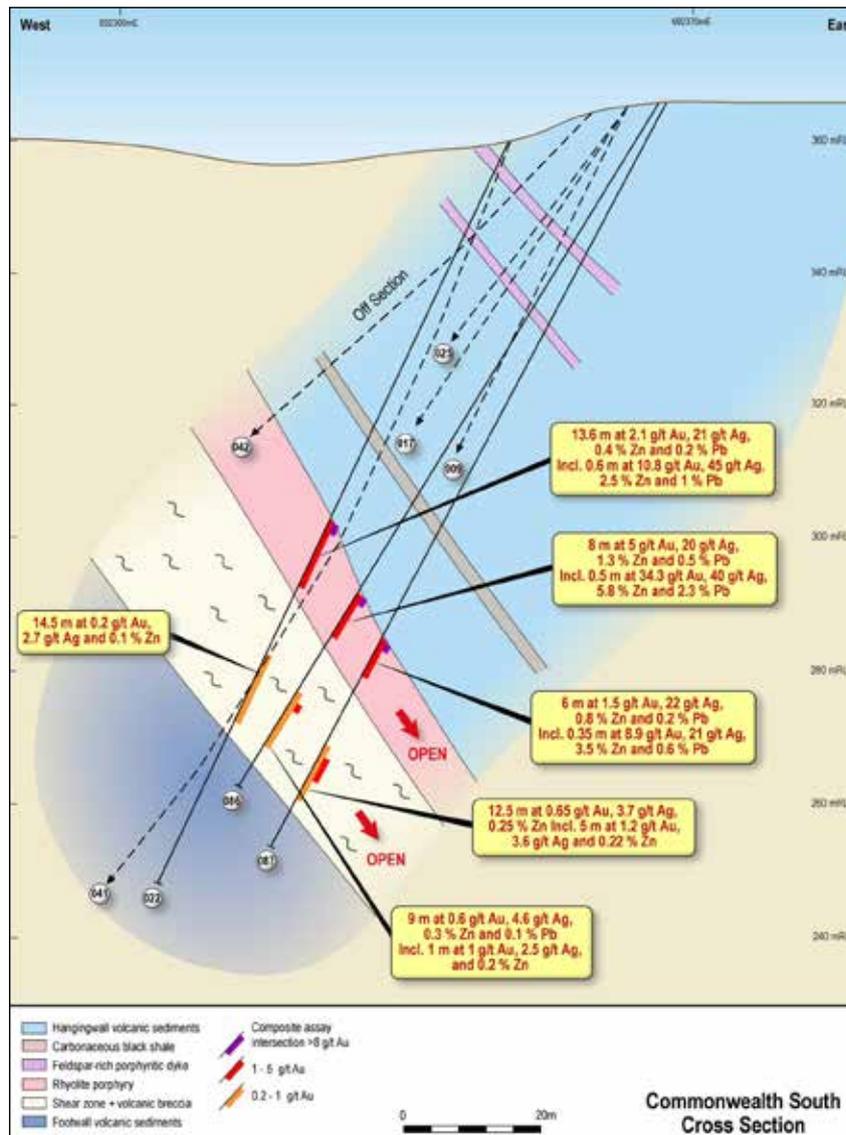


Figure 14: Commonwealth South. NE-SW Cross-section showing drill results for Holes O86 and O87 and showing upper and lower zones of mineralisation.

1.9 FURTHER EXPLORATION AT SILICA HILL

Silica Hill is a virgin discovery by Impact and is located 60 metres to 250 metres north east of Main Shaft (Figures 11 and 15). The mineralisation comprises a North Lode and South Lode both comprising high grade veins and disseminations of sulphide with gold and extensive visible silver minerals including the antimony and arsenic sulphosalts: proustite-

pyrargyrite. These minerals are exceptionally rare in Australia and contribute to some exceptional silver grades in specific veins.

There are also zinc and lead credits to the mineralisation at Silica Hill with the sulphides present being similar to those at Commonwealth-Main Shaft. They are interpreted as being part of the same overall mineralised system.

The disseminated mineralisation between the veins has helped form thick zones of near-surface modest grade mineralisation with the potential for bulk open pit mining. For example discovery hole CMIPT011 returned bonanza-grade silver within a thick zone of silver-gold mineralisation as follows:

48.6 metres at 137 g/t silver (4.4 ounces) and 0.5 g/t gold from 122 metres down hole; including 23 metres at 224 g/t silver (7.2 ounces) and 1.0 g/t gold from 147.7 metres; which includes 0.9 metres at 3,146 g/t silver (101 ounces) and 2.4 g/t gold from 148.1 metres.

In addition Hole CMIPT077 returned:

22.5 metres at 1.7 g/t gold and 276 g/t silver from 166.7 metres down hole; including 0.3 metres at 1.8 g/t gold and 4,200 g/t (135 ounces or 0.42%) silver from 174.4 metres; and also including 0.8 metres at 13.6 g/t gold and 40 g/t silver from 187.7 metres.

And Hole CMIPT074 returned:

21.8 metres at 0.6 g/t gold and 273 g/t silver from 137.9 metres down hole; including 0.5 metres at 0.5 g/t gold and 1,485 g/t (48 ounces) silver from 143 metres; and 0.4 metres at 1.6 g/t gold and 6,240 g/t (200 ounces or 0.62%) silver from 148.5 metres.

Three diamond drill holes have also established that there is a low grade silver halo of up to 10 g/t silver around the Silica Hill mineralisation that is at least 500 m by 500 m in dimension (Figure 11). For example Hole CMIPT072 returned 146 metres at 0.04 g/t gold and 5 g/t silver. In addition CMIPT078 drilled at the eastern end of the northern mineralised zone returned the thickest intercept of gold and silver to date in this zone and indicates improving grades to the east and returned:

117 metres at 0.3 g/t gold and 11 g/t silver.

Review of Operations

continued

This attests to the scale of the mineralised system at Silica Hill which is still open in all directions and further deeper drilling is required.

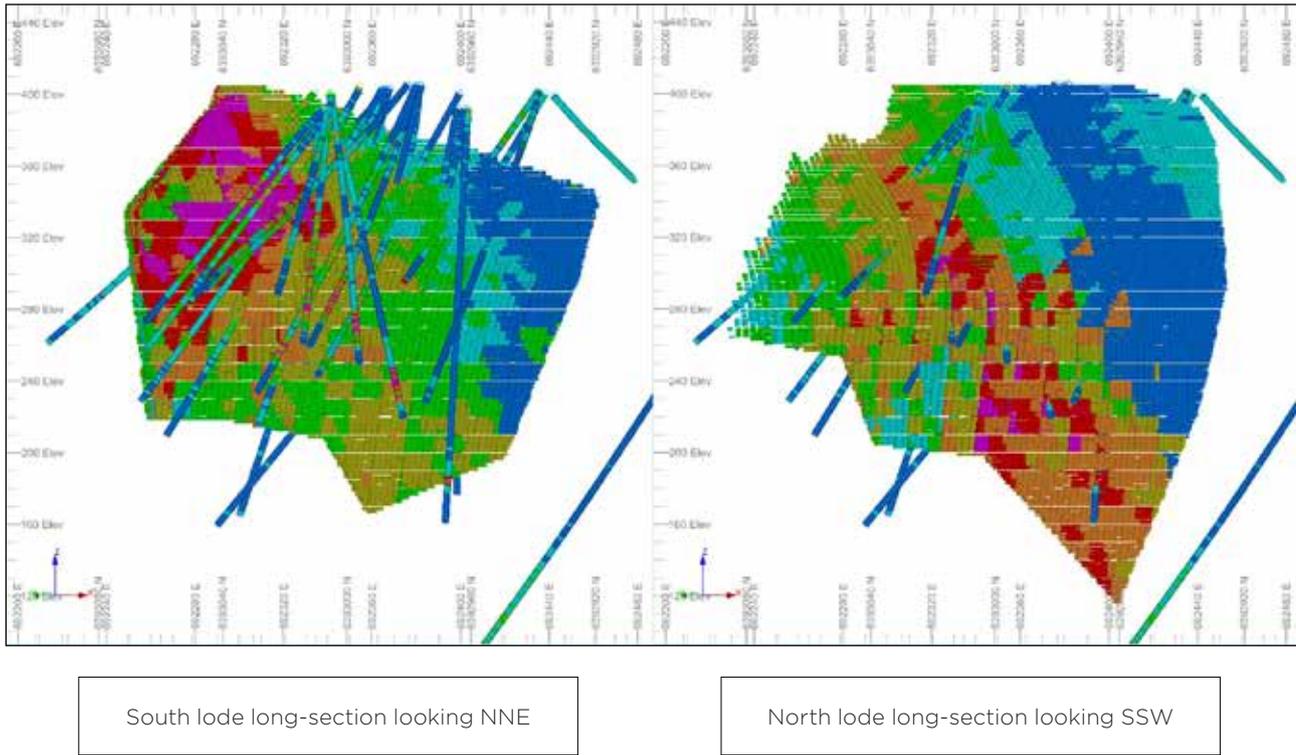


Figure 15: Resource block model of Impact’s Silica Hill discovery. Up to 3% chalcopryite (yellow) is present in places.

1.10 NEXT STEPS

Impact’s review of its Lachlan Fold Belt portfolio has reinforced the Company’s belief that its tenements have significant prospectivity for the discovery of a major porphyry copper gold deposit. This is in addition to the potential for the discovery of further massive sulphide deposits similar to Commonwealth and which shows strong similarities to the world class Eskay Creek project in the famous Golden Triangle of British Columbia (ASX Release 13 April 2018).

Preliminary field work on some of the priority targets has already identified areas of copper-gold-silver mineralisation that require follow up soil geochemistry programmes and further synthesis and review of previous exploration data. Work thus far has focussed on the Commonwealth project but work is also required on the Pine Hill and Day Dawn projects to the south (Figure 1).

In addition research continues into the possible genetic links between porphyry copper gold mineralisation in the Lachlan

Fold Belt and the unique high sulphidation massive sulphide deposit at Commonwealth. Impact has previously proposed that the Commonwealth deposit is the product of submarine venting of fluids from a buried porphyry copper system (Figure 16 and ASX Release 13 April 2018).

This is a potentially powerful model for generating new exploration targets in rocks of Lower Silurian age, extensive tracts of which are present on Impact’s licences in the region.

Review of Operations

continued

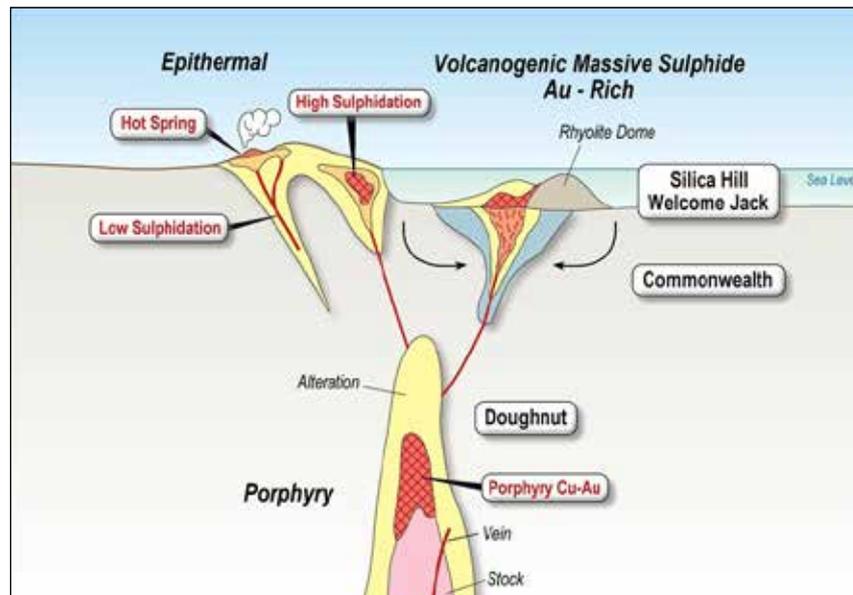


Figure 16: Conceptual model for the upper parts of porphyry copper-gold systems: most models for porphyry-to-epithermal transitions are based on work done in sub-aerial environments. In submarine environments the epithermal mineralisation may be characterised by gold rich high sulphidation volcanogenic massive sulphide deposits such as Commonwealth.

ABOUT THE MINERAL RESOURCE ESTIMATE AT COMMONWEALTH

The mineralisation at Commonwealth-Main Shaft is typical of a volcanogenic massive sulphide (VMS) type system, containing high grade gold, silver, zinc, lead and copper mineralisation which occurs at the upper contact of a porphyritic rhyolite with the overlying volcanic sedimentary rocks.

Mineralisation at Commonwealth South occurs at both the upper and lower contacts of the porphyritic rhyolite and is dominated by 150 mm thick stringers and disseminations, often associated with intense brecciation and faulting along the contacts of the porphyritic rhyolite.

The Commonwealth Resource strike length is 400 m and it is open along trend in particular to the south. The mineralisation has been defined to a maximum depth of 150 m and is still open.

Fourteen new holes were drilled into the project in the last drilling campaign by Impact. The total number of holes drilled at the Commonwealth Project by Impact and previous explorers in a number of separate drill campaigns is 132. Of these holes, 66 intersected the mineralisation wireframe and were used in the estimation. Although some of the holes are historical, Impact has twinned some of the higher grade intersections and these have largely confirmed the grades and widths. The average depth of the drill holes is 52 metres highlighting the shallow nature of the deposit. Holes were drilled with a variety of azimuths and dips to ensure the mineralised units were intersected at optimal angles.

Quality control measures employed by Impact included the use of certified standards (1% of total sample population), field duplicates (2% of total sample population) and blanks (2% of total sample population). No previous quality assurance/quality control (QAQC) has been carried out at the Commonwealth Project. Analysis of the standards and blanks showed acceptable to good levels of accuracy in the assaying and little contamination. The duplicate samples matched the originals with a high degree of precision.

The drill hole database was reviewed and validated. The top cuts used were gold 30 ppm, silver 500 ppm, copper 1% and zinc 10%.

Three-dimensional solid wireframes were constructed from sectional interpretations of the mineralisation using a nominal 0.5 g/t gold cut-off grade. Drill hole intercepts were composited downhole to 1 m lengths and gold, silver, copper, zinc, lead and arsenic grade estimation was carried out using ordinary kriging with hard boundaries.

Three search passes, with increasing search distances and decreasing minimum sample numbers, were employed to fully inform the model. All elements filled all cells in the first three search passes.

The Commonwealth Mineral Resource estimate has been classified as an Inferred Mineral Resource in accordance with the guidelines of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2012). Mineral Resources have been classified on the basis of confidence in geological and grade continuity, geological modelling confidence, grade continuity and limited QAQC. No Measured or Indicated Mineral Resources have been defined.

The Mineral Resource estimate for the Commonwealth Project has been reported above a 0.5 ppm gold cut-off grade. The estimate has been depleted for previous historic mining.

Review of Operations

continued

ABOUT THE MINERAL RESOURCE ESTIMATE AT SILICA HILL

The mineralisation at Silica Hill lies between 60 m and 200 m north east of the Commonwealth deposit.

The mineralisation at Silica Hill comprises a stockwork of veins and disseminations of gold, silver, zinc, lead and copper minerals typical of certain epithermal styles of mineralisation. Visible silver minerals such as proustite and pyrrargyrite are common. The mineralisation is hosted by a large flow banded rhyolite flow or sill with large phenocrysts of quartz and feldspar throughout the unit. Within the rhyolite is a second porphyry unit of a different composition that separates the two main zones of mineralisation.

The Silica Hill Resource strike length is 500 metres and it is open along trend in particular to the south. The mineralisation has been defined to a maximum depth of 290 metres and is still open.

The Mineral resource comprises two limbs, one being south-south west dipping lode (South Lode) that truncates a north-northeast steeply dipping lode (North Lode). These Mineral resources have a total strike length of 240 metres and extend vertically to about 190 metres below surface for the North Lode and to 290 metres below surface for the South Lode. The horizontal width is variable ranging from 4 metres to 40 metres and averaging 20 metres where the two limbs are separate and 75 metres wide where the two limbs join.

Thirty four drill holes, 10 RC and 24 diamond, have been completed at Silica Hill, all drilled by Impact. Of these holes, 32 intersected the mineralisation wireframe and were used in the estimation.

Quality control measures employed during drill programmes by Impact included the use of certified standards (1% of total sample population), field duplicates (2% of total sample population) and blanks (2% of total sample population). Analysis of the standards and blanks showed acceptable to good levels of accuracy in the assaying and little contamination. The duplicate samples matched the originals with a high degree of precision.

The drill hole database was reviewed and validated. Three-dimensional solid wireframes were constructed from sectional interpretations of the mineralisation using a nominal 15 g/t silver cut-off grade. Drill hole intercepts were composited downhole to 1 m lengths and gold and silver grade estimation was carried out using top-cut ordinary kriging with hard boundaries.

The top cuts used were respectively 525 g/t silver and 4.8 g/t gold for the north lode and 350 g/t silver and 2.5 g/t gold for the south lode.

Three search passes, with increasing search distances and decreasing minimum sample numbers, were employed to fully inform the model. For silver 15% of the blocks and for gold 6% of the blocks did not receive an estimate in the first three passes. These blocks were assigned the nearest estimated grade.

The Mineral Resource estimate for Silica Hill has been reported above a 50 g/t silver cut-off grade.

The Silica Hill Mineral Resource estimate has been classified as an Inferred Mineral Resource in accordance with the guidelines of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2012). Mineral Resources have been classified on the basis of confidence in geological and grade continuity, geological modelling confidence, grade continuity and limited QAQC. No Measured or Indicated Mineral Resources have been defined.

The review of exploration activities and results contained in this report is based on information compiled by Dr Mike 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 2012 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.

The information in this report which relates to Mineral Resources at Commonwealth-Main Shaft is based upon information compiled by Susan Havlin, who is a Member of the Australasian Institute of Mining and Metallurgy. Susan Havlin is an employee of Optiro Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Susan Havlin consents to the inclusion in the release of a summary based upon her information in the form and context in which it appears.

The information in this report which relates to Mineral Resources at Silica Hill is based upon information compiled by Kahan Cervoj, who is a Member of the Australasian Institute of Mining and Metallurgy. Kahan Cervoj is an employee of Optiro Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Kahan Cervoj consents to the inclusion in the release of a summary based upon his information in the form and context in which it appears.

Review of Operations

continued

2. BROKEN HILL PROJECT (IPT 100%)

During the year Impact commenced a major review of its Broken Hill nickel-copper-platinum group metal (PGM) project in the light of record palladium prices and significant increases in the price of all precious metals.

Plans progressed for a major drill programme at the Broken Hill project to test three prospects with significant potential for the discovery of nickel-copper-PGM in a belt of mafic-ultramafic rocks that is about 40 km long stretching from Moorkai in the north east to the Little Broken Hill area in the south west. Three key prospects, Red Hill, Platinum Springs and Little Broken Hill Gabbro, have been identified (Figure 17).

Relevant ASX announcements by Impact were released on 14th February 2020, 7th May 2020 and 1st July 2020.

At Broken Hill, Impact and others have discovered some of the highest grades of all six Platinum Group Metals (platinum, palladium, rhodium, osmium, ruthenium, iridium) in Australia, together with exceptional nickel-copper grades.

For example at the Red Hill Prospect, exceptional grades were returned from drilling by Impact including a stand-out intercept of:

1.2 metres at 254 g/t (9.5 ounces) palladium, 10.4 g/t platinum, 10.9 g/t gold, 7.4% nickel, 1.8% copper, 19 g/t silver, 0.5% cobalt, 4.6 g/t rhodium, 7.2 g/t iridium, 5.6 g/t osmium and 3.1 g/t ruthenium (ASX Announcement 26th October 2015).

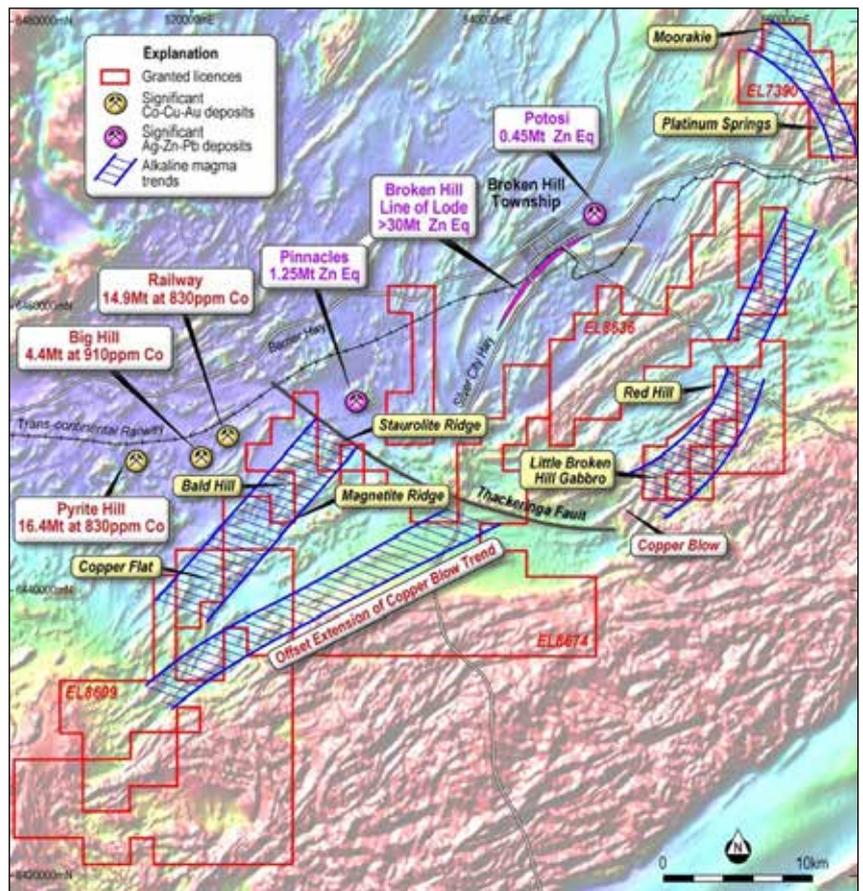


Figure 17: Impact's ground holdings in the Broken Hill area showing key prospects including Red Hill, Platinum Springs and Little Broken Hill Gabbro.

A total of 12 out of 13 of Impact's drill holes at Red Hill returned robust widths and grades of similar mineralisation within 70 metres of surface (Figure 18). The mineralisation is open along trend and at depth and follow-up drilling to test for extensions to this remarkable mineralisation is now underway.

At Red Hill, the mineralisation comprises variably weathered sulphide mineralisation hosted in veins and faults associated with ultramafic dykes and brittle felsic pegmatites.

The dykes are interpreted as apophyses from the main Red Hill intrusion and future exploration will focus on tracking the dykes back towards the intrusion at depth (Figure 18).

The mineralisation extends over a strike length of at least 100 metres and down to a depth of about 60 metres below surface. It is open along trend to the north and south as well as at depth (Figure 18).

Review of Operations

continued

At Platinum Springs, drilling by Impact in 2015 returned a very high grade intercept of magmatic massive sulphide mineralisation that returned:

0.6 metres at 11.5 g/t platinum, 25.6 g/t palladium, 1.4 g/t gold, 7.6% copper, 7.4% nickel and 44.3 g/t silver, 1.3 g/t rhodium, 1.7 g/t iridium, 2.0 g/t osmium and 0.8 g/t ruthenium (ASX Announcements 3rd February 2016 and 31st March 2016).

2.1 HIGH GRADE RARE PGM'S AT RED HILL

During the year high grades of the rare platinum group elements rhodium, iridium, osmium and ruthenium were returned from new assays from seven previously drilled diamond drill holes at Red Hill.

The drill holes had previously only been assayed for palladium and platinum (Figure 18 and ASX Releases October 23rd 2015, October 26th 2015, November 2nd 2015, November 9th 2015, December 8th 2015, January 29th 2016 and March 3rd 2017).

Seven holes with high grades of palladium and platinum were selected for full-suite PGE analysis by fire assay (with nickel sulphide collection) for rhodium, iridium, osmium, ruthenium, palladium, platinum and gold.

These particular holes were selected because they intersected up and down-dip extensions of the previously reported spectacular intercept from RHD012 (Figure 18 and ASX Release October 23rd 2015). This hole returned:

3.5 metres at 162.4 g/t (5.3 ounces) 7PGE comprising:

5.7 g/t rhodium, 2.6 g/t iridium, 2.0 g/t osmium, 1.1 g/t ruthenium, 144 g/t (4.6 ounces) palladium, 5 g/t platinum, 6 g/t gold, 2.9% nickel, 2.3% copper and 14.5 g/t silver from 67.3m down hole.

This intercept also includes the high grade intercept mentioned above.

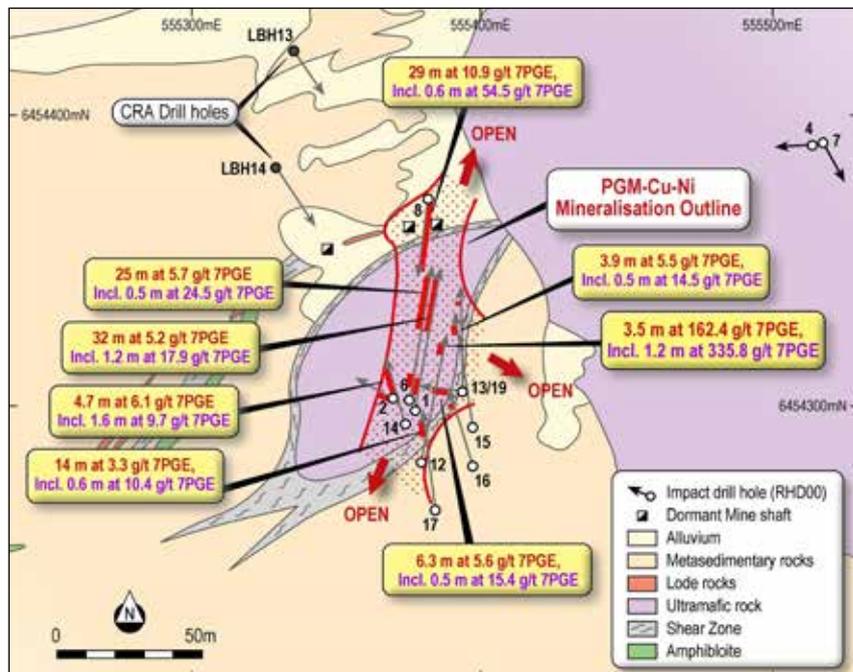


Figure 18: Drill hole location plan for Red Hill showing the location of the recently reported assay results (see ASX Release 7th May 2020 for details).

Review of Operations

continued

The seven drill holes all returned exceptional assays for the rare PGE's and the results are tabulated below and summarised in Figure 18.

Hole ID	From	To	Metres	7PGM (incl. Au)	Pt g/t	Pd g/t	Os g/t	Ir g/t	Rh g/t	Ru g/t	Au g/t	Cu%	Ni%	Ag ppm
RHD001	46.00	78.00	32.00	5.2	1.5	2.3	0.3	0.4	0.3	0.2	0.1	1.0	0.5	11
including	57.27	62.40	5.10	10.9	3.7	3.3	1.1	1.2	0.9	0.5	0.2	1.9	0.9	18
also including	71.60	75.80	4.20	12.7	4.9	5.4	0.6	0.7	0.5	0.5	0.4	2.6	0.5	35
including	57.27	58.47	1.20	17.9	7.9	4.9	1.8	1.8	1.6	0.7	0.1	3.1	2.0	20
RHD006	52.00	77.00	25.00	5.7	1.3	3.0	0.3	0.3	0.3	0.2	0.2	0.9	0.6	7
including	57.88	58.42	0.54	24.5	0.7	8.4	4.0	5.1	3.8	2.4	0.1	1.2	1.9	6
RHD008	0.00	29.00	29.00	10.9	2.5	5.1	0.8	0.9	0.8	0.4	0.4	2.3	0.4	58
including	8.50	9.00	0.50	41.9	4.3	25.8	3.4	3.6	2.6	1.5	0.8	9.4	0.6	155
also including	13.00	13.65	0.65	35.2	7.9	4.0	5.2	7.0	7.2	3.8	0.1	5.3	1.2	8
also including	27.70	28.30	0.60	54.5	19.2	29.7	0.9	1.2	0.9	0.5	2.1	12.2	0.5	147
RHD014	31.00	35.70	4.70	6.1	1.8	3.7	0.1	0.1	0.1	0.0	0.2	0.6	0.5	5
including	32.40	34.00	1.60	9.7	2.4	6.6	0.1	0.1	0.1	0.1	0.4	1.0	0.2	8
RHD015	58.10	62.00	3.90	5.5	2.4	2.0	0.3	0.3	0.2	0.1	0.1	1.4	0.3	13
including	60.50	61.00	0.50	14.5	3.0	5.9	0.4	0.5	0.4	0.1	0.3	0.5	0.3	4
RHD017	41.00	55.00	14.00	3.3	1.2	1.6	0.1	0.1	0.1	0.1	0.1	0.3	0.4	10
including	43.60	44.20	0.60	10.4	3.8	2.9	1.1	1.2	0.8	0.5	0.1	1.8	0.9	79
RHD019	37.40	43.70	6.30	5.6	1.6	3.4	0.1	0.1	0.1	0.0	0.3	0.9	0.5	14
including	37.4	37.9	0.50	15.2	5.0	8.8	0.3	0.3	0.3	0.1	0.4	0.9	0.5	40

Table 1: Composite assay results for the 7PGM (including gold) together with previously reported copper, nickel and silver.

There are some stand out results, for example Hole RHD008 which returned:

29.0 metres at 10.9 g/t 7PGM comprising: 0.8 g/t rhodium, 0.9 g/t iridium, 0.8 g/t osmium, 0.4 g/t ruthenium, 5.1 g/t palladium, 2.5 g/t platinum and 0.4 g/t gold, 2.3% copper, 0.4% nickel and 58 g/t silver from surface.

This intercept also included two veins of very high grade mineralisation that returned: 0.65 metres at 35.2 g/t (1.1 ounces) 7PGM comprising:

7.2 g/t rhodium, 7.0 g/t iridium, 5.2 g/t osmium, 3.8 g/t ruthenium, 4.0 g/t palladium, 7.9 g/t platinum, 0.01 g/t gold, 5.3% copper, 1.2% nickel and 8 g/t silver from 13.0 metres; and 0.6 metres at 54.5 g/t (1.7 ounces) 7GM comprising: 0.9 g/t rhodium, 1.2 g/t iridium, 0.9 g/t osmium, 0.5 ruthenium, 29.7 g/t palladium, 19.2 g/t platinum, 2.1 g/t gold, 12.2% copper, 0.5% nickel and 147 g/t silver from 27.7 metres.

The extensive nature of the rare PGM's in the seven drill holes suggests it is likely that the other five mineralised holes drilled at Red Hill will also contain the same metals. This is important for future metallurgical process test work.

2.2 DISCUSSION AND NEXT STEPS

These new PGE results confirm again that the mineralisation at Red Hill and other prospects in the Broken Hill area such as Platinum Springs and Little Darling Creek, is exceptional even on a global scale. This is because it is unusual to get such high grades of all the PGE's together, and in addition it also contains gold.

Previous work by Impact has shown that this is because the parent magmas are sourced from the deep mantle and were intruded into the middle to upper crust during the break up of the supercontinent Rodinia about 800 million years ago (Figure 19 and ASX Release March 6th 2019).

Review of Operations

continued

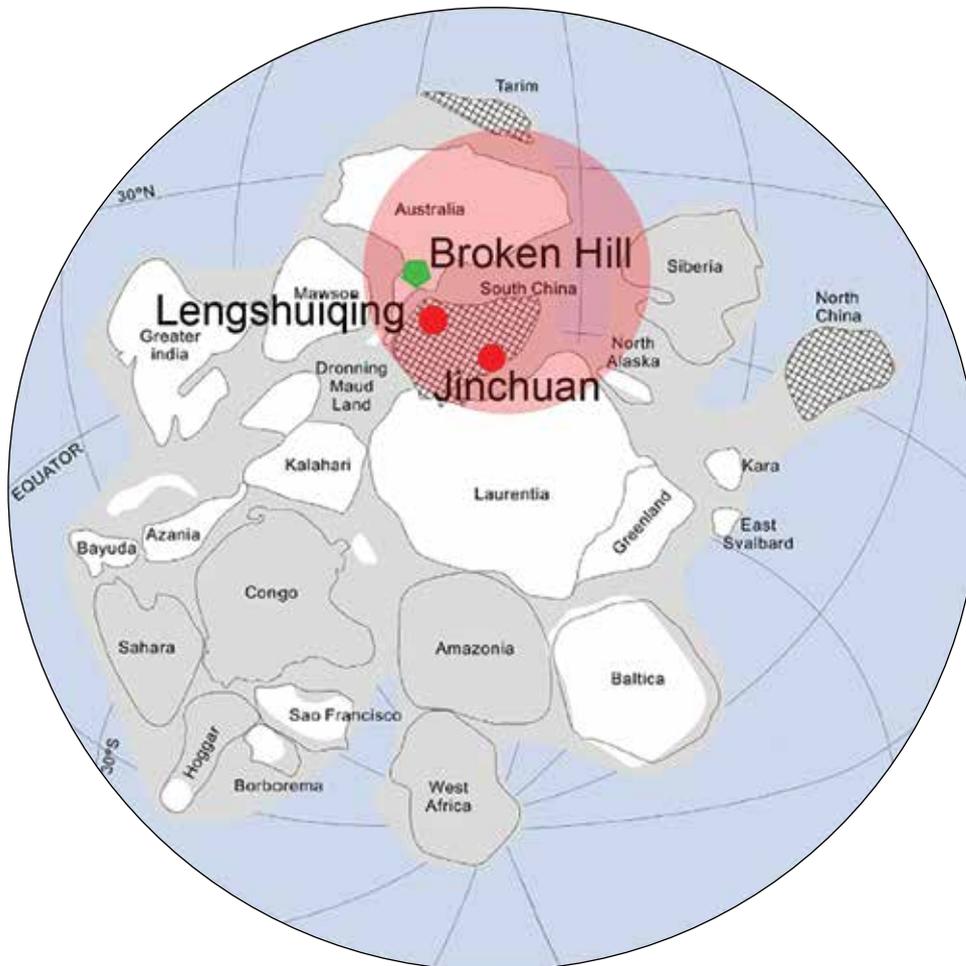


Figure 19: Position of the proposed mantle plume head (red circle) responsible for the breakup of Rodinia showing the location of Broken Hill in relation to the Jinchuan and Lengshuiqing Ni-Cu-Co-PGE deposits at about 800 million years ago (after Huang et al., 2015).

At this time Broken Hill was close to Jinchuan in China, one of world's major nickel-copper-PGE deposits (>500 Mt at 1.2% nickel, 0.7% copper and 0.4 g/t total PGE), and which is of the same age as the ultramafic intrusions at Red Hill and Platinum Springs (Figure 19). Accordingly Impact views the Broken Hill province as having exceptional prospectivity for magmatic nickel-copper sulphides.

A major drill programme of aircore, reverse circulation and diamond drilling was started to test the three priority prospects: Red Hill, Platinum Springs and the Little Broken Hill Gabbro-Rockwell Trend (Figure 17). Assays are awaited.

At the Little Broken Hill Gabbro-Rockwell Trend an extensive programme of aircore drilling will test a 4 kilometre long part of the intrusive complex which is under shallow cover and which has not been previously drill tested.

In April 2020 Impact received a grant of \$75,000 from the \$2 million New Frontiers Cooperative Drilling grants programme awarded by the Department of Planning, Industry and Environment of the New South Wales Government.

The grant, which is awarded on the technical merit of the proposed drill programme, will be used to drill test specific targets at Little Broken Hill Gabbro.

Review of Operations

continued

3. ARKUN PROJECT, WA (IPT 100%)

In mid 2020 Impact made applications for eight 100% owned Exploration Licences that comprise a major new project prospective for nickel-copper-platinum group metals and gold in the emerging new province for these metals in the south west Yilgarn Craton of Western Australia (Figure 20).

This follows the recent significant nickel-copper-PGM discovery at Julimar by Chalice Gold NL.

Relevant ASX announcements by Impact were released on 29th May 2020 and 10th June 2020.

Anglo American plc, one of the world's leading mining companies and an active explorer for nickel-copper and platinum group metals, lodged Exploration Licence applications covering a vast area of some 10,130 square kilometres shortly after Impact released its first announcement on Arkun (ASX: IPT Release 29 May 2020). Anglo's applications directly surround three sides of Impact's Arkun project (Figure 21).

The Arkun project, which is centred between York and Corrigin 130 km east of Perth, was identified as an area of anomalous nickel-copper-gold anomalies in publicly available regional geochemistry data sets.

A subsequent interpretation of regional magnetic data by Impact identified the area as lying within a major deformation zone or **mobile belt** that trends NW-SE from the Moora-Julimar-Yarawindah area through Arkun and which may contain deformed and metamorphosed equivalents of those rocks (Figures 20 and 21).

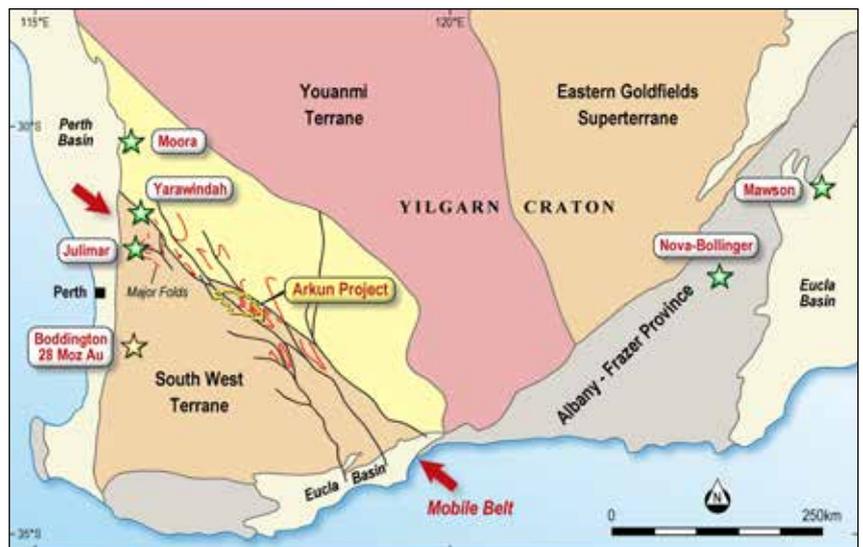


Figure 20: Location and Regional Geology of the Arkun Project and showing key nickel-copper-PGE deposits and recent discoveries.

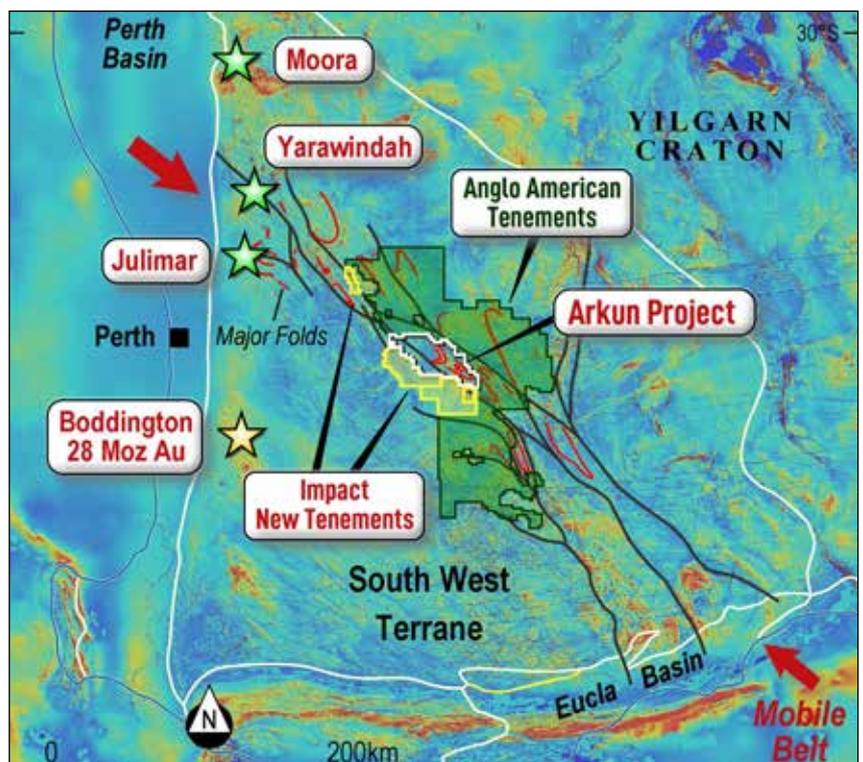


Figure 21: Regional magnetic image showing major structures in the South West Terrane of the Yilgarn Craton. The Julimar-Yarawindah-Moora area is at the north western end of the interpreted mobile belt.

Review of Operations

continued

This belt is generally not recognised in many regional geology maps and yet is self-evident in the magnetic data. This is a significant breakthrough in understanding for Impact.

The mobile belt is about 500 km long and up to 30 km wide, and is of a scale that suggests it may mark an ancient terrane boundary or proto-craton margin. Such geological provinces (of varying ages) are well known around the world as prospective terranes for hosting major nickel-copper-PGE deposits with examples such as Nova-Bollinger and Mawson (Proterozoic age - Figure 12), the Thomson fold belt in Canada and the recent discoveries at Yarawindah and Julimar in Western Australia (Figures 20 and 21).

In addition, the project is centred on a significant WNW-trending gravity high evident in regional gravity data and numerous “eye structures” visible in regional magnetic data and similar to those at Nova-Bollinger. Such gravity and magnetic anomalies are used as targeting criteria for similar deposits throughout the Albany-Fraser Province and globally (ASX Release 29 May 2020).

Regional Geochemical Anomalies

The Arkun project also covers several soil and rock chip geochemical anomalies for nickel, copper and gold in regional and proprietary datasets with widely spaced samples (Figure 22).

Nickel values range up to 96 ppm, copper values up to 174 ppm and gold up to 11.5 ppb.

Although these absolute values are modest, the entire area is dominated by sandy soils developed on various substrates. It is well known that such sandy soils may significantly dilute soil geochemistry responses and background values are estimated to less than 10 ppm for nickel and copper and no more than 1 ppb for gold. Accordingly, the anomalous samples are about 10 to 20 times background. Impact considers these responses to be significant given the vast distances between samples.

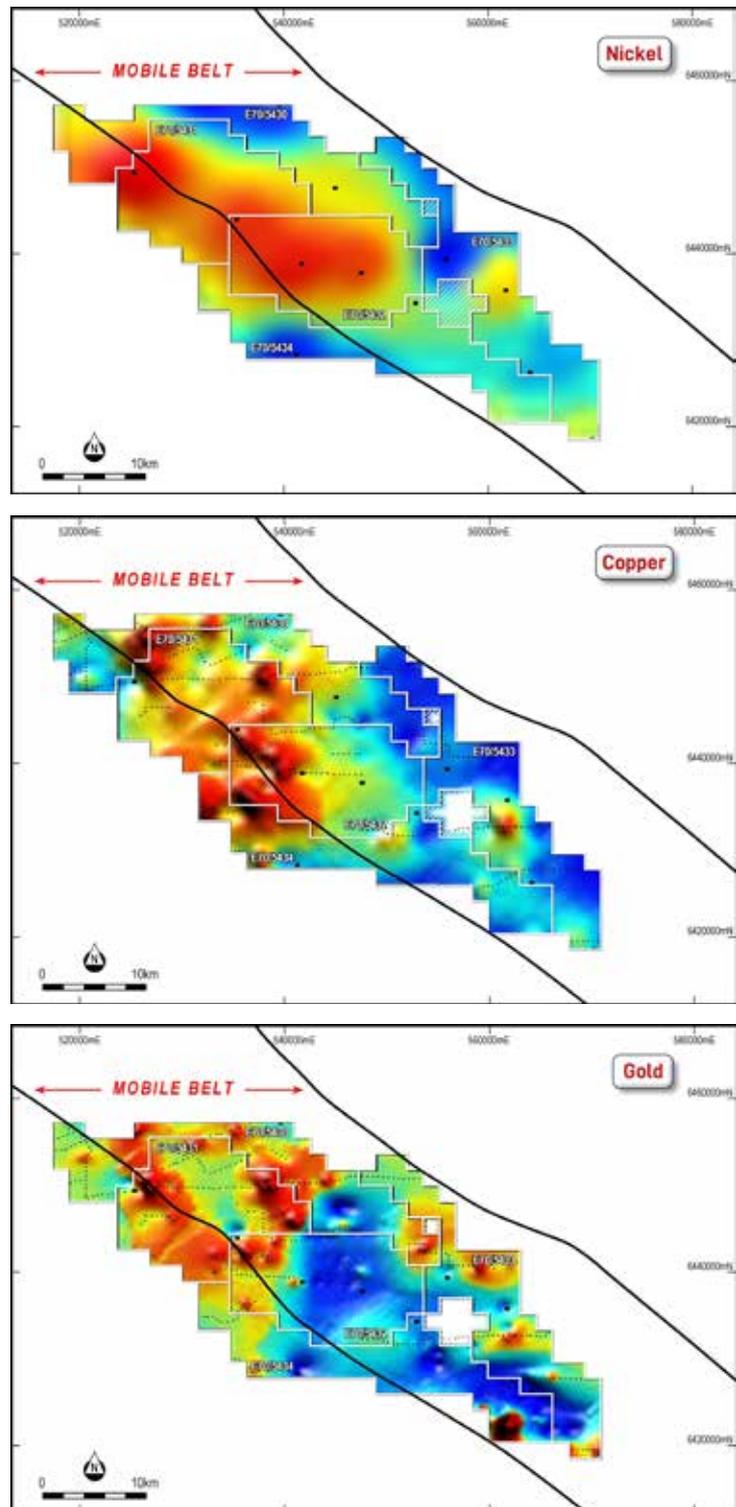


Figure 22: Images of the regional soil geochemistry data showing sample locations, and nickel, copper and gold results. Nickel values range up to 96 ppm (CSIRO data only), copper values up to 174 ppm and gold up to 11.5 ppb (proprietary data, no nickel assays). Warmer colours represent higher assay values.

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continued

NEXT STEPS

The eight tenement applications (E70/5430-34, E70/5490 and E70/5504-05) are now pending grant, a process expected to take about 5 months. Impact has commenced reconnaissance work including field checking and rock chip sampling along gazetted roads and tracks to help accelerate exploration prior to grant.

In addition, an interpretation of the surface geology will be completed to assess the effectiveness of the previous soil geochemistry surveys to determine the best surface geochemistry technique for the area. A detailed interpretation of the bedrock geology from the magnetic data will be completed to help identify other priority areas for follow up.

4. BLACKRIDGE GOLD PROJECT (IPT 100%)

Impact's Blackridge project covers 150 square kilometres and comprises three 100% owned Exploration Permits (EPM26806, EPM27410 and EPM27571) and one granted Mining Lease ML2386 (Figure 24) which lies in the centre of the project area (ASX Release August 31st 2018).

The project covers about 90% of the southern part of the Blackridge-Miclere gold field located near Clermont in central Queensland (Figure 23).

The gold produced at Blackridge was mostly hosted in basal conglomerates of Permian-aged sedimentary basins which include the mined coal measures that unconformably overlie the Anakie metamorphic rocks of Middle Ordovician age and older (Figures 23 and 24).

The unconformity is present at surface over about 1,500 metres of trend at Blackridge. Much of the lease is covered by loose gravel with only a few outcrops of conglomerate and schist in places. This cover, within which small gold nuggets have been found by prospectors over many years, has hindered previous exploration and there has been no recent systematic exploration in the area.

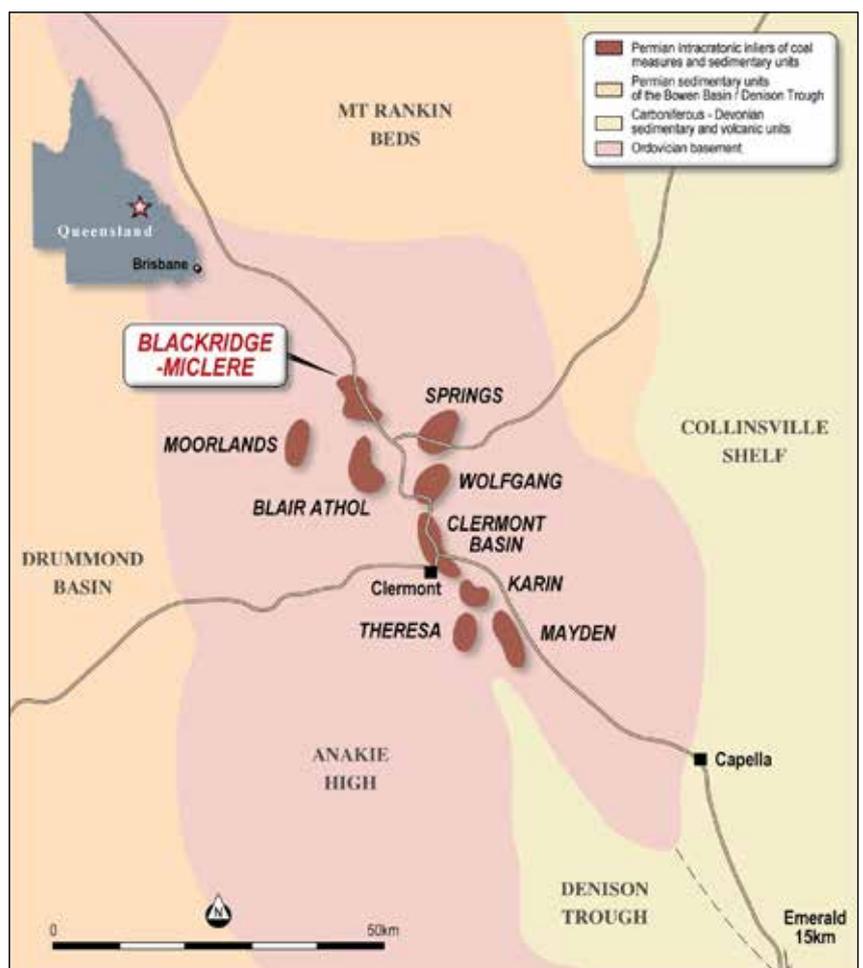


Figure 23: Location and regional geology of the Blackridge Project.

Review of Operations

continued

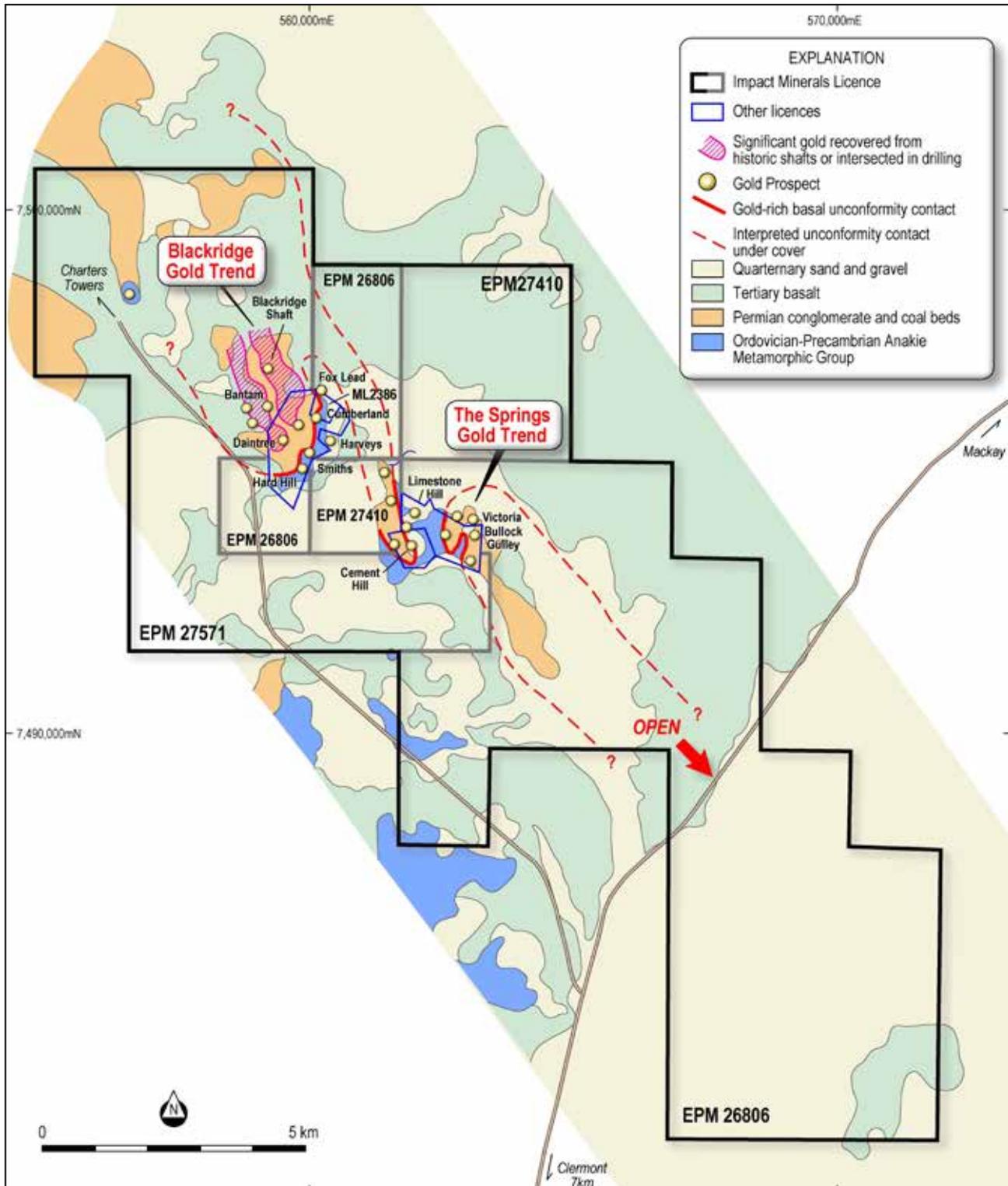


Figure 24: Tenure and geology of the Blackridge Project.

Review of Operations

continued

During the year Impact completed a major bulk sampling programme at Blackridge with a view to trial mining of its mining lease in conjunction with four other mining leases over which Impact held an option to purchase a 95% interest. The option lapsed in November 2019 because commercial terms could not be negotiated with the holder of the mining lease.

Since that time Impact has consolidated its ground holding in the area and is now considering its options to progress the project.

The increased ground position at Blackridge was warranted by the results of the bulk sampling programme which confirmed the potential for significant volumes of free digging oxide material with exceptional gold recoveries of at least 95% and probably as high as +98% using simple wet gravity processing (ASX Release September 18th 2019).

Following successful results from a Phase 1 sample program in 2018, comprising samples weighing up to 1 tonne, a second-hand mobile water processing plant capable of processing up to 50 tonnes of material per day was purchased and commissioned by Impact for a second phase of bulk sampling (ASX Releases October 23rd 2018 and June 18th 2019).

For each sample, a panned concentrate was collected and sent for gravimetric fire assay at Intertek Laboratories in Perth. In addition the tailings from the **panned** samples ("**panned tailings**") were sent for cyanide leaching by the Leachwell method at ALS Laboratories in Townsville to check for potential losses of gold by Impact's processing methodology to the fine tailings. In addition the trenches and samples were detected for gold nuggets using a handheld metal detector.

The results shown in Figure 26 and Figure 25 show examples of the panned concentrates and also the weights and sizes of the nuggets found in the trenches.

It is appropriate given the nature of the material sampled to report the results in grams per loose cubic metre as was done previously (ASX Release October 23rd 2018).



Figure 25: Examples of the panned concentrates from Foxes Lead on ML2386 and picture of nuggets from all trenches. All gold is the property of Impact Minerals Limited.

Review of Operations

continued

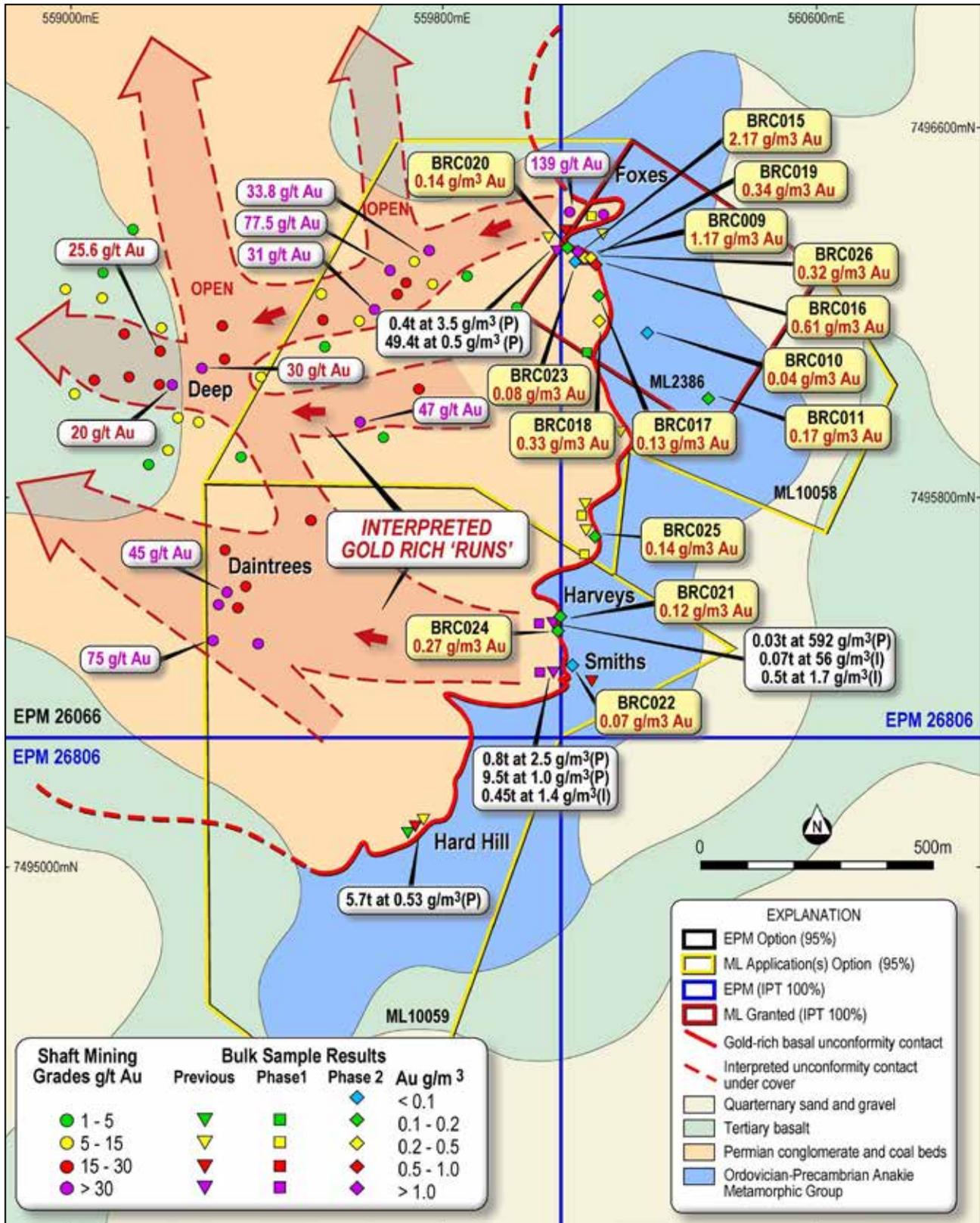


Figure 26: Gold results, previous gold production, geology and mining lease locations for the central Blackridge project area. All results are presented in grams per loose cubic metre. The second phase sample results are highlighted in the yellow call out boxes.

Review of Operations

continued

4.1 GOLD RESULTS

Twelve trenches were dug at varying intervals of between 50 metres and a few hundred metres over a strike length of 1,000 metres (Figure 26).

All samples were free digging indicating there are potentially large volumes of easily mineable oxide material in at least the top 4 to 5 metres of the profile at Blackridge (Figure 27). The depth of the oxide material is unknown but previous drilling in the area indicates relatively easily processed material may be present down to at least 25 metres or more in many places (ASX Release May 29th 2018).

In addition, every trench returned gold with values ranging from 0.07 g/m³ to 2.17 g/m³ at an average of 0.36 g/m³ (Table 2). The values were calculated from the panned concentrate, the Leachwell assays and the weight of nuggets.

It is remarkable that these concentrates represent back calculated head grades of less than 10 parts per billion and attest to the unique processing characteristics of the oxide-hosted gold.

Eight of the 12 trenches returned gold nuggets and the grades are mostly influenced by the number of nuggets in the sample. In particular Trench BRC015 returned 11.5 grams of nuggets from 12 tonnes of rock to give a grade of 2.17 g/m³ (Figures 25 and 26).

Trench BRC015 lies close to the start of "Foxes Lead", one of the high-grade "runs" mined in the late 1800's and early 1900's (Figure 26 and ASX Release October 23rd 2018). Previous production data from this era indicates that the number of nuggets is likely to significantly increase as the high-grade runs are approached with reported grades commonly of more than one ounce per tonne (Figure 27, ASX Release October 23rd 2018).



Figure 27: Photographs showing the free digging nature of the oxide material in the top 4 to 5 metres and also the target unconformity. Samples were taken approximately 1.5 metres above to 0.5 metres below the unconformity. There are large volumes of free-digging material across the Blackridge project.

These leads are quite robust and extend continuously down dip for at least 1,500 metres in places (Figure 26). Numerous leads may be present along the unconformity within the area of the mining leases.

These new results suggest that the basal unconformity could be weakly to moderately mineralised over the entire 1,000 metres of trend sampled and that it is potentially mineralised for a further 500 metres to the south, past the Hard Hill prospect (Figure 26).

In addition Impact considers it possible that further closer spaced sampling could return more nuggets along the entire unconformity and in particular close to the high grade leads, thus potentially increasing the average grade. If this were the case, then there would be clear potential at Blackridge for a large bulk mining operation.

Review of Operations

continued

4.2 GOLD IN THE SOIL PROFILE OVER ML2386

The area immediately east of the main target unconformity on ML2386 and MLAs 100158 and 159 comprises a well-developed soil profile over the Anakie metamorphic basement rocks and loose scree of both Anakie and Permian rocks (Figure 26). This area has been prospected extensively for gold nuggets over the years using hand held metal detectors.

Two samples of the soil, which weighed 0.7 t and 0.6 t, were processed and returned 0.04 g/m³ and 0.17 g/m³ (Figure 26).

The samples were taken from areas where several small nuggets weighing up to a few grams had been recently found by prospectors. Accordingly, the *in situ* grades would have been higher if these nuggets were to be incorporated into the amount of gold recovered.

These results indicate there is potential for gold to be hosted in large volumes of loose free digging soil in the top few metres over much of the granted mining lease ML2386 (Figure 26).

4.3 RESULTS OF CYANIDE LEACHING ON THE PANNED TAILINGS

The panned tailings from the samples were sent for cyanide leaching to check that no significant gold had been missed by the sluicing and panning process.

The total weight of panned tailings was 330 kg which came from a total of 168.7 tonnes of original bulk sample material (Table 2). This represents a mass concentration of almost 100 to one.

Two 3 kg samples were sub-sampled from each of the tailings samples and leached with cyanide. This is a total of 102 kg or 31% of the total tailings.

For the A samples, assays between 0.5 g/t and 43 g/t gold and averaging 9.3 g/t gold were returned.

For the B samples, gold assays between 0.1 g/t and 25.7 g/t gold and averaging 7.5 g/t were returned.

These results equate to an average head grade of less than **25 parts per billion** when back calculated to the original sample weights of between 10.4 tonnes and 14.7 tonnes. This is unsurprising given the very high mass concentration and it should be noted that this does **not** reflect the primary head grade.

These are very low values and attest to the efficacy of the wet gravity operation and therefore demonstrate the exceptional liberation characteristics of the gold particles in the oxide material at Blackridge.

However, the **absolute** gold grades in the tailings themselves are exceptional with an overall average grade of all material leached of 8.4 g/t (average of the A plus B sample). This upgrade has been achieved mostly by the removal of the coarse barren pebbles in the host conglomerate by the sluicing process and the concentration of very low levels of gold.

Accordingly, significant tonnages of tailings generated by a large scale operation could be a potentially very valuable resource if re-processed by other methods, in particular towards the end of any mine life.

Further test work on the liberation of the gold in the tailings is warranted.

Table 2: Results of the Bulk Sampling Programme at Blackridge.

TRENCH AND SAMPLE DETAILS							
Trench ID	Prospect	Easting	Northing	Overall Depth (m)	Sample Interval From	Sample Interval To	Bulk Sample Weight (t)
RESULTS FROM 11 TRENCHES							
BRC015	Foxes	560095	7496330	4	2.5	4	12
BRC016	Foxes	560129	7496291	1.5	0.5	1.5	12.2
BRC017	Foxes	560125	7496240	1.5	0.5	1.5	14.7
BRC018	Foxes	560128	7496189	4	2.5	4	12.8
BRC019	Foxes	560116	7496315	1.5	0.5	1.5	13.6
BRC020	Foxes	560061	7496339	5	2	5	13.4
BRC021	Harveys	560055	7495545	4	2	4	14.2
BRC022	Smiths	560077	7495452	3	1.5	3	13.8
BRC024	Harveys	560048	7495511	2	0.5	2	12.8
BRC025	Cumberland	560123	7495717	2	0.5	2	13
BRC026	Foxes	560103	7496313	2.5	1	2.5	11.6
RESULTS FROM PROFILE IN 12th TRENCH							
BRC023	Foxes	560085	7496299	2	0	2	12.4
BRC023	Foxes	560085	7496299	4	2	4	12.2
RESULTS FROM PHASE 1 SAMPLES							
BRC009	Foxes	560109	7496318	1.60	0.6	1.6	0.9055
BRC010	Flats	560233	7496168	0.30	0	0.3	0.732
BRC011	Flats	560377	7496020	0.70	0	0.7	0.6005
RESULTS OF OVERSIZE							
Override	Foxes	N/A	N/A				10.4

Review of Operations

continued

4.4 ESTIMATE OF GOLD RECOVERY

It is estimated that gold recoveries are in the range 95-98%. This is based on:

- the very low values of gold back calculated from the oversize sample from the first six trenches;
- the lack of nuggets in the oversize material;
- the very clean nature of the original pebbles in the oversize material; that is, no matrix or clay attached to the pebbles; and
- the very low levels of gold in the panned fines as determined by cyanide leaching.

The most likely loss of significant gold would have been undetected nuggets in the oversize material or loose material in the trenches and in the tailings from the sluice. These are not considered material at this stage of exploration.

4.5 NEXT STEPS

The bulk sampling programme has demonstrated the potential for large volumes of easily mined and easily processed material from surface to a depth of at least 5 metres with exceptional liberation characteristics of the contained gold.

Further sampling is required to establish the grade distribution in the profile above the target unconformity horizon, as this will have a significant influence on the strip ratio of any potential open

pit mine. Previous drilling has demonstrated that gold is present sporadically throughout the entire 100 metre thick sedimentary package at Blackridge (ASX Release May 29th 2018).

In addition further sampling at closer spaced intervals is required **along** the unconformity from north to south to determine if zones of better grade are present (Figure 26).

The next most practical step forward for Impact would be to commence much larger sampling programmes on its granted mining lease. Impact is considering its options for doing this work which will include discussions with various speciality contractors.

PANNED CONCENTRATE GRAVIMETRIC			LEACHWELL ASSAYS				NUGGETS	Totals (Con+Ave Leachwell+Nuggets)	
Sample ID	Sample Weight g	Assay Value g/t	Sample ID	Original Sample weight kg	A Sample Gold g/t	B Sample Gold g/t	Weight of gold (g)	Gold g/t	Gold g/m3
10687	40.20	105447	10688	17.97	17.15	13.85	11.5	1.36	2.17
10689	78.73	46583	10690	19.82	13	4.58	0.63	0.38	0.61
10691	30.63	17696	10692	24.5	8	11.6	0.43	0.08	0.13
10693	27.28	119698	10694	24.07	19.05	19.65	-	0.21	0.33
10695	22.92	38204	10696	23.19	8.04	11.35	1.81	0.22	0.34
10697	46.52	20400	10698	17.1	0.486	0.149	-	0.09	0.14
10699	3.03	147881	10700	19.39	2.82	3.53	0.48	0.07	0.12
10871	7.48	66824	10872	16.71	2.05	3.67	-	0.04	0.07
10882	3.69	388443	10883	19.94	43.5	25.7	-	0.17	0.27
10884	4.65	83062	10885	18.63	4.56	4.33	0.65	0.09	0.14
10886	3.91	256769	10887	30	15.8	14.15	0.76	0.20	0.32
10875	2.62	131417	10876	14.76	0.585	0.741	0.28	0.05	0.08
10880	1.28	30064	10881	17.93	0.453	1.435	-	0.00	0.01
10619	2.43	194403	10877	12.41	3.27	3.9	-	0.73	1.17
10620	5.83	1854	10878	12.24	17.4	6.84	-	0.03	0.04
10621	14.26	2919	10879	12.8	1.14	0.148	-	0.11	0.17
10873	4.49	152035	10874	28.56	0.784	2.28	-	0.08	0.12

Financial Report

Directors' Report

Your Directors present their report on the consolidated entity consisting of Impact Minerals Limited ("the Company") and its subsidiaries ("the Group" or "the Consolidated Entity") and its subsidiaries at the end of the year ended 30 June 2020.

DIRECTORS

The following persons were Directors of Impact Minerals Limited during the whole of the financial year and up to the date of this report unless noted otherwise:

- Peter Unsworth, Non-Executive Chairman
- Michael Jones, Managing Director
- Paul Ingram, Non-Executive Director
- Markus Elsasser, Non-Executive Director
- Eamon Hannon, Non-Executive Director (resigned 10 September 2019)

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was exploration for deposits of nickel, gold, copper and platinum group elements.

FINANCIAL RESULTS

The consolidated loss of the Group after providing for income tax for the year ended 30 June 2020 was \$1,685,165 (2019: \$7,293,169).

DIVIDENDS

No dividends have been paid or declared since the start of the financial year. No recommendation for the payment of a dividend has been made by the Directors.

OPERATIONS AND FINANCIAL REVIEW

During the year Impact has expanded and progressed exploration across its portfolio of five projects.

At the 903 km² Commonwealth Project in the prolific copper-gold province of the Lachlan Fold Belt in NSW, the significant exploration potential for large intrusive-related copper-gold deposits was confirmed and enhanced following the discovery of the Boda-Kaiser copper-gold deposit by Alkane Resources Limited (ASX:ALK). Boda lies 3 km along trend from Impact's tenements. Impact has identified five priority prospects for similar mineralisation with rock chip samples from all five returning encouraging results. Work is now focussed on identifying specific drill targets on the priority Apsley target.

In addition, an increase in resources at the Commonwealth gold-silver-zinc-lead deposit and a maiden resource for the nearby Silica Hill deposit were also released. These deposits are now being reviewed for further exploration as they are open at depth below high grade drill intercepts.

A review of the 816 km² Broken Hill nickel-copper-platinum group metal project in the light of record palladium prices and significant increases in the prices of all precious metals highlighted the potential for high grade massive sulphide deposits at three targets. Drilling is now in progress at all three areas.

At the Blackridge gold project in central Queensland Impact has increased its ground holding to establish itself as the largest ground holder in the historic Micelere-Blackridge gold field. Discussions are in progress to attempt trial mining at the project which is characterised by nuggetty gold that is difficult to effectively drill out. At the nearby Clermont gold project, a review of previous high grade drill intercepts has identified a 2 km long target area that requires follow up drilling.

A new 100% owned project, Arkun, located 120 km east of Perth was secured during the year. The project covers 1,900 km² of the along trend extension of deformed equivalents of the host rocks at the Julimar nickel-copper-PGE discovery of Challice Gold Mines Limited (ASX:CHN). Anglo American plc, one of the world's top 10 mining companies, staked a vast ground holding of about 10,000 km² around the Arkun project on the day of Impact's first announcement on Arkun. It is evident that this part of WA is an emerging exploration hotspot and Impact now controls a significant ground holding there. The tenements are due for grant in late 2020 and on-ground work will commence immediately afterwards.

Directors' Report

continued

FINANCIAL

As at 30 June 2020, the Group had net assets of \$13,377,076 (2019: \$11,859,834) including cash and cash equivalents of \$2,431,426 (2019: \$2,002,624).

RESPONSE TO COVID-19

Impact is continuing to review the ongoing situation relating to the COVID-19 pandemic and the implications for the health and wellbeing of our employees, contractors and stakeholders. The Company has been pro-active with respect to its response to COVID-19 and has developed operational procedures and plans in line with official health advice and government directives. Impact will continue to operate within these guidelines and will adapt its procedures as required.

The impact on the Group's operations to date has not been material and whilst the situation with regards to COVID-19 remains uncertain, the Company remains an active explorer across its projects and does not foresee, at this time, that it will have a material impact on future operations.

Competent Persons Statement

The review of operations contained in this report is based on information compiled by Dr Mike 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 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Dr 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.

Impact Minerals confirms that it is not aware of any new information or data that materially affects the information included in previous market announcements and in the case of mineral resource estimates, that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the financial year were as follows:

- In August 2019 Impact announced a significant increase in resources at the Company's 100% owned Commonwealth gold-silver-zinc-lead-copper project 95 km north of Orange in New South Wales including a maiden resource for the silver-rich Silica Hill Prospect (see IPT ASX Release dated 22 August 2019).
- In mid 2020 Impact made applications for eight 100% owned Exploration Licences prospective for nickel-copper-platinum group metals and gold in the emerging province in the south west Yilgarn Craton of Western Australia (the Arkun Project).

EVENTS SINCE THE END OF THE FINANCIAL YEAR

On 28 July 2020, the Company completed a placement to sophisticated and professional investors of 216,333,333 ordinary shares at an issue price of 1.5 cents per share raising \$3,245,000 before costs.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations, the results of those operations, or the state of affairs of the Group in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Directors are not aware of any developments that might have a significant effect on the operations of the Group in subsequent financial years not already disclosed in this report.

Directors' Report

continued

ENVIRONMENTAL REGULATION

The Group is subject to significant environmental regulation in respect of its exploration activities. Tenements in Western Australia, New South Wales and Queensland are granted subject to adherence to environmental conditions with strict controls on clearing, including a prohibition on the use of mechanised equipment or development without the approval of the relevant government agencies, and with rehabilitation required on completion of exploration activities. These regulations are controlled by the Department of Mines, Industry Regulation and Safety (*Western Australia*), the Department of Industry (*New South Wales*) and the Department of Natural Resources and Mines (*Queensland*).

Impact Minerals Limited conducts its exploration activities in an environmentally sensitive manner and the Group is not aware of any breach of statutory conditions or obligations.

Greenhouse gas and energy data reporting requirements

The Directors have considered compliance with the *National Greenhouse and Energy Reporting Act 2007* which requires entities to report annual greenhouse gas emissions and energy use. The Directors have assessed that there are no current reporting requirements for the year ended 30 June 2020, however reporting requirements may change in the future.

INFORMATION ON DIRECTORS

Peter Unsworth

B.Com (Non-Executive Chairman), Director since 28 April 2006

Experience and expertise	Mr Unsworth, formerly a chartered accountant, has more than 40 years' experience in the corporate finance, investment, and securities industries and has a wealth of management experience with both public and private companies. A former Executive Director with a leading Western Australian stockbroking company, Mr Unsworth has been a Director of a number of public exploration and mining companies. He is a former Director and Chairman of the Western Australian Government owned Gold Corporation (operator of The Perth Mint).	
Other current directorships	None	
Former directorships in last three years	Stealth Global Holdings Limited (appointed July 2018, retired October 2019)	
Special responsibilities	Chair of the Board	
Interests in shares and options	Ordinary shares – Impact Minerals Limited	15,994,098
	Unlisted options – Impact Minerals Limited	32,000,000

Michael Jones

PhD, MAIG (Managing Director), Director since 31 March 2006

Experience and expertise	Dr Jones completed undergraduate and post-graduate studies in Mining and Exploration Geology at Imperial College, London. His PhD work on gold mineralisation saw him move to Western Australia in 1988 to work for Western Mining Corporation exploring for gold and nickel deposits in the Yilgarn. From 1994, he consulted to the exploration and mining industry specialising in the integration of geological field mapping and the interpretation of geochemical, geophysical and remotely sensed data for target generation. Dr Jones has worked on over 80 projects both in Greenfields and near mine exploration in a wide variety of mineralised terrains and was the founding Director of Lithofire Consulting Geologists in Perth, Australia. He was also the team leader during the discovery of a significant gold deposit at the Higginsville Mining Centre, near Kalgoorlie and an iron ore deposit near Newman, both in Western Australia.	
Other current directorships	None	
Former directorships in last three years	None	
Special responsibilities	Managing Director	
Interests in shares and options	Ordinary shares – Impact Minerals Limited	7,715,052
	Unlisted options – Impact Minerals Limited	71,000,000

Directors' Report

continued

Paul Ingram	B.AppSc, AIMM, MICA (Non-Executive Director), Director since 27 September 2009	
Experience and expertise	Mr Ingram is a geologist with extensive experience in managing major mineral exploration programs for several publicly listed companies and has been involved in the mining sector for over forty years. He has designed and implemented innovative techniques for exploration in remote areas and has managed projects in countries throughout Australia and east Asia.	
Other current directorships	A-Cap Resources Limited (Director since June 2009)	
Former directorships in last three years	None	
Special responsibilities	None	
Interests in shares and options	Ordinary shares - Impact Minerals Limited	580,680
	Unlisted options - Impact Minerals Limited	17,000,000

Markus Elsasser	PhD (Non-Executive Director), Director since 9 August 2012	
Experience and expertise	Dr Markus Elsasser is a German financier and investor in the mineral resources industry. He is Head of the Elsasser family office 'M. Elsasser & Cie AG 1971' in Dusseldorf, Germany. Dr Elsasser has previously been Director of Finance at the Dow Chemical Company in Germany. He has extensive General Management experience with former appointments as Managing Director in Australia and Singapore in the chemical and food industries.	
Other current directorships	None	
Former directorships in last three years	None	
Special responsibilities	None	
Interests in shares and options	Ordinary shares - Impact Minerals Limited	23,310,402
	Unlisted options - Impact Minerals Limited	17,000,000

COMPANY SECRETARY

Bernard Crawford	B.Com, CA, MBA, AGIA ACG (appointed 4 April 2016)	
Mr Crawford is a Chartered Accountant with over 25 years' experience in the resources industry in Australia and overseas. He has held various positions in finance and management with NYSE, TSX and ASX listed companies. Mr Crawford is the CFO and/or Company Secretary of a number of public companies. He holds a Bachelor of Commerce degree from the University of Western Australia, a Master of Business Administration from London Business School and is a Member of Chartered Accountants Australia and New Zealand and the Governance Institute of Australia.		

Directors' Report

continued

MEETINGS OF DIRECTORS

The number of formal meetings of the Company's Board of Directors held during the year ended 30 June 2020, and the number of meetings attended by each Director were:

	Number of meetings attended	Number of meetings eligible to attend
Peter Unsworth	6	6
Michael Jones	6	6
Paul Ingram	6	6
Markus Elsasser	5	6
Eamon Hannon ⁽¹⁾	-	-

(1) Resigned 10 September 2019.

The directors also have a number of informal meetings with management during the year, both in person and by conference call.

RETIREMENT, ELECTION AND CONTINUATION IN OFFICE OF DIRECTORS

Mr Unsworth, being a Director retiring by rotation who, being eligible, will offer himself for re-election at the Annual General Meeting.

Directors' Report

continued

REMUNERATION REPORT (AUDITED)

The Directors present the Impact Minerals Limited 2020 Remuneration Report, outlining key aspects of the Company's remuneration policy and framework, and remuneration awarded this year.

The report contains the following sections:

- a) Key management personnel covered in this report
- b) Remuneration governance and the use of remuneration consultants
- c) Executive remuneration policy and framework
- d) Relationship between remuneration and the Group's performance
- e) Non-executive director remuneration policy
- f) Voting and comments made at the Company's 2019 Annual General Meeting
- g) Details of remuneration
- h) Service agreements
- i) Details of share-based compensation and bonuses
- j) Equity instruments held by key management personnel
- k) Loans to key management personnel
- l) Other transactions with key management personnel.

A) KEY MANAGEMENT PERSONNEL COVERED IN THIS REPORT

Non-Executive and Executive Directors (see pages 35 to 36 for details about each director)

Name	Position
Peter Unsworth	Non-Executive Chairman
Michael Jones	Managing Director
Paul Ingram	Non-Executive Director
Markus Elsasser	Non-Executive Director
Eamon Hannon ⁽¹⁾	Non-Executive Director

(1) Resigned 10 September 2019.

B) REMUNERATION GOVERNANCE AND THE USE OF REMUNERATION CONSULTANTS

The Company does not have a Remuneration Committee. Remuneration matters are handled by the full Board of the Company. In this respect the Board is responsible for:

- the over-arching executive remuneration framework;
- the operation of the incentive plans which apply to executive directors and senior executives (the executive team), including key performance indicators and performance hurdles;
- remuneration levels of executives; and
- non-executive director fees.

The objective of the Board is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

In addition, all matters of remuneration are handled in accordance with the Corporations Act requirements, especially with regards to related party transactions. That is, none of the Directors participate in any deliberations regarding their own remuneration or related issues.

Independent external advice is sought from remuneration consultants when required, however no advice was sought during the year ended 30 June 2020.

Directors' Report

continued

C) EXECUTIVE REMUNERATION POLICY AND FRAMEWORK

In determining executive remuneration, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent;
- aligned to the Company's strategic and business objectives and the creation of shareholder value;
- transparent and easily understood; and
- acceptable to shareholders.

All executives receive consulting fees or a salary, part of which may be taken as superannuation, and from time to time, options. The Board reviews executive packages annually by reference to the executive's performance and comparable information from industry sectors and other listed companies in similar industries.

All remuneration paid to specified executives is valued at the cost to the Group and expensed. Options are valued using a Black-Scholes option pricing model.

D) RELATIONSHIP BETWEEN REMUNERATION AND THE GROUP'S PERFORMANCE

Emoluments of Directors are set by reference to payments made by other companies of similar size and industry, and by reference to the skills and experience of Directors. Fees paid to Non-Executive Directors are not linked to the performance of the Group. This policy may change once the exploration phase is complete and the Group is generating revenue. At present the existing remuneration policy is not impacted by the Group's performance including earnings and changes in shareholder wealth (e.g. changes in share price) with the exception of incentive options issued to Directors, subject to shareholder approval.

The Board has not set short term performance indicators, such as movements in the Company's share price, for the determination of Non-Executive Director emoluments as the Board believes this may encourage performance which is not in the long-term interests of the Company and its shareholders. The Board has structured its remuneration arrangements in such a way it believes is in the best interests of building shareholder wealth in the longer term. The Board believes participation in the Company's Incentive Option Scheme motivates key management and executives with the long-term interests of shareholders.

E) NON-EXECUTIVE DIRECTOR REMUNERATION POLICY

The Board policy is to remunerate Non-Executive Directors at commercial market rates for comparable companies for their time, commitment and responsibilities. Non-Executive Directors receive a Board fee but do not receive fees for chairing or participating on Board committees. Board members are allocated superannuation guarantee contributions as required by law, and do not receive any other retirement benefits. From time to time, some individuals may choose to sacrifice their salary or consulting fees to increase payments towards superannuation.

The maximum annual aggregate Non-Executive Directors' fee pool limit is \$250,000 as approved by shareholders at the Company's 2016 Annual General Meeting ("AGM") held on 9 November 2016.

Fees for Non-Executive Directors are not linked to the performance of the Group. Non-Executive Directors' remuneration may also include an incentive portion consisting of options, subject to approval by shareholders.

F) VOTING AND COMMENTS MADE AT THE COMPANY'S 2019 ANNUAL GENERAL MEETING

Impact Minerals Limited received more than 98% of "yes" votes on its Remuneration Report for the 2019 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Directors' Report

continued

G) DETAILS OF REMUNERATION

The following table show details of the remuneration received by the Group's key management personnel for the current and previous financial year.

Name	Short-term employment benefits		Post-employment benefits	Share-based payments		Total \$	% of remuneration to total from shares and options %
	Salary & fees \$	Non-monetary benefit \$	Super-annuation \$	Shares \$	Options \$		
2020							
<i>Directors</i>							
P Unsworth	50,000	-	4,750	-	121,027	175,777	68.9
M Jones	246,879	-	-	-	252,379	499,258	50.6
P Ingram	20,000	-	1,900	-	66,090	87,990	75.1
M Elsasser	21,900	-	-	-	66,090	87,990	75.1
E Hannon ⁽¹⁾	3,742	-	-	-	-	3,742	-
TOTALS	342,521	-	6,650	-	505,586	854,747	-
2019							
<i>Directors</i>							
P Unsworth	53,750	-	5,106	-	26,033	84,889	30.7
M Jones	262,209	-	-	-	65,083	327,292	19.9
P Ingram	24,583	-	2,336	-	13,016	39,935	32.6
M Elsasser	26,919	-	-	-	13,016	39,935	32.6
E Hannon ⁽¹⁾	25,410	-	-	-	-	25,410	-
TOTALS	392,871	-	7,442	-	117,148	517,461	-

(1) Resigned 10 September 2019.

No components of remuneration are linked to the performance of the Group.

H) SERVICE AGREEMENTS

M Jones, Managing Director

Dr Jones is remunerated pursuant to an ongoing Consultancy Services Agreement. Dr Jones was paid fees of \$246,879 for the year ended 30 June 2020. The notice period (other than for gross misconduct) is three months.

I) DETAILS OF SHARE-BASED COMPENSATION AND BONUSES

Options

Options over ordinary shares in Impact Minerals Limited are granted under the Employee Option Acquisition Plan ("Option Plan"). Participation in the Option Plan and any vesting criteria are at the Board's discretion and no individual has a contractual right to participate in the Option Plan or to receive any guaranteed benefits. Any options issued to Directors of the Company are subject to shareholder approval. Options issued to Directors in the 2020 financial year were approved by shareholders at the 2019 Annual General Meeting.

Further information on the fair value of share options and assumptions is set out in Note 23 to the financial statements.

Directors' Report

continued

J) EQUITY INSTRUMENTS HELD BY KEY MANAGEMENT PERSONNEL

The following tables detail the number of fully paid ordinary shares and options over ordinary shares in the Company that were held during the financial year and the previous financial year by key management personnel of the Group, including their close family members and entities related to them.

Options

	Opening balance at 1 July	Granted as remuneration	Options exercised	Net change (other)	Balance at 30 June	Vested but not exercisable	Vested and exercisable	Vested during the year
2020								
<i>Directors</i>								
P Unsworth	19,333,335	18,000,000	-	(5,333,335)	32,000,000	-	19,000,000	8,000,000
M Jones	41,250,001	36,000,000	-	(6,250,001)	71,000,000	-	43,000,000	20,000,000
P Ingram	8,000,000	10,000,000	-	(1,000,000)	17,000,000	-	10,000,000	4,000,000
M Elsasser	8,000,000	10,000,000	-	(1,000,000)	17,000,000	-	10,000,000	4,000,000
TOTALS	76,583,336	74,000,000	-	(13,583,336)	137,000,000	-	82,000,000	36,000,000

2019

<i>Directors</i>								
P Unsworth	11,333,335	12,000,000	-	(4,000,000)	19,333,335	-	7,333,335	2,000,000
M Jones	21,250,001	30,000,000	-	(10,000,000)	41,250,001	-	11,250,001	5,000,000
P Ingram	4,000,000	6,000,000	-	(2,000,000)	8,000,000	-	2,000,000	1,000,000
M Elsasser	4,000,000	6,000,000	-	(2,000,000)	8,000,000	-	2,000,000	1,000,000
TOTALS	40,583,336	54,000,000	-	(18,000,000)	76,583,336	-	22,583,336	9,000,000

During the year, no ordinary shares in the Company were issued as a result of the exercise of remuneration options.

Shareholdings

	Opening balance at 1 July	Granted as remuneration	Options exercised	Net change (other)	Balance at 30 June
2020					
<i>Directors</i>					
P Unsworth	15,994,098	-	-	-	15,994,098
M Jones	7,715,052	-	-	-	7,715,052
P Ingram	580,680	-	-	-	580,680
M Elsasser	23,310,402	-	-	-	23,310,402
TOTALS	47,600,232	-	-	-	47,600,232

2019

<i>Directors</i>					
P Unsworth	15,994,098	-	-	-	15,994,098
M Jones	7,715,052	-	-	-	7,715,052
P Ingram	580,680	-	-	-	580,680
M Elsasser	23,310,402	-	-	-	23,310,402
TOTALS	47,600,232	-	-	-	47,600,232

Directors' Report

continued

The assessed fair value at grant date of options granted to individuals is allocated equally over the period from grant date to vesting date, (and the amount included in the remuneration tables above). Fair values at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

K) LOANS TO KEY MANAGEMENT PERSONNEL

There were no loans to individuals or members of key management personnel during the financial year or the previous financial year.

L) OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

There were no other transactions with key management personnel during the financial year or the previous financial year.

END OF REMUNERATION REPORT (AUDITED)

SHARES UNDER OPTION

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
29 Sep 2015 and 13 May 2016	29 Sep 2020	\$0.07	15,500,000
8 Nov 2018	30 Nov 2021	\$0.03	40,000,000
8 Nov 2018	30 Nov 2022	\$0.0375	20,000,000
8 Nov 2019 and 15 Nov 2019	5 Nov 2023	\$0.0149	97,000,000
TOTAL			172,500,000

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

In August 2020, the Company issued 1,357,324 ordinary shares upon the cashless exercise of 4,000,000 options with an exercise price of \$0.0149 and expiring on 5 November 2023. The terms of the Company's Directors' and Employees' Option Acquisition Plan provides for a Cashless Exercise Facility ("Facility").

CORPORATE GOVERNANCE STATEMENT

The Company's 2020 Corporate Governance Statement has been released as a separate document and is located on the Company's website at <http://www.impactminerals.com.au/corporate-governance/>.

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid a premium to insure the Directors and Officers of the consolidated entity against any liability incurred as a Director or Officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits the disclosure of the nature of the liabilities covered or the amount of the premium paid.

The Group has not entered into any agreement with its current auditors indemnifying them against claims by a third party arising from their position as auditor.

Directors' Report

continued

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor (Bentleys Audit and Corporate (WA) Pty Ltd) for audit and non-audit services provided during the year are set out in Note 18. During the year ended 30 June 2020, no fees were paid or were payable for non-audit services provided by the auditor of the consolidated entity (2019: \$Nil).

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

Signed in accordance with a resolution of the Directors.



Peter Unsworth
Chairman

Perth, 28 September 2020

Auditor's Independence Declaration



**Bentleys Audit & Corporate
(WA) Pty Ltd**

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To the Board of Directors

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

As lead audit partner for the audit of the financial statements of Impact Minerals Limited for the year ended 30 June 2020, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully,

BENTLEYS
Chartered Accountants

DOUG BELL CA
Partner

Dated at Perth this 28th day of September 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2020

	Notes	Consolidated	
		2020 \$	2019 \$
Revenue from operating activities	3(a)	20,703	45,337
Other income	3(a)	477,526	1,848,663
Corporation and administration expense		(546,103)	(496,807)
Depreciation expense	9	(39,388)	(31,188)
Employee benefits expense	3(b)	(888,680)	(305,162)
Impairment of exploration expenditure	10	(113,146)	(8,262,146)
Loss on disposal of controlled entity	25	(504,731)	-
Occupancy expense		(91,346)	(91,866)
Loss before tax from continuing operations		(1,685,165)	(7,293,169)
Income tax expense	5	-	-
Loss for the year from continuing operations		(1,685,165)	(7,293,169)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Change in the fair value of financial assets		-	(506,456)
<i>Items that may be reclassified to profit or loss</i>			
Exchange rate differences on translating foreign operations		-	73
Other comprehensive income for the year (net of tax)		(1,685,165)	(506,383)
Total comprehensive loss for the year attributable to the owners of Impact Minerals Limited		(1,685,165)	(7,799,552)
		Cents per share	Cents per share
Loss per share attributable to the owners of Impact Minerals Limited			
Basic and diluted loss per share	17	(0.12)	(0.55)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

as at 30 June 2020

	Notes	Consolidated	
		2020 \$	2019 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	2,431,426	2,002,624
Trade and other receivables	7	72,433	23,320
Other current assets	8	35,234	-
Total current assets		2,539,093	2,025,944
Non-current assets			
Property, plant and equipment	9	37,549	71,760
Exploration expenditure	10	10,946,163	9,777,828
Other non-current assets	11	151,055	195,183
Total Non-Current Assets		11,134,767	10,044,771
Total assets		13,673,860	12,070,715
LIABILITIES			
Current liabilities			
Trade and other payables	12	210,496	145,231
Short-term provisions	13	86,288	65,650
Total Current Liabilities		296,784	210,881
Total liabilities		296,784	210,881
Net assets		13,377,076	11,859,834
EQUITY			
Issued capital	14	46,931,843	44,900,024
Option reserve	15 (a)	1,005,268	577,577
Foreign currency translation reserve	15 (b)	-	(504,747)
Financial asset reserve		-	(506,456)
Transactions with non-controlling interest	15 (c)	(1,161,069)	(1,161,069)
Accumulated losses	16	(33,398,966)	(31,445,495)
Total equity		13,377,076	11,859,834

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2020

	Issued capital \$	Option reserve \$	Foreign currency translation reserve \$	Financial asset reserve \$	Transactions with non-controlling interest \$	Accumulated losses \$	Total equity \$
At 1 July 2018	44,900,024	1,418,620	(504,820)	-	(1,161,069)	(25,130,648)	19,522,107
Total comprehensive loss for the year	-	-	-	-	-	(7,293,169)	(7,293,169)
Other comprehensive income	-	-	73	(506,456)	-	-	(506,383)
Total comprehensive loss for the year (net of tax)	-	-	73	(506,456)	-	(7,293,169)	(7,799,552)
Transactions with owners in their capacity as owners							
Fair value of options issued	-	137,279	-	-	-	-	137,279
Fair value of options expired	-	(978,322)	-	-	-	978,322	-
At 30 June 2019	44,900,024	577,577	(504,747)	(506,456)	(1,161,069)	(31,445,495)	11,859,834
At 1 July 2019	44,900,024	577,577	(504,747)	(506,456)	(1,161,069)	(31,445,495)	11,859,834
Total comprehensive loss for the year	-	-	-	-	-	(1,685,165)	(1,685,165)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive loss for the year (net of tax)	-	-	-	-	-	(1,685,165)	(1,685,165)
Transactions with owners in their capacity as owners							
Transfer to retained earnings	-	-	-	506,456	-	(506,456)	-
Derecognition of foreign exchange reserve	-	-	504,747	-	-	-	504,747
Shares issued	2,135,505	-	-	-	-	-	2,135,505
Share issue costs	(103,686)	-	-	-	-	-	(103,686)
Fair value of options issued	-	665,841	-	-	-	-	665,841
Fair value of options expired	-	(238,150)	-	-	-	238,150	-
At 30 June 2020	46,931,843	1,005,268	-	-	(1,161,069)	(33,398,966)	13,377,076

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

for the year ended 30 June 2020

	Notes	Consolidated	
		2020 \$	2019 \$
Cash flows from operating activities			
Payments to suppliers and employees		(792,814)	(1,028,616)
Interest received		18,071	47,386
Other income received		5,757	-
Research and development tax rebate		287,189	1,357,076
Cash flow boost		33,540	-
Net cash flows from/(used in) operating activities	24	(448,257)	375,846
Cash flows from investing activities			
Payments for property, plant and equipment		(5,176)	(93,319)
Payments for exploration activities		(1,214,584)	(2,582,462)
Proceeds from disposal of tenements		100,000	340,758
Proceeds from disposal of financial assets		-	422,580
Proceeds from non-refundable deposit on Broken Hill JV		-	25,219
Net cash flows used in investing activities		(1,119,760)	(1,887,224)
Cash flows from financing activities			
Proceeds from issue of shares		2,100,505	-
Share issue costs		(103,686)	-
Net cash flows from financing activities		1,996,819	-
Net increase/(decrease) in cash and cash equivalents		428,802	(1,511,378)
Cash and cash equivalents at beginning of the year		2,002,624	3,514,002
Cash and cash equivalents at end of the year	6	2,431,426	2,002,624

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020

NOTE 1: CORPORATE INFORMATION

The consolidated financial report of Impact Minerals Limited for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 28 September 2020.

Impact Minerals Limited is a for-profit company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange. The nature of the operation and principal activities of the consolidated entity are described in the attached Directors' Report.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below and have been applied consistently to all periods presented in the consolidated financial statements and by all entities in the consolidated entity.

NOTE 2: STATEMENT OF COMPLIANCE

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

The consolidated financial statements of Impact Minerals Limited also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

New and amended accounting standards and interpretations adopted by the Group

The following standard and interpretation relevant to the operations of the Group and effective from 1 July 2019 have been adopted. The adoption of this standard and interpretation did not have any impact on the current period or any prior period but may impact future periods.

- AASB 16 *Leases*; and
- AASB Interpretation 23 *Uncertainty over Income Tax Treatments*.

Impact of adoption of AASB 16: Leases ("AASB 16")

AASB 16 *Leases* requires lessees to account for all leases under a single on-balance sheet model. The standard includes two recognition exemptions for lessees namely leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group has adopted AASB 16 *Leases* however its current leases fall within either the 'low-value' or 'short-term' recognition exemptions. The adoption of this standard has had no impact on the current or previous reporting period and as such there have been no adjustments to the opening balance of retained earnings.

AASB Interpretation 23 *Uncertainty over Income Tax Treatments*

This Interpretation clarifies the application of the recognition and measurement criteria in AASB 112 *Income Taxes* when there is uncertainty over income tax treatments. The Interpretation addresses (a) whether an entity considers uncertain tax treatments separately; (b) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (c) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and (d) how an entity considers changes in facts and circumstances.

The adoption of this Interpretation has had no impact on the current or previous reporting period and as such there have been no adjustments to the opening balance of retained earnings.

New accounting standards and interpretations

The following new and amended accounting standards and interpretations relevant to the operations of the Group have been published but are not mandatory for the current financial year. The Group has decided against early adoption of these standards and has not yet determined the potential impact on the financial statements from the adoption of these standards and interpretations.

Notes to the Consolidated Financial Statements

continued

NOTE 2: STATEMENT OF COMPLIANCE (CONTINUED)

New accounting standards and interpretations (continued)

New or revised requirement	Application date of standard	Application date for Group
<p>AASB 2018-6: <i>Amendments to Australian Accounting Standards – Definition of a Business</i></p> <p>The Standard amends the definition of a business in AASB 3 <i>Business Combinations</i>. The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.</p>	1 Jan 2020	1 Jul 2020
<p>AASB 1018-7: <i>Amendments to Australian Accounting Standards – Definition of Material</i></p> <p>This Standard amends AASB 101 <i>Presentation of Financial Statements</i> and AAS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.</p>	1 Jan 2020	1 Jul 2020

a) Basis of measurement

Historical cost convention

These consolidated financial statements have been prepared under the historical cost convention, except where stated.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed where appropriate.

b) Going concern

The 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.

On 28 July 2020, the Company completed a placement to sophisticated and professional investors of 216,333,333 ordinary shares at an issue price of 1.5 cents per share raising \$3,245,000 before costs.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

c) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2020 and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its investment with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The acquisition method of accounting is used to account for business combinations by the Group.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Notes to the Consolidated Financial Statements

continued

NOTE 2: STATEMENT OF COMPLIANCE (CONTINUED)

c) Principles of consolidation (continued)

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, and the Consolidated Statement of Changes in Equity respectively.

d) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

e) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Impact Minerals Limited.

f) Functional and presentation of currency

The consolidated financial statements are presented in Australian dollars, which is the Group's functional and presentational currency.

g) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss as incurred over the period of the lease.

Leases in which a significant portion of the risks and rewards of ownership are transferred to the Group as lessee are classified as finance leases. At the commencement date of a lease, the Group recognises a liability to make lease payments (i.e., the lease liability)

and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The Group separately recognises the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

h) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. All other short-term employee benefit obligations are presented as payables.

The obligations are presented as current liabilities in the Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

Other long-term obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service, is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

The Group provides benefits to employees of the Company in the form of share options. The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted.

Notes to the Consolidated Financial Statements

continued

NOTE 2: STATEMENT OF COMPLIANCE (CONTINUED)

h) Employee benefits (continued)

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number that vest.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value. No termination benefits, other than accrued benefits and entitlements, were paid during the period.

i) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

j) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through Other Comprehensive Income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient,

the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Financial assets designated at fair value through OCI (equity instruments)

This is the category most relevant to the Group. Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Notes to the Consolidated Financial Statements

continued

NOTE 2: STATEMENT OF COMPLIANCE (CONTINUED)

j) Financial instruments (continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables.

NOTE 3: REVENUE AND EXPENSES

a) Revenue from operating activities

	Consolidated	
	2020 \$	2019 \$
Interest income	20,703	45,337
Gain on sale of tenements	100,000	1,099,031
Research and development tax rebate	287,189	712,183
Other government rebates	84,580	-
Other income	5,757	37,449
Total revenue from operating activities	498,229	1,894,000

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Interest income is recognised as it accrues.

Amounts received or receivable from the Australian Tax Office (ATO) in respect of the Research and Development Tax Rebate (R&D Rebate) are recognised in Other Income for the year in which the claim is lodged with the ATO. Management assesses its research and development activities and expenditures to determine if these are likely to be eligible under the R&D Rebate.

b) Employee benefits expense

Wages, salaries and other remuneration expenses	112,578	18,433
Directors' fees	95,642	130,662
Superannuation fund contributions	14,619	18,788
Share-based payment expense (Note 23)	665,841	137,279
Total employee benefits expense	888,680	305,162

NOTE 4: SEGMENT INFORMATION

The Group operates in one geographical segment, being Australia and in one operating category, being mineral exploration. Therefore, information reported to the chief operating decision maker (the Board of Impact Minerals Limited) for the purposes of resource allocation and performance assessment is focused on mineral exploration within Australia. The Board has considered the requirements of AASB 8: *Operating Segments* and the internal reports that are reviewed by the chief operating decision maker in allocating resources and have concluded at this time that there are no separately identifiable segments.

Notes to the Consolidated Financial Statements

continued

NOTE 5: INCOME TAX

	Consolidated	
	2020 \$	2019 \$
a) Major components of income tax expense are as follows:		
Current income tax expense/(benefit)	-	-
Deferred income tax expense/(benefit)	-	-
Income tax expense reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	-	-
b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Loss from ordinary activities before income tax expense	(1,685,165)	(7,293,169)
Prima facie tax benefit on profit from ordinary activities before income tax at 27.5% (2019: 27.5%)	(463,420)	(2,005,622)
<i>Tax effect of permanent differences:</i>		
- Share-based expense	183,106	37,752
- Non-deductible expenses	142,773	5,259
- Government grant received	(102,237)	(195,850)
- Benefit of capital loss for which a DTA was not recognised	-	(302,234)
- Tax losses not recognised	239,778	2,460,695
Income tax expense/(benefit) on pre-tax profit	-	-
c) Deferred tax assets and (liabilities) are attributable to the following:		
Accrued expenses	7,554	6,598
Capital raising costs	72,504	72,990
Exploration expenditure	(2,310,030)	(1,984,799)
Plant and equipment	(10,326)	2,514
Provision for employee entitlements	23,729	18,053
Other	96	(80)
Tax losses	2,216,473	1,884,724
	-	-
d) Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items as the Directors do not believe it is appropriate to regard realisation of future tax benefits as probable:		
- Tax losses	5,943,960	5,819,026
- Capital losses	651,887	488,929
	6,595,847	6,307,955

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Notes to the Consolidated Financial Statements

continued

NOTE 5: INCOME TAX (CONTINUED)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The Company and its wholly-owned Australian controlled entities have formed a tax consolidated group. The head entity of the tax consolidated group is Impact Minerals Limited.

No deferred tax asset has been recognised in the Consolidated Statement of Financial Position in respect of the amount of either these losses or other deferred tax expenses. Should the Company not satisfy the Continuity of Ownership Test, the Company will be able to utilise the losses to the extent that it satisfies the Same Business Test.

NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated	
	2020 \$	2019 \$
Cash at bank and on hand	631,426	502,624
Short-term deposits	1,800,000	1,500,000
	2,431,426	2,002,624

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less.

The weighted average interest rate for the year was 1.16% (2019: 1.92%).

The Group's exposure to interest rate risk is set out in Note 22. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

NOTE 7: TRADE AND OTHER RECEIVABLES

	Consolidated	
	2020 \$	2019 \$
Current		
GST	15,992	17,534
Government grants/rebates	51,040	-
Other	5,401	5,786
	72,433	23,320

Trade receivables are normally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

The amounts held in trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these trade and other receivables, it is expected that these amounts will be received when due. The Group's financial risk management objectives and policies are set out in Note 22.

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

Notes to the Consolidated Financial Statements

continued

NOTE 8: OTHER CURRENT ASSETS

	Consolidated	
	2020 \$	2019 \$
Deposits	35,234	-
	35,234	-

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2020 \$	2019 \$
Leasehold improvements		
- At cost	7,400	7,400
- Accumulated depreciation	(7,400)	(7,400)
Total leasehold improvements	-	-
Office equipment		
- At cost	71,000	71,000
- Accumulated depreciation	(69,997)	(68,449)
Total office equipment	1,003	2,551
Site equipment		
- At cost	92,252	92,252
- Accumulated depreciation	(69,835)	(45,157)
Total site equipment	22,417	47,095
Computer equipment		
- At cost	177,708	172,531
- Accumulated depreciation	(163,579)	(150,417)
Total computer equipment	14,129	22,114
Total property, plant and equipment	37,549	71,160

Property, plant and equipment is stated at historical cost less accumulated depreciation. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Profit or Loss and Other Comprehensive Income.

Notes to the Consolidated Financial Statements

continued

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Movement in carrying amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the year:

	Leasehold improvements \$	Office equipment \$	Site equipment \$	Computer equipment \$	Total \$
2020 – Consolidated					
Balance at the beginning of the year	-	2,551	47,095	22,114	71,760
Additions	-	-	-	5,177	5,177
Depreciation expense	-	(1,548)	(24,678)	(13,162)	(39,388)
Carrying amount at the end of the year	-	1,003	22,417	14,129	37,549
2019 – Consolidated					
Balance at the beginning of the year	197	668	4,978	3,786	9,629
Additions	-	3,924	59,999	29,396	93,319
Depreciation expense	(197)	(2,041)	(17,882)	(11,068)	(31,188)
Carrying amount at the end of the year	-	2,551	47,095	22,114	71,760

NOTE 10: EXPLORATION AND EVALUATION

	Consolidated	
	2020 \$	2019 \$
Opening balance	9,777,828	15,441,823
Exploration expenditure incurred during the year	1,281,481	2,598,151
Impairment expense	(113,146)	(8,262,146)
Closing balance	10,946,163	9,777,828

Exploration and evaluation expenditure, including the costs of acquiring licences and permits, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- i) the expenditures are expected to be recouped through successful development and exploitation or from sale of the area of interest; or
- ii) activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability, and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of minerals in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mineral property and development assets within property, plant and equipment.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made.

Notes to the Consolidated Financial Statements

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NOTE 11: OTHER NON-CURRENT ASSETS

	Consolidated	
	2020 \$	2019 \$
Deposits paid	151,055	185,750
Other non-current assets	-	9,433
Closing balance	151,055	195,183

NOTE 12: TRADE AND OTHER PAYABLES

	Consolidated	
	2020 \$	2019 \$
Trade creditors	129,911	98,728
Other payables and accruals	80,585	46,503
	210,496	145,231

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Trade creditors are unsecured, non-interest bearing and are normally settled on 30-day terms. The Group's financial risk management objectives and policies are set out in Note 22. Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

NOTE 13: PROVISIONS

	Consolidated	
	2020 \$	2019 \$
Short-term		
Employee entitlements	86,288	65,650
	86,288	65,650

NOTE 14: CONTRIBUTED EQUITY

a) Share capital

	Consolidated	
	2020 \$	2019 \$
Ordinary shares fully paid	46,931,843	44,900,024

Notes to the Consolidated Financial Statements

continued

NOTE 14: CONTRIBUTED EQUITY (CONTINUED)

b) Movements in ordinary shares on issue

	Consolidated	
	Number	\$
Balance at 30 June 2018	1,321,679,789	44,900,024
Balance at 30 June 2019	1,321,679,789	44,900,024
Share issued during the year:		
- Placement ^(a)	233,389,496	2,100,505
- Share issue ^(b)	4,425,345	35,000
- Transaction costs	-	(103,686)
Balance at 30 June 2020	1,559,494,630	46,931,843

(a) In February 2020, the Company raised \$2,100,505 (before costs) via a placement of 233,389,496 new shares at an issue price of 0.9 cents each.

(b) In May 2020, the Company issued 4,425,345 new shares as part consideration for geological consulting services in relation to the identification of, and application for, five tenements in the Yilgarn Craton in Western Australia.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Ordinary shares have the right to receive dividends as declared, and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

c) Movements in options on issue

	Consolidated	
	2020 Number	2019 Number
Balance at beginning of the financial year	590,910,556	629,339,128
Options granted	101,000,000	60,000,000
Options expired	(515,410,556)	(98,428,572)
Balance at the end of the financial year	176,500,000	590,910,556

Refer to Note 23 for details of share based payments.

NOTE 15: RESERVES

a) Option reserve

	Consolidated	
	2020 \$	2019 \$
Option reserve		
Opening balance	577,577	1,418,620
Fair value of options issued	665,841	137,279
Transfer to retained earnings upon expiry/lapse of options	(238,150)	(978,322)
Balance at the end of the financial year	1,005,268	577,577

The options reserve is used to recognise the fair value of options issued to employees and contractors. The details of share based payments made during the reporting period are shown at Note 23.

Notes to the Consolidated Financial Statements

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NOTE 15: RESERVES (CONTINUED)

b) Foreign currency translation reserve

The foreign currency translation reserve for the prior year records exchange differences arising on the translation of the foreign controlled Botswana subsidiary Icilion Investments (Pty) Ltd (Icilion). During the reporting period Icilion was de-registered.

c) Transactions with non-controlling interest

The transactions with non-controlling interest reserve records items related to the acquisition of shares in Invictus Gold Limited.

NOTE 16: ACCUMULATED LOSSES

	Consolidated	
	2020 \$	2019 \$
Balance at the beginning of the financial year	(31,445,495)	(25,130,648)
Net loss attributable to members	(1,685,165)	(7,293,169)
Transfer from financial asset reserve	(506,456)	-
Transfer from share option reserve upon lapse of options	238,150	978,322
Balance at the end of the financial year	(33,398,966)	(31,445,495)

NOTE 17: LOSS PER SHARE

	2020 Cents	2019 Cents
Basic and diluted loss per share	(0.12)	(0.55)

The following reflects the income and share data used in the calculations of basic and diluted loss per share:

	2020 \$	2019 \$
Profits/(losses) used in calculating basic and diluted loss per share	(1,685,165)	(7,293,169)

	2020 Number	2019 Number
Weighted average number of ordinary shares used in calculating basic loss per share	1,401,776,231	1,321,679,789

Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Notes to the Consolidated Financial Statements

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NOTE 18: AUDITOR'S REMUNERATION

	Consolidated	
	2020 \$	2019 \$
Audit services		
Bentleys Audit and Corporate (WA) Pty Ltd		
– Audit and review of the financial reports	35,000	35,000
Total remuneration	35,000	35,000

NOTE 19: CONTINGENT ASSETS AND LIABILITIES

Contingent assets

The Group had contingent assets in respect of:

Future bonus and royalty payments

In September 2018 the Company completed the sale of its wholly owned subsidiary Drummond East Pty Ltd, the holder of its seven Pilbara licences, to Pacton Gold Inc. (Pacton). Under the terms of the Sale Agreement Pacton must pay a CAD\$500,000 Bonus to the Company upon publishing a measured, indicated or inferred gold resource of more than 250,000 ounces on the licences. The Company retains a 2% NSR royalty on the licences with Pacton retaining the right to buy back 1% of the royalty for CAD\$500,000 at any time.

Contingent liabilities

The Group had contingent liabilities in respect of:

Future royalty payments

In March 2016, Impact Minerals Limited completed the acquisition of tenement E7390 from Golden Cross Resources Limited ("Golden Cross") for \$60,000 cash. Golden Cross retains a royalty equal to 1% of gross revenue on any minerals recovered from the tenement. At its election, Impact has the right to buy back the royalty for \$1.5 million cash at any time up to a decision to mine, or, leave the royalty uncapped during production.

NOTE 20: EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 11 August 2020, the Company completed a placement to sophisticated and professional investors of 216,333,333 ordinary shares at an issue price of 1.5 cents per share raising \$3,245,000 before costs.

There have been no other events subsequent to the reporting date which are sufficiently material to warrant disclosure.

NOTE 21: COMMITMENTS

In order to maintain an interest in the exploration tenements in which the Group is involved, the Group is committed to meet the conditions under which the tenements were granted. The timing and amount of exploration expenditure commitments and obligations of the Group are subject to the minimum expenditure commitments required as per the *Mining Act 1978* (Western Australia), the *Mining Act 1992* (New South Wales) and the *Mineral Resources Act 1989* (Queensland) and may vary significantly from the forecast based upon the results of the work performed which will determine the prospectivity of the relevant area of interest.

As at balance date, total exploration expenditure commitments on granted tenements held by the Group that have not been provided for in the financial statements and which cover the following 12-month period amount to \$1,093,837 (2019: \$934,729). For the period greater than 12 months to five years, commitments amount to \$7,971,526 (2019: \$5,272,085). These obligations are also subject to variations by farm-out arrangements, or sale of the relevant tenements.

Notes to the Consolidated Financial Statements

continued

NOTE 21: COMMITMENTS (CONTINUED)

Commitments in relation to the lease of office premises are payable as follows:

	Consolidated	
	2020 \$	2019 \$
Within one year	20,002	40,004
Later than one year but not later than five years	-	-
Later than five years	-	-
	20,002	40,004

NOTE 22: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management

Overview

The Group has exposure to the following risks from their use of financial instruments:

- Interest rate risk
- Credit risk
- Liquidity risk
- Commodity risk.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Group's principal financial instruments are cash, short-term deposits, receivables and payables.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from fluctuations in interest-bearing financial assets and liabilities that the Group uses.

Interest-bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets. It is the Group's policy to settle trade payables within the credit terms allowed and therefore not incur interest on overdue balances.

Notes to the Consolidated Financial Statements

continued

NOTE 22: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk (continued)

The following table sets out the carrying amount, by maturity, of the financial instruments that are exposed to interest rate risk:

	Floating interest rate \$	Fixed interest rate maturing in			Non- interest bearing \$	Total \$
		1 year or less \$	Over 1 to 5 years \$	More than 5 years \$		
Consolidated – 2020						
Financial assets						
Cash and cash equivalents	631,426	1,800,000	-	-	-	2,431,426
Trade and other receivables	-	-	-	-	72,433	72,433
	631,426	1,800,000	-	-	72,433	2,503,859
Weighted average interest rate	0.56%	1.47%	-	-	-	-
Financial liabilities						
Trade and other payables	-	-	-	-	210,496	210,496
	-	-	-	-	210,496	210,496
Weighted average interest rate	-	-	-	-	-	-
Consolidated – 2019						
Financial assets						
Cash and cash equivalents	501,994	1,500,000	-	-	630	2,002,624
Trade and other receivables	-	-	-	-	23,320	23,320
	501,994	1,500,000	-	-	23,950	2,025,944
Weighted average interest rate	0.85%	2.30%	-	-	-	-
Financial liabilities						
Trade and other payables	-	-	-	-	145,231	145,231
	-	-	-	-	145,231	145,231
Weighted average interest rate	-	-	-	-	-	-

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets or liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Notes to the Consolidated Financial Statements

continued

NOTE 22: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below:

	Carrying value at period end \$	Profit or loss		Equity	
		100 bp increase \$	100 bp decrease \$	100 bp increase \$	100 bp decrease \$
Consolidated - 2020					
Financial assets					
Cash and cash equivalents	2,431,426	17,793	(17,793)	17,793	(17,793)
Cash flow sensitivity (net)		17,793	(17,793)	17,793	(17,793)
Consolidated - 2019					
Financial assets					
Cash and cash equivalents	2,002,624	23,455	(23,455)	23,455	(23,455)
Cash flow sensitivity (net)		23,455	(23,455)	23,455	(23,455)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities. The Group trades only with recognised, creditworthy third parties. It is the Group policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The maximum exposure to credit risk is the carrying value of the receivable, net of any provision for doubtful debts.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. This risk is minimised by reviewing term deposit accounts from time to time with approved banks of a sufficient credit rating which is AA and above.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Consolidated	
	2020 \$	2019 \$
Cash and cash equivalents	2,431,426	2,002,624
Trade and other receivables	72,433	23,320
	2,503,859	2,025,944

Notes to the Consolidated Financial Statements

continued

NOTE 22: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group. The Group's exposure to foreign currency risk is minimal at this stage of its operations.

Commodity price risk

The Group's exposure to commodity price risk is minimal at this stage of its operations.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's objective is to maintain a balance between continuity of funding and flexibility. The following are the contractual maturities of financial liabilities:

	Carrying amount \$	Contractual cash flows \$	6 months or less \$
Consolidated – 2020			
Trade and other payables	210,496	-	210,496
	210,496	-	210,496
Trade and other receivables	72,433	-	72,433
	72,433	-	72,433
Consolidated – 2019			
Trade and other payables	145,231	-	145,231
	145,231	-	145,231
Trade and other receivables	23,320	-	23,320
	23,320	-	23,320

Fair value of financial assets and liabilities

The fair value of cash and cash equivalents and non-interest bearing financial assets and financial liabilities of the Group is equal to their carrying value.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The management of the Group's capital is performed by the Board.

The capital structure of the Group consists of net debt (trade payables and provisions detailed in Notes 12 and 13 offset by cash and bank balances) and equity of the Group (comprising contributed issued capital, reserves, offset by accumulated losses detailed in Notes 14, 15 and 16).

The Group is not subject to any externally imposed capital requirements. None of the Group's entities are subject to externally imposed capital requirements.

Notes to the Consolidated Financial Statements

continued

NOTE 23: SHARE-BASED PAYMENTS

Share Option Plan

The Group has a Director and Employee Option Acquisition Plan ("Option Plan") for Directors, employees and contractors of the Group. In accordance with the provisions of the Option Plan, as approved by shareholders at the 2018 Annual General Meeting, executives and employees may be granted options at the discretion of the Directors. Options issued to Directors are subject to approval by shareholders.

Each share option converts into one ordinary share of Impact Minerals Limited on exercise. No amounts are paid or are payable by the recipient on receipt of the option. The options carry neither rights of dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following share-based payment arrangements were in existence during the reporting period:

Option series	Number	Grant date	Expiry date	Vesting date	Exercise price	Fair value at grant date
27 ⁽¹⁾	12,500,000	29 Sep 2015	29 Sep 2019	29 Sep 2017	\$0.045	\$0.0149
28	12,500,000	29 Sep 2015	29 Sep 2020	29 Sep 2018	\$0.07	\$0.0143
31 ⁽¹⁾	3,000,000	13 May 2016	29 Sep 2019	29 Sep 2017	\$0.045	\$0.0133
32	3,000,000	13 May 2016	29 Sep 2020	29 Sep 2018	\$0.07	\$0.0132
38	40,000,000	8 Nov 2018	30 Nov 2021	30 Nov 2019	\$0.03	\$0.00382
39	20,000,000	8 Nov 2018	30 Nov 2022	30 Nov 2020	\$0.0375	\$0.00432
40 ⁽²⁾	37,000,000	7 Nov 2019	5 Nov 2023	Immediate	\$0.0149	\$0.00677
41 ⁽²⁾	37,000,000	7 Nov 2019	5 Nov 2023	5 Nov 2020	\$0.0149	\$0.00677
42	13,500,000	15 Nov 2019	5 Nov 2023	Immediate	\$0.0149	\$0.00677
43	13,500,000	15 Nov 2019	5 Nov 2023	5 Nov 2020	\$0.0149	\$0.00677

(1) Expired during the reporting period.

(2) Options issued to Directors at the 2019 Annual General Meeting.

Fair value of share options granted during the year

The fair value of share options at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share and the risk-free rate for the term of the option. The fair value of share options issued during the year was \$665,841 (2019: \$137,279).

The model inputs for options granted during the year ended 30 June 2020 are as follows:

Inputs	Issue 40	Issue 41	Issue 42	Issue 43
Exercise price	\$0.0149	\$0.0149	\$0.0149	\$0.0149
Grant date	7 Nov 2019	7 Nov 2019	15 Nov 2019	18 Nov 2019
Vesting date	Immediate	5 Nov 2020	Immediate	5 Nov 2020
Expiry date	5 Nov 2023	5 Nov 2023	5 Nov 2023	5 Nov 2023
Share price at grant date	\$0.01	\$0.01	\$0.008	\$0.008
Expected price volatility	110%	110%	110%	110%
Risk-free interest rate	0.86%	0.86%	0.86%	0.86%
Expected dividend yield	0%	0%	0%	0%

Notes to the Consolidated Financial Statements

continued

NOTE 23: SHARE-BASED PAYMENTS (CONTINUED)

Share Option Plan (continued)

Movements in share options during the year

Movement in the number of share options on issue during the year:

	2020		2019	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding at the beginning of the year	590,910,556	0.04	629,339,128	0.04
Granted during the year	101,000,000	0.01	60,000,000	0.03
Expired during the year	(515,410,556)	0.04	(98,428,572)	0.03
Outstanding at the end of the year	176,500,000	0.03	590,910,556	0.04
Exercisable at the end of the year	106,000,000	0.03	530,910,556	0.04

The weighted average remaining contractual life of share options outstanding at the end of the year was 2.54 years (2019: 1.13 years).

Share options outstanding at the end of the year

Share options issued and outstanding at the end of the year have the following exercise prices:

Expiry date	Exercise price \$	2020 Number	2019 Number
29 September 2019	0.045	-	15,500,000
15 June 2020 (listed)	0.04	-	499,910,556
29 September 2020	0.07	15,500,000	15,500,000
30 November 2021	0.03	40,000,000	40,000,000
30 November 2022	0.0375	20,000,000	20,000,000
5 November 2023	0.0149	101,000,000	-
Totals		176,500,000	590,910,556

Notes to the Consolidated Financial Statements

continued

NOTE 24: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	Consolidated	
	2020 \$	2019 \$
Cash flows from operating activities		
Profit/(Loss) for the year	(1,685,165)	(7,293,169)
Non-cash flows in profit/(loss):		
- Depreciation	39,388	31,188
- Share-based remuneration	665,841	137,279
- Exploration expenditure write-off	113,146	8,262,146
- Government grants receivable	(51,040)	-
- Gain on sale of tenements	(100,000)	(1,099,031)
- Loss on disposal of controlled entity	504,731	-
- Non-refundable deposit	-	(25,219)
Changes in assets and liabilities		
- Decrease/(Increase) in trade and other receivables	1,927	644,554
- Increase/(Decrease) in trade creditors and accruals	42,277	(148,185)
- Increase/(Decrease) in provisions	20,638	(133,717)
Net cash from/(used in) operating activities	448,257	375,846

Non-cash investing and financing activities

There were no non-cash investing and financing activities during the year.

NOTE 25: RELATED PARTY DISCLOSURE

a) Parent entity

	Class	Country of incorporation	Ownership	
			2020 %	2019 %
Impact Minerals Limited	Ordinary	Australia	-	-

b) Subsidiaries

	Class	Country of incorporation	Ownership	
			2020 %	2019 %
Aurigen Pty Ltd	Ordinary	Australia	100	100
Siouville Pty Ltd	Ordinary	Australia	100	100
Icilion Investments (Pty) Ltd ⁽ⁱ⁾	Ordinary	Botswana	-	100
Invictus Gold Limited	Ordinary	Australia	100	100
Drummond West Pty Ltd ⁽ⁱⁱ⁾	Ordinary	Australia	100	100
Endeavour Minerals Pty Ltd ⁽ⁱⁱⁱ⁾	Ordinary	Australia	100	100
Blackridge Exploration Pty Ltd ^(iv)	Ordinary	Australia	100	100

(i) Icilion Investments (Pty) Ltd was de-registered on 2 June 2020. Upon de-registration there was a loss on disposal of \$504,731, relating to foreign exchange.

(ii) Drummond West Pty Ltd is a wholly owned subsidiary of Invictus Gold Limited.

(iii) Endeavour Minerals Pty Ltd is a wholly owned subsidiary of Invictus Gold Limited.

(iv) Blackridge Exploration Pty Ltd is a wholly owned subsidiary of Drummond West Pty Ltd.

Notes to the Consolidated Financial Statements

continued

NOTE 25: RELATED PARTY DISCLOSURE (CONTINUED)

c) Key management personnel compensation

	2020 \$	2019 \$
Short-term employee benefits	342,521	392,871
Post-employment benefits	6,650	7,442
Share-based payments	505,586	117,148
	854,747	517,461

Detailed remuneration disclosures are provided in the Remuneration Report on pages 38 to 42. A total of \$246,879 (2019: \$262,209) was capitalised as exploration expenditure.

NOTE 26: PARENT ENTITY DISCLOSURE

	2020 \$	2019 \$
Financial Performance		
Profit/(loss) for the year	(1,446,475)	(6,301,123)
Other comprehensive income	-	(506,456)
Total comprehensive profit/(loss)	(1,446,475)	(6,807,579)
Financial Position		
ASSETS		
Current assets	2,539,093	2,023,694
Non-current assets	8,820,060	7,730,064
TOTAL ASSETS	11,359,153	9,753,758
LIABILITIES		
Current liabilities	293,906	208,003
TOTAL LIABILITIES	293,906	208,003
NET ASSETS	11,065,247	9,545,755
EQUITY		
Issued capital	46,931,843	44,900,024
Option reserve	1,005,268	577,577
Financial asset reserve	-	(506,456)
Transactions with non-controlling interest	(1,161,069)	(1,161,069)
Accumulated losses	(35,710,795)	(34,264,321)
TOTAL EQUITY	11,065,247	9,545,755

No guarantees have been entered into by Impact Minerals Limited in relation to the debts of its subsidiaries.

Impact Minerals Limited's commitments are disclosed in Note 21.

Directors' Declaration

for the year ended 30 June 2020

The Directors of Impact Minerals Limited declare that:

1. in the Directors' opinion, the financial statements and notes set out on pages 45 to 69 and the Remuneration Report in the Directors' Report are in accordance with the *Corporations Act 2001*, including:
 - a. giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance, for the financial year ended on that date; and
 - b. complying with Australian Accounting Standards (including the Australian Accounting Interpretations), *Corporations Regulations 2001* and mandatory professional reporting requirements.
2. the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2; and
3. there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* by the Managing Director and Chief Financial Officer for the financial year ended 30 June 2020.

Signed in accordance with a resolution of the Directors.



Peter Unsworth

Chairman

Perth, Western Australia
28 September 2020

Independent Auditor's Report

to the Members

Independent Auditor's Report

To the Members of Impact Minerals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Impact Minerals Limited ("the Company") and its subsidiaries ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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Independent Auditor's Report

continued

Independent Auditor's Report To the Members of Impact Minerals Limited (Continued)



Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Exploration and Evaluation- \$10,946,163 (Refer to Note 10)</p> <p>Exploration and evaluation expenditure is a key audit matter due to:</p> <ul style="list-style-type: none"> ➤ The significance of the balance to the Consolidated Entity's consolidated financial position. ➤ The level of judgement required in evaluating management's application of the requirements of AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>. AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset. ➤ The assessment of impairment of exploration and evaluation expenditure requiring judgement. 	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ➤ Assessing management's determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the Consolidated Entity holds an interest and the exploration programmes planned for those tenements; ➤ For each area of interest, we assessed the Consolidated Entity's rights to tenure by corroborating to government registries and evaluating agreements in place with other parties as applicable; ➤ We tested the additions to capitalised expenditure for the year by evaluating a sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Consolidated Entity's accounting policy and the requirements of AASB 6; ➤ We considered the activities in each area of interest to date and assessed the planned future activities for each area of interest by evaluating budgets for each area of interest; ➤ We assessed each area of interest for one or more of the following circumstances that may indicate impairment of the capitalised expenditure: <ul style="list-style-type: none"> ➤ the licenses for the right to explore expiring in the near future or are not expected to be renewed; ➤ substantive expenditure for further exploration in the specific area is neither budgeted or planned; ➤ decision or intent by the Consolidated Entity to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources.

Independent Auditor's Report

continued

Independent Auditor's Report

To the Members of Impact Minerals Limited (Continued)



Key audit matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> ▶ data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or sale.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

Independent Auditor's Report

continued

Independent Auditor's Report To the Members of Impact Minerals Limited (Continued)



As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report

continued

Independent Auditor's Report

To the Members of Impact Minerals Limited *(Continued)*



Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Impact Minerals Limited, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

BENTLEYS
Chartered Accountants

DOUG BELL CA
Partner

Dated at Perth this 28th day of September 2020

Shareholder Information

as at 24 September 2020

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows.

1. DISTRIBUTION OF HOLDERS OF EQUITY SECURITIES

Analysis of number of equity security holders by size of holding:

	Shareholders
1 - 1,000	146
1,001 - 5,000	106
5,001 - 10,000	109
10,001 - 100,000	1,665
100,001 and over	1,533
Total	3,559

The number of holders of less than a marketable parcel of ordinary fully paid shares is 524.

2. SUBSTANTIAL SHAREHOLDERS

Substantial shareholders (i.e. shareholders who hold 5% or more of the issued capital):

	Number of shares	Percentage held
MRS SUSANNE BUNNENEBERG	200,199,999	11.27
ABC BETEILIGUNGEN AG	205,489,541	11.57

3. VOTING RIGHTS

(a) Ordinary shares

Each shareholder is entitled to receive notice of and attend and vote at general meetings of the Company. At a general meeting, every shareholder present in person or by proxy, representative of attorney will have one vote on a show of hands and on a poll, one vote for each share held.

(b) Options

No voting rights.

4. QUOTED SECURITIES ON ISSUE

The Company has 1,777,185,287 quoted shares on issue.

5. ON-MARKET BUY BACK

There is no current on-market buy back.

6. UNQUOTED EQUITY SECURITIES

	Number on issue	Number of holders
Options exercisable at \$0.07 on or before 29 September 2020	15,500,000	10
Options exercisable at \$0.03 on or before 30 November 2021	40,000,000	5
Options exercisable at \$0.0375 on or before 30 November 2022	20,000,000	5
Options exercisable at \$0.0149 on or before 5 November 2023	97,000,000	8

Shareholder Information

continued

7. TWENTY LARGEST HOLDERS OF QUOTED ORDINARY SHARES

Shareholder	Number of shares	Percentage held
J P MORGAN NOMINEES AUSTRALIA LIMITED	289,453,894	16.29
ABC BETEILIGUNGEN AG	116,254,948	6.54
WHALE WATCH HOLDINGS LIMITED	55,839,784	3.14
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	54,068,600	3.04
DEUTSCHE BALATON AKTIENGESELLSCHAFT	33,300,000	1.87
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAIL CLIENT DRP>	23,658,881	1.33
ABC BETEILIGUNGEN AG	21,745,052	1.22
CITICORP NOMINEES PTY LIMITED	18,797,520	1.06
SUTTON NOMINEES PTY LTD <W M GATACRE FAMILY FUND A/C>	18,025,964	1.01
MS CHUNYAN NIU	13,333,333	0.75
AVIANA HOLDINGS PTY LTD	13,157,895	0.74
TRAIST PTY LIMITED <INNES FAMILY A/C>	12,500,000	0.70
MR YUNG WING HO + MRS KATHERINE KAM LING HO <VIC & KATHY SUPER FUND A/C>	12,069,888	0.68
CHINA GROWTH MINERALS LIMITED	11,840,470	0.67
PRISAP PTY LTD (INNES SUPER FUND A/C)	11,500,000	0.65
YANARA NOMINEES PTY LTD <S&V WOOD S/F A/C>	11,287,356	0.64
P J ENTERPRISES PTY LIMITED <SUPER FUND A/C>	10,385,913	0.58
MR BRADLEY JOHN KENNEY	9,800,000	0.55
TOWNS CORPORATION PTY LTD <PAE FAMILY A/C>	8,780,000	0.49
LATSOD PTY LTD <DOSTAL SUPERFUND A/C>	8,000,000	0.45
MCNEIL NOMINEES PTY LIMITED	8,000,000	0.45
	761,799,498	42.87

Tenement Schedule

Project / Tenement	Location	Status	IPT Interest at end of quarter
Commonwealth Project	New South Wales		
EL5874		Granted	100%
EL8212		Granted	100%
EL8252		Granted	100%
EL8504		Granted	100%
EL8505		Granted	100%
EL8632		Granted	100%
Broken Hill Project	New South Wales		
EL7390		Granted	100%
EL8234		Granted	100%
EL8636		Granted	100%
EL8674		Granted	100%
EL8609		Granted	100%
ELA5977		Application	-
ELA5978		Application	-
ELA6033		Application	-
Clermont Project	Queensland		
EPM14116		Granted	100%
Blackridge Project	Queensland		
EPM26806		Granted	100%
ML2386		Granted	100%
EPM27571		Application	-
EPM27410		Application	-
Arkun Project	Western Australia		
E70/5430		Application	-
E70/5431		Application	-
E70/5432		Application	-
E70/5433		Application	-
E70/5434		Application	-
E70/5490		Application	-
E70/5504		Application	-
E70/5505		Application	-



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