Annual Report 2014

impact.
MINERALS

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CHAIRMANS LETTER

Dear Fellow Shareholders,

The past two years have been some of the most challenging times ever seen for the mining sector and in particular for junior exploration companies like Impact. A combination of lower commodity prices brought on by lower world growth and lack of interest from investors has led to sharp and lasting declines in the share prices of many companies and a concomitant decrease in exploration activity.

Against this background I am pleased to report that during this difficult time Impact has in fact been able to continue its exploration programmes and raise capital.

Building on the successful acquisition of Endeavour Minerals Pty Ltd (in conjunction with then 75% owned and now wholly owned subsidiary, Invictus Gold Limited) and its three key projects early in 2013, Impact has now demonstrated very significant exploration potential at all of them; the 100% owned Commonwealth project and the Mulga Tank and Broken Hill joint venture projects.

Impact's recently completed maiden drill programme at Commonwealth in New South Wales returned some very high grade drill intercepts of up to 4m at 41 g/t gold with significant credits of silver, zinc and lead. Going forward this project will be Impact's main focus of work.

At Mulga Tank a major drill progamme completed by Impact discovered high grade nickel and copper sulphides in this poorly explored part of Western Australia. Further work is required and there is a good chance for the discovery of a large nickel sulphide deposit.

At Broken Hill high grade surface indications at the Red Hill prospect suggest the potential for a nickel-copper-PGE deposit at depth. Drilling is due to commence as this report goes to press.

We thank you for your continued support as shareholders and we look forward to building on our successful 2014 campaigns.

Peter Unsworth
Chairman

REVIEW OF OPERATIONS

Exploration during the year was focussed on Impact's three flagship Australian projects.

1. COMMONWEALTH PROJECT, N.S.W. (IPT 100%)

The Commonwealth Project is located 95 km north of Orange in New South Wales within the highly prospective Lachlan Fold Belt, host to many major gold-silver-base metal mines including the Cadia-Ridgeway deposits that contain 25 million ounces of gold and 12 million tonnes of copper (Figure 1).

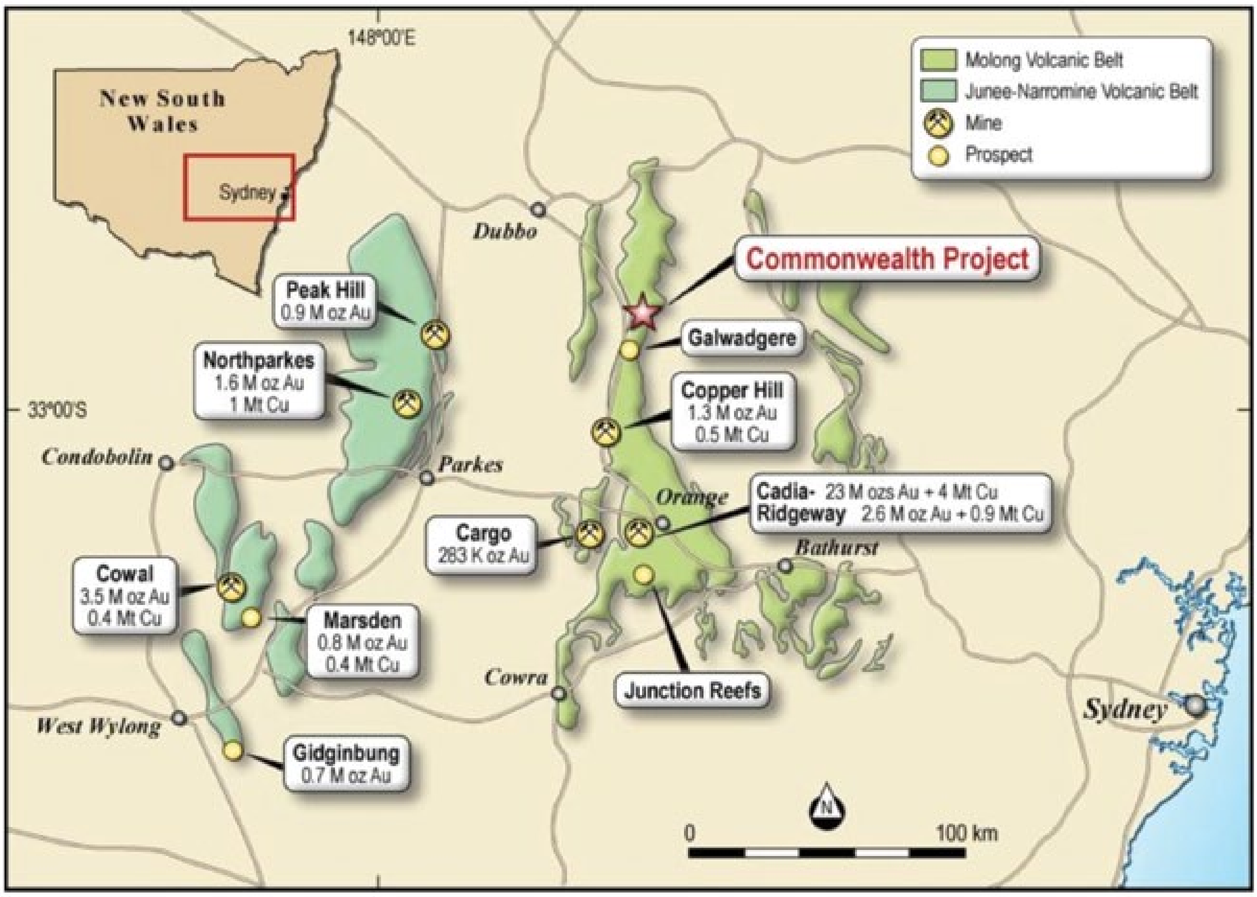

Figure 1. Location of the Commonwealth Project and Location of Major Mines and Deposits in the Lachlan Fold Belt of New South Wales.

The Commonwealth Mine, a high grade volcanogenic massive sulphide deposit (VMS), was discovered in 1900 and mined intermittently until the 1930's. Early production amounted to 470 oz of gold from 480 tons of oxide ore. A blast furnace was installed in 1905 and **6,476 t was mined at a grade of 6 g/t gold, 150 g/t silver, 2% copper, 15% zinc and 7% lead**. Operations were suspended in 1908 following flooding and there are no records of significant mining activity since.

The project has received little exploration attention in the past 25 years. Previous drilling was focused on 300 m of strike between the Commonwealth Mine and the Commonwealth South Prospect and only 66 drill holes for 3,695 m at an average depth of only 56 metres were completed (Figure 2).

Impact's work has identified significant potential for both further high grade VMS deposits at depth and along strike from the Commonwealth Mine and importantly bulk tonnage lower grade disseminated gold and silver mineralisation that either was not recognised or was ignored by the early miners and previous explorers. In addition it is interpreted that there are at least two mineralised horizons in the rock sequence.

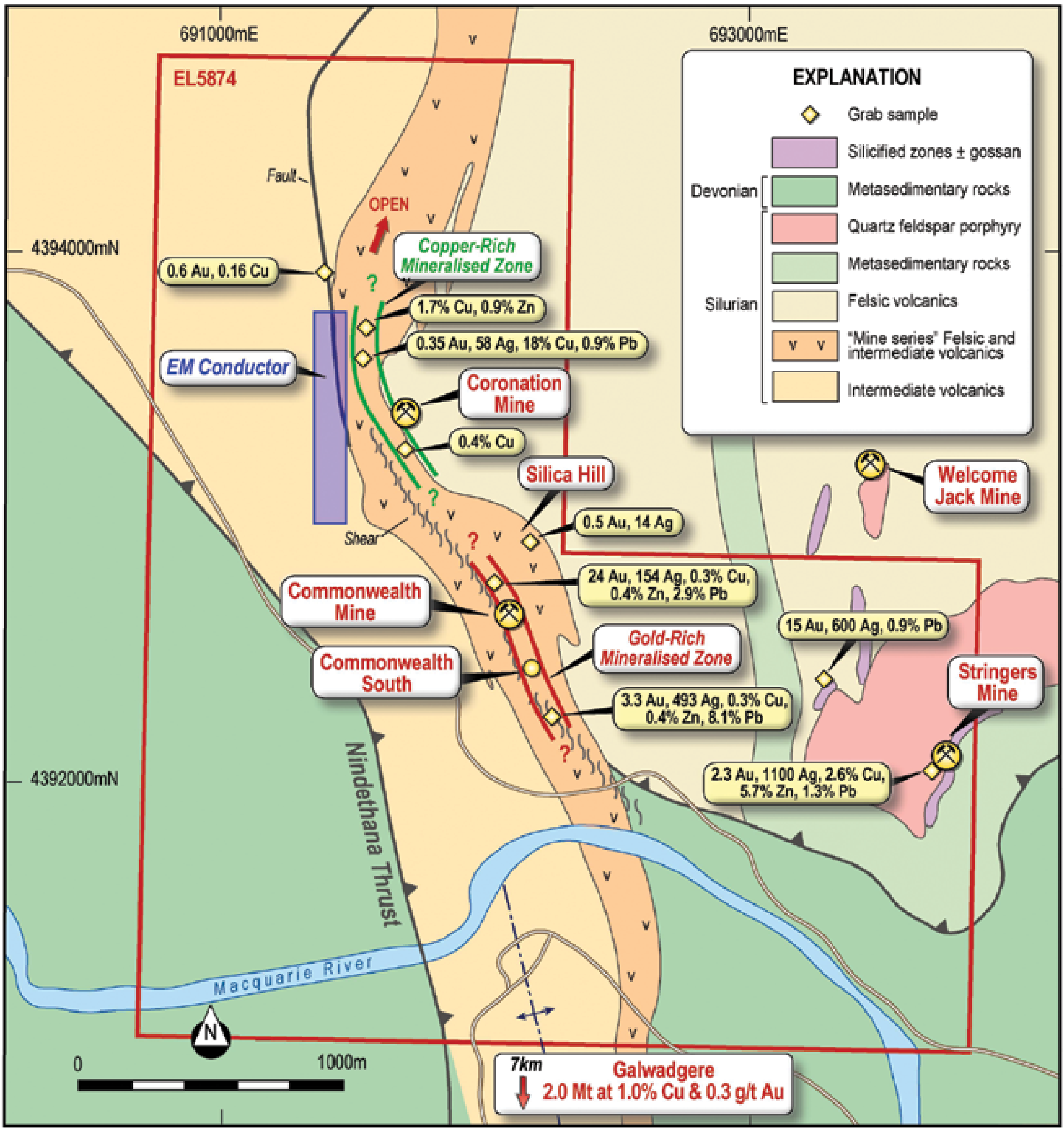

Figure 2. Commonwealth Project: Geology, Prospects and Significant Rock Chip Assays. Previous exploration focused solely only on 300 m of strike between the Commonwealth Mine and Commonwealth South Prospect.

Exploratory underground drill holes completed in the 1980's discovered high grade mineralisation (remnant ore) which is still present at the Commonwealth Mine. Drill intercepts included:

7 m at 5.3 g/t gold, 346 g/t silver, 9.2% zinc and 3.2% lead in CM85-1; and

3 m at 8 g/t gold, 158 g/t silver, 2.9% zinc and 0.8% lead in CM85-2.

REVIEW OF OPERATIONS (CONTINUED)

A long section and cross sections through the area show high grade drill intercepts over robust widths that are open at depth and along strike and which confirm the potential for bulk tonnage mining at Commonwealth. These intercepts include:

At the Commonwealth Mine:

9.8 m at 8.4 g/t gold and 357 g/t silver from 54.2 m in CW29;
4.7 m at 5.5 g/t gold and 253 g/t silver from 54.3 m in CW30; and
17 m at 3.5 g/t gold and 206 g/t silver from 41 m in EMC06.

At Commonwealth South:

30 m at 6 g/t gold and 17 g/t silver from 24 m including 2 m at 77.3 g/t gold in PHC4;
26 m at 2.5 g/t gold and 20 g/t silver from 32 m in PHC9; and
6.9 m at 3.4 g/t gold, 72 g/t silver, 2.2% zinc and 1% lead from 30 m and
5.5 m at 3.8 g/t gold, 45 g/t silver, 0.8% zinc and 0.3% lead from 44 m in CW20.

A significant amount of work was completed at Commonwealth this year and included mapping, soil geochemistry and rock chip surveys, Induced Polarisation (IP) and electromagnetic (EM) ground geophysical surveys and a review of previous work. This work generated drill targets and other areas for follow up work at the Main Shaft, Commonwealth South, Silica Hill and Coronation Prospects.

Three sub-parallel trends have been defined by the IP data: the Commonwealth Trend, the Silica Hill Trend and the Western Trend, each of which is at least 300 m long (Figure 3). Each trend contains large and strong induced polarisation anomalies that may be caused by extensive disseminated sulphide mineralisation.

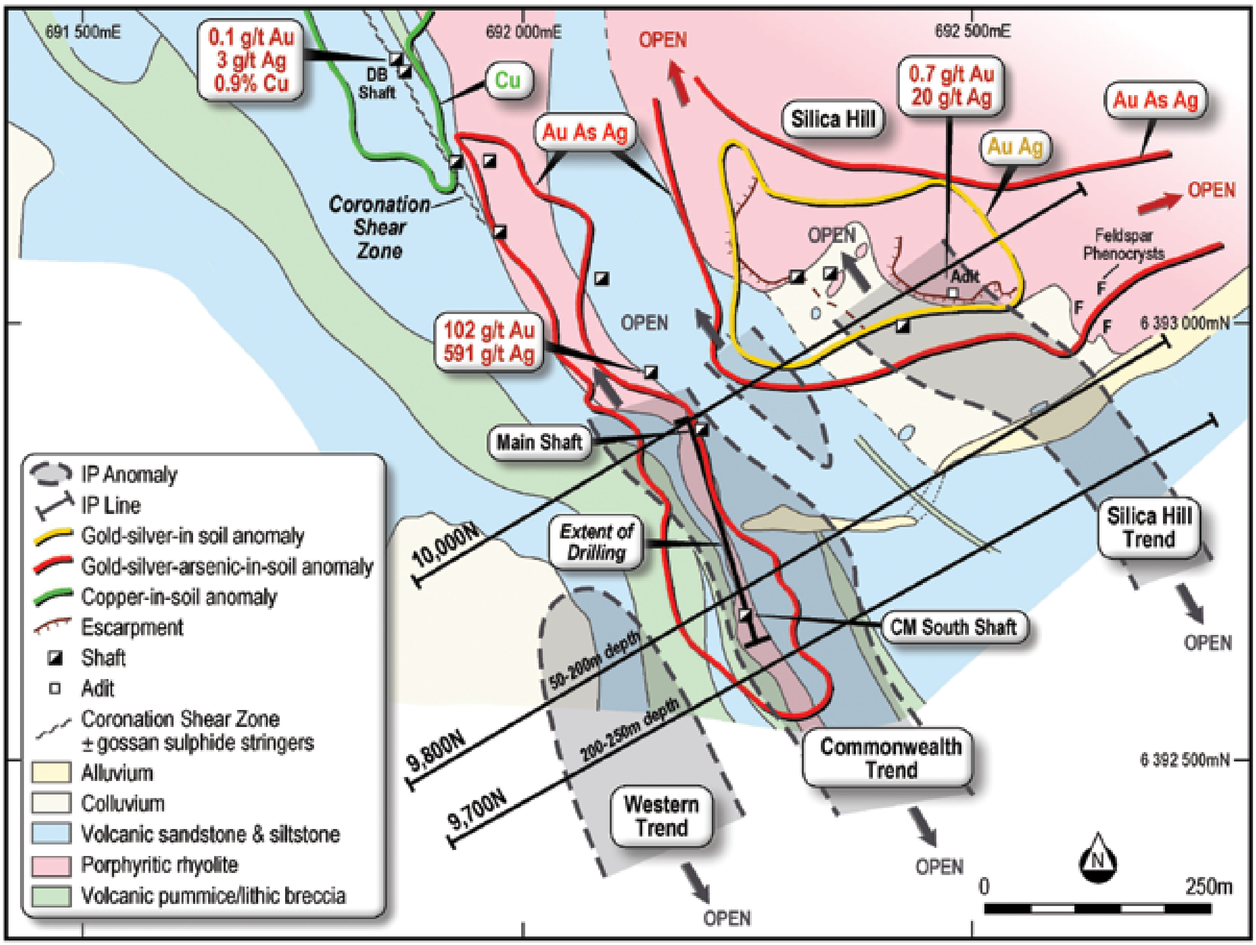

Figure 3. Geology of the Commonwealth area showing the location of the IP Survey Lines and soil geochemistry results.

A drill programme to test a number of these geochemical and geophysical targets was completed in September 2014. These results are still being interpreted and will be reported next year.

1.1 Main Shaft and Extension of the Commonwealth Trend

Soil Geochemistry Results

Known high-grade mineralisation discovered in previous drilling between the Commonwealth Mine (Main Shaft Prospect) and Commonwealth South Prospect is clearly defined by a north-west trending zone of anomalous gold (>50 ppb and up to 1.2 g/t), silver (>1 g/t and up to 49 g/t) and arsenic-in-soil results (>80 ppm and up to 1,800 ppm) (Figure 3).

This trend extends for a further 300 metres north of Main Shaft and contains several previously unknown old mine shafts identified by Impact which are up to 35 metres deep. A grab sample of weathered material from one of the shafts 50 m north of Main Shaft returned an assay of 102 g/t gold (3.5 ounces) and 59 g/t silver (2 ounces) and confirms the presence of high grade gold and silver along this part of the trend. There is no drilling in this area (Figure 3).

High grade rock chip samples extend mineralised trend to 2.5 km

High grade rock chip samples taken by Impact and previous explorers with assays of up to 24 g/t gold, 1,100 g/t silver, 18.2% copper and 5.7% zinc have extended the strike length of the known mineralised zone at the Commonwealth Mine from 250 m to at least 2.5 km (Figures 1 and 2). In addition, gold-rich and copper-rich parts of the zone have been identified.

Gold-rich mineralised structure: Commonwealth – Commonwealth South area

Samples of gossan and weathered rock found 50 m to 75 m north west of the Commonwealth Mine at the contact between porphyry rhyolite and volcanic sedimentary rocks returned assays of:

up to 24 g/t gold, 154 g/t silver, 2.9% lead, 0.37% zinc and 0.27% copper.

Samples of silica-altered rocks with semi-massive galena and pyrite from a previously unrecognised shaft and some 275 m south east of Commonwealth South returned assays of:

up to 3.3 g/t gold, 493 g/t silver 1.2% lead, 0.15% zinc and 0.3% copper (Figure 2).

A previous shallow drill hole (PH 7) 25 m north of this shaft returned 4 m at 1.4 g/t gold and 38 g/t silver from 22 m depth. There is no other drilling in this area.

Copper-rich mineralised structure: Coronation area

Field checking of the area between the Commonwealth Mine and the Coronation Mine has identified numerous old shafts and workings over a strike extent of at least 1,500 m that contain extensive copper oxide minerals, in particular malachite and azurite as well as copper sulphide minerals (Figures 2 and 4). The old workings have not been drilled.

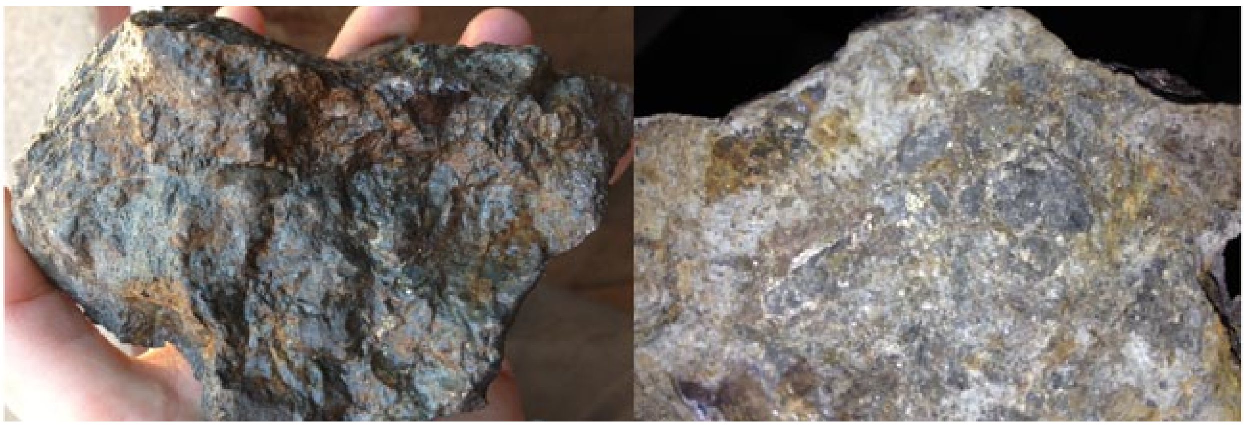

Figure 4. Examples of mineralised rocks from the Coronation area. Malachite (green colour) stained weathered breccia (left) and silica altered pyrite-chalcopyrite-bearing rock (right).

REVIEW OF OPERATIONS (CONTINUED)

Samples of the weathered and mineralised sedimentary and porphyritic rocks from the workings returned assays of up to:

18.2% copper, 58 g/t silver 0.2% zinc, 0.9% lead and 0.35 g/t gold (see Table 1).

These new results have for the first time identified a copper-rich part of the mineralised trend which extends for 1,500 m of strike north west of the Commonwealth Mine and includes a line of workings associated with the dormant Coronation Mine (Figure 2). Several near surface weak to moderate electromagnetic conductors which require drill testing have also been identified close to this line of workings in a ground electromagnetic survey (Figure 2).

These results have extended the 250 m long mineralised horizon between the Commonwealth Mine and Commonwealth South to 2.5 km of strike and which is still open and undrilled in both directions.

New Prospects

At **Silica Hill**, about 200 m north east of the Commonwealth Mine, Impact has discovered a large area of about 200 sq metres underlain by silica-altered porphyry rock with extensive fine grained pyrite (Figure 2). The area contains numerous gold-in-soil results of between 0.1 g/t and 0.5 g/t as well as silver-in-soil results of between 5 g/t and 23 g/t from a previous soil geochemistry survey. A grab sample of the porphyry rock with about 5% pyrite returned 0.5 g/t gold and 14 g/t silver. The widespread silica alteration may be a very large silica cap above a massive sulphide deposit.

At the **Walls** and **Stringers Prospects**, about 1 km east of the Commonwealth trend, previous rock chip samples taken in the early 1980's returned high grade results in zones of silicification around a late stage porphyry intrusion (Figure 2). There are adits at both prospects but production figures are not available. At the Walls Prospect four samples returned a grade range of:

0.8 g/t to 15 g/t gold, 17 to 600 g/t silver, up to 0.9% lead and 0.2% zinc.

At the Stringers Prospect six samples returned a grade range of:

0.3 to 2.3 g/t gold, 5 g/t to 1,100 g/t silver and up to 2.6% copper, 5.7% zinc and 1.9% lead.

These prospects have not been explored or drilled. Impact has now secured a new exploration licence, EL8212, along strike to the east of these two prospects with new licences (Figure 5).

EM Survey identifies Conductors close to the Coronation Copper mine

A ground EM survey completed over part of the Commonwealth project area in late 2013 has identified several weak to moderate conductors in an area of poor outcrop immediately west of the Coronation Mine (Figure 2). The conductors trend north-south and dip steeply to the east and are modelled to be at a shallow depth of between 20 m and 230 m below surface. This area has not been drilled.

A small outcrop of silicified porphyry rhyolite with trace pyrite and quartz veins occurs over the conductors and one grab sample returned weakly elevated gold (0.04 g/t), silver (0.2 g/t) and copper (0.02%) results.

IP Survey Results

A small deposit of high-grade gold-silver-zinc-lead about 50 m by 50 m by 5 m in dimension was defined at Main Shaft in the 1980's at the upper eastern contact of a rhyolite unit with overlying volcanic sedimentary rocks (Figure 3). The deposit comprises massive and disseminated sulphides and has been identified as a weak IP anomaly in the new survey, consistent with the small size and more massive nature of the deposit (Figure 6).

Two further IP anomalies occur at the Main Shaft Prospect below extensive previously recognised high-grade gold-silver-zinc-lead mineralisation. These new strong and large IP anomalies are interpreted to lie at and below the western contact of the rhyolite (Figure 3 and 6). This contact and the rocks below it have been very poorly explored.

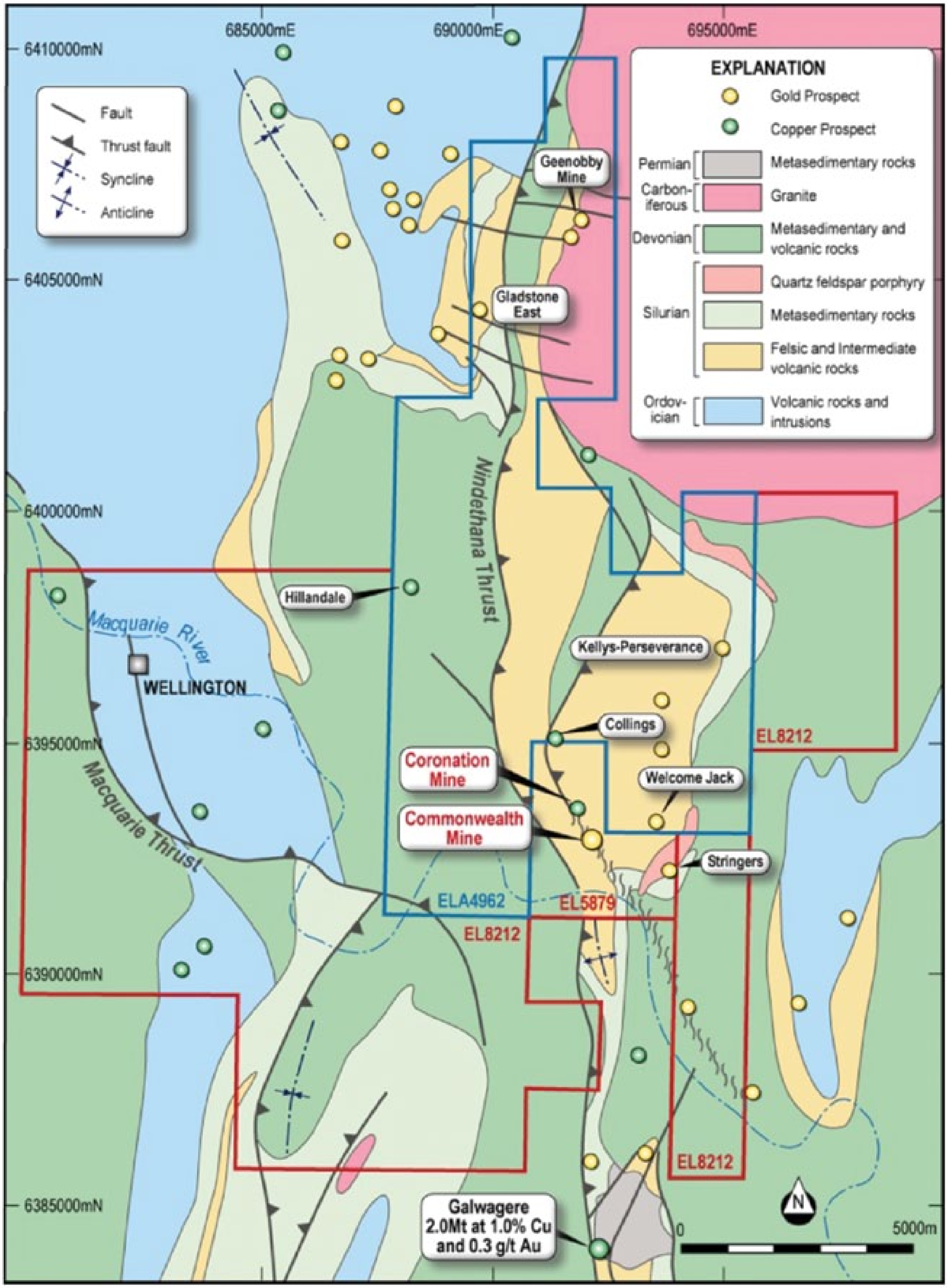

Figure 5. Geology and mineral occurrences in the Molong Volcanic Belt and showing Impact's licences that now cover 315 sq km.

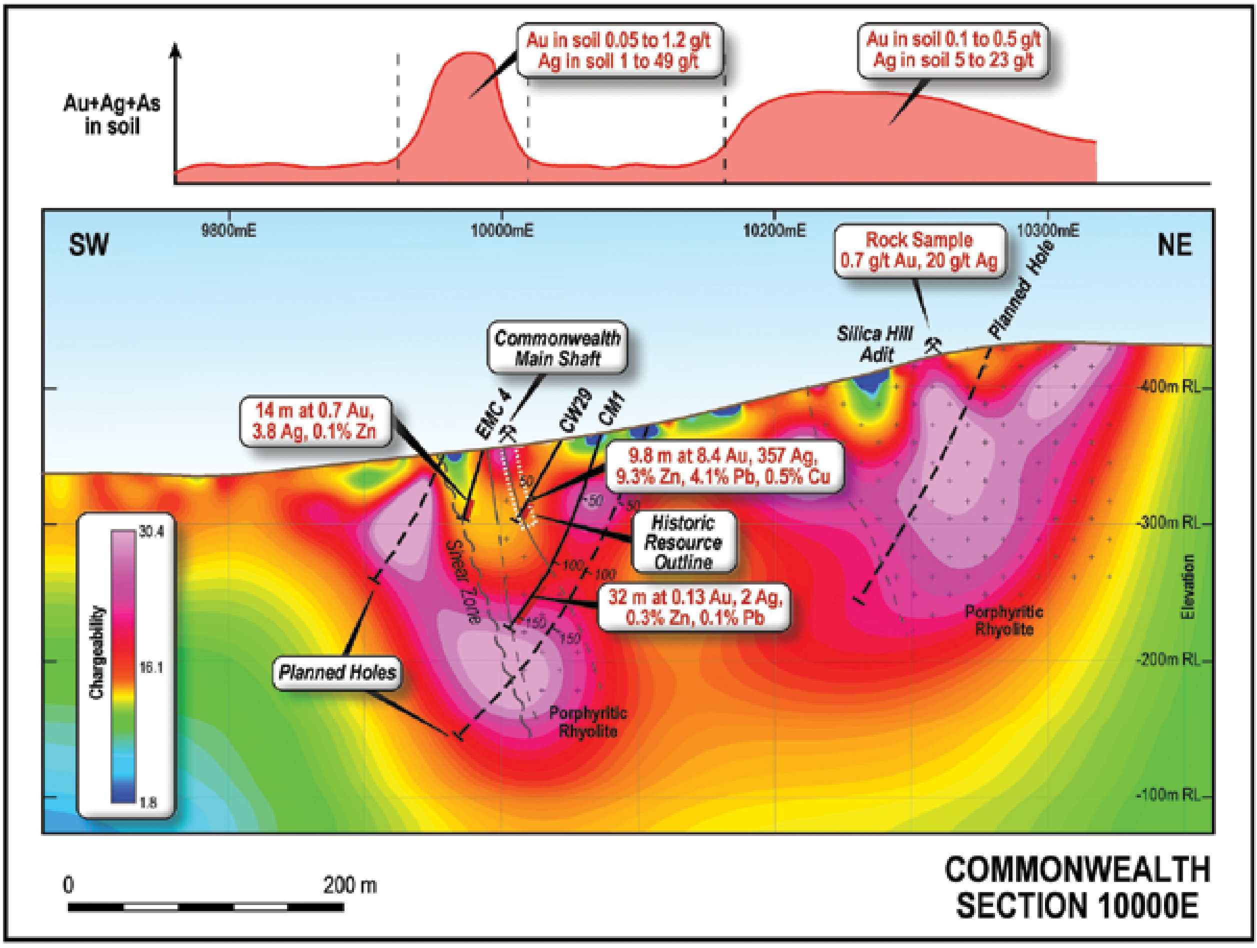

Figure 6. Results of an Induced Polarisation Survey over the Main Shaft and Silica Hill Prospects and showing the relative results of soil geochemistry responses over the areas.

However two previous drill holes that stopped above and close to the IP anomalies both intercepted significant low grade mineralisation over robust widths (Figure 6).

In Hole EMC4 an intercept of 14 m at 0.7 g/t gold, 3.8 g/t silver and 0.1% zinc occurs from 44 m depth in volcanic sedimentary rocks. In Hole CM1 a thick intercept of 32 m at 0.1 g/t gold, 2 g/t silver, 0.1% zinc and 0.1% lead occurs from 121 m depth within the rhyolite unit.

These intercepts may indicate further mineralisation could occur below the depth of the current drilling and coincident with the IP anomalies (Figure 6).

1.2 Commonwealth South

At the Commonwealth South Prospect, along the Commonwealth IP Trend, IP anomalies within 100 m of surface are in part coincident with, and thus consistent with, previously recognised disseminated sulphides that contain significant gold-silver-zinc-lead mineralisation (Figures 3 and 7). For example, on survey line 9,700N (Figure 7) Hole CW20 has intersected a near-surface IP anomaly and returned mineralisation over a 30 m thick interval including:

6.9 m at 3.4 g/t gold, 72 g/t silver, 2.2% zinc and 1% lead from 30 m; and

5.5 m at 3.8 g/t gold, 45 g/t silver, 0.8% zinc and 0.3% lead from 44 metres.

The mineralisation and IP anomaly are both open at depth and along strike and will be tested with a traverse of drill holes. The holes and IP anomalies are shown in Figure 8, a long section from Main Shaft to Commonwealth South that also shows previous drill intercepts for gold and silver.

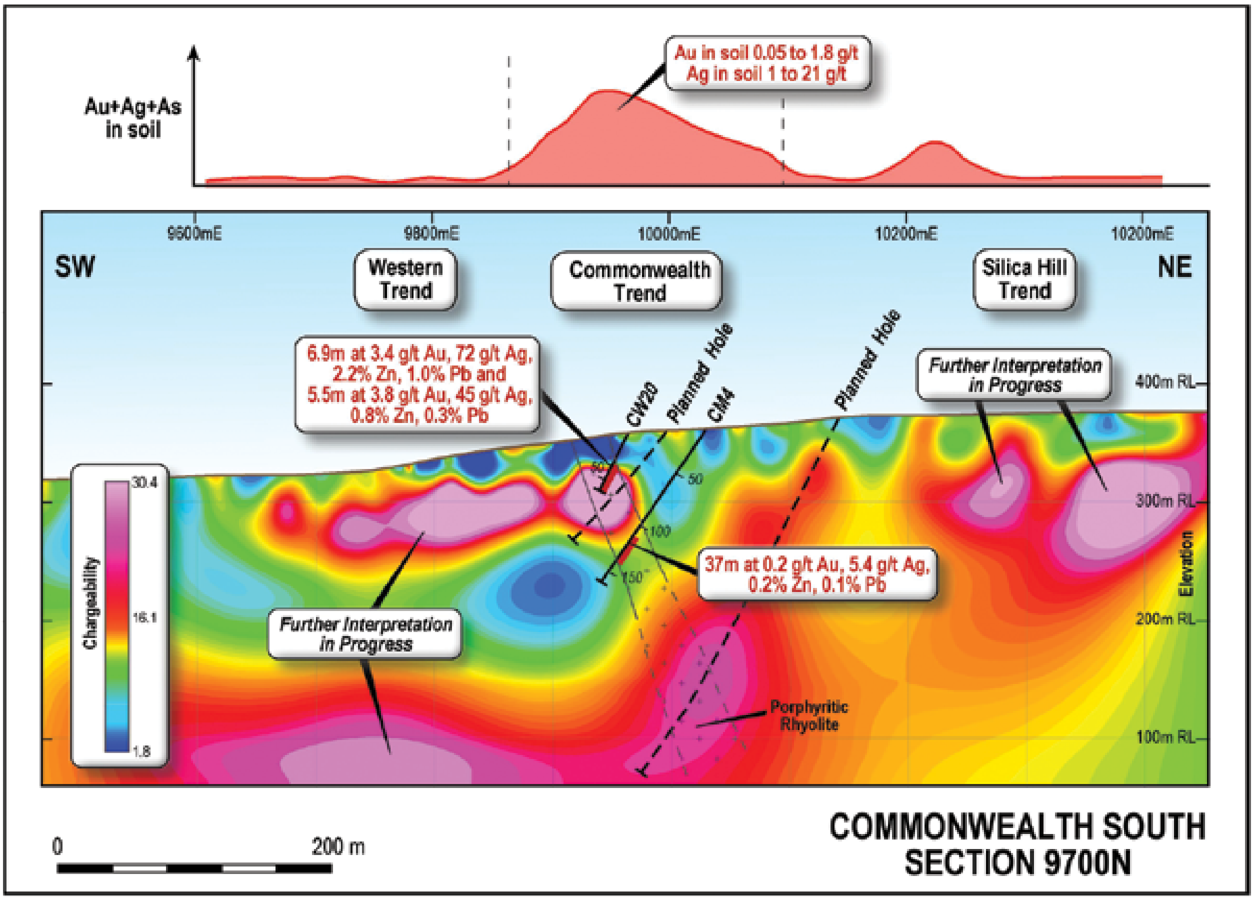

Figure 7. Results of an Induced Polarisation Survey over the Commonwealth South Prospect showing the three IP Trends and soil geochemistry responses over the areas. The Western Trend lies beneath alluvial cover (see Figure 3 for location of survey line).

In addition a stronger and larger IP anomaly that has not been drill tested occurs down dip of the mineralisation at Commonwealth South at a depth of about 200 m below surface (Figures 7 and 8).

Hole CM4, drilled between the shallower and deeper IP anomalies, identified a broad zone of modest mineralisation that returned 37 m at 0.2 g/t gold, 5.3 g/t silver, 0.2% zinc and 0.1% lead from 100 m depth (Figures 7 and 8). This intercept may indicate further mineralisation could occur below this drill hole, coincident with the deeper IP anomaly which will also be drill tested (Figure 7).

1.3 Silica Hill

Soil Geochemistry Results

At Silica Hill Impact has recently identified a previously unrecognised porphyry intrusion that contains extensive silica alteration and disseminated pyrite over a width of at least 300 metres (Figure 3).

The southern contact of the porphyry with the surrounding volcanic rocks is marked by a large and strong gold-silver-in-soil anomaly 250 m by 250 m in dimension with up to 0.5 g/t gold and 23 g/t silver that also contains significant results for arsenic, molybdenum, antimony, mercury, selenium and thallium, possibly characteristic of epithermal gold-silver mineralisation. Such styles of mineralisation have not been previously recognised in this area, which has not been drilled.

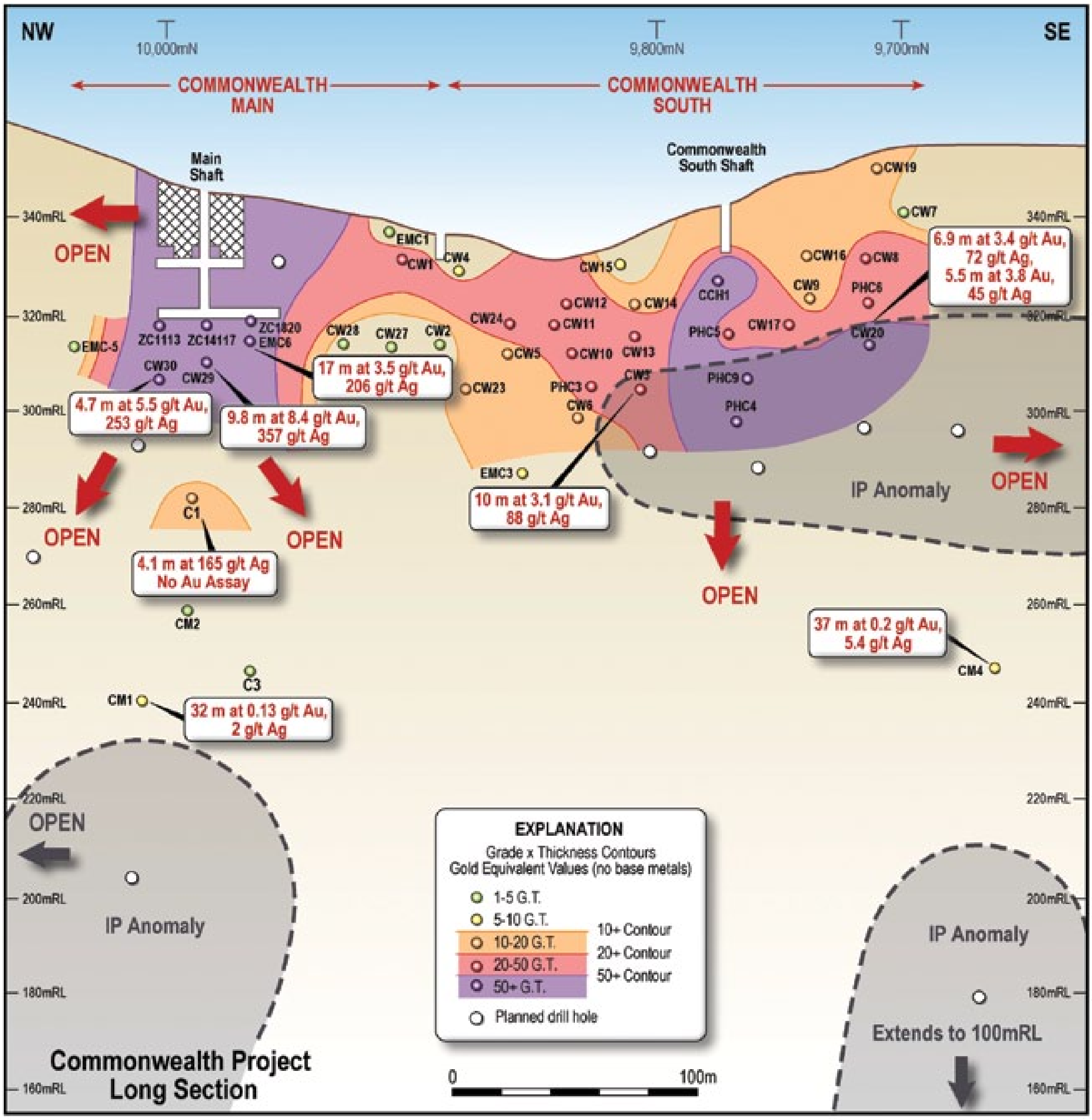

Figure 8. Long Section between Main Shaft and Commonwealth South Prospects showing the location of previous drill holes, significant gold and silver mineralisation and the IP anomalies.

IP Results

A large and strong IP anomaly has now been identified at depth beneath the undrilled soil anomaly and within the porphyry intrusion (Figures 2 and 3). This is very encouraging. In addition the Silica Hill IP Trend contains possible extensions of this anomaly for 300 m to the south (Figure 3).

1.4 Western Trend

The Western Trend, which is also undrilled, contains strong IP anomalies at depths of up to 200 m below surface. There has been no work in this area, which lies under thin alluvial cover that may have inhibited any surface response in soil geochemistry data (Figure 3).

Further interpretation of the IP data along the Western Trends and Silica Hill is in progress. However the direct association between significant high-grade mineralisation and IP anomalies along the Commonwealth Trend is encouraging for the discovery of further mineralisation.

All three IP trends are open to the south and the Commonwealth and Silica Hill Trends are open to the north as well. Further IP surveys will be required in these areas.

1.5 New Exploration Licences Granted

During the year Impact expanded its land holding around the high grade gold-silver-base metal Commonwealth Project in NSW from 8 sq km to 315 sq km (Figure 5).

The expansion, a result of the grant of two new 100% owned exploration licences, follows a review of previous exploration data both at Commonwealth and the surrounding area within the richly mineralised Molong Volcanic Belt, host to the world class Cadia-Ridgeway mining centre (>25 Moz gold and 5 Mt of copper) and many other mines and prospects (Figure 1).

The new licences give Impact 100% ownership of a large ground holding in one of the most prolific mineralised areas in Australia. Impact's work at Commonwealth and a review of previous exploration data in the surrounding area has shown that there has been limited exploration in the northern part of the Molong Volcanic Belt.

The new licences are prospective for a number of different mineral deposit styles, in particular porphyry copper gold deposits and volcanogenic massive sulphide deposits.

Potential for Porphyry copper-gold-silver deposits

A number of copper, gold and silver occurrences both at Commonwealth and within Impact's new licences are hosted in granite and porphyry intrusive rocks (Figures 1 and 2).

At Silica Hill, close to Commonwealth, Impact has now identified a pyrite-silica alteration zone that is 300 m thick associated with a previously unrecognised quartz-feldspar porphyry intrusion (Figure 2). Here, a significant silver – and gold-in-soil anomaly covering at least 200 m by 200 m has also been identified by Impact in previous soil geochemistry data.

Silica Hill was previously unrecognised as an altered porphyry body and Impact anticipates that there are many similar bodies and unrecognised associations within its new licences.

Other gold occurrences on Impact's new licences associated with granite and porphyry include Welcome Jack, Greenobby's and the dormant Kellys Perseverance Mine with recorded production of 818 oz of gold from 714 tonnes of ore (Figure 1). Face sampling of the mine at a depth of 8 m below surface in the 1970's returned up to 3 m at 22 g/t gold. This mine has not been drilled.

Potential for VMS Deposits

The volcanic rocks in the northern Molong Belt are the same age as other belts around the world that host very large and major volcanogenic massive sulphide (VMS) deposits (Ordovician to Devonian). It was the lack of exploration for this style of deposit in the Molong belt that prompted the review of previous exploration data by Impact.

REVIEW OF OPERATIONS (CONTINUED)

At the Apsley Project near Wellington (**Figure 5**) native copper, copper sulphide (chalcopyrite) and copper carbonate (malachite and azurite) mineralisation has been identified over an area of 8 sq km hosted in mafic volcanic and sedimentary rocks. There are several shafts in the area that are up to 30 m deep and previous rock chip results have returned up to 6.5% copper and 13 g/t silver. There has been very limited drilling in this area.

The geological characteristics of the area are similar to those at so-called "Besshi-style" VMS deposits, a sub-type of the VMS deposit style that tends to be copper-rich. One of the type examples of this style is the Windy Craggy deposit in British Columbia which has a resource of 300 Mt at 1.4% copper, 4 g/t silver and 0.2 g/t gold.

The Besshi-style contrasts with the Commonwealth-style of VMS deposits which are hosted by felsic rocks and tend to be gold-silver-zinc-lead rich.

Impact's new licences have not been explored for this style of deposit.

For the JORC Code (2012) Notes accompanying these exploration results, refer to Impact Minerals Limited's ASX announcements dated 12.2.14, 26.3.14, 4.4.14, 12.5.14, 4.6.14 and 13.6.14.

2. BROKEN HILL PROJECT (IMPACT 51% and EARNING 80%)

The Broken Hill Project is located 10 km to 20 km east of the World Class Broken Hill silver-lead-zinc mine in the richly mineralised Curnamona Province and consists of two Exploration Licences, EL7390 (114.4 square kilometres) and EL8234 (8.7 square kilometres).

Impact can earn 80% of the rights to Ni-Cu-PGE mineralisation associated with mafic and ultramafic rocks from Golden Cross Limited by spending an additional $200,000 by November 2017. Impact earned a 51% interest in the project in October 2014.

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

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

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

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

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

2.1 The Red Hill Prospect

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

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

An interpretation of the old data suggests that four parallel 'lodes', each 1 m to 2.5 m thick were mined (Figure 9). The lodes are open along strike and at depth.

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

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

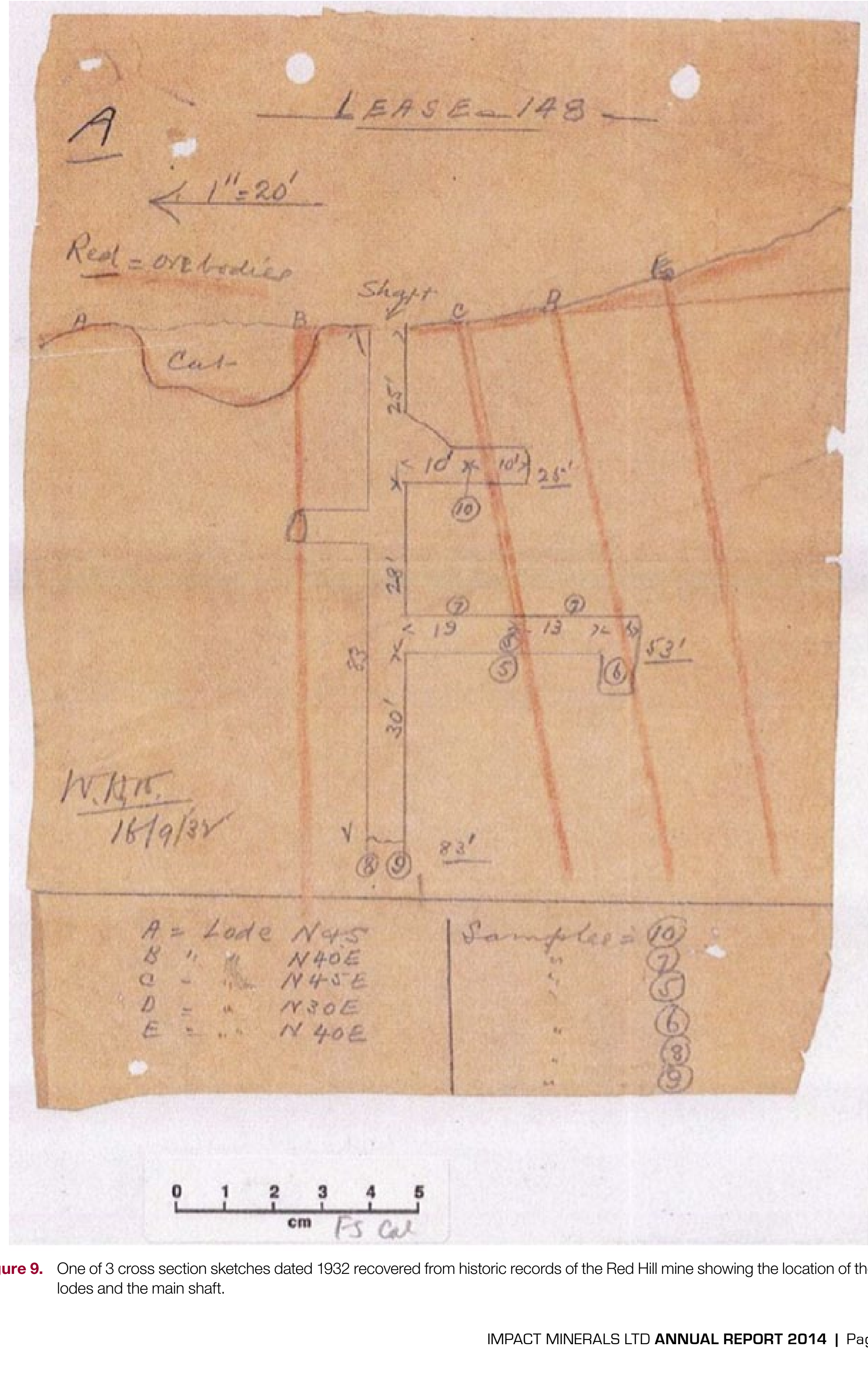

Figure 9. One of 3 cross section sketches dated 1932 recovered from historic records of the Red Hill mine showing the location of the four lodes and the main shaft.

During the year very significant rock chip assays and soil geochemistry results for platinum, palladium, nickel, copper, gold and silver were received that helped define four priority areas for follow up work at the Red Hill Prospect (Figure 10).

The results suggest that the host ultramafic intrusive unit at Red Hill, which outcrops over an area of about 500 sq metres, has a nickel-rich core and copper-precious metal-rich margins. This is a common feature in a number of nickel-copper-precious metal sulphide deposits around the world.

The centre of the unit is marked by MMI nickel-in-soil values greater than 10,000 ppb and up to 16,100 ppb nickel that is 100 m wide and 300 m long (Figure 10). This is a priority area for drilling.

Both the western and, in particular, the eastern margins of the unit are marked by MMI copper-in-soil results greater than 2,500 ppb and up to 16,200 ppb copper that are up to 200 m wide and 600 m long (Figure 10).

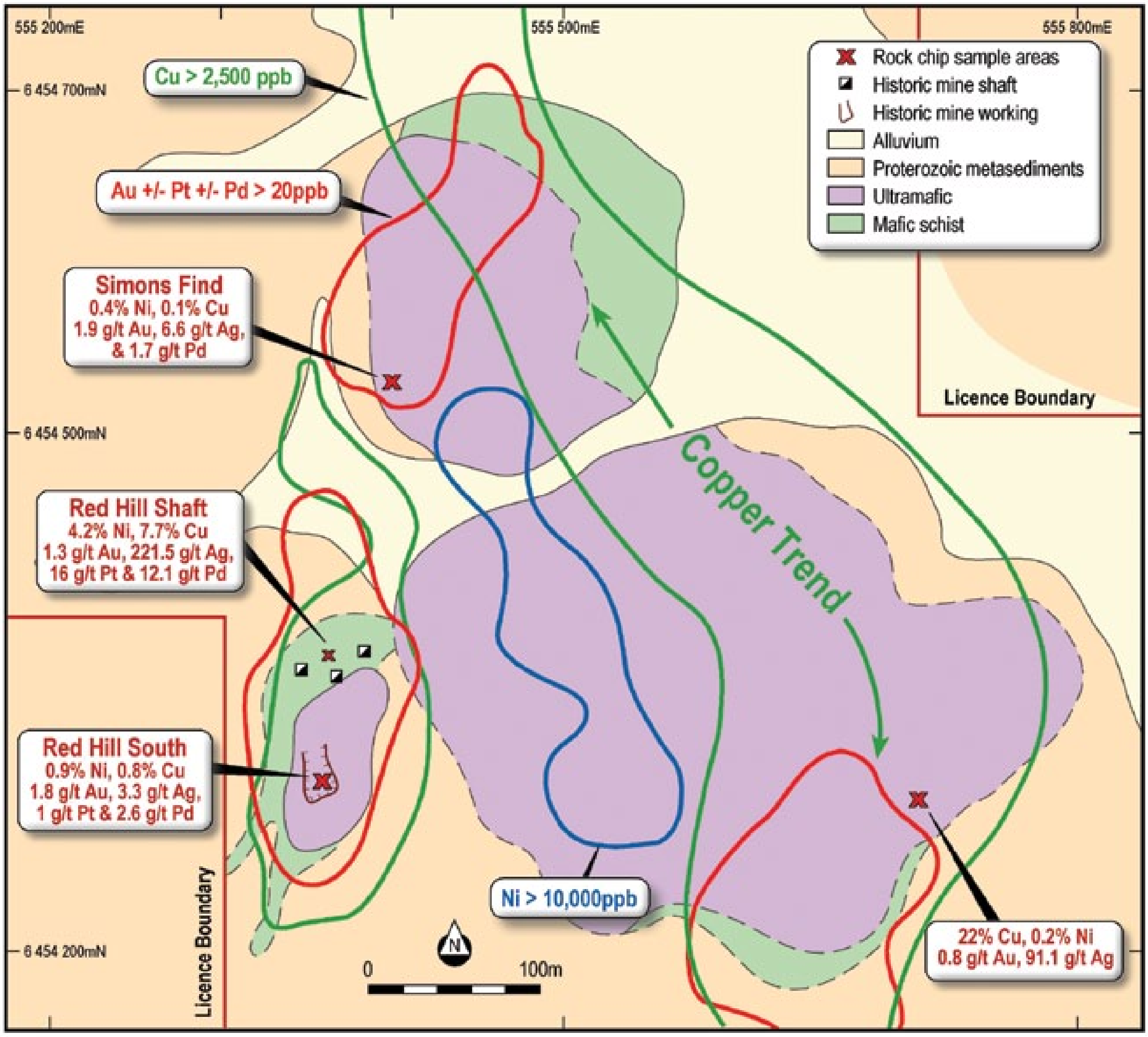

Figure 10. Geology and Soil and Rock Chip Results from the Red Hill Prospect.

Within these margins there are a further three priority areas for follow up work that contain greater than 20 ppb platinum+palladium+gold-in-soil (fire assay) results covering several hundred square metres and which contain rock chip samples with high grade nickel copper and precious metal assays (Figure 10):

1. At the Red Hill Shaft, mined to a depth of about 40 m in the early 1900's, grab samples from outcrops around the shaft returned up to 16 g/t platinum, 12.1 g/t palladium, 4.2% nickel, 7.7% copper, 1.3 g/t gold and 221 g/t silver. Rock chip samples from a surface excavation about 50 m long located 100 m to the south of the shaft returned up to 1 g/t platinum, 2.6 g/t palladium, 0.9% nickel, 0.8% copper, 1.8 g/t gold and 3.3 g/t silver.
2. At Simons Find, rock chip samples returned up to 0.7 g/t platinum, 1.7 g/t palladium, 0.4% nickel, 0.1% copper, 1.9 g/t gold and 6.6 g/t silver.
3. In the south east corner of the intrusion, grab samples from weathered rocks associated with some surface diggings returned up to 22% copper, 0.2% nickel, 0.8 g/t gold and 91.1 g/t silver.

These results are very significant when compared to case studies over known nickel-copper-precious metal sulphide deposits elsewhere in the world. The soil geochemistry survey was completed by Impact at a spacing of 50 m by 50 m and submitted for analysis by the MMI partial digest (nickel and copper) and fire assay (platinum, palladium, gold and silver).

Drilling is due to commence at Red Hill in November 2014.

For the JORC Code (2012) Notes accompanying these exploration results, refer to Impact Minerals Limited's ASX announcements dated 16.7.13, 19.8.13, and 21.5.14.

3. MULGA TANK PROJECT, W.A. (IMPACT 100% and EARNING 50-75%)

Impact's Mulga Tank Project is located 200 km east of Kalgoorlie and comprises 13 exploration licences covering 425 km^2 of the Minigwal greenstone belt and surrounding area in the emerging mineral province of the south east Yilgarn Craton of Western Australia. The province is host to Sirius Resources' Nova nickel deposit; AngloGold Ashanti – Independence Group's Tropicana gold mine; and the significant uranium deposit at Mulga Rocks (Figure 11).

Of the 13 licences in the Mulga Tank Project, Impact:

- owns 100% of six licences (E39/1632, E39/1633, E39/1761, E39/1766, E39/1767 and E39/1768);
- owns 20% of E39/988, with Golden Cross 80%. Impact has the right to earn a further 50% from Golden Cross to move to 70% ownership;
- owns 25% of E39/1072, with Golden Cross 75%. Impact has the right to earn a further 50% from Golden Cross to move to 75% ownership; and
- is earning a 50% interest from Golden Cross in five other licences – E39/1439, E39/1440, E39/1441, E39/1442 and E39/1513.

The 20% interest in E39/988 and 25% interest in E39/1072 were purchased for $170,000 cash from a third party during the year.

A further $0.8 million must be spent by Impact before November 2017 to complete the earn-in from Golden Cross.

3.1 Exploration Model for Mulga Tank: Perseverance and Rocky's Reward

The Mulga Tank Project is prospective for nickel (and copper) sulphide deposits similar to the Perseverance (45 Mt at 2% nickel) and Rocky's Reward (9.6 Mt at 2.4% Nickel) mines near Leinster in Western Australia (Figure 11). The Mulga Tank Dunite is also very similar to the unit that hosts the Perseverance nickel deposit as well as the host unit to the Mount Keith disseminated nickel deposit that contains more than 2 million tonnes of nickel metal.

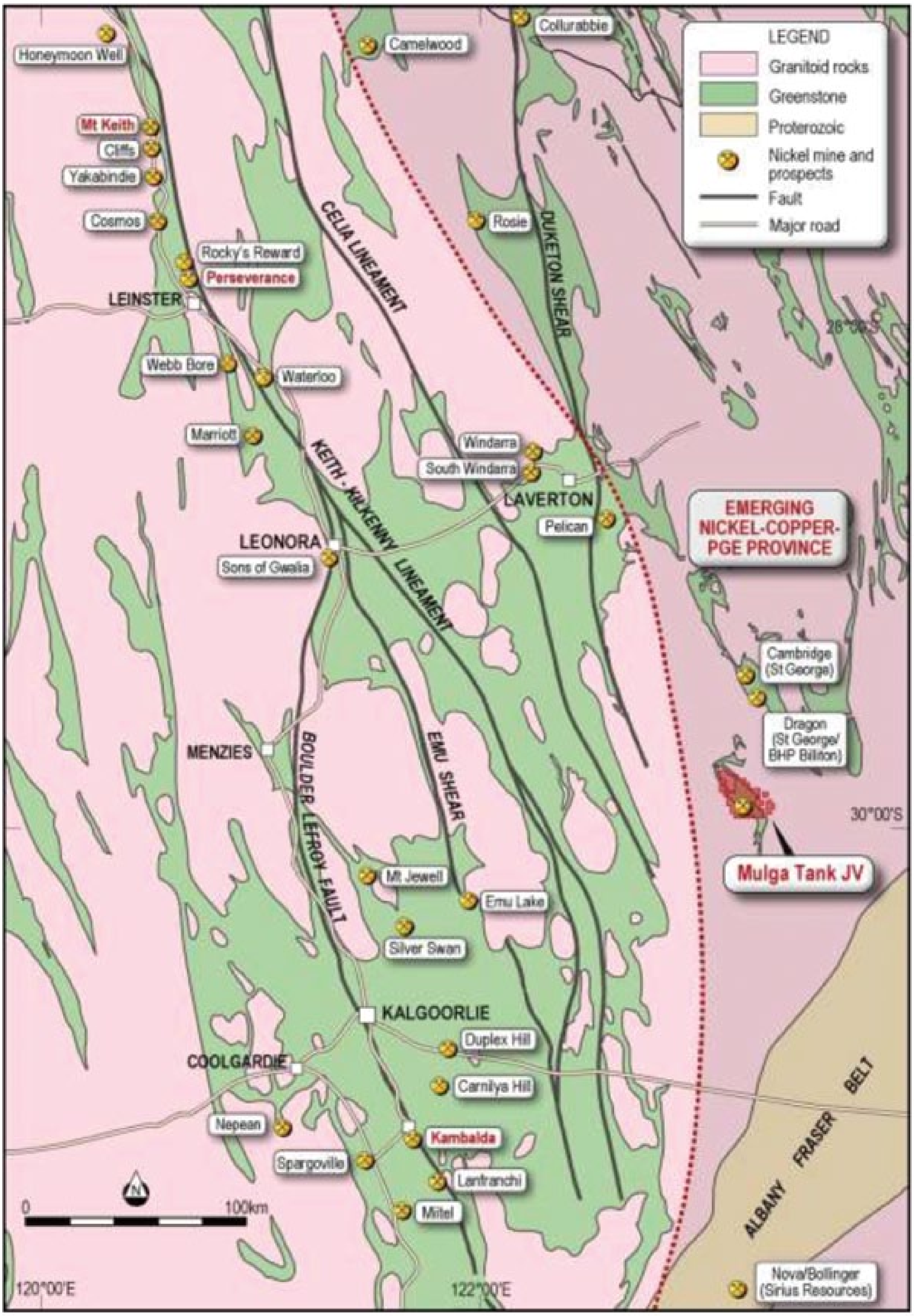

Figure 11. Location of Impact's Mulga Tank Project and significant nickel sulphide mines and prospects including Perseverance and Rocky's Reward deposits with new nickel-copper-PGE discoveries in the emerging nickel-copper province to the east.

The geology of the area indicates that the prospective basal unit of the Mulga Tank Dunite is preserved over a 12 sq km area and has not been explored. In addition there are many 10's of kilometres of strike of other ultramafic units throughout the Minigwal greenstone belt that have also not been drilled. Some of these units are associated with significant nickel-copper-precious metal-in-soil anomalies.

3.2 Drilling at Mulga Tank

During the year a significant maiden drill programme comprising 8 drill holes (MTD004-MTD011) for 3,025 m including 1,971 m of diamond drilling was completed at Mulga Tank. The drill programme tested six targets comprising five ground electromagnetic (EM) anomalies with coincident soil geochemical anomalies (Conductors 1 to 5) and one further soil geochemical anomaly, the SGA Prospect identified by Impact on E39/988 associated with the Mulga Tank Dunite.

The drill programme was in part funded by a $134,000 grant from the W.A. State Government Initiative.

Significant nickel and/or copper mineralisation that warrants follow-up work was discovered at four of the targets (SGA Prospect and Conductors 1, 2 and 3) and lesser mineralisation was found at the other two targets (Conductors 4 and 5) (Figure 12).

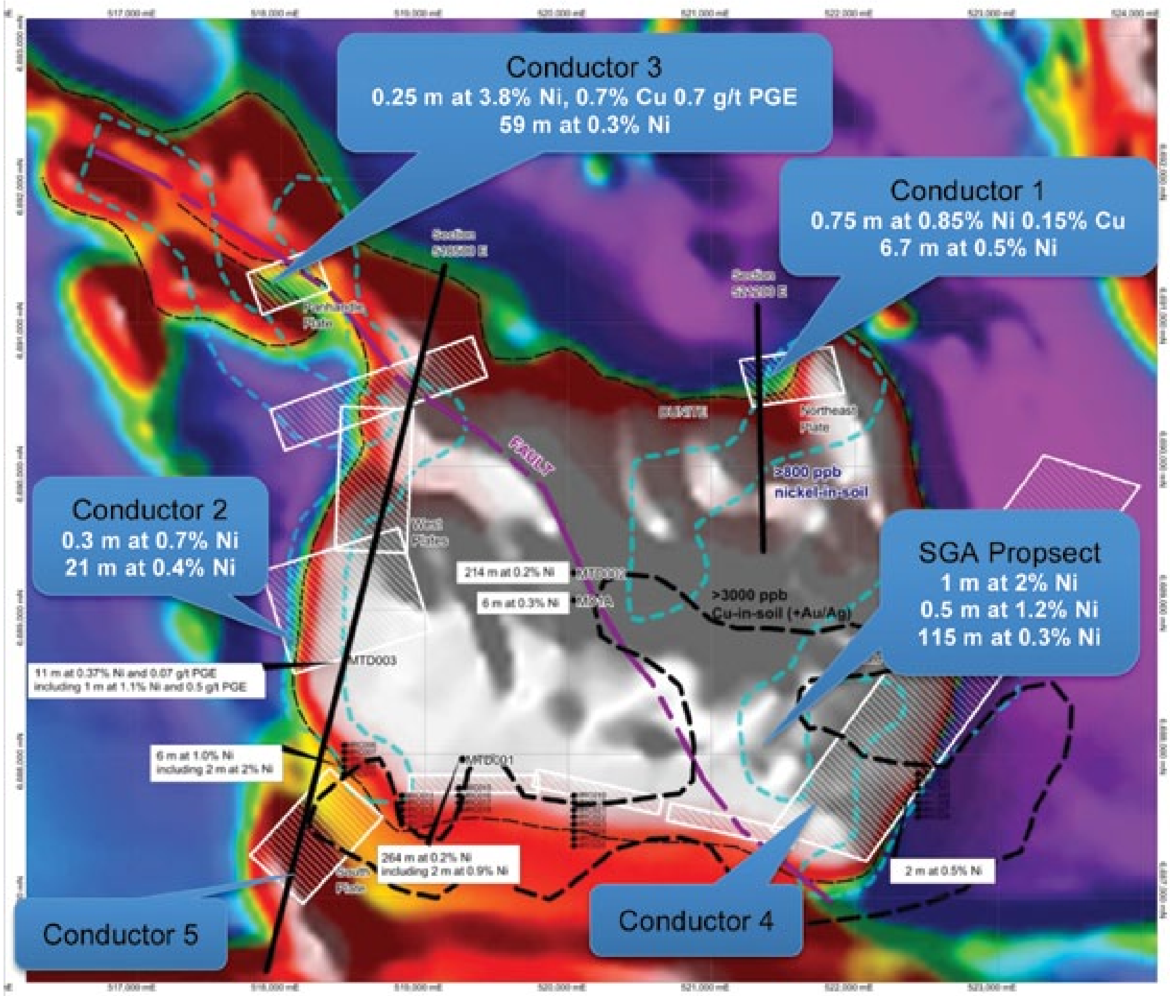

Figure 12. Image of the Total Magnetic Intensity from airborne magnetic data over the Mulga Tank Dunite (white outline) showing:

1. the location and modelled geometry of the five EM targets drilled;
2. best assay results;
3. the nickel-in-soil geochemistry contours at greater than 800 ppb; and
4. the copper in soil geochemistry contour at greater than 3,000 ppb to the south west coincident with Conductor 4.

REVIEW OF OPERATIONS (CONTINUED)

Three different styles of high tenor nickel and copper mineralisation were identified:

A. Extensive disseminated nickel sulphide within the Mulga Tank Dunite, (SGA Prospect and Conductors 2 and 3, Figure 13a).
B. Extensive disseminated nickel sulphide within the Mulga Tank Dunite. Narrow veins of high tenor nickel and copper sulphide both within and at the base of the Mulga Tank Dunite and which contain textures suggesting they may be remobilised from zones of more massive sulphide (SGA Prospect and Conductors 2 and 3, Figure 13b).
C. Disseminated nickel sulphide and narrow veins of nickel and copper sulphide associated with a komatiite flow channel that probably lies immediately above the Mulga Tank Dunite (Conductor 1, Figure 13c).

Figure 13a MTD011. Disseminated nickel sulphides in adcumulate dunite interpreted to be of magmatic origin.

Figure 13b MTD011. Clasts of massive nickel sulphide (with copper sulphide) in breccia zone in dunite. The clast may be remobilised from a nearby body of massive sulphide.

Figure 13c. Vein of massive nickel and copper sulphides with pyrrhotite. The paler coloured areas in the lower part of the vein are crystals of pentlandite (nickel sulphide). The pale yellow areas in the very upper part of the vein are chalcopyrite (copper sulphide).

In addition three mineralised zones that can be correlated over at least 300 m of strike and which are open in all directions have been identified on the western side of the dunite in Hole MTD005 drilled by Impact and in Hole MTD003 drilled by a previous explorer.

Impact's work, together with the results from previous explorers drill holes, demonstrates that the Mulga Tank Dunite contains nickel sulphides in multiple horizons over a very large area of many square kilometres.

A. Extensive disseminated nickel sulphide within the Mulga Tank Dunite

SGA Prospect: high tenor nickel sulphide within a large soil geochemistry anomaly

Hole MTD011 was drilled to test the eastern edge of a combined nickel and copper-in-soil anomaly that covers many square kilometres of the southeast quadrant of the Mulga Tank Dunite (Figure 12). This drill hole intersected the Mulga Tank Dunite which contains trace to 5% disseminated sulphide throughout and returned an intercept of 114.8 m at 0.3% nickel from 98 metres.

Within this, five separate zones of higher grade nickel sulphide occur and which returned assays of:

- 2 m at 1.3% nickel from 102 m including 1 m at 2% nickel from 103 m in the RC pre-collar. These samples contain extensive visible sulphides;
- 0.5 m at 0.7% nickel from 155 m from a one metre thick zone of dunite containing sulphide replacement of olivine crystals;
- 0.5 m at 0.7% nickel from 158.5 m and 0.6 m at 0.7% nickel from 181 m from two 20 m thick zones containing up to 5% disseminated nickel sulphides (Figure 13a); and
- 0.5 m at 1.2% nickel from 211.7 m from a 50 cm thick zone of breccia containing a few clasts of high tenor nickel sulphide that may have come from a nearby larger body of massive sulphide (Figure 13b).

The hole was stopped at 220 m depth because of the Christmas break.

This is the first discovery of nickel sulphides in the south east part of the Mulga Tank Dunite and demonstrates that the dunite contains nickel sulphides over a very large area of many square kilometres.

Conductors 2 and 3

Holes MTD005 and MTD006 were drilled to test strong EM conductors along the western side of the Mulga Tank Dunite and the north west along-strike extension of the Mulga Tank Dunite respectively (Figure 11).

Both holes intersected the dunite which contained trace amounts of disseminated sulphide and returned broad intercepts of:

- 21 m at 0.4% nickel from 78 m in MTD005 at Conductor 2; and
- 59 m at 0.3% nickel from 117 m in MTD006 at Conductor 3.

The discovery of sulphide-bearing dunite in drill hole MTD006 several kilometres along strike from the main dunite body has, together with airborne magnetic data, demonstrated that prospective ultramafic units extend for many kilometres along strike to the north west along what is termed the "Panhandle" (Figure 12).

B. High tenor nickel and copper at the base of the Mulga Tank Dunite

Holes MTD005 and MTD006 at Conductors 2 and 3 respectively also intersected narrow veins of high tenor nickel and copper sulphide towards the base of the Mulga Tank Dunite with best assay results of:

- 0.25 m at 3.8% nickel, 0.7% copper and 0.7 g/t PGE (Pt+Pd+Au) from 212.6 m in Hole MTD006 at Conductor 3; and
- 0.3 m at 0.7% nickel from 154.7 m in Hole MTD005 at Conductor 2.

REVIEW OF OPERATIONS (CONTINUED)

The vein textures are similar to those present around some massive sulphide deposits where the sulphide has been remobilised into later faults and fractures and demonstrate for the first time the presence of high tenor nickel and copper sulphides close to the basal contact of the Mulga Tank Dunite, considered to be the most prospective location for a massive sulphide deposit (Figure 14).

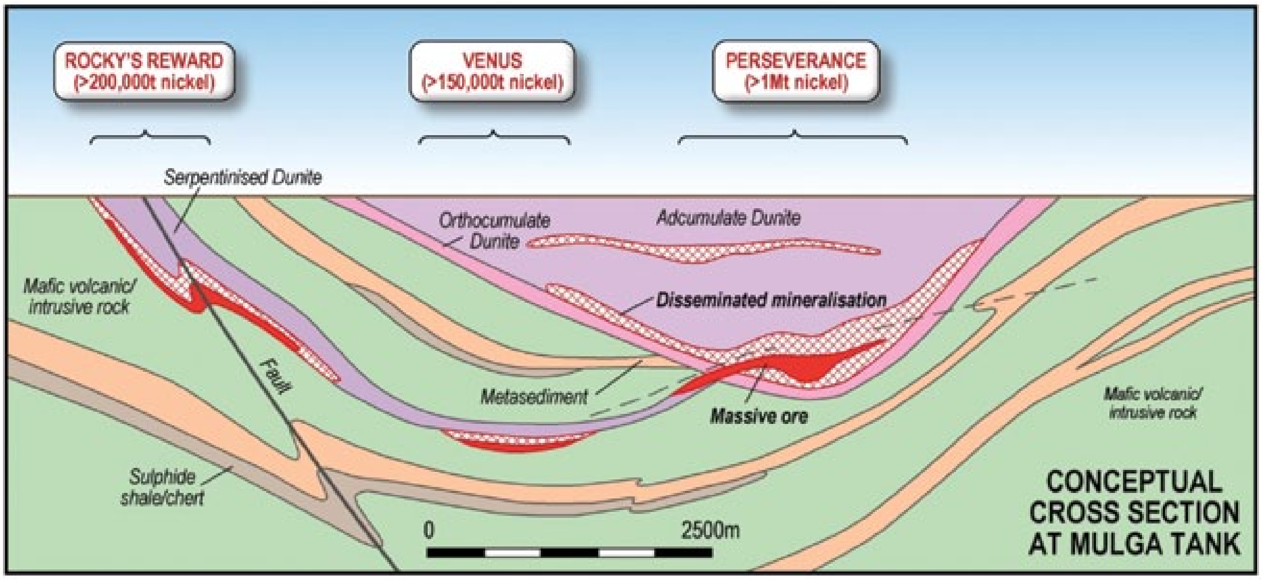

Figure 14. Conceptual cross-section for the Mulga Tank Dunite and surrounding area showing the Perseverance and Rocky's Reward exploration model.

Importantly the veins and other important structures are commonly sub-parallel to the drill core axis and therefore the drill holes are not at the optimum orientation to intersect them. Accordingly Impact considers it highly likely that many more such veins are present.

C. High tenor nickel sulphide in mineralised komatiite flow channel

Holes MTD004, 07 and 10 were drilled to test a strong ground EM anomaly coincident with a nickel-in-soil anomaly of up to 3,040 ppb in the north east quadrant of the Mulga Tank Dunite (Figure 11).

Two nickel-copper mineralised ultramafic units, (the Upper Ultramafic Unit (a komatiite) and Lower Ultramafic Unit) 20 m apart that extend for at least 150 m along strike and thicken considerably from west to east have been discovered. The two units define the southwestern edge of a "flow channel" that dips at about 65 degrees to the northwest and contains other ultramafic to mafic sills, flows and sedimentary rocks (Figures 15 and 16).

Such channels are an important control on nickel sulphide mineralisation at major nickel mines such as Rocky's Reward, Kambalda and Forrestania in W.A.

The Upper Ultramafic Unit, contains distinctive textures such as "spinifex ore" and irregular blebs and veinlets that commonly occur in the hanging wall above a number of nickel sulphide deposits in Western Australia and returned best assays of:

- 1.75 m at 0.5% nickel, 0.15% copper and 0.14 g/t PGE (Pt+Pd+Au) from 302 m in Hole MTD004 including 0.75 m at 0.85% nickel, 0.35% copper and 0.28 g/t PGE (Pt+Pd+Au) and
- 0.5 m at 0.6% nickel, 0.1% copper and 0.1 g/t PGE from 328 m in Hole MTD007.

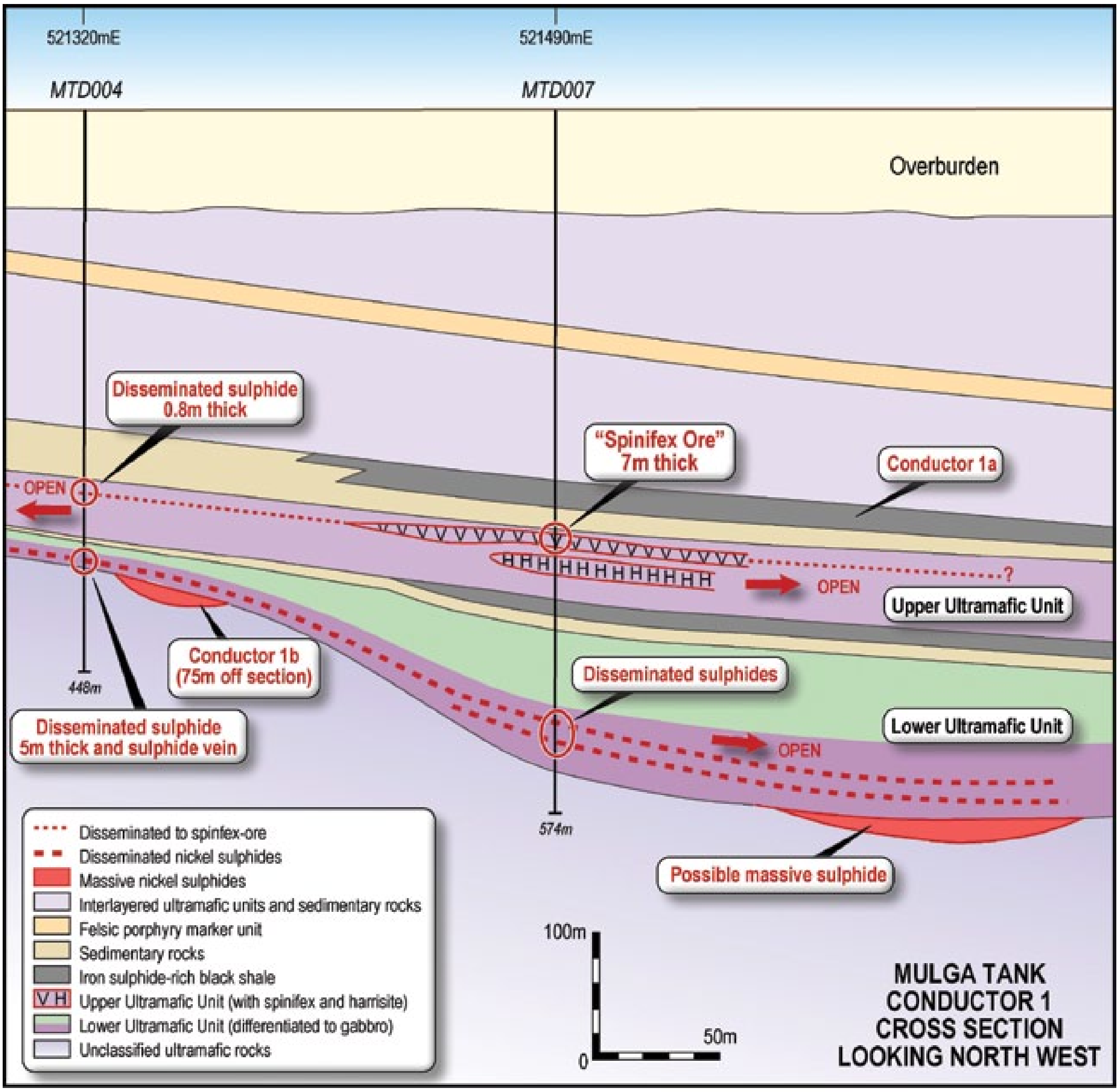

Figure 15. Interpreted cross section looking north west, Conductor 1.

The Lower Ultramafic Unit, which comprises an ultramafic rock that is up to 50 m thick and contains several zones with up to 5% disseminated sulphides and in the immediate footwall in Hole MTD004 a 30 cm long steeply dipping narrow vein containing high tenor nickel and copper sulphide minerals (Figure 13c), returned best assays of:

- 6.7 m at 0.5% nickel from 356 m including 0.4 m at 1% nickel from 362 m in Hole MTD004; and
- 15 m at 0.3% nickel from 471 m in Hole MTD007.

Spot readings with a hand held XRF machine indicate that the mineralisation within the vein is of high tenor in places with readings up to 8% nickel and 5% copper. The vein is also sub-parallel to the drill core axis which therefore is not optimally oriented to intersect other, similar veins.

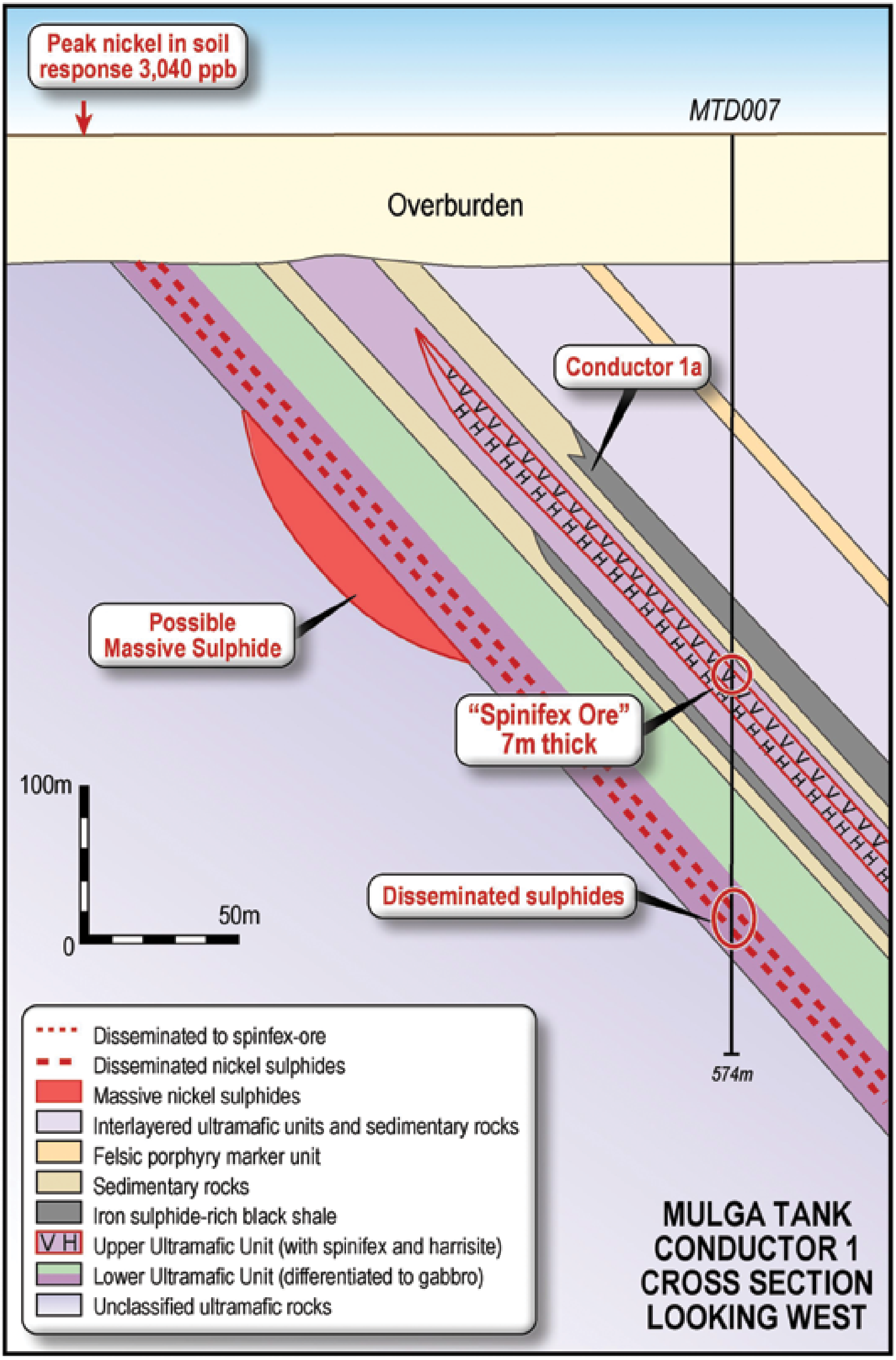

Figure 16. Cross section looking west showing coincidence of the up-dip projection of mineralisation with the peak nickel-in-soil response.

Two further weakly mineralised ultramafic units containing disseminated sulphides were intersected in MTD007 below the Lower Ultramafic Unit and returned best assays of:

- 15 m at 0.3% nickel from 471 m; and
- 3 m at 03% nickel and 0.16 g.t PGE (Pt+Pd+Au) from 506 metres.

These results indicate that the komatiite flows that lie above the Mulga Tank Dunite are also highly prospective for nickel deposits such as those at Kambalda in Western Australia.

The up-dip projection of the mineralised channel is coincident with strongly elevated nickel-in-soil geochemistry responses up to 3,040 ppb (**Figures 15, 16 and 17**). Nickel-in-soil responses greater than 1,500 ppb define a large area covering about 2 km of strike of the up-dip projection of the mineralised units and this is a priority area for follow up work (**Figure 17**).

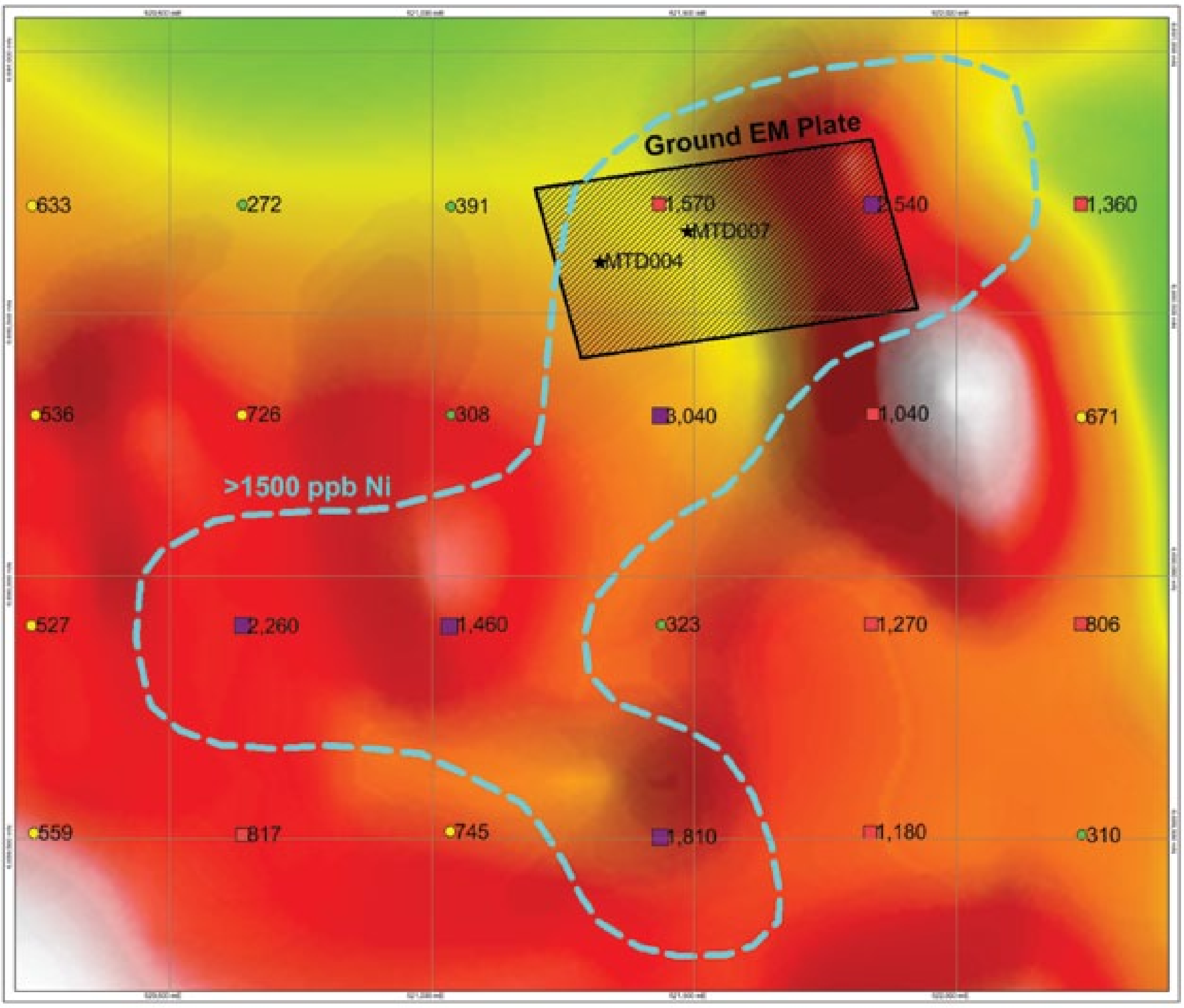

Figure 17. Image of magnetic data showing drill hole locations and extent of nickel-in-soil anomaly.

Importantly the mineralised flow channel at Conductor 1, occurs 15 metres below a 10 m thick unit of iron sulphide-rich black shale (**Figures 11 and 14**). This shale is the source of the EM anomalies identified by both the ground and down hole EM surveys at the Prospect. However it is evident that the shale may be masking and be difficult to discriminate from, the EM response of any underlying bodies of massive sulphide.

Three Mineralised Zones on the west side of the Mulga Tank Dunite

Drill hole MTD005, drilled to test a low to medium strength EM conductor (Conductor 2, Figure 12) at a depth of about 160 m below surface on the western contact of the Mulga Tank Dunite, intersected the Mulga Tank Dunite and an underlying sequence of sedimentary rocks and basalts.

Three mineralised zones that can be correlated over at least 300 m of strike and which are open in all directions were identified in the hole and in Hole MTD003 drilled 300 m to the southeast by a previous explorer. Two of the zones occur within the Mulga Tank Dunite and the third occurs in the immediate footwall to the Dunite (Figure 18):

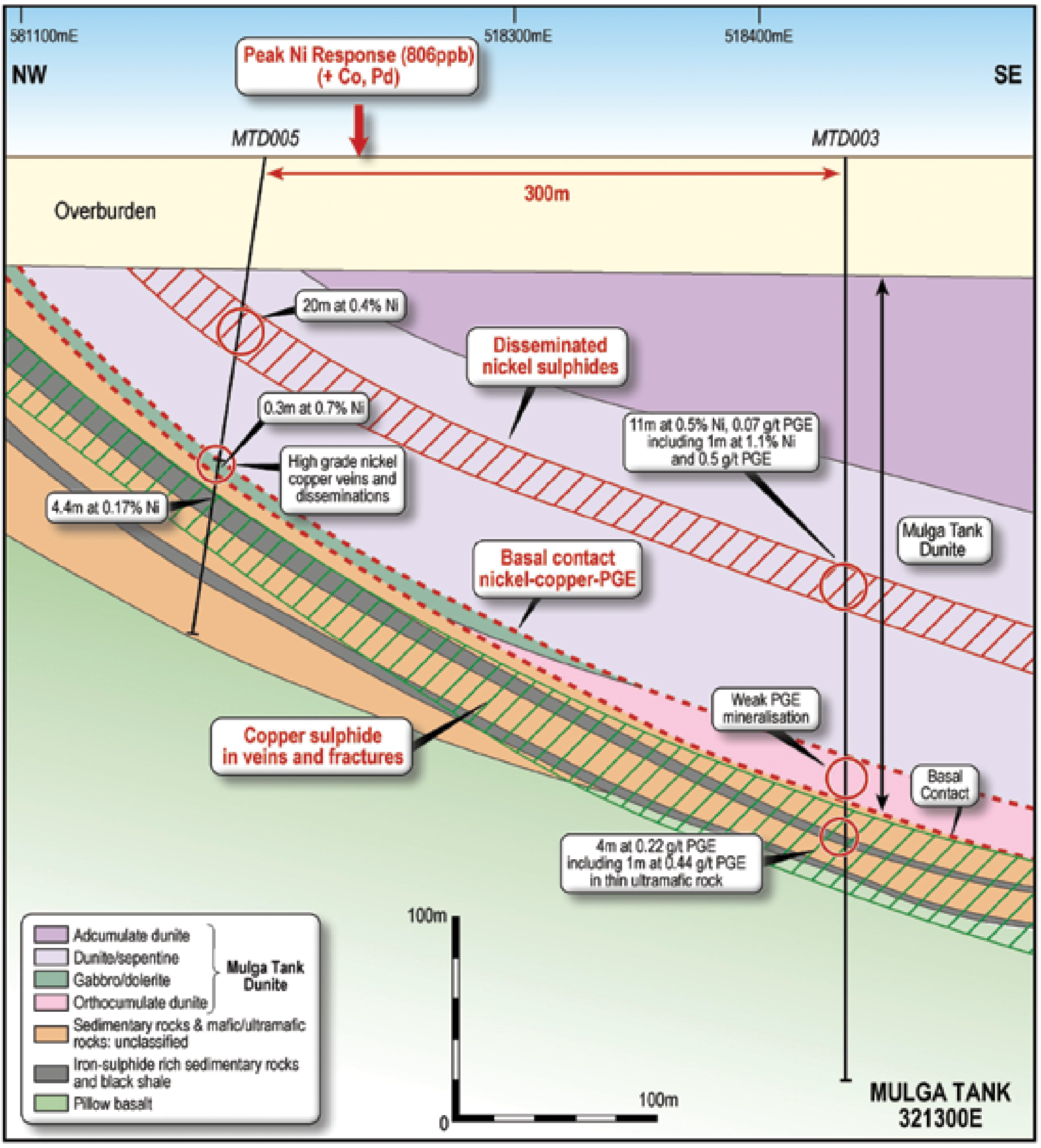

Figure 18. Cross section looking north east between MTD005 and MTD003

1. The narrow steeply south dipping veins of high tenor nickel sulphides discovered within the basal contact zone of the Mulga Tank Dunite in Hole MTD005 and which returned an assay of 0.3 m at 0.7% nickel from 154.7 m, see above) can be correlated with weak PGE and nickel mineralisation at the base of the dunite in Hole MTD003 of up to 0.3 g/t PGE and 0.1 g/t gold.
2. The 20 m thick zone of disseminated nickel sulphides that occurs about 100 m above the base of the Dunite and returned 20 m at 0.4% nickel from 78 m in MTD005 (see above) can be correlated with Hole MTD003 where previous assays returned an intercept of 11 m at 0.4% nickel including 1 m at 1.1% nickel and 0.5 g/t PGE.
3. A zone of weakly disseminated, veinlet and fracture-fill copper sulphide mineralisation that is up to 50 m thick in metasedimentary rocks (including sulphide rich black shale which is the source of Conductor 2) in the immediate footwall of the dunite returned a best assay of 4.4 m at 0.17% copper from 158 m in Hole MTD005. This zone can be correlated with numerous assays in MTD003 of up to 0.5% copper over 1 m intervals in places.

Similar zones of copper sulphide occur below the dunite at Conductor 3 and Conductor 5. This indicates that significant and extensive late stage remobilisation of copper and other metals has occurred into the footwall immediately beneath the Mulga Tank Dunite. This is a common characteristic in many large nickel-copper deposits around the world.

The up-dip projection of the nickel-mineralised zones within the dunite are coincident with elevated nickel-in-soil geochemistry responses up to 806 ppb together with elevated cobalt and palladium. Nickel-in-soil responses greather than 800 ppb define a large area along the west side of the Mulga Tank Dunite and covering more than 3 km of strike of the up-dip projection of the mineralised units. This is a priority area for follow up work (Figure 19).

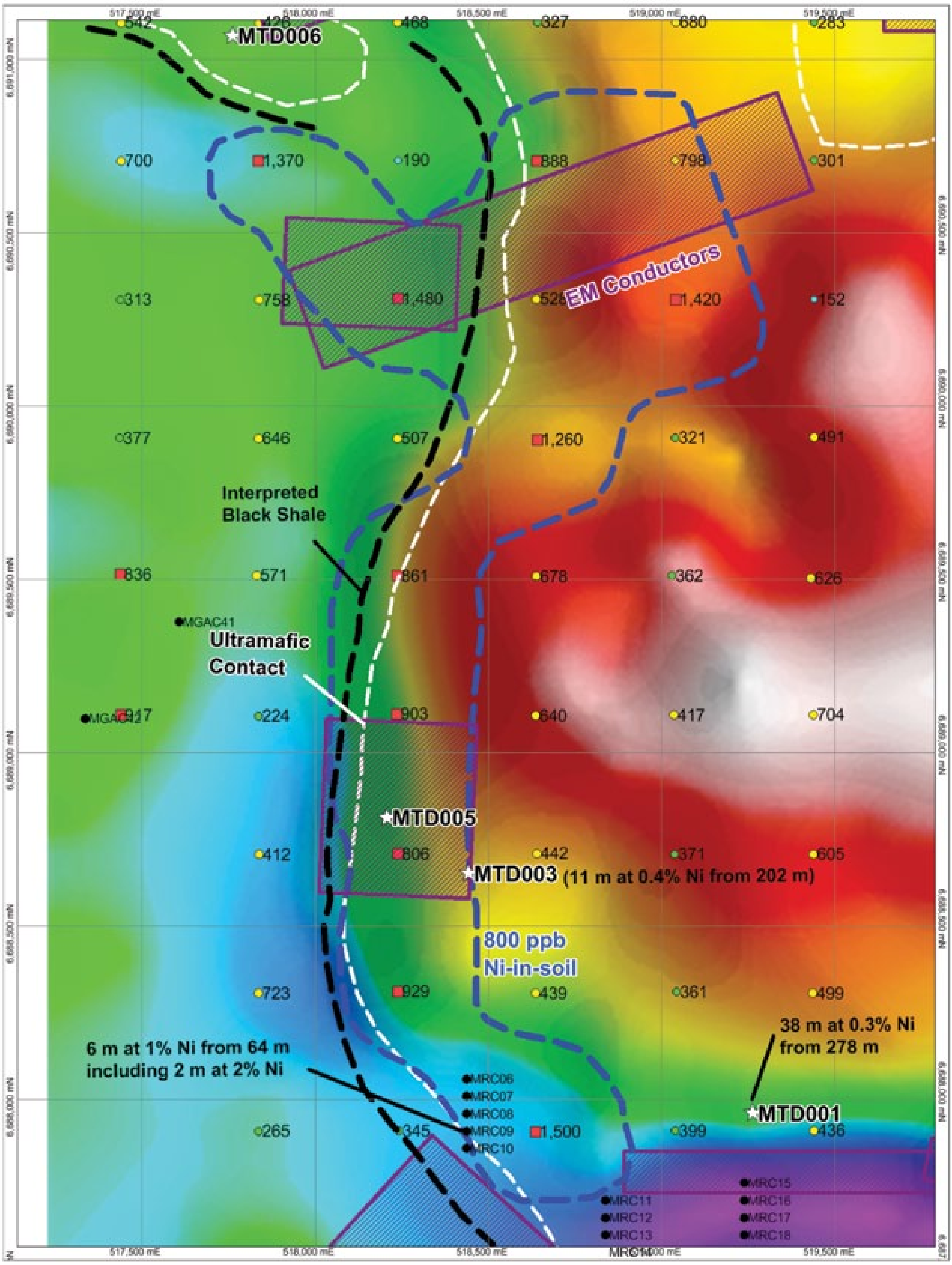

Figure 19. Image of magnetic data over the west side of the Mulga Tank Dunite showing drill hole locations, and nickel-in-soil responses. Note elevated results from previous drilling at MTD001 and MRC09 up to 1,000 m away from Conductor 2.

3.3 Discussion of Drill Results

A significant amount of new information has been obtained about the geology and mineralisation at Mulga Tank and this data is being reviewed and synthesised to design follow up work programmes. Key outcomes of the drill programme include major breakthroughs in Impact's understanding of the geology and mineralisation of the area and the efficacy of both the ground and downhole EM surveys and the soil geochemistry surveys completed in the project area.

Geology and Mineralisation

1. The tenor of most of the nickel and copper sulphides discovered is high. This is the first direct indication of high grade nickel-copper sulphides in the Minigwal greenstone belt and also the south east part of the Yilgarn Cration of W.A.
2. Disseminated and remobilised nickel-copper sulphides have been discovered over a large area of many square kilometres both within and beneath the Mulga Tank Dunite. All of these features are very encouraging and further supports Impact's view that the Mulga Tank Project is very prospective for the discovery of a high grade nickel-copper sulphide deposit over tens of strike kilometres.

Ground EM and Ionic Leach Surveys

3. Many of the ground EM anomalies that were originally interpreted as one single conductor have been resolved into as many as 8 separate conductors in places. This indicates that the ground EM survey did not identify or resolve numerous conductors at depth.
4. The ionic leach soil geochemistry technique has effectively identified blind nickel and copper sulphide mineralisation beneath up to 70 m of transported overburden. The ionic leach technique is a weak chemical digest designed to detect subtle geochemical responses that may have leaked through transported cover to the surface. The technique potentially offers a method to help discriminate barren EM conductors such as black shale from massive sulphides.

Both the soil samples and the ground EM survey were completed on wide spaced grids of 400 m between samples and a 400 m moving loop survey respectively. These surveys are very broad spaced compared to those used in exploration for major nickel deposits and indicate that further detailed follow up surveys are warranted to better define drill targets.

Large undrilled copper-gold-silver soil anomaly covering 8 sq km of the Mulga Tank Dunite

The discovery of widespread nickel and copper mineralisation around the Mulga Tank Dunite beneath significant soil geochemistry anomalies, prompted a review of the ionic leach soil geochemistry data over the entire Mulga Tank Dunite.

A large and strongly elevated copper-in-soil anomaly defined by assays above 3000 ppb and up to 4,750 ppb copper that covers approximately 8 sq km has been identified over the south east quadrant of the Mulga Tank Dunite and also its southern contact with the surrounding rocks (Figure 12).

The anomaly along the southern contact mostly overlies three steeply dipping EM conductors identified by the ground survey and which lie within the dunite (Figure 12). These conductors were previously considered to be of a lower priority and have now been upgraded.

In addition, the strongly elevated copper anomaly is coincident with gold – and silver-in-soil anomalies. Apart from Hole MTD011 this anomaly has not been drilled.

New Targets Identified

On the basis of the drill results, twelve (12) new priority target areas for nickel-copper and copper-gold deposits were identified in a review of a broad spaced ionic leach soil geochemistry survey covering the central part of the 425 sq km project area (Figure 11).

Six of the targets occur on the west side of the project area, along strike and adjacent to the mineralised Mulga Tank Dunite.

The mineralisation, which occurs over an area of at least 15 sq km, occurs below elevated nickel-in-soil and copper-in-soil values. This suggests that nickel and copper ions are migrating to the surface through the transported cover and are detected by the ionic leach soil geochemistry technique, which is proprietary to ALS Global Laboratories.

Some of the strongest soil responses, up to 2,670 ppb nickel and 4,830 ppb copper and 4.5 ppb gold occur in the north west corner of E39/988 (Figure 20). These values are significantly elevated above the regional background values for these metals. The anomalies are open to the north west along a 10 km strike extent of the greenstone belt within the project area.

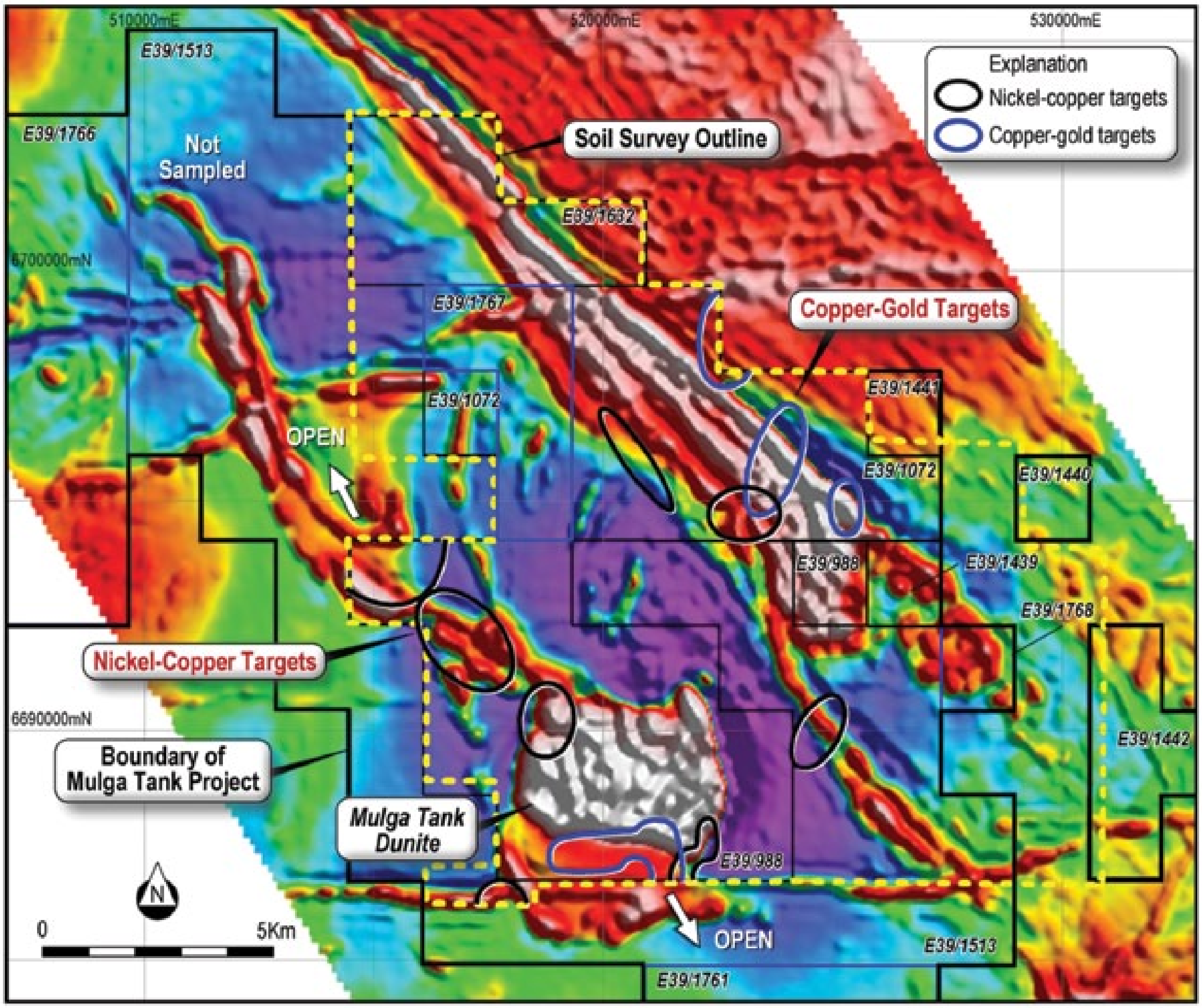

Figure 20. Image of magnetic data over the Mulga Tank Project showing the location of the new targets identified in the soil geochemistry data.

The six other targets occur on the east side of the project area and indicate significant potential for copper and gold mineralisation (Figure 20). There has been limited aircore drilling in some of these areas and data from this work is currently being compiled.

The soil samples were mostly taken at a very wide spacing of 400 m between samples with infill samples taken at 200 m intervals in places. This is a very broad sample spacing compared to that commonly used in nickel sulphide exploration. Infill soil survey programmes and further surveys are warranted along strike in areas not yet sampled.

Next Steps

Follow up work including drilling is required at Conductor 1, Conductor 2 and SGA Prospect. The specific work programmes are currently being designed and will include soil geochemistry and ground geophysical surveys. The timing, nature and extent of the programmes will depend on the outcome of the orientation survey at Conductor 1 and the review of the soil geochemistry data over the entire Mulga Tank Project area.

For the JORC Code (2012) Notes accompanying these exploration results, refer to Impact Minerals Limited's ASX announcements dated 23.7.13, 2.9.13, 4.11.13, 6.11.13, 14.11.13, 19.11.13, 21.11.13, 25.11.13, 29.11.13, 3.12.13, 10.12.13, 19.12.13, 29.1.14 and 19.2.14.

BOTSWANA URANIUM (IMPACT 100%) AND XADE NICKEL (IMPACT 75%) PROJECTS

Exploration in Botswana has been placed on hold pending a recovery in the uranium price. In addition the majority of Impact's licences have been awaiting renewal for over 12 months. During this time there has been no requirement for any expenditure. Impact will review its next steps on these projects when the licences are renewed.

In May 2013 Impact announced that it had agreed to sell four of its Prospecting Licences in Botswana to Shumba Resources Limited, a Botswana registered coal exploration and development company, provided the licences were renewed by June 30th 2014.

Ongoing delays and a significant backlog within the Department of Mines in Botswana resulted in the licences not being renewed by this date. In addition the Department had reviewed its criteria for the transfer of licences related to radioactive minerals and energy minerals (including coal) where the two overlap. It was deemed unlikely that two of the four licences would be approved for transfer.

Accordingly the terms of the sale and purchase agreement were reset, as allowed for in the original agreement. The new terms are:

1. US$25,000 cash payment to Impact on renewal of the licences; and
2. US$75,000 cash and $225,000 in shares in Shumba payable to Impact on transfer of the licences to Shumba.

It is not known when the licences will be renewed.

CAPITAL RAISINGS

On 19 September 2013, Impact announced a A$3 million capital raising through a placement of 78,947,368 shares, at an issue price of 3.8 cents per share to sophisticated and professional investors. The placement shares were issued in two tranches: Tranche 1, comprising 48,067,069 shares were issued pursuant to Impact's Listing Rule 7.1 capacity and Tranche 2 shares comprising 30,880,299 shares were issued following shareholder approval at a general meeting of shareholders held on 6 November 2013.

On July 4th 2014 Impact also completed an oversubscribed A$2.59 million capital raising through a placement of 78,423,516 shares at an issue price of 3.3 cents per share. The placement shares were issued under the Company's 25% placement capacity and did not require shareholder approval.

The company would like to thank the Chairman Peter Unsworth for his efforts in these capital raisings.

REVIEW OF OPERATIONS (CONTINUED)

MERGER WITH INVICTUS GOLD LIMITED

On January 6th 2014 a Merger Implementation Agreement ("MIA") was completed with Invictus Gold Limited ("Invictus"; ASX: IVG) under which Impact acquired all of the issued shares in Invictus that it did not already own under a Scheme of Arrangement ("Share Scheme").

The merger has resulted in a simpler corporate and asset ownership structure for Impact and a significant reduction in overhead costs. As part of the cost reduction Impact also relocated its office to 26 Richardson Street, West Perth in June.

Under the Share Scheme, Impact offered five IPT shares for every four IVG shares on issue which resulted in Impact acquiring 28,962,680 Invictus shares and issuing approximately 36,203,350 new Impact shares.

In addition, under an associated Option Scheme, eligible Invictus optionholders have received one new listed Impact option for every one listed Invictus option held at an exercise price of 20 cents and expiring 30th November 2015. The options trade under ASX code IPTO.

A review of the assets held by Invictus lead to a relinquishment of exploration licences in Queensland and also the closure of operations in Turkey.

Competent Persons Statement

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.

SCHEDULE OF MINERAL TENEMENTS

FOR THE YEAR ENDED 30TH JUNE 2014

Tenement (Prospecting Licence) Number	Location	% Holding	Status
E39/1632	WA	100%	Granted
E39/1633	WA	100%	Granted
E39/1761	WA	100%	Granted
E39/1766	WA	100%	Granted
E39/1767	WA	100%	Granted
E39/1768	WA	100%	Granted
EL5874	NSW	100%	Granted
EL8212	NSW	100%	Granted
EL8252	NSW	100%	Granted
EL8234	NSW	100%	Granted
EPM14116	QLD	100%	Granted
117/2008	Botswana	100%	Renewal in process
118/2008	Botswana	100%	Renewal in process
119/2008	Botswana	100%	Renewal in process
120/2008	Botswana	100%	Renewal in process
121/2008	Botswana	100%	Renewal in process
122/2008	Botswana	100%	Renewal in process
123/2008	Botswana	100%	Renewal in process
128/2008	Botswana	100%	Renewal in process
518/2009	Botswana	100%	Renewal in process
092/2010	Botswana	100%	Renewal in process
093/2010	Botswana	100%	Renewal in process
094/2010	Botswana	100%	Renewal in process
096/2010	Botswana	100%	Renewal in process
097/2010	Botswana	100%	Renewal in process
023/2011	Botswana	100%	Renewal in process
024/2011	Botswana	100%	Renewal in process
025/2011	Botswana	100%	Renewal in process
026/2011	Botswana	100%	Renewal in process
027/2011	Botswana	100%	Renewal in process
016/2014	Botswana	100%	Granted
017/2014	Botswana	100%	Granted
412/2014	Botswana	100%	Granted

SCHEDULE OF MINERAL TENEMENTS
FOR THE YEAR ENDED 30TH JUNE 2014 (CONTINUED)

JOINT VENTURE TENEMENTS

Tenement (Prospecting Licence) Number	Location	% Holding	Status
E39/988	WA	20%	Granted
E39/1072	WA	25%	Granted
E39/1439	WA	50%	Granted
E39/1440	WA	50%	Granted
E39/1441	WA	50%	Granted
E39/1442	WA	50%	Granted
E39/1513	WA	50%	Granted
EL7390	NSW	51%	Granted
49/2006	Botswana	62%	Granted
50/2006	Botswana	62%	Granted
51/2006	Botswana	62%	Granted
52/2006	Botswana	62%	Granted
57/2006	Botswana	62%	Granted
58/2006	Botswana	62%	Granted
59/2006	Botswana	62%	Granted
60/2006	Botswana	62%	Granted
64/2006	Botswana	62%	Granted
65/2006	Botswana	62%	Granted
67/2006a	Botswana	62%	Granted
69/2006a	Botswana	62%	Granted
70/2006	Botswana	62%	Granted
199/2010	Botswana	62%	Granted

FINANCIAL REPORT

FOR YEAR ENDED 30 JUNE 2014

CONTENTS

CORPORATE GOVERNANCE

INTRODUCTION

Since the introduction of the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Guidelines" or "the Recommendations"), Impact Minerals Limited ("Company") and it's controlled entities ("Consolidated Group") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Commensurate with the spirit of the ASX Guidelines, the Consolidated Group has followed each Recommendation where the Board has considered the Recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Consolidated Group, the Board, resources available and activities of the Consolidated Group. Where, after due consideration, the Consolidated Group's corporate governance practices depart from the Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

Taking into account the size of the Consolidated Group, the Consolidated Group endeavours to comply with the Corporate Governance Principles and the corresponding Best Practice Recommendations as published by the ASX Corporate Governance Council ("Corporate Governance Principles and Recommendations"). Significant policies and details of any significant deviations from the principles are specified below.

Corporate Governance Council Recommendation 1
Lay Solid Foundations for Management and Oversight

ROLE OF THE BOARD OF DIRECTORS

The Board has responsibility for protecting the rights and interests of Shareholders and is responsible for the overall direction, monitoring and governance of the Consolidated Group. Responsibility for managing the business on a day-to-day basis has been delegated to the Managing Director and the management team.

The Board is responsible for the overall corporate governance of the Consolidated Group and its subsidiaries. Responsibilities and Functions of the Board are set out under the Board Charter and include:

i. setting the strategic direction of the Consolidated Group, establishing goals to ensure that these strategic objectives are met and monitoring the performance of management against these goals and objectives;
ii. ensuring that there are adequate resources available to meet the Consolidated Group's objectives;
iii. appointing the Managing Director, evaluating the performance and determining the remuneration of senior executives, and ensuring that appropriate policies and procedures are in place for recruitment, training, remuneration and succession planning;
iv. evaluating the performance of the Board and its Directors on an annual basis;
v. determining remuneration levels of Directors;
vi. approving and monitoring financial reporting and capital management;
vii. approving and monitoring the progress of business objectives;
viii. ensuring that any necessary statutory licences are held and compliance measures are maintained to ensure compliance with the law and licence(s);
ix. ensuring that adequate risk management procedures exist and are being used;
x. ensuring that the Consolidated Group has appropriate corporate governance structures in place, including standards of ethical behaviour and a culture of corporate and social responsibility;
xi. ensuring that the Board is and remains appropriately skilled to meet the changing needs of the Consolidated Group;
xii. ensuring procedures are in place for ensuring the Consolidated Group's compliance with the law; and financial and audit responsibilities, including the appointment of an external auditor and reviewing the financial statements, accounting policies and management processes.

Corporate Governance Council Recommendation 1 Cont'd
Lay Solid Foundations for Management and Oversight cont'd

In complying with Recommendation 1.1 of the Corporate Governance Council, the Company has adopted a Board Charter which clarifies the respective roles of the Board and senior management and assists in decision making processes. A copy of the Board Charter can be found on the Company's website.

BOARD PROCESSES

An agenda for the meetings has been determined to ensure certain standing information is addressed and other items which are relevant to reporting deadlines and or regular review are scheduled when appropriate. The agenda is regularly reviewed by the Chairman, the Managing Director and the Company Secretary.

Corporate Governance Council Recommendation 2
Structure the Board to Add Value

BOARD COMPOSITION

The relevant provisions in the Constitution and the Corporations Act determine the terms and conditions relating to the appointment and termination of Directors. All Directors, other than the Managing Director, are subject to re-election by rotation every three years.

The Board does not have a separate Nomination Committee comprising of a majority of Independent Directors and as such does not comply with Recommendation 2.4 of the Corporate Governance Council. The Board believes that given the size of the Consolidated Group and the stage of its development a separate nomination committee is not warranted at this time. Any changes to Directorships will, for the foreseeable future, be considered by the full Board subject to any applicable laws. Identification of potential Board candidates includes consideration of the skills, experience, personal attributes and capability to devote the necessary time and commitment to the role.

The Board consists of Mr Peter Unsworth, Non-executive Chairman, Dr Michael Jones, Managing Director, Mr Paul Ingram, Non-executive Director and Dr Markus Elsasser, Non-executive Director.

The Constitution requires a minimum number of three Directors. The maximum number of Directors is fixed by the Board but may not be more than 10, unless the members of the Company, in general meeting, resolve otherwise. The skills, experience and expertise of all Directors is set out in the Directors' section of the Company's website.

Although Directors are expected to bring independent views and judgment to the Board's deliberations, it has been determined that none of the Company's Directors other than Mr Paul Ingram and Dr Markus Elsasser, satisfy the criteria for independence as outlined in Recommendation 2.1 of the ASX Corporate Governance Principles.

The Board considers, however, that given the size and scope of the Consolidated Group's operations at present, it has the relevant experience in the exploration and mining industry and is appropriately structured to discharge its duties in a manner that is in the best interests of the Consolidated Group and its Shareholders from both a long-term strategic and operational perspective.

INDEPENDENT CHAIRMAN

The Chairman is not considered to be an independent director and as such Recommendation 2.2 of the Corporate Governance Council has not been complied with. However, the Board believes that Mr Unsworth is an appropriate person for the position as Chairman because of his industry experience as a public company director.

Corporate Governance Council Recommendation 2 (continued)
Structure the Board to Add Value

ROLES OF CHAIRMAN AND MANAGING DIRECTOR

The roles of Chairman and Managing Director are exercised by different individuals, and as such the Company complies with Recommendation 2.3 of the Corporate Governance Council.

EVALUATION OF BOARD PERFORMANCE

The Company does not have a formal process for the evaluation of the performance of the Board and as such does not comply with Recommendation 2.5 of the Corporate Governance Council. The Board is of the opinion that the competitive environment in which the Company operates will effectively provide a measure of the performance of the Directors. In addition the Chairman assesses the performance of the Board, individual directors and key executives on an informal basis.

EDUCATION

All Directors are encouraged to attend professional education courses relevant to their roles.

INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO INFORMATION

Each Director has the right to access all relevant information in respect of the Consolidated Group and to make appropriate enquiries of senior management. Each Director has the right to seek independent professional advice at the Consolidated Group's expense, subject to the prior approval of the Chairman, which shall not be unreasonably withheld.

Corporate Governance Council Recommendation 3
Promote Ethical and Responsible Decision Making

The Board actively promotes ethical and responsible decision making.

CODE OF CONDUCT

The Board has adopted a Code of Conduct that applies to all employees, executives and Directors of the Company, and as such complies with Recommendation 3.1 of the Corporate Governance Council. This Code addresses expectations for conduct in accordance with legal requirements and agreed ethical standards. A copy of the Code is available on the Company's website.

SECURITY TRADING POLICY

The Board has committed to ensuring that the Consolidated Group, its Directors and executives comply with their legal obligations as well as conducting their business in a transparent and ethical manner. The Board has adopted a policy and has procedures on dealing in the Company's securities by directors, officers and employees which prohibits dealing in the Company's securities when those persons possess inside information, and as such complies with Recommendation 3.2 of the Corporate Governance Council.

The Company's Securities Trading Policy is available on the Company's website.

DIVERSITY POLICY

The Board has adopted a diversity policy and is committed to ensuring diversity within the Consolidated Group particularly the participation of women. Considering the size and scope of the Consolidated Group the Board has not set a measurable objective for achieving gender diversity, however it is Consolidated Group practice that during the selection and appointment process, the professional search firm supporting the Consolidated Group will provide at least one credible and suitably experienced female candidate.

At 30 June 2014, women made up 22% of the total workforce. There are currently no women in senior management or on the Board of the Company.

The Company's Diversity Policy is available on the Company's website.

Corporate Governance Council Recommendation 4
Safeguarding Integrity in Financial Reporting

AUDIT COMMITTEE

The Board does not have a separate Audit Committee with a composition as suggested by Recommendations 4.1, 4.2 and 4.3 of the Corporate Governance Council. The full Board carries out the function of an audit committee. The Board believes that the Consolidated Group is not of a sufficient size to warrant a separate committee and that the full Board is able to meet objectives of the best practice recommendations and discharge its duties in this area. The relevant experience of Board members is detailed in the Directors' section of the Directors' Report.

FINANCIAL REPORTING

The Board relies on senior executives to monitor the internal controls within the Consolidated Group. Financial performance is monitored on a regular basis by the Managing Director who reports to the Board at the scheduled Board meetings.

Corporate Governance Council Recommendation 5
Make timely and balanced disclosure

The Board reviews the performance of the external auditors on an annual basis and meets with them during the year to review findings and assist with Board recommendations.

In the absence of a formal audit committee the Directors of the Consolidated Group are available for correspondence with the auditors of the Consolidated Group.

CONTINUOUS DISCLOSURE

The Board places a high priority on communication with Shareholders and is aware of the obligations it has, under the Corporations Act and ASX Listing Rules, to keep the market fully informed of information which is not generally available and which may have a material effect on the price or value of the Company's securities.

The Company has adopted policies which establish procedures to ensure that Directors and management are aware of and fulfill their obligations in relation to the timely disclosure of material price sensitive information. A copy of the Company's Disclosure Policy can be found on the Company's website.

Continuous disclosure is discussed at all regular Board meetings and on an ongoing basis the Board ensures that all activities are reviewed with a view to the necessity for disclosure to security holders.

In accordance with ASX Listing Rules the Company Secretary has been appointed as the Company's disclosure officer.

CORPORATE GOVERNANCE (CONTINUED)

Corporate Governance Council Recommendation 6
Respect the Rights of Shareholders

COMMUNICATIONS

The Board fully supports security holder participation at general meetings as well as ensuring that communications with security holders are effective and clear. This has been incorporated into a formal shareholder communication strategy, in accordance with Recommendation 6.1 of the Corporate Governance Council. A copy of the Company's Shareholder Communication Policy is available on the Company's website.

In addition to electronic communication via the ASX web site, the Company publishes all significant announcements together with all quarterly reports. These documents are available in both hardcopy on request and on the Company web site at www.impactminerals.com.au

Shareholders are able to pose questions on the audit process and the financial statements directly to the independent auditor who attends the Company Annual General Meeting for that purpose.

Corporate Governance Council Recommendation 7
Recognise and Manage Risk

RISK MANAGEMENT POLICY

The Board has adopted a risk management policy that sets out a framework for a system of risk management and internal compliance and control, whereby the Board delegates day-to-day management of risk to the Managing Director, therefore complying with Recommendation 7.1 of the Corporate Governance Council. The Board is responsible for supervising management's framework of control and accountability systems to enable risk to be assessed and managed. A copy of the Company's Risk Management Policy can be found on the Company's website.

The Consolidated Group is committed to ensuring that sound environmental management and safety practices are maintained for its exploration activities. As the Company is an active uranium explorer it has also incorporated a radiation management plan into its occupational health and safety policies. A copy of the Company's Environmental Policy is available on the Company's website. A copy of the Company's Occupational Health and Safety Policy is available on the Company's website.

The Consolidated Group's risk management strategy is evolving and will be an ongoing process and it is recognised that the level and extent of the strategy will develop with the growth and change in the Consolidated Group's activities.

RISK REPORTING

As the Board has responsibility for the monitoring of risk management it has not required a formal report regarding the material risks and whether those risks are managed effectively therefore not complying with Recommendation 7.2 of the Corporate Governance Council. The Board believes that the Consolidated Group is currently effectively communicating its significant and material risks to the Board and its affairs are not of sufficient complexity to justify the implementation of a more formal system for identifying, assessing, monitoring and managing risk in the Company.

MANAGING DIRECTOR AND COMPANY SECRETARY WRITTEN STATEMENT

The Board requires that the Managing Director and the Company Secretary provide a written statement that the financial statements of the Consolidated Group present a true and fair view, in all material aspects, of the financial position and operational results and have been prepared in accordance with Australian Accounting Standards and the Corporations Act. The Board also requires that the Managing Director and Company Secretary provide sufficient assurance that the declaration is founded on a sound system of risk management and internal control, and that the system is working effectively.

The declarations have been received by the Board, in accordance with Recommendation 7.3 of the Corporate Governance Council.

Corporate Governance Council Recommendation 8
Remunerate Fairly and Responsibly

REMUNERATION COMMITTEE

The Board has not created a separate Remuneration Committee and as such does not comply with Recommendation 8.1 of the Corporate Governance Council. The Board considers that the Consolidated Group is not currently of a size, nor are its affairs of such complexity to justify a separate Remuneration Committee.

The executive Directors and senior executives receive salary packages which may include performance based components designed to reward and motivate. Non executive Directors receive fees agreed on an annual basis by the Board.

The full Board determines all compensation arrangements for Directors. It is also responsible for setting performance criteria, performance monitors, share option schemes, incentive performance schemes, superannuation entitlements, retirement and termination entitlements and professional indemnity and liability insurance cover.

The Board ensures that all matters of remuneration will continue to be in accordance with the Corporations Act requirements.

DIRECTORS' REPORT

Your directors present their report together with the financial statements of the company and the Consolidated Group (being Impact Minerals Limited and its subsidiary companies) for the financial year ended 30 June 2014.

DIRECTORS

The names of directors in office at any time during or since the end of the year are:

Peter J Unsworth
Michael G Jones
Paul Ingram
Markus Elsasser

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

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

Other than stated above, there were no significant changes in the nature of the Consolidated Group's principal activities during the financial year.

OPERATING RESULTS

The consolidated loss of the Consolidated Group was $ 7,085,289 (2013: Loss of $3,951,325), after eliminating non-controlling equity interests.

DIVIDENDS PAID OR RECOMMENDED

There were no dividends recommended or paid during the year.

REVIEW OF OPERATIONS

The 2014 period saw the Group build on many of the successes of the previous year.

During the 2013 period the Group purchased Endeavour Minerals Pty Ltd and its portfolio of advanced exploration projects in Australia. Building on this successful purchase the Group in this period undertook a comprehensive review of all the data pertaining to the Endeavour Projects, prepared and executed a successful drilling programme at the Mulga Tank Nickel project and made preparations for a drilling programme at the Commonwealth Copper/Gold/Lead/Zinc/Silver project, which has been implemented shortly after the end of the period.

During the 2013 financial year Impact increased its shareholding in ASX-listed explorer, Invictus Gold Limited to 75.29%. Building on this, during the 2014 period Impact launched a successful scheme of arrangement and now holds 100 percent of Invictus. This has not only greatly added to the group's portfolio of assets it has also simplified the group's corporate structure and reduced its operating costs.

Also during the period the Group successfully raised $3,000,000 to fund its operations. This raising was successful in a period where many exploration companies found it very difficult to fund their operations.

Impact is still committed to its projects in Botswana, in particular its large uranium project where a number of significant targets have been identified. A search for a joint venture partner is ongoing for this project.

Impact has elected to close its operations in Turkey.

FINANCIAL POSITION

The net assets of the Consolidated Group at 30 June 2014 are $8,564,285 (2013: $13,647,240)

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 6th January 2014 a Scheme of Arrangement to acquire all the shares of Invictus Gold Limited that the Company did not already own was implemented. As a result, Invictus Gold Limited became a wholly owned subsidiary of Impact and its securities were removed from official quotation.

Other than stated above there have been no significant changes in the state of affairs of the Consolidated Group that occurred during the financial year.

EVENTS AFTER THE REPORTING PERIOD

On 4th July 2014, the Company announced a $2,587,976 capital raising through a placement of 78,423,516 ordinary shares to sophisticated and professional investors.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Other than matters mentioned in this report, disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations may result in unreasonable prejudice to the Consolidated Group. Therefore, this information has not been presented in this report.

ENVIRONMENTAL ISSUES

The Consolidated Group holds various exploration licences to conduct its exploration activities in Australia and Botswana. So far as the Directors are aware, all exploration activities have been undertaken in compliance with all relevant environmental regulations in all jurisdictions in which the group operates.

NGER ACT

The Directors have considered the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Consolidated Group for the current or subsequent financial year. The Directors will reassess this position as and when the need arises.

INFORMATION ON DIRECTORS

Mr Peter J Unsworth	**Non-Executive Chairman**
Qualifications	B Com.
Experience	Mr Unsworth, formerly a chartered accountant, has more than 35 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 was a Director and Chairman for 12 years of the Western Australian Government owned Gold Corporation (operator of The Perth Mint). Mr Unsworth has been a Director of Invictus Gold Limited since 20 August 2011, a company formerly listed on the ASX.
Dr Michael G Jones	**Managing Director**
Qualifications	PhD, MAIG
Experience	Dr Jones completed undergraduate and post-graduate studies in Mining and Exploration Geology at Imperial College, London. His Ph.D 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. Dr Jones has been a Director of Invictus Gold Limited since 20 August 2011, a company formerly listed on the ASX.
Mr Paul Ingram	**Non-Executive Director**
Qualifications	B.AppSc, AIMM, MICA
Experience	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 thirty years. He has designed and implemented innovative techniques for exploration in remote areas, and has managed projects in countries throughout Australia and east Asia. Mr Ingram has been a director of the following listed companies in the past three years: Polo Resources Limited from January 2008 to January 2012; A-Cap Resources Limited since June 2009; West Australian Metals Limited from July 2009 to January 2011; Consolidated Global Investments Limited since September 2006; and Australian Pacific Coal Limited since March 2012

Dr. Markus Elsasser	**Non-Executive Director**
Qualifications	PhD,
Experience	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. Dr Elsasser is a Director of Kopy Goldfields AB a company listed on the NASDAQOMX First North, Stellar Diamonds Plc, London and Stellar Resources Limited a company listed on the Australia Securities Exchange.

COMPANY SECRETARY

Mr James Cooper-Jones

Qualifications	B.A / B.Comm, SA Fin, GIAcert
Experience	Over his career Mr. Cooper-Jones has held various senior accounting and secretarial roles primarily with listed resource companies and has been involved in the listing of several companies on the ASX.

SENIOR MANAGEMENT

Mr Leo Horn

Qualifications	B Sc. Honours, MAIG
Experience	Leo Horn completed a Bachelor of Science in Geology with Honours at The University of Western Australia. His early exploration research in diamonds and then gold with CSIRO as an embedded researcher with Goldfields St Ives developed new geochemical and mineralogical techniques that later assisted the discovery and delineation of gold resources. Leo now has an extensive international career in the Mining and Exploration industry in gold, base metals, uranium and diamonds with several ASX and TSX listed companies which extends from Australia, North America and Southern Africa. Leo managed the discovery, resource definition and resource estimation of several high grade uranium deposits in Saskatchewan, Canada with UEX Corporation. Leo successfully managed Impact Minerals in the discovery of several deposit styles including IOCGU in Botswana, Africa as well as high grade epithermal in Queensland. Leo recently provided an integral role in the evaluation and acquisition of the flagship Commonwealth gold-silver-base metal deposit and the Broken Hill Platinum project which are the focus of Impacts current aggressive exploration campaign.

DIRECTORS INTERESTS

At the date of this report the Directors interests in shares of the Company are as follows:

IMPACT MINERALS LIMITED

Peter Unsworth	12,771,875 ordinary shares	4,008,000 options to acquire ordinary shares
Michael Jones	6,800,000 ordinary shares	10,008,000 options to acquire ordinary shares
Paul Ingram	Nil	2,000,000 options to acquire ordinary shares
Markus Elsasser	22,117,222 ordinary shares	2,000,000 options to acquire ordinary shares

MEETINGS OF DIRECTORS

During the financial year, 4 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	**Number attended**
Peter J Unsworth	4	4
Michael G Jones	4	4
Paul Ingram	4	3
Markus Elsasser	4	4

In addition a number of informal meetings were held as and when required.

OPTIONS – IMPACT MINERALS LIMITED

As at the date of this report 42,150,000 options to acquire ordinary shares remained on issue as follows:

Grant Date	**Date of Expiry**	**Exercise Price**	**Number of shares under Option**
20 Dec 2012	30 Nov 2015	$0.06	13,000,000
16 Jan 2013	30 Nov 2015	$0.06	2,900,000
14 Nov 2013	30 Nov 2015	$0.06	2,800,000
20 Dec 2012	30 Nov 2016	$0.10	9,000,000
16 Jan 2013	30 Nov 2016	$0.10	2,900,000
14 Nov 2013	30 Nov 2016	$0.10	3,550,000
06 Jan 2014	30 Nov 2015	$0.20	8,000,000
			42,150,000

No person entitled to exercise an option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

There have been no unissued shares or interests under option of any controlled entity within the Consolidated Group during or since the end of the reporting period.

For details of options issued to directors and executives as remuneration, refer to the remuneration report.

During the year ended 30 June 2014 and since year end no shares were issued on the exercise of options.

INDEMNIFYING OFFICERS OR AUDITOR

During or since the end of the financial year the Consolidated Group paid an insurance premium of $7,394 (2013: $8,737), to insure certain officers of the Consolidated Group. The officers of the Consolidated Group covered by the insurance policy include the Directors named in this report.

The Directors and Officers Liability Insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against officers in their capacity as officers of the Consolidated Group. The insurance policy does not contain details of the premium paid in respect of individual officers of the Consolidated Group. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Consolidated Group has not, during or since the financial period, indemnified or agreed to indemnify the auditor of the Consolidated Group or of any related body corporate against a liability incurred as such an auditor.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Consolidated Group or to intervene in any proceedings to which the Consolidated Group is a party for the purpose of taking responsibility on behalf of the Consolidated Group for all or any part of those proceedings.

The Consolidated Group was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 20 of the Directors report.

REMUNERATION REPORT (AUDITED)

Remuneration policy

The remuneration policy of Impact Minerals Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and where appropriate offering specific long-term incentives. The Board of Impact Minerals Limited believes that the remuneration policy is appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Consolidated Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for Directors and senior executives of the Consolidated Group is as follows:

- The remuneration terms and conditions for the executive directors and other senior executives are developed by the Board of Directors;
- All executives receive a base level of remuneration either in the form of consulting fees or as a salary (which is based on factors such as length of service and experience), superannuation and fringe benefits; and
- The Board of Directors reviews executive packages annually by reference to the Consolidated Group's performance, executive performance and comparable information from industry sectors.

Executives are also entitled to participate in employee share and option arrangements.

The directors and executives receive a superannuation guarantee contribution required by the government, which during the year was 9.25%, and do not receive any other retirement benefits.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (CONTINUED)

All remuneration paid to directors and executives is valued at the cost to the Consolidated Group and expensed. Options, where issued, are valued using the Black-Scholes methodology.

The Board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

Performance conditions linked to remuneration

Fees for non-executive directors are not linked to the performance of the Consolidated Group. However, to align directors' interests with shareholder interests, the Directors are encouraged to hold shares in the company and are able to participate in employee share and option arrangements.

Employment details of members of Key Management Personnel and Other Executives

2014	Position Held as at 30 June 2014 and any Change during the Year	Contract Details (Duration and Termination)	Proportions of Elements of Remuneration Related to Performance		Proportions of Elements of Remuneration Not Related to Performance		
			Non-Salary Cash-based Incentives %	Shares/ Units %	Options/ Rights %	Fixed Salary/ Fees %	Total %
Group Key Management Personnel							
Mr P Unsworth*	Chairman	Refer Note A.	–	–	22%	78%	100%
Dr M Jones*	Managing director	No fixed term. 3 months notice required on termination.	–	–	31%	69%	100%
Mr P Ingram	Non-executive director	Refer Note A.	–	–	79%	21%	100%
Dr M Elsasser	Non-executive director (appointed 29 August 2012)	Refer Note A.	–	–	29%	71%	100%
Mr J Cooper – Jones*	Company Secretary	No fixed term. 1 months notice required on termination.	–	–	11%	89%	100%

*Includes remuneration expenses related to Invictus Gold Limited

REMUNERATION REPORT (CONTINUED)

KEY MANAGEMENT PERSONNEL REMUNERATION

Employment details of members of Key Management Personnel and Other Executives

2013	Position Held as at 30 June 2013 and any Change during the Year	Contract Details (Duration and Termination)	Proportions of Elements of Remuneration Related to Performance		Proportions of Elements of Remuneration Not Related to Performance		
			Non-Salary Cash-based Incentives %	Shares/ Units %	Options/ Rights %	Fixed Salary/ Fees %	Total %
Group Key Management Personnel							
Mr P Unsworth*	Chairman	Refer Note A.	–	–	23%	77%	100%
Dr M Jones*	Managing director	No fixed term. 3 months notice required on termination.	–	–	21%	79%	100%
Dr R Fripp *	Executive Director (Technical) (resigned 14 January 2013)	No fixed term. 3 months notice required on termination.	–	–	13%	87%	100%
Mr P Ingram	Non-executive director	Refer Note A.	–	–	23%	77%	100%
Dr M Elsasser	Non-executive director (appointed 29 Aug 2012)	Refer Note A	–	–	24%	76%	100%
Mr J Cooper – Jones	Company Secretary	No fixed term. 1 months notice required on termination.	–	–	7%	93%	100%

*Includes remuneration expenses related to Invictus Gold Limited

Note A. The employment terms and conditions of non-executive board members (including the non-executive Chairman) are governed by the constitution of the company. The terms and conditions of executive board members and Consolidated Group executives are formalised in contracts of employment.

Other than as set out above terms of employment require that the relevant company provide an executive contracted person with a minimum of one months' notice prior to termination of contract. A contracted person deemed employed on a permanent basis may terminate their employment by providing at least 1 months' notice. Termination payments are not payable on resignation or under the circumstances of unsatisfactory performance.

There have been no changes in directors and executives subsequent to year-end.

REMUNERATION REPORT (CONTINUED)

KEY MANAGEMENT PERSONNEL REMUNERATION

2014	Short term employee benefits				Post-employment benefits	Long-term benefits	Share-based payments	
Name	**Cash salary and fees $**	**Cash bonus $**	**Non-monetary benefits $**	**Other $**	**Superannuation $**	**Long service leave $**	**Options $**	**Total $**
Directors								
P J Unsworth*	67,917	–	–	–	6,282	–	21,093	95,292
M G Jones*	226,837	–	–	–	–	–	104,073	330,910
P Ingram	2,500	–	–	–	231	–	10,547	13,278
M Elsasser	25,247	–	–	–	–	–	10,547	35,794
Total Directors	322,501	–	–	–	6,513	–	146,260	475,274
Executives								
J Cooper-Jones*	137,813	–	–	–	12,748	–	18,832	169,393
Total Executives	137,813	–	–	–	12,748	–	18,832	169,393
Total Remuneration	460,314	–	–	–	19,261	–	165,092	644,667

* Includes remuneration expenses related to Invictus Gold Limited for full year.

2013	Short term employee benefits				Post-employment benefits	Long-term benefits	Share-based payments	
Name	**Cash salary and fees $**	**Cash bonus $**	**Non-monetary benefits $**	**Other $**	**Superannuation $**	**Long service leave $**	**Options $**	**Total $**
Directors								
P J Unsworth	100,000	–	–	–	9,000	–	33,372	142,372
M G Jones	263,110	–	–	–	–	–	68,160	331,270
R E Fripp	228,573	–	–	–	–	–	34,583	263,156
P Ingram	30,000	–	–	–	2,700	–	9,694	42,394
M Elsasser	30,000	–	–	–	–	–	9,694	39,694
Total Directors	651,683	–	–	–	11,700	–	155,503	818,886
Executives								
J Cooper-Jones	150,000	–	–	–	13,500	–	12,737	176,237
Total Executives	150,000	–	–	–	13,500	–	12,737	176,237
Total Remuneration	801,683	–	–	–	25,200	–	168,240	995,123

REMUNERATION REPORT (CONTINUED)

SHARE BASED PAYMENT

Options

Options granted by Impact Minerals to Directors and senior executives of the Consolidated Group are issued for no consideration, carry no dividend or voting rights and have varied terms.

The terms and conditions of each grant of options affecting remuneration in this or future reporting periods are as follows:

Impact Minerals Group Key Management Personnel	Remuneration Type	Grant Date	Number	Grant Value	Reason for Grant	Percentage vested/ paid during the year	Percentage forfeited during the year	Percentage remaining as unvested	Vesting date
				$		%	%	%	
P Unsworth	Options	29.11.2012	2,000,000	22,600	(a)	100	–	–	30.11.2013
P Unsworth	Options	29.11.2012	2,000,000	21,400	(a)	–	–	100	30.11.2014
M Jones	Options	29.11.2012	5,000,000	56,500	(a)	100	–	–	30.11.2013
M Jones	Options	29.11.2012	5,000,000	53,500	(a)	–	–	100	30.11.2014
P Ingram	Options	29.11.2012	1,000,000	11,300	(a)	100	–	–	30.11.2013
P Ingram	Options	29.11.2012	1,000,000	10,700	(a)	–	–	100	30.11.2014
M Elsasser	Options	29.11.2012	1,000,000	11,300	(a)	100	–	–	30.11.2013
M Elsasser	Options	29.11.2012	1,000,000	10,700	(a)	–	–	100	30.11.2014
J Cooper-Jones	Options	27.05.2011	150,000	10,500	(a)	–	100	–	01.12.2011
J Cooper-Jones	Options	16.01.2013	500,000	5,650	(a)	100	–	–	31.11.2013
J Cooper-Jones	Options	16.01.2013	500,000	5,350	(a)	–	–	100	30.11.2014
J Cooper-Jones	Options	14.11.2013	500,000	39,756	(a)	–	–	100	30.11.2014

(a) Options were awarded as part of the Group's incentive scheme for the retention of key management personnel.

When exercisable, each option is convertible into one ordinary share.

All options expire on the earlier of their expiry date or termination of the employee's employment if not already vested.

REMUNERATION REPORT (CONTINUED)

SHARE BASED PAYMENT (Continued)

Options and Rights Granted

The following table discloses the value of options granted and vested, exercised or lapsed during the year:

	Options granted Value at grant date $	Options exercised Value at exercise date $	Options lapsed Value at time of lapse $	Total value of options granted, exercised and lapsed $	Value of options included in remuneration for the year $	Remuneration consisting of options during the year %
Directors						
P J Unsworth	44,000	–	–	44,000	21,093	22.14%
M G Jones	110,000	–	–	110,000	104,073	31.45%
P Ingram	22,000	–	–	22,000	10,547	79.43%
M Elsasser	22,000	–	–	22,000	10,547	29.46%
Executives						
J Cooper-Jones*	32,000	–	10,500	21,500	18,832	11.12%

* Includes remuneration expenses related to Invictus Gold Limited for full year.

Nil shares in the Company have been issued as a result of the exercise of remuneration options by key management personnel.

KMP Options and Rights holdings

The number of options over ordinary shares in the Company held during the financial year by each director of Impact Minerals Limited and other key management personnel of the Consolidated Group, including their personally related parties, are set out below.

Impact Minerals Limited – 30 June 2014	Balance at start of the year	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at the end of the year	Remuneration options Vested and Exercisable at end of year	Remuneration options unvested at end of year
Directors							
P Unsworth	4,000,000			8,000	4,008,000	2,008,000	2,000,000
M Jones	10,000,000			8,000	10,008,000	5,008,000	5,000,000
P Ingram	2,000,000				2,000,000	1,000,000	1,000,000
M Elsasser	2,000,000				2,000,000	1,000,000	1,000,000
Executives							
J Cooper-Jones	1,150,000	500,000		(150,000)	1,500,000	500,000	1,000,000
Total	19,150,000	500,000		(134,000)	19,516,000	9,516,000	10,000,000

KMP Options and Rights holdings (continued)

Impact Minerals Limited – 30 June 2013	Balance at start of the year	Granted as remun-eration during the year	Exercised during the year	Other changes during the year (lapsed/ expired)	Balance at the end of the year	Remun-eration options Vested and Exercisable at end of year	Remun-eration options unvested at end of year
Directors							
P Unsworth	500,000	4,000,000		(500,000)	4,000,000		4,000,000
M Jones	1,000,000	10,000,000		(1,000,000)	10,000,000		10,000,000
R Fripp (resigned)	1,000,000	8,000,000		(5,000,000)	4,000,000		4,000,000
P Ingram	300,000	2,000,000		(300,000)	2,000,000		2,000,000
M Elsasser		2,000,000			2,000,000		2,000,000
Executives							
J Cooper-Jones	150,000	1,000,000			1,150,000	150,000	1,000,000
Total	2,950,000	27,000,000		(6,800,000)	23,150,000	150,000	23,000,000

2014 KMP Shareholdings

Number of Shares held by Key Management Personnel

Impact Minerals Limited	Balance 1.7.2013	Received as Compen-sation	Options Exercised	Net Change Other	Balance 30.6.2014
Directors					
Peter J Unsworth	11,348,462	–	–	1,423,413	12,771,875
Michael G Jones	6,465,000	–	–	335,000	6,800,000
Paul Ingram	–	–	–	–	–
M Elsasser	22,117,222	–	–	–	22,117,222
Total Directors	39,930,684	–	–	1,758,413	41,689,097
Executives					
J Cooper-Jones	–	–	–	–	–
Total executives	–	–	–	–	–
Total shares	39,930,684	–	–	1,758,413	41,689,097

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (CONTINUED)

SHARE BASED PAYMENT (Continued)

2013 KMP Shareholdings

Number of Shares held by Key Management Personnel

Impact Minerals Limited	Balance 1.7.2012	Received as Compen – sation	Options Exercised	Net Change Other	Balance 30.6.2013
Directors					
Peter J Unsworth	5,674,231	–	–	5,674,231	11,348,462
Michael G Jones	5,450,000	–	–	1,015,000	6,465,000
R Fripp (resigned)	5,450,000	–	–	1,111,111	6,561,111
Paul Ingram	–	–	–	–	–
M Elsasser	–	–	–	22,117,222	22,117,222
Total Directors	16,574,231	–	–	29,917,564	46,491,795
Executives					
J Cooper-Jones	–	–	–	–	–
Total executives	–	–	–	–	–
Total shares	16,574,231	–	–	29,917,564	46,491,795

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.

End of remuneration report.

The Report of the Directors, incorporating the Remuneration Report is signed in accordance with a resolution of the Board of Directors.

Dr Michael G Jones
Managing Director
Dated this 30 September 2014

Bentleys
THINKING AHEAD

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To The Board of Directors

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

As lead audit director for the audit of the financial statements of Impact Minerals Limited for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated at Perth this 30th day of September 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2014

	Note	2014 $	2013 $
Interest Income	2	33,748	86,060
Gain on sale of financial asset		–	110,869
Other Income	2	723,975	1,221,062
Corporate and administration expenses		(1,223,579)	(1,006,738)
Depreciation expenses		(12,918)	(19,224)
Employee benefits expenses	3	(823,188)	(622,730)
Impairment of exploration expenditure		(6,576,618)	(1,406,096)
Occupancy expenses		(95,603)	(97,345)
Share of associates net loss for the period	29	–	(2,369,358)
Loss before income tax		(7,974,183)	(4,103,500)
Income tax expense	4	–	–
(Loss) for the year	3	(7,974,183)	(4,103,500)
Other comprehensive income:			
Items that might be reclassified to Profit or loss			
Revaluation of shares available for sale		–	688
Exchange differences on translating foreign controlled entities		(500,620)	(16,331)
Other comprehensive income for the year, net of tax		(500,620)	(15,643)
Total comprehensive income for the year		(8,474,803)	(4,119,143)
Total (Loss) for the year attributable to:			
Members of the parent entity		(7,085,289)	(3,951,325)
Non-controlling interest		(888,894)	(152,175)
		(7,974,183)	(4,103,500)
Total comprehensive income attributable to:			
Members of the parent entity		(7,584,147)	(3,978,001)
Non-controlling interest		(890,656)	(141,142)
		(8,474,803)	(4,119,143)
Basic earning per share (cents per share)	7	(1.67)	(1.3)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	2014 $	2013 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	750,909	2,514,656
Trade and other receivables	9	270,897	151,972
TOTAL CURRENT ASSETS		1,021,806	2,666,628
NON-CURRENT ASSETS			
Plant and equipment	11	6,844	23,052
Exploration expenditure	12	7,714,139	11,581,800
Other non-current assets		126,417	249,899
TOTAL NON-CURRENT ASSETS		7,847,400	11,854,751
TOTAL ASSETS		8,869,206	14,521,379
CURRENT LIABILITIES			
Trade and other payables	13	219,955	770,450
Provisions	14	84,966	103,689
TOTAL CURRENT LIABILITIES		304,921	874,139
NET ASSETS		8,564,285	13,647,240
EQUITY			
Issued capital	15	28,653,052	24,366,377
Option reserve	16	635,288	353,638
Foreign currency translation reserve	16	(953,775)	(454,917)
Transactions with non-controlling interest		(1,161,069)	–
Accumulated losses		(18,609,211)	(11,705,113)
Parent interest		8,564,285	12,559,985
Non-controlling interest		–	1,087,255
TOTAL EQUITY		8,564,285	13,647,240

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2014

	Issued Capital	Foreign currency trans-lation reserve	Options reserve	Transact-ions with Non-Control-ling Interest	Asset revalu-ation reserve	Accumu-lated losses	Non-Control-ling Interest	Total Equity
	$	$	$	$	$	$	$	$
Balance at 1 July 2013	24,366,377	(454,917)	353,638	–	–	(11,705,113)	1,087,255	13,647,240
Loss for the year	–	–	–	–	–	(7,085,289)	(888,894)	(7,974,183)
Other Comprehensive Income								
Fair value of shares	–	–	–	–	–	–	–	–
Exchange differences on translation of foreign operations	–	(498,858)	–	–	–	–	(1,762)	(500,620)
Total other comprehensive income for the year	–	(498,858)	–	–	–		(1,762)	(500,620)
Transactions with owners in their capacity as owners								
Purchase of shares from Non-controlling interest	–	–	–	(1,161,069)	–	–	(204,415)	(1,365,484)
Shares Issued	4,339,525	–	–	–	–	–	–	4,339,525
Share issue costs	(52,850)	–	–	–	–	–	–	(52,850)
Fair value of options issued	–	–	462,841	–	–	–	7,816	470,657
Fair value of options expired	–	–	(181,191)	–	–	181,191	–	–
Balance at 30 June 2014	28,653,052	(953,775)	635,288	(1,161,069)	–	(18,609,211)	–	8,564,285

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2014 (CONTINUED)

	Issued Capital	Foreign currency trans-lation reserve	Options reserve	Transact-ions with Non-Control-ling Interest	Asset revalu-ation reserve	Accumu-lated losses	Non-Control-ling Interest	Total Equity
	$	$	$	$	$	$	$	$
Balance at 1 July 2012	17,284,498	(427,553)	140,314	–	(688)	(7,753,788)	–	9,242,783
Loss for the year	–	–	–	–	–	(3,951,325)	(152,175)	(4,103,500)
Other Comprehensive Income								
Fair value of shares	–	–	–	–	688	–	–	688
Exchange differences on translation of foreign operations	–	(27,364)	–	–	–	–	11,033	(16,331)
Total other comprehensive income for the year	–	(27,364)	–	–	688		11,033	(15,643)
Transactions with owners in their capacity as owners								
Non-controlling interest arising on the acquisition of Invictus Gold Limited	–	–	–	–	–	–	1,067,793	1,067,793
Purchase of shares from Non-controlling interest	–	–	–	–	–	–	(62,568)	(62,568)
Shares Issued	7,125,915	–	–	–	–	–	200,000	7,325,915
Share issue costs	(44,036)	–	–	–	–	–	–	(44,036)
Fair value of options issued	–	–	213,324	–	–	–	23,172	236,496
Fair value of options expired	–	–	–	–	–	–	–	–
Balance at 30 June 2013	24,366,377	(454,917)	353,638	–	–	(11,705,113)	1,087,255	13,647,240

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR ENDED 30 JUNE 2014

	Note	2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(2,796,090)	(1,331,395)
Payments for exploration		(2,672,530)	(4,533,838)
Interest received		33,748	86,060
R&D Tax Rebate		723,975	532,715
Net cash used in operating activities	21	(4,710,897)	(5,246,458)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments of Endeavour debt		–	(659,094)
Payments for property, plant and equipment		–	504
Amount paid to minority shareholers		–	(62,566)
Proceeds from the sale of financial assets		–	297,369
Net cash outflow arising on acquisition	28	–	(28,966)
Net cash used in investing activities		–	(452,753)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		3,000,000	7,193,467
Share issue costs		(52,850)	(44,034)
Net cash provided by financing activities		2,947,150	7,149,433
Net increase / (decrease) in cash held		(1,763,747)	1,450,222
Cash at beginning of financial year	8	2,514,656	1,064,434
Cash at end of financial year	8	750,909	2,514,656

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

These consolidated financial statements and notes represent those of Impact Minerals Limited and it's controlled entities (Consolidated Group).

The separate financial statements of the parent entity, Impact Minerals Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001.*

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The accounting policies set out below have been consistently applied to all years presented.

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.

The Consolidated Group incurred a loss for the year of ($7,974,183) (2013: $4,103,500) and net cash outflows from operating activities of ($4,710,897) (2013: Cash outflows of $5,246,458).

As at 30 June 2014, the Consolidated Group had a working capital surplus of $801,851(2013: surplus of $1,896,178).

Subsequent to the reporting date the Company announced a capital raising of $2,587,976 in capital through the issue of 78,423,516 ordinary shares to sophisticated and professional investors.

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

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate.

Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Impact Minerals Limited at the end of the reporting period.

A controlled entity is any entity Impact Minerals Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A list of controlled entities is contained in Note 26 to the financial statements. All controlled entities have a 30 June financial year-end.

All inter-company balances and transactions between entities in the Consolidated Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the Consolidated Group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of Profit or loss and other comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination, one of the combining entities must be identified as the acquirer (ie parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and their fair value can be reliably measured.

All transaction costs incurred in relation to the business combination are expensed to the statement of Profit or loss and other comprehensive income.

(a) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of differed tax assets or liabilities are expected to be recovered or settled.

(b) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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. All other repairs and maintenance are charged to the statement of Profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Motor vehicles	22.5 %
Plant and equipment	37.5 %
Leasehold improvements	10.0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 gains and losses are included in the statement of Profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Exploration, Evaluation and Development Expenditure

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

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the project from when exploration commences and are included in the costs of that stage. Where relevant, site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(d) Financial Instruments

Initial recognition and Measurement

Financial instruments, including financial assets and financial liabilities, are recognised when the Consolidated Group becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method.*

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Consolidated Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

i. Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method. Loans and receivables are included in current assets except those which are expected to mature within 12 months after the end of the reporting period.

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Consolidated Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

Held to maturity investments are included in non-current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available for sale financial assets are included in non-current assets except those which are expected to mature within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

v. Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment

At the end of each reporting period, the Consolidated Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the profit or loss. Also, any cumulative decline in Fair Value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Financial Guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Impairment of Assets

At the end of each reporting period, the Consolidated Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of Profit or loss and other comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Interests in Joint Ventures

The Consolidated Group's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements. Details of the Consolidated Group's interests are shown at Note 27.

Where the Consolidated Group contributes assets to the joint venture or if the Consolidated Group purchases assets from the joint venture, only the portion of the gain or loss that is not attributable to the Consolidated Group's share of the joint venture shall be recognised. The Consolidated Group recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

(g) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is recognised in other comprehensive income, otherwise the exchange difference is recognised in the Profit or loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- accumulated losses are translated at the exchange rates prevailing at the date of the transaction.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed of.

(h) Employee Benefits

Provision is made for the Consolidated Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Equity-settled Compensation

The fair value of options granted by the Consolidated Group to employees is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value 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 impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Upon the exercise of options, the balance of the option reserve relating to those options is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

(i) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, and deposits available on demand with banks.

(j) Revenue and other income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Investments in Associates

Associates are companies in which the Consolidated Group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Consolidated Group. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Consolidated Group's share of net assets of the associate company. In addition, the Consolidated Group's share of the profit or loss of the associate company is included in the Consolidated Group's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition whereby the Consolidated Group's share of the net fair value of the associate exceeds the cost of investment is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Consolidated Group and the associate are eliminated to the extent of the Consolidated Group's interest in the associate.

When the Consolidated Group's share of losses in an associate equals or exceeds its interest in the associate, the Consolidated Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Consolidated Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

Details of the Consolidated Group's investments in associates are provided in Note 26.

(m) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(n) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Consolidated Group.

Key Estimates — Impairment

The Consolidated Group assesses impairment at each reporting date by evaluating conditions specific to the Consolidated Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key Estimate – Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Consolidated Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents the directors' best estimate, pending an assessment by the Australian Taxation Office.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Key Estimate – Shared-based payment transactions

The Consolidated Group measures the cost of equity settled share based payments at fair value at the grant date using the Black-Scholes model taking into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.

The total expenses in share based transactions for the Consolidated Group for the year ended 30 June 2014 was $462,841 (2013: $236,492).

Key Judgment

(i) Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Consolidated Group's development and its current environmental impact the directors believe that such treatment is reasonable and appropriate.

(ii) Capitalised exploration and evaluation expenditure

The Consolidated Group's accounting policy is stated at 1(d). A regular review is undertaken of each area of interest to determine the reasonableness of the continuing carrying forward of costs in relation to that area of interest. Refer to Note 12.

(o) Application of new and revised Accounting Standards

New and revised AASB's affecting amounts reported and/or disclosures in the financial statements

In the current year, the Group has applied a number of new and revised AASB's issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective from an accounting period on or after 1 January 2013.

The Group has applied AASB 13 'Fair Value Measurement' for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items.

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

In addition, standards on consolidation, joint arrangements, associates and disclosures were adopted. The impact of the application of these standards is not material.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

The Group does not anticipate that there will be a material effect on the financial statements from the adoption of these standards.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2017	30 June 2018
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 "Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 "Amendments to AASB 135 – Recoverable Amount Disclosures for Non Financial Assets'	1 January 2014	30 June 2015
AASB 2013-5 "Amendments to Australian Accounting Standards – Investment Entities'	1 January 2014	30 June 2015
AASB 2013-9 "Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015

(p) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability, The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or

(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

NOTE 2: REVENUE AND OTHER INCOME

	Note	2014 $	2013 $
Interest revenue from financial institutions		33,748	86,060
Gain on sale of financial asset		–	110,869
R&D Tax Rebate		723,975	740,925
Net gain on deemed disposal of investments in associate	28	–	466,280
Other Income		–	13,857
Total revenue		757,723	1,417,991

NOTE 3: LOSS FOR THE YEAR

	2014 $	2013 $
Loss before income tax includes the following specific expenses:		
Employee benefits expense		
Salary and wages	220,787	162,434
Superannuation	26,252	25,612
Employee entitlements	3,622	28,772
Fringe benefits tax	8,445	–
Share based payments	470,657	236,496
Directors Fees	93,425	169,416
	823,188	622,730
Rental expense on operating leases		
Rental expense	95,603	97,345
Depreciation expenses		
Depreciation	12,918	19,224
	12,918	19,224

NOTE 4: INCOME TAX EXPENSE

	2014 $	2013 $
a. The components of tax expense comprise:		
Deferred income tax expense included in income tax expense comprises :		
Decrease (Increase) in deferred tax assets	771,955	862,462
(Decrease) Increase in deferred tax liabilities	(771,955)	(862,462)
Income tax expense reported in the statement of Profit or loss and other comprehensive income	–	–

NOTE 4: INCOME TAX EXPENSE (CONTINUED)

	2014 $	2013 $
b. The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Profit from ordinary activities before income tax expense	(7,974,183)	(4,103,500)
Prima facie tax benefit on profit from ordinary activities before income tax at 30% (2013: 30%)	(2,392,255)	(1,231,050)
Tax effect of permanent differences:		
Share based payments	123,920	54,879
Non-deductible expenses	235	17,665
Gain on disposal of subsidiary	–	–
Impact of subsidiary for the year	–	–
Share of associates loss	–	–
Option reserve adjustment	12,989	–
Impairment of loans to subsidiary	–	(1,583,485)
Overs and unders from prior years	303,245	3,898
Unrecognised temporary differences:	(265)	285,777
Unrecognised temporary differences in equity	–	–
Tax losses not recognised / (recognised)	134,137	743,796
Capital losses not recognised / (recognised)	–	(1,108)
Impairment of exploration expenditure	1,932,732	1,667,474
Government grant received	(215,694)	–
NCI adjustment	–	42,154
Foreign exploration expenditure	100,956	–
Income tax expense/(benefit) on pre-tax profit	–	–
c. Deferred tax assets and (liabilities) are attributable to the following:		
Capital raising costs	149,697	136,563
Creditors	5,363	86,196
Exploration expenditure	(1,189,242)	(862,462)
Plant and equipment	11,633	12,843
Provisions	18,196	24,637
Tax losses recognised to the extent of deferred tax liabilities	(1,004,353)	602,223
	–	–

The balance of potential deferred tax assets attributable to tax losses carried forward of $4,611,339 (2013: $4,244,633) and other timing differences of nil (2013: $1,522) in respect of the Consolidated Group have not been brought to account because the Directors do not believe it is appropriate to regard realisation of future tax benefit as probable.

All unused tax losses were incurred by Australian entities.

NOTE 5: INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP)

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable and options issued to each member of the Consolidated Group's key management personnel for the year ended 30 June 2014.

The totals of remuneration paid to KMP of the Company and the Consolidated Group during the year are as follows.

	2014 $	2013 $
Short-term employee benefits	460,314	801,683
Post-employment benefits	19,261	25,200
Share-based payments	165,092	168,240
	644,667	995,123

Other KMP Transactions

All transactions with related parties are made on normal commercial terms and conditions except where indicated.

NOTE 6: AUDITORS' REMUNERATION

Remuneration of the auditor of the Consolidated Group for:		
– auditing or reviewing the financial report	32,000	63,130
– other assurance related services	–	–
	32,000	63,130

NOTE 7: EARNINGS PER SHARE

The calculation of basic earnings per share at 30 June 2014 was based on the loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the financial year, and was calculated as follows:

a. Reconciliation of earnings to profit or loss		
Earnings used to calculate basic EPS	(7,085,289)	(3,951,325)
	No.	**No.**
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	423,662,463	293,327,379

The diluted earnings per share has not been calculated as the company's potential ordinary shares, being its options granted, are not considered dilutive as the conversion of these options will result in a decreased net loss per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 8: CASH AND CASH EQUIVALENTS

	2014 $	2013 $
Cash at bank and in hand	466,001	625,257
Cash at Bank – at call account	284,908	1,889,399
	750,909	2,514,656

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash flow requirements of the Consolidated Group, and earn interest at the respective short-term deposit rates.

Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	750,909	2,514,656
	750,909	2,514,656

NOTE 9: TRADE AND OTHER RECEIVABLES

CURRENT		
Trade debtors and other receivables *	224,857	108,669
Employee advances	36,842	36,172
Other	9,198	7,131
	270,897	151,972

* Amounts are not past due or impaired.

NOTE 10: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Associated companies	–	–
	–	–

For details of the acquisition of Invictus Gold Limited, see Note 28 and deemed disposal of an associate, see note 29.

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	2014 $	2013 $
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	322,964	325,895
Accumulated depreciation	(316,120)	(302,843)
	6,844	23,052

a. Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

PLANT AND EQUIPMENT		
Balance as at beginning of the year	23,052	33,323
Additions	1,665	9,465
Disposals	(4,955)	–
Depreciation expense	(12,918)	(19,736)
Balance at the end of the year	6,844	23,052

NOTE 12: EXPLORATION EXPENDITURE

Capitalised cost at the beginning of the period	11,581,800	5,445,201
Opening balances of interests in tenement acquired through the acquisition of Invictus Gold Limited	–	1,954,697
Acquisition of tenements – Endeavour *	–	1,060,000
Impaired	(6,576,618)	(1,406,096)
Exploration expenditure for the year	2,708,957	4,527,998
Cost carried forward	7,714,139	11,581,800

* For details see Note 28

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

Capitalised exploration expenditure includes $2,263,490 in relation to certain tenements which are currently in the process of being renewed. However, as at the date of this report the Consolidated Group in not aware of any impediments to the tenements licence being renewed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 13: TRADE AND OTHER PAYABLES

	2014 $	2013 $
CURRENT		
Unsecured liabilities:		
Trade payables	209,752	462,738
Sundry payables and accrued expenses	10,203	307,712
	219,955	770,450

Trade payables and accruals are non interest bearing and normally settled on 30 day terms.

Details of the Group's exposure to Interest rate risk and fair value in respect of its liabilities are set out in note 24. There are no secured liabilities as at 30 June 2014.

NOTE 14: PROVISIONS

CURRENT		
Employee benefits	84,966	103,689

NOTE 15: ISSUED CAPITAL

487,063,284 fully paid ordinary shares with no par value (2013: 371,912,552)	29,531,508	25,194,770
Share issue costs	(878,456)	(828,393)
	28,653,052	24,366,377

	2014 No.	2013 No.	2014 $	2013 $
a. Ordinary shares				
At the beginning of reporting period	371,912,552	134,335,328	24,366,377	17,284,498
Shares issued during the year				
– Placement Tranche 1 *	48,067,069	50,000,000	1,857,624	1,500,000
– Placement Tranche 2 **	30,880,299	180,864,342	1,142,377	5,425,915
– Invictus Merger	36,203,364	6,712,882	1,339,524	200,000
– Transaction costs	–	–	(52,850)	(44,036)
At the end of the reporting period	487,063,284	371,912,552	28,653,052	24,366,377

* On the 26 September 2013 the company issued 48,067,069 at a price of 3.8 cents to sophisticated and professional investors.

** On the 14 November 2013 the company issued 30,880,299 at a price of 3.8 cents to sophisticated and professional investors.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTE 15: ISSUED CAPITAL (CONTINUED)

Capital Management

Management's objectives when managing capital is to safeguard their ability to continue operating the Consolidated Group as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Consolidated Group's activities, being mineral exploration, the Consolidated Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Consolidated Group's capital risk management is the current working capital position against the requirements of the Consolidated Group to meet exploration programs and corporate overheads. The Consolidated Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Consolidated Group at 30 June 2013 and 30 June 2014 was as follows:

	2014 $	2013 $
Cash and cash equivalents	750,909	2,514,656
Trade and other receivables	270,897	151,972
Trade and other payables	(219,955)	(770,450)
Working capital position	801,851	1,896,178

NOTE 16: RESERVES

Transactions with non controlling interest

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

Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options.

Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 17: CAPITAL AND LEASING COMMITMENTS

(a) Exploration

The Consolidated Group has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the Consolidated Group's exploration program and priorities. As at balance date, total exploration expenditure commitments on granted tenements held by the Consolidated Group that have not been provided for in the financial statements and which cover the following twelve month period amount to $1,184,960 (2013: $3,500,387). For the period greater than twelve months to five years commitments amount to $992,129 (2013: $9,571,381). There are no commitments greater than five years. These obligations are also subject to variations by farm-out arrangements, or sale of the relevant tenements.

(b) Operating lease commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases are as follows:

	2014 $	2013 $
Within one year	76,074	76,633
Later than one year but not later than 5 years	64,256	36,364
Later than 5 years	–	–
	140,330	112,997

NOTE 18: CONTINGENT ASSETS

a) Sales of Tenements in Botswana:

On 7 May 2013, Impact Minerals Limited entered into a sale and purchase agreement with Sechaba Natural Resources Pty Ltd and Shumba Coal Ltd for the sale of 4 tenements of within the Botswana Uranium Project. This agreement was then varied to the sale of 2 tenements in a Variation Agreement dated 8 July 2014. Shumba Coal Limited is a company listed in Botswana Stock Exchange.

The sale is subject to successful renewal of Prospecting Rights and Ministerial approvals with the purchase price due and payable in the following tranches:

1. USD $25,000 payable upon the renewal of prospecting rights; and
2. USD $75,000 cash and USD $275,000 shares in Shumba Coal Limited payable upon the approval of the transfer of the transfer by the minister

NOTE 19: CONTINGENT LIABILITIES

(a) Himmetdede Option Agreement:

On the 14th June, 2012 the Invictus Gold Limited entered into an Option Agreement to purchase the Himmetdede South Project in Turkey comprising Operations Licence (Registry Number 56086) and associated Operations Permit. The principal terms of the agreement are:

1. A non-refundable payment of $100,000 on transfer of the Licence to Invictus' Turkish subsidiary (completed);
2. Invictus can withdraw at any time after the first payment and transfer the Licence back to the owner;
3. Further payments as below will secure 100% ownership of the Licence for Invictus:
   - $50,000 on October 6th 2012 (completed);
   - $100,000 on January 6th 2013 (completed);
   - $150,000 on July 6th 2013 (completed);
   - $155,000 on July 6th 2014; and
   - payment of US$7,000 per month for 24 months from January 6th 2015.

When production starts, a 2.5% Net Smelter Royalty is payable to the owner. If production starts before completion of the 24 monthly payments, then only the NSR is payable.

This agreement is under re-negotiation following Impact's decision to withdraw from Turkey.

NOTE 20: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Consolidated Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Consolidated Group is managed primarily on the basis of exploration opportunities within Australia, Africa and Turkey. Operating segments are therefore determined on this basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar geographic characteristics.

Basis of accounting for purposes of reporting by operating segments

(a) Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Consolidated Group.

(b) Intersegment transactions

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs.

(c) Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 20: OPERATING SEGMENTS (CONTINUED)

(d) Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

(e) Unallocated items

The following items of revenues, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment;

- Impairment of assets and other non-recurring items of revenue or expense
- Income tax expense
- Deferred tax assets and liabilities
- Current tax liabilities

Segment Performance

2014	Australia	Africa	Turkey	Corporate / Treasury	Impact Group: Sub–total	Invictus Group	Consol-idated
Performance							
Total Segment revenue	**–**	**3,470**	**–**	**317,364**	**320,834**	**436,888**	**757,722**
Total Segment expenses	**236**	**2,933,714**	**48,149**	**1,843,096**	**4,825,195**	**3,906,710**	**8,731,905**
Segment net profit/(loss) before tax	**(236)**	**(2,930,244)**	**(48,149)**	**(1,525,732)**	**(4,504,361)**	**(3,469,822)**	**(7,974,183)**
Segment assets							
Segment Assets	100	2,627,215	98,632	5,629,634	8,355,581	513,625	8,869,206
Total Segment Assets	100	2,627,215	98,632	5,629,634	8,355,581	513,625	8,869,206
Segment asset increase for the period	**100**	**(2,312,459)**	**(55,542)**	**(2,598,089)**	**(4,935,990)**	**(716,183)**	**(5,652,173)**
Included in segment assets are							
Joint Ventures	–	–	–	–	–	–	–
Reconciliation of segment assets to group assets							
Total group assets							**8,869,206**

NOTE 20: OPERATING SEGMENTS (CONTINUED)

Segment Performance (continued)

2014	Australia	Africa	Turkey	Corporate / Treasury	Impact Group: Sub–total	Invictus Group	Consoli-dated
Segment liabilities	–	18,814	–	179,398	198,212	106,710	304,921
Segment liabilities	**–**	**18,814**	**–**	**179,398**	**198,212**	**106,710**	**304,921**
Reconciliation of segment liabilities to Group liabilities							
Inter-segment eliminations							
Unallocated liabilities							
Total Group Liabilities							**304,921**

2013	Australia	Africa	Turkey	Corporate / Treasury	Impact Group: Sub–total	Invictus Group	Consoli-dated
Performance							
Total Segment revenue	**–**	**49,785**	**–**	**954,183**	**1,003,968**	**414,023**	**1,417,991**
Total Segment expenses	**23,715**	**84,325**	**62,363**	**4,409,100**	**4,579,503**	**941,988**	**5,521,491**
Segment net profit/(loss) before tax	**(23,715)**	**(34,540)**	**(62,363)**	**(3,454,917)**	**(3,575,535)**	**(527,964)**	**(4,103,500)**
Segment assets							
Segment Assets	–	4,939,674	154,174	8,197,723	13,291,571	1,229,808	14,521,379
Total Segment Assets	**–**	**4,939,674**	**154,174**	**8,197,723**	**13,291,571**	**1,229,808**	**14,521,379**
Segment asset increase for the period	(24,449)	115,192	154,174	3,426,565	3,671,484	1,229,808	4,901,590
Included in segment assets are							
Joint Ventures	–	–	–	–	–	–	–
Reconciliation of segment assets to group assets							
Total group assets							**14,521,379**

NOTE 20: OPERATING SEGMENTS (CONTINUED)

Segment Performance (continued)

2013	Australia	Africa	Turkey	Corporate / Treasury	Impact Group: Sub-total	Invictus Group	Consoli-dated
Segment liabilities	–	43,377	2,012	362,960	408,348	465,791	874,139
Segment liabilities	**–**	**43,377**	**2,012**	**362,960**	**408,348**	**465,791**	**874,139**
Reconciliation of segment liabilities to Group liabilities							
Inter-segment eliminations							
Unallocated liabilities							
Total Group Liabilities							**874,139**

NOTE 21: CASH FLOW INFORMATION

	2014 $	2013 $
a. Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit/(Loss) after income tax	(7,974,183)	(4,103,500)
Non cash flow in profit		
Depreciation	12,918	19,224
Share based expenses	470,657	236,496
Share of associates net loss for period	–	2,369,358
Loss/(profit) on sale of financial asset	–	(110,869)
Impairment of investment in associate	–	–
Impairment of exploration expenditure	6,576,618	1,406,096
Gain on Deemed disposal of associate	–	(466,280)
Changes in net assets and liabilities		
(Increase)/ decrease in assets:		
Prepayments	–	–
Trade and other debtors	(118,925)	(149,293)
Other non-current assets	123,483	–
Capitalised expenditure	(3,232,247)	(4,944,823)
Increase / (decrease) in liabilities:		
Trade and other creditors	(550,495)	437,706
Provisions	(18,723)	59,427
Cash flow from operations	**(4,710,897)**	**(5,246,458)**

NOTE 21: CASH FLOW INFORMATION (CONTINUED)

b. Non-cash Financing and Investing Activities

Refer to Note 28 for further disclosure.

NOTE 22: SHARE BASED PAYMENTS

i. During the period share options were granted to employees to take up ordinary shares at the following exercise prices. The options hold no voting or dividend rights, are not, without the approval of the Board of Directors, transferable. These options are not listed and unless otherwise agreed by the Directors these options lapse when an employee ceases employment with the Consolidated Group.

Impact Minerals Limited

Grant date	Vest date	Expiry date	Exercise price	Number
14.11.2013	30.11.2013	30.11.2015	$0.06	2,800,000
14.11.2013	30.11.2014	30.11.2016	$0.10	3,450,000

ii. Options granted to key management personnel include:

Impact Minerals Limited

Grant date	Vest date	Expiry date	Exercise price	Number
14.11.2013	30.11.2014	30.11.2016	$0.10	500,000

iii. A summary of the movements of all company options issued is as follows:

	Impact Minerals Limited	
	Number	**Weighted Average Exercise Price**
Options outstanding as at 30 June 2012	5,600,000	26c
Granted	31,800,000	8c
Expired	(4,650,000)	29c
Forfeited	–	–
Cancelled	(4,500,000)	11c
Options outstanding as at 30 June 2013	28,250,000	8c
Granted	14,350,000	15c
Expired		
Forfeited		
Cancelled	(450,000)	22c
Options outstanding as at 30 June 2014	42,150,000	10c
Options vested and therefore exercisable as at 30 June 2014	26,700,000	10c

As at the date of exercise, the weighted average of share price of options exercised during the year was nil.

NOTE 22: SHARE BASED PAYMENTS (CONTINUED)

The weighted average remaining contractual life of options outstanding at year end was 1.8 years. The weighted average exercise price of outstanding options at the end of the reporting period was 10 cents.

The fair value of options granted to employees is deemed to represent the value of employee services received over the vesting period.

The weighted average fair value of options granted during the year was 15 cents. These values were calculated using the Black Scholes option pricing model applying the following inputs:

Impact Minerals Limited

Grant Date	Vesting Date	Expiry Date	Exercise Price	Options	Share Price at Grant	Risk Rate	Consideration
14.11.2013	30.11.2013	30.11.2015	$0.06	2,800,000	$0.08	3.07%	nil
14.11.2013	30.11.2014	30.11.2016	$0.10	3,550,000	$0.08	3.07%	nil
06.01.2014	06.01.2014	30.11.2015	$0.20	8,000,000	$0.037	2.68%	nil

The level of volatility anticipated for the purposes of the model was 82.1% for all options, The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. Dividends were assumed to be NIL.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

iv. There were no shares granted to key management personnel during the year.

NOTE 23: RELATED PARTY TRANSACTIONS

On 6th January 2014 a Scheme of Arrangement to acquire all the shares of Invictus Gold Limited that the Company did not already own was implemented. As part of this implementation the Company issued 36,203,364 ordinary shares and 8,000,000 listed options.

Other than stated above there were no related party transactions during the period apart from interest free loans advanced by Impact Minerals Limited to the 100% owned subsidiaries for operating and tenement costs.

NOTE 24: FINANCIAL RISK MANAGEMENT

The Consolidated Group's principal financial instruments comprise cash and short-term deposits. The Consolidated Group has various other financial assets and liabilities such as other receivables and payables, which arise directly from its operations.

The Consolidated Group's activities expose it to a variety of financial risks, including, credit risk, liquidity risk and cash flow interest rate risk. The Consolidated Group is not materially exposed to foreign exchange or price risk.

Risk management is carried out by the Board of Directors, who evaluate and agree upon risk management and objectives.

NOTE 24: FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market Risk

(i) Foreign exchange 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 Consolidated Group.

The Consolidated Group is exposed to fluctuations in foreign currencies arising from the purchase of goods and services (in $USD, Botswana Pula and Turkish Lira) currencies other than the company's measurement currency.

(ii) Price Risk

Equity Securities Price Risk

The Consolidated Group does not have any investments classified on the statement of financial position as either available for sale or at fair value through profit or loss and is therefore considered to have no exposure to equity securities price risk.

(iii) Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cashflows associated with the instruments will fluctuate due to changes in market interest rates. The Consolidated Group has adopted a simple interest rate management policy involving short-term deposits, with AA rated institutions, for varying periods, depending on the immediate cash requirements of the Consolidated Group. Interest is earned at the respective short-term deposit rates.

At the date of this report, The Consolidated Group has not entered into any financing arrangements, and is therefore not exposed to any material interest rate risk on borrowings at this stage.

(b) Interest Rate Risk

The Group holds the following financial instruments:

			Fixed interest rate					
		Floating interest rate	**1 year or less**	**Over 1 to 5 years**	**More than 5 years**	**Non-interest bearing**	**Total**	**Weighted average interest rate**
	Notes	**$**	**$**	**$**	**$**	**$**	**$**	**%**
2014								
Financial assets								
Cash	8	750,909	–	–	–	–	750,909	*
Trade and other receivables	9	–	–	–	–	270,897	270,897	–
		750,909	–	–	–	270,897	1,021,806	
Financial liabilities								
Trade creditors and accruals	13	–	–	–	–	219,955	219,955	–
		–	–	–	–	219,955	219,955	–

NOTE 24: FINANCIAL RISK MANAGEMENT (CONTINUED)

	Notes	Floating interest rate $	Fixed interest rate: 1 year or less $	Over 1 to 5 years $	More than 5 years $	Non–interest bearing $	Total $	Weighted average interest rate %
2013								
Financial assets								
Cash	8	2,514,656	–	–	–	–	2,514,656	*
Trade and other receivables	9	–	–	–	–	401,871	401,871	–
		2,514,656	–	–	–	401,871	2,916,527	
Financial liabilities								
Trade creditors and accruals	13	–	–	–	–	770,450	770,450	–
		–	–	–	–	770,450	770,450	–

* Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash flow requirements of the Consolidated Group, and earn interest at the respective short-term deposit rates.

(c) Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

The Consolidated Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Consolidated Group.

Credit risk exposures

Credit risk related to balances with banks and other financial institutions is managed by the Consolidated Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least BB. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

	Note	2014 $	2013 $
Cash and cash equivalents			
– AA Rating (being AUD banks)		717,298	2,296,842
– BB		30,226	174,905
– Other		3,385	42,909
Total cash and cash equivalents	8	750,909	2,514,656

No material exposure is considered to exist by virtue of the possible non performance of the counterparties to financial instruments and cash deposits.

NOTE 24: FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity Risk

The Consolidated Group's exposure to liquidity risk is limited to cash, receivables and creditors and is set out in Notes 8, 9 and 13.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate credit facility. The Consolidated Group manages liquidity risk by continuously monitoring forecast and actual cash flows. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets.

(e) Fair value estimation

The net fair value of financial assets and liabilities of the Consolidated Group approximated their carrying amount. Listed investments have been valued at the quoted market bid price at balance date, adjusted for transaction costs expected to be incurred.

The Consolidated Group has no financial assets and liabilities where the carrying amount exceeds the net fair value at balance date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and notes to the financial statements.

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. All financial instruments measured at fair value are level one, meaning fair value is determined from quoted prices in active markets for identical assets.

(f) Sensitivity Analysis

At 30 June 2014, if interest rates had changed by – /+ 100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Consolidated Group would have been $9,159 lower/ higher (2013: $10,663 lower/higher) as a result of lower/higher interest income from cash and cash equivalents.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 25: PARENT ENTITY DISCLOSURE

The following information has been taken from the books and records of the parent company, Impact Minerals Limited, and has been prepared in accordance with Accounting standards.

	2014 $	2013 $
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Profit/(Loss) for the period	(1,404,168)	(7,185,499)
Other comprehensive income	–	–
Total comprehensive result for the period	(1,404,168)	(7,185,499)
STATEMENT OF FINANCIAL POSITION		
Current assets	1,839,620	2,340,644
Non current assets	9,704,477	7,299,384
Total assets	11,544,097	9,640,028
Current liabilities	255,649	351,825
Total liabilities	255,649	351,825
Net Assets	11,288,448	9,288,203
Total equity of the parent entity comprising of :		
Share capital	28,653,052	24,366,377
Option reserve	635,288	290,055
Asset revaluation reserve	–	–
Foreign currency translation reserve	–	–
Transactions with non controlling interest	(1,161,069)	
Accumulated losses	(16,838,823)	(15,368,229)
Total Equity	11,288,448	9,288,203

Contractual commitments

The parent entity does not have any commitments for the acquisition of property, plant and equipment.

Contingent liabilities

There are no material contingent liabilities of the parent entity for 30 June 2014.

NOTE 26: CONTROLLED ENTITIES

a) Controlled Entities Consolidated – Direct

Name	Principal Activities	Country of Incorporation	Ownership Interest 2014 %	Ownership Interest 2013 %
Unlisted:				
Aurigen Pty Ltd	Exploration	Australia	100	100
Drummond East Pty Ltd	Exploration	Australia	100	100
Seam Holdings Ltd (i)	Investment	British Virgin Islands	100	100
Icilion Investments (Proprietary) Ltd (ii)	Exploration	Botswana	100	100
Drummond Uranium Pty Ltd	Exploration	Australia	100	100
Siouville Pty Ltd	Exploration	Australia	100	100
Brentwood Investment Pty Ltd (iii)	Exploration	Namibia	100	100
Impact Madencilik Sanayi Ve Ticaret A.S (iv)	Exploration	Turkey	100	100
Xade Minerals (Pty) Ltd	Exploration	Botswana	100	100
Invictus Gold Limited (v)	Exploration	Australia	100	73.29

(i) Seam Holdings Limited is a subsidiary of Drummond East Pty Ltd.
(ii) Icilion Investments Pty Ltd is a wholly owned subsidiary of Seam Holdings Limited.
(iii) Brentwood Investment Pty Ltd is a wholly owned subsidiary of Seam Holdings Limited.
(iv) Impact Madencilik Sanayi Ve Ticaret A.S is a wholly owned subsidiary of Drummond Uranium Pty Ltd
(v) Invictus Gold Limited is an entity controlled by Impact Minerals.

Loans to and Investments In Controlled Entities

Loans are provided by the Parent Entity to its controlled entities for their respective operating activities. Amounts receivable from controlled entities are non-interest bearing with no fixed term of repayment. The carrying value of investments in controlled entities are recognised as an asset in the Parent Entity. The future successful commercial application of these projects or the sale to third parties supports the recognition and recoverability of these assets held in the Parent Entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 26: CONTROLLED ENTITIES (CONTINUED)

Details of loans provided are listed below:

	2014 $	2013 $
Aurigen Pty Ltd	607,130	606,894
Drummond East Pty Ltd	33,653	33,653
Seam Holdings Ltd	9,902	9,902
Icilion Investments (Proprietary) Ltd	5,290,026	4,820,120
Drummond Uranium Pty Ltd	10,580	10,580
Siouville Pty Ltd	136,372	136,372
Brentwood Investment Pty Ltd	201	201
Impact Madencilik Sanayi Ve Ticaret A.S	228,706	207,077
Xade Minerals (Pty) Ltd	–	–
Invictus Gold Limited	–	502,317
	6,316,570	6,327,116

b) Controlled Entities Consolidated – Through Invictus Gold Limited

Name	Principal Activities	Country of Incorporation	Ownership Interest 2014 %	Ownership Interest 2013 %
Unlisted:				
Drummond West Pty Ltd	Exploration	Australia	100	100
Invictus (Turkey) Pty Ltd	Exploration	Australia	100	100
Invictus Madencilik Sanayi ve Ticaret A.S.	Exploration	Turkey	100	100
Endeavour Minerals Pty Ltd	Exploration	Australia	100	100

Loans to and Investments In Controlled Entities

Loans are provided by the Parent Entity to its controlled entities for their respective operating activities. Amounts receivable from controlled entities are non-interest bearing with no fixed term of repayment. The carrying value of investments in controlled entities are recognised as an asset in the Parent Entity. The future successful commercial application of these projects or the sale to third parties supports the recognition and recoverability of these assets held in the Parent Entity.

NOTE 26: CONTROLLED ENTITIES (CONTINUED)

Details of loans provided are listed below:

	2014 $	2013 $
Drummond West Pty Ltd	3,536,847	3,405,301
Invictus (Turkey) Pty Ltd	–	–
Invictus Madencilik Sanayi ve Ticaret A.S.	1,997,685	1,529,900
Endeavour Minerals Pty Ltd	–	–
	5,534,532	4,935,201

Details of investments are listed below:

Aurigen Pty Ltd	4,006	4,006
Drummond East Pty Ltd	96	96
Seam Holdings Ltd	–	–
Icilion Investments (Proprietary) Ltd	–	–
Drummond Uranium Pty Ltd	100	100
Siouville Pty Ltd	100	100
Brentwood Investment Pty Ltd	–	–
Impact Madencilik Sanayi Ve Ticaret A.S	–	–
Xade Minerals (Pty) Ltd	–	–
	4,302	4,302

NOTE 27: JOINT VENTURE INTERESTS

Impact Minerals Limited has a 51% interest in the Xade Joint Venture whose principal activity is mineral exploration on the Xade project in Botswana.

The Consolidated Group's share of assets employed in the joint venture is:

Non-Current Assets		
Exploration Expenditure	1,810,381	1,760,718
Share of total assets of joint venture	1,810,381	1,760,718
Net interest in joint venture	1,810,381	1,760,718

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 28: ACQUISITION OF SUBSIDIARY

On the 22 November 2012, the Group acquired a further 31.29% interest in Invictus Gold Limited thereby moving its interest to 75.29% and giving Impact Minerals Limited control of the Company on the 12 June 2013. Invictus Gold Limited acquired Endeavour Minerals Pty Ltd as such the Company's interest in Invictus Gold Limited moved to 73.29%. Invictus Gold Limited is engaged in Gold exploration activities.

	$
Consideration transferred	
Cash	2,612,928
Deemed consideration for the acquisition of the investment previously recognised as an associate.	640,000
	3,252,928

ASSETS ACQUIRED AND LIABLITIES ASSUMED AT THE DATE OF ACQUISITION

Current Assets	
Cash and cash equivalents	2,583,962
Trade and other receivables	11,667
Non Current Assets	
Property, plant and equipment	764
Exploration expenditure	1,954,697
Other non-current assets	58,867
Current Liabilities	
Trade and other payables	(263,940)
Provisions	(24,622)
Net Assets	4,321,395

Non controlling interest

The Non Controlling interest (24.71%) in the Subsidiary Invictus Gold Limited recognised at the acquisition date was measured by the reference to the fair value of the Non – Controlling Interest and amounted to $1,067,790. The fair value was determined based on the 4 cents rights issues which occurred on 22 November 2012.

Discount on acquisition	
Consideration transferred	3,252,928
Fair value of the Non – controlling interest	1,067,790
Less: Fair value of the net assets	(4,321,395)
Discount on acquisition	677

Net cash outflow arising on acquisition	
Consideration paid in cash	2,612,928
Less: Cash and cash equivalents balances acquired	(2,583,962)
Net cash outflow arising on acquisition	28,966

NOTE 29: DEEMED DISPOSAL OF ASSOCIATE

On the 22 November 2012, the Group acquired further 31.29% interest in Invictus Gold Limited thereby moving its interest to 75.29% resulting in the Company becoming a subsidiary of Impact Minerals Limited. In line with AASB 3 Business Combinations, the transaction resulted in a deemed disposal of Impact Mineral Limited's investment in associate.

	$
Deemed proceeds *(Refer (i))*	640,000
Less: Fair value of the net assets disposed *(Refer (ii))*	(173,720)
Net gain on deemed disposal of investment in associate	466,280

(i) The deemed proceeds was based on the 4 cents right issues which occurred on 22 November 2012.

(ii) During the period Invictus Gold Limited wrote down its capitalised exploration expenditure by $5,278,283. Refer below to the reconciliation of the investment in Associate (Invictus Gold Limited) prior to Impact Minerals Limited obtaining control of Invictus Gold limited.

Opening Balance as at 1 July 2012	2,543,078
Share of associate loss until control was obtained by Impact Minerals Limited	(2,369,358)
Closing balance as at 22 November 2012	173,720

NOTE 30: SUBSEQUENT EVENTS

On 4th July 2014, the Company announced a $2,587,976 capital raising through a placement of 78,423,516 ordinary shares to sophisticated and professional investors.

NOTE 31: COMPANY DETAILS

The principal and registered office of the company is:

Impact Minerals Limited
26 Richardson Street
WEST PERTH WA 6005

DIRECTOR'S DECLARATION

IMPACT MINERALS LIMITED ABN 52 119 062 261 AND CONTROLLED ENTITIES

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 59 to 99, are in accordance with the Corporations Act 2001 and:
   a) comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
   b) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the company and Consolidated Group;

2. The Chief Executive Officer and Chief Finance Officer have each declared in accordance with S295A of the Corporations Act 2001, that:
   a) the financial records of the Consolidated Group for the financial year have been properly maintained in accordance with s286 of the Corporations Act 2001;
   b) the financial statements and notes for the financial year comply with the Accounting Standards; and
   c) the financial statements and notes for the financial year give a true and fair view; and

3. In the director's opinion there are reasonable grounds to believe that the Consolidated Group will be able to pay its debts as and when they become due and payable.

Signed at Perth this 29th day of September 2014.
Dr Michael G Jones
Managing Director

Independent Auditor's Report

To the Members of Impact Minerals Limited

Bentleys Audit & Corporate (WA) Pty Ltd
Level 1, 12 Kings Park Road
West Perth WA 6005
Australia
PO Box 44
West Perth WA 6872
Australia
ABN 33 121 222 802
T +61 8 9226 4500
F +61 8 9226 4300
bentleys.com.au

We have audited the accompanying financial report of Impact Minerals Limited ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the statement of financial position as at 30 June 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report 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 is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Opinion

In our opinion:

a. The 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 2014 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

b. The financial statements also comply with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 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.

Opinion

In our opinion, the Remuneration Report of Impact Minerals Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated at Perth this 30th day of September 2014

ADDITIONAL INFORMATION
FOR LISTED PUBLIC COMPANIES

The following additional information, applicable at 31 August 2014, is required by the Australian Securities Exchange Ltd in respect of listed public companies only.

Shareholding

a. Distribution of Shareholders

Category (size of holding)	Number of Holders	Number of Shares
1 – 1,000	50	4,475
1,001 – 5,000	143	516,529
5,001 – 10,000	138	1,188,404
10,001 – 100,000	680	28,791,135
100,001 – and over	435	534,986,257
	1,446	565,486,800

b. The number of shareholders holding less than a marketable parcel is 471.

c. The names of the substantial shareholders listed in the holding company's register as at 10 September 2014 are:

Shareholder	Number	% of issued capital
Susanne Bunnenberg	168,999,999	26.25

Voting Rights

d. The voting rights attached to each class of equity security are as follows:

Ordinary shares
Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

ADDITIONAL INFORMATION
FOR LISTED PUBLIC COMPANIES

e. 20 Largest Shareholders — Ordinary Shares

	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
Rank	**Name**	**Units**	**% of Units**
1.	J P MORGAN NOMINEES AUSTRALIA LIMITED	201,401,203	35.62
2.	AVIANA HOLDINGS PTY LTD	13,157,895	2.33
3.	CHINA GROWTH MINERALS LIMITED	11,840,470	2.09
4.	P J ENTERPRISES PTY LIMITED <SUPER FUND A/C>	9,385,913	1.66
5.	TECCA PTY LTD <C & E RETIREMENT FUND A/C>	7,456,698	1.32
6.	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	7,304,482	1.29
7.	IMAGE INTERPRETATION TECHNOLOGIES PTY LTD	6,450,000	1.14
8.	BALINTORE PTY LTD <MCKENZIE SUPER FUND A/C>	6,216,667	1.10
9.	MRS MELISSA LOUISE CADDICK	5,652,763	1.00
10.	BASALIS PTY LTD <BASALIS SUPER FUND A/C>	5,475,000	0.97
11.	NEFCO NOMINEES PTY LTD	5,450,555	0.96
12.	SDG NOMINEES PTY LTD <T J STRAPP SUPER FUND A/C>	5,000,000	0.88
13.	SUTTON NOMINEES PTY LTD <W M GATACRE FAMILY FUND A/C>	4,846,862	0.86
14.	NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	4,822,899	0.85
15.	MR WILLIAM HENRY HERNSTADT	4,781,026	0.85
16.	LAVERDI NOMINEES PTY LTD	4,146,731	0.73
17.	DR LEON EUGENE PRETORIUS	4,000,000	0.71
18.	MANOTEL PTY LTD	3,385,962	0.60
19.	TOWNS CORPORATION PTY LTD <PAE FAMILY A/C>	3,300,000	0.58
20.	HENDERSON PETROLEUM PTY LTD <WESTERN OIL S/F NO 1 A/C>	3,271,600	0.58
Totals:	**Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)**	**317,346,726**	**56.12**

Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited. The ASX code is IPT.

NOTES

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