impact.
MINERALS

2016
Annual Report

Excellence in Exploration

CONTENTS

CORPORATE DIRECTORY

DIRECTORS

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

COMPANY SECRETARY

Bernard Crawford

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SECURITIES EXCHANGE LISTING

The Company is listed on the Australian Securities Exchange Ltd ("ASX")
Home Exchange: Perth, Western Australia
ASX Code: IPT

impact MINERALS

CHAIRMAN’S LETTER

Dear Fellow Shareholder

The year under review has been very positive for shareholders in a number of ways. At a time when many junior explorers have struggled to raise capital and carry out exploration, Impact has had its most successful year since its ASX listing in 2006.

Capital raisings from existing and new shareholders including new major shareholder, Squadron Resources, for a total of $6.9 million and a research and development rebate of $1.2 million resulted in Impact raising $8.1 million.

The Company’s exploration activities have been very actively pursued with more exciting results confirming the Company’s optimism for the Commonwealth and Broken Hill projects in New South Wales.

As described in the Review of Operations in this Annual Report, Impact has now shown that the adjoining Red Hill and Dora East projects at Broken Hill contain robust widths and high grades of 12 different metals – platinum, palladium, gold, rhodium, iridium, osmium, ruthenium, nickel, copper, zinc, silver and lead. This is unprecedented in the Broken Hill region. The Company’s tenement holdings have been substantially increased.

The Commonwealth project has always been identified as containing a very large mineralised system. The Company’s recent drilling, particularly around Silica Hill, has confirmed this with the outstanding September drill hole CMIPT046 intercept of 41.3 metres at 2.0 g/t gold and 176 g/t silver (4.7 g/t gold equivalent) from 61 metres; which includes 16.3 metres at 3.7 g/t gold and 246 g/t silver (7.6 g/t gold equivalent) from 86 m.

This, together with drill holes CMIPT026 and CMIPT011 indicate the potential for a significant deposit.

The Company’s other projects at Mulga Tank (Western Australia), Clermont (Queensland) and Botswana Uranium, remain valid and strong exploration targets. Management is considering how to take these projects further.

We welcome to the Board Ms Felicity Gooding who was appointed as a Non-Executive Director of Impact on 18 February 2016 as Squadron’s representative and thank her predecessor, Aaron Hood, for his contribution. Ms Gooding is the Chief Operating Officer and Chief Financial Officer of the Minderoo Group, which represents selected philanthropic and private business holdings of Mr Andrew and Mrs Nicola Forrest. Felicity is a Chartered Accountant with more than 15 years’ experience and has held senior positions in a number of accounting and mining companies.

We also welcome the appointment of Mr Bernard Crawford as Company Secretary and Chief Financial Officer of Impact Minerals on 4 April 2016.

Impact’s management team lead by Managing Director, Dr Mike Jones, has worked extremely hard over the year and Impact’s exploration results are testimony to their highly professional efforts. On your behalf I thank them for their great work and commitment to the Company’s success.

Peter Unsworth
Chairman

REVIEW OF OPERATIONS

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

The Commonwealth Project comprises three 100% owned exploration licences that cover about 315 sq km of the highly prospective Lachlan Fold Belt about 100 km north of Orange in NSW. The belt is host to many major gold-silver-copper mines including the Cadia-Ridgeway deposits that contain at least 25 million ounces of gold and 5 million tonnes of copper (Figure 1).

Recent work at Commonwealth has delivered a possible breakthrough discovery at the Silica Hill Prospect and as this report goes to press very encouraging drill results are being returned from what will be a new gold-silver deposit. Work is now focussed on defining the extents of this deposit to help determine the programme of work required to define a resource.

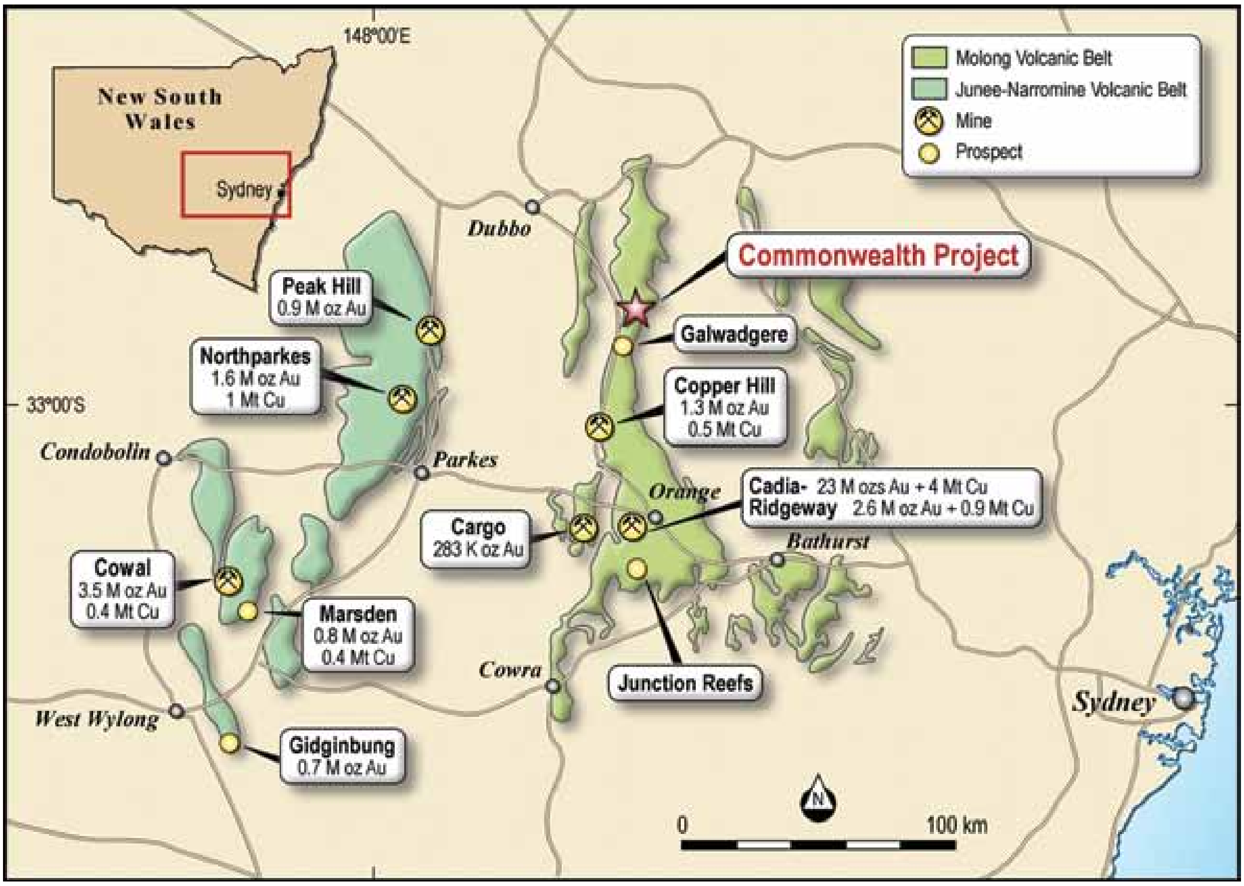

Figure 1. Location of the Commonwealth Project within the Lachlan Fold Belt of NSW, home to many significant gold and copper mines.

A significant amount of work was completed during the year culminating in the major drill programme that lead to the Silica Hill discovery. The programme comprised about 4,600 m of RC and diamond drilling and tested a number of geophysical and geochemical targets at three other prospects as well at Silica Hill. These are the Commonwealth deposit and the Welcome Jack-Walls and Doughnut Prospects (Figure 2).

The geophysical and geochemical targets drilled, which represent only a modest proportion of the targets identified thus far at Commonwealth, were generated from a wide range of activities during the year and all built upon extensive and detailed field mapping of the key areas. The work included:

- a reinterpretation of down hole and surface geophysical electromagnetic (EM) and Sub-Audio Magnetic (SAM) data which lead to several new down hole surveys being completed and re-interpreted;
- soil geochemistry surveys;
- a study of the alteration minerals and geochemistry around the Commonwealth deposit utilising an extensive database of assay data and measurements from a handheld XRF instrument to identify halos that may help vector towards mineralisation; and
- an interpretation of a ground gravity survey carried out in early 2015. A number of high density anomalies were identified that may represent possible massive sulphide bodies.

In addition to the Silica Hill discovery, the drill programme successfully identified extensions to the Commonwealth gold-silver-base metal deposit at both Main Shaft and Commonwealth South and identified potential for further near surface resources at the Walls Prospect (Figure 2).

1.1 Commonwealth Deposit: Main Shaft and Commonwealth South

In 2014 Impact declared a maiden Inferred Resource for the Commonwealth deposit prepared in accordance with the JORC 2012 Code by independent resource consultants Optiro at a 0.5 g/t gold cut off, of:

> **720,000 tonnes at 4.7 g/t gold equivalent for a contained 110,000 gold equivalent ounces comprising 2.8 g/t gold, 48 g/t silver, 1.5% zinc, 0.6% lead and 0.1% copper.**

The resource, which is open along trend and at depth, contains both massive sulphide mineralisation at the Main Shaft prospect and disseminated, vein and lesser massive sulphide mineralization at the Commonwealth South prospect. It extends from surface to an average depth of 90 m, has a strike length of 400 m and is up to 25 m thick.

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

> 145,000 tonnes at 9.9 g/t gold equivalent for a contained 46,000 gold equivalent ounces comprising 4.3 g/t gold, 142 g/t silver, 4.8% zinc, 1.7% lead and 0.2% copper.

Note: further information on the resource estimate can be found in Section 1.5. The gold equivalency is slightly different to that quoted in 2014 only because of changes in metal prices. This change is not material and there are no other material changes to the Resource Estimate.

In the 2016 drill programme further high grade gold, silver and base metal mineralisation was discovered in three drill holes down plunge and along trend from the Commonwealth deposit. These have extended the deposit for at least 30 to 40 metres along trend, up dip and down plunge to the south. The mineralisation is still open. These results, and the extension of the massive sulphide in particular, indicate the potential to materially increase the Inferred Resource for the Commonwealth deposit with further drilling.

REVIEW OF OPERATIONS (CONTINUED)

Main Shaft

At Main Shaft, drill hole CMIPT031 targeted an EM conductor interpreted from a previous downhole survey and intersected a 7 metre thick zone of massive sulphide mineralisation with exceptional silver grades (Figure 3). The hole returned:

> **7 metres at 6.3 g/t gold, 496 g/t silver (15.9 ounces), 7.2% zinc, 2.9% lead and 0.2% copper (17.7 g/t gold equivalent) from 91 metres**
>
> *including* **3 metres at 10.6 g/t gold, 571 g/t silver (18.4 ounces), 7.8% zinc, 2.1% lead and 0.2% copper (23.0 g/t gold equivalent) from 92 metres and**
>
> *also including* **1 metre at 2.5 g/t gold, 979 g/t silver (31.5 ounces) 8.3% zinc, 4.4% lead and 0.1% copper (21.4 g/t gold equivalent) from 95 metres.**

The hole is 10 metres down dip and plunge from the nearest drill hole and the mineralisation is open to the south east, down plunge. Further drilling is required.

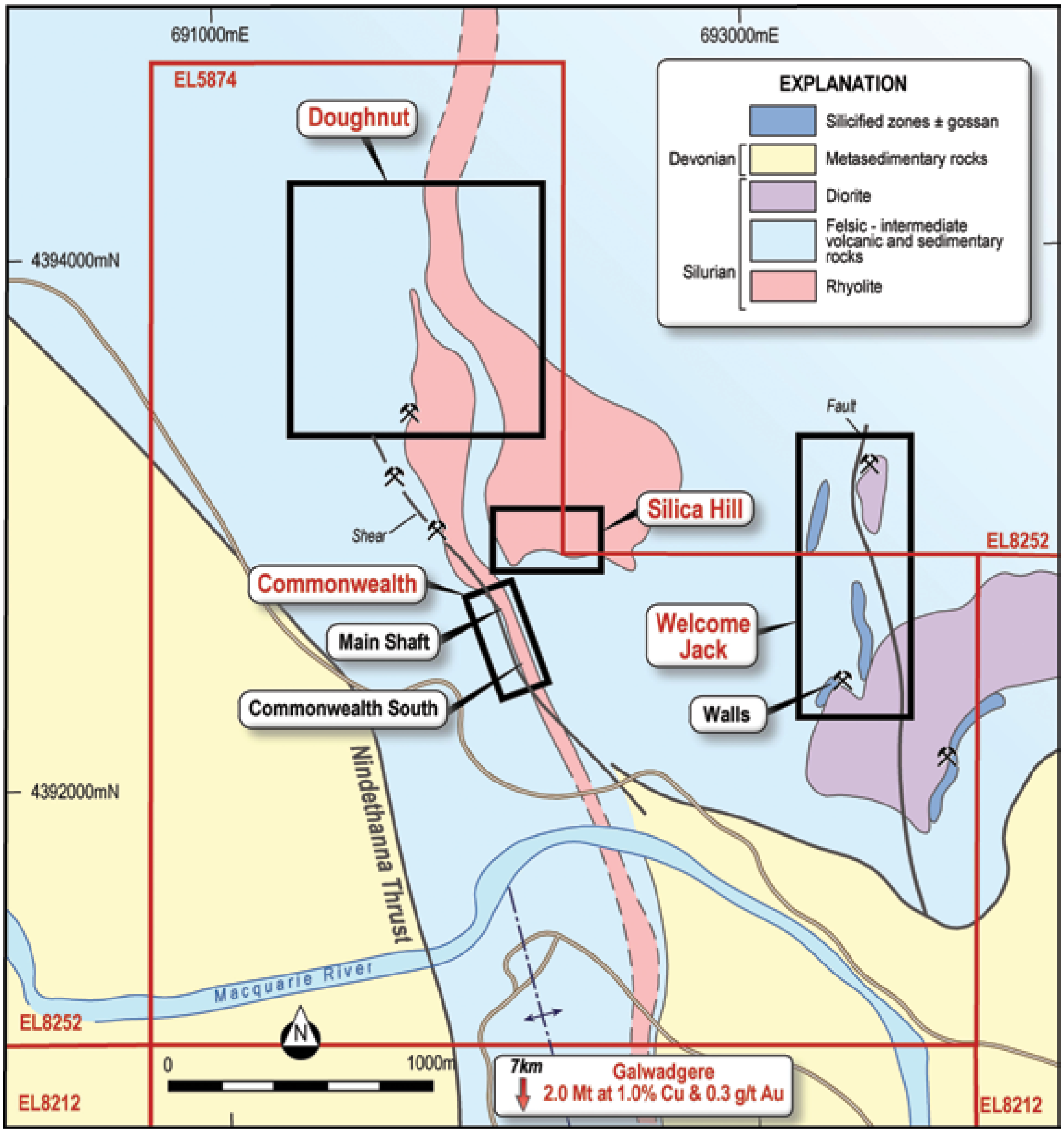

Figure 2. Geology and location of the four priority prospects at the Commonwealth Project: Commonwealth, Silica Hill, Welcome Jack Trend and Doughnut. The Commonwealth Prospect contains the Commonwealth deposit that has two connected parts, Main Shaft and Commonwealth South.

Commonwealth South

At Commonwealth South two diamond holes targeted extensions to the deposit along trend and down dip and one diamond hole was drilled close to a previous high grade intercept in RC hole CMIPT017 to better understand the controls on the high grade mineralization (intercept of 4 m at 41.8 g/t gold, 62 g/t silver, 3.8% zinc and 1.6% lead).

Hole CMIPT022, drilled down plunge to previous mineralisation was designed to test a small downhole EM conductor. No source for the conductor was found. However, the hole returned a thick mineralised intercept of:

> **13.6 metres at 2.1 g/t gold, 21 g/t silver, 0.4% zinc and 0.2% lead (2.6 g/t gold equivalent) from 68.7 metres**
>
> *including* **0.6 metres at 10.8 g/t gold, 44 g/t silver (1.5 ounces), 2.5% zinc and 1% lead (12.4 g/t gold equivalent).**

This is a significant intercept and has extended Commonwealth South mineralisation for 30 metres along trend to the south and helped confirm the south plunge to the mineralisation (Figures 4 and 5).

Hole CMIPT025 which was drilled up plunge and close to CMIPT017 returned:

> **2.6 metres at 10.3 g/t gold, 55.7 g/t silver (1.8 ounces), 2.5% zinc and 0.9% lead (12.6 g/t gold equivalent) from 88.1 metres**
>
> *including* **0.9 metres at 23.3 g/t gold, 94.6 g/t silver (3 ounces), 3.6% zinc and 1.6% lead (27.1 g/t gold equivalent)**

All of these drill results support Impact's interpretation that the Commonwealth deposit is controlled by south plunging high grade shoots that are open along trend and at depth (Figure 3). A detailed structural interpretation is in progress to better understand the orientation of the high grade shoots at depth.

The results at the Commonwealth deposit also indicate that a further intensive and close spaced drill programme is now required to continue to expand the resource.

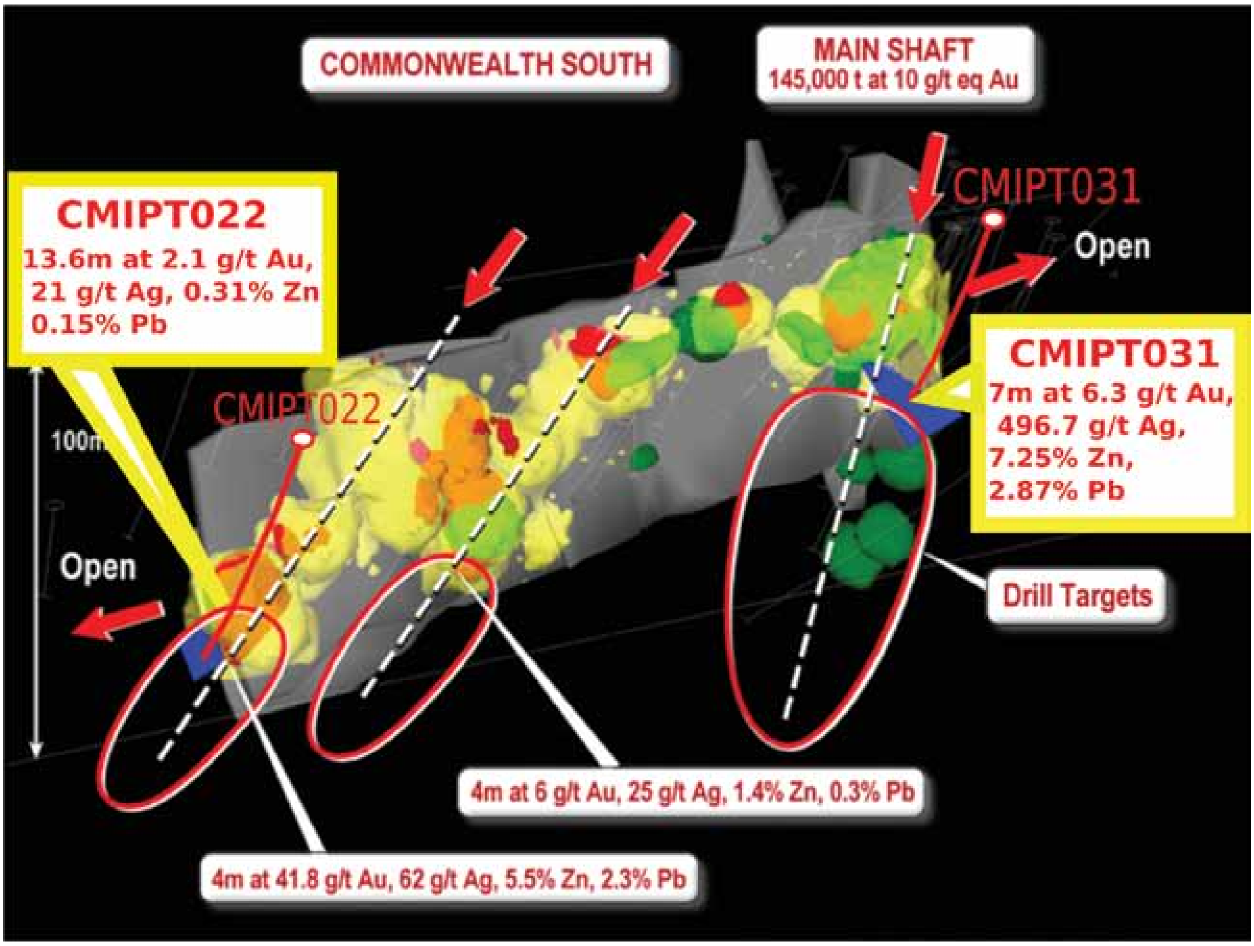

Figure 3. 3D view looking to the north west of the Commonwealth resource (grey outline) and showing: grade shells for gold (yellow = 1g/t, red/orange = 2 g/t) and copper (green = 500 ppm copper) from drill assay data; interpreted EM conductors (blue rectangles) and interpreted ore shoots (dashed lines). Recent drill holes CMIPT022 and CMIPT031 indicate mineralisation is open down plunge in at least 2 areas

1.2 Silica Hill

At the emerging Silica Hill discovery, significant gold and silver mineralisation has now been intersected in four holes over an area of 200 metres by 100 metres and down to a depth of 100 metres below surface (Figures 4, 5 and 6).

Hole CMIPT026 intersected lower grade mineralisation from surface, and Holes CMIPT046, CMIPT043 and CMIPT011 intersected deeper, higher grade parts of the system and also established that the true thickness of the mineralised zone is about 50 metres.

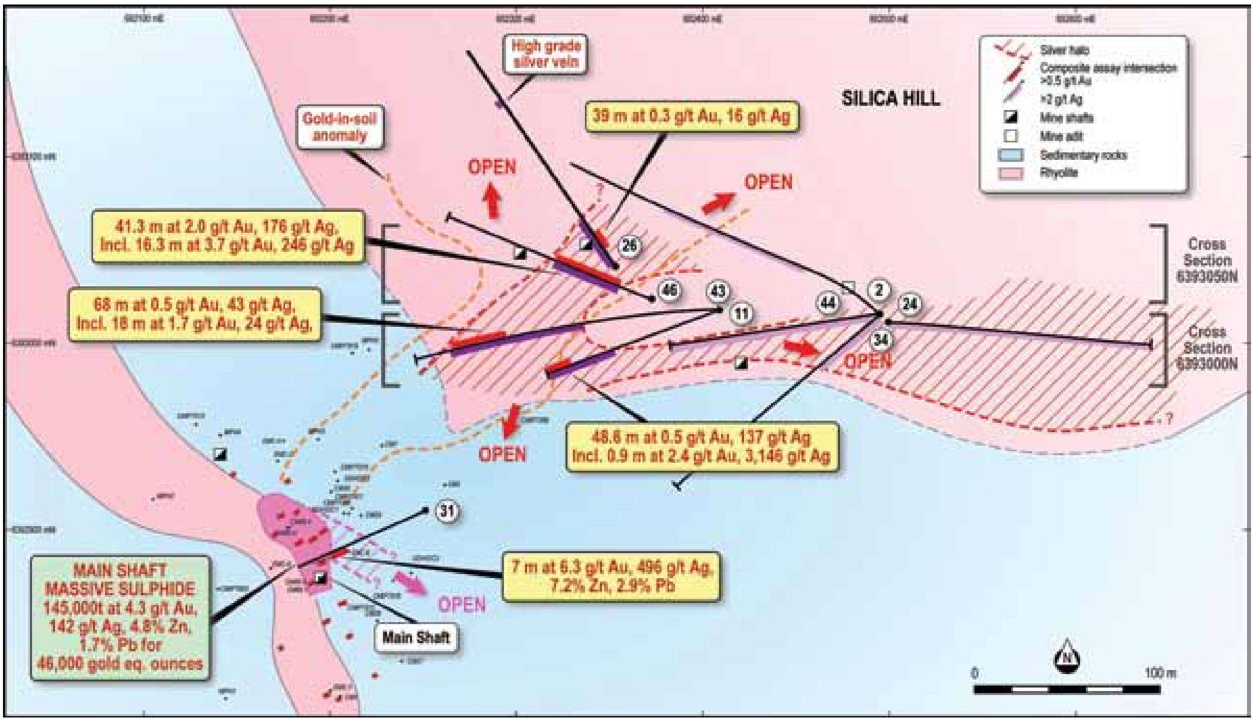

Figure 4. Surface geology map showing significant drill intercepts at Silica Hill and Main Shaft.

On the two sections drilled so far, it appears that the grade is increasing with depth.

To the north (Figures 4 and 5), Hole CMIPT026 returned 39 metres at 0.3 g/t gold and 16 g/t silver from 5 metres down hole with individual one metre assays up to 1 g/t gold and 32 g/t silver. The underlying hole CMIPT046 returned

41.3 metres at 2.0 g/t gold and 176 g/t silver (4.7 g/t gold equivalent) from 61 metres;
which includes **16.3 metres at 3.7 g/t gold and 246 g/t silver (7.6 g/t gold equivalent) from 86 m.**

As shown in Figure 6, the intercept includes numerous high grade gold and silver intercepts from individual veins and groups of veins (which have been sampled in detail) including:

1 metre at 12.2 g/t gold and 680 g/t silver
including **0.3 metres at 23 g/t gold and 1,110 g/t silver;**
1 metre at 5.3 g/t gold and 924 g/t silver;
1.7 metres at 3.8 g/t gold and 1,176 g/t silver; and
0.7 metres at 1.5 g/t gold and 855 g/t silver.

There are 30 individual assays with more than 2 g/t gold and 12 individual assays with more than 500 g/t silver.

These results define an upper silver-rich zone and lower gold-rich zone to the mineralisation.

The high grade mineralisation lies within a thicker zone of continuous mineralisation that has returned:

74.5 metres at 1.2 g/t gold and 106 g/t silver (2.9 g/t gold equivalent).

REVIEW OF OPERATIONS (CONTINUED)

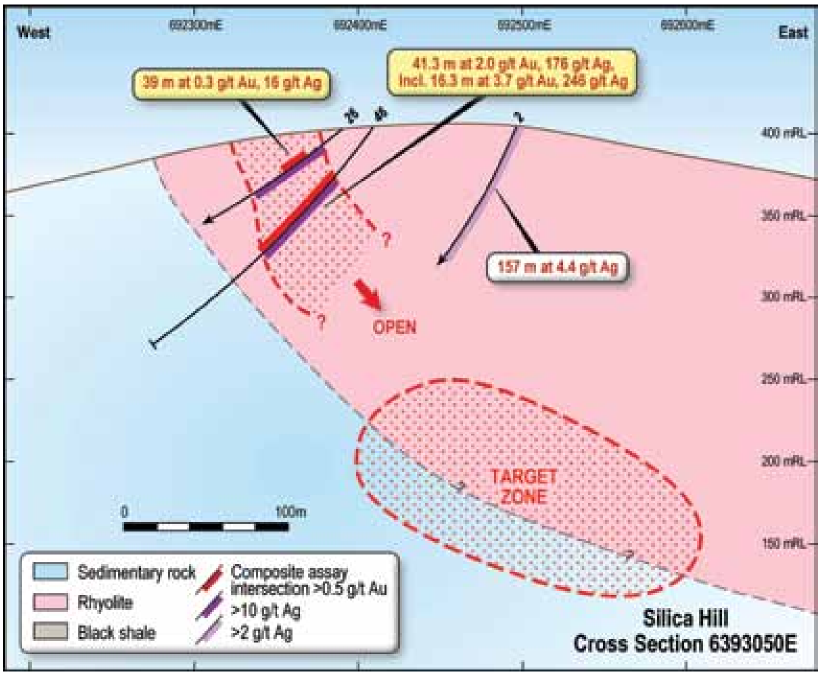

Figure 5. East-West cross section showing results for Holes CMIPT026 and 046.

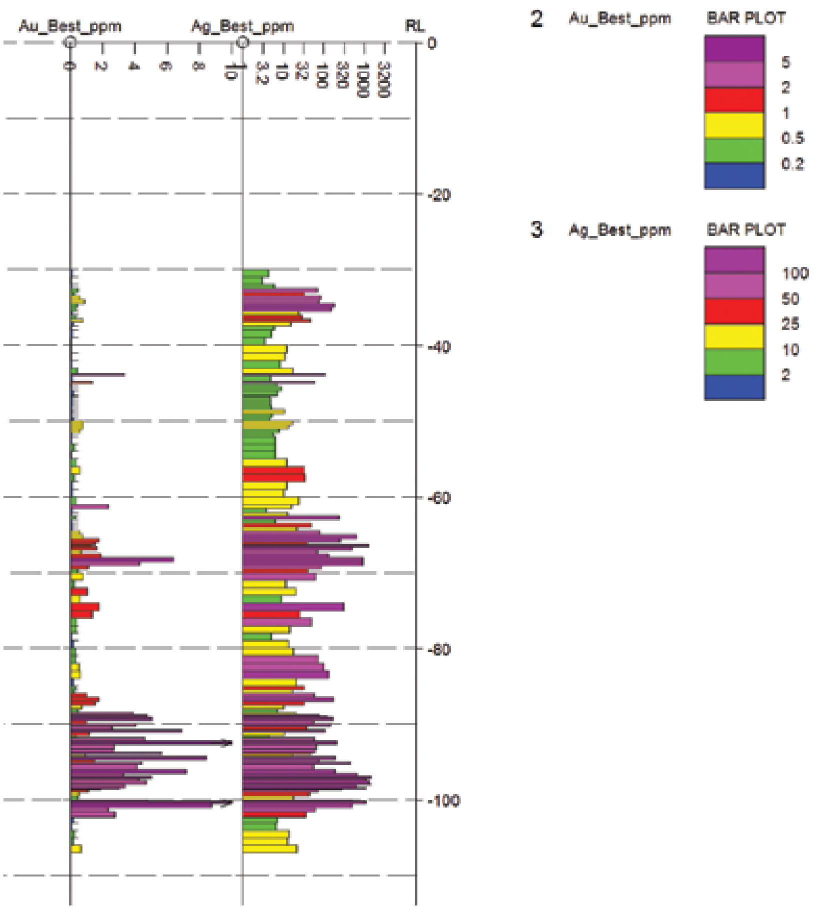

Figure 6. Detail of gold and silver assays for Hole CMIPT046. Note that the gold grades have been cut off at 10 g/t, and silver grades are at log scale to allow proper visualisation of the grades of up to 10 g/t Au and 1,490 g/t Ag.

To the south (Figure 7) Hole CMIPT043 returned:

68 metres at 0.5 g/t gold, 43 g/t silver, or 1.3 g/t gold equivalent from 99 metres *including* **the upper silver-rich zone of 37 metres at 71 g/t silver (2.3 ounces) and 0.1 g/t gold and the lower gold-rich zone of 18 m at 1.7 g/t gold and 24 g/t silver from 149 metres.**

The upper silver rich zone contains eight individual one metre intercepts that returned between 122 g/t (4 ounces) and 525 g/t (17 ounces) of silver. Two assays of semi-massive sulphide veins about 15 cm thick in the lower gold-rich part of the system in Hole 043 returned 5.6 g/t and 5.8 g/t gold.

Hole CMIPT011 drilled below CMIPT043 (Figure 7) returned bonanza silver grades with gold as follows: The mineralised zone in Hole CMIPT011 is comprised of numerous narrow high grade and bonanza grade sulphide veins that are up to 40 cm thick as well as disseminated sulphides within the rock surrounding the veins. Both the veins and the surrounding rock contain extensive visible silver minerals and lesser zinc and lead sulphides.

The overall intercept for Hole CMIPT011 is:

- **48.6 metres at 137 g/t silver (4.4 ounces) and 0.5 g/t gold from 122 metres down hole, or 2.5 g/t gold equivalent.**
- **1.75 metres at 1,785 g/t silver (57 ounces) and 1.8 g/t gold from 147.7 metres** *including*: **0.9 metres at 3,146 g/t silver (101 ounces) and 2.4 g/t gold from 148.1 metres.**
- **23 metres at 224 g/t silver (3.6 ounces) and 1.0 g/t gold from 147.7 metres** *including*: **2.9 metres at 406 g/t silver (13 ounces) and 0.6 g/t gold from 157.6 metres within which is a 15 cm vein that returned 3,600 g (116 ounces) of silver and 0.4 g/t gold;** *and also including*: **4 metres at 104 g/t (3.4 ounces) silver and 1.5 g/t gold from 160 metres** *and* **1.1 metres at 4.7 g/t gold and 23 g/t silver from 169.5 metres.**

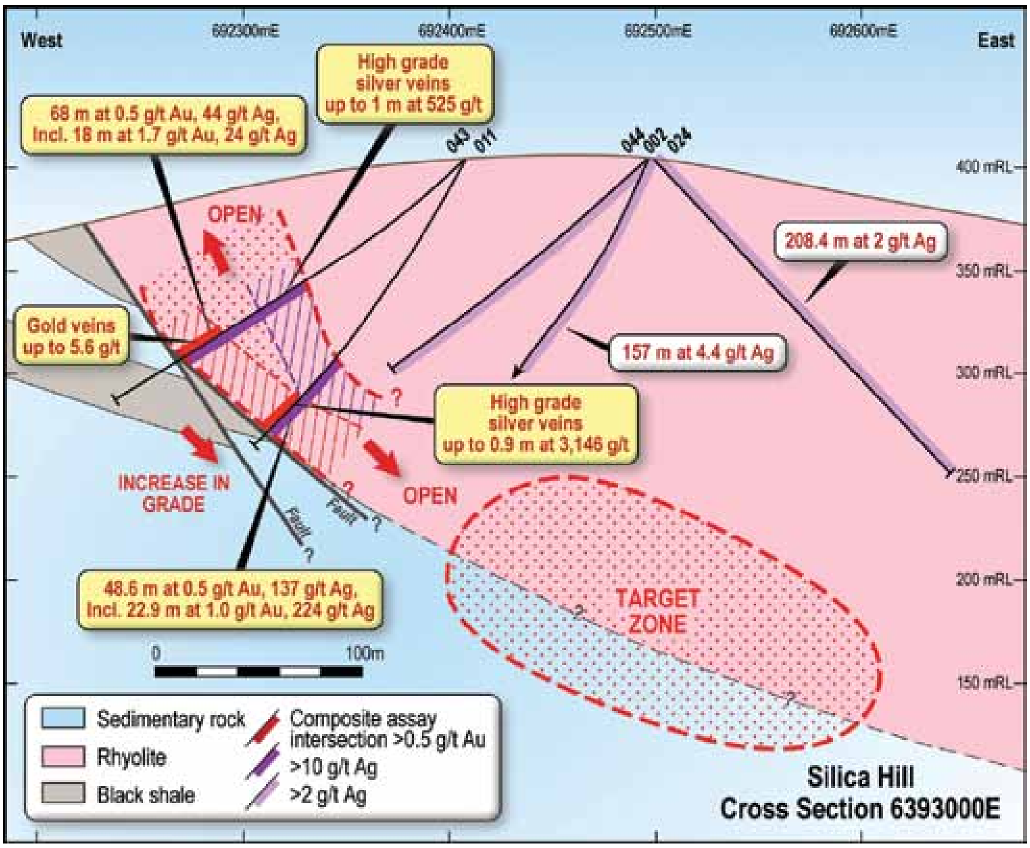

Figure 7. East-West cross section showing results for Holes CMIPT026 and 046.

REVIEW OF OPERATIONS (CONTINUED)

In addition it is evident that there is a large silver "halo" of up to 10 to 15 g/t silver in the Silica Hill rhyolite which extends further outwards over many hundreds of square metres (Figures 4 and 7). It is possible that this may be a "leakage halo" from depth and accordingly the down-dip extension of the mineralisation in Holes 043 and 011 is a compelling drill target.

Ongoing studies by Impact now suggest that the mineralisation at Silica Hill and Main Shaft may be linked at depth. There is a clear overlap in the nature and style of mineralisation, in particular silver, as well as the alteration minerals between the two prospects. Areas where the two styles of mineralisation connect will be priority target areas.

1.3 Welcome Jack-Walls Trend

Walls Prospect

The maiden drill hole at the Walls Prospect located 1.2 km east of Commonwealth discovered a new 20 metre thick zone (true width) of gold and silver mineralisation. The Walls prospect occurs at the southern end of the Welcome Jack Trend which extends over a strike length of at least one kilometre and has never been drill tested (Figures 2, 8 and 9).

The first exploration drill hole CMIPT027 has returned a very encouraging thick and robust intercept of:

20 m at 0.5 g/t gold and 27 g/t silver (1 g/t gold equivalent) from 55 metres down hole:

including **12 m at 0.7 g/t gold and 42 g/t (one and a half ounces) of silver (1.3 g/t gold equivalent)**

including **1 m at 2.9 g/t gold and 144 g/t silver and 1.1% zinc (5.7 g/t gold equivalent).**

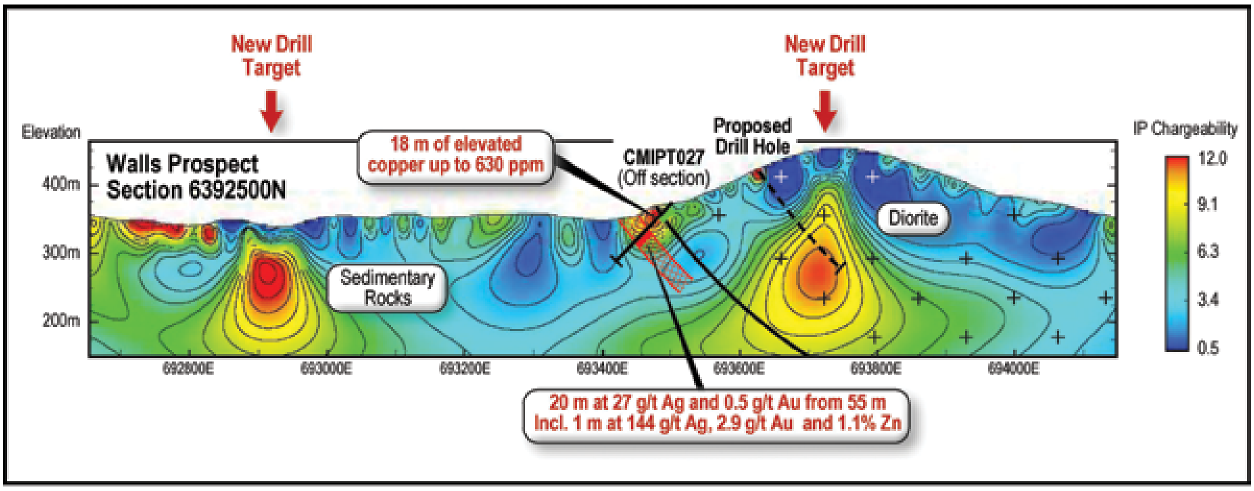

Figure 8. Geology of the Welcome Jack-Walls Trend with drill results and IP and soil geochemistry anomalies.

This 20 m thick zone of silver-gold mineralisation at about 50 m from surface is interpreted to be the down dip extension of high grade veins mined at surface where previous explorers returned rock chip assays of up to 15 g/t gold and 600 g/t silver. The maiden drill result is highly encouraging for the discovery of further high grade gold-silver mineralisation and indicates the potential for near surface open pit resources at Walls.

Welcome Jack Prospect

An RC drill hole, CMIPT028 has also been completed at the north eastern edge of the Welcome Jack Trend to test beneath old workings (Figure 8).

The drill hole entered a void that is likely to be the old workings and accordingly no significant results were returned. A 15 metre thick zone of weak gold anomalism associated with pyrite and lesser arsenopyrite occurs at about 140 metres depth and is coincident with the edges of an IP anomaly centred about 250 metres to the west (Figure 9). This anomaly will be tested by drill hole CMIPT029 for which the RC pre-collar has been completed.

A further drill hole below CMIPT028 will also be required to test beneath the mined extent of the vein system.

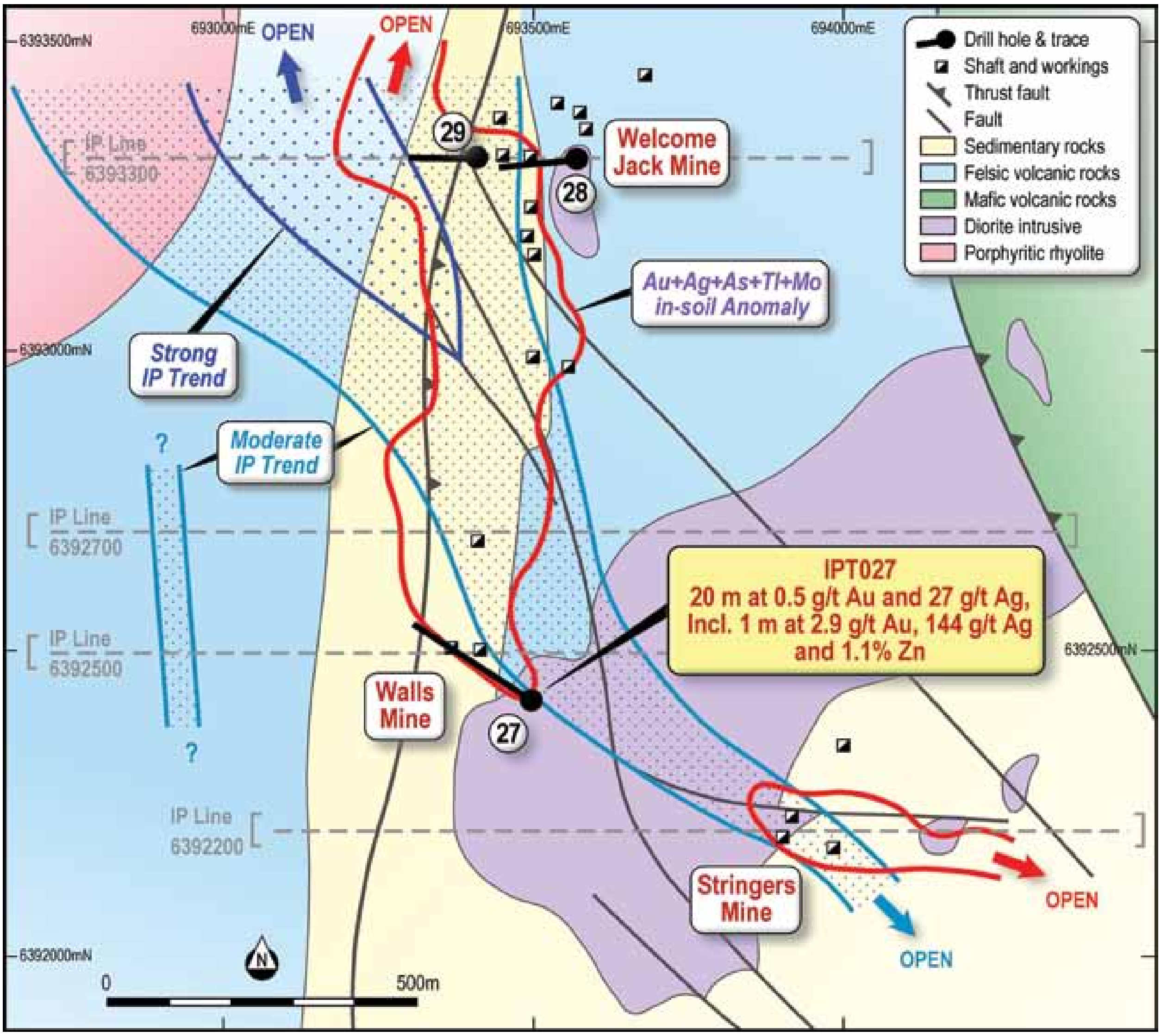

Figure 9: Geology of the Welcome Jack Trend with soil geochemistry, IP anomolies and drill hole locations.

REVIEW OF OPERATIONS (CONTINUED)

1.4 About the Commonwealth Mineral Resource Estimate and Statement of Resources

The Inferred Resource at Commonwealth was prepared in accordance with the JORC 2012 Code by independent resource consultants Optiro. At a 0.5 g/t gold cut off the Inferred Resource is:

Category	Tonnes	Au ppm	Ag ppm	Cu%	Pb%	Zn%
Inferred	720,000	2.8	48	0.1	0.6	1.5

The resource, which is open along trend and at depth, contains both massive sulphide mineralisation at the Main Shaft prospect and disseminated, vein and lesser massive sulphide mineralization at the Commonwealth South prospect. It extends from surface to an average depth of 90 m, has a strike length of 400 m and is up to 25 m thick.

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

Category	Tonnes	Au ppm	Ag ppm	Cu%	Pb%	Zn%
Inferred	145,000	4.3	142	0.2	1.7	4.8

The Commonwealth deposit comprises two areas, Main Shaft and Commonwealth South. The mineralisation at Main Shaft comprises massive sulphide with high grade gold, silver, zinc, lead and copper mineralisation at the upper contact between a rhyolite unit and overlying volcanic sedimentary rocks. Mineralisation at Commonwealth South occurs at both the upper and lower contacts of the rhyolite and is dominated by thick stringers and disseminations of sulphide, often associated with intense brecciation and faulting of the rhyolite.

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

Twenty one new holes were drilled by Impact in 2014. The total number of holes into the Commonwealth project is 108, comprising 49 reverse circulation (RC) holes, 45 diamond holes, 10 underground channel samples and four underground drill holes. Of these holes, 52 intersected the mineralisation wireframe and were used in the estimation. Although some of the holes are from previous explorers, Impact has twinned some of the higher grade intersections and these have largely confirmed the grades and widths.

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

The drill hole database was reviewed and validated by Optiro. Three-dimensional solid wireframes were constructed from sectional interpretations of the mineralisation using a nominal 0.5 g/t gold cutoff grade. Drill hole intercepts were composited down-hole to 1 m lengths and gold, silver, copper, zinc, lead and arsenic grade estimation was carried out using ordinary kriging with hard boundaries.

Three search passes, with increasing search distances and decreasing minimum sample numbers, were employed to fully inform the model. Less than 1% of blocks were not filled in the first three passes. Further estimation passes were run to assign mean grades to un-estimated blocks.

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

The Mineral Resource estimate for the Commonwealth Project has been reported above a 0.5 ppm gold cut-off grade. The estimate has been depleted for previous historic mining. Grades have been reported as individual elements (gold, silver, zinc, lead and copper) and, in addition, a gold-equivalent grade has been defined. This has used the following US dollar commodity prices:

Gold $1343/oz; Silver $19.72/oz; Copper $2.10/lb; Lead $0.85/lb; Zinc $1.06/lb.

There has been no metallurgical testing of the Commonwealth mineralisation to date and so no metallurgical recoveries have been incorporated into the gold equivalent calculation. This is commensurate with the classification of the Commonwealth deposit as an Inferred Mineral Resource.

REVIEW OF OPERATIONS (CONTINUED)

2. BROKEN HILL PROJECT

The Broken Hill Project comprises two granted exploration licences (EL7390 and EL8234) and two exploration licence applications (ELA5793 and ELA5265) that cover 517 square kilometres of rocks prospective for two distinct styles of mineralisation (Figure 10):

1. Nickel-copper-PGE associated with ultramafic rocks; and
2. Zinc-lead-silver in "Broken Hill-style" deposits hosted mostly by metasedimentary rocks and amphibolites.

The 2016 year was a very successful one for exploration at Broken Hill with significant high grade results from three prospects.

At the Red Hill Prospect some of the highest reported drill assays in Australia for platinum group metals were returned with a standout intercept in RHD012 of:

1.2 metres (true width) at:

10.4 g/t platinum, 10.9 g/t gold, 294 g/t (9.5 ounces) palladium, 4.6 g/t rhodium, 7.2 g/t iridium, 5.6 g/t osmium and 3.1 g/t ruthenium, 7.4% nickel, 1.8% copper and 19 g/t silver.

At the Dora East Prospect high grade zinc-lead-silver mineralization was discovered, and at Platinum Springs high grade massive nickel-copper-PGE sulphides were confirmed.

In addition Impact increased its land holding in the region by a substantial amount to 517 square kilometres.

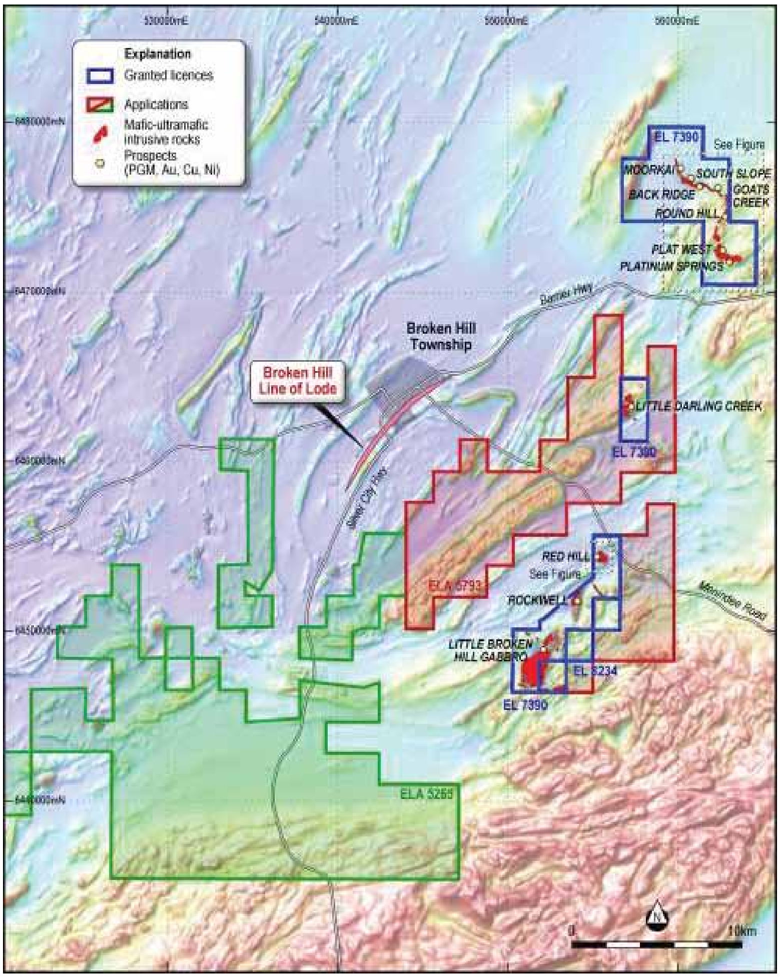

Figure 10. Impact's licences in the Broken Hill Project covering 517 square kilometres

2.1 Red Hill nickel-copper-PGE Prospect

During the year a major diamond drill programme was completed at the Red Hill Prospect on E7390.

Good to extremely high grades of nickel-copper-PGE mineralisation, including the rare PGE's rhodium, iridium, osmium and ruthenium, were found within 50 m of surface over robust widths in 10 out of the 11 drill holes completed by Impact.

The mineralisation occurs within and adjacent to the host ultramafic intrusion and also within metasedimentary and pegmatite rocks several metres thick within the ultramafic. Mineralisation is open along trend and at depth and further drilling is warranted.

The width of the mineralised zones has yet to be established. However it has been determined that the strike of the main ultramafic units is north east. Thus the true widths of many of the mineralised intercepts are likely to be thinner than quoted.

The standout intercept at Red Hill was returned from Hole RHD012:

1.2 metres (true width) at:
10.4 g/t platinum, 10.9 g/t gold, 294 g/t (9.5 ounces) palladium,
4.6 g/t rhodium, 7.2 g/t iridium, 5.6 g/t osmium and 3.1 g/t ruthenium,
7.4% nickel, 1.8% copper and 19 g/t silver.

Within a broader intercept of:

3.5 metres at 159 g/t (5.3 ounces) 6PGE+gold 2.9% nickel, 2.3% copper and 14.5 g/t silver from 67.3m down hole (50 m below surface)
where the 6PGE+gold equals
1.7 g/t rhodium, 2.6 g/t iridium, 2.0 g/t osmium, 1.1 g/t ruthenium, 5 g/t platinum, 6 g/t gold and 144 g/t (4.6 ounces) palladium.

To Impact's knowledge this is the highest drill intercept for PGE's ever reported in Australia and is extremely encouraging for the discovery of a high grade deposit.

The mineralisation is related to dykes of ultramafic rock that have intruded along structures and veins that cross-cut metasedimentary rocks and pegmatites (coarse quartz-feldspar rocks). The fractures and veins that control the higher grade mineralisation are commonly better developed in the more competent pegmatites and detailed logging and mapping of these units is in progress.

Other important intercepts include:

Drill hole RHD014 (Figure 11) which tested the western part of the ultramafic unit and underlying metasedimentary rocks and returned:

25.4 metres at 0.6 g/t platinum, 1.3 g/t palladium and 0.1 g/t gold (2.0 g/t Pt+Pd+Au), 0.3% copper and 0.3% nickel from 11 metres down hole; including
3.3 metres at 2.1 g/t platinum, 4.9 g/t palladium and 0.4 g/t gold (7.4 g/t Pt+Pd+Au), 0.7% copper and 0.6% nickel from 32.4 metres down hole.

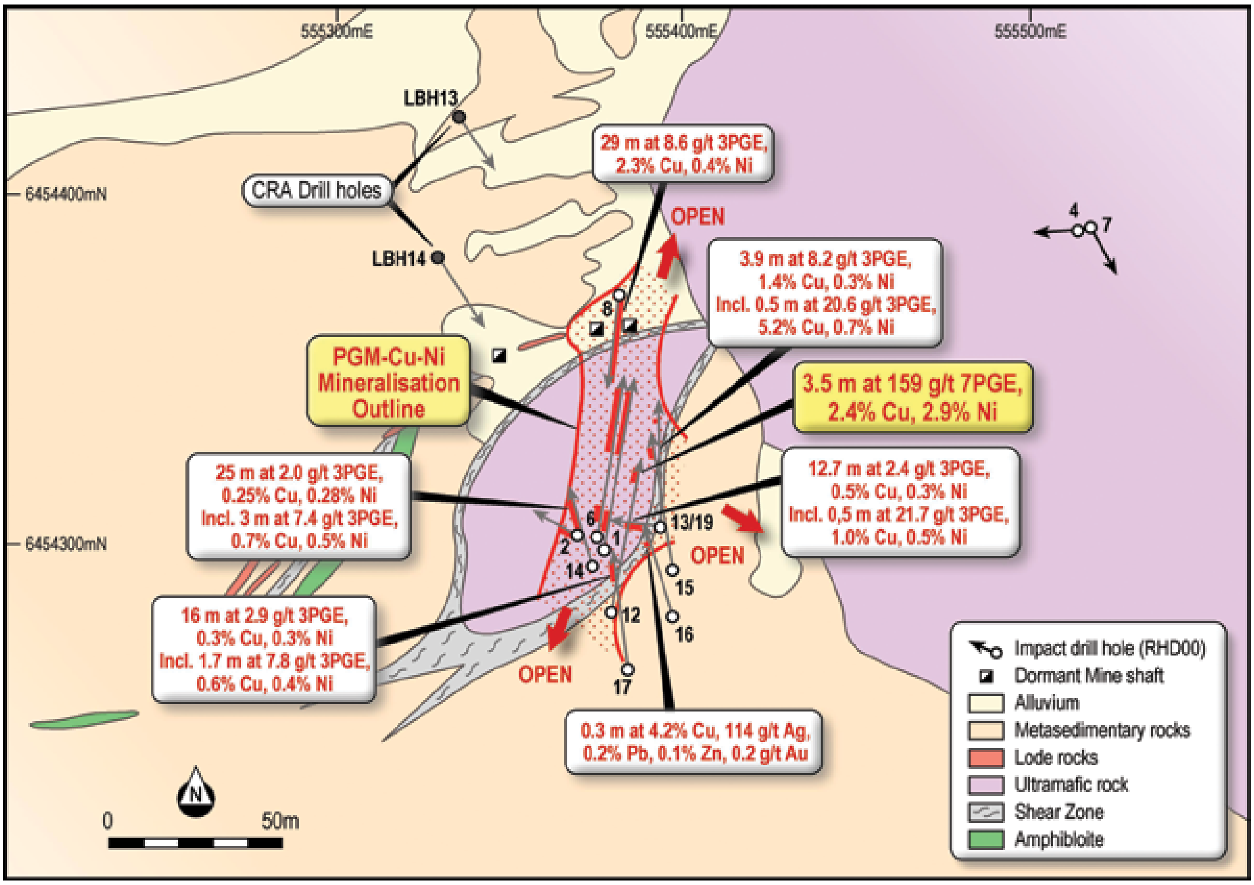

Figure 11. Geology and drill hole locations at Red Hill showing seven significant assays of the 2016 drill programme in holes RHD008, 012, 014, 015, 016, 017 and 019. The standout intercept in hole 012 is highlighted in yellow.

Drill hole RHD015 which tested the eastern part of the ultramafic unit at Red Hill and underlying metasedimentary rocks (Figure 11) and returned:

> **3.9 metres at 4.2 g/t platinum, 3.8 g/t palladium and 0.3 g/t gold (8.3 g/t Pt+Pd+Au), 1.4% copper and 0.3% nickel from 58.1 metres down hole; including**
>
> **0.5 metres at 14.2 g/t platinum, 6.2 g/t palladium and 0.2 g/t gold (20.6 g/t Pt+Pd+Au), 5.2% copper and 0.7% nickel and 50 g/t (1.6 ounces) silver from 60.1 metres down hole.**

Drill hole RHD017 which returned:

> **16 metres at 1.4 g/t platinum, 1.4 g/t palladium, 0.1 g/t gold (2.9 Pt+Pd+Au) 0.3% copper, 0.3% nickel and 8.7 g/t silver from 39 metres down hole; including**
>
> **1.7 metres at 3.6 g/t platinum, 3.9 g/t palladium, 0.2 g/t gold (7.7 g/t Pt+Pd+Au) 0.6% copper, 0.4% nickel and 20 g/t silver from 41.9 metres down hole; and also including**
>
> **0.6 metres at 3.2 g/t platinum, 3.9 g/t palladium, 0.1 g/t gold (7.3 g/t Pt+Pd+Au) 1.7% copper, 0.8% nickel and 80 g/t (2.6 ounces) silver from 43.6 metres down hole.**

A follow up drill programme at Red Hill has been designed and will be completed in 2017.

2.2 Platinum Springs nickel-copper-PGE Prospect

Very high grade platinum, palladium, nickel and copper assays were also returned from a 0.6 metre thick unit of massive sulphide intersected in Hole PSD02 at the Platinum Springs Prospect located about 20 km north east of Broken Hill (Figures 10 and 12).

The hole returned:

0.6 metres at 11.5 g/t platinum, 25.6 g/t palladium, 1.4 g/t gold,
1.3 g/t rhodium, 1.7 g/t iridium, 2.0 g/t osmium and 0.8 g.t ruthenium
7.6% copper, 7.4% nickel and 44.3 g/t silver from 57.1 metres down hole within a broader intercept of
2.75 metres at 3.5 g/t platinum, 7 g/t palladium, 0.4 g/t gold, 2% copper, 1.9% nickel and 11.6 g/t silver from 55 metres down hole.

PSD02 was drilled to test a narrow and strongly conductive (>5,000 siemens) electromagnetic (EM) conductor identified by Impact in a down hole survey of a previous drill hole. A down hole survey of PSD02 confirmed that the massive sulphide is the source of the conductor.

Figure 12. Massive sulphide unit from Platinum Springs

The massive sulphide unit is close to previous high grade PGM-nickel-copper intersected in massive sulphide in two drill holes completed by previous explorers (Figure 13). These drill holes, which were not surveyed and whose precise location is unknown, returned:

2 metres at 10.9 g/t platinum, 23.6 g/t palladium, 0.9 g/t gold,
6.1% copper, 4.5% nickel and 35 g/t silver from 45 metres in Hole DD4; and
2.3 metres 8.4 g/t platinum, 3.6% copper and 3% nickel from 47.7 metres; including
0.9 metres at 18.8 g/t platinum, 8.1% copper and 7.5% nickel from 48.2 metres in Hole GMS-06 (palladium and gold not assayed).

The massive sulphide unit occurs at the base of an ultramafic unit at the contact with underlying metasedimentary rocks and is interpreted as being magmatic in origin. That is, the sulphides have crystallised from the ultramafic magma. This is a key component of models for the formation of large Nickel-copper-PGM sulphide deposits and is very encouraging for the possible future discovery of a major orebody in the region.

The EM conductor was also in part identified by a ground EM survey completed by Impact late last year. Initial interpretation of this data suggests further EM conductors may be present to the east and possibly to the north west of PSD02. These are targets for follow up work.

Detailed field mapping and a soil geochemistry survey covering an area of 800 metres by 700 metres centred on PSD02 were also completed and are being interpreted.

Very high grade PGM-copper-nickel drill assays have now been returned from two prospects at Impact's Broken Hill Project, Platinum Springs and Red Hill.

These are the only two prospects to have been explored in detail and this is encouraging for further exploration throughout the entire project area. For example, high grade rock chip samples have been returned from numerous prospects between the Platinum Springs and Moorkai Prospects, a distance of about 9 km along the Moorkai Intrusive Complex (Figures 10 and 14).

Apart from a few drill holes, none of these areas have been followed up in detail and a follow up work programme is being designed for the entire Moorkai Intrusive Complex.

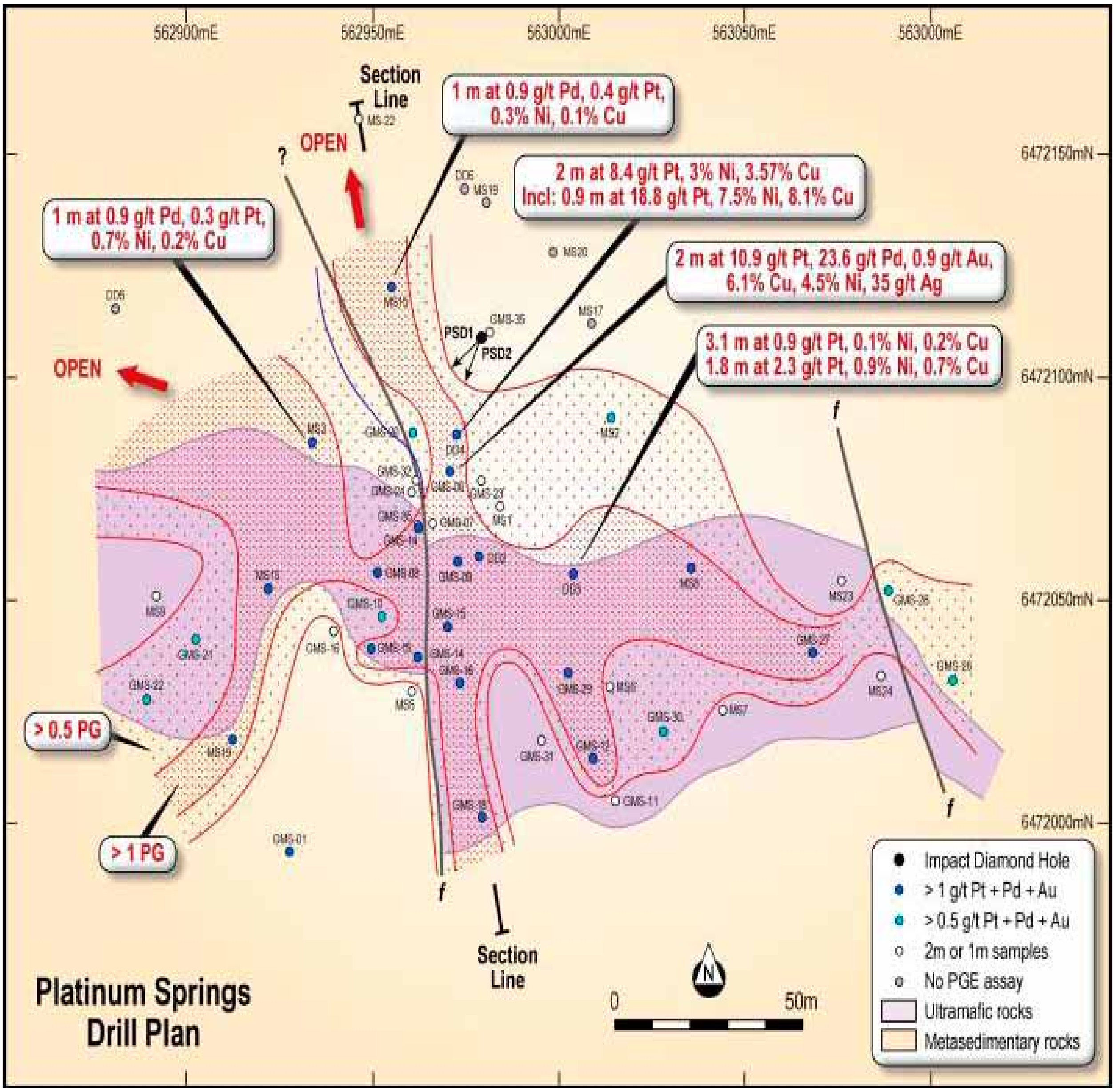

Figure 13. Geology and location of PSD01 and PSD02, previous drill holes and contoured data of previous drill assays for platinum, palladium and gold (summed from down hole intervals).

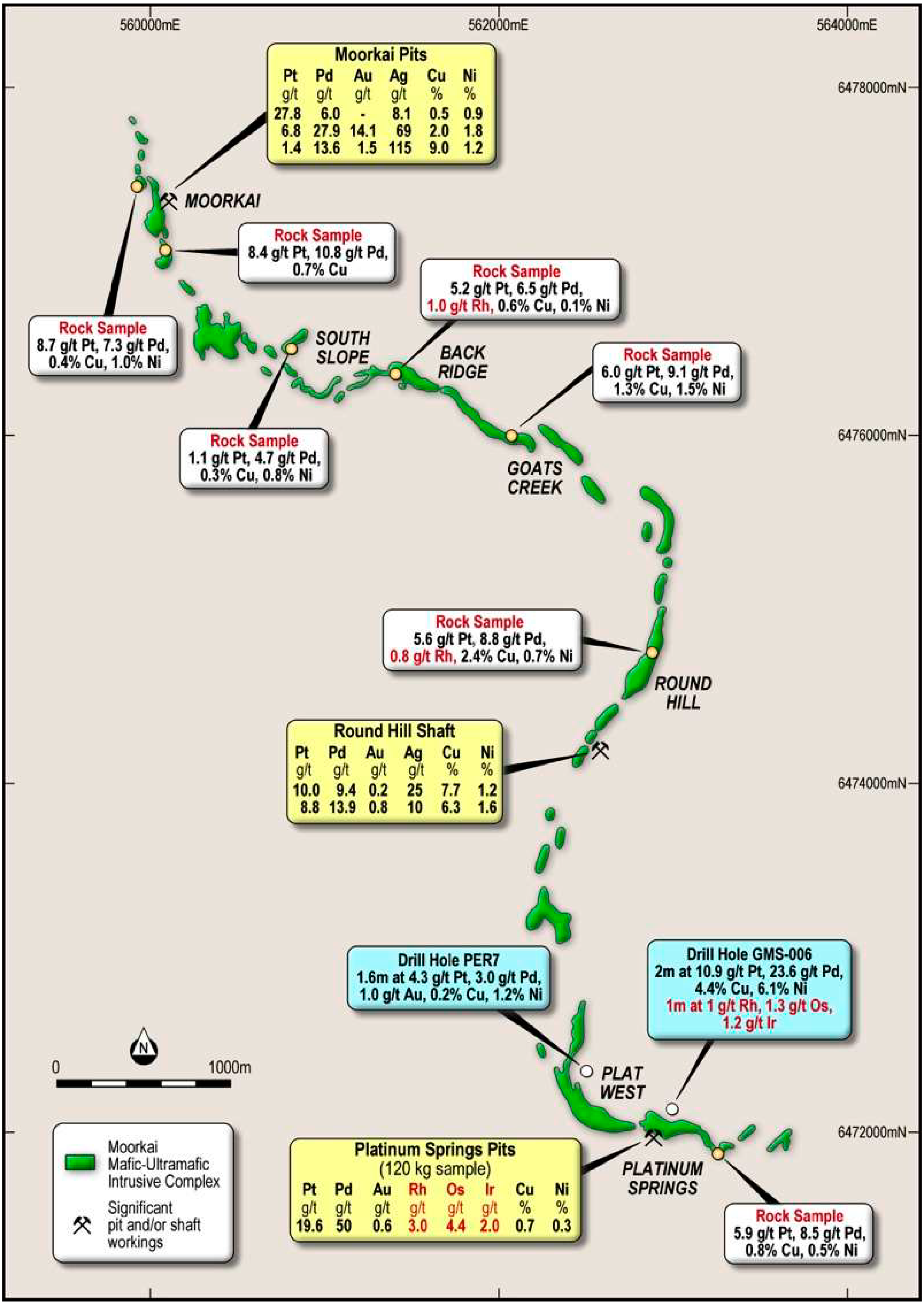

Figure 14. Rock chip samples results from the Moorkai Intrusive Complex.

2.3 Dora East silver-lead-zinc prospect

Three drill holes at Red Hill also returned, for the first time, significant intercepts of zinc-lead-silver in so called "Broken Hill-style mineralisation" hosted by "Lode Rocks" similar to those that surround, and are integral to, the world class 300 Mt Broken Hill silver-lead-zinc deposit located 15 km north west of Red Hill.

The Dora East area was previously part of the Red Hill Prospect but has now been separately defined as a key prospect in its own right. It is so named because of several small dormant workings within lode rocks located a few hundred metres to the west on an adjacent tenement that are called Dora.

In **Hole RHD018**, the Broken Hill-style Lode Rocks comprise variably disseminated, vein and massive iron, zinc, copper and lead sulphides hosted in garnet-bearing metasedimentary rocks and two amphibolite units (Figure 15).

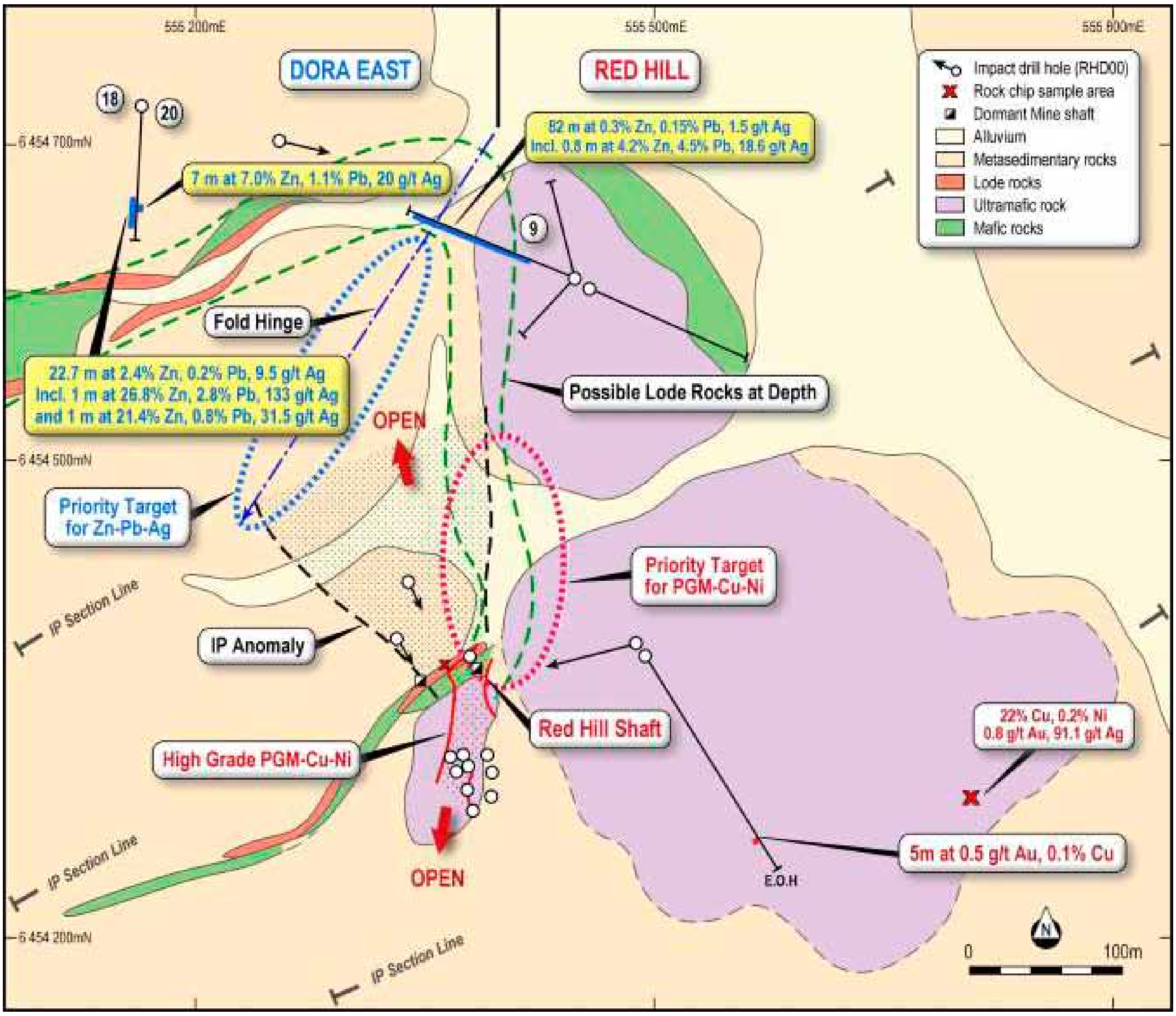

Figure 15. Geology of the Red Hill and Dora East Prospects with significant results

The lower amphibolite unit contains a five metre thick zone of massive and disseminated zinc and lead sulphide mineralisation including two separate one metre intervals of high grade zinc sulphides that returned (Figure 16):

5.1 metres at 10% zinc, 0.8% lead, 40.4 g/t silver from 148.4 metres including
1 metre at 26.8% zinc, 2.8% lead, 133 g/t silver (4 ounces) from 148.9 metres; and
1 metre at 21.4% zinc, 0.8% lead and 31.5 g/t silver (1 ounce) from 152.5 metres

Figure 16 High grade zinc sulphide (sphalerite – bronze metallic coloured mineral)

This high grade mineralisation lies within a thicker zone of lower grade mineralisation that returned:

22.7 metres at 2.4% zinc, 0.2% lead and 9.5 g/t silver from 138.9 metres down hole.

The upper amphibolite and surrounding metasedimentary rocks contain a 30 metre thick zone of patchy iron, copper, zinc and lead sulphides from about 100 metres down hole (Figure 17). One zone of selectively sampled copper sulphide mineralisation within this thicker zone returned:

0.15 metres at 1.5% copper, 1.3% zinc and 22 g.t silver from 113.6 metres down hole.

A follow up drill hole, RHD020 successfully tested the up-dip extension of the mineralisation and returned an intercept of:

7 metres at 7% zinc, 1.1% lead and 20.7 g/t silver from 131 metres including
1.6 metres at 22.0% zinc, 3.6% lead and 66.7 g/t silver from 132.4 metres (Figures 15 and 17).

In addition, a zone of good copper and silver grades has been identified that returned:

0.7 metres at 2.4% copper and 22.5 g/t silver from 109.5 metres (Figure 17).

The zinc-silver-lead grades are interpreted to be increasing at depth whereas the copper grades are interpreted to be increasing towards the surface. The area up dip of Hole RHD020 has also been identified as an off hole EM conductor and is an immediate drill target (Figure 17).

Hole RHD09 lies 200 metres along trend to the east and returned a thick intercept of lower grade mineralisation (Figure 15).

82 m at 0.3% zinc, 0.15% lead and 1.5 g/t silver including
0.8 m at 4.2% zinc, 4.5% lead and 18.6 g/t silver.

The mineralisation is open along strike and up and down dip and there are many hundreds of metres of trend that remain to be drill tested (Figure 15).

REVIEW OF OPERATIONS (CONTINUED)

Priority Base Metal Target Identified In Major Fold Hinge

Recent detailed mapping and interpretation of geophysical data by Impact indicates that the Lode Rocks at Dora East are possibly part of a large fold structure.

Fold hinges of this scale are common hosts to thick ore positions at the Broken Hill mine. For comparison Figure 18 shows a cross section from the Broken Hill mine that demonstrates how laterally continuous narrow units of sulphide become thicker in the hinge zones of folds. The fold hinge identified by Impact is a priority target for follow up work including drilling.

In addition, an Induced Polarisation anomaly was identified in this area by Impact in a survey completed several years ago (Figure 15). The significance of the anomaly was not clear at the time. However in light of Impact's recent work this is now a compelling target for disseminated Broken Hill style mineralisation.

These results are all extremely encouraging for the discovery of a significant zinc-lead-silver deposit at Dora East. In particular, the mineralisation discovered may represent a halo to a larger massive zinc sulphide body along trend or at depth.

Further drilling is warranted and a follow up work programme to include ground geophysical surveys is being designed. This work will be carried out as part of the follow up work around the Red Hill Prospect for high grade PGM-nickel-copper mineralisation.

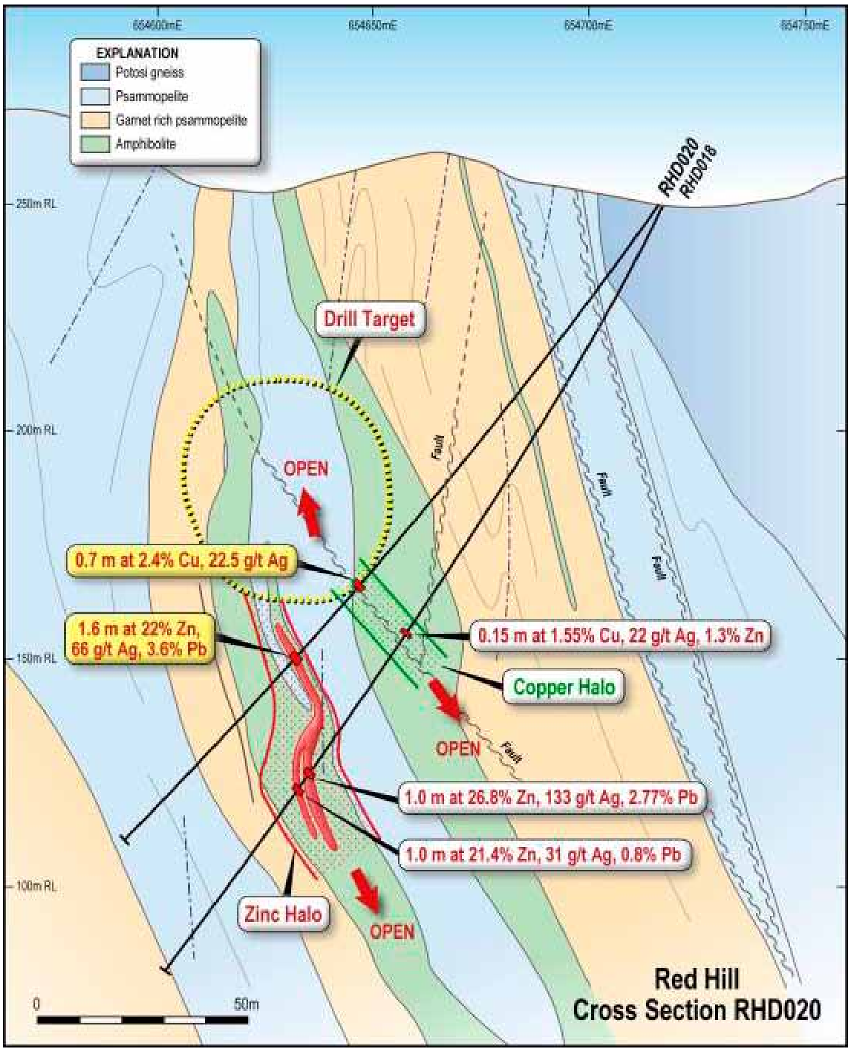

Figure 17. North-South Cross Section for Holes RHD020 and RHD018 looking west.

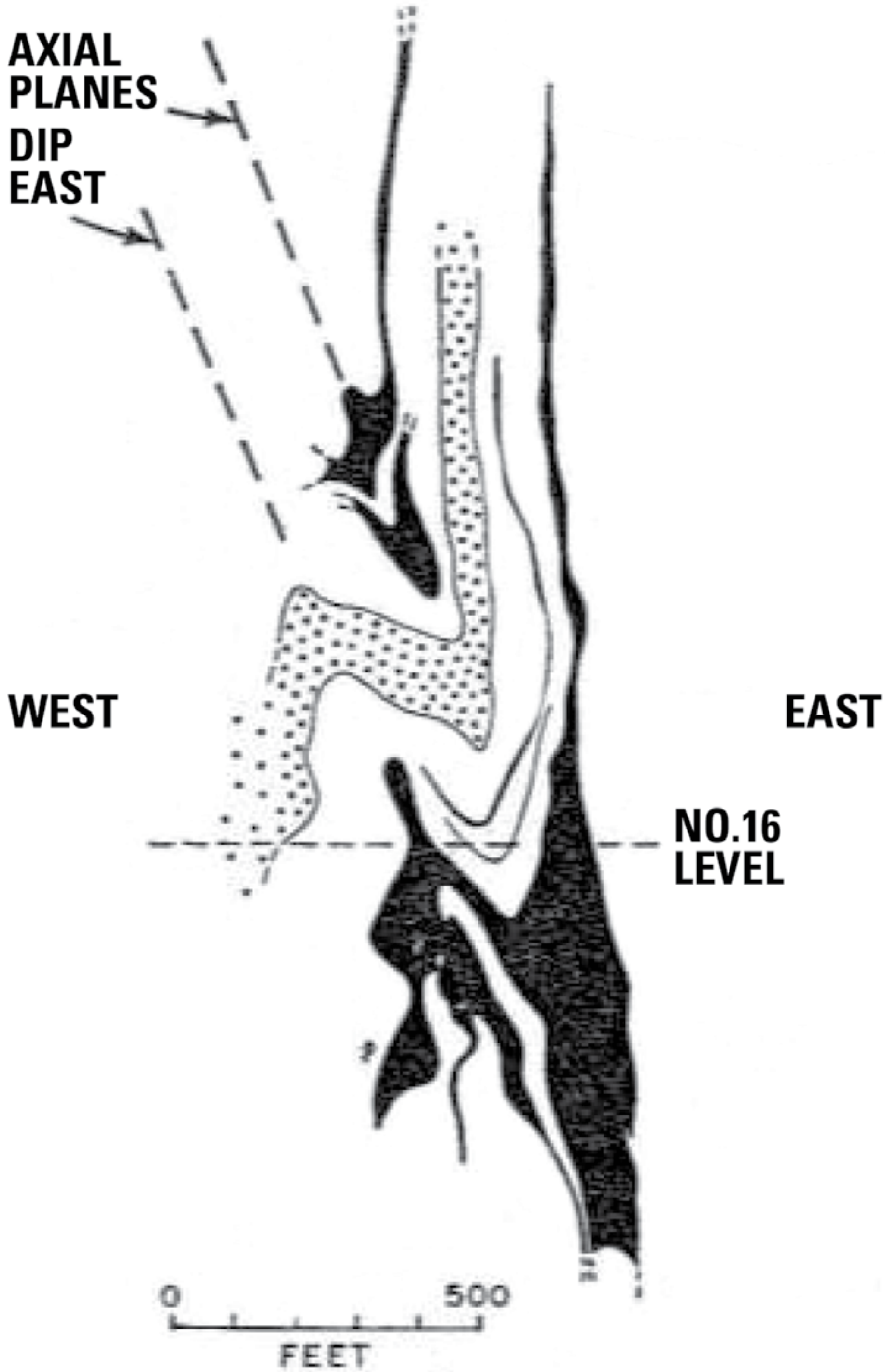

Figure 18. Cross-section through the Broken Hill Mine showing the relationship between fold hinges and thick ore positions (black areas). The fold hinges are commonly several hundred metres below surface.

REVIEW OF OPERATIONS (CONTINUED)

Impact has now shown that the adjacent Red Hill and Dora East Prospects contain robust widths and grades of 12 different metals: platinum, palladium, gold, rhodium, iridium, osmium, ruthenium, nickel, copper, zinc, silver and lead.

This is unprecedented in the Broken Hill region and indicates the highly unusual and very prospective nature of this part of Impact's project area.

2.4 New Exploration Licence Applications

Impact lodged, in March this year, two new exploration licence applications that have significantly expanded the Company's exploration footprint at Broken Hill sevenfold to 517 square kilometres (Figure 10).

Recent technical work on the nature of the high grade platinum group metal (PGM)-copper-nickel mineralisation and high grade zinc-lead-silver mineralisation discovered by Impact at its various prospects within the project, including Red Hill, Dora East and Platinum Springs, has identified the new licence areas as highly prospective for similar styles of mineralisation.

2.5 About the ownership of the Broken Hill Project

Impact owns 100% of three of the four exploration licences at Broken Hill (EL8234 and ELA5793 and ELA5265). The mineral rights for the fourth licence, EL7390, were split in the early 2000's into the two different styles of mineralisation and Impact inherited this untidy structure when it purchased Ni-Cu-PGE joint venture rights in 2013 from Endeavour Minerals Pty Ltd.

During the year Impact acquired EL7390 from Golden Cross Resources Limited and re-negotiated an associated JV between GCR and Silver City Minerals for Broken Hill-style mineralisation. This now entitles Impact to:

- 100% of the PGE-copper-nickel mineralisation; and
- 80% of the zinc-lead-silver Broken Hill-style mineralisation in EL7390 in joint venture with Silver City Minerals Limited (ASX: SCI).

Impact purchased E7390 from Golden Cross Resources Limited for $60,000 cash and a 1% gross production royalty on all metals to which Impact has rights for. At its election, Impact has the right to buy back the royalty for $1.5 million cash at anytime up to a Decision to Mine, or, leave the royalty uncapped during production.

In addition Impact assumed Golden Cross's joint venture rights for lead-zinc-silver-other metals with Silver City and, in a related transaction Impact moved to an 80-20 joint venture with Silver City on those rights for a payment of $50,000 cash and for Silver City's 20% interest to be free-carried to a Decision to Mine.

The Broken Hill Project is also part of the investment agreement between Impact Minerals and Squadron Resources Pty Ltd (see Section 5). Squadron at its sole discretion, now has the right to invest A$1 million into the Broken Hill project to earn a 19.9% interest in the nickel-copper-PGE rights on EL7390 and a 19.9% interest in EL8234. Squadron is not liable for any payment of the royalty to Golden Cross.

Squadron Resources Pty Limited does **not** have the right to earn into the Broken Hill style mineralisation on EL7390 and Impact's exploration licence applications ELA5793 and ELA5265 are excluded from the Squadron transaction.

3. MULGA TANK NICKEL-COPPER-PGE PROJECT (Impact 100%)

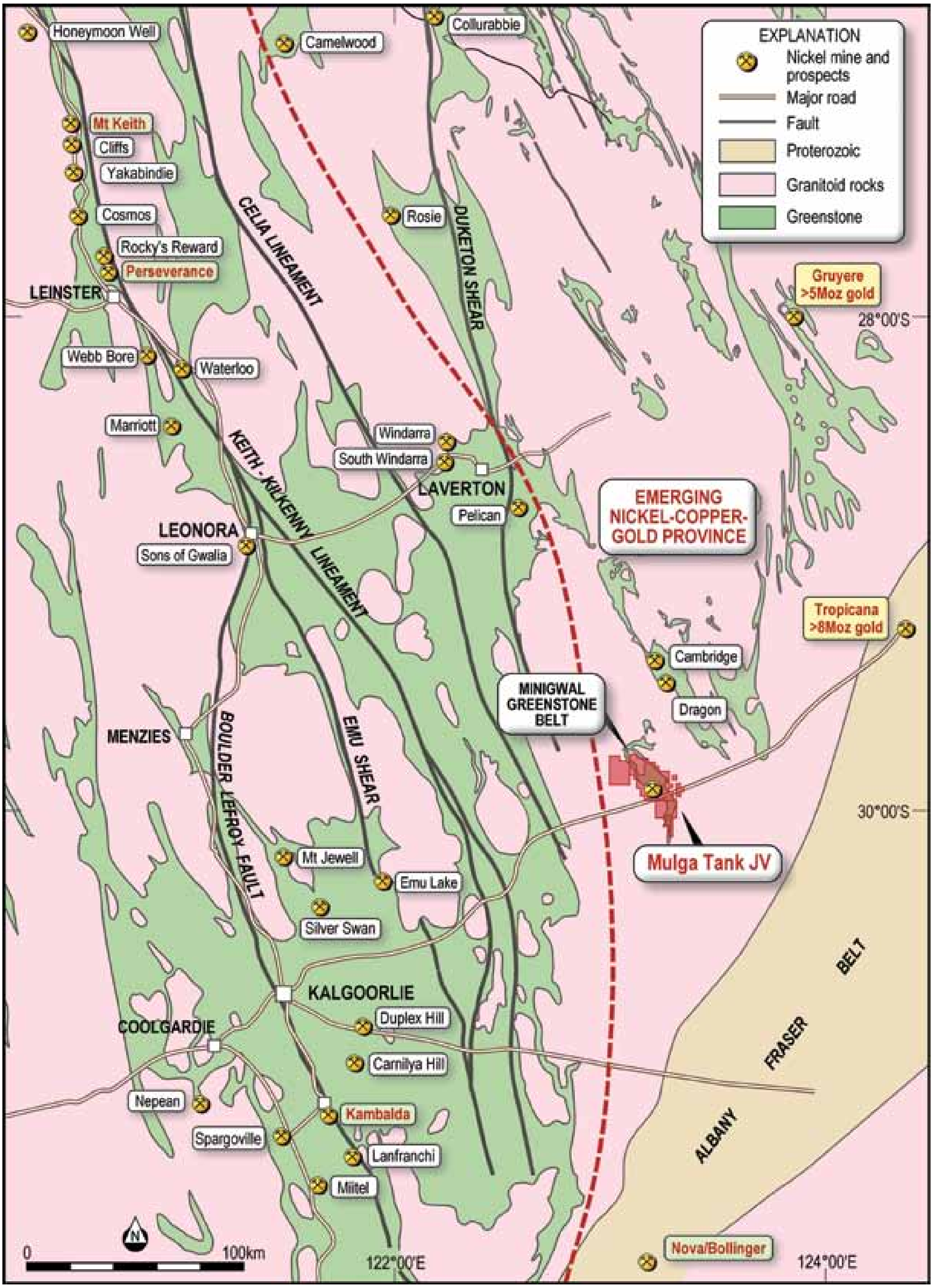

Figure 19. Location of the Mulga Tank Project and significant nickel sulphide mines and prospects including Perseverance and Rocky's Reward and with new nickel-copper-PGE discoveries in the emerging nickel-copper province to the east.

REVIEW OF OPERATIONS (CONTINUED)

3. MULGA TANK NI-AU PROJECT

Impact owns 100% of 13 exploration licences that cover 425 sq km of the highly prospective Minigwal greenstone belt, 200 km east of Kalgoorlie in the emerging mineral province of the south east Yilgarn Block, Western Australia (Figure 19).

In 2014 Impact discovered three styles of nickel sulphide mineralisation within the Mulga Tank Dunite and surrounding rocks:

1. High tenor veins at the base of the Mulga Tank Dunite with drill results of:
   0.25 m at 3.8% nickel, 0.7% copper and 0.7 g/t PGE and 0.3 m at 0.7% nickel.
2. High tenor nickel sulphide in multiple komatiites in a flow channel with drill results of:
   0.75 m at 0.85% nickel, 0.35% copper and 0.28 g/t PGE (Pt+Pd+Au); and 6.7 m at 0.5% nickel.
3. Extensive disseminated nickel in the Mulga Tank Dunite with drill results of:
   2 m at 1.3% nickel including 1 m at 2% nickel and multiple zones of 0.5 m at 0.5% to 1.2% nickel within an intercept of 115 m at 0.3% nickel; other thick intercepts of 21 m at 0.4% nickel and 59 m at 0.3% nickel.

The style of mineralisation and the nature of the ultramafic rocks are similar to those that host the significant nickel deposits found at the Perseverance (45 Mt at 2% nickel), Rocky's Reward (9.6 Mt at 2.4% Ni) and Mt Keith (>2 Mt of contained nickel) mines near Leinster in Western Australia (Figure 19).

In addition the project area occurs in the same geological terrain as the recently discovered Gruyere deposit that hosts more than 5 million ounces of gold (Figure 19). The Mulga Tank project has been poorly explored for gold and this will also be a focus of the forward programme.

Exploration for nickel and gold was re-invigorated on the project in mid 2015 with the completion of three major surveys:

1. a 10,000 line kilometre airborne magnetic and radiometric survey covering most of the 425 sq km project area at a line spacing of 50 metres (Figure 20);
2. an innovative combined ground and airborne electrical survey comprising a Helicopter-borne Sub Audio Magnetics (HeliSam) Survey over the Panhandle and Mulga Tank Dunite prospects; and
3. the collection of 2,500 soil geochemistry samples that are now being analysed.

This new data has greatly improved the geological understanding of the entire project area and in particular over the Mulga Tank Dunite where individual geological layers can now for the first time be mapped out (Figure 20). This is important because the entire project lies under deep sand cover at least 50 metres thick in most places.

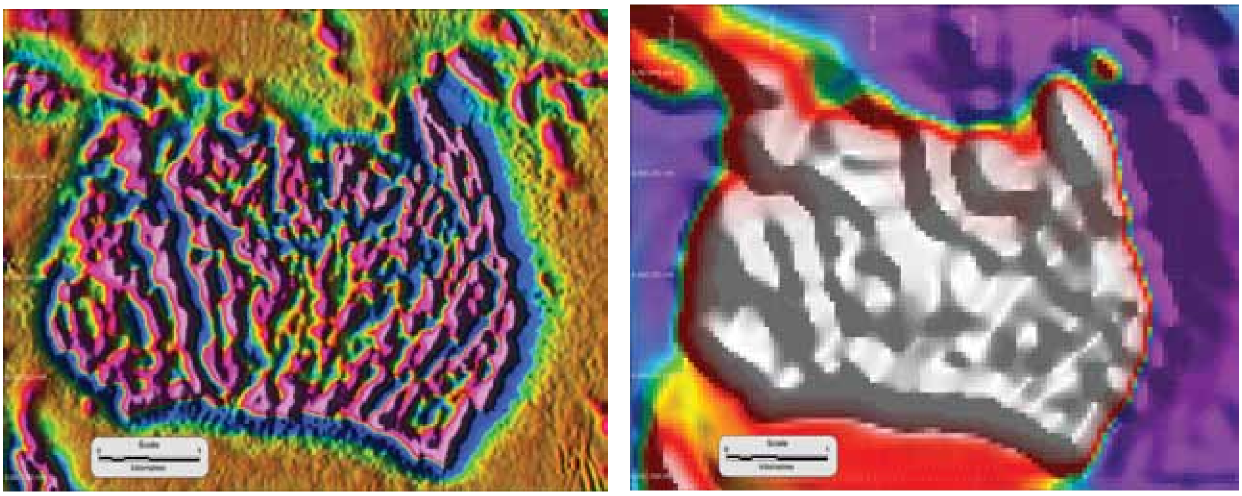

Figure 20. Comparison of previous magnetic data (left) and new magnetic data (right) over the Mulga Tank Dunite showing the increased resolution of units within it.

Final data from these surveys are being interpreted to generate new targets for follow up work in 2017.

In the June Quarter 2016 Impact was awarded a grant of $150,000 as part of the Western Australian Government's Exploration Incentive Scheme for drilling at the Mulga Tank Project. The EIS, a co-funding initiative for exploration in under explored areas and awarded on a dollar-for-dollar basis for direct drilling costs, has been designed to encourage innovative exploration and prioritised high quality, technically sound proposals that demonstrate new exploration concepts.

4. OTHER PROJECTS

Impact still has one Exploration Licence for gold in Queensland, the Clermont Project, and one Prospecting Licence in Botswana. These projects have been dormant for the past few years but have considerable exploration merit. Impact is aiming to restart exploration on them in the coming year.

5. CAPITAL RAISINGS

In August 2015 Impact secured a potential funding package of up to $7.3 million from Squadron Resources Pty Ltd, the private mining investment vehicle of the Minderoo Group which itself represents selected philanthropic and commercial interests of Andrew and Nicola Forrest.

Securing Squadron was a milestone development for Impact and its shareholders and it allowed Impact to forge ahead with is exploration programmes over the year and raise further funds with the substantial participation of its existing shareholders.

During the year Impact issued 222,432,015 shares and raised and received a total of $8.1 million in funding which comprised:

1. a initial $3,000,000 investment by Squadron Resources Pty Ltd;
2. a 1 for 6 renounceable rights issue and placement at 2.1 cents per share that raised $1.983 million;
3. a Share Purchase Plan (SPP) and placement that raised $1.922 million at 2.4 cents per share; and
4. a Research and Development Rebate of $1,205,222.

REVIEW OF OPERATIONS (CONTINUED)

Given the difficult time for the resource sector in the 2016 financial year this was an excellent outcome for the company.

The key financial terms of the investment by Squadron are:

1. An initial $2 million investment in return for interest-free 3 year secured convertible notes, convertible only into ordinary shares at the lower of 2.1 cents per share or 80% of the 30 day VWAP and 45 million attaching unlisted call options to acquire ordinary shares at 3.25 cents per share (a further possible investment of up to about $1.46 million.
2. A $1 million placement of ordinary shares at 2.1 cents per share with 26,428,572 attaching 3 year unlisted call options at 3.25 cents per share (a further potential investment of about $0.86 million).
3. The option for Squadron at is sole discretion to invest a further $1 million into either or both of the Commonwealth and Broken Hill projects for an initial 19.9% interest after Impact has spent a combined total of $2.5 million on the two projects.

Impact recently notified Squadron that it had reached the $2.5 million expenditure threshold and as this report goes to press, Squadron is considering its investment decision.

6. COMPETENT PERSON'S 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). Dr Jones has consented to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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

FINANCIAL REPORT

FOR YEAR ENDED 30 JUNE 2016

CONTENTS

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Impact Minerals Limited and its subsidiaries at the end of the year ended 30 June 2016. Throughout the report, the consolidated entity is referred to as the Group.

DIRECTORS

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

Peter Unsworth
Michael Jones
Paul Ingram
Markus Elsasser
Felicity Gooding (appointed 18 February 2016)
Aaron Hood (appointed 5 August 2015, resigned 18 February 2016)

PRINCIPAL ACTIVITIES

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

FINANCIAL RESULTS

The consolidated loss of the Group after providing for income tax for the year ended 30 June 2016 was $977,735 (2015: $4,757,575).

DIVIDENDS

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

OPERATIONS AND FINANCIAL REVIEW

Information on the operations of the Group and its prospects is set out in the "Review of Operations" section of this Annual Report.

Exploration and evaluation costs totalling $186,489 (2015: $4,316,428) were expensed during the year in accordance with the Group's accounting policy. The expensed exploration and evaluation costs for the year ended 30 June 2016 primarily comprise business development activities on potential new projects.

As at 30 June 2016 the Group had net assets of $11,689,939 (2015: $6,932,818) including cash and cash equivalents of $3,929,972 (2015: $571,981).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

On 17 July 2015 the Company announced that it had agreed the terms of the funding of up to $7.3 million from Squadron Resources Pty Ltd ("Squadron"), part of the Minderoo Group, Andrew Forrest's private investment vehicle ("Squadron Transaction"). The key terms of the Squadron Transaction were as follows:

- an initial $3 million investment comprising the issue of interest-free convertible notes for $2 million dollars (convertible to shares at a price which is the lower of 2.1 cents or 80% of the 30-day volume weighted average price as at the date notice of conversion is given) and a $1 million placement of shares at 2.1 cents per share;
- the issue of 71,428,572 options (comprising 45,000,000 warrants and 26,428,572 placement options) exercisable at 3.25 cents a share to raise approximately $2.3 million on exercise;
- the option for Squadron to invest a further $1 million into either or both of the Commonwealth Project and Broken Hill Project to earn a 19.9% interest after the Company has spent a combined total of $2.5 million on the two projects; and
- the appointment of Squadron's nominee to the Board as a non-executive director.

The key elements of the Squadron transaction were approved by shareholders at the Company's 2015 Annual General Meeting.

In October 2015 the Company successfully completed a one for six renounceable rights issue to existing shareholders at an issue price of 2.1 cents for each new share raising $1,983,181 before costs. Of the 94,437,193 new ordinary shares offered, a total of 45,686,370 shares were accepted by eligible shareholders and a further 10,288,153 shares were applied for by shareholders as shortfall shares. The remaining 38,462,670 shares were placed to sophisticated investors.

In May 2016 the Company successfully completed a Share Purchase Plan ("SPP") raising $1,084,000. Under the SPP eligible shareholders were entitled to subscribe for up to $15,000 of new fully paid ordinary shares at an issue price of 2.4 cents per share. Under the SPP 45,166,683 new shares were issued to eligible shareholders.

Also during May 2016, the Company raised $838,200 (before costs) via a placement of 34,925,001 shares at 2.4 cents per share to a number of professional and sophisticated investors.

There were no other significant changes in the state of affairs of the Group during the financial year.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

ENVIRONMENTAL REGULATION

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

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

Greenhouse gas and energy data reporting requirements

The Directors have considered compliance with both the *Energy Efficiency Opportunity Act 2006* and the *National Greenhouse and Energy Reporting Act 2007* which requires entities to report annual greenhouse gas emissions and energy use. The Directors have assessed that there are no current reporting requirements for the year ended 30 June 2016, however reporting requirements may change in the future.

INFORMATION ON DIRECTORS

Peter Unsworth	**Non-Executive Chairman, Director since 28 April 2006**	
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 is a Director of the Western Australian Government owned Gold Corporation (operator of The Perth Mint), having previously been a Director and Chairman from 1996 to 2008.	
Other current directorships	None	
Former directorships in last 3 years	None	
Special responsibilities	Chair of the Board	
Interests in shares and options	Ordinary Shares – Impact Minerals Limited	13,771,875
	Unlisted Options – Impact Minerals Limited	10,000,000

Michael Jones	**Managing Director, Director since 31 March 2006**	
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.	
Other current directorships	None	
Former directorships in last 3 years	Invictus Gold Limited (delisted 10 January 2014 following the merger with Impact Minerals Limited)	
Special responsibilities	Managing Director	
Interests in shares and options	Ordinary Shares – Impact Minerals Limited	6,881,718
	Unlisted Options – Impact Minerals Limited	25,000,000
Paul Ingram	**Non-Executive Director, Director since 27 September 2009**	
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 forty years. He has designed and implemented innovative techniques for exploration in remote areas, and has managed projects in countries throughout Australia and east Asia.	
Other current directorships	A-Cap Resources Limited (Director since June 2009)	
	Consolidated Global Investments Limited since September 2006	
Former directorships in last 3 years	Australian Pacific Coal Limited (resigned 30 October 2015)	
Special responsibilities	None	
Interests in shares and options	Ordinary Shares – Impact Minerals Limited	580,680
	Unlisted Options – Impact Minerals Limited	5,000,000

DIRECTORS' REPORT (CONTINUED)

INFORMATION ON DIRECTORS (CONTINUED)

Markus Elsasser	**Non-Executive Director, Director since 9 August 2012**	
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.	
Other current directorships	None	
Former directorships in last 3 years	Stellar Resources Limited (resigned 3 February 2016)	
Special responsibilities	None	
Interests in shares and options	Ordinary Shares – Impact Minerals Limited	23,310,402
	Unlisted Options – Impact Minerals Limited	5,000,000
Felicity Gooding	**Non-Executive Director, Director since 18 February 2016**	
Qualifications	B.Com, CA	
Experience	Ms Gooding is the Chief Operating Officer and Chief Financial Officer of the Minderoo Group, the philanthropic and private business holdings of Mr and Mrs Andrew and Nicola Forrest. A Chartered Accountant with more than 15 years' experience, Ms Gooding has specialised in due diligence, mergers and acquisitions, and equity and debt financing across various sectors in Washington DC, Singapore and London. Ms Gooding has held senior positions at PwC, Diageo Plc and Fortescue Metals Group Ltd where she was instrumental in the raising of more than A$5 billion for project expansion financing. Prior to joining Minderoo, Ms Gooding was an executive at potash development company, Sirius Minerals Plc.	
Other current directorships	None	
Former directorships in last 3 years	Vimy Resources Limited (resigned 26 May 2016)	
Special responsibilities	None	
Interests in shares and options	Ordinary Shares – Impact Minerals Limited	Nil
	Unlisted Options – Impact Minerals Limited	Nil

COMPANY SECRETARY

Bernard Crawford, B.Com, CA, MBA, ACIS (appointed 4 April 2016)
Mr Crawford is a Chartered Accountant with over 20 years' experience in the resources industry in Australia and overseas. He has held various positions in finance and management with NYSE, TSX and ASX listed companies. Mr Crawford is the CFO and/or Company Secretary of a number of public companies. Mr Crawford is an associate member of Chartered Secretaries & Administrators and the Governance Institute of Australia (formerly Chartered Secretaries Australia).

Michael Jones, PhD, MAIG (appointed 3 March 2016, resigned 4 April 2016)
Refer above for details of Mr Jones' experience.

James Cooper-Jones, B.A / B.Com, SA Fin, GIAcert (resigned 3 March 2016)

MEETINGS OF DIRECTORS

The numbers of meetings of the Company's board of Directors held during the year ended 30 June 2016, and the numbers of meetings attended by each Director were:

	Number of meetings attended	Number of meetings eligible to attend
Peter Unsworth	6	6
Michael Jones	6	6
Paul Ingram	6	6
Markus Elsasser	2	6
Felicity Gooding (appointed 18 February 2016)	2	2
Aaron Hood (appointed 5 August 2015, resigned 18 February 2016)	3	3

RETIREMENT, ELECTION AND CONTINUATION IN OFFICE OF DIRECTORS

Ms Gooding was appointed to the Board on 18 February 2016 and by virtue of Article 6.3(j) of the Company's Constitution and ASX Listing Rule 14.4 will stand for re-election at the Annual General Meeting.

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

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED)

The Directors present the Impact Minerals Limited 2016 Remuneration Report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report contains the following sections:

(a) Key management personnel (KMP) covered in this report
(b) Remuneration governance and the use of remuneration consultants
(c) Executive remuneration policy and framework
(d) Relationship between remuneration and the Group's performance
(e) Non-executive Director remuneration policy
(f) Voting and comments made at the Company's 2015 Annual General Meeting
(g) Details of remuneration
(h) Service agreements
(i) Details of share-based compensation and bonuses
(j) Equity instruments held by key management personnel
(k) Loans to key management personnel
(l) Other transactions with key management personnel

(a) Key management personnel covered in this report

Non-Executive and Executive Directors (see pages 36 to 38 for details about each Director)

Peter Unsworth	Non-Executive Chairman
Michael Jones	Managing Director
Paul Ingram	Non-Executive Director
Markus Elsasser	Non-Executive Director
Felicity Gooding (appointed 18 February 2016)	Non-Executive Director
Aaron Hood (appointed 5 August 2015, resigned 18 February 2016)	Non-Executive Director

Other key management personnel

Name	Position
Bernard Crawford (appointed 4 April 2016)	Company Secretary
James Cooper Jones (resigned 3 March 2016)	Company Secretary

(b) Remuneration governance and the use of remuneration consultants

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

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

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

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

Independent external advice is sought from remuneration consultants when required, however no advice has been sought during the period ended 30 June 2016.

REMUNERATION REPORT (AUDITED) (CONTINUED)

(c) Executive remuneration policy and framework

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

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

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

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

(d) Relationship between remuneration and the Group's performance

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

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

(e) Non-executive director remuneration policy

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

The maximum annual aggregate Non-executive Directors' fee pool limit is $150,000 as disclosed in the Company's Prospectus dated 16 October 2006.

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

(f) Voting and comments made at the Company's 2015 Annual General Meeting

Impact Minerals Limited received more than 99% of "yes" votes on its Remuneration Report for the 2015 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

REMUNERATION REPORT (AUDITED) (CONTINUED)

(g) Details of remuneration

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

2016	Short-term benefits		Post-employment benefits	Share-based payments			% of Remuneration to total from Shares and Options
Name	Salary and fees $	Non-Monetary Benefit $	Superannuation $	Shares $	Options $	Total $	%
Directors							
P Unsworth	65,000	–	6,175	–	60,163	131,338	46%
M Jones	223,550	–	–	–	150,407	373,957	40%
P Ingram	25,000	–	2,375	–	30,081	57,456	52%
M Elsasser	27,375	–	–	–	30,081	57,456	52%
F Gooding (1)	10,417	–	–	–	–	10,417	–
A Hood (2)	12,500	–	–	–	–	12,500	–
Executives							
B Crawford (3)	30,300	–	–	–	–	30,300	–
J Cooper-Jones (4)	132,987	–	12,634	–	22,171	167,792	13%
Totals	527,129	–	21,184	–	292,903	841,216	

(1) Appointed 18 February 2016, Ms Gooding's fees are payable to Squadron Resources Pty Ltd

(2) Appointed 5 August 2015, resigned 18 February 2016, Mr Hood's fees were paid to Squadron Resources Pty Ltd

(3) Appointed 4 April 2016

(4) Resigned 3 March 2016

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

REMUNERATION REPORT (AUDITED) (CONTINUED)

2015	Short-term benefits		Post-employment benefits	Share-based payments			% of Remuneration to total from Shares and Options
Name	Salary and fees $	Non-Monetary Benefit $	Superannuation $	Shares $	Options $	Total $	%
Directors							
P Unsworth	65,000	–	6,175	–	6,467	77,642	8%
M Jones	223,550	–	–	–	16,167	239,717	7%
P Ingram	12,500	–	1,188	12,500	3,233	29,421	53%
M Elsasser	12,500	–	–	12,500	3,233	28,233	56%
Executives							
J Cooper-Jones	138,750	–	13,181	–	11,054	162,985	7%
Totals	452,300	–	20,544	25,000	40,154	537,998	

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

(h) Service agreements

M Jones, *Managing Director*

Mr Jones is remunerated pursuant to an ongoing Consultancy Services Agreement. Mr Jones was paid fees of $223,550 for the year ended 30 June 2016. The notice period (other than for gross misconduct) is three months.

B Crawford, *Chief Financial Officer and Company Secretary (appointed 4 April 2016)*

Mr Crawford is remunerated pursuant to the terms of a Consultancy Agreement to fulfil the duties of the Company Secretary and Chief Financial Officer. Fees paid during the year totalled $30,300 and were charged at usual commercial rates on a daily basis. The agreement may be terminated by either party on one months' written notice.

REMUNERATION REPORT (AUDITED) (CONTINUED)

(i) Details of share-based compensation and bonuses

Options

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

Details of options provided as remuneration to Directors and senior management during the current year are set out below.

Option series	Grant date	Vesting date	Expiry date	Exercise price	Value per option at grant date	% Vested
26	29 Sep 2015	29 Sep 2016	29 Sep 2018	$0.0367	$0.0139	0%
27	29 Sep 2015	29 Sep 2017	29 Sep 2019	$0.045	$0.0149	0%
28	29 Sep 2015	29 Sep 2018	29 Sep 2020	$0.07	$0.0143	0%

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

The following grants of share based payment compensation were made to key management personnel during the current financial year:

			During the financial year			
Name	Option Series	Number granted	Number vested and exercisable	% of grant vested	% of grant forfeited	% of compensation for the year consisting of options
Directors						
P Unsworth	26, 27, 28	8,000,000	–	0%	0%	46%
M Jones	26, 27, 28	20,000,000	–	0%	0%	40%
P Ingram	26, 27, 28	4,000,000	–	0%	0%	52%
M Elsasser	26, 27, 28	4,000,000	–	0%	0%	52%
Executives						
J Cooper-Jones	26, 27, 28	6,000,000	–	0%	83%	13%

REMUNERATION REPORT (AUDITED) (CONTINUED)

Value of options issued to directors and executives

The following table summarises the value of options granted, exercised or lapsed to key management personnel during the current financial year:

Name	Value of options granted at the grant date (i) $	Value of options exercised at the exercise date $	Value of options lapsed at the date of lapse (ii) $	Total $
Directors				
P Unsworth	114,000	–	–	114,000
M Jones	285,000	–	–	285,000
P Ingram	57,000	–	–	57,000
M Elsasser	57,000	–	–	57,000
Executives				
J Cooper-Jones	85,500	–	(11,727)	73,773

(i) The value of options granted during the financial year is calculated as at the grant date using a binomial pricing model. This grant date value is allocated to remuneration of key management personnel on a straight-line basis over the period from grant date to vesting date.

(ii) The value of options lapsing during the period reflects the total fair value determined at time of lapse.

Further information on the fair value of share options and assumptions is set out in note 24 to the financial statements.

REMUNERATION REPORT (AUDITED) (CONTINUED)

(j) Equity instruments held by key management personnel

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

Options

	Opening Balance 1 July No.	Granted as remun-eration No.	Options exer-cised No.	Net change other No.	Balance at 30 June No.	Vested but not exercis-able No.	Vested and exercis-able No.	Vested during the year No.
2016								
Directors								
P Unsworth	4,008,000	8,000,000	–	(2,008,000)	10,000,000	–	2,000,000	–
M Jones	10,008,000	20,000,000	–	(5,008,000)	25,000,000	–	5,000,000	–
P Ingram	2,000,000	4,000,000	–	(1,000,000)	5,000,000	–	1,000,000	–
M Elsasser	2,000,000	4,000,000	–	(1,000,000)	5,000,000	–	1,000,000	–
Executives								
J Cooper-Jones	1,500,000	6,000,000	–	(6,500,000)	1,000,000	–	–	–
	19,516,000	42,000,000	–	(15,516,000)	46,000,000	–	9,000,000	–
2015								
Directors								
P Unsworth	4,008,000	–	–	–	4,008,000	–	4,008,000	2,000,000
M Jones	10,008,000	–	–	–	10,008,000	–	10,008,000	5,000,000
P Ingram	2,000,000	–	–	–	2,000,000	–	2,000,000	1,000,000
M Elsasser	2,000,000	–	–	–	2,000,000	–	2,000,000	1,000,000
Executives								
J Cooper-Jones	1,500,000	–	–	–	1,500,000	–	1,500,000	1,000,000
	19,516,000	–	–	–	19,516,000	–	19,516,000	10,000,000

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

REMUNERATION REPORT (AUDITED) (CONTINUED)

Shareholdings

	Opening Balance 1 July No.	Granted as remuneration No.	Options exercised No.	Net change Other No.	Balance at 30 June No.
2016					
Directors					
P Unsworth	12,771,875	–	–	1,000,000	13,771,875
M Jones	6,800,000	–	–	81,718	6,881,718
P Ingram	438,635	142,045(1)	–	–	580,680
M Elsasser	22,543,357	142,045(1)	–	625,000	23,310,402
	42,553,867	284,090	–	1,706,718	44,544,675
2015					
Directors					
P Unsworth	12,771,875	–	–	–	12,771,875
M Jones	6,800,000	–	–	–	6,800,000
P Ingram	–	426,135	–	12,500	438,635
M Elsasser	22,117,222	426,135	–	–	22,543,357
	41,689,097	852,270	–	12,500	42,553,867

(1) These shares were in respect of remuneration for the year ended 30 June 2015 but were issued in July 2015.

During the year ended 30 June 2015, shares were issued to Directors in lieu of Directors fees. The fair value of these shares issued was determined based on the remuneration for the Directors as approved at the Company's Annual General Meeting held on 28 November 2014 and the weighted average fair value of those equity instruments, determined by reference to market price, was $0.022.

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.

As at the date of this report the shareholdings of key management personnel were the same as at 30 June 2016.

(k) Loans to key management personnel

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

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

(l) Other transactions with key management personnel

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

End of Remuneration Report (Audited)

SHARES UNDER OPTION

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

Date options granted	Expiry Date	Issue price of shares	Number under option
20 December 2012, 16 January 2013 and 14 November 2013	30 November 2016	$0.10	12,400,000
7 August 2015	7 August 2018	$0.0325	45,000,000
29 September 2015 and 13 May 2016	29 September 2018	$0.0367	27,000,000
21 October 2015	21 October 2018	$0.0325	26,428,572
29 September 2015 and 13 May 2016	29 September 2019	$0.045	15,500,000
29 September 2015 and 13 May 2016	29 September 2020	$0.07	15,500,000
			141,828,572

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

SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no shares issued on the exercise of options during the year and up to the date of this report.

CORPORATE GOVERNANCE STATEMENT

The Company's 2016 Corporate Governance Statement has been released as a separate document and is located on the Company's website at http://impactminerals.com.au/corporate-governance/.

PROCEEDINGS ON BEHALF OF THE CONSOLIDATED ENTITY

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

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

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

NON-AUDIT SERVICES

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

Details of the amounts paid or payable to the auditor (Bentleys Audit and Corporate (WA) Pty Ltd) for audit and non-audit services provided during the year are set out in note 19. During the year ended 30 June 2016 no fees were paid or were payable for non-audit services provided by the auditor of the consolidated entity (2015: $Nil).

AUDITOR'S INDEPENDENCE DECLARATION

The copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the next page.

Signed in accordance with a resolution of the Directors

P Unsworth
Chairman

Perth, 28 September 2016

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 2016, 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 28th day of September 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2016

	Notes	Consolidated 2016 $	Consolidated 2015 $
Interest income	3 (a)	**49,804**	14,967
Other income	3 (a)	**1,212,888**	1,188,833
Corporate and administration expense		**(937,224)**	(699,333)
Depreciation expense		**(1,535)**	(4,075)
Employee benefits expense	3 (b)	**(875,402)**	(532,786)
Impairment of exploration expenditure	10	**(186,489)**	(4,316,428)
Occupancy expense		**(58,742)**	(119,055)
Financing costs	14	**(181,035)**	–
Loss on disposal of controlled entities	27	**–**	(289,698)
Loss from continuing operations before income tax		**(977,735)**	(4,757,575)
Income tax expense	5	**–**	–
Loss after income tax for the period attributable to the owners of Impact Minerals Limited		**(977,735)**	(4,757,575)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign controlled entities		**16,234**	432,939
Other comprehensive income for the period, net of tax		**16,234**	432,939
Total comprehensive loss for the period attributable to the owners of Impact Minerals Limited		**(961,501)**	(4,324,636)
		Cents per share	Cents per share
Loss per share attributable to the owners of Impact Minerals Limited			
– basic loss per share	18	**0.15**	0.85

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Notes	Consolidated 2016 $	2015 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	**3,929,972**	571,981
Trade and other receivables	7	**70,279**	84,016
Other current assets	8, 14	**201,457**	–
Total Current Assets		**4,201,708**	655,997
Non-Current Assets			
Property, plant and equipment	9	**2,435**	2,978
Exploration expenditure	10	**9,749,914**	6,526,545
Other non-current assets	11, 14	**277,349**	32,849
Total Non-Current Assets		**10,029,698**	6,562,373
TOTAL ASSETS		**14,231,406**	7,218,370
LIABILITIES			
Current Liabilities			
Trade and other payables	12	**463,122**	153,826
Short-term provisions	13	**78,345**	131,726
Financial liabilities	14	**2,000,000**	–
Total Current Liabilities		**2,541,467**	285,552
TOTAL LIABILITIES		**2,541,467**	285,552
NET ASSETS		**11,689,939**	6,932,818
EQUITY			
Issued capital	15	**35,950,384**	31,245,003
Option reserve	16	**1,222,765**	736,506
Foreign currency translation reserve	16	**(504,602)**	(520,836)
Transactions with non-controlling interest	16	**(1,161,069)**	(1,161,069)
Accumulated losses	17	**(23,817,539)**	(23,366,786)
TOTAL EQUITY		**11,689,939**	6,932,818

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2016

	Attributable to the owners of Impact Minerals Limited					
	Issued Capital $	Option Reserves $	Foreign currency translation reserve $	Trans-actions with non-controlling interest $	Accum-ulated losses $	Total Equity $
At 1 July 2014	**28,653,052**	**635,288**	**(953,775)**	**(1,161,069)**	**(18,609,211)**	**8,564,285**
Total comprehensive loss for the period	–	–	–	–	(4,757,575)	(4,757,575)
Other comprehensive income						
Exchange differences on translating foreign controlled entities	–	–	432,939	–	–	432,939
Total comprehensive loss for the period net of tax	**–**	**–**	432,939	–	(4,757,575)	(4,324,636)
Transactions with owners in their capacity as owners						
Shares issued	2,606,726	–	–	–	–	2,606,726
Share issue costs	(14,775)	–	–	–	–	(14,775)
Fair value of options issued	–	101,218	–	–	–	101,218
At 30 June 2015	**31,245,003**	**736,506**	**(520,836)**	**(1,161,069)**	**(23,366,786)**	**6,932,818**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2016 (CONTINUED)

Attributable to the owners of Impact Minerals Limited

	Issued Capital $	Option Reserves $	Foreign currency translation reserve $	Transactions with non-controlling interest $	Accumulated losses $	Total Equity $
At 1 July 2015	**31,245,003**	**736,506**	**(520,836)**	**(1,161,069)**	**(23,366,786)**	**6,932,818**
Total comprehensive loss for the period	–	–	–	–	(977,735)	(977,735)
Other comprehensive income						
Exchange differences on translating foreign controlled entities	–	–	16,234	–	–	16,234
Total comprehensive loss for the period net of tax	**–**	**–**	16,234	–	(977,735)	(961,501)
Transactions with owners in their capacity as owners						
Shares issued	4,911,631	–	–	–	–	4,911,631
Share issue costs	(206,250)	–	–	–	–	(206,250)
Fair value of options issued	–	1,013,241	–	–	–	1,013,241
Fair value of options expired	–	(526,982)	–	–	526,982	–
At 30 June 2016	**35,950,384**	**1,222,765**	**(504,602)**	**(1,161,069)**	**(23,817,539)**	**11,689,939**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR YEAR ENDED 30 JUNE 2016

	Notes	Consolidated 2016 $	2015 $
Cash flows from operating activities			
Payments to suppliers and employees		**(1,429,291)**	(1,238,570)
Interest received		**49,804**	14,967
Research and development tax rebate received		**1,205,223**	1,188,833
Net cash flows from/(used in) operating activities	25	**(174,264)**	(34,770)
Cash flows from investing activities			
Payments for property, plant and equipment		**(1,000)**	–
Proceeds from sale of property, plant and equipment		**7**	–
Payments for exploration activities		**(3,165,883)**	(2,717,359)
Net cash flows from/(used in) investing activities		**(3,166,876)**	(2,717,359)
Cash flows from financing activities			
Proceeds from issue of shares		**4,900,381**	2,587,976
Share issue costs		**(201,250)**	(14,775)
Proceeds from borrowings		**2,000,000**	–
Net cash flows from/(used in) financing activities		**6,699,131**	2,573,201
Net increase / (decrease) in cash and cash equivalents		**3,357,991**	(178,928)
Cash and cash equivalents at beginning of period		**571,981**	750,909
Cash and cash equivalents at end of period	6	**3,929,972**	571,981

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1. CORPORATE INFORMATION

The consolidated financial report of Impact Minerals Limited for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the Directors on 28 September 2016.

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

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

2. STATEMENT OF COMPLIANCE

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

Compliance with IFRS

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

New and amended accounting standards and interpretations adopted by the Group

The following standard relevant to the operations of the Group and effective from 1 July 2015 has been adopted. The adoption of this standard did not have any impact on the current period or any prior period and is not likely to affect future periods.

- *AASB 2015-3: Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031: Materiality*

New accounting standards and interpretations

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

New or revised requirement	**Application date of standard**	**Application date for Group**
AASB 9: *Financial Instruments* AASB 9 replaces AASB 139: *Financial Instruments: Recognition and Measurement*. The objective of this Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.	1 Jan 2018	1 Jul 2018
AASB 2014-3: *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations* AASB 2014-3 amends AASB 11 *Joint Arrangements* to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business.	1 Jan 2016	1 Jul 2016

2. STATEMENT OF COMPLIANCE (CONTINUED)

New or revised requirement	Application date of standard	Application date for Group
AASB 2014-4: *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation* This Standard makes amendments to AASB 116: *Property, Plant and* *Equipment* and AASB 138: *Intangible Assets* to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.	1 Jan 2016	1 Jul 2016
AASB 15: *Revenue from Contracts with Customers* The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.	1 Jan 2018	1 Jul 2018
AASB 2014-9: *Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements* This Standard amends AASB 127: *Separate Financial Statements*, and consequentially AASB 1: *First-time Adoption of Australian Accounting Standards* and AASB 128: *Investments in Associates and Joint Ventures*, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.	1 Jan 2016	1 Jul 2016
AASB 2014-10: *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* This Standard amends AASB 10: *Consolidated Financial Statements* and AASB 128: *Investments in Associates and Joint Ventures* to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.	1 Jan 2018	1 Jul 2018
AASB 2015-1: *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012 – 2014 Cycle* This Standard makes non-urgent but necessary amendments to a number of Australian Accounting Standards arising from the issuance of International Financial Reporting Standard *Annual Improvements to IFRSs 2012 – 2014 Cycle* in September 2014 by the International Accounting Standards Board.	1 Jan 2016	1 Jul 2016
AASB 2015-2: *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101* This Standard makes amendments to AASB 101: *Presentation of Financial Statements* arising from International Accounting Standards Board, Disclosure Initiative project. The amendments are designed to encourage companies to apply professional judgement in determining what information to disclose in the financial statements.	1 Jan 2016	1 Jul 2016

2. STATEMENT OF COMPLIANCE (CONTINUED)

New or revised requirement	Application date of standard	Application date for Group
AASB 16: *Leases* This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.	1 Jan 2019	1 Jul 2019
2016-1: *Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses* This Standard makes amendments to AASB 112: *Income Taxes* (July 2004) and AASB 112: *Income Taxes* (August 2015) to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.	1 Jan 2017	1 Jul 2017
2016-2: *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107* This Standard amends AASB 107: *Statement of Cash Flows* (August 2015) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	1 Jan 2017	1 Jul 2017

(a) Basis of measurement

Historical Cost Convention

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

Critical Accounting Estimates

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

(b) Going Concern

These consolidated financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

2. STATEMENT OF COMPLIANCE (CONTINUED)

(c) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2016 and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

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

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

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

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the consolidated statement of changes in equity respectively.

Joint arrangements

Under AASB 11: *Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers.

(d) Critical accounting judgements and key sources of estimation uncertainty

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

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

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes option pricing model.

2. STATEMENT OF COMPLIANCE (CONTINUED)

Exploration and evaluation costs carried forward

The recoverability of the carrying amount of exploration and evaluation costs carried forward has been reviewed by the Directors. In conducting the review, after impairment indicators are identified, the recoverable amount has been assessed by reference to the higher of "fair value less costs to sell" and, if applicable, "value in use".

In determining value in use, future cash flows are based on estimates of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction, production and sales levels, future commodity prices, future capital and production costs and future exchange rates.

Variations to any of these estimates, and timing thereof, could result in significant changes to the expected future cash flows which in turn could result in significant changes to the impairment test results, which in turn could impact future financial results.

(e) Segment reporting

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

(f) Functional and presentation of currency

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss and other comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(g) Revenue recognition

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

(h) Income tax

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

2. STATEMENT OF COMPLIANCE (CONTINUED)

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Impact Minerals Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

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

2. STATEMENT OF COMPLIANCE (CONTINUED)

(j) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(k) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of six months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(l) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the profit or loss.

(m) Exploration and evaluation expenditure

Exploration and evaluation expenditure, including the costs of acquiring licences and permits, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the statement of profit or loss and other comprehensive income.

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

(i) the expenditures are expected to be recouped through successful development and exploitation or from sale of the area of interest; or

(ii) activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

2. STATEMENT OF COMPLIANCE (CONTINUED)

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

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

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

(n) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

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

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, or in the case of certain leased plant and equipment, the shorter lease term as follows:

- Motor vehicles 5 – 7 years
- Office and computer equipment 3 – 5 years
- Furniture, fittings and equipment 3 – 5 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss. When re-valued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

2. STATEMENT OF COMPLIANCE (CONTINUED)

(p) Employee benefits

Short–term Obligations

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

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

Other Long-term Obligations

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

Share-Based Payments

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

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

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

Termination Benefits

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

2. STATEMENT OF COMPLIANCE (CONTINUED)

(q) Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(r) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(s) Goods and Services Tax (GST)

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

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

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

(t) 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.

2. STATEMENT OF COMPLIANCE (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.

2. STATEMENT OF COMPLIANCE (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 (i.e. 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.

2. STATEMENT OF COMPLIANCE (CONTINUED)

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.

(u) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or nonrecurring 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 (i.e. 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 (i.e. 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 (i.e. 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).

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.

2. STATEMENT OF COMPLIANCE (CONTINUED)

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 – *Fair Value Measurement* 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.

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.

3. REVENUE AND EXPENSES

	Consolidated 2016 $	Consolidated 2015 $
(a) **Revenue from operating activities**		
Interest income	**49,804**	14,967
Other income	**7,665**	–
Research and development tax rebate	**1,205,223**	1,188,833
Total revenue from operating activities	**1,262,692**	1,203,800
(b) **Employee benefits expense**		
Wages, salaries and other remuneration expenses	**293,333**	279,221
Directors fees	**140,292**	115,000
Superannuation fund contributions	**33,458**	37,346
Share-based payments expense	**408,319**	101,219
Total employee benefits expense	**875,402**	532,786

4. 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 and Africa. 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.

4. SEGMENT INFORMATION (CONTINUED)

2016	Australia $	Africa $	Turkey $	Corporate $	Consolidated $
Segment performance					
Segment income	–	7,665	–	1,255,027	1,262,692
Segment expense	186,489	141,214	–	1,912,724	2,240,427
Profit / (loss) before tax	(186,489)	(133,549)	–	(657,697)	(977,735)
Segment assets and liabilities					
Assets	9,749,914	30,964	–	4,450,528	14,231,406
Liabilities	255,589	9,283	–	2,276,595	2,541,467
Net assets	**9,494,325**	**21,681**	**–**	**2,173,933**	**11,689,939**

2015	$	$	$	$	$
Segment performance					
Segment income	–	29	–	1,203,771	1,203,800
Segment expense	255	199,575	289,698	5,471,847	5,961,375
Profit / (loss) before tax	(255)	(199,546)	(289,698)	(4,268,076)	(4,757,575)
Segment assets and liabilities					
Assets	6,526,545	31,821	–	660,004	7,218,370
Liabilities	32,525	373	–	252,654	285,552
Net assets	**6,494,020**	**31,448**	**–**	**407,350**	**6,932,818**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

5. INCOME TAX

	Consolidated 2016 $	Consolidated 2015 $
(a) Major components of income tax expense are as follows:		
Current income tax expense / (benefit)	**–**	–
Deferred income tax expense / (benefit)	**–**	–
Income tax expense reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	**–**	–
(b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Profit from ordinary activities before income tax expense	**(977,735)**	(4,757,575)
Prima facie tax benefit on profit from ordinary activities before income tax at 30% (2015: 30%)	**(293,321)**	(1,427,273)
Tax effect of permanent differences:		
Share based payments	**122,496**	32,240
Non-deductible expenses	**35,094**	3,644
Overs and unders from prior years	**–**	84,469
Unrecognised temporary differences:		
Expenditure subject to research & development offset		674,644
Tax losses not recognised / (recognised)	**490,191**	(384,916)
Capital losses not recognised / (recognised)	**–**	42,593
Impairment of exploration expenditure		1,294,928
Government grant received	**(361,166)**	(355,505)
Foreign exploration expenditure	**–**	35,176
Foreign tax rate difference	**6,706**	–
Income tax expense/(benefit) on pre-tax profit	**–**	–
(c) Deferred tax assets and (liabilities) are attributable to the following:		
Accrued expenses	**6,976**	8,085
Capital raising costs	**52,080**	88,782
Exploration expenditure	**(2,843,856)**	(1,957,964)
Plant and equipment	**8,517**	9,388
Provision for employee entitlement	**22,684**	27,833
Other	**9,053**	–
Tax losses	**2,744,546**	1,823,876
	–	–

5. INCOME TAX (CONTINUED)

	Consolidated 2016 $	Consolidated 2015 $
(d) Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items as the Directors do not believe it is appropriate to regard realisation of future tax benefits as probable:		
Tax losses	**3,698,096**	4,079,479
Capital losses	**711,150**	–
	4,409,246	4,079,479

6. CASH AND CASH EQUIVALENTS

	2016 $	2015 $
Cash at bank and on hand	**3,929,972**	30,443
Cash at bank – on call	**–**	541,538
	3,929,972	571,981

The weighted average interest rate for the year was 1.95% (2015: 0.51%).

The Group's exposure to interest rate risk is set out in note 23. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

7. TRADE AND OTHER RECEIVABLES

Current

	2016 $	2015 $
Trade debtors and other receivables	**–**	80,887
GST / VAT	**68,071**	–
Other	**2,208**	3,129
	70,279	84,016

The amounts held in trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these trade and other receivables, it is expected that these amounts will be received when due. The Group's financial risk management objectives and policies are set out in note 23.

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

8. OTHER CURRENT ASSETS

	Consolidated	
	2016 $	**2015 $**
Current portion of unamortised option cost	201,457	–
	201,457	–

Refer to note 14 for details of the transaction costs related to the issue of options to Squadron Resources Pty Ltd.

9. PROPERTY, PLANT AND EQUIPMENT

Leasehold improvements		
– At cost	**7,400**	7,400
– Accumulated depreciation	**(5,872)**	(5,133)
Total leasehold improvements	**1,528**	2,268
Office equipment		
– At cost	**65,488**	79,243
– Accumulated depreciation	**(65,488)**	(79,225)
Total office equipment	**–**	18
Site equipment		
– At cost	**36,035**	38,640
– Accumulated depreciation	**(35,128)**	(38,640)
Total site equipment	**907**	–
Motor vehicles		
– At cost	**47,030**	57,241
– Accumulated depreciation	**(47,030)**	(57,241)
Total motor vehicles	**–**	–
Computer equipment		
– At cost	**138,675**	140,440
– Accumulated depreciation	**(138,675)**	(139,748)
Total computer equipment	**–**	692
Total property, plant and equipment	**2,435**	2,978

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Movement in carrying amounts

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

2016	Leasehold Improve-ments $	Office Equipment $	Site Equipment $	Motor Vehicles $	Computer Equipment $	Total $
Consolidated:						
Balance at the beginning of the year	2,268	18	–	–	692	2,978
Additions	–	–	1,000	–	–	1,000
Disposals	–	(8)	–	–	–	(8)
Depreciation expense	(740)	(10)	(93)	–	(692)	(1,535)
Carrying amount at the end of the year	1,528	–	907	–	–	2,435
2015						
Consolidated:						
Balance at the beginning of the year	3,008	1,693	–	–	2,143	6,844
Depreciation expense	(740)	(1,675)	–	–	(1,451)	(3,866)
Disposals	–	–	–	–	–	–
Carrying amount at the end of the year	2,268	18	–	–	692	2,978

10. EXPLORATION AND EVALUATION

	Consolidated 2016 $	Consolidated 2015 $
Opening balance	**6,526,545**	7,714,139
Impairment expense	**(186,489)**	(4,316,428)
Exploration expenditure incurred during the year	**3,409,858**	3,228,834
Carrying value of tenements sold (Turkey)	**–**	(100,000)
Closing balance	**9,749,914**	6,526,545

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.

Impairment of exploration expenditure incurred during the prior period relates to tenements held within Botswana which were impaired based on issues and delays encountered in renewing the tenement licences.

11. OTHER NON-CURRENT ASSETS

	2016 $	2015 $
Non-current portion of unamortised option cost	**222,430**	–
Other non-current assets	**54,919**	32,849
	277,349	32,849

Refer to note 14 for details of the transaction costs related to the issue of options to Squadron Resources Pty Ltd.

12. TRADE AND OTHER PAYABLES

	2016 $	2015 $
Trade creditors	**347,980**	115,069
Other payables and accruals	**115,142**	38,757
	463,122	153,826

Trade creditors are non-interest bearing and are normally settled on 30 day terms. The Group's financial risk management objectives and policies are set out in note 23. Due to the short term nature of these payables their carrying value is assumed to approximate their fair value.

13. PROVISIONS

Short-term

	2016 $	2015 $
Employee entitlements	**78,345**	131,726
	78,345	131,726

14. FINANCIAL LIABILITIES

	Consolidated 2016 $	Consolidated 2015 $
Convertible notes	**2,000,000**	–
	2,000,000	–

2,000,000 convertible notes were issued to Squadron Resources Pty Ltd on 7 August 2015 at an issue price of $1 per note. Each note entitles the holder to convert to one ordinary share. The notes are convertible in to ordinary shares of Impact at the lower of:

- 2.1 cents per share; and
- 80% of the volume weighted average sale price of shares sold on the ASX during the 30 consecutive business days prior to the date of the conversion notice.

Conversion may occur at any time between 7 August 2015 and 7 August 2018. The convertible notes do not carry interest and can only be redeemed through the issue of shares, except in remote circumstances that are not at the discretion of the note holder.

Included in other assets are transaction costs relating to the convertible notes and represent the fair value of the attaching 45,000,000 options issued which are convertible at 3.25 cents per option and deemed to have a fair value of 1.34 cents per option. These transaction costs are amortised over the life of the convertible notes.

Transaction costs

	2016 $	2015 $
Share based payment – options granted	**604,922**	–
Option cost unwound during the period	**(181,035)**	–
Total transactions costs to be amortised over the life of the convertible note	**423,887**	–
This balance has been classified as follows:		
Other current assets (refer note 8)	**201,457**	–
Other non-current assets (refer note 11)	**222,430**	–
	423,887	–

15. CONTRIBUTED EQUITY

	Consolidated 2016 $	Consolidated 2015 $
a) Share capital		
Ordinary shares fully paid	**35,950,384**	31,245,003

	Consolidated Number	Consolidated $
b) Movements in ordinary shares on issue		
Balance at 1 July 2014	487,063,284	28,653,052
Shares issued during the year:		
Placement – July 2014	78,423,516	2,587,976
Shares issued to Directors in lieu of fees	852,270	18,750
Transaction costs	–	(14,775)
Balance at 30 June 2015	**566,339,070**	**31,245,003**
Shares issued during the year:		
Shares issued to Directors in lieu of fees – July 2015	284,090	6,250
Rights issue and shortfall issue – September 2015	94,437,193	1,983,181
Issue of shares to Squadron Resources – October 2015	47,619,048	1,000,000
Share purchase plan – May 2016	45,166,683	1,084,000
Placements – May 2016	34,925,001	838,200
Transaction costs	–	(206,250)
Balance at 30 June 2016	**788,771,085**	**35,950,384**

Ordinary shares have the right to receive dividends as declared, and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid upon on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

c) Movements in options on issue

	2016	2015
Balance at beginning of the financial year	**42,150,000**	42,150,000
Options granted	**134,428,572**	–
Options expired	**(26,700,000)**	–
Options cancelled / lapsed	**(8,050,000)**	–
Balance at end of the financial year	**141,828,572**	42,150,000

16. RESERVES

	Consolidated 2016 $	2015 $
Option reserve		
Opening balance	**736,506**	635,288
Fair value of options issued	**1,013,241**	101,218
Transfer to retained earnings upon lapse of options	**(526,982)**	–
Balance at the end of the financial year	**1,222,765**	736,506

The options reserve is used to recognise the fair value of options issued to employees, contractors and the options issued to Squadron Resources Pty Ltd during the year.

Foreign currency translation reserve

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

Transactions with non-controlling interest

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

17. ACCUMULATED LOSSES

Balance at the beginning of the financial year	**(23,366,786)**	(18,609,211)
Net loss attributable to members	**(977,735)**	(4,757,575)
Transfer from share option reserve upon lapse of options	**526,982**	–
Balance at the end of the financial year	**(23,817,539)**	(23,366,786)

18. EARNINGS PER SHARE

	2016 cents	2015 cents
– basic loss per share	**0.15**	0.85

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

	$	$
Profits / (losses) used in calculating basic and diluted earnings per share	**(977,735)**	(4,757,575)

	2016 Number	2015 Number
Weighted average number of ordinary shares used in calculating basic loss per share	**671,145,118**	562,954,441

19. AUDITOR'S REMUNERATION

	Consolidated 2016 $	2015 $
Audit services		
Bentleys Audit and Corporate (WA) Pty Ltd		
– Audit and review of the financial reports	**33,000**	29,000
Total remuneration	**33,000**	29,000

20. CONTINGENT ASSETS AND LIABILITIES

The Group had contingent liabilities at 30 June 2016 in respect of :

Future royalty payments

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

21. EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

22. COMMITMENTS

In order to maintain an interest in the exploration tenements in which the Group is involved, the Group is committed to meet the conditions under which the tenements were granted. The timing and amount of exploration expenditure commitments and obligations of the Group are subject to the minimum expenditure commitments required as per the *Mining Act 1978* (Western Australia), the *Mining Act 1992* (New South Wales) and the *Mineral Resources Act 199* (Queensland) and may vary significantly from the forecast based upon the results of the work performed which will determine the prospectivity of the relevant area of interest.

As at balance date, total exploration expenditure commitments on granted tenements held by the Consolidated Group that have not been provided for in the financial statements and which cover the following twelve month period amount to $682,594 (2015: $842,519). For the period greater than twelve months to five years commitments amount to $621,397 (2015: $2,115,153). 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

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

Within 1 year	**43,200**	39,600
Later than one year but not later than five years	**39,600**	–
Later than five years	**–**	–
	82,800	39,600

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Risk Management

Overview

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

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

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

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

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

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

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

Interest rate risk

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

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

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

Consolidated – 2016	Floating interest rate $	Fixed interest rate maturing in: 1 Year or Less $	Over 1 to 5 years $	More than 5 years $	Non interest bearing $	Total $
Financial assets						
Cash and cash equivalents	3,929,972	–	–	–	–	3,929,972
Trade and other receivables	–	–	–	–	70,279	70,279
	3,929,972	–	–	–	70,279	4,000,251
Weighted average interest rate	1.95%	–	–	–	–	–
Financial liabilities						
Trade and other payables	–	–	–	–	463,122	463,122
Financial liabilities	–	–	–	–	2,000,000	2,000,000
	–	–	–	–	2,463,122	2,463,122
Weighted average interest rate	–	–	–	–	–	–

Consolidated – 2015	Floating interest rate $	Fixed interest rate maturing in: 1 Year or Less $	Over 1 to 5 years $	More than 5 years $	Non interest bearing $	Total $
Financial assets						
Cash and cash equivalents	571,981	–	–	–	–	571,981
Trade and other receivables	–	–	–	–	84,016	84,016
	571,981	–	–	–	84,016	655,997
Weighted average interest rate	0.51%	–	–	–	–	–
Financial liabilities						
Trade and other payables	–	–	–	–	153,826	153,826
	–	–	–	–	153,826	153,826
Weighted average interest rate	–	–	–	–	–	–

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

	Carrying value at period end	Profit or loss		Equity	
Consolidated – 2016	**$**	**100 bp increase $**	**100 bp decrease $**	**100 bp increase $**	**100 bp decrease $**
Financial assets					
Cash and cash equivalents	3,929,972	25,533	(25,533)	25,533	(25,533)
Cash flow sensitivity (net)		25,533	(25,533)	25,533	(25,533)
Consolidated – 2015					
Financial assets					
Cash and cash equivalents	571,981	5,724	(5,724)	5,724	(5,724)
Cash flow sensitivity (net)		5,724	(5,724)	5,724	(5,724)

Credit risk

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

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

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Exposure to credit risk

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

	Consolidated	
	2016 $	**2015 $**
Cash and cash equivalents	**3,929,972**	571,981
Trade & other receivables	**70,279**	84,016
	4,000,251	655,997

Foreign currency risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Consolidated Group.

The Consolidated Group is exposed to fluctuations in foreign currencies arising from the purchase of goods and services in currencies other than the company's measurement currency (namely $USD and Botswana Pula). The Group's exposure to foreign currency risk is minimal at this stage of its operations.

Commodity price risk

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

Liquidity risk

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

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

Consolidated – 2016	**Carrying amount $**	**Contractual cash flows $**	**6 months or less $**
Trade and other payables	463,122	–	463,122
	463,122	**–**	**463,122**
Trade and other receivables	70,279	–	70,279
	70,279	**–**	**70,279**

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Consolidated – 2015	Carrying amount $	Contractual cash flows $	6 months or less $
Trade and other payables	153,826	–	153,826
	153,826	**–**	**153,826**
Trade and other receivables	84,016	–	84,016
	84,016	**–**	**84,016**

Fair value of financial assets and liabilities

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

Capital risk management

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

The capital structure of the Group consists of net debt (trade payables, provisions and financial liabilities detailed in notes 12, 13, & 14 offset by cash and bank balances) and equity of the Group (comprising issued capital, reserves, offset by accumulated losses detailed in notes 15, 16 & 17).

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

24. SHARE BASED PAYMENTS

Share option plan

The Group has a Director and Employee Option Acquisition Plan ("Option Plan") for Directors, employees and contractors of the Group. In accordance with the provisions of the Option Plan, as approved by shareholders at the 2015 annual general meeting, executives and employees may be granted options at the discretion of the Directors. Options issued to Directors are subject to approval by shareholders.

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

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

Option series	Number	Grant date	Expiry date	Vesting date	Exercise price	Fair value at grant date
18 (1)	13,000,000	20-Dec-12	30-Nov-15	30-Nov-13	$0.06	$0.0113
19	9,000,000	20-Dec-12	30-Nov-16	30-Nov-14	$0.10	$0.0107
20 (1)	2,900,000	16-Jan-13	30-Nov-15	30-Nov-13	$0.06	$0.0113
21 (2)	2,900,000	16-Jan-13	30-Nov-16	30-Nov-14	$0.10	$0.0107
22 (1)	2,800,000	14-Nov-13	30-Nov-15	30-Nov-13	$0.06	$0.0445
23 (3)	3,550,000	14-Nov-13	30-Nov-16	30-Nov-14	$0.10	$0.0413
24 (1),(4)	8,000,000	06-Jan-14	30-Nov-15	Immediate	$0.20	n/a
25 (5)	45,000,000	07-Aug-15	07-Aug-18	Immediate	$0.0325	$0.0185
26 (6)	28,000,000	29-Sep-15	29-Sep-18	29-Sep-16	$0.0367	$0.0139
27 (7)	14,000,000	29-Sep-15	29-Sep-19	29-Sep-17	$0.045	$0.0149
28 (7)	14,000,000	29-Sep-15	29-Sep-20	29-Sep-18	$0.07	$0.0143
29 (8)	26,428,572	21-Oct-15	21-Oct-18	Immediate	$0.0325	n/a
30	1,000,000	13-May-16	29-Sep-18	29-Sep-16	$0.0367	$0.012
31	3,000,000	13-May-16	29-Sep-19	29-Sep-17	$0.045	$0.0133
32	3,000,000	13-May-16	29-Sep-20	29-Sep-18	$0.07	$0.0132

(1) These options expired during the financial year
(2) 650,000 of these options were cancelled during the financial year
(3) 2,400,000 of these options were cancelled during the financial year
(4) Options were issued to eligible Invictus Gold Limited ("Invictus") option holders as part of the Merger Implementation Agreement under which Impact acquired all of the shares in Invictus that it did not own in January 2014.
(5) Options issued to Squadron Resources Pty Ltd ("Squadron") as part of the Convertible Note issue and ratified by shareholders at the 2015 Annual General Meeting
(6) 2,000,000 of these options were cancelled during the financial year
(7) 1,500,000 of these options were cancelled during the financial year
(8) Options issued to Squadron and approved by shareholders at the 2015 Annual General Meeting

24. SHARE BASED PAYMENTS (CONTINUED)

Fair value of share options granted during the year

The fair value of share options 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 share price at grant date, the expected price volatility of the underlying share and the risk free rate for the term of the option. The fair value of share options issued during the year was $408,319 (2015: $101,219)

The model inputs for options granted during the year ended 30 June 2016 are as follows:

Inputs	Issue 25	Issue 26	Issue 27	Issue 28	Issue 30	Issue 31	Issue 32
Exercise Price	$0.0325	$0.0367	$0.045	$0.07	$0.0367	$0.045	$0.07
Grant date	7 Aug 2015	29 Sep 2015	29 Sep 2015	29 Sep 2015	13 May 2016	13 May 2016	13 May 2016
Vesting date	7 Aug 2015	29 Sep 2016	29 Sep 2017	29 Sep 2018	29 Sep 2016	29 Sep 2017	29 Sep 2018
Expiry date	7 Aug 2018	29 Sep 2018	29 Sep 2019	29 Sep 2020	29 Sep 2018	29 Sep 2019	29 Sep 2020
Share price at grant date	$0.027	$0.026	$0.026	$0.026	$0.027	$0.027	$0.027
Expected price volatility	82.1%	82.1%	82.1%	82.1%	89.37%	89.37%	89.37%
Expected dividend yield	0%	0%	0%	0%	0%	0%	0%
Risk-free interest rate	1.94%	1.89%	1.89%	2.66%	1.59%	1.59%	1.78%

Movements in share options during the year

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

	2016		2015	
	No. of options	Weighted average exercise price $	No. of options	Weighted average exercise price $
Outstanding at the beginning of the year	**42,150,000**	**0.10**	42,150,000	0.10
Granted during the year	**134,428,572**	**0.04**	–	–
Expired during the year	**(26,700,000)**	**0.10**	–	–
Cancelled during the year	**(8,050,000)**	**0.07**	–	–
Outstanding at the end of the year	**141,828,572**	**0.04**	42,150,000	0.10
Exercisable at the end of the year	**57,400,000**	**0.05**	42,150,000	0.10

The weighted average remaining contractual life of share options outstanding at the end of the year was 2.38 years (2015: 0.79 years).

24. SHARE BASED PAYMENTS (CONTINUED)

Share options outstanding at the end of the year

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

Expiry Date	Exercise price $	2016 No.	2015 No.
30 November 2015	0.06	–	18,700,000
30 November 2015	0.20	–	8,000,000
30 November 2016	0.10	**12,400,000**	15,450,000
7 August 2018	0.0325	**45,000,000**	–
29 September 2018	0.0367	**27,000,000**	–
21 October 2018	0.0325	**26,428,572**	–
29 September 2019	0.045	**15,500,000**	–
29 September 2020	0.07	**15,500,000**	–
		141,828,572	42,150,000

25. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	Consolidated	
	2016 $	2015 $
Cash flows from operating activities		
Profit / (Loss) for the period	**(977,735)**	(4,757,575)
Non-cash flows in profit/(loss):		
– Depreciation	**1,535**	4,075
– Share based remuneration	**408,319**	101,219
– Finance costs	**181,035**	–
– Exploration expenditure write-off	**186,489**	4,316,428
Changes in assets and liabilities		
– Decrease/(increase) in trade and other receivables	**13,737**	186,881
– Decrease/(increase) in other non-current assets	**(22,070)**	93,567
– Increase/(decrease) in trade creditors and accruals	**87,807**	(26,125)
– Increase/(decrease) in provisions	**(53,381)**	46,760
Net cash used in operating activities	**(174,264)**	(34,770)

Non-cash investing and financing activities

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

26. RELATED PARTY DISCLOSURE

	Class	Country of incorporation	Ownership 2016 %	Ownership 2015 %
a) Parent entity				
Impact Minerals Limited	Ord	Australia	–	–
b) Subsidiaries				
Aurigen Pty Ltd	Ord	Australia	100	100
Siouville Pty Ltd	Ord	Australia	100	100
Drummond East Pty Ltd	Ord	Australia	100	100
Seam Holdings Pty Ltd (i)		British Virgin Islands	100	100
Brentwood Investments (Pty) Ltd (ii)	Ord	Republic of Namibia	100	100
Icilion Investments (Pty) Ltd (iii)	Ord	Botswana	100	100
Xade Minerals (Pty) Ltd (iv)	Ord	Botswana	100	100
Invictus Gold Limited	Ord	Australia	100	100
Drummond West Pty Ltd (v)	Ord	Australia	100	100
Endeavour Minerals Pty Ltd (vi)	Ord	Australia	100	100
Invictus (Turkey) Pty Ltd (vii)	Ord	Australia	n/a	100
Drummond Uranium Pty Ltd (vii)	Ord	Australia	n/a	100

(i) Seam Holdings Pty Ltd is a wholly owned subsidiary of Drummond East Pty Ltd
(ii) Brentwood Investments (Pty) Ltd is a wholly owned subsidiary of Seam Holdings Pty Ltd
(iii) Icilion Investments (Pty) Ltd is a wholly owned subsidiary of Seam Holdings Pty Ltd
(iv) Xade Minerals (Pty) Ltd is a wholly owned subsidiary of Seam Holdings Pty Ltd
(v) Drummond West Pty Ltd is a wholly owned subsidiary of Invictus Gold Limited
(vi) Endeavour Minerals Pty Ltd is a wholly owned subsidiary of Invictus Gold Limited
(vii) Invictus (Turkey) Pty Ltd and Drummond Uranium Pty Ltd were deregistered on 1 July 2015

26. RELATED PARTY DISCLOSURE (CONTINUED)

c) 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 is 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.

	2016 $	2015 $
Aurigen Pty Ltd	**607,130**	607,130
Siouville Pty Ltd	**136,372**	136,372
Drummond East Pty Ltd	**33,653**	33,653
Seam Holdings Pty Ltd	**9,902**	9,902
Brentwood Investments (Pty) Ltd	**201**	201
Icilion Investments (Pty) Ltd	**5,606,161**	5,463,367
Drummond West Pty Ltd [(i)]	**3,527,418**	3,527,418
Drummond Uranium Pty Ltd	**n/a**	10,580
	9,920,837	9,788,623

(i) Loan from Invictus Gold Limited

d) Key management personnel compensation

Short-term employee benefits	**527,129**	452,300
Post-employment benefits	**21,184**	20,544
Share-based payments	**292,903**	65,154
	841,216	537,998

Detailed remuneration disclosures are provided in the Remuneration Report on pages 40 to 48.

27. LOSS ON DISPOSAL OF CONTROLLED ENTITIES

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

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

28. PARENT ENTITY DISCLOSURE

	2016 $	2015 $
Financial Performance		
Profit / (loss) for the year	**(1,656,090)**	(7,374,487)
Other comprehensive income	**–**	–
Total comprehensive profit / (loss)	**(1,656,090)**	(7,374,487)
Financial Position		
ASSETS		
Current assets	**4,173,905**	2,965,015
Non-current assets	**8,498,081**	3,886,200
TOTAL ASSETS	**12,671,986**	6,851,215
LIABILITIES		
Current liabilities	**2,529,306**	244,085
Non-current liabilities	–	–
TOTAL LIABILITIES	**2,529,306**	244,085
NET ASSETS	**10,142,680**	6,607,130
EQUITY		
Issued capital	**35,950,384**	31,245,003
Option reserve	**1,222,765**	736,506
Transactions with non-controlling interest	**(1,161,069)**	(1,161,069)
Accumulated losses	**(25,869,400)**	(24,213,310)
TOTAL EQUITY	**10,142,680**	6,607,130

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

Impact Minerals Limited had no expenditure commitments as at 30 June 2016 other than the commitment in relation to the lease of office premises as disclosed in note 22.

DIRECTORS' DECLARATION

The Directors of Impact Minerals Limited declare that:

(a) in the Directors' opinion the financial statements and notes set out on pages 51 to 91 and the Remuneration Report in the Directors' Report are 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 2016 and of its performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), *Corporations Regulations 2001* and mandatory professional reporting requirements.

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in note 2; and

(c) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* by the Managing Director and Chief Financial Officer for the financial year ended 30 June 2016.

Signed in accordance with a resolution of the Directors.

Peter Unsworth
Chairman

Perth, Western Australia

28 September 2016

Independent Auditor's Report

To the Members of Impact Minerals Limited

Bentleys
THINKING AHEAD

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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 2016, 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with 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 of the financial report that gives a true and fair view 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 have complied with the independence requirements of 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 2016 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 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. 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 Ltd for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated at Perth this 28th day of September 2016

ADDITIONAL SHAREHOLDER INFORMATION
AS AT 31 AUGUST 2016

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

1. Distribution of Holders of Equity Securities

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

Shares Held			Shareholders
1	–	1,000	119
1,001	–	5,000	121
5,001	–	10,000	115
10,001	–	100,000	898
100,001		and over	614
Total			1,867

The number of holders of less than a marketable parcel of ordinary fully paid shares is 488.

2. Substantial Shareholders

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

	Number of shares	Percentage held
J P MORGAN NOMINEES AUSTRALIA LIMITED	242,190,359	30.70
SQUADRON RESOURCES PTY LTD	47,619,048	6.04

3. Voting Rights

(a) Ordinary Shares

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

(b) Options

No voting rights.

4. Quoted Securities on Issue

The Company has 788,771,085 quoted shares on issue. No options on issue by the Company are quoted.

5. On-Market Buy Back

There is no current on-market buy back.

ADDITIONAL SHAREHOLDER INFORMATION
AS AT 31 AUGUST 2016

6. Unquoted Equity Securities

	Number on issue	Number of holders
Options exercisable at $0.10 on or before 30 November 2016	12,400,000	7
Options exercisable at $0.0325 on or before 7 August 2018	45,000,000	1
Options exercisable at $0.0367 on or before 29 September 2018	27,000,000	9
Options exercisable at $0.0325 on or before 21 October 2018	26,428,572	1
Options exercisable at $0.045 on or before 29 September 2019	15,500,000	10
Options exercisable at $0.07 on or before 29 September 2020	15,500,000	10

7. Twenty Largest Holders of Quoted Ordinary Shares

Shareholder	Number of shares	Percentage held
J P MORGAN NOMINEES AUSTRALIA LIMITED	242,190,359	30.70
SQUADRON RESOURCES PTY LTD	47,619,048	6.04
BNP PARIBAS NOMS PTY LTD <DRP>	24,451,274	3.10
AVIANA HOLDINGS PTY LTD	13,157,895	1.67
TECCA PTY LTD <C & E RETIREMENT FUND A/C>	13,116,565	1.66
CHINA GROWTH MINERALS LIMITED	11,840,470	1.50
P J ENTERPRISES PTY LIMITED <SUPER FUND A/C>	10,385,913	1.32
MRS MELISSA LOUISE CADDICK	8,519,883	1.08
MR QINGTAO ZENG	7,380,952	0.94
NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	7,038,862	0.89
MR MARKUS ELSASSER	6,643,735	0.84
IMAGE INTERPRETATION TECHNOLOGIES PTY LTD	6,450,000	0.82
SPAR RESOURCES PTY LTD <SUPER BENEFITS FUND A/C>	6,269,776	0.79
BALINTORE PTY LTD <MCKENZIE SUPER FUND A/C>	6,216,667	0.79
SDG NOMINEES PTY LTD <T J STRAPP SUPER FUND A/C>	6,000,000	0.76
BASALIS PTY LTD <BASALIS SUPER FUND A/C>	5,475,000	0.69
TOWNS CORPORATION PTY LTD <PAE FAMILY A/C>	4,938,267	0.63
YANARA NOMINEES PTY LTD <THE S WOOD FAMILY A/C>	4,732,677	0.60
FORSYTH BARR CUSTODIANS LTD <FORSYTH BARR LTD-NOMINEE A/C>	4,300,000	0.55
LAVERDI NOMINEES PTY LTD	4,146,731	0.53
	440,874,074	55.89

TENEMENT SCHEDULE

Project / Tenement	Location	Status	Interest
Mulga Tank Project	Western Australia		
E39/988		Granted	100%
E39/1072		Granted	100%
E39/1439		Granted	100%
E39/1440		Granted	100%
E39/1441		Granted	100%
E39/1442		Granted	100%
E39/1513		Granted	100%
E39/1632		Granted	100%
E39/1633		Granted	100%
E39/1761		Granted	100%
E39/1766		Granted	100%
E39/1767		Granted	100%
E39/1768		Granted	100%
Broken Hill Project	New South Wales		
EL7390		Granted	100%
EL8234		Granted	100%
ELA5193		Granted	100%
Commonwealth Project	New South Wales		
EL5874		Granted	100%
EL8212		Granted	100%
EL8252		Granted	100%
Clermont Project	Queensland		
EPM14116		Granted	100%

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