IMPACT MINERALS LIMITED AND CONSOLIDATED ENTITIES

(ABN 52 119 062 261)

Financial Statements for the Year Ended 30 June 2012

CORPORATE GOVERNANCE

Introduction

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

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

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

Role of the Board of Directors

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

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

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

CORPORATE GOVERNANCE

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

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

Board Processes

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

Corporate Governance Council Recommendation 2
Structure the Board to Add Value

Board Composition

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

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

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

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

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

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

Independent Chairman

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

CORPORATE GOVERNANCE

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

Roles of Chairman and Managing Director

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

Evaluation of Board Performance

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

Education

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

Independent Professional Advice and Access to Information

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

Corporate Governance Council Recommendation 3
Promote Ethical and Responsible Decision Making

The Board actively promotes ethical and responsible decision making.

Code of Conduct

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

Security Trading Policy

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

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

CORPORATE GOVERNANCE

Corporate Governance Council Recommendation 4
Safeguarding Integrity in Financial Reporting

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

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

Corporate Governance Council Recommendation 5
Make timely and balanced disclosure

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

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

Continuous Disclosure

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

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

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

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

Corporate Governance Council Recommendation 6
Respect the Rights of Shareholders

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

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

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

CORPORATE GOVERNANCE

Corporate Governance Council Recommendation 7
Recognise and Manage Risk

Risk Management Policy

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

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

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

Risk Reporting

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

Managing Director and Company Secretary Written Statement

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

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

Corporate Governance Council Recommendation 8
Remunerate Fairly and Responsibly

Remuneration Committee

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

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

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

DIRECTORS' REPORT

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

Your directors present their report together with the financial statements of the company and the Consolidated Group (being Impact Minerals Limited and its subsidiary companies) for the financial year ended 30 June 2012.

DIRECTORS

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

Peter J Unsworth

Michael G Jones

Rodney E Fripp

Paul Ingram

Marcus Elsasser (apt. 29 August, 2012)

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

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

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

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

OPERATING RESULTS

The consolidated loss of the Consolidated Group was $4,484,665 (2011: Profit of $312,242), after eliminating non-controlling equity interests.

DIVIDENDS PAID OR RECOMMENDED

There were no dividends recommended or paid during the year.

REVIEW OF OPERATIONS

Mineral Exploration

DIRECTORS' REPORT

During the year Impact continued its exploration work in both Botswana and Australia.

In Botswana Impact completed major exploration programmes on both the Botswana Uranium Project and the Xade copper-nickel-PGE joint venture project.

On the Botswana Uranium Project work programmes completed included drilling at the Red Hills, Moiyabana and Mogome Prospects as well as a large soil sampling programme at the Khurutse Project. At the Red Hills Prospect the drill programme discovered an extensive alteration system that is at least 1.5 km long and 1 km wide and comprises multi-metal and mineral assemblages typical of those associated with some of the world's largest and very high grade uranium deposits of Proterozoic age. Within this alteration zone which is open-ended in all directions, there is a central elongated core of much more intense specular haematite alteration that is up to 100 m thick and 400 m wide and that extends the length of the 1.5 km section drilled. Significant low grade intercepts were returned throughout the alteration zone of rare earth metals (in particular lanthanum and cerium), silver, lead, zinc, uranium and copper. Significant follow up drilling is required. Anomalous uranium intercepts were also returned at the Moiyabana and Mogome Prospects. Further drill targets have also been identified at Khurutse.

Extensive exploration was also directed at the Xade copper-nickel-PGE Joint Venture Project that covers a poorly explored gabbro intrusion, also in Botswana. Impact has an option to earn 51% interest int he project by spending US$1.2 million, and may then elect to earn 75% interest by defining an Indicated Mineral Resource. During the year two major surveys were completed: an airborne magnetic gradiometry and radiometric survey over the northern part of the area and a large soil sampling programme covering about 50 km of the most prospective part of this area. The results of the soil survey are being interpreted and areas for drilling have been identified.

In Australia, Impact sold its share of the Quinns Lake Project in Western Australia to Toro Energy Limited comprising 100% of E51/1075 and the Company's 20% share of E51/1072. Impact received $713,000 cash and 5,450,000 Toro shares. Half of those shares were sold to raise $184,848 and the company still retains 2,742,650 Toro shares.

As part of the Strategic Alliance with Impala Platinum Limited, tenement applications were lodged in late 2010 to secure a significant ground position over a prospective gabbro intrusion in southern Africa. These applications are still being considered by the government concerned.

A drill programme was completed at the YB Nickel Joint Venture Project in early 2012. No significant results were returned and the joint venture partners decided to relinquish the tenements. Impact is now focussed exclusively on its Botswana Projects.

DIRECTORS' REPORT (CONTINUED)

FINANCIAL POSITION

At the end of the financial year, the Consolidated Group had $1,064,434 (2011 $3,012,898) in cash and on deposit. Exploration expenditure across all projects for the Consolidated Group during the year was $2,790,014 (2011: $ 1,817,129).

The Consolidated Group has no debt.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Consolidated Group that occurred during the financial year.

EVENTS AFTER THE REPORTING PERIOD

On the 23rd August, 2012 the Company announced a $7,030,000 capital raising. This capital raising consists of three components: a 15% placement (Tranche 1 Placement), a $1,000,000 placement subject to shareholder approval (Tranche 2 placement) and a 1 for 1 entitlement issue.

The Tranche 1 Placement consisting of a placement of 16,666,667 shares at $0.03 per share to raise a total of $500,000 was completed on 28th August, 2012.

The Tranche 2 Placement consisting of a placement of 33,333,333 shares at $0.03 per share to raise $1,000,000 is subject to shareholder approval which will be sort at an Extraordinary General Meeting to be held on the 28th September, 2012.

The Entitlement Issue consists of a non-renounceable 1 for 1 entitlement issue at $0.03 cents per share to raise $5,530,060. The proposed subscriber for the Tranche 2 Placement has committed to take up their entitlement of $1,000,000 in the Issue and has agreed to partially underwrite the Issue for up to a further $2,400,000. The Issue has the following indicative dates:

a. Offer opens: 2 October, 2012;

b. Quotation of the new shares 8th November, 2012.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

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

DIRECTORS' REPORT (CONTINUED)

ENVIRONMENTAL ISSUES

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

NGER ACT

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

INFORMATION ON DIRECTORS

Mr Peter J Unsworth	**Non-Executive Chairman**
Qualifications	B Com.
Experience	Mr Unsworth, formerly a chartered accountant, has more than 35 years experience in the corporate finance, investment, and securities industries and has a wealth of management experience with both public and private companies. A former Executive Director with a leading Western Australian stockbroking company, Mr Unsworth has been a director of a number of public exploration and mining companies. He recently completed a long period serving as Chairman of the Western Australian Government owned Gold Corporation (operator of The Perth Mint). Mr Unsworth has been a Director of Invictus Gold Limited since 20 August 2011, a company listed on the ASX.
Dr Michael G Jones	**Managing Director**
Qualifications	PhD, MAIG
Experience	Dr Jones completed undergraduate and post-graduate studies in Mining and Exploration Geology at Imperial College, London. His Ph.D work on gold mineralisation saw him move to Western Australia in 1988 to work for Western Mining Corporation exploring for gold and nickel deposits in the Yilgarn. From 1994 he consulted to the exploration and mining industry specialising in the integration of geological field mapping and the interpretation of geochemical, geophysical and remotely sensed data for target generation. Dr Jones has worked on over 80 projects both in greenfields and near mine exploration in a wide variety of mineralised terrains and was the founding director of Lithofire Consulting Geologists in Perth, Australia. He was also the team leader during the discovery of a significant gold deposit at the Higginsville Mining Centre, near Kalgoorlie and an iron ore deposit near Newman, both in Western Australia. Dr Jones has been a Director of Invictus Gold Limited since 20 August 2011, a company listed on the ASX.

DIRECTORS' REPORT (CONTINUED)

Dr Rodney E Fripp	**Executive Director**
Qualifications	PhD, FAusIMM
Experience	Dr Fripp has 38 years experience in all aspects of mineral exploration: from project generation and execution, to management and financial control. He has worked on both underground and open pit mines in South Africa, Zimbabwe and Australia, leading teams that have discovered significant gold reserves. From 1989 to 1995 he was Regional Vice-President of Business Development, Australasia for a major North American mining company, focussing on the technical and financial evaluation of major gold and base metal projects, project acquisition, joint venture negotiation and corporate mergers. He has also filled similar management roles with Australian mining groups. Dr Fripp is currently a Fellow of the Australasian Institute of Mining and Metallurgy and a member of many professional societies. Dr Fripp has been a Director of Invictus Gold Limited since 20 August 2011, a company listed on the ASX.

Mr Paul Ingram	**Non-Executive Director**
Qualifications	B.AppSc, AIMM, MICA
Experience	Mr Ingram is a geologist with extensive experience in managing major mineral exploration programs for several publicly listed companies and has been involved in the mining sector for over thirty years. He has designed and implemented innovative techniques for exploration in remote areas, and has managed projects in countries throughout Australia and east Asia. Mr Ingram has been a director of the following listed companies in the past three years: Polo Resources Limited from January 2008 to January 2012; A-Cap Resources Limited since June 2009; West Australian Metals Limited from July 2009 to January 2011; Consolidated Global Investments Limited since September 2006; Caledon Resources Limited from February 2003 to March 2008; and Australian Pacific Coal Limited since March 2012

Dr. Marcus Elsasser	**Non-Executive Director**
Qualifications	PhD,
Experience	Dr. Marcus Elsasser is a German financier and investor in the mineral resources industry. He is Head of the Elsasser family office 'M. Elsasser & Cie AG 1971' in Dusseldorf, Germany. Dr. Elsasser has previously been Director of Finance at the Dow Chemical Company in Germany. He has extensive General Management experience with former appointments as Managing Director in Australia and Singapore in the chemical and food industries. Dr Elsasser is a director of Artic Gold AB a company listed on the NASDAQOMX First North.

DIRECTORS' REPORT (CONTINUED)

COMPANY SECRETARY

Mr James Cooper-Jones

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

DIRECTORS INTERESTS

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

Peter Unsworth	5,674,231 ordinary shares	Nil options to acquire ordinary shares
Michael Jones	5,450,000 ordinary shares	Nil options to acquire ordinary shares
Rodney Fripp	5,450,000 ordinary shares	Nil options to acquire ordinary shares
Paul Ingram	Nil	Nil options to acquire ordinary shares
Marcus Elsasser	16,666,667 ordinary shares	Nil options to acquire ordinary shares

MEETINGS OF DIRECTORS

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

	Directors' Meetings	
	Number eligible to attend	Number attended
Peter J Unsworth	4	4
Michael G Jones	4	4
Rodney E Fripp	4	4
Paul Ingram	4	3
Marcus Elsasser	-	-

OPTIONS

As at the date of this report 950,000 options to acquire ordinary shares remained on issue exercisable on or before 31 January 2015 as follows:

Grant Date	Date of Expiry	Exercise Price	Number of shares under Option
18 Oct 2010	31 Jul 2013	$0.20	150,000
18 Oct 2010	31 Jul 2013	$0.25	150,000
27 May 2011	31 May 2014	$0.20	150,000
8 Feb 2012	31 Jan 2015	$0.20	250,000
8 Feb 2012	31 Jan 2015	$0.25	250,000
			950,000

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

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

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

During the year ended 30 June 2012 and since year end no shares were issued on the exercise of options.

INDEMNIFYING OFFICERS OR AUDITOR

During or since the end of the financial year the Consolidated Group paid an insurance premium of $11,607 (2011: $10,692), to insure certain officers of the Consolidated Group. The officers of the Consolidated Group covered by the insurance policy include the Directors named in this report.

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

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 16 of the Directors report.

REMUNERATION REPORT (Audited)

Remuneration policy

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

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

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

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

The directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.

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

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

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (CONTINUED)

Performance conditions linked to remuneration

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

Employment details of members of Key Management Personnel and Other Executives

2012	Position Held as at 30 June 2012 and any Change during the Year	Contract Details (Duration and Termination)	Proportions of Elements of Remuneration Related to Performance		Proportions of Elements of Remuneration Not Related to Performance		
			Non-Salary Cash-based Incentives	Shares/ Units	Options/ Rights	Fixed Salary/ Fees	Total
			%	%	%	%	%
Group Key Management Personnel							
Mr P Unsworth	Chairman	Refer Note A.	-	-	-	100%	100%
Dr M Jones	Managing director	No fixed term. 3 months notice required on termination.	-	-	-	100%	100%
Dr R Fripp	Executive director (Technical)	No fixed term. 3 months notice required on termination.	-	-	-	100%	100%
Mr P Ingram	Non-executive director	Refer Note A.	-	-	-	100%	100%
Dr M Elsasser	-	-	-	-	-	-	-
Mr J Cooper-Jones	Company Secretary (commenced 1 December 2011)	No fixed term. 1 months notice required on termination.	-	-	2%	98%	100%

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (CONTINUED)

KEY MANAGEMENT PERSONNEL REMUNERATION

Employment details of members of Key Management Personnel and Other Executives

2011	Position Held as at 30 June 2011 and any Change during the Year	Contract Details (Duration and Termination)	Proportions of Elements of Remuneration Related to Performance		Proportions of Elements of Remuneration Not Related to Performance		
			Non-Salary Cash-based Incentives	Shares/ Units	Options/ Rights	Fixed Salary/ Fees	Total
			%	%	%	%	%
Group Key Management Personnel							
Mr P Unsworth	Chairman	Refer Note A.	-	-	6%	94%	100%
Dr M Jones	Managing director	No fixed term. 3 months notice required on termination.	-	-	3%	97%	100%
Dr R Fripp	Executive director (Technical)	No fixed term. 3 months notice required on termination.	-	-	3%	97%	100%
Mr P Ingram	Non-executive director	Refer Note A.	-	-	58%	42%	100%
Dr M Elsasser	-	-	-	-	-	-	-
Mr J Cooper-Jones	Company Secretary (commenced 1 December 2010)	No fixed term. 1 months notice required on termination.	-	-	2%	98%	100%

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

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

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

REMUNERATION REPORT (CONTINUED)

KEY MANAGEMENT PERSONNEL REMUNERATION

2012	Short term employee benefits				Post-employment benefits	Long-term benefits	Share-based payments	
Name	Cash salary and fees	Cash bonus	Non-monetary benefits	Other	Super-annuation	Long service leave	Options	Total
	$	$	$	$	$	$	$	$
Directors								
P J Unsworth	65,000	-	-	-	5,850	-	-	70,850
M G Jones	120,541	-	-	-	-	-	-	120,541
R E Fripp	173,600	-	-	-	-	-	-	173,600
P Ingram	30,000	-	-	-	2,700	-	-	32,700
M Elsasser	-	-	-	-	-	-	-	-
Total Directors	389,141	-	-	-	8,550	-	-	397,691
Executives								
J Cooper-Jones	150,000	-	-	-	13,500	-	3,089	166,589
Total Executives	150,000	-	-	-	13,500	-	3,089	166,589
Total Remuneration	539,141	-	-	-	22,050	-	3,089	564,280

2011	Short term employee benefits				Post-employment benefits	Long-term benefits	Share-based payments	
Name	Cash salary and fees	Cash bonus	Non-monetary benefits	Other	Super-annuation	Long service leave	Options	Total
	$	$	$	$	$	$	$	$
Directors								
P J Unsworth	64,945	-	-	-	5,845	-	4,644	75,434
M G Jones	197,340	-	-	7,166	-	-	6,108	210,614
R E Fripp	198,280	-	-	-	-	-	6,108	204,388
P Ingram	30,000	-	-	-	2,700	-	45,507	78,207
M Elsasser	-	-	-	-	-	-	-	-
Total Directors	490,565	-	-	7,166	8,545	-	62,367	568,643
Executives								
M E Pitts (Resigned 3 May 2011)	-	-	-	96,243	-	-	798	97,041
J Cooper-Jones	74,500	-	-	-	6,705	-	1,527	82,732
Total Executives	74,500	-	-	96,243	6,705	-	2,325	179,733
Total Remuneration	565,065	-	-	103,409	15,250	-	64,692	748,416

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (CONTINUED)

SHARE BASED PAYMENT

Options

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

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

Group Key Management Personnel	Remun-eration Type	Grant Date	Number	Grant Value	Reason for Grant	Percentage vested/paid during the year	Percentage forfeited during the year	Percentage remaining as unvested	Vesting date
				$		%	%	%	
J Cooper-Jones	Options	27.05.2011	150,000	10,500	(a)	100	-	-	01.12.2011
P Ingram	Options	23.11.2009	300,000	27,009	(a)	100	-	-	01.07.2011

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

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

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

OPTIONS AND RIGHTS GRANTED

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

	Options granted Value at grant date	Options exercised Value at exercise date	Options lapsed Value at time of lapse	Total value of options granted, exercised and lapsed	Value of options included in remuneration for the year	Remuneration consisting of options during the year
	$	$	$	$	$	%
Directors						
P J Unsworth	9,311	-	9,311	9,311	-	0.0%
M G Jones	9,311	-	9,311	9,311	-	0.0%
R E Fripp	9,311	-	9,311	9,311	-	0.0%
P Ingram	59,956	-	59,956	59,956	-	0.0%
M Elsasser	-	-	-	-	-	0.0%
Executives						
J Cooper-Jones	4,616	-	-	4,616	3,089	2.0%

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

REMUNERATION REPORT (CONTINUED)

SHARE BASED PAYMENT (Continued)

Options (continued)

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

End of remuneration report.

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

Michael Jones
Director
Dated this 28th day of September 2012

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 2012, 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

CHRIS WATTS CA
Director

DATED at PERTH this 28th day of September 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
Interest Income	2	70,986	232,965
Other Income	2	96,000	48,291
Corporate and administration expenses		(368,439)	(594,988)
Depreciation expenses		(38,981)	(14,615)
Employee benefits expenses	3	(313,248)	(275,661)
Impairment of exploration expenditure		(1,745,419)	-
Impairment of investment in associate		(1,172,287)	-
Occupancy expenses		(92,443)	(85,853)
Other expenses		(174,847)	(146,592)
Share of associates net loss for the period	11	(488,114)	(168,808)
Net loss on sale of tenement		(257,873)	-
Loss before income tax		(4,484,665)	(1,005,259)
Income tax expense	4	-	-
Loss for the year from continuing operations		(4,484,665)	(1,005,259)
Profit for the year from discontinued operations after tax		-	1,317,501
Profit/(Loss) for the year	4	(4,484,665)	312,242
Other comprehensive income:			
Revaluation of shares available for sale		(588)	-
Exchange differences on translating foreign controlled entities		(236,989)	(154,379)
Other comprehensive income for the year, net of tax		(237,577)	(154,379)
Total comprehensive income for the year		(4,722,242)	157,863
Basic Loss per share (cents per share)	7	0.04	0.27

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Note	2012 $	2011 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	1,064,434	3,012,898
Trade and other receivables	9	301,265	229,956
TOTAL CURRENT ASSETS		1,365,699	3,242,854
NON-CURRENT ASSETS			
Plant and equipment	12	33,323	71,254
Investments accounted for using the equity method	10	2,543,078	4,203,479
Exploration expenditure	13	5,445,201	5,781,182
Financial assets		186,500	-
Other non-current assets		45,988	11,903
TOTAL NON-CURRENT ASSETS		8,254,090	10,067,818
TOTAL ASSETS		9,619,789	13,310,672
CURRENT LIABILITIES			
Trade and other payables	14	332,744	116,081
Provisions	15	44,262	36,347
Financial liabilities		-	-
TOTAL CURRENT LIABILITIES		377,006	152,428
NET ASSETS		9,242,783	13,158,244
EQUITY			
Issued capital	16	17,284,498	16,504,296
Option reserve	17	140,314	205,197
Foreign currency translation reserve	17	(427,553)	(190,564)
Asset revaluation reserve		(688)	(100)
Accumulated losses		(7,753,788)	(3,360,585)
TOTAL EQUITY		9,242,783	13,158,244

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2012

	Issued Capital	Foreign currency translation reserve	Options reserve	Asset revaluation reserve	Accumulated losses	Total Equity
	$	$	$	$	$	$
Balance at 1 July 2010	16,504,296	(36,185)	159,103	-	(3,672,827)	12,954,387
Loss for the year	-	-	-	-	312,242	312,242
Other Comprehensive Income						
Exchange differences on translation of foreign operations	-	(154,379)	-	-	-	(154,379)
Total other comprehensive income for the year	-	(154,379)	-	-	-	(154,379)
Transactions with owners in their capacity as owners						
Fair value of shares	-	-	-	(100)	-	(100)
Fair value of options issued	-	-	46,094	-	-	46,094
Balance at 30 June 2011	16,504,296	(190,564)	205,197	(100)	(3,360,585)	13,158,244
Balance at 1 July 2011	16,504,296	(190,564)	205,197	(100)	(3,360,585)	13,158,244
Loss for the year	-	-	-	-	(4,484,665)	(4,484,665)
Other Comprehensive Income						
Fair value of shares	-	-	-	(588)	-	(588)
Exchange differences on translation of foreign operations	-	(236,989)	-	-	-	(236,989)
Total other comprehensive income for the year	-	(236,989)	-	(588)	-	(237,577)
Transactions with owners in their capacity as owners					,	
Shares Issued	846,600	-	-	-	-	846,600
Share issue costs	(66,398)	-	-	-	-	(66,398)
Fair value of options issued	-	-	26,579	-	-	26,579
Fair value of options expired	-	-	(91,462)	-	91,462	-
Balance at 30 June 2012	17,284,498	(427,553)	140,314	(688)	(7,753,788)	9,242,783

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(910,118)	(945,652)
Payments for exploration		(2,744,926)	(2,138,518)
Interest received		70,986	260,217
Net cash used in operating activities	22	(3,584,058)	(2,823,953)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments		-	(2,000)
Payments for property, plant and equipment		(5,109)	(83,794)
Payment for bonds		-	(26,000)
Proceeds from the sale of financial assets		187,088	
Proceeds from sale of property, plant and equipment		4,059	-
Proceeds from the sale of tenement		669,356	-
Net cash used in investing activities		855,394	(111,794)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		830,000	-
Share issue costs		(49,800)	-
Repayment of loans		-	(3,000)
Net cash used in provided by financing activities		780,200	(3,000)
Net increase in cash held		(1,948,464)	(2,938,747)
Cash at beginning of financial year	8	3,012,898	5,951,645
Cash at end of financial year	8	1,064,434	3,012,898

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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

The separate financial statements of the parent entity, Impact Minerals Limited, have not been presented within this financial report as permitted by the *Corporations Act 2012.*

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

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

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

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

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

a. Principles of Consolidation

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

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

A list of controlled entities is contained in Note 27 to the financial statements. All controlled entities have a 30 June financial year-end.

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

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

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

Business Combinations

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

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

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

b. Income Tax

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

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

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

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

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

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

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

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

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

c. Plant and Equipment

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

Plant and equipment are measured on the cost basis.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

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

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

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

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

d. Exploration, Evaluation and Development Expenditure

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

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

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

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

d. Exploration, Evaluation and Development Expenditure (Continued)

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

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

e. 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.

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.

e. Financial Instruments (Continued)

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.

iv. *Available-for-sale financial assets*

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

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

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

v. *Financial Liabilities*

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

Impairment

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

e. Financial Instruments (Continued)

Derecognition

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

Financial Guarantees

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

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

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

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

f. Impairment of Assets

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

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

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

g. Interests in Joint Ventures

The Consolidated Group's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements. Details of the Consolidated Group's interests are shown at Note 20.

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

h. Foreign Currency Transactions and Balances

Functional and presentation currency

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

Transaction and balances

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

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

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

Group companies

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

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

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

j. Employee Benefits

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

Equity-settled Compensation

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

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

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

k. Cash and Cash Equivalents

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

l. Revenue and other income

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

m. Goods and Services Tax (GST)

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

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

n. Investments in Associates

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

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

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

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

Details of the Consolidated Group's investments in associates are provided in Note 11.

o. Comparative Figures

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

Critical Accounting Estimates and Judgements

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Critical Accounting Estimates and Judgements (continued)

Key Estimates — Impairment

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

Key Estimate – Taxation

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

Key Estimate - Shared-based payment transactions

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

The total expenses in share based transactions for the Consolidated Group for the year ended 30 June 2012 was $26,579 (2011: $64,692).

Key Judgement

(*i) Environmental Issues*

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

(ii) Capitalised exploration and evaluation expenditure

The Consolidated Group's accounting policy is stated at 1(d). A regular review is undertaken of each area of interest to determine the reasonableness of the continuing carrying forward of costs in relation to that area of interest. Refer to note 13.

(iii) Significant Influence – Investment in Invictus Gold Limited

The Groups' accounting policy as stated in note 1(n) is to account for interests greater than 20% of the voting power associated using the equity method. The Groups holding in Invictus Gold Limited is 44% and accordingly this interest has been accounted for in accordance with note 1(n)

New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

AASB 2011-9	*Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income [AASB 101]* This standard requires entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

New Accounting Standards for Application in Future Periods (continued)

AASB 2011-4

Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel

Disclosure Requirements [AASB 124]

This standard makes amendments to remove individual key management personnel disclosure requirements from AASB 124.

AASB 9

Financial instruments

AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting form financial liabilities.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below.

(a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.

(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

- The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
- The remaining change is presented in profit or loss

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11

AASB 10

Consolidated Financial Statements

AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation – Special Purpose Entities.

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. This is likely to lead to more entities being consolidated into the group.

Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 127.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

New Accounting Standards for Application in Future Periods (Continued)

AASB 11	*Joint Arrangements* AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG- 113 Jointly-controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. This may result in a change in the accounting for the joint arrangements held by the group. Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB128.
AASB 12	*Disclosure of Interests in Other Entities* AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.
AASB 13	*Fair Value Measurement* AASB 13 establishes a single source of guidance under AASB for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.
Interpretation 20	*Stripping Costs in the Production Phase of a Surface Mine* This interpretation applies to stripping costs incurred during the production phase of a surface mine. Production stripping costs are to be capitalised as part of an asset, if an entity can demonstrate that it is probable future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of an ore body for which access has been improved. This asset is to be called the "stripping activity asset". The stripping activity asset shall be depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The units of production method shall be applied unless another method is more appropriate.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

NOTE 2: REVENUE AND OTHER INCOME

	2012 $	2011 $
Interest revenue from financial institutions	70,986	232,965
Other revenue	96,000	48,291
Total revenue	166,986	281,256

NOTE 3: LOSS FOR THE YEAR

Loss before income tax includes the following specific expenses:

	2012	2011
Employee benefits expense		
Salary and wages	141,211	82,769
Superannuation	19,371	29,540
Employee entitlements	17,169	-
Fringe benefits tax	13,918	-
Share based payments	26,579	64,692
Directors Fees	95,000	98,659
	313,248	275,661
Rental expense on operating leases		
Rental expense	79,692	67,372
Depreciation expenses		
Depreciation	38,981	14,615
	38,981	14,615

NOTE 4: INCOME TAX EXPENSE

		2012 $	2011 $
a.	The components of tax expense comprise:		
	Deferred income tax expense included in income tax expense comprises :		
	Decrease (Increase) in deferred tax assets	580,412	472,863
	(Decrease) Increase in deferred tax liabilities	(580,412)	(472,863)
	Income tax expense reported in the statement of 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	(4,484,665)	(312,242)
	Prima facie tax benefit on profit from ordinary activities before income tax at 30% (2011: 30%)	(1,345,400)	(93,673)
	Tax effect of permanent differences:		
	Share based payments	7,974	10,815
	Non-deductible expenses	9,261	697
	Gain on disposal of subsidiary	-	1,249,648
	Impact of subsidiary for the year	-	(64,559)
	Share of associates loss	(50,643)	-
	Overs and unders from prior years	419,801	76,186
	Unrecognised temporary differences:	914,082	151,985
	Unrecognised temporary differences in equity	-	(547,200)
	Tax losses not recognised / (recognised)	(188,956)	(992,318)
	Capital losses not recognised / (recognised)	1,108	-
	Foreign exploration expenditure	232,773	21,073
	Income tax expense/(benefit) on pre-tax profit	-	-
c.	Deferred tax assets and liabilities are attributable to the following:		
	Capital raising costs	-	(85,369)
	Creditors	-	(8,850)
	Exploration expenditure	-	580,412
	Investments in associates	-	(50,642)
	Plant and equipment	-	(11,551)
	Provisions	-	(9,884)
	Tax losses	-	(414,116)
		-	-

NOTE 4: INCOME TAX EXPENSE (CONTINUED)

The balance of potential deferred tax assets attributable to tax losses carried forward of $1,284,378 (2011: $940,699) and other timing differences of $1,165,835 (2011: nil) in respect of the Consolidated Group have not been brought to account because the Directors do not believe it is appropriate to regard realisation of future tax benefit as probable.

All unused tax losses were incurred by Australian entities.

NOTE 5: INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP)

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Consolidated Group's key management personnel for the year ended 30 June 2012.

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

	2012	2011
	$	$
Short-term employee benefits	539,141	668,474
Post-employment benefits	22,050	15,250
Share-based payments	3,089	64,692
Other long term benefits	-	-
	564,280	748,416

KMP Options and Rights holdings

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

30 June 2012	Balance at start of the year	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at the end of the year	Remuneration options Vested and Exercisable at end of year	Remuneration options unvested at end of year
Directors							
P Unsworth	1,500,000	-	-	(1,000,000)	500,000	500,000	-
M Jones	2,000,000	-	-	(1,000,000)	1,000,000	1,000,000	-
R Fripp	2,000,000	-	-	(1,000,000)	1,000,000	1,000,000	-
P Ingram	1,000,000	-	-	(700,000)	300,000	300,000	-
M Elsasser	-	-	-	-	-	-	-
Executives							
J Cooper-Jones	150,000	-	-	-	150,000	150,000	-
Total	6,650,000	-	-	(3,700,000)	2,950,000	2,950,000	-

NOTE 5: INTERESTS ON KEY MANAGEMENT PERSONNEL (KMP) (CONTINUED)

30 June 2011	Balance at start of the year	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at the end of the year	Remuneration options Vested and Exercisable at end of year	Remuneration options unvested at end of year
Directors							
P Unsworth	1,500,000	-	-	-	1,500,000	1,500,000	-
M Jones	2,000,000	-	-	-	2,000,000	2,000,000	-
R Fripp	2,000,000	-	-	-	2,000,000	2,000,000	-
P Ingram	1,000,000	-	-	-	1,000,000	700,000	300,000
M Elsasser	-	-	-	-	-	-	-
Executives							
M Pitts (Resigned 3 May 2011)	350,000	-	-	(150,000)	200,000	200,000	-
J Cooper-Jones	-	150,000	-	-	150,000	-	150,000
Total	6,850,000	150,000	-	(150,000)	6,850,000	6,400,000	450,000

2012 KMP Shareholdings

Number of Shares held by Key Management Personnel

Directors	Balance 1.7.2011	Received as Compen-sation	Options Exercised	Net Change Other*	Balance 30.6.2012
Peter J Unsworth	5,674,231	-	-	-	5,674,231
Michael G Jones	5,450,000	-	-	-	5,450,000
Rodney E Fripp	5,450,000	-	-	-	5,450,000
Paul Ingram	-	-	-	-	-
M Elsasser	-	-	-	-	-
Total Directors	16,574,231	-	-	-	16,574,231
Executives					
J Cooper-Jones	-	-	-	-	-
Total executives	-	-	-	-	-
Total shares	16,574,231	-	-	-	16,574,231

NOTE 5: INTERESTS ON KEY MANAGEMENT PERSONNEL (KMP) (CONTINUED)

2011 KMP Shareholdings

Number of Shares held by Key Management Personnel

Directors	Balance 1.7.2010	Received as Compen-sation	Options Exercised	Net Change Other*	Balance 30.6.2011
Peter J Unsworth	5,674,231	-	-	-	5,674,231
Michael G Jones	5,450,000	-	-	-	5,450,000
Rodney E Fripp	5,450,000	-	-	-	5,450,000
Paul Ingram	-	-	-	-	-
M Elsasser	-	-	-	-	-
Total Directors	16,574,231	-	-	-	16,574,231
Executives					
J Cooper-Jones	-	-	-	-	-
Total executives	-	-	-	-	-
Total shares	16,574,231	-	-	-	16,574,231

Other KMP Transactions

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

NOTE 6: AUDITORS' REMUNERATION

	2012 $	2011 $
Remuneration of the auditor of the Consolidated Group for:		
— auditing or reviewing the financial report	33,000	36,402
— other assurance related services	-	5,750
	33,000	42,152

NOTE 7: EARNINGS PER SHARE

	2012 $	2011 $

The calculation of basic earnings per share at 30 June 2012 was based on the loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the financial year, and was calculated as follows:

		2012	2011
a.	Reconciliation of earnings to profit or loss		
	Earnings used to calculate basic EPS	(4,484,665)	312,242
		No.	**No.**
d.	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	121,636,328	117,403,328

Note 7: EARNINGS PER SHARE (CONTINUED)

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

NOTE 8: CASH AND CASH EQUIVALENTS

	2012 $	2011 $
Cash at bank and in hand	86,253	96,152
Cash at Bank – at call account	978,181	2,916,746
Commercial Bills/Term Deposits	-	-
	1,064,434	3,012,898

The effective interest rate on at call and term deposits was 2.57% (2011: 4.7%).

Reconciliation of cash

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

Cash and cash equivalents	1,064,434	3,012,898
	1,064,434	3,012,898

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 9: TRADE AND OTHER RECEIVABLES

	2012 $	2011 $
CURRENT		
Trade debtors	214,758	206,819
Director advances	10,628	-
Other	75,879	23,137
	301,265	229,956

NOTE 10: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

		2012 $	2011 $
Associated companies	11	2,543,078	4,203,479
		2,543,078	4,203,479

NOTE 11: ASSOCIATED COMPANIES

Interests are held in the following associated companies:

Name	Principal Activities	Country of Incorporation	Shares	Ownership Interest		Carrying Amount of Investment	
				2012 %	2011 %	2012 $	2011 $
Unlisted:							
Invictus Gold Ltd	Exploration	Australia	Ord	44%	44%	2,543,078	4,203,479
						2,543,078	4,203,479

			2012 $	2011 $
a.	Movements during the year in equity accounted investment in associated companies:			
	Balance at beginning of the financial year		4,203,479	-
Add:	New investments during the year		-	4,372,287
	Share of associated company's loss after income tax	11b	(488,114)	(168,808)
	Impairment of investment in associate		(1,172,287)	-
	Balance at end of the financial year		2,543,078	4,203,479
b.	Equity accounted profits of associates are broken down as follows:			
	Share of associate's loss before income tax expense		(488,114)	(168,808)
	Share of associate's income tax expense		-	-
	Share of associate's loss after income tax		(448,114)	(168,808)

NOTE 11: ASSOCIATED COMPANIES (CONTINUED)

		2012 $	2011 $
c.	Summarised presentation of aggregate assets, liabilities and performance of associates:		
	Current assets	403,985	2,789,157
	Non-current assets	6,594,428	5,136,653
	Total assets	6,998,413	7,925,810
	Current liabilities	172,307	218,514
	Total liabilities	172,307	218,514
	Net assets	6,826,106	7,707,296
	Revenues	103,861	84,286
	Loss after income tax of associates	1,098,257	379,819
d.	Ownership interest in Invictus Gold Ltd at the end of that company's reporting period was 44% of ordinary shares. The end of the reporting period of Invictus Gold is 30 June 2012. The end of the reporting period coincides with the entity's holding company.		
e.	Market value of listed investment in associate	480,000	1,375,000

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	316,482	316,175
Accumulated depreciation	(283,159)	(244,921)
	33,323	71,254

a. **Movements in Carrying Amounts**

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

PLANT AND EQUIPMENT		
Balance at 30 June 2011	71,254	45,330
Additions	5,109	40,539
Disposals	(4,059)	-
Depreciation expense	(38,981)	(14,615)
Balance at 30 June 2012	33,323	71,254

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 13: EXPLORATION EXPENDITURE

	2012 $	2011 $
Capitalised cost at the beginning of the period	5,781,182	7,065,971
Disposal of tenements	(1,380,576)	(3,101,918)
Impaired	(1,745,419)	-
Exploration expenditure for the year	2,790,014	1,817,129
Cost carried forward	5,445,201	5,781,182

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.

NOTE 14: TRADE AND OTHER PAYABLES

	2012 $	2011 $
CURRENT		
Unsecured liabilities:		
Trade payables	196,312	101,657
Sundry payables and accrued expenses	136,432	14,424
	332,744	116,081

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

Details of the Group's exposure to Interest rate risk and fair value in respect of its liabilities are set out in note 25. There are no secured liabilities as at 30 June 2012.

NOTE 15: PROVISIONS

	2012 $	2011 $
CURRENT		
Employee benefits	44,261	36,347

NOTE 16: ISSUED CAPITAL

134,335,328 fully paid ordinary shares with no par value (2011: 117,403,328)	18,068,855	17,222,255
Share issue costs	(784,357)	(717,959)
	17,284,498	16,504,296

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 16: ISSUED CAPITAL

	2012 No.	2011 No.	2012 $	2011 $
a. Ordinary shares				
At the beginning of reporting period	117,403,328	117,403,328	16,504,296	16,504,296
Shares issued during the year				
- Placement	16,932,000	-	846,600	-
- Transaction costs	-	-	(66,398)	-
At the end of the reporting period	134,335,328	117,403,328	17,284,498	16,504,296

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

Capital Management

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

Due to the nature of the Consolidated Group's activities, being mineral exploration, the Consolidated Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Consolidated Group's capital risk management is the current working capital position against the requirements of the Consolidated Group to meet exploration programs and corporate overheads. The Consolidated Group'strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Consolidated Group at 30 June 2011 and 30 June 2012 was as follows:

	2012 $	2011 $
Cash and cash equivalents	1,065,744	3,012,898
Trade and other receivables	301,265	229,956
Trade and other payables	(332,744)	(116,081)
Working capital position	1,034,265	3,126,773

NOTE 17: RESERVES

Option Reserve

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

Foreign Currency Translation Reserve

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

NOTE 18: CAPITAL AND LEASING COMMITMENTS

(a) Exploration

The Consolidated Group has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the Consolidated Group's exploration program and priorities. As at balance date, total exploration expenditure commitments on granted tenements held by the Consolidated Group that have not been provided for in the financial statements and which cover the following twelve month period amount to $1,254,606 (2011: $5,185,442) respectively. These obligations are also subject to variations by farm-out arrangements or sale of the relevant tenements.

(b) Operating lease commitments

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

	2012	**2011**
	$	**$**
Within one year	65,463	72,636
Later than one year but not later than 5 years	97,677	-
Later than 5 years	-	-
	163,140	72,636

NOTE 20: CONTINGENT LIABILITIES

There are no material contingent liabilities not provided for in the financial statements of the Consolidated Group as at 30 June 2012.

NOTE 21: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

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

The Consolidated Group is managed primarily on the basis of exploration opportunities within Australia 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.

Basis of accounting for purposes of reporting by operating segments

(a) Accounting policies adopted

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

(b) Intersegment transactions

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

(c) Segment assets

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

NOTE 21: OPERATING SEGMENTS(CONTINUED)

(d) Segment liabilities

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

(e) Unallocated items

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

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

(i) Segment performance

	AUSTRALIA		AFRICA		CORPORATE / TREASURY		CONSOLIDATED	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
REVENUE	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Interest revenue	568	-	168	275	70,250	232,690	70,986	232,965
Administrative service income	-	-	-	-	96,000	48,291	96,000	48,291
Total Segment revenue	568	-	168	275	166,250	280,981	166,986	281,256
Reconciliation of segment revenue to group revenue								
Intersegment elimination							-	-
Total group revenue							166,986	281,256
Segment net loss before tax	(501,280)	(14,279)	(887,685)	(70,241)	(3,095,700)	(921,050)	(4,484,665)	(1,005,570)

(ii) Segment assets

	2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Segment Assets	24,449	556,043	4,824,481	4,073,709	4,770,859	8,680,920	9,619,789	13,310,672
Total Group Assets							9,619,789	13,310,672
Segment asset increases for the period:								
Capital expenditure	(541,593)	(4,364,551)	750,772	2,203,313	(3,910,062)	2,117,142	(3,700,884)	(44,095)
Included in segment assets are								
Joint ventures	-	487,756	-		-	-	-	487,756
Unallocated assets							-	-

NOTE 21: OPERATING SEGMENTS(CONTINUED)

(iii) Segment liabilities

	AUSTRALIA		AFRICA		CORPORATE / TREASURY		CONSOLIDATED	
	2012	2011	2012	2011	2012	2011	2012	2011
	$	$	$	$	$	$	$	$
Segment liabilities	(18,228)	(2)	41,547	-	317,231	152,430	340,550	152,428
Reconciliation of segment liabilities to Group liabilities								
Inter-segment eliminations							-	-
Unallocated liabilities							(36,456)	-
Total group liabilities							377,006	152,428

NOTE 22: CASH FLOW INFORMATION

	2012 $	2011 $
a. **Reconciliation of Cash Flow from Operations with Profit after Income Tax**		
Profit/(Loss) after income tax	(4,484,665)	312,242
Non cash flow in profit		
Depreciation	38,981	14,615
Share based expenses	26,579	64,692
Other non-cash expenses in profit and loss	-	(98,641)
Share of associates net loss for period	488,114	168,808
Loss on sale of asset	257,873	-
Impairment of investment in associate	1,172,287	-
Impairment of exploration expenditure	1,745,419	-
Profit from discontinued operations	-	(1,317,501)
Movement in foreign exchange	-	69,476
Changes in net assets and liabilities		
(Increase)/ decrease in assets:		
Prepayments	-	-
Trade and other debtors	(71,309)	134,396
Other non-current assets	(34,085)	-
Capitalised expenditure	(2,710,841)	(2,139,407)
Increase / (decrease) in liabilities:		
Trade and other creditors	(20,326)	(20,166)
Provisions	7,915	-
Accruals	-	(12,466)
Cash flow from operations	**(3,584,058)**	**(2,823,953)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 22: CASH FLOW INFORMATION Cont.

b. **Non-cash Financing and Investing Activities**

Other than disclosed on the following page, there have been no non-cash Financing and Investing Activities

NOTE 23: SHARE BASED PAYMENTS

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

Grant date	Vest date	Expiry date	Exercise price	Number
08.02.2012	30.04.2012	31.01.2015	$0.20	250,000
08.02.2012	30.04.2013	31.01.2015	$0.25	250,000

ii. Options granted to key management personnel include:

Grant date	Vest date	Expiry date	Exercise price	Number
-	-	-	-	-

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

	Number	Weighted Average Exercise Price
Options outstanding as at 30 June 2010	9,700,000	26c
Granted	450,000	22c
Expired	(250,000)	26c
Options outstanding as at 30 June 2011	9,900,000	26c
Granted	500,000	22c
Expired	(4,800,000)	23c
Options outstanding as at 30 June 2012	5,600,000	26c
Options exercisable as at 30 June 2012	5,350,000	26c

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

The weighted average remaining contractual life of options outstanding at year end was 164 days. The weighted average exercise price of outstanding options at the end of the reporting period was 26 cents.

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

The weighted average fair value of options granted during the year was 1.5 cents. These values were calculated using the Black Scholes option pricing model applying the following inputs:

NOTE 23: SHARE BASED PAYMENTS (CONTINUED)

Grant Date	Vesting Date	Expiry Date	Exercise Price	Options	Share Price at Grant	Risk Rate	Consideration
08.02.12	30.04.12	31.01.15	$0.20	250,000	$0.06	3.26%	nil
08.02.12	30.04.13	31.01.15	$0.25	250,000	$0.06	3.26%	nil

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

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

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

NOTE 24: RELATED PARTY TRANSACTIONS

An amount of $238,306 (2011: $104,845) was received to Invictus Gold Limited for shared administrative and other expenses.

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

NOTE 25: FINANCIAL RISK MANAGEMENT

The Consolidated Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries. Executive management has been delegated responsibility by the Board of Directors for, among other issues, monitoring and managing financial risk exposures of the Consolidated Group. The executive management monitors the Consolidated Group's financial risk exposures and approves financial transactions within the scope of its authority. The executive management's overall risk management strategy seeks to assist the Consolidated Group in meeting its financial targets, while minimising the potential adverse effects on financial performance.

Risk management is carried out by the Board as a whole, which provides the principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Consolidated Group uses different methods to measure different types of risk to which it is exposed. Where appropriate these methods will include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk.

(a) Market Risk

(i) Foreign exchange risk

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

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

(ii) Price Risk

Equity Securities Price Risk

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 25: FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Interest Rate Risk

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

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

(b) Interest Rate Risk

The Group holds the following financial instruments:

	Notes	Floating interest rate	Fixed interest rate 1 year or less	Fixed interest rate Over 1 to 5 years	Fixed interest rate More than 5 years	Non-interest bearing	Total	Weighted average interest rate
		$	$	$	$	$	$	%
2012								
Financial assets								
Cash	8	1,063,173	-	-	-	-	1,064,434	2.57
Trade and other receivables	9	-	-	-	-	301,265	301,265	-
		1,063,173	-	-	-	301,265	1,365,699	
Financial liabilities								
Trade creditors and accruals	14	-	-	-	-	332,744	332,744	-
		-	-	-	-	332,744	332,744	2.57

NOTE 25: FINANCIAL RISK MANAGEMENT (CONTINUED)

	Notes	Floating interest rate	Fixed interest rate			Non-interest bearing	Total	Weighted average interest rate
			1 year or less	Over 1 to 5 years	More than 5 years			
		$	$	$	$	$	$	%
2011								
Financial assets								
Cash	8	2,995,349	-	-	-	17,549	3,012,898	4.7
Trade and other receivables	9	-	-	-	-	229,956	229,956	-
		2,995,349	-	-	-	247,505	3,242,854	
Financial liabilities								
Trade creditors and accruals	14	-	-	-	-	116,081	116,081	-
		-	-	-	-	116,081	116,081	-

(c) Credit Risk

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

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

Credit risk exposures

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

	Note	2012	2011
		$	$
Cash and cash equivalents			
- AA Rating (being AUD banks)		1,030,963	2,927,928
- Other		33,471	84,970
Total cash and cash equivalents	8	1,064,434	3,012,898

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

(d) Liquidity Risk

The Consolidated Group's exposure to liquidity risk is limited to cash, receivables and creditors and is set out in Notes 8, 9 and 14.

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

(e) Fair value estimation

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

NOTE 25: FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

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

(f) Sensitivity Analysis

At 30 June 2012, if interest rates had changed by -/+ 100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Consolidated Group would have been $10,663 lower/ higher (2011: $49,764 lower/higher) as a result of lower/higher interest income from cash and cash equivalents.

NOTE 26: PARENT ENTITY DISCLOSURE

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

	2012	2011
	$	$
STATEMENT OF COMPREHENSIVE INCOME		
Profit/(Loss) for the period	(4,226,666)	195,152
Other comprehensive income	-	-
Total comprehensive result for the period	(4,226,666)	195,152
STATEMENT OF FINANCIAL POSITION		
Current assets	1,106,935	3,004,664
Non current assets	8,391,565	9,809,634
Total assets	9,498,500	12,814,297
Current liabilities	257,106	152,430
Total liabilities	257,106	152,430
Total equity of the parent entity comprising of :		
Share capital	17,284,496	16,504,296
Option reserve	140,315	205,197
Asset revaluation reserve	(688)	(100)
Accumulated losses	(8,182,730)	(4,047,525)
Total Equity	9,241,393	12,661,867

Contractual commitments

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

Contingent liabilities

There are no material contingent liabilities of the parent entity for 30 June 2012.

NOTE 27: CONTROLLED ENTITIES

a) Controlled Entities Consolidated

Name	Principal Activities	Country of Incorporation	Ownership Interest 2012 %	Ownership Interest 2011 %
Unlisted:				
Aurigen Pty Ltd	Exploration	Australia	100	100
Drummond East Pty Ltd	Exploration	Australia	100	100
Seam Holdings Ltd (i)	Investment	British Virgin Islands	100	100
Impact Minerals (Botswana) Pty Ltd (ii)	Exploration	Botswana	100	100
Drummond Uranium Pty Ltd	Exploration	Australia	100	100
Siouville Pty Ltd	Exploration	Australia	100	100
Brentwood Investment Pty Ltd (iii)	Exploration	Namibia	100	100
Impact Madencilik Sanayi Ve Ticaret A.S (iv)	Exploration	Turkey	100	-
Xade Minerals (Pty) Ltd	Exploration	Botswana	100	-
Less Provision for diminution in value				

(i) Seam Holdings Limited is a subsidiary of Drummond East Pty Ltd.
(ii) Impact Minerals (Botswana) Pty Ltd (formerly Icilion Investments Pty Ltd) is a wholly owned subsidiary of Seam Holdings Limited.
(iii) Brentwood Investment Pty Ltd is a wholly owned subsidiary of Seam Holdings Limited.
(iv) Impact Madencilik Sanayi Ve Ticaret A.S is a wholly owned subsidiary of Drummond Uranium Pty Ltd

Loans to and Investments In Controlled Entities

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

Details of loans provided are listed below:

	2012 $	2011 $
Aurigen Pty Ltd	702,648	631,503
Drummond East Pty Ltd	33,423	33,128
Seam Holdings Ltd	9,902	8,507
Impact Minerals (Botswana) Pty Ltd	5,597,236	3,760,415
Drummond Uranium Pty Ltd	10,280	10,280
Siouville Pty Ltd	136,372	135,564
Brentwood Investment Pty Ltd	104	-
Impact Madencilik Sanayi Ve Ticaret A.S	-	-
Xade Minerals (Pty) Ltd	-	-
	6,489,965	4,579,397

NOTE 27: CONTROLLED ENTITIES (continued)

Loans to and Investments In Controlled Entities (continued)

Details of investments are listed below:

	2012	2011
	$	$
Aurigen Pty Ltd	4,006	4,006
Drummond East Pty Ltd	96	96
Seam Holdings Ltd	-	-
Impact Minerals (Botswana) Pty Ltd	-	-
Drummond Uranium Pty Ltd	100	100
Siouville Pty Ltd	100	100
Brentwood Investment Pty Ltd	-	-
Impact Madencilik Sanayi Ve Ticaret A.S	-	-
Xade Minerals (Pty) Ltd	-	-
	4,302	4,302

NOTE 28: SUSEQUENT EVENTS

On the 23rd August, 2012 the Company announced a $7,030,000 capital raising. This capital raising consists of three components: a 15% placement (Tranche 1 Placement), a $1,000,000 placement subject to shareholder approval (Tranche 2 placement) and a 1 for 1 entitlement issue.

The Tranche 1 Placement consisting of a placement of 16,666,667 shares at $0.03 per share to raise a total of $500,000 was completed on 28th August, 2012.

The Tranche 2 Placement consisting of a placement of 33,333,333 shares at $0.03 per share to raise $1,000,000 is subject to shareholder approval which will be sort at an Extraordinary General Meeting to be held on the 28th September, 2012.

The Entitlement Issue consists of a non-renounceable 1 for 1 entitlement issue at $0.03 cents per share to raise $5,530,060. The proposed subscriber for the Tranche 2 Placement has committed to take up their entitlement of $1,000,000 in the Issue and has agreed to partially underwrite the Issue for up to a further $2,400,000. The Issue has the following indicative dates:

a. Offer opens: 2 October, 2012;

b. Quotation of the new shares 8th November, 2012.

NOTE 29: COMPANY DETAILS

The principal and registered office of the company is:

Impact Minerals Limited
309 Newcastle Street
NORTHBRIDGE WA 6003

DIRECTOR'S DECLARATION

IMPACT MINERALS LIMITED ABN 52 119 062 261 AND CONTROLLED ENTITIES

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 17 to 53, are in accordance with the Corporations Act 2001 and:
   a) comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
   b) give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the company and Consolidated Group;

2. The Chief Executive Officer and Chief Finance Officer have each declared in accordance with S295A of the Corporations Act 2001, that:

   a) the financial records of the Consolidated Group for the financial year have been properly maintained in accordance with s286 of the Corporations Act 2001;
   b) the financial statements and notes for the financial year comply with the Accounting Standards; and
   c) the financial statements and notes for the financial year give a true and fair view; and

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

Signed at Perth this 28th day of September 2012.
Michael Jones
Chairman

Bentleys
THINKING AHEAD

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Independent Auditor's Report

To the Members of Impact Minerals Limited

We have audited the accompanying financial report of Impact Minerals Limited ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Basis for Qualified Opinion

The Consolidated Entity's investment in an associated entity, Invictus Gold Limited is accounted for using the equity method in the statement of financial position and as at 30 June 2012 is stated at $2,543,078. The directors have not recognised the full impairment loss with respect to its investment in the associate, which constitutes a departure from Australian Accounting Standards. The Consolidated Entity's records indicate that had the Directors recognised the full extent of the required impairment loss, an amount of $2,063,078 would have been required to write the investment down to its fair value. Accordingly, loss before tax would have been increased by $2,063,078 and shareholders' equity would have been reduced by $2,063,078.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph:

a. The financial report of Impact Minerals Limited and Controlled Entities 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 2012 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 report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report of the year ended 30 June 2012. 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.

Auditor's Opinion

In our opinion, the Remuneration Report of Impact Minerals Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

Bentleys

BENTLEYS
Chartered Accountants

CHRIS WATTS CA
Director

DATED at PERTH this 28th day of September 2012

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information, applicable at 20 August 2012, is required by the Australian Securities Exchange Ltd in respect of listed public companies only.

Shareholding

a. **Distribution of Shareholders**

Category (size of holding)	Number of Holders	Number of Shares
1 – 1,000	12	1,200
1,001 – 5,000	195	689,419
5,001 – 10,000	199	1,747,936
10,001 – 100,000	562	24,146,682
100,001 – and over	159	90,818,091
	1,127	117,403,328

b. The number of shareholders holding less than a marketable parcel is 275.

c. The names of the substantial shareholders listed in the holding company's register as at 20 August 2012 are:

Shareholder	Number	% of issued capital
China Growth Minerals Limited	11,840,470	8.81

d. **Voting Rights**

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

Ordinary shares

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

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

e. **20 Largest Shareholders — Ordinary Shares**

	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
Rank	**Name**	**Units**	**% of Units**
1.	CHINA GROWTH MINERALS LIMITED	11,840,470	8.81
2.	BASALIS PTY LTD <BASALIS SUPER FUND A/C>	5,450,000	4.06
3.	IMAGE INTERPRETATION TECHNOLOGIES PTY LTD	5,450,000	4.06
4.	PAYZONE PTY LTD	5,400,002	4.02
5.	BALINTORE PTY LTD <MCKENZIE SUPER FUND A/C>	4,175,000	3.11
6.	A W D CONSULTANTS PTY LTD <STEVENS SUPER FUND A/C>	4,100,000	3.05
7.	P J ENTERPRISES PTY LIMITED <SUPER FUND A/C>	4,000,000	2.98
8.	DR LEON EUGENE PRETORIUS	4,000,000	2.98
9.	MR JOHN BLAINE <BLAINE FAMILY A/C>	2,000,000	1.49
10.	DR LEON EUGENE PRETORIUS	2,000,000	1.49
11.	MANOTEL PTY LTD	1,674,231	1.25
12.	MR WILLIAM DOUGLAS GOODFELLOW	1,525,000	1.14
13.	MRS CHRISTINA GAIL MCMAHON	1,360,000	1.01
14.	YARANDI INVESTMENTS PTY LTD <GRIFFITH FAMILY NO 2 A/C>	1,357,000	1.01
15.	FORTY TRADERS LIMITED	1,325,000	0.99
16.	OCEANIC CAPITAL PTY LTD	1,165,000	0.87
17.	MR JOHN ANTHONY CHAY + MRS KELLIE ANNE CHAY	1,100,000	0.82
18.	MR WILLIAM HENRY HERNSTADT	1,100,000	0.82
19.	KINGS PARK SUPERANNUATION FUND PTY LTD <KINGS PARK SUPER FUND A/C>	1,060,000	0.79
20.	ANDJEN PTY LTD <DIMSEY SUPER FUND A/C>	1,003,000	0.75
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)		**61,084,703**	**45.47**

Stock Exchange Listing

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