

ASX ANNOUNCEMENT

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SHAREHOLDER UPDATE

LAST YEAR AND THIS YEAR

Highly encouraging exploration results and a rejuvenation of its project portfolio during a very busy and productive 2020 has set the scene for what Impact Minerals Limited (ASX:IPT) believes could be a transformative year for the company and its shareholders in 2021.

Impact's long held strategy has been to acquire large strategic ground positions in highly prospective parts of Australia and the Company now holds five 100% owned projects with a focus on the precious metals; gold, silver and platinum group metals, as well as nickel and copper.

LAST YEAR

During 2020 Impact completed extensive work programmes on its two flagship projects, the Broken Hill nickel-copper-platinum group metal (PGM) project and the Commonwealth copper-gold project, both in New South Wales.

Exploration at **Broken Hill** was reinvigorated during the year in light of the record prices for some of the platinum group metals, palladium and rhodium in particular. The Broken Hill area is characterised by exceptional grades of all six PGM's, palladium, platinum, rhodium, osmium, ruthenium and iridium, a rare occurrence globally.

A major drill programme of 13,263 metres delivered break-through drill results at every prospect tested, driven mainly by Impact's discovery of a proprietary multi-element ratio that is a good predictor of PGM grade, a possible first in platinum exploration anywhere.

At the Plat Central prospect, the ratio led directly to the discovery of high-grade nickel-copper-PGM mineralisation in a Kambalda-style channel at the base of the target ultramafic unit, the first coherent zone of mineralization found in over 40 years of exploration in the area. Final assays from this area are due shortly.

At the Little Broken Hill Gabbro-Rockwell prospects, the first ever drill holes into the basal unit of an intrusion that has many similarities to the world class Jinchuan mine in China have returned thick intercepts of strongly anomalous PGM +/-copper and nickel mineralisation over a distance of at least 1,500 metres. The results suggest the basal unit may host a vast repository of these metals.

In addition, the drill holes are at broad reconnaissance spacings and this is extremely encouraging for the discovery of a significant deposit given the remainder of the entire 6.5 kilometre extent of the Little Broken Hill Gabbro is untested.

At Red Hill a recently reported stand out drill intercept suggests that this prospect may be a feeder zone for the Little Broken Hill Gabbro and a prime target for massive sulphide mineralisation at depth has now been identified.

At the **Commonwealth Project**, located in the northern part of the Lachlan Fold Belt, the prolific copper-gold province of New South Wales and home to major mines such as Cadia-Ridgeway and North Parkes, Impact identified five new undrilled targets along trend from the recent Boda-Kaiser porphyry copper-gold discovery (Alkane Resources Limited ASX:ALK).

Several campaigns of rock chip and soil geochemistry sampling together with a new airborne magnetic and radiometric survey commissioned by Impact, highlighted host rocks and alteration assemblages at three of the prospects that are similar to those at Cadia-Ridgeway, North Parkes and Boda. One of the prospects Apsley, was prioritised for a follow up soil geochemistry survey following the discovery of extensive fresh copper sulphides at surface.

The survey defined a near-textbook example of the zones of metal assemblages expected around major alkalic porphyry copper gold complexes over an area of about four square kilometres.

The assemblages included a classic example of a so-called “zinc doughnut” where an outer halo of zinc, lead and manganese surrounds a core of copper, gold and PGM’s. Such doughnuts are well understood in porphyry copper-gold exploration.

An extensive Induced Polarisation ground survey was completed over the entire doughnut and whilst final interpretations are still pending, the results indicate priority drill targets are present in a number of places.

During the year Impact also rejuvenated and rationalised its entire **project portfolio**.

In May the company staked a new major project called Arkun in the SW Yilgarn Terrane, about 130 km east of Perth in the emerging new province for nickel-copper-PGM mineralisation following the Julimar discovery near Perth (Chalice Mining NL). Anglo American plc lodged applications for Exploration Licences covering 10,130 sq km surrounding Arkun on the day of Impact’s announcement about the new project.

Impact has since added to the Arkun project with the recent purchase of the Beau project which is also surrounded by Anglo American’s tenements and covers an untested magnetic anomaly of similar dimension and magnitude to the Gonneville intrusion that hosts the mineralisation at Julimar.

In October Impact also purchased an 80% interest in the Doonia gold project, located 75 km east of Kambalda. Here, a significant gold-in-soil anomaly 2.5 km long and up to 1 km wide is centred over numerous small prominent magnetic anomalies and which has shallow gold-in-regolith anomalies that have not been followed up at depth. This is a walk-up drill target with significant size potential.

Impact also added two new 100% owned applications for Exploration Permits to its Blackridge gold project in central Queensland. Impact’s tenements now cover 150 sq km or about 90% of the southern part of the larger Miclere-Blackridge gold field that produced over 300,000 ounces of gold.

In addition, Impact also purchased Silver City Minerals Limited's (ASX:SCI) 20% interest in the silver-lead-zinc rights to EL7390 at Broken Hill. Impact now owns 100% of all mineral rights to its entire tenement portfolio at Broken Hill and ends a long and complex history of joint ventures on the tenement inherited by Impact when it first purchased an interest in the project.

As well as adding to its portfolio, Impact also divested some of its non-core assets.

The Clermont gold project in Queensland was sold to private company Australasian Gold Limited for \$100,000 at a price of 10 cents per share. Australasian Gold has a suite of similar prospective gold assets in Queensland and will list on the ASX by Q2 2021 at a listing price of 20 cents per share.

Impact has also recently agreed to the sale of two tenements in the company's Lachlan Fold Belt portfolio, EL8632 and the northern part of E8505 (41 sub blocks) to Orange Minerals Pty Limited, an unrelated private company. Orange Minerals has acquired a number of other assets in the Lachlan Fold Belt with the aim of listing on the ASX in mid-2021.

The terms of the sale are:

1. A non-refundable deposit of \$15,000 (already paid);
2. At the election of Impact, either \$134,000 in shares in the new listed company, or, \$50,000 in shares and \$180,000 in cash; and
3. A 1% Net Smelter Royalty

The tenements being sold are considered not to be prospective for porphyry copper-gold deposits, the main focus of Impact's exploration programmes.

These sales crystallise significant value for Impact and provide exposure to a larger portfolio of prospective assets in these well mineralised parts of Australia.

THIS YEAR

Impact has assembled an exceptional portfolio of early stage to more advanced projects each with some very prospective targets. In 2021, Impact has a straightforward plan of extensive drilling of its highest priority targets.

At Commonwealth, the coincident soil geochemistry and IP anomalies are defining clear targets at shallow depths that warrant urgent drill testing. Statutory approvals have now been lodged and a drill rig has been booked for late February-early March.

At Broken Hill a detailed interpretation of the extensive assay results from the 2020 campaign is well underway and a significant follow up drill programme is being planned. This work will follow on from the drilling at Apsley, most likely in Q2-Q3.

At Doonia, previous work has defined a walk-up drill target for gold. Upon grant of the tenement, field checking and confirmatory surface sampling will be completed and specific drill targets defined with the aim of drilling in Q3 2021.

At Arkun, an interpretation of the surface geology has been completed to ascertain the amenability of the area to surface geochemistry surveys. In addition, an interpretation of the bedrock geology from regional magnetic and gravity data is underway to help define specific targets for follow up. Impact is also considering its options to best progress this project given its size.

The Blackridge project is currently of lower priority for Impact and the company is also considering its options there.

The planned work programmes will ensure an on-going strong news flow for shareholders throughout 2021 and the company has a very good chance of making a significant discovery.

Impact is looking forward with great enthusiasm to the exploration challenges of 2021.

COMPLIANCE STATEMENT

This report contains no new exploration results. The work referred to here can be found in numerous announcements from 2020 and are available at www.impactminerals.com.au.

Dr Mike Jones

Managing Director

The review of exploration activities and results contained in this report is based on information compiled by Dr Mike Jones, a Member of the Australian Institute of Geoscientists. He is a director of the company and works for Impact Minerals Limited. He has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Mike Jones has consented to the inclusion in the report of the matters based on his information in the form and context in which it appears.