IMPACT MINERALS LIMITED
(and Controlled Entities)

ABN 52 119 062 261

HALF-YEAR FINANCIAL REPORT
31 December 2018

CONTENTS

DIRECTORS' REPORT

Your Directors submit the financial report of the consolidated entity for the half-year ended 31 December 2018.

DIRECTORS

The names of directors who held office during or since the end of the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

- Peter Unsworth – Non-Executive Director
- Michael Jones – Managing Director
- Paul Ingram – Non-Executive Director
- Markus Elsasser – Non-Executive Director
- Eamon Hannon – Non-Executive Director

PRINCIPAL ACTIVITIES

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

REVIEW OF OPERATIONS

Work during the six months focussed on the Blackridge and Commonwealth projects.

Blackridge Gold Project (IPT 100% and option for 95%)

Impact's Blackridge conglomerate-hosted gold project is located about 30 km north of Clermont in Central Queensland. The project covers 91 km^2 and comprises one 100% owned Exploration Permit (E28806), one Exploration Permit (E26066) and four Mining Lease applications (ML100158, 59, 60 and 61) for which Impact has an option to buy 95% from Rock Solid Holdings Pty Limited.

During the half year Impact purchased a fully granted Mining Lease (ML2386) from a local prospector for a cash payment of $30,000 and replacement of environmental bonds of approximately $7,000. This Mining Lease lies in the centre of the Blackridge project area. The purchase of a granted Mining Lease will allow very large bulk samples to be taken if warranted to help define a resource.

Approximately 8.5 tonnes of samples were collected covering the likely range of ore processing properties. The majority of samples were successfully wet processed.

In addition, a review of previous gold production demonstrated high grade gold mined over an area of at least one square kilometre extending from surface down dip to depths of up to 80 metres.

Distribution of old shafts and mapping by the Queensland Geological Survey indicates the presence of linear high-grade "runs".

Bulk sample results have identified significant potential for new high grade runs and possible large volumes of lower grade gold above the main target unconformity.

Together, all of this data demonstrates the large scale potential of the gold bearing units at Blackridge.

Commonwealth Gold-Silver-Base Metal Project, N.S.W. (IPT 100%)

The Commonwealth Project comprises three 100% owned exploration licences that cover about 315 km^2 of the highly prospective Lachlan Fold Belt about 100 km north of Orange in NSW. The belt is host to many major gold-silver-copper mines including the Cadia-Ridgeway deposits that contain at least 25 million ounces of gold and 5 million tonnes of copper.

During the half year assays from four diamond drill holes at Main Shaft confirmed significant extensions to near the surface, high grade massive sulphide unit both along trend and at depth.

Hole 084 returned:

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

Hole 082 returned:

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

Hole 083 returned:

2.6 metres at 7.9 g/t gold, 164 g/t silver, 5.3% zinc and 3.1% lead from 96.9 metres down hole.

Hole 085 returned:

1.7 metres at 1.8 g/t gold 72 g/t silver 1.5% zinc 0.5% lead from 49.3 metres down hole in a historically poorly drilled area within 30 metres of surface.

In addition Hole 083 intersected a narrow high grade massive sulphide unit about 30 metres below the Main Shaft unit which confirms the discovery of a second massive sulphide unit that is at least 100 metres by 150 metres in dimension and is untested at depth.

The second massive sulphide unit returned:

1 metre at 3.1 g/t gold, 57 g/t silver, 9.4% zinc and 4.3% lead from 143 metres down hole; including 0.3 metres at 0.8 g/t gold, 150 g/t silver, 30.2% zinc and 13.6% lead.

Assays from two diamond drill holes at Commonwealth South confirmed significant extensions to near the surface resource both along trend and at depth:

Hole 086 returned:

8 metres at 5.1 g/t gold, 20 g/t silver, 1.3% zinc and 0.5% lead from 94 metres down hole; *including* 5 metres at 7.7 g/t gold, 25 g/t silver 2.1% zinc and 0.7% lead; which includes 0.5 metres at 34.3 g/t gold, 40 g/t silver, 5.8% zinc and 2.3% lead from 97.6 metres.

Hole 087 returned:

6 metres at 1.5 g/t gold, 22 g/t silver, 0.7% zinc and 0.2% lead from 96.8 metres down hole; *including* 0.35 metres at 8.9 g/t gold, 21 g/t silver, 3.5% zinc and 0.6% lead.

These results extend the high grade veins for at least 40 metres down plunge to the south.

A second lower zone of mineralisation has been intersected from about 115 metres down hole with increasing gold grades at depth which is open.

Hole 087 in this zone returned:

5 metres at 1.2 g/t gold within a 12 m thick zone of anomalous gold, silver, lead and zinc.

All 8 diamond drill holes from the drill programme returned high grade mineralisation which is open along trend and at depth with further drilling required.

Further confirmation was made of strong geological similarities to the Eskay Creek VMS mine in British Columbia (production of 3.3 million ounces of gold and 160 million ounces of silver) where recent renewed exploration around the dormant mine shows close spaced drilling (25 metres) is required to track the target high grade massive sulphide lenses down dip (TSX:V Skeena Resources Limited).

Broken Hill Project (IPT 100%)

The Broken Hill Project comprises 727 km^2 of exploration licences located southeast of Broken Hill, NSW and is prospective for: nickel-copper-cobalt-PGE mineralisation associated with ultramafic rocks; zinc-lead-silver mineralisation hosted by metasedimentary rocks and amphibolite (Broken Hill style); and pyrite-cobalt deposits similar to Thackaringa (72Mt at 852 ppm cobalt, 9.3% sulphur and 10% iron.

New rock chip samples taken during the half year confirmed high grade gold and copper along trend from the recent discovery of high grade IOCG style mineralisation by Silver City Minerals Ltd.

The area is at the southern end of a 40 km long corridor of very high grade gold-PGE-bearing ultramafic alkaline rocks known to be parent magmas to IOCG-style deposits.

Very high grade palladium and other precious metals were recorded which have been interpreted as part of a mantle plume event with potential for major deposits. Numerous prospects require follow up work.

A proposed Joint Venture with Bluebird Battery Metals was terminated giving Impact the opportunity to review its plans for the project at a time of record prices for palladium.

Clermont Gold Project, Queensland (IPT 100%)

Impact holds 100% of EPM14116 near Clermont located in the southern part of the Drummond Basin in Central Queensland; a prolific epithermal gold-silver belt which hosts several world class gold deposits.

A drill programme was completed during the half year and interpretation of results is in progress by respected consultant Dr Gregg Morrison.

Mulga Tank Project (IPT 100%)

Impact owns thirteen granted exploration licences and one application, located 200 km east of Kalgoorlie WA, that cover 694 km^2 of the Minigwal greenstone belt in the southeast Yilgarn Craton.

A reconnaissance drill programme was completed during the half year and results are under review.

Pilbara Gold Project

The sale of Impact's Pilbara tenements to Pacton Gold was completed during the half year.

FINANCIAL PERFORMANCE AND FINANCIAL POSITION

During the half-year the Group reported an operating loss after tax of $1,372,140 (half-year to 31 December 2017: loss of $678,199).

As at 31 December 2018 the Group had net assets of $17,982,887 (30 June 2018: $19,522,107) including $1,935,700 of cash and cash equivalents (30 June 2018: $3,514,002).

AUDITOR'S DECLARATION

Section 307C of the *Corporations Act 2001* requires our auditors, Bentleys, to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 6 and forms part of this directors' report for the half-year ended 31 December 2018.

This report is signed in accordance with a resolution of the Board of Directors.

Peter Unsworth
Chairman

Perth, 7 March 2019

Competent Person's Statement

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

Forward Looking Statements

This document may contain certain forward looking statements. Forward-looking statements include, but are not limited to statements concerning Impact Minerals Limited's (Impact's) current expectations, estimates and projections about the industry in which Impact operates, and beliefs and assumptions regarding Impact's future performance. When used in this document, words such as "anticipate", "could", "plan", "estimate", "expects", "seeks", "intends", "may", "potential", "should", and similar expressions are forward-looking statements. Although Impact believes that its expectations reflected in these forward-looking statements are reasonable, such statements are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of Impact and no assurance can be given that actual results will be consistent with these forward-looking statements.

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 partner for the review of the financial statements of Impact Minerals Limited for the period ended 31 December 2018, 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 review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully

BENTLEYS
Chartered Accountants

DOUG BELL CA
Partner

Dated at Perth this 7th day of March 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Notes	CONSOLIDATED 31 Dec 2018 $	CONSOLIDATED 31 Dec 2017 $
Interest and other income		64,208	21,161
Gain on sale of tenements	2	1,099,031	-
		1,163,239	21,161
Employee benefits expense		(202,019)	(222,264)
Corporate and administration expenditure		(276,097)	(353,619)
Depreciation and amortisation expense		(12,665)	(1,485)
Occupancy		(43,652)	(20,436)
Impairment of exploration expenditure	6	(2,000,946)	-
Financing costs		-	(101,556)
Profit/(Loss) before income tax expense		(1,372,140)	(678,199)
Income tax expense		-	-
Net Profit/(Loss) for the period		(1,372,140)	(678,199)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Change in the fair value of financial assets	5	(211,280)	-
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations		12	(156)
Other comprehensive income (net of tax)		(211,268)	(156)
Total comprehensive Profit/(Loss) for the period		(1,583,408)	(678,355)
Total comprehensive Profit/(Loss) income attributable to the owners of Impact Minerals Limited		(1,583,408)	(678,355)
		Cents per share	Cents per share
Basic Profit/(Loss) per share	10	(0.10)	(0.07)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	CONSOLIDATED 31 Dec 2018 $	CONSOLIDATED 30 Jun 2018 $
Current Assets			
Cash and cash equivalents	4	1,935,700	3,514,002
Trade and other receivables		32,436	668,167
Assets held for sale		-	170,763
Total Current Assets		1,968,136	4,352,932
Non-Current Assets			
Financial assets	5	717,756	-
Property, plant and equipment		79,358	9,629
Exploration expenditure	6	15,442,851	15,441,823
Other non-current assets		209,171	183,926
Total Non-Current Assets		16,449,136	15,635,378
TOTAL ASSETS		18,417,272	19,988,310
Current Liabilities			
Trade and other payables		219,613	255,325
Short-term provisions		214,772	210,878
Total Current Liabilities		434,385	466,203
TOTAL LIABILITIES		434,385	466,203
NET ASSETS		17,982,887	19,522,107
EQUITY			
Issued capital	7	44,900,024	44,900,024
Option reserve		484,486	1,418,620
Foreign currency translation reserve		(504,808)	(504,820)
Financial asset reserve		(211,280)	-
Transactions with non-controlling interest		(1,161,069)	(1,161,069)
Accumulated losses		(25,524,466)	(25,130,648)
TOTAL EQUITY		17,982,887	19,522,107

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Issued capital $	Option reserve $	Foreign currency translation reserve $	Financial asset reserve $	Transactions with non-controlling interest $	Accumulated losses $	Total equity $
Balance at 1 July 2017	36,933,610	1,297,282	(503,894)	-	(1,161,069)	(24,317,852)	12,248,077
Profit for the period	-	-	-	-	-	(678,199)	(678,199)
Other comprehensive income		-	(156)	-	-	-	(156)
Total comprehensive income for the half-year	-	-	(156)	-	-	(678,199)	(678,355)
Transactions with owners in their capacity as owners							
Issue of shares	6,289,140	-	-	-	-	-	6,289,140
Share issue costs	(266,162)	12,000	-	-	-	-	(254,162)
Fair value of options issued	-	71,570	-	-	-	-	71,570
Balance at 31 December 2017	42,956,588	1,380,852	(504,050)	-	(1,161,069)	(24,996,051)	17,676,270
Balance at 1 July 2018	44,900,024	1,418,620	(504,820)	-	(1,161,069)	(25,130,648)	19,522,107
Profit for the period	-	-	-	-	-	(1,372,140)	(1,372,140)
Other comprehensive income	-	-	12	(211,280)	-	-	(211,268)
Total comprehensive income for the half-year	-	-	12	(211,280)	-	(1,372,140)	(1,583,408)
Transactions with owners in their capacity as owners							
Fair value of options issued	-	44,188	-	-	-	-	44,188
Fair value of options expired	-	(978,322)	-	-	-	978,322	-
Balance at 31 December 2018	44,900,024	484,486	(504,808)	(211,280)	(1,161,069)	(25,524,466)	17,982,887

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Notes	CONSOLIDATED 31 Dec 2018 $	CONSOLIDATED 31 Dec 2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(622,063)	(597,365)
Interest received		31,980	16,964
Research and development tax rebate received		644,894	-
Net cash flows from/(used in) operating activities		54,811	(580,401)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(82,394)	(6,677)
Payments for exploration activities		(1,916,696)	(2,078,877)
Cash proceeds from disposal of tenements	2	340,758	-
Proceeds from non-refundable deposit on Broken Hill JV		25,219	-
Net cash flows from/(used in) investing activities		(1,633,113)	(2,085,554)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	6,289,140
Share issue costs		-	(254,162)
Net cash flows from/(used in) financing activities		-	6,034,978
Net increase/(decrease) in cash and cash equivalents		(1,578,302)	3,369,023
Cash and cash equivalents at beginning of the period		3,514,002	1,917,206
Cash and cash equivalents at end of the period	4	1,935,700	5,286,229

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: *Interim Financial Reporting*.

This interim report is intended to provide users with an update on the latest annual financial statements of Impact Minerals Limited and its controlled entities (the consolidated entity). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the consolidated entity. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the consolidated entity for the year ended 30 June 2018, together with any public announcements made during the half-year.

Except for Note 2(b) the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The half-year financial statements have been prepared on a historical cost basis, except where stated. For the purpose of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

b) New accounting standards and interpretations

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2018.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 9 *Financial Instruments* and related amending Standards;
- AASB 15 *Revenue from Contracts with Customers* and related amending Standards; and
- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*.

AASB 9 Financial Instruments and related amending Standards

In the current period, the Group has applied AASB 9 *Financial Instruments* (as amended) and the related consequential amendments to other Accounting Standards that are effective for an annual period that begins on or after 1 January 2018. The Group's financial assets have been treated at fair value through other comprehensive income. No restatements to comparatives were required on adoption of the standard.

Additionally, the Group adopted consequential amendments to AASB 7 *Financial Instruments: Disclosures*.

AASB 15 Revenue from Contracts with Customers and related amending Standards

In the current period, the Group has applied AASB 15 *Revenue from Contracts with Customers* (as amended) which is effective for an annual period that begins on or after 1 January 2018. There was no material impact on adoption of the standard.

c) Going Concern

The interim financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Consolidated Group generated a loss for the period of $1,372,140 (2017: loss of $678,199) and net cash inflows from operating activities of $54,811 (2017: outflows of $580,401). As at 31 December 2018 the consolidated group had a cash balance of $1,935,700 (30 June 2018: $3,514,002).

The ability of the Consolidated Group to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital from equity markets and managing cashflow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern. In the event the above matters are not achieved, the Company will be required to raise funds for working capital from debt or equity sources.

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

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Company's history of raising capital to date, the directors are confident of the Company's ability to raise additional funds as and when they are required.

Should the Consolidated Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

NOTE 2: GAIN ON SALE OF TENEMENTS

In September 2018 the Company completed the sale of its wholly owned subsidiary Drummond East Pty Ltd, the holder of its seven Pilbara licences, to Pacton Gold Inc. (Pacton). Under the terms of the Sale Agreement the Company was paid a total of CAD$325,000 ($AUD 340,758) in cash and 2,125,000 common shares in Pacton.

Pacton must also pay a CAD$500,000 Bonus to the Company upon publishing a measured, indicated or inferred gold resource of more than 250,000 ounces on the licences. The Company retains a 2% NSR royalty on the licences with Pacton retaining the right to buy back 1% of the royalty for CAD$500,000 at any time.

NOTE 3: SEGMENT REPORTING

Management has determined that the Group has one material reportable segment, being mineral exploration in Australia.

The Board has considered the requirements of AASB 8 *Operating Segments* and the internal reports that are reviewed by the chief operating decision maker (the Managing Director) in allocating resources and have concluded at this time that there are no separately identifiable segments.

NOTE 4: CASH AND CASH EQUIVALENTS

	31 Dec 2018 $	30 Jun 2018 $
Cash at bank and on hand	635,700	514,002
Short-term deposits	1,300,000	3,000,000
Cost carried forward	1,935,700	3,514,002

NOTE 5: INVESTMENTS IN FINANCIAL ASSETS

	31 Dec 2018 $	30 Jun 2018 $
Opening balance	-	-
Additions	929,036	-
Change in fair value	(211,280)	-
Closing balance	717,756	-

Investments in financial assets represents the shares held in Pacton Gold Inc. (refer Note 2). The fair value of these financial assets has been determined by reference to published price quotations in an active market, with movement in fair value recognised in other comprehensive income.

NOTE 6: EXPLORATION EXPENDITURE

	31 Dec 2018 $	30 Jun 2018 $
Capitalised cost at the beginning of the period	15,441,823	12,585,274
Exploration expenditure incurred during the period	2,001,974	3,255,665
Transfers to assets held for sale	-	(170,763)
Impairment expense for the period	(2,000,946)	(228,353)
Cost carried forward	15,442,851	15,441,823

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. As a result, the Group wrote down the carrying value of its exploration expenditure by $2,000,946 during the period following the relinquishment of a number of tenements (2017:$Nil).

NOTE 7: ISSUED CAPITAL

	31 Dec 2018 $	30 Jun 2018 $
Ordinary shares fully paid	44,900,024	44,900,024

a) Movements in ordinary shares on issue

	HALF-YEAR ENDED 31 DEC 2018		YEAR ENDED 30 JUN 2018	
	No.	$	No.	$
At the beginning of the period	1,321,679,789	44,900,024	848,436,136	36,933,610
Shares issued during the period:				
Shortfall issue [(a)]	-	-	162,634,949	2,927,429
Placement [(b)]	-	-	124,960,556	2,499,211
Placement [(c)]	-	-	37,500,000	862,500
Convertible notes [(d)]	-	-	148,148,148	2,000,000
Transaction costs	-	-	-	(322,726)
At the end of the period	1,321,679,789	44,900,024	1,321,679,789	44,900,024

(a) In September 2017, the Company raised $2,927,429 (before costs) via a Shortfall Offer to the May 2017 Share Purchase Plan. The issue was under the same terms as the Share Purchase Plan with the issue of 162,634,949 new shares at an issue price of 1.8 cents each together with three free attaching listed options exercisable at $0.04 on or before 15 June 2020 for every two new shares subscribed for (243,952,410 Listed Options).

(b) In November 2017, the Company raised $2,499,211 (before costs) via a placement. The Company issued 124,960,556 new shares at an issue price of 2 cents each together with one free attaching listed option exercisable at $0.04 on or before 15 June 2020 for every share subscribed for (124,960,556 Listed Options).

(c) In December 2017, the Company raised $862,500 (before costs) via a placement. The Company issued 37,500,000 new shares at an issue price of 2.3 cents each together with one free attaching listed option exercisable at $0.04 on or before 15 June 2020 for every share subscribed for (37,500,000 Listed Options).

(d) In February 2018 Squadron Resources Pty Ltd (Squadron) elected to convert the $2,000,000 of Convertible Notes (Notes) that it held in the Company into shares. Pursuant to the terms of the Notes, Squadron converted the Notes into the Company's shares at a conversion price of 1.35 cents. Accordingly 148,148,148 shares were issued to Squadron on conversion of the Notes.

NOTE 7: ISSUED CAPITAL (Continued)

b) Movements in options on issue

	HALF-YEAR ENDED 31 DEC 2018		YEAR ENDED 30 JUN 2018	
	No.	$	No.	$
At the beginning of the reporting period	629,339,128	1,418,620	218,926,162	1,297,282
Listed options issued pursuant to shortfall [(a)]	-	-	243,952,410	-
Listed options issued pursuant to placement [(b)]	-	-	124,960,556	-
Listed options issued pursuant to placement [(c)]	-	-	37,500,000	-
Listed options issued to lead manager [(d)]	-	-	4,000,000	12,000
Fair value of options issued [(e)]	-	-	-	109,338
Options granted [(f)]	60,000,000	44,188	-	-
Options expired	(98,428,572)	(978,322)	-	-
At the end of the reporting period	590,910,556	484,486	629,339,128	1,418,620

(a) In September 2017, the Company raised $2,927,429 (before costs) via a Shortfall Offer to the May 2017 Share Purchase Plan. The issue was under the same terms as the Share Purchase Plan with the issue of 162,634,949 new shares at an issue price of 1.8 cents each together with three free attaching listed options exercisable at $0.04 on or before 15 June 2020 for every two new shares subscribed for (243,952,410 Listed Options).

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(d) Listed Options issued to the lead manager as part consideration for services in relation to the November 2017 placement.

(e) Relates to the share based payment expense of options over their vesting period.

(f) Shareholders approved the issue of 60,000,000 Unlisted Options to Directors (or nominees) at the 2018 Annual General Meeting. These Unlisted Options are subject to vesting conditions. The fair value of options is determined at grant date and is expensed over the vesting period for those options.

NOTE 8: SHARE BASED PAYMENTS

On 12 November 2018, 60,000,000 unlisted options were granted to Directors (or their nominees) following shareholder approval at the 2018 Annual General Meeting.

The fair value of options granted was determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share and the risk free rate for the term of the option.

The following table lists the model inputs for the options granted during the half-year ended 31 December 2018:

Inputs	Issue 38	Issue 39
Exercise price	$0.03	$0.0375
Grant date	8 Nov 2018	8 Nov 2018
Expiry date	30 Nov 2021	30 Nov 2022
Vesting date	30 Nov 2019	30 Nov 2020
Share price at grant date	$0.012	$0.012
Historical volatility	80.8%	80.8%
Risk-free interest rate	2.168%	2.168%
Expected dividend yield	0%	0%

The expense for the half-year was $44,188 (2017: $71,570).

NOTE 9: CONTINGENCIES

There has been no change in contingent liabilities or assets since the annual reporting date.

NOTE 10: EARNINGS PER SHARE

	Half-year ended 31 Dec 2018 Cents	Half-year ended 31 Dec 2017 Cents
Basic profit/(loss) per share	(0.10)	(0.07)

The following reflects the income and share data used in the calculations of basic profit/(loss) per share:

	Half-year ended 31 Dec 2018 $	Half-year ended 31 Dec 2017 $
Profit / (Loss) used in calculating basic earnings per share	(1,372,140)	(678,199)

	Half-year ended 31 Dec 2018 Number	Half-year ended 31 Dec 2017 Number
Weighted average number of ordinary shares used in calculating basic loss per share	1,321,679,789	985,258,687

The Group does not report diluted earnings per share unless the exercise of options would result in the issue of ordinary shares for less than the average market price of the shares during the period (i.e. the options are in the money). As at 31 December 2018 the Group had 590,910,556 unissued shares under option that were out of the money which were anti-dilutive (31 December 2017: 629,339,128).

NOTE 11: EVENTS SUBSEQUENT TO THE REPORTING DATE

No other matters or circumstances have arisen since the end of the half year which significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future years.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1) The financial statements and notes, as set out on pages 7 to 17 are in accordance with the *Corporations Act 2001*, including:

   a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year then ended; and

2) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors.

Peter Unsworth
Chairman

Perth, Western Australia

7 March 2019

Bentleys
THINKING AHEAD

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Independent Auditor's Review Report

To the Members of Impact Minerals Limited

We have reviewed 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 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the period.

Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2018 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Impact Minerals Limited and Controlled Entities is not in accordance with the *Corporations Act 2001* including:

a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2018 and of its performance for the period ended on that date; and

b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(c) in the financial report, which indicates that the Consolidated Entity incurred a net loss of $1,372,140 during the half year ended 31 December 2018. As stated in Note 1(c), these events or conditions, along with other matters as set forth in Note 1(c), indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

BENTLEYS
Chartered Accountants

DOUG BELL CA
Partner

Dated at Perth this 7th day of March 2019