



**Impact Minerals Limited
(and Controlled Entities)**
(ABN 52 119 062 261)

Half-Year Financial Report
31 December 2017

Contents

| | Page |
|---|-------------|
| Directors' Report | 1 |
| Auditor's Independence Declaration | 3 |
| Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income | 4 |
| Condensed Consolidated Statement of Financial Position | 5 |
| Condensed Consolidated Statement of Changes in Equity | 6 |
| Condensed Consolidated Statement of Cash Flows | 7 |
| Notes to the Condensed Consolidated Financial Statements | 8 |
| Directors' Declaration | 14 |
| Independent Auditor's Review Report | 15 |

Directors' Report

For the half-year ended 31 December 2017

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2017.

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 Chairman |
| Michael Jones | Managing Director |
| Paul Ingram | Non-Executive Director |
| Markus Elsasser | Non-Executive Director |
| Eamon Hannon | Non-Executive Director (appointed 30 November 2017) |
| Felicity Gooding | Non-Executive Director (resigned 30 November 2017) |

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

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

The Commonwealth Project comprises three 100% owned exploration licences that cover about 315 km² 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.

Impact's drill programme has continued to test extensions to the gold-silver system at Silica Hill. Hole CMIPT56 has returned 15 metres at 4.0 g/t gold and 61 g/t silver including 3 metres at 10 g/t gold and 20 g/t silver, the highest gold assay to date at Silica Hill and there is significant potential for a continuation of higher grade veins at depth and along trend (refer ASX release dated 20 July 2017).

Interpreted edges of a base metal-rich "feeder" vein was identified in Hole CMIPT063 which returned 0.3 m at 6.2 g/t gold, 149 g/t silver, 8.4% zinc, 3.9% lead and 0.2% copper and there are continuing indications of an underlying porphyry copper-gold system (refer ASX release dated 21 September 2017).

Extensive zones of gold and silver-bearing veins have been encountered in the upper lower grade parts of the system.

Recent drill results from deeper in the system have intersected high grade gold and exceptionally high grade silver values within 150 metres of surface. Hole CMIPT077 returned 22 metres at 1.7 g/t gold and 276 g/t silver including 0.3 metres at 1.8 g/t gold and 4,200 g/t silver (132 ounces) and also 0.8 metres at 13.6 g/t gold and 40 g/t silver (refer ASX release dated 13 February 2018).

Drill hole CMIPT072 has intersected disseminated pyrite with silver-bearing veins in places 350 metres down dip from previous mineralisation within the Silica Hill rhyolite (refer ASX release dated 12 December 2017). Assays are pending. The style of mineralisation is similar to that seen close to high grade vein systems closer to surface and this is encouraging for the presence of mineralisation over 500 metres down dip.

Pilbara Gold Project W.A. (Impact 100%)

Nine new 100% owned exploration licences covering 1,300 km² prospective for Witwatersrand-style conglomerate hosted gold have been applied for in the East Pilbara. The licences are adjacent to ground held by Novo Resources Corp. (TSX:NVO) including the Beatons Creek Deposit (>500,000 oz gold). The tenements are likely to be granted in Q2 2018.

More than 90 kilometers of prospective Fortescue Group conglomerates have been identified on Impact's licence applications. The conglomerates are similar to those that occur in the Witwatersrand Basin of South Africa where the majority of the gold-bearing reefs are only 1 to 2 metres wide and easily missed.

Directors' Report

For the half-year ended 31 December 2017

Rock chip results of up to 11.2 g/t gold occur at the Glen Herring Prospect 10 km west of Marble Bar in a gold-pyrite conglomerate that extends for 25 kilometres. A single diamond hole at Shady Camp Well returned 0.9 metres at 0.6 g/t gold that has not been followed up. Other gold-bearing conglomerates have been identified on or adjacent to Impact's licences.

Impact is conducting on-ground reconnaissance exploration to ascertain access conditions and to determine the best sampling approach for gold both in nugget form as well as finely disseminated gold, both of which occur in the East Pilbara.

Financial Performance and Financial Position

During the half-year the Group reported an operating loss after tax of \$678,199 (half-year to 31 December 2016: loss of \$115,782).

As at 31 December 2017 the Group had net assets of \$17,676,270 (30 June 2017: \$12,248,077) including \$5,286,229 of cash and cash equivalents (30 June 2017: \$1,917,206).

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 the following page and forms part of this directors' report for the half-year ended 31 December 2017.

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



Peter Unsworth

Chairman

Perth, 12 March 2018

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 Audit & Corporate
(WA) Pty Ltd**

London House

Level 3,

216 St Georges Terrace

Perth WA 6000

PO Box 7775

Cloisters Square WA 6850

ABN 33 121 222 802

T +61 8 9226 4500

F +61 8 9226 4300

bentleys.com.au

To the Board of Directors

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

As lead audit director for the review of the financial statements of Impact Minerals Limited for the period ended 31 December 2017, 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
Director

Dated at Perth this 12th day of March 2018

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2017

| | Note | Consolidated | |
|---|------|------------------|------------------|
| | | 31 Dec 2017 | 31 Dec 2016 |
| | | \$ | \$ |
| Interest and other income | | 21,161 | 13,643 |
| Research and Development rebate | | - | 1,076,238 |
| | | 21,161 | 1,089,881 |
| Employee benefits expenses | | (222,264) | (414,001) |
| Corporate and administration expenditure | | (353,619) | (367,718) |
| Depreciation and amortisation expense | | (1,485) | (591) |
| Occupancy | | (20,436) | (22,636) |
| Impairment of exploration expenditure | 4 | - | (67,597) |
| Financing costs | | (101,556) | (101,556) |
| Profit / (Loss) before income tax expense | | (678,199) | 115,782 |
| Income tax expense | | - | - |
| Net Profit / (Loss) for the period | | (678,199) | 115,782 |
| Other comprehensive income | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Exchange differences on translating foreign operations | | (156) | 1,213 |
| Other comprehensive income (net of tax) | | (156) | 1,213 |
| Total comprehensive Profit / (Loss) for the period | | (678,355) | 116,995 |
| Total comprehensive Profit / (Loss) income attributable to the owners of Impact Minerals Limited | | (678,355) | 116,995 |
| Basic profit / (loss) per share (cents) | 8 | (0.07) | 0.01 |

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

Condensed Consolidated Statement of Financial Position*As at 31 December 2017*

| | Note | Consolidated | |
|--|------|-------------------|-------------------|
| | | 31 Dec 2017 | 30 June 2017 |
| | | \$ | \$ |
| Current Assets | | | |
| Cash and cash equivalents | 3 | 5,286,229 | 1,917,206 |
| Trade and other receivables | | 124,716 | 37,619 |
| Other current assets | | 120,874 | 201,457 |
| Total Current Assets | | 5,531,819 | 2,156,282 |
| Non-Current Assets | | | |
| Property and equipment | | 9,827 | 4,635 |
| Exploration expenditure | 4 | 14,577,976 | 12,585,274 |
| Other non-current assets | | 183,071 | 193,445 |
| Total Non-Current Assets | | 14,770,874 | 12,783,354 |
| Total Assets | | 20,302,693 | 14,939,636 |
| Current Liabilities | | | |
| Trade and other payables | | 385,593 | 462,313 |
| Provisions | | 240,830 | 229,246 |
| Financial Liabilities | 5 | 2,000,000 | 2,000,000 |
| Total Current Liabilities | | 2,626,423 | 2,691,559 |
| Total Liabilities | | 2,626,423 | 2,691,559 |
| Net Assets | | 17,676,270 | 12,248,077 |
| Equity | | | |
| Issued capital | 6 | 42,956,588 | 36,933,610 |
| Option reserve | | 1,380,852 | 1,297,282 |
| Foreign currency translation reserve | | (504,050) | (503,894) |
| Transactions with non-controlling interest | | (1,161,069) | (1,161,069) |
| Accumulated losses | | (24,996,051) | (24,317,852) |
| Total Equity | | 17,676,270 | 12,248,077 |

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

Condensed Consolidated Statement of Changes in Equity*For the half-year ended 31 December 2017*

| | Consolidated | | | | | |
|---|---------------------|-------------------|---|--|-----------------------|-------------------|
| | Issued Capital | Option Reserve | Foreign currency translation reserve | Transactions with Non- Controlling Interest | Accumulated Losses | Total Equity |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2016 | 35,950,384 | 1,222,765 | (504,602) | (1,161,069) | (23,817,539) | 11,689,939 |
| Profit for the period | - | - | - | - | 115,782 | 115,782 |
| Other Comprehensive Income | | | | | | |
| Exchange differences on translation of foreign operations | - | - | 1,213 | - | - | 1,213 |
| Total comprehensive income for the half-year | - | - | 1,213 | - | 115,782 | 116,995 |
| Transactions with owners in their capacity as owners | | | | | | |
| Fair value of options expired | - | (221,251) | - | - | 221,251 | - |
| Fair value of options issued | - | 197,554 | - | - | - | 197,554 |
| Balance at 31 December 2016 | 35,950,384 | 1,199,068 | (503,389) | (1,161,069) | (23,480,506) | 12,004,488 |
| 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 | | | | | | |
| Exchange differences on translation of foreign operations | - | - | (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 |

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

Condensed Consolidated Statement of Cash Flows*For the half-year ended 31 December 2017*

| | Note | Consolidated | |
|---|----------|--------------------|--------------------|
| | | 31 Dec 2017 \$ | 31 Dec 2016 \$ |
| Cash flows from operating activities | | | |
| Payments to suppliers and employees | | (597,365) | (641,132) |
| Interest received | | 16,964 | 13,643 |
| Net cash flows from/(used in) operating activities | | <u>(580,401)</u> | <u>(627,489)</u> |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | | (6,677) | (1,588) |
| Payments for exploration activities | | (2,078,877) | (1,811,776) |
| Net cash flows from/(used in) investing activities | | <u>(2,085,554)</u> | <u>(1,813,364)</u> |
| 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 | | <u>6,034,978</u> | <u>-</u> |
| Net increase/(decrease) in cash and cash equivalents | | 3,369,023 | (2,440,853) |
| Cash and cash equivalents at the beginning of the period | | 1,917,206 | 3,929,972 |
| Cash and cash equivalents at the end of the period | 3 | <u>5,286,229</u> | <u>1,489,119</u> |

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

Notes to Condensed Consolidated Financial Statements

For the half-year ended 31 December 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 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 2017, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. The relevant amendments and their effects on the current period or prior periods are described below.

The accounting policies have been applied consistently throughout the consolidated entity for the purposes of preparation of these interim financial statements.

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 \$678,199 (2016: profit of \$115,782) and net cash outflows from operating activities of \$580,401 (2016: \$627,489). As at 31 December 2017 the consolidated group had a cash balance of \$5,286,229 (2016: \$1,489,119).

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.

New or revised standards and interpretations that are first effective in the current reporting period

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 their operations and effective for the current half-year.

The adoption of the new and revised Standards and Interpretations have not had a material impact on this half-year financial report.

NOTE 2: SEGMENT REPORTING

Segment Information

Identification of reportable segments

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The Company is managed primarily on the basis of its exploration and corporate activities. Operating segments are therefore determined on the same basis.

The results of Impact Group are reviewed as a separate operating segment by the Board of Directors.

Notes to Condensed Consolidated Financial Statements

For the half-year ended 31 December 2017

NOTE 2: SEGMENT REPORTING (Continued)

| | Australia Projects \$ | Africa Projects \$ | Corporate / Treasury \$ | Total \$ |
|---|-----------------------------|-----------------------|-------------------------------|-------------|
| SEGMENT PERFORMANCE | | | | |
| For the half-year ended 31 December 2017 | | | | |
| Segment income | - | - | 21,161 | 21,161 |
| Segment expenses | - | 12,447 | 686,913 | 699,360 |
| Net Profit /(loss) before tax | - | (12,447) | (665,752) | (678,199) |

SEGMENT ASSETS AND LIABILITIES

As at 31 December 2017

| | | | | |
|---------------------|-------------------|--------------|------------------|-------------------|
| Segment Assets | 14,577,976 | 4,808 | 5,719,909 | 20,302,693 |
| Segment Liabilities | 282,438 | 1,924 | 2,342,061 | 2,626,423 |
| Net assets | 14,295,538 | 2,884 | 3,377,848 | 17,676,270 |

SEGMENT PERFORMANCE

For the half-year ended 31 December 2016

| | | | | |
|-------------------------------|----------|----------|-----------|-----------|
| Segment income | - | - | 1,089,881 | 1,089,881 |
| Segment expenses | 67,597 | 38,538 | 867,964 | 974,099 |
| Net Profit /(loss) before tax | (67,597) | (38,538) | 221,917 | 115,782 |

SEGMENT ASSETS AND LIABILITIES

As at 30 June 2017

| | | | | |
|---------------------|-------------------|---------------|-----------------|-------------------|
| Segment Assets | 12,585,274 | 18,898 | 2,335,464 | 14,939,636 |
| Segment Liabilities | 276,859 | 3,411 | 2,411,289 | 2,691,559 |
| Net assets | 12,308,415 | 15,487 | (75,825) | 12,248,077 |

Notes to Condensed Consolidated Financial Statements*For the half-year ended 31 December 2017***NOTE 3: CASH AND CASH EQUIVALENTS**

| | 31 December | 30 June |
|--------------------------|--------------------|------------------|
| | 2017 | 2017 |
| | \$ | \$ |
| Cash at bank and on hand | 786,229 | 1,917,206 |
| Short-term deposits | 4,500,000 | - |
| Cost carried forward | <u>5,286,229</u> | <u>1,917,206</u> |

NOTE 4: EXPLORATION EXPENDITURE

| | 31 December | 30 June |
|---|--------------------|-------------------|
| | 2017 | 2017 |
| | \$ | \$ |
| Capitalised cost at the beginning of the period | 12,585,274 | 9,749,914 |
| Impairment of exploration expenditure | - | (101,406) |
| Exploration expenditure for the period | 1,992,702 | 2,936,766 |
| Cost carried forward | <u>14,577,976</u> | <u>12,585,274</u> |

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 5: FINANCIAL LIABILITIES

| | 31 December | 30 June |
|-------------------|--------------------|------------------|
| | 2017 | 2017 |
| | \$ | \$ |
| Convertible notes | 2,000,000 | 2,000,000 |
| | <u>2,000,000</u> | <u>2,000,000</u> |

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

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

Conversion may occur at any time between 7 August 2015 and 7 August 2018. The convertible notes do not carry interest and can only be redeemed through the issue of shares, except in remote circumstances that are not at the discretion of the note holder. As part of the convertible note agreement Squadron holds a security interest over certain tenements held within the Broken Hill and Commonwealth projects.

Squadron elected to convert its convertible notes into ordinary shares in the Company in February 2018 – refer Note 9 for details.

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

Notes to Condensed Consolidated Financial Statements

For the half-year ended 31 December 2017

NOTE 5: FINANCIAL LIABILITIES (Continued)

| | 31 December 2017 \$ | 30 June 2017 \$ |
|--|---------------------------|-----------------------|
| Transaction costs | | |
| Opening balance | 222,430 | 423,887 |
| Option cost unwound during the period | (101,556) | (201,457) |
| Total remaining transactions costs to be amortised over the life of the convertible note | <u>120,874</u> | <u>222,430</u> |
| This balance has been classified as follows: | | |
| Other current assets | 120,874 | 201,457 |
| Other non-current assets | - | 20,973 |
| | <u>120,874</u> | <u>222,430</u> |

NOTE 6: ISSUED CAPITAL

| | 31 December 2017 \$ | 30 June 2017 \$ |
|----------------------------|---------------------------|-----------------------|
| Ordinary shares fully paid | 44,403,063 | 38,113,923 |
| Share issue costs | (1,446,475) | (1,180,313) |
| | <u>42,956,588</u> | <u>36,933,610</u> |

| | Half-year ended 31 Dec 2017 | | Year ended 30 Jun 2017 | |
|--|--------------------------------|-------------------|---------------------------|-------------------|
| | No. | \$ | No. | \$ |
| a. Movements in ordinary shares on issue | | | | |
| At the beginning of the reporting period | 848,436,136 | 36,933,610 | 788,771,085 | 35,950,384 |
| Shares issued during the period | | | | |
| - Share purchase plan and shortfall offer ^(a) | - | - | 59,665,051 | 1,073,971 |
| - Shortfall issue ^(b) | 162,634,949 | 2,927,429 | - | - |
| - Placement ^(c) | 124,960,556 | 2,499,211 | - | - |
| - Placement ^(d) | 37,500,000 | 862,500 | - | - |
| - Transaction costs | - | (266,162) | - | (90,745) |
| - At the end of the reporting period | <u>1,173,531,641</u> | <u>42,956,588</u> | <u>848,436,136</u> | <u>36,933,610</u> |

- (a) In June 2017 the Company completed a Share Purchase Plan and Shortfall Offer raising \$1,073,971 (before costs) via the issue of 59,665,051 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 (89,497,500 Listed Options).
- (b) 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).
- (c) 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).
- (d) 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).

Notes to Condensed Consolidated Financial Statements

For the half-year ended 31 December 2017

NOTE 6: ISSUED CAPITAL (Continued)

| | Half-year ended 31 Dec 2017 | | Year ended 30 Jun 2017 | |
|--|--------------------------------|-----------|---------------------------|-----------|
| | No. | \$ | No. | \$ |
| b. Movements in options on issue | | | | |
| At the beginning of the reporting period | 218,926,162 | 1,297,282 | 141,828,572 | 1,222,765 |
| - Listed options issued pursuant to the share purchase plan and shortfall offer ^(a) | - | - | 89,497,590 | - |
| - Listed options issued pursuant to shortfall ^(b) | 243,952,410 | - | - | - |
| - Listed options issued pursuant to placement ^(c) | 124,960,556 | - | - | - |
| - Listed options issued pursuant to placement ^(d) | 37,500,000 | - | - | - |
| - Listed options issued to lead manager ^(e) | 4,000,000 | 12,000 | - | - |
| - Fair value of options issued ^(f) | - | 71,570 | - | 295,768 |
| - Options expired | - | - | (12,400,000) | (221,251) |
| At the end of the reporting period | 629,339,128 | 1,380,852 | 218,926,162 | 1,297,282 |

- (a) In June 2017 the Company completed a Share Purchase Plan and Shortfall Offer raising \$1,073,971 (before costs) via the issue of 59,665,051 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 (89,497,500 Listed Options).
- (b) 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).
- (c) 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).
- (d) 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).
- (e) Listed Options issued to the lead manager as part consideration for services in relation to the November 2017 placement.
- (f) No options were issued during the reporting period. The fair value of options is determined at grant date and is expensed over the vesting period for those options.

NOTE 7: CONTINGENCIES

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

Notes to Condensed Consolidated Financial Statements*For the half-year ended 31 December 2017*

| NOTE 8: EARNINGS PER SHARE | Half-year ended 31 Dec 2017 \$ | Half-year ended 31 Dec 2016 \$ |
|--|---|---|
| - Basic profit / (loss) loss per share | (0.07) | 0.01 |

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

| | \$ | \$ |
|---|------------------|-----------|
| Profits / (losses) used in calculating basic and diluted earnings per share | (678,199) | 115,782 |

| | Half-year ended 31 Dec 2017 Number | Half-year ended 31 Dec 2016 Number |
|---|---|---|
| Weighted average number of ordinary shares used in calculating basic loss per share | 985,258,687 | 788,771,085 |

NOTE 9: EVENTS SUBSEQUENT TO THE REPORTING DATE

On 5 February 2018 the Company advised ASX that it had received notice from Squadron Resources Pty Ltd that it had elected to convert the \$2,000,000 of Convertible Notes (**Notes**) held in Impact. Under the terms of the Notes Squadron can convert the Notes into Impact shares at a conversion price which is the lower of 2.1 cents per share or 80% of the 30 day Volume Weighted Average Price prior to the date of the Conversion Notice which was 1.35 cents. Accordingly 148,148,148 shares were issued to Squadron on conversion of the Notes.

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

Director's Declaration

For the half-year ended 31 December 2017

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 13 are in accordance with the *Corporations Act 2001*; including:
 - a. Complying with the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. give a true and fair view of the consolidated entity's financial position as at 31 December 2017 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

Dated this 12th day of March 2018

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 condensed consolidated statement of financial position as at 31 December 2017, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed 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 2017 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.

Independent Auditor's Review Report

To the Members of Impact Minerals Limited (Continued)



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 2017 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.

BENTLEYS
Chartered Accountants

DOUG BELL CA
Director

Dated at Perth this 12th day of March 2018