



IMPACT MINERALS LIMITED
(and Controlled Entities)

ABN 52 119 062 261

HALF-YEAR FINANCIAL REPORT
31 December 2019

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DIRECTORS' REPORT

Your Directors submit the financial report of the consolidated entity for the half-year ended 31 December 2019.

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 (Resigned 10 September 2019)

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-Zinc-Lead-Copper Project, NSW (IPT 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.

During the first Quarter Impact announced a significant increase in resources at Commonwealth including a maiden resource for the silver-rich Silica Hill Prospect. The new resource contains 88,800 ounces of gold and 3.3 million ounces of silver with significant zinc and lead credits, all of which occurs from surface to a depth of 250 metres and well within range of potential open pit mining.

The updated Inferred Resource for the deposit at a cut-off of 0.5 g/t gold is 912,000 tonnes at 2.4 g/t gold, 44 g/t silver, 1.2% zinc and 0.5% lead including 142,000 tonnes at 4.5 g/t gold, 161 g/t silver, 4.6% zinc and 1.7% lead in the high grade massive sulphide lens at Main Shaft.

At Silica Hill the maiden Inferred Resource at a 50 g/t silver cut-off is 710,000 tonnes at 0.8 g/t gold and 88 g/t silver.

The resources are all open at depth and along trend beyond exceptional drill results such as:

Main Shaft: 5.7 metres at 3.8 g/t gold, 347 g/t silver, 10.8% zinc and 3.7% lead *including* 0.5 metres at 4.9 g/t gold, 917 g/t silver, 10.2% zinc and 4.6% lead.

Commonwealth South: 8 metres at 5.1 g/t gold, 20 g/t silver, 1.3% zinc and 0.5% lead *including* 0.5 metres at 34.3 g/t gold, 40 g/t silver, 5.8% zinc and 2.3% lead; and 4 metres at 41.8 g/t gold (1.3 ounces per tonne), 93 g/t silver, 5.5% zinc and 2.3% lead.

Silica Hill: 22.5 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 (135 ounces or 0.42%) silver; *and also including* 0.8 metres at 13.6 g/t gold and 40 g/t silver.

In the second Quarter, new priority targets for porphyry copper-gold mineralisation were identified following a review of the project prompted by the discoveries of porphyry copper-gold at Boda-Kaiser (Alkane Resources Limited ASX:ALK), immediately along trend from one of Impact's targets, and Thursday's Gossan in Victoria (Stavely Minerals Limited ASX:SVY).

Three priority areas were field checked and assays of rock chips are awaited.

Boda South – an unexplored area of poor exposure where the Boda-Kaiser intrusive complex may extend for up to 500 metres on to Impact's ground based on regional magnetic data;

Apsley – an area of magnetic anomalies in Ordovician volcanic rocks with direct similarities to the Boda-Kaiser area and where fresh copper sulphides bornite and chalcopyrite occur in magnetic rocks;

Spicers Creek – extensive quartz veining and weathered copper mineralisation in skarn-altered volcanics with previous high-grade rock chips of 21% copper and 3.2 g/t gold were returned from weathered rocks (results are enriched by weathering processes).

Follow up work on these three targets was completed in January with assays expected by early March.

Other targets were identified on the Day Dawn and Pine Hill projects, located south of Commonwealth and near the Copper Hill deposit (resources of 1.3 Moz gold and 0.5 Mt of copper – (ASX:IPT 22 November 2019), and at depth below the Commonwealth high sulphidation massive sulphide deposit.

A full synthesis and review of previous exploration data is underway with a view to further field programmes as soon as practicable

Broken Hill Project, NSW (IPT 100%)

The Broken Hill Project comprises 727 km² 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).

During the six months Impact commenced a major review of its Broken Hill project in the light of recent record palladium prices.

Work in the area has identified a new geodynamic framework which shows that the high grade nickel-copper-platinum mineralisation was formed in a similar place to, at the same time as, and by the same processes that led to the formation of the Jinchuan deposit in China, one of the world's largest magmatic sulphide ore bodies.

A major target generation exercise based on this new framework is in progress.

These results add to previous work by Impact which has identified numerous areas for follow up work for high grade deposits of nickel-copper-platinum group metals (PGM)-cobalt along the entire length of a mafic-ultramafic complex interpreted from regional magnetic and gravity data to extend over about 40 km of trend.

Very high-grade primary nickel-copper-PGM-gold mineralisation has been discovered along this complex by Impact at both the Red Hill Prospect and also the Platinum Springs Prospect.

At Red Hill exceptional grades have been returned from drilling including a stand out intercept in vein hosted sulphide of: 1.2 metres at 10.4 g/t platinum, 10.9 g/t gold, 254 g/t (9.5 ounces) palladium, 7.4% nickel, 1.8% copper, 19 g/t silver and 0.5% cobalt.

At Platinum Springs drilling returned a very high-grade intercept in magmatic massive sulphide of 0.6 metres at 11.5 g/t platinum, 25.6 g/t palladium, 1.4 g/t gold, 7.6% copper, 7.4% nickel and 44.3 g/t silver.

The entire 40 km long belt has been very poorly explored and many targets remain to be followed up. This will be a focus of work for Impact in the next Quarter.

In addition, research into the metallurgical recovery of the PGM's is also continuing.

Blackridge Gold Project, Qld (IPT 100%)

Much of Impact's work during the six months was focussed on its Blackridge Project in central Queensland however in November 2019 following extended discussions regarding a renegotiation of the option agreement that Impact had with Rock Solid Holdings Pty Ltd over key Mining Lease applications at the Blackridge project, the Board of Impact elected not to proceed with the exercise of its option to acquire 95% of the company. Accordingly, the proposed trial mining programme at Blackridge did not take place.

FINANCIAL PERFORMANCE AND FINANCIAL POSITION

During the half-year the Group reported an operating loss after tax of \$572,077 (half-year to 31 December 2018: loss of \$1,372,140).

As at 31 December 2019 the Group had net assets of \$11,760,306 (30 June 2019: \$11,859,834) including \$1,119,102 of cash and cash equivalents (30 June 2019: \$2,002,624).

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 2019.

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

A handwritten signature in black ink, appearing to be "M. Jones", written over a faint horizontal line.

Perth, 6 March 2020

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.

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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 2019, 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 6th day of March 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Notes	CONSOLIDATED	
		31 Dec 2019 \$	31 Dec 2018 \$
Interest and other income	3	115,407	1,163,239
Research and development tax rebate		287,189	-
		402,596	1,163,239
Employee benefits expense		(588,693)	(202,019)
Corporate and administration expenditure		(267,575)	(276,097)
Depreciation and amortisation expense		(19,529)	(12,665)
Occupancy		(45,814)	(43,652)
Impairment of exploration expenditure	5	(53,062)	(2,000,946)
Profit/(Loss) before income tax expense		(572,077)	(1,372,140)
Income tax expense		-	-
Net Profit/(Loss) for the period		(572,077)	(1,372,140)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Change in the fair value of financial assets		-	(211,280)
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translating foreign operations		16	12
Other comprehensive income (net of tax)		16	(211,268)
Total comprehensive Profit/(Loss) for the period		(572,061)	(1,583,408)
Total comprehensive Profit/(Loss) income attributable to the owners of Impact Minerals Limited		(572,061)	(1,583,408)
		Cents per share	Cents per share
Basic Profit/(Loss) per share	9	(0.04)	(0.10)

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 2019

	Notes	CONSOLIDATED	
		31 Dec 2019 \$	30 Jun 2019 \$
Current Assets			
Cash and cash equivalents	4	1,119,102	2,002,624
Trade and other receivables		398,346	23,320
Other current assets		34,695	-
Total Current Assets		1,552,143	2,025,944
Non-Current Assets			
Property, plant and equipment		52,231	71,760
Exploration expenditure	5	10,188,499	9,777,828
Other non-current assets		172,509	195,183
Total Non-Current Assets		10,413,239	10,044,771
TOTAL ASSETS		11,965,382	12,070,715
Current Liabilities			
Trade and other payables		131,783	145,231
Short-term provisions		73,293	65,650
Total Current Liabilities		205,076	210,881
TOTAL LIABILITIES		205,076	210,881
NET ASSETS		11,760,306	11,859,834
EQUITY			
Issued capital	6	44,900,024	44,900,024
Option reserve	6	823,960	577,577
Foreign currency translation reserve		(504,731)	(504,747)
Financial asset reserve		(506,456)	(506,456)
Transactions with non-controlling interest		(1,161,069)	(1,161,069)
Accumulated losses		(31,791,422)	(31,445,495)
TOTAL EQUITY		11,760,306	11,859,834

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 2019

	Issued capital \$	Option reserve \$	Foreign currency translation reserve \$	Financial asset reserve \$	Transactions with non-controlling interest \$	Accumulated losses \$	Total equity \$
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
Balance at 1 July 2019	44,900,024	577,577	(504,747)	(506,456)	(1,161,069)	(31,445,495)	11,859,834
Profit for the period	-	-	-	-	-	(572,077)	(572,077)
Other comprehensive income	-	-	16	-	-	-	16
Total comprehensive income for the half-year	-	-	16	-	-	(572,077)	(572,061)
Transactions with owners in their capacity as owners							
Fair value of options issued	-	472,533	-	-	-	-	472,533
Fair value of options expired	-	(226,150)	-	-	-	226,150	-
Balance at 31 December 2019	44,900,024	823,960	(504,731)	(506,456)	(1,161,069)	(31,791,422)	11,760,306

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 2019

	Notes	CONSOLIDATED	
		31 Dec 2019 \$	31 Dec 2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(373,132)	(622,063)
Interest received		13,242	31,980
Research and development tax rebate received		-	644,894
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		(359,890)	54,811
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		-	(82,394)
Payments for exploration activities		(523,632)	(1,916,696)
Cash proceeds from disposal of tenements		-	340,758
Proceeds from non-refundable deposit on Broken Hill JV		-	25,219
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(523,632)	(1,633,113)
Net increase/(decrease) in cash and cash equivalents		(883,522)	(1,578,302)
Cash and cash equivalents at beginning of the period		2,002,624	3,514,002
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	4	1,119,102	1,935,700

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

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 2019 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 2019, 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 the 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 (AASB) that are relevant to its operations and effective for an annual accounting period that begins on or after 1 July 2019.

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

- AASB 16 *Leases*, and
- AASB Interpretation 23 *Uncertainty over Income Tax Treatments*.

AASB 16 Leases requires lessees to account for all leases under a single on-balance sheet model. The standard includes two recognition exemptions for lessees namely leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group has adopted *AASB 16 Leases* however its current leases fall within either the 'low-value' or 'short-term' recognition exemptions. The adoption of this standard has had no impact on the current or previous reporting period and as such there have been no adjustments to the opening balance of retained earnings.

AASB Interpretation 23 Uncertainty over Income Tax Treatments clarifies the application of the recognition and measurement criteria in *AASB 112 Income Taxes* when there is uncertainty over income tax treatments. The Interpretation addresses (a) whether an entity considers uncertain tax treatments separately; (b) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (c) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and (d) how an entity considers changes in facts and circumstances.

The adoption of this Interpretation has had no impact on the current or previous reporting period and as such there have been no adjustments to the opening balance of retained earnings.

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 \$572,077 (2018: loss of \$1,372,140) and net cash outflows from operating activities of \$359,890 (2018: inflows of \$54,811). As at 31 December 2019 the Consolidated Group had a cash balance of \$1,119,102 (30 June 2019: \$2,002,624).

On 26 February 2020 the Company completed the placement of 233,389,496 new shares to sophisticated and professional investors at \$0.009 per share to raise \$2,100,505 (before costs).

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.

NOTE 2: 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 3: INTEREST AND OTHER INCOME

	31 Dec 2019 \$	31 Dec 2018 \$
Interest income	10,776	28,989
Gain on sale of tenements	100,000	1,099,031
Other income	4,631	35,219
Cost carried forward	115,407	1,163,239

NOTE 4: CASH AND CASH EQUIVALENTS

	31 Dec 2019 \$	30 Jun 2019 \$
Cash at bank and on hand	619,102	502,624
Short-term deposits	500,000	1,500,000
Cost carried forward	1,119,102	2,002,624

NOTE 5: EXPLORATION EXPENDITURE

	31 Dec 2019 \$	30 Jun 2019 \$
Capitalised cost at the beginning of the period	9,777,828	15,441,823
Exploration expenditure incurred during the period	463,733	2,598,151
Impairment expense for the period	(53,062)	(8,262,146)
Cost carried forward	10,188,499	9,777,828

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 6: ISSUED CAPITAL

	31 Dec 2019 \$	30 Jun 2019 \$
Ordinary shares fully paid	44,900,024	44,900,024

a) Movements in ordinary shares on issue

	HALF-YEAR ENDED 31 DEC 2019		YEAR ENDED 30 JUN 2019	
	No.	\$	No.	\$
At the beginning of the period	1,321,679,789	44,900,024	1,321,679,789	44,900,024
At the end of the period	1,321,679,789	44,900,024	1,321,679,789	44,900,024

b) Movements in options on issue

	HALF-YEAR ENDED 31 DEC 2019		YEAR ENDED 30 JUN 2019	
	No.	\$	No.	\$
At the beginning of the reporting period	590,910,556	577,577	629,339,128	1,418,620
Options granted	101,000,000	472,533	60,000,000	137,279
Options expired	(15,500,000)	(226,150)	(98,428,572)	(978,322)
At the end of the reporting period	676,410,556	823,960	590,910,556	577,577

During the half-year, Shareholders approved the issue of 74,000,000 unlisted options to Directors (or their nominees) at the 2019 Annual General Meeting. A further 27,000,000 unlisted options were issued to employees under the Company's Director and Employee Acquisition Plan. Some of the unlisted options are subject to vesting conditions. The fair value of options is determined at grant date and is expensed over the vesting period, where applicable. Options with no vesting period are expensed at grant date.

NOTE 7: SHARE BASED PAYMENTS

On 7 November 2019, 74,000,000 unlisted options were granted to Directors (or their nominees) following shareholder approval at the 2019 Annual General Meeting. On 15 November 27,000,000 unlisted options were issued to employees under the Company's Director and Employee Acquisition Plan.

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 2019:

Inputs	Issue 40	Issue 41	Issue 42	Issue 43
Number of options	37,000,000	37,000,000	13,500,000	13,500,000
Exercise price	\$0.0149	\$0.0149	\$0.0149	\$0.0149
Grant date	7 Nov 2019	7 Nov 2019	15 Nov 2019	15 Nov 2019
Expiry date	5 Nov 2023	5 Nov 2023	5 Nov 2023	5 Nov 2023
Vesting date	Immediate	5 Nov 2020	Immediate	5 Nov 2020
Share price at grant date	\$0.01	\$0.01	\$0.008	\$0.008
Historical volatility	110%	110%	110%	110%
Risk-free interest rate	0.86%	0.86%	0.86%	0.86%
Expected dividend yield	0%	0%	0%	0%

The expense for the half-year was \$472,533 (2018: \$44,188).

NOTE 8: CONTINGENCIES

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

NOTE 9: EARNINGS PER SHARE

	Half-year ended 31 Dec 2019 Cents	Half-year ended 31 Dec 2018 Cents
Basic profit/(loss) per share	(0.04)	(0.10)

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

	Half-year ended 31 Dec 2019 \$	Half-year ended 31 Dec 2018 \$
Profit / (Loss) used in calculating basic earnings per share	(572,077)	(1,372,140)

	Half-year ended 31 Dec 2019 Number	Half-year ended 31 Dec 2018 Number
Weighted average number of ordinary shares used in calculating basic loss per share	1,321,679,789	1,321,679,789

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 2019 the Group had 676,410,556 unissued shares under option that were out of the money which were anti-dilutive (31 December 2018: 590,910,556).

NOTE 10: EVENTS SUBSEQUENT TO THE REPORTING DATE

On 24 February 2020, the Company announced that it had signed a non-binding Memorandum of Understanding (MOU) with Castillo Copper Limited (ASX:CCZ) and Squadron Resources Limited both also holders of large tenement packages around the Broken Hill Mine, to form the new Broken Hill Alliance (Alliance). The MOU provides a structured framework for the three parties to move towards a definitive agreement on expediting exploration and development over the tenements covered by the Alliance.

Impact will contribute the rights to silver-lead-zinc Broken Hill-style mineralisation and other associated styles of mineralisation to the Alliance but will retain the rights to all of the platinum group metals as well as associated nickel-copper and other precious and associated metals across its entire tenement holding in the region.

On 26 February 2020 the Company completed the placement of 233,389,496 new shares to sophisticated and professional investors at \$0.009 per share to raise \$2,100,505 (before costs).

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 16 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 2019 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.

A handwritten signature in black ink, appearing to read "Peter Unsworth". The signature is fluid and cursive, with a long, sweeping tail.

Peter Unsworth

Chairman

Perth, Western Australia

6 March 2020

Independent Auditor's Review Report

To the Members of Impact Minerals Limited

We have reviewed the accompanying half-year 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 2019, 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 half-year.

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Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year 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 half-year 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 2019 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 half-year 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 half-year 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 2019 and of its performance for the half-year 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
Partner

Dated at Perth this 6th day of March 2020