



ACN 119 062 261

---

Notice of Annual General Meeting  
Explanatory Statement  
and Proxy Form

---

**Date of Meeting**

Thursday, 29 November 2012

**Time of Meeting**

11:30 am WST

**Place of Meeting**

At the offices of the Company's auditors:  
Bentleys (WA) Pty Ltd  
Level 1, 12 Kings Park Road  
West Perth

Impact Minerals Limited  
309 Newcastle Street  
Northbridge WA 6003  
T 61 8 6454 6666  
F 61 8 6454 6667



# Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Shareholders will be held at **Bentleys (WA) Pty Ltd, Level 1, 12 Kings Park Road, West Perth at 11:30 am on Thursday 29 November 2012.**

Terms used in this Notice will, unless the context otherwise requires, have the same meaning given to them in the Glossary of terms as set out in the Explanatory Statement.

## AGENDA

### Financial Report

To receive and consider the Financial Report of the Company the reports of the Directors and auditors for the year ending 30 June 2012.

### Resolution 1 ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, the following resolution as an ordinary resolution:

*“That the Remuneration Report as set out in the Directors’ Report for the year ended 30 June 2012 be adopted by the Company.”*

In accordance with the Corporations Act, the vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company’s remuneration policies.

If 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a “spill resolution”) that another meeting be held within 90 days at which all of the Company’s directors (other than the Managing Director) must go up for re-election. For further information, please refer to the Explanatory Statement.

**Voting exclusion:** The Company will disregard any votes cast on Resolution 1 by or on behalf of a member of Key Management Personnel whose remuneration is disclosed in the Remuneration Report and any closely related parties of those persons, or as a proxy by a member of Key Management Personnel or closely related party, unless the vote is cast as a proxy for a person who is entitled to vote on Resolution 1 in accordance with their instructions on the Proxy Form or by the Chairman of the Meeting pursuant to an express authorisation on the Proxy Form.

### Resolution 2 ELECTION OF MR PETER UNSWORTH AS A DIRECTOR

To consider and, if thought fit, to pass, the following resolution as an ordinary resolution:

*“That Mr Peter Unsworth who retires by rotation in accordance with Article 6.3(c) of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company.”*

### Resolution 3 GRANT OF OPTIONS TO MR PETER UNSWORTH

*“That, for the purposes of section 208 of the Corporations Act and Listing Rule 10.11, and for all other purposes, approval is given for the issue of 4,000,000 Options (and Shares on exercise of those Options) to Mr Peter Unsworth or his nominee, on the terms and conditions set out in the Explanatory Statement.”*

**Voting exclusion:** The Company will disregard any votes cast on Resolution 3 by Mr Unsworth or his Associates or as a proxy by a member of Key Management Personnel or a closely related party, unless the vote is cast as a proxy for a person who is entitled to vote on Resolution 3 in accordance with their instructions on the Proxy Form or by the Chairman of the Meeting pursuant to an express authorisation on the Proxy Form.

#### **Resolution 4 GRANT OF OPTIONS TO DR MICHAEL G JONES**

To consider and, if thought fit, to pass, the following resolution as an ordinary resolution:

*“That, for the purposes of section 208 of the Corporations Act and Listing Rule 10.11, and for all other purposes, approval is given for the issue of 10,000,000 Options (and Shares on exercise of those Options) to Dr Michael Jones or his nominee, on the terms and conditions set out in the Explanatory Statement.”*

**Voting exclusion:** The Company will disregard any votes cast on Resolution 4 by Dr Jones or his Associates or as a proxy by a member of Key Management Personnel or a closely related party, unless the vote is cast as a proxy for a person who is entitled to vote on Resolution 4 in accordance with their instructions on the Proxy Form or by the Chairman of the Meeting pursuant to an express authorisation on the Proxy Form.

#### **Resolution 5 GRANT OF OPTIONS TO DR RODNEY FRIPP**

To consider and, if thought fit, to pass, the following resolution as an ordinary resolution:

*“That, for the purposes of section 208 of the Corporations Act and Listing Rule 10.11, and for all other purposes, approval is given for the issue of 8,000,000 Options (and Shares on exercise of those Options) to Dr Rodney Fripp or his nominee, on the terms and conditions set out in the Explanatory Statement.”*

**Voting exclusion:** The Company will disregard any votes cast on Resolution 5 by Dr Fripp or his Associates or as a proxy by a member of Key Management Personnel or a closely related party, unless the vote is cast as a proxy for a person who is entitled to vote on Resolution 5 in accordance with their instructions on the Proxy Form or by the Chairman of the Meeting pursuant to an express authorisation on the Proxy Form.

#### **Resolution 6 GRANT OF OPTIONS TO DR MARKUS ELSASSER**

To consider and, if thought fit, to pass, the following resolution as an ordinary resolution:

*“That, for the purposes of section 208 of the Corporations Act and Listing Rule 10.11, and for all other purposes, approval is given for the issue of 2,000,000 Options (and Shares on exercise of those Options) to Dr Markus Elsasser or his nominee, on the terms and conditions set out in the Explanatory Statement.”*

**Voting exclusion:** The Company will disregard any votes cast on Resolution 6 by Dr Elsasser or his Associates or as a proxy by a member of Key Management Personnel or a closely related party, unless the vote is cast as a proxy for a person who is entitled to vote on Resolution 6 in accordance with their instructions on the Proxy Form or by the Chairman of the Meeting pursuant to an express authorisation on the Proxy Form.

#### **Resolution 7 GRANT OF OPTIONS TO MR PAUL INGRAM**

To consider and, if thought fit, to pass, the following resolution as an ordinary resolution:

*“That, for the purposes of section 208 of the Corporations Act and Listing Rule 10.11, and for all other purposes, approval is given for the issue of 2,000,000 Options (and Shares on exercise of those Options) to Mr Paul Ingram or his nominee, on the terms and conditions set out in the Explanatory Statement.”*

**Voting exclusion:** The Company will disregard any votes cast on Resolution 7 by Mr Ingram or his Associates or as a proxy by a member of Key Management Personnel or a closely related party, unless the vote is cast as a proxy for a person who is entitled to vote on Resolution 7 in accordance with their instructions on the Proxy Form or by the Chairman of the Meeting pursuant to an express authorisation on the Proxy Form.

#### **Resolution 8 LONG TERM INCENTIVE PLAN**

To consider and, if thought fit, to pass, the following resolution as an ordinary resolution:

*“That, for the purpose of ASX Listing Rule 7.2 Exception 9(b) and for all other purposes, approval be given for the adoption by the Company of the Long Term Incentive Plan on the terms and conditions set out in the Explanatory Statement.”*

**Voting exclusion:** The Company will disregard any votes cast on Resolution 8 by or on behalf of a Director or his Associates, and any other member of Key Management Personnel and any closely related parties of those persons, or as a proxy by a member of Key Management Personnel or a closely related party, unless the vote is cast as a proxy for a person who is entitled to vote on Resolution 8 in accordance with their instructions on the Proxy Form or by the Chairman of the Meeting pursuant to an express authorisation on the Proxy Form.

**By order of the Board**

A handwritten signature in black ink, appearing to read 'James Cooper-Jones', written in a cursive style.

**James Cooper-Jones**  
**Company Secretary**  
29 October 2012

## General Notes

### Explanatory Statement

The Explanatory Statement to Shareholders attached to this Notice of Annual General Meeting is hereby incorporated into and forms part of this Notice of Annual General Meeting.

### Appointment of a proxy

A Shareholder entitled to attend to vote at the meeting is entitled to appoint a proxy to attend and to vote instead of the Shareholder. The proxy need not be a Shareholder. Proxy Forms must be lodged at the principal office of Impact Minerals Limited at 309 Newcastle Street, Northbridge WA 6003 or by facsimile (+61 8 6454 6667) no later than **11.30am (WST) on 27 November 2012**. A Proxy Form accompanies this Notice of Meeting.

If you wish to appoint the Chairman of the Meeting as your proxy, mark the appropriate box on the Proxy Form. If you appoint the Chairman of the Meeting as your proxy, he or she can only cast your votes on Resolutions 1 and 3 to 8 if you expressly authorise him or her to do so by marking the box on the Proxy Form. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman of the Meeting will be your proxy.

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company on +61 8 9204 8700 or you may photocopy the Proxy Form.

To appoint a second proxy you must on each Proxy Form state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

### Voting entitlement

The Directors have determined in accordance with Regulation 7.11.37 of the Corporations Regulations that, for the purposes of attending and voting at the meeting, Shares will be taken to be held by the registered holders at **11.30am (WST) on 27 November 2012**.

### Corporate Shareholders

Corporate Shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:

- two directors of the company;
- a director and a company secretary of the company; or
- for a proprietary company that has a sole director who is also the sole company secretary – that director.

### Votes on Resolution

You may direct your proxy how to vote by placing a mark in one of the boxes opposite the Resolutions. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the Resolutions by inserting the percentage or number of Shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the Resolutions, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on the Resolutions will be invalid.

### Voting restrictions that may affect your proxy appointment

Due to the voting exclusions that may apply to certain items of business, the Key Management Personnel and their closely related parties will not be able to vote your proxy on Resolutions 1 and 3 to 8 unless you have directed them how to vote or, in the case of the Chairman, if you expressly authorise him or her.

### Chairman voting undirected proxies

The Chairman will vote undirected proxies on, and in favour of, all of the proposed resolutions, except that in respect of Resolutions 1 and 3 to 8, the Chairman will only do so where expressly authorised by the Shareholder having marked the appropriate box on the Proxy Form.

## Questions from Shareholders

At the Meeting the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments on the management of the Company and the Remuneration Report.

Mr Chris Watts, a partner of Bentleys Audit and Corporate (WA) Pty Ltd, as the auditor responsible for preparing the auditor's report for the year ended 30 June 2012 (or his representative) will attend the Meeting. The Chairman will also allow a reasonable opportunity for Shareholders to ask the auditor questions about:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by the Company in relation to the preparation of financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

To assist the Board and the auditor of the Company in responding to questions please submit any questions you may have in writing no later than 11.30am WST on Thursday 22 November 2012:

By mail: 309 Newcastle Street, Northbridge, WA, 6918

By fax: +61 8 6454 6667

By email: [info@impactminerals.com.au](mailto:info@impactminerals.com.au)

As required under section 250PA of the Corporations Act, at the Meeting, the Company will distribute a list setting out the questions directed to the auditor received in writing by 22 November 2012, being questions which the auditor considers relevant to the content of the auditor's report or the conduct of the audit of the financial report for the year ended 30 June 2012. The Chairman will allow reasonable opportunity to respond to the questions set out on this list.

# Explanatory Statement

## 1. Introduction

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's Annual General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Annual General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary. All amounts referred to in this Explanatory Statement are in Australian dollars unless specified otherwise.

## 2. Annual Report

The Corporations Act requires the Directors' Report, Auditors' Report and the Financial Statements of the Company for the year ended 30 June 2012 to be tabled at the Annual General Meeting.

Neither the Corporations Act nor the Company's constitution requires a vote of Shareholders on the Reports or Financial Statements. However, Shareholders will be given reasonable opportunity to raise questions on the Reports and ask questions of the Company's auditor.

## 3. Resolution 1 ADOPTION OF REMUNERATION REPORT

The Remuneration Report is set out in the Directors' Report in the Company's 2012 Annual Report.

The Corporations Act requires the Company to put a resolution to Shareholders that the Remuneration Report be adopted. In accordance with section 250R(3) of the Corporations Act, the vote on the Resolution is advisory only and does not bind the Directors or the Company.

In accordance with Division 9 of Part 2G.2 of the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings, Shareholders will be required to vote at the second of those Annual General Meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's directors (other than the Managing Director) must go up for re-election.

It is noted that at the Company's 2011 annual general meeting the votes cast against the remuneration report represented less than 25% of the total votes cast and accordingly, a spill resolution will not under any circumstances be required for the Annual General Meeting.

A voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. Key Management Personnel and their closely related parties may not vote on this Resolution and may not cast a vote as proxy, unless the proxy appointment gives a direction on how to vote or the proxy is given to the Chairman and expressly authorises the Chairman to exercise the proxy. The Chairman will use any such proxies to vote in favour of Resolution 1.

The Company encourages all Shareholders to cast their votes on Resolution 1 (Remuneration Report).

## 4. Resolution 2 ELECTION OF MR PETER UNSWORTH AS A DIRECTOR

In accordance with the Listing Rules and article 6.3 of the Constitution, at every Annual General Meeting, one third of the Directors for the time being must retire from office and are eligible for re-election. The Directors to retire are:

- (a) those who have been in office for 3 years since their appointment or last re-appointment;
- (b) those who have been longest in office since their appointment or last re-appointment; or
- (c) if the Directors have been in office for an equal length of time, by agreement.

Mr Peter Unsworth, who retires by rotation in accordance with Article 6.3(c) of the Constitution and, being eligible, offers himself for re-election.

Mr Unsworth, formerly a chartered accountant, has more than 35 years experience in the corporate finance, investment, and securities industries and has a wealth of management experience with both public and private companies. A former executive director with a leading Western Australian stockbroking company, Mr Unsworth has been a director of a number of public exploration and mining companies. He recently completed a long period serving as Chairman of the Western Australian government-owned Gold Corporation (operator of the Perth Mint).

### **Directors' recommendations**

The Directors (apart from Mr Unsworth) recommend that the shareholders vote **in favour** of the election of Mr Peter Unsworth.

<b>5. Resolutions 3 – 7 APPROVAL OF GRANT OF OPTIONS TO DIRECTORS</b>
-----------------------------------------------------------------------

### **5.1 Overview**

Resolutions 3 to 7 seek Shareholder approval in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act for the grant of a total of 26,000,000 Options to Directors (or their nominees).

The purpose of the grant of the Options is for the Company to provide an incentive to enable the Company to retain directors of high calibre. The Board considers the issue of Options in Resolutions 3 to 7 to be reasonable in the circumstances given the Company's size, stage of development, and the need to attract and retain directors of high calibre, whilst still maintaining cash reserves.

The number of Options proposed for each Director is considered appropriate based on the assessed value of those Options in circumstances where the director fees paid are substantially less than the average fees paid by comparable companies.

### **5.2 Regulatory requirements**

#### **Listing Rule requirements**

Listing Rule 10.11 generally provides that Directors may not be issued any securities in the Company without the approval of Shareholders.

#### **Section 195(1) of the Corporations Act**

Section 195(1) of the Corporations Act provides that a director who has a "material personal interest" in a matter being considered at a director's meeting must not be present while the matter is being considered or vote on the matter. Section 195(4) of the Corporations Act provides that where there are insufficient directors to form a quorum at a directors' meeting because of section 195(1), the directors can call a general meeting of shareholders to consider the matter.

The Directors are unable to form a quorum to consider any matters relating to the issue of Options under Resolutions 3 to 7, as each of the Directors has a material interest in the outcome of the Resolutions. Therefore, the Company is seeking approval under section 195(4) to deal with the matter.

#### **Chapter 2E of the Corporations Act**

The Corporations Act requires that, where a public company proposes to give a financial benefit to a related party, the public company must:

- (a) obtain the approval of the company's members in accordance with section 208 of the Corporations Act in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of Options to Directors constitutes the giving of a financial benefit to a Related Party pursuant to the Corporations Act.

Accordingly, Shareholder approval is sought for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act for the issue of Options to Directors.

### **5.3 Listing Rules and Corporations Act information requirements**

Listing Rule 10.13 and section 219 of the Corporations Act (including ASIC Regulatory Guide 76) require that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval for the grant of the Options:

- (a) a total of 26,000,000 Options will be offered to the Directors (or their nominees) as follows:

<b>Name of Director</b>	<b>Tranche 1</b>	<b>Tranche 2</b>	<b>Total</b>
Mr Peter Unsworth	2,000,000	2,000,000	4,000,000
Dr Michael Jones	5,000,000	5,000,000	10,000,000
Dr Rodney Fripp	4,000,000	4,000,000	8,000,000
Dr Markus Elsasser	1,000,000	1,000,000	2,000,000
Mr Paul Ingram	1,000,000	1,000,000	2,000,000
<b>Total</b>	<b>13,000,000</b>	<b>13,000,000</b>	<b>26,000,000</b>

- (b) The issue price of the Options will be nil.
- (c) Options issued pursuant to Tranche 1 will vest on 30 November 2013 and will be expire on 30 November 2015. The exercise price payable by the holder on exercise of the Options is \$0.06 per Option.
- (d) Options issued pursuant to Tranche 2 will vest on 30 November 2014 and will be expire on 30 November 2016. The exercise price payable by the holder on exercise of the Options is \$0.10 per Option.
- (e) The full terms and conditions of the Options are in Annexure B.
- (f) There are no arrangements or proposed arrangements between the Company and any Director whereby the Company has entered into, or proposes to enter into, any loan for the purposes of acquiring securities.
- (g) The Company will issue the Options no later than 1 month after the date of the General Meeting or such longer period of time as ASX may in its discretion allow.
- (h) As all Directors have an interest in Resolutions 3 to 7 they believe it inappropriate to make a recommendation.
- (i) The dilution effect if all of the Options granted are exercised is as follows:

Number of Shares on issue (assuming the Offer is fully subscribed)	368,670,656
Number of Options to be granted under Resolutions 3 to 7	26,000,000
Dilution effect if all Options granted are exercised	6.6%

- (j) The current relevant interests in security holdings of the Directors are as follows:

<b>Name of Director</b>	<b>Shares</b>	<b>Options</b>
Mr Peter Unsworth	5,674,231	-
Dr Michael Jones	5,450,000	-
Dr Rodney Fripp	5,450,000	-
Dr Markus Elsasser	-	-
Mr Paul Ingram	16,666,667	-

- (k) A voting exclusion statement is included in the Notice.
- (l) The funds raised from the issue of the Options will be nil.
- (m) The Directors are entitled to the following remuneration from the Company:
- (i) directors fees of \$65,000 per annum for Mr Unsworth as the non-executive chairman;
  - (ii) fees of \$131,499 per annum for Dr Jones in connection with his role as the managing director;
  - (iii) fees of \$247,999 per annum for Dr Fripp in connection with his role as an executive director;
  - (iv) directors fees of \$30,000 per annum for Mr Elsasser as a non-executive Director; and
  - (v) directors fees of \$30,000 per annum for Mr Ingram as a non-executive Director.
- (n) On the basis of the assumptions below, the technical value of one Option as at the valuation date approximates between \$0.0123 and \$0.0129. This valuation imputes a total value of between \$319,800 and \$335,400 to Options.
- (o) The value of the Options may go up or down after that date as it will depend on the future price of a Share.

- (p) The Black-Scholes Model has been used to value the Options, using the following assumptions:
- (i) interest rate set at 3.17% which is based on the yield of a three year Australian Government bond;
  - (ii) the date of valuation for the purposes of settling the current market value of a Share is 28 November 2012 (being the last day that Shares traded on ASX prior to the date of this Explanatory Statement);
  - (iii) at this date the Share price was A\$0.032 which is the price used in the valuation;
  - (iv) the exercise price of \$0.06 for a Tranche 1 Option and \$0.10 for a Tranche 2 Option;
  - (v) the Options will not be listed on ASX and will not be transferable;
  - (vi) volatility range between 23.70% and 82.10%; and
  - (vii) the Options will be exercisable upon vesting.
- (q) The market price of Shares would normally determine whether or not the Directors will exercise the Options. If Options are exercised at a price that is lower than the price at which Shares are trading on ASX, there may be a perceived cost to the Company.
- (r) If all Options proposed to be granted to Directors are exercised and paid for, the Company will receive \$2,080,000. The funds raised from the Shares issued as a result of the exercise of the Options will be used for general working capital purposes as the Board thinks fit.
- (s) Historical price information for the Company's listed Shares for the twelve months prior to the date of this Explanatory Statement is as follows:

	<b>Price</b>	<b>Date</b>
Highest	\$0.069	31 October 2011
Lowest	\$0.023	4 July 2012
Last	\$0.032	16 October 2012

- (t) Other than the information above and otherwise in this Explanatory Statement, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolutions 3 to 7.

#### **5.4 Directors' recommendations**

Each of the Directors has a personal interest in one of Resolutions 3 to 7. Accordingly, they do not consider it appropriate for them to make a recommendation to Shareholders in relation to Resolutions 3 to 7.

### **6. Resolution 8 APPROVAL OF LONG TERM INCENTIVE PLAN**

Resolution 8 seeks Shareholder approval for the adoption of the Impact Minerals Limited Long Term Incentive Plan (**LTI Plan**).

#### **6.1 Purpose of the LTI Plan**

The purpose of the LTI Plan is to:

- (a) establish a method by which eligible employees can participate in the future growth and profitability of the Company;
- (b) provide an incentive and reward for eligible employees for their contributions to the Company;
- (c) attract and retain a high standard of managerial and technical personnel for the benefit of the Company; and
- (d) align the interests of eligible employees more closely with the interests of Shareholders, by providing an opportunity for eligible employees to hold an equity interest in the Company

#### **6.2 Regulatory requirements - Listing Rule 7.2 Exception 9(b)**

Resolution 8 seeks Shareholder approval for the purposes of Listing Rule 7.2 Exception 9(b).

In general terms, Listing Rule 7.1 provides that a company may not issue or agree to issue equity securities if those equity securities will, in themselves or when aggregated with the equity securities issued by the company during the previous 12 months, exceed 15% of the number of equity securities on issue at the commencement of that 12 month period (as adjusted by some issues of Shares) unless the issue falls within one of the nominated exceptions or the approval of the shareholders of the company in general meeting is obtained.

The exceptions to Listing Rule 7.1 (which are contained in Listing Rule 7.2) include Listing Rule 7.2 Exception 9, which exempts an issue under an employee incentive scheme (such as the LTI Plan) if within 3 years before the date of issue the holders of ordinary securities have approved the issue of securities under the scheme as an exception to Listing Rule 7.1.

As required by Listing Rule 7.2 Exception 9, the Company provides the following information:

- a summary of the terms of the LTI Plan is attached to the Notice as Annexure A; and
- as at the date of this Notice, no Options or performance rights have been issued under the LTI Plan.

The effect of approving the LTI Plan will be that any securities issued under the LTI Plan in the next three years will not be counted when assessing the ability of the Company to issue securities up to 15% of its shares in any 12 month period without Shareholder approval in accordance with Listing Rule 7.1.

### **6.3 Directors' recommendations**

The Non-executive Directors (who will not be entitled to participate in the LTI Plan) recommend that the shareholders vote in favour of adoption of the LTIP.

## GLOSSARY

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

<b>Annual General Meeting or Meeting</b>	Annual General Meeting of Shareholders or any meeting adjourned thereof, convened by the Notice.
<b>Annual Report</b>	The Company's annual report including the reports of the Directors and the Auditor and the Financial Statements of the Company for the year ended 30 June 2012, which can be downloaded from the Company's website at <a href="http://www.impactminerals.com.au">www.impactminerals.com.au</a> .
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited, trading as the Australian Securities Exchange.
<b>Board</b>	Board of Directors.
<b>Business Day</b>	Has the meaning given to it in the Listing Rules.
<b>Company or Impact</b>	Impact Minerals Limited ACN 119 062 261.
<b>Constitution</b>	The Company's constitution.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).
<b>Director</b>	A director of the Company.
<b>Explanatory Statement</b>	This explanatory statement which accompanies and forms part of the Notice of Annual General Meeting.
<b>Listing Rules</b>	The listing rules published by ASX.
<b>Notice or Notice of Meeting or Notice of Annual General Meeting</b>	The Notice of Annual General Meeting which accompanies this Explanatory Statement.
<b>Option</b>	An option to acquire a Share.
<b>Proxy Form</b>	The proxy form accompanying the Notice.
<b>Remuneration Report</b>	The remuneration report appearing in the Annual Report.
<b>Resolution</b>	A resolution set out in the Notice.
<b>Share</b>	Fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	A registered holder of a Share.
<b>WST</b>	Western Standard Time, being the time in Perth, Western Australia.

## **Annexure A**

### **Summary of Impact Minerals Limited Long Term Incentive Plan**

The terms and conditions on which any Options and Performance Rights are granted to employees, including any vesting and performance criteria, will be governed by the terms set out in an offer or invitation to participate in the LTI Plan made to employees from time to time.

**(a) Eligible Employees**

The LTI Plan is open to full time and part time employees of the Company and Related Bodies Corporate of the Company, other than such persons who have given notice of resignation, or who have been given notice of termination, of his or her employment, or removed from his or her position (**Eligible Employees**).

Options and Performance Rights may not be offered to a Director or his or her Associates except where approval is given by the Shareholders in general meeting in accordance with the requirements of the Listing Rules.

**(b) Purpose of the LTI Plan**

The purpose of the LTI Plan is to:

- (i) establish a method by which Eligible Employees can participate in the future growth and profitability of the Company;
- (ii) provide an incentive and reward for Eligible Employees for their contributions to the Company;
- (iii) attract and retain a high standard of managerial and technical personnel for the benefit of the Company; and
- (iv) align the interests of Eligible Employees more closely with the interests of Shareholders, by providing an opportunity for Eligible Employees to hold an equity interest in the Company.

**(c) Board discretions**

The Board has broad discretions to participate in the LTI Plan; under the LTI Plan, including (without limitation) as to:

- (i) identifying persons eligible to participate in the LTI Plan
- (ii) the timing of making an offer to participate in the LTI Plan;
- (iii) the terms of issue of Options and Performance Rights;
- (iv) subject to the requirements of the Listing Rules, particularly Listing Rule 6.23.2, the cancellation of Options or Performance Rights for no consideration, subject to agreement with the participant;
- (v) the periods during which Options and Performance Rights may be exercised or vest; and
- (vi) the exercise price (if any) of Options.

**(d) Options and Performance Rights not to be quoted**

Options and Performance Rights granted under the LTI Plan will not be quoted on ASX. However, application will be made to ASX for official quotation of Shares issued or transferred on the exercise of an Option or vesting of a Performance Right provided the Shares are listed on ASX at that time.

**(e) Shares issued on exercise of Options and Performance Rights**

Subject to the terms of the Options or Performance Rights, each Option or Performance Right entitles its holder to subscribe for and be issued with one Share in the Company.

Shares issued pursuant to the exercise of Options and Performance Rights will in all respects rank equally and carry the same rights and entitlements as other Shares on issue in the Company.

Holders of Options and Performance Rights will not be entitled to notice of, or to vote or attend at meetings of the Company or receive dividends until Shares are allotted on the exercise of the Options or vesting of the Performance Rights.

**(f) Lapse of Options and Performance Rights**

Unless the Directors in their absolute discretion determine otherwise, Options and / or Performance Rights shall lapse:

- (i) if not exercised or vested prior to their expiry date;
- (ii) if any Performance Hurdle(s), Vesting Conditions or Exercise Conditions are not satisfied;

- (iii) if the holder voluntarily resigns otherwise than to take up employment with a Related Body Corporate of the Company or is dismissed from employment for a material breach of contract of employment, negligence or other conduct justifying termination of employment without notice, except that:
- A. the Options and / or Performance Rights will not lapse if the cessation of employment was due to death, permanent disablement (for example, illness or incapacity necessitating the permanent withdrawal of the employee from the work force), retirement, redundancy or any other circumstance in which the Board determines the Options or Performance Rights should not lapse;
  - B. Options may be exercised, and Performance Rights may vest, within 12 months after the holder ceases to be a participant where that cessation was by reason of permanent disablement or any other circumstance deemed by the Board to necessitate the permanent withdrawal of the participant from the workforce; and
- (iv) if, in the opinion of the Board, the holder has acted fraudulently or dishonestly or is in material breach of his or her obligations to the Company or any of its Related Bodies Corporate, and the Board determines (at its sole and absolute discretion) the Options or Performance Rights held by that holder to have lapsed.
- (g) **Restrictions on transfer**
- Performance Rights and Options granted under the LTI Plan may not be assigned, transferred, novated, encumbered with a security interest in or over them, or otherwise disposed of by a participant without the prior consent of the Board or where such assignment or transfer occurs by force of law upon the death of a participant.
- (h) **Participation rights of Option and Performance Right holders**
- Holders of Options and Performance Rights will only be permitted to participate in a pro rata issue of Shares by the Company if they exercise their Options or if their Performance Rights vest before the record date for the relevant issue. The Company must ensure that it notifies holders of Options of the proposed issue at least 7 Business Days before the record date to determine entitlements to the pro rata issue.
- (i) **Adjustment of Options and Performance Rights**
- If the Company makes a pro rata bonus issue, and an Option or Performance Right is not exercised before the record date for that bonus issue, then on exercise of the Option or Performance Right, the holder is entitled to receive the number of bonus shares which would have been issued if the Option or Performance Right had been exercised before the record date.
- In the event of a reorganisation (including a consolidation, subdivision, reduction or return) of the issued capital of the Company, the number of Options and Performance Rights to which each Option and Performance Right holder is entitled or the exercise price or both will be changed in the manner required by the Listing Rules and, in any case, in a manner which will not result in any benefits being conferred on holders of Options and Performance Rights which are not conferred on Shareholders.
- (j) **Takeovers**
- In the event of a takeover bid, certain capital reorganisations or transactions occurring that give rise to certain changes of control of the Company, at the discretion of the Board, restrictions on the exercise or vesting of an Option or Performance Right may lapse so that Option or Performance Right holders are able to participate in the relevant transaction.
- (k) **Amending the LTI Plan**
- Subject to any applicable Listing Rules or laws, the LTI Plan may be suspended, terminated or amended at any time by resolution of the Board.

## Annexure B

### Terms of Options

The terms and conditions of the Options referred to in Resolutions 3 to 7 (**Terms**) are regulated by the Constitution, the Corporations Act, the Listing Rules and general law.

1. No monies will be payable for the issue of the Options.
2. No certificate will be issued for the Options.
3. The Options shall expire on:
  - (a) Tranche 1 Options: 30 November 2015; and
  - (b) Tranche 2 Options: 30 November 2016.
4. Each Option shall carry the right to subscribe for one Share.
5. Options issued will vest on:
  - (a) Tranche 1 Options: 30 November 2013; and
  - (b) Tranche 2 Options: 30 November 2014.
6. The vesting conditions (if any) may be varied in whole or in part with the approval of the Board (in its sole and absolute discretion).
7. Options may be exercised in whole or in part. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by him. The Options may not be exercised until they have vested in accordance with clause 5 of these Terms.
8. The issue price of Shares the subject of the Options shall be payable in full on exercise of the Options.
9. Options shall be exercisable by the delivery to the registered office of the Company of a notice in writing stating the intention of the Option holder to exercise all or a specified number of Options held by the Option holder and a cheque made payable to the Company for the subscription monies for the Shares.
10. Subject to the Board agreeing otherwise (in its sole and absolute discretion), if the Option holder in their role as an employee, director or consultant of the Company, is terminated or resigns prior to exercising the Options, the Options will lapse.
11. The Company shall allot the Shares resulting from the exercise of Options and deliver the holding statement within five (5) Business Days of the exercise of the Options.
12. Options shall not be listed for official quotation on ASX.
13. An Option holder may not, except with the approval of the Board (in its sole and absolute discretion), sell, transfer, assign, give or otherwise dispose of, in equity or in law, the benefit of the Options. The approval of the Board may be given subject to satisfaction of certain conditions in which event such approval will be deemed not to occur until any such conditions have been satisfied. In particular, the Board may require the proposed new holder of Options to enter into a covenant with the Company pursuant to which the proposed new holder acknowledges and agrees to be bound by these terms of Options.
14. Shares allotted pursuant to an exercise of Options shall rank, from the date of allotment, equally with existing Shares in all respects.
15. The Company shall, in accordance with Listing Rule 2.8, make application to have Shares allotted pursuant to an exercise of Options listed for official quotation.
16. If the Options are exercised before the record date of an entitlement, the Option holder can participate in a pro rata issue to the holders of the underlying securities in the Company. The Company must notify the Option holder of the proposed issue at least 7 Business Days before the record date. Option holders do not have a right to participate in new issues without exercising their options in accordance with Listing Rule 6.19.

17. In the event of any reorganisation of capital of the Company, all rights of the Option holder will be changed to the extent necessary to comply with the Listing Rules applying to a re-organisation of capital at the time of the re-organisation in accordance with the Listing Rules.
18. The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.
19. The number of Shares to be issued pursuant to the exercise of Options will be adjusted for bonus issues made prior to exercise of Options. The effect will be that upon exercise of the Options the number of Shares received by the Option holder will include the number of bonus Shares that would have been issued if the Options had been exercised prior to the record date for bonus issues. The exercise price of the Options shall not change as result of any such bonus issue.
20. The Company shall notify each Option holder and ASX within one (1) month after the record date for a pro-rata bonus issue of the adjustment to the number of Shares over which the Option exists.

This page has been intentionally left blank.





**Lodge your vote:**



**By Mail:**

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

**For all enquiries call:**

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

┌ 000001 000 IPT  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Proxy Form

 **For your vote to be effective it must be received by 11.30 am WST Tuesday 27 November 2012**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the information tab, "Downloadable forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form →**



View the annual report, 24 hours a day, 7 days a week:

**[www.impactminerals.com.au](http://www.impactminerals.com.au)**

To review or update your securityholding

**[www.investorcentre.com](http://www.investorcentre.com)**

**Your secure access information is:**

**SRN/HIN: I999999999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf XX

I/We being a member/s of Impact Minerals Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Impact Minerals Limited to be held at Bentleys (WA) Pty Ltd, Level 1, 12 Kings Park Road, West Perth on Thursday, 29 November 2012 at 11.30 am WST and at any adjournment or postponement of that Meeting.

**Important for Items 1, 3, 4, 5, 6, 7, 8 - If the Chairman of the Meeting is your proxy or is appointed as your proxy by default.**  
 By marking this box, you are expressly authorising the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Resolutions 1, 3 to 8 as set out in the Notice of Meeting. If you do not mark this box, and you have not otherwise directed your proxy how to vote on Resolutions 1, 3 to 8, the Chairman of the Meeting will not cast your votes on Resolutions 1, 3 to 8 and your votes will not be counted in computing the required majority if a poll is called on these Resolutions.  
 If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 3 to 8 by marking the appropriate box in step 2 below.  
 The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

I/We expressly authorise the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Resolutions 1, 3 to 8 (except where I/we have indicated a different voting intention below) and acknowledge that the Chairman of the Meeting may exercise my/our proxy even though Resolutions 1, 3 to 8 are connected directly or indirectly with the remuneration of a member of key management personnel (which includes the Chairman) and with respect to Resolution 3, even if the Chairman of the Meeting has an interest in the outcome of Resolution 3, and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

## STEP 2 Items of Business **PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Election of Mr Peter Unsworth as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Grant of Options to Mr Peter Unsworth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Grant of Options to Dr Michael G Jones	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Grant of Options to Dr Rodney Fripp	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Grant of Options to Dr Markus Elsasser	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Grant of Options to Mr Paul Ingram	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Long Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

## SIGN Signature of Securityholder(s) *This section must be completed.*

<b>Individual or Securityholder 1</b>	<b>Securityholder 2</b>	<b>Securityholder 3</b>
<input style="width: 100%; height: 100%;" type="text"/>	<input style="width: 100%; height: 100%;" type="text"/>	<input style="width: 100%; height: 100%;" type="text"/>
<b>Sole Director and Sole Company Secretary</b>	<b>Director</b>	<b>Director/Company Secretary</b>

Contact Name \_\_\_\_\_ Contact Daytime Telephone \_\_\_\_\_ Date \_\_\_\_/\_\_\_\_/\_\_\_\_