



ANNUAL REPORT **2015**

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MINERALS

Excellence In Exploration



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CORPORATE DIRECTORY

IMPACT MINERALS LIMITED

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DIRECTORS

Mr Peter Unsworth – Chairman
Dr Michael Jones – Managing Director
Mr Paul Ingram – Non Executive Director
Dr Markus Elsasser – Non Executive Director
Mr Aaron Hood – Non Executive Director

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SOLICITORS

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BANKERS

Australia & New Zealand Banking Group

STOCK EXCHANGE LISTINGS

ASX Limited – IPT



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CHAIRMAN'S LETTER

Dear fellow shareholders,

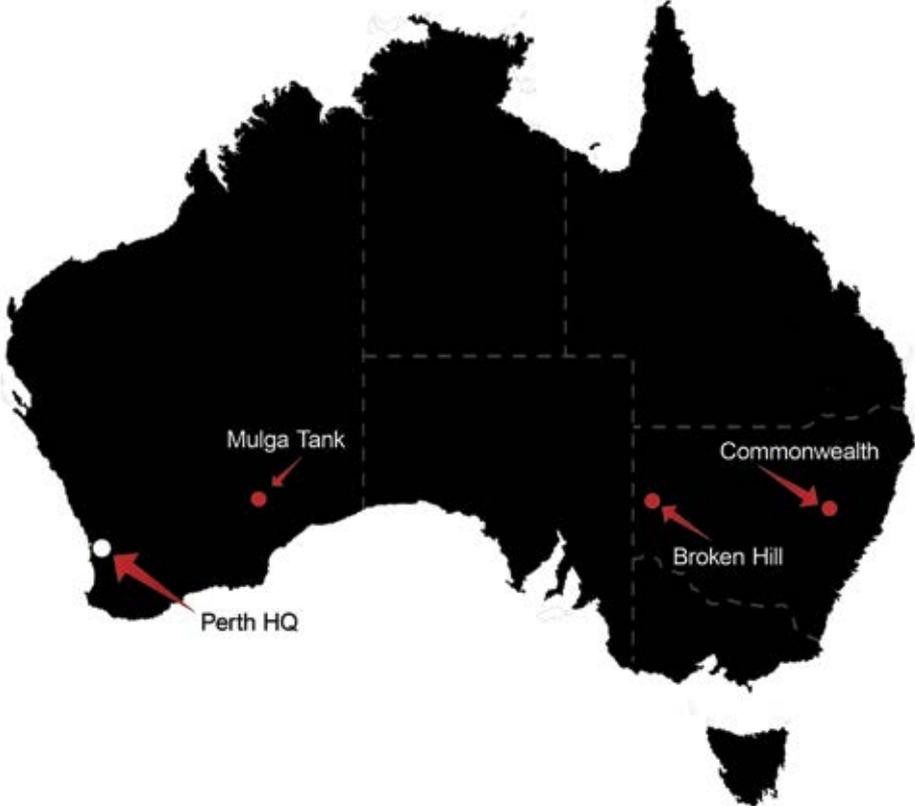
I am very pleased to report to you that despite the ongoing downturn in the mining sector and the very difficult circumstances for many junior exploration companies, after a very busy year with excellent results Impact is now entering the most exciting part of its history so far.

Your Company has been able to secure the required financial commitments to enable us to continue to vigorously explore our exciting platinum, gold-silver and base metals projects near Broken Hill, Orange and Kalgoorlie.

Central to this stability going into FY2016 has been Impact's success in securing the backing of a major new cornerstone investor, Squadron Resources Pty Ltd, the private mining investment vehicle of the Munderoo Group which itself represents selected philanthropic and commercial interests of Andrew and Nicola Forrest.

Squadron is investing an initial A\$3 million into Impact with provision to increase this to \$7.3 million. Tranche 1, an investment of \$2 million, has already been received by Impact with Tranche 2, a proposed A\$1 million placement to Squadron, to be put to shareholders for approval at the Annual General Meeting at the end of September.

In the current challenging market, an investment commitment of this size by Squadron Resources, which also includes options for it to inject additional capital directly into the Broken Hill and Commonwealth Projects, highlights the potential and tenor of Impact's assets in NSW and WA.



With the new funding, Impact will be able to progress exploration on all three of its key Australian projects, being:

- Broken Hill where Impact returned some of the highest platinum grades ever reported in Australia in its maiden drill programme;
- Commonwealth Project at which a maiden resource was delineated this year; and
- Mulga Tank where Impact has been awarded an almost unprecedented total of \$275,000 as part of the WA Government's Exploration Incentive Scheme for drilling.

Drill programmes at all three projects will be completed this coming year and I look forward to sharing those results with you as we progress.

We thank you for your continued support as shareholders.



Mr Peter Unsworth
Chairman



REVIEW OF OPERATIONS

Exploration during the year was focussed on Impact's three flagship Australian Projects

1. BROKEN HILL PGM-Ni-Cu JOINT VENTURE PROJECT, N.S.W. (Impact 87%)

The Broken Hill Project is located 20 km south east of the World Class Broken Hill silver-lead-zinc mine in the richly mineralised Curnamona Province of New South Wales and consists of two exploration licences E7390 and E8234 covering 110 sq km (Figure 1).

Exploration Licence E7390 is owned by Golden Cross Resources Limited (GCR) and is the subject of two joint ventures, one between GCR and Impact and one between GCR and Silver City Minerals Limited.

Impact has earned 87% of the rights to nickel, platinum and any other metals, occurring in, emanating from, or which are otherwise associated with, mafic or ultramafic complexes. Should Golden Cross dilute to less than a 5% interest in these rights then it has to transfer its interest to Impact for \$1 (one dollar).

Silver City has the joint venture rights to base metal, silver and gold mineralisation associated with Broken Hill style mineralisation.

1.2 RED HILL PROSPECT

During the year exploration was focussed at the Red Hill Prospect in the centre of the project area (Figures 1 and 2).

Here, the host ultramafic intrusive unit outcrops over an area of about 500 sq metres and has a nickel-rich core and copper-precious metal rich margins as identified in soil and rock chip sampling and reported last year. This is a common feature in many major nickel-copper-precious metal sulphide deposits around the world.

At the Red Hill Shaft, mined to a depth of about 40 m in the early 1900's, grab samples from outcrops around the shaft returned up to 16 g/t platinum, 12.1 g/t palladium, 4.2% nickel, 7.7% copper, 1.3 g/t gold and 221 g/t silver. Rock chip samples from a surface excavation about 50 m long located 100 m to the south of the shaft returned up to 1 g/t platinum, 2.6 g/t palladium, 0.9% nickel, 0.8% copper, 1.8 g/t gold and 3.3 g/t silver.

Impact completed 1,012 m of drilling in its maiden drill programme at Broken Hill in December 2014 and identified some of the highest platinum grades ever reported in Australia at depth below the Red Hill workings.

A 25 to 30 metre thick near-surface layer of copper-nickel-PGM mineralisation was discovered that contains two zones of high-grade drill intercepts called the Upper and Lower Zones which returned (Figure 3):

(Note 3PGM = Platinum-palladium-gold and 7PGM = 3PGM + osmium, iridium, rhodium, ruthenium where assayed).

**Upper Zone: 9.5 m at 4.7 g/t 3PGM, 1.5% copper and 0.8% nickel including
5.1 m at 11 g/t 7PGM, 1.9% copper and 0.9% nickel (RHD001) and
5.2 m at 7.9 g/t 7PGM, 1.1% copper and 1.6% nickel (RHD006)**

**Lower Zone: 9.9 m at 6.7 g/t 3PGM, 1.4% copper and 0.3% nickel including
4.2 m at 11.8 g/t 7PGM, 2.6% copper and 0.5% nickel (RHD001) and
13.8 m at 6.6 g/t 7PGM, 1.1% copper and 0.3% nickel (RHD006).**

These assays also revealed the presence of several grams per tonne combined of the rare platinum group metals (PGMs) osmium, iridium, rhodium and ruthenium as well as the more common metals platinum and palladium. These rare metals are used in many specialist hard-wearing metal alloys, electronics and for catalytic converters.

The mineralisation comprises zones of veins and breccias which contain a mixture of nickel and copper

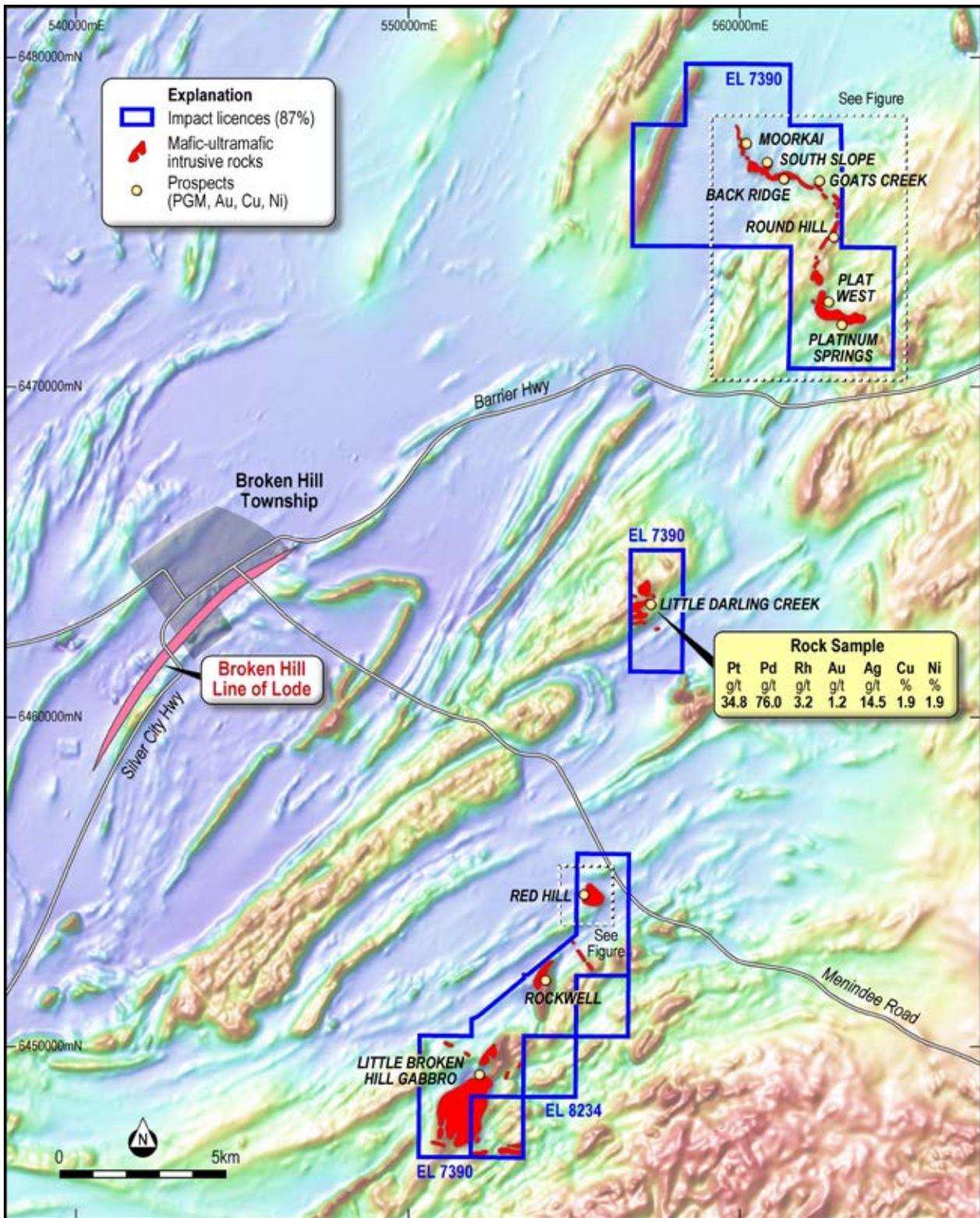


Figure 1. Location of the Broken Hill Project showing the prospective ultramafic host rocks (in red) and priority prospects on an image of the magnetic intensity of the underlying rocks.

REVIEW OF OPERATIONS (CONTINUED)

sulphide, oxide and carbonate minerals together with pyrite and pyrrhotite (Figure 4). In a few places the veins comprise massive sulphide up to 20 cm thick and these may have been remobilised from a larger body of massive sulphide at depth or along strike (Figure 4).

The mineralised zones are interpreted to dip moderately to steeply south and therefore may be close to true width (Figure 3). However the host veins, breccias and massive sulphide show small scale complexities in dip and strike that are not yet resolved.

The mineralisation is also open at depth, where it is in part coincident with an Induced Polarisation (IP) chargeability anomaly identified in a ground geophysical survey (Figures 2 and 3). IP chargeability anomalies may be associated with disseminated sulphides and magnetite.

All of the mineralisation lies within metasedimentary rocks that lie beneath a small outlier of the Red Hill ultramafic intrusion (Figure 3). Accordingly there is significant potential for further similar mineralised zones beneath the main body of the intrusion as well.

Of interest, CRA Exploration completed two diamond drill holes under the Red Hill workings in 1969 with no significant results (Figures 2 and 3). However these holes were drilled from north to south and detailed work by Impact has now demonstrated that these holes were drilled parallel to and below the mineralised zone (Figure 3).

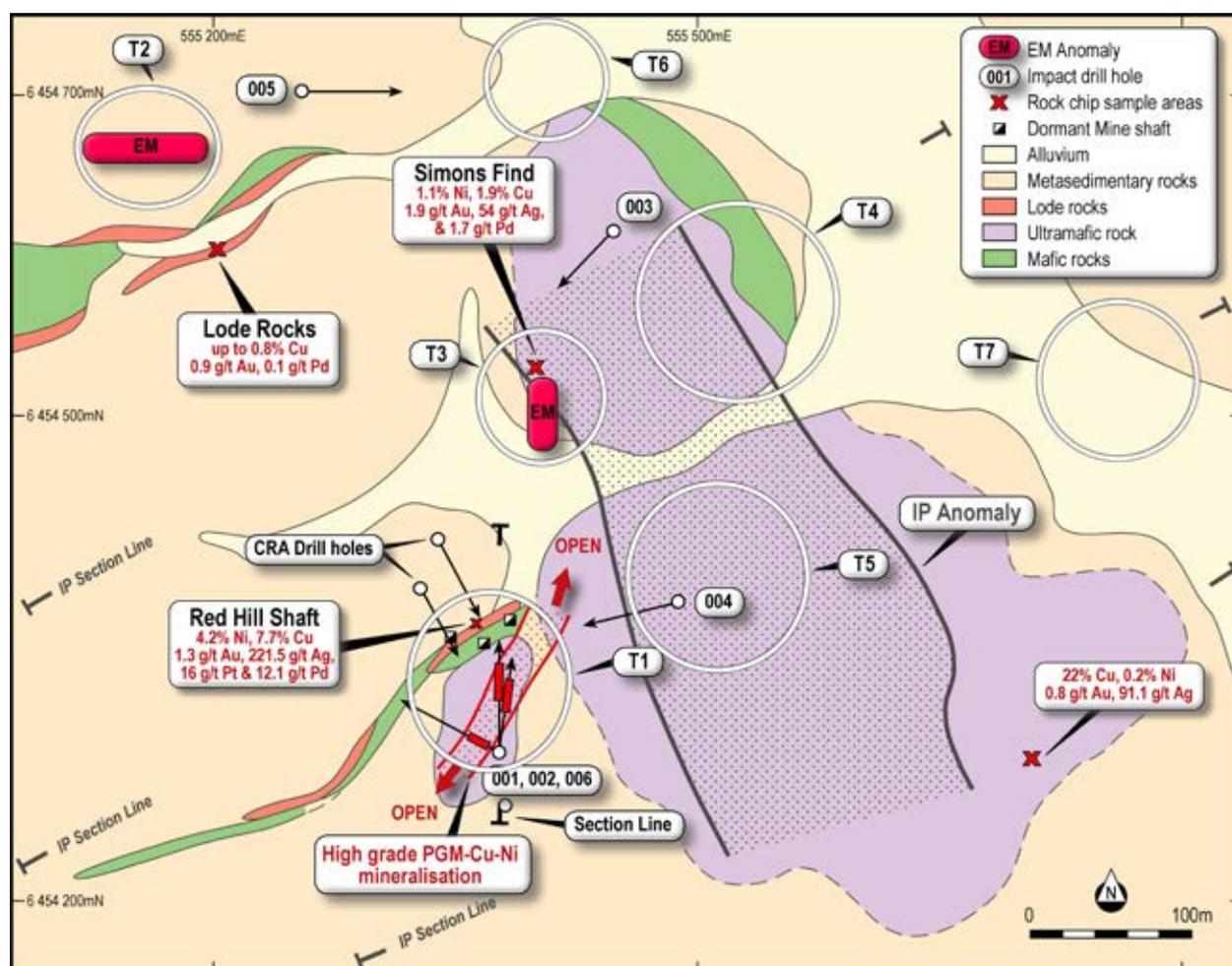


Figure 2. Red Hill Prospect: Geology, Key Exploration Results and Targets for Follow-up Drilling.

Seven targets for follow up drilling have now been identified at Red Hill (Figure 2).

Target T1 contains the newly discovered PGM-copper-nickel mineralisation and follow up drill holes are required at T1 to test the mineralisation along trend and at depth. The other six drill targets consist of a ground (T2) and down hole (T3) electromagnetic anomaly, a rock chip geochemical anomaly (T4), induced polarisation (IP) anomalies (T5 and T7) and an airborne magnetic anomaly (T6).

The drilling at Red Hill was in part funded by an award of \$125,000 that Impact received under the N.S.W. State Government's Co-operative Drilling Funding Programme. The Co-funding initiative is awarded on a dollar-for-dollar basis for direct drilling costs. A total of \$78,000 of this money still remains to be claimed and will be used to help fund the follow up drill programme.

Statutory approvals for the programme have been received and it is due to start in early September.

1.2 REGIONAL TARGETS

The drill intercepts at Red Hill are the first significant drill intercepts of nickel and copper within Impact's project area away from the high grade drill intercept of 2 m at 6.1% nickel, 4.5% copper, 10.9 g/t platinum and 23.6 g/t palladium in fresh sulphide discovered some years ago by previous explorers at the Platinum Springs prospect some 15 km to the north east (Figures 1 and 5).

There are many strike kilometres of the same ultramafic host rock that contain high grade nickel-copper-PGE rock chip assays similar to those at Platinum Springs and Red Hill that have never been drilled.

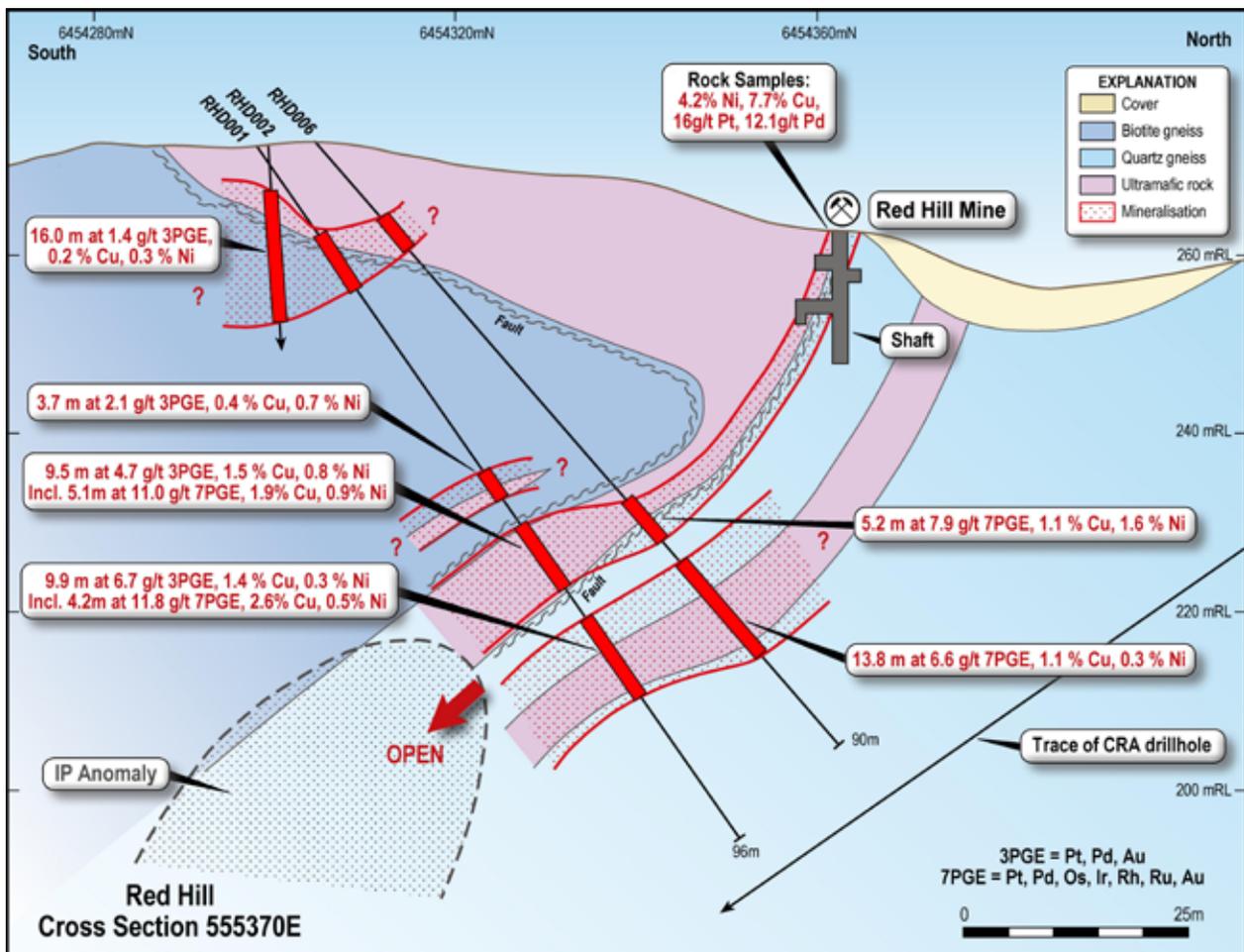


Figure 3. Cross-section through the Red Hill Mine area showing the geology and assay results.

REVIEW OF OPERATIONS (CONTINUED)

Also during the year new rock chip assay data and a review of previous results confirmed the presence of high grade and rare platinum group metals in a wide arc stretching from the northeast to the southeast of the Broken Hill township.

Most of the rock chip samples, which have been variably assayed for the different PGMs, come from the **Moorkai Intrusive Complex** in the northern part of the project area where the host ultramafic unit can be traced for 9 kilometres along trend (Figures 1 and 5).

At the Platinum Springs Prospect at the southern end of the Complex, a representative 120 kg sample of gossan returned:

19.6 g/t platinum, 50 g/t palladium, 3 g/t rhodium, 3 g/t osmium, 4.4 g/t iridium, 2 g/t ruthenium, 0.57 g/t gold, 0.34% nickel and 0.71% copper;

A nearby drill hole completed by a previous explorer discovered a 2 metre thick zone of fresh massive sulphide from 45 m depth that returned:

2 m at 52 g/t platinum equivalent comprising 10.9 g/t platinum, 23.6 g/t palladium, 4.5% copper and 6.1% nickel.

A one metre interval of this was sampled for the rare PGMS and returned:

1 m at 1 g/t rhodium, 1.3 g/t osmium and 1.2 g/t iridium.

At two other undrilled prospects in the Moorkai Intrusive Complex, previous explorers identified rhodium in grab samples at Round Hill and Back Ridge including respectively (Figure 5):

5.6 g/t platinum, 8.8 g/t palladium, 0.8 g/t rhodium, 2.4% copper and 0.7% nickel; and 5.2 g/t platinum, 6.5 g/t palladium, 1.0 g/t rhodium, 0.6% copper and 0.1% nickel.



Figure 4. Nature of mineralization at Red Hill showing the variation from oxide material to fresh rock including massive pyrite.

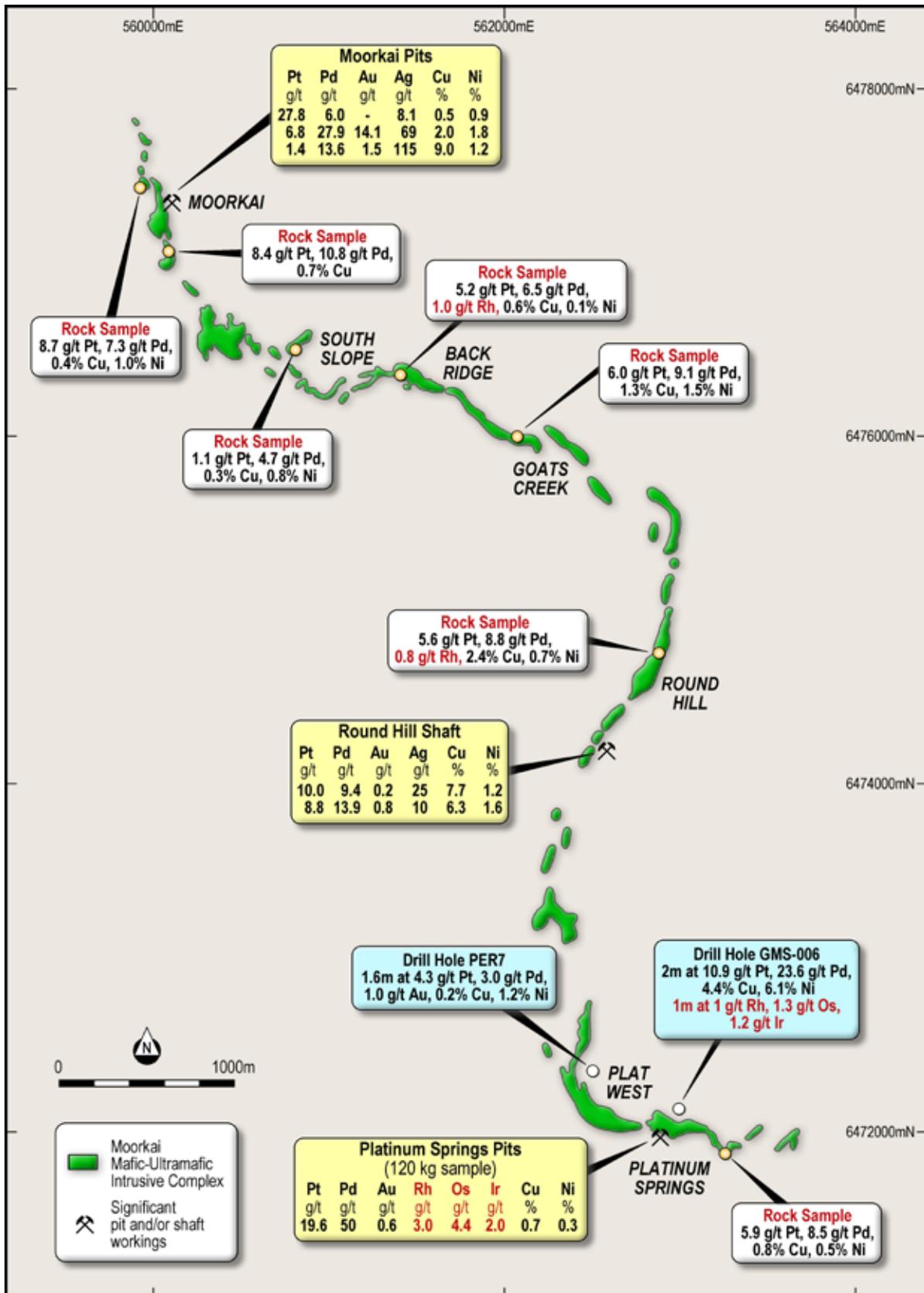


Figure 5. PGM-copper-nickel assays at the Moorkai Intrusive Complex

REVIEW OF OPERATIONS (CONTINUED)

At the undrilled Moorkai Prospect very high grade assays of up to 27.8 g/t platinum, 27.9 g/t palladium, 14 g/t gold, 9 % copper and 1.8% nickel were returned from gossan samples near small workings. Although these samples were not been assayed for the rare PGMs, Impact considers it highly likely that they will contain appreciable amounts of those metals.

At the Little Darling Prospect in the centre of the Broken Hill Project area, a rock chip sample of gossan returned (Figure 1):

34.8 g/t platinum, 76 g/t palladium, 3.2 g/t rhodium, 1.2 g/t gold, 1.9% copper and 1.9% nickel.

These results all confirm Impact's belief that there is potential for a significant discovery near Broken Hill. This belief has been strengthened by the support of the investment by Squadron Resources.

2. COMMONWEALTH GOLD-SILVER-BASE METAL PROJECT (IPT 100%)

The Commonwealth Project comprises three exploration licences that cover about 315 sq km 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 25 million ounces of gold and 12 million tonnes of copper (Figure 6).

The Commonwealth Mine, a high grade volcanogenic massive sulphide deposit (VMS), was discovered in 1900 and mined intermittently until the 1930's. Early production amounted to 470 oz of gold from 480 tons of oxide ore. A blast furnace was installed in 1905 and **6,476 t was mined at a grade of 6 g/t gold, 150 g/t silver, 2% copper, 15% zinc and 7% lead.** Operations were suspended in 1908 following flooding and there are no records of significant mining activity since.

The project has received little exploration attention in the past 25 years. Previous drilling was focused on 300 m of strike between the Commonwealth Mine and the Commonwealth South Prospect and only 66 drill holes for 3,695 m at an average depth of only 56 metres were completed (Figure 2).

Impact's work has identified significant potential for both further high grade VMS deposits at depth and along strike from the Commonwealth Mine and importantly bulk tonnage lower grade disseminated gold and silver mineralisation that either was not recognised or was ignored by the early miners and previous explorers.

During the year Impact completed its maiden drill programme at Commonwealth with significant and exciting results at the Main Shaft, Commonwealth South and Silica Hill Prospects.

2.1 MAIDEN RESOURCE AT MAIN SHAFT AND COMMONWEALTH SOUTH

On 19 February 2015 Impact announced a maiden Inferred Mineral Resource prepared in accordance with the JORC 2012 Code by independent resource consultants Optiro at a 0.5 g/t gold cut off of:

720,000 tonnes at 4.7 g/t gold equivalent for a contained 110,000 gold equivalent ounces and comprising 2.8 g/t gold, 48 g/t silver, 1.5% zinc, 0.6% lead and 0.1% copper.

The resource, which is open along trend and at depth, contains both massive sulphide mineralization at the Main Shaft prospect and disseminated, vein and lesser massive sulphide mineralization at the Commonwealth South prospect. It extends from surface to an average depth of 90 m, has a strike length of 400 m and is up to 25 m thick (Figure 8).

A separate Inferred Mineral Resource (included within the overall resource) has also been calculated for the massive sulphide lens at Main Shaft to demonstrate the high grade nature of such deposits that are the principal target for Impact's exploration programme.

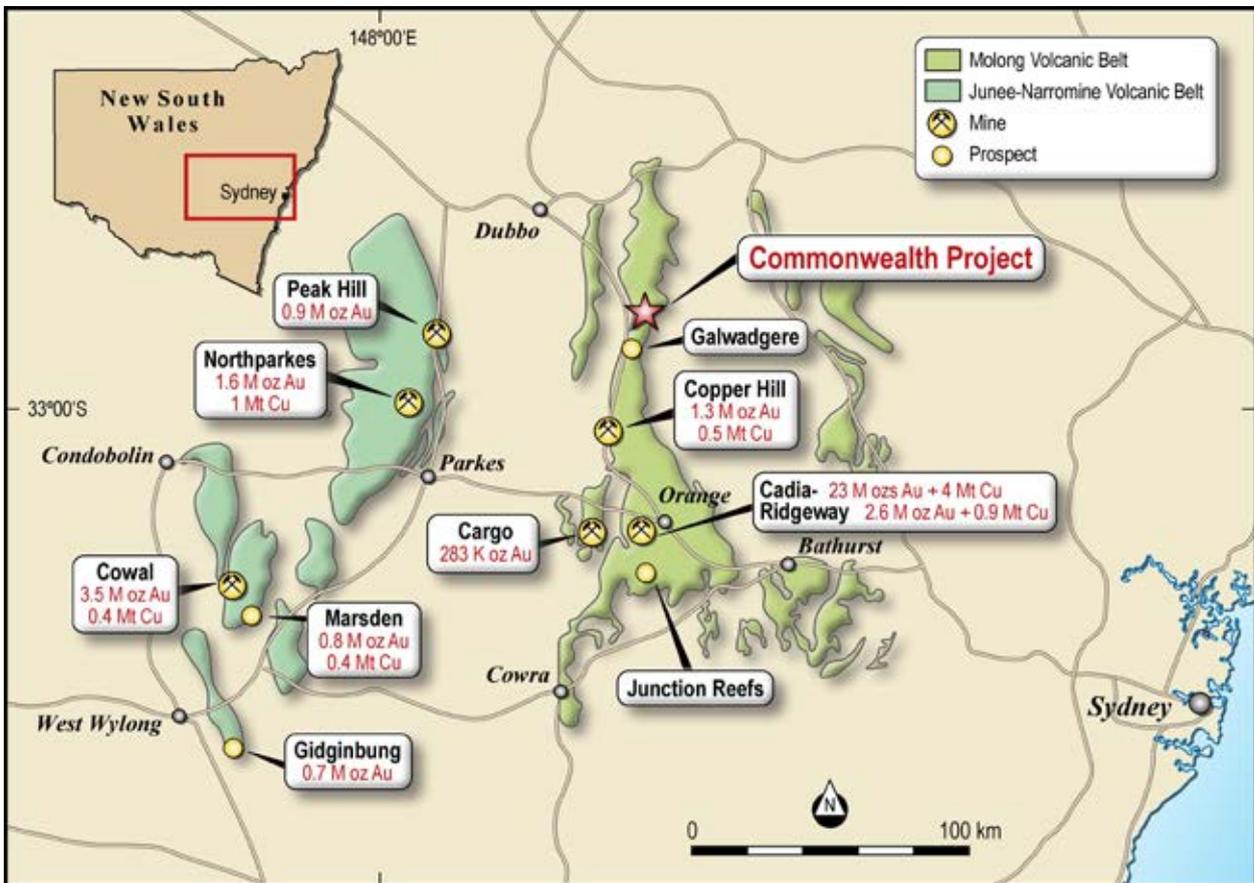


Figure 6. Location of the Commonwealth Project and location of Major Mines and Deposits in the Lachlan Fold Belt of New South Wales.

The Main Shaft Inferred Resource is:

145,000 tonnes at 10 g/t gold equivalent for a contained 47,000 gold equivalent ounces and comprising 4.3 g/t gold, 142 g/t silver, 4.8% zinc, 1.7% lead and 0.2% copper.

Gold Equivalent Calculation

Gold equivalent calculation represents the total metal value for each metal, multiplied by the conversion factor, summed and expressed in equivalent gold percentage. These results are exploration results only and no allowance is made for recovery losses that may occur should mining eventually result. However it is the Company’s opinion that elements considered here have a reasonable potential to be recovered as evidenced in similar multi-commodity natured mines elsewhere in the world. Gold equivalent conversion factors and long-term price assumptions used are as follows:

Gold \$1581/ ounce, silver \$22.21/ounce, copper \$7,320/tonne, lead \$2,345/tonne; zinc \$2,74/ tonne.

The resource is open along trend and at depth and extensive further resource definition drilling is required in particular at Main Shaft and Commonwealth South (Figure 8).

At **Main Shaft** the massive sulphide lens is still open at depth and in particular to the south east along strike from drill hole CMIPT021 which returned a best intercept of:

8.1 m at 6 g/t gold, 193 g/t silver, 5.9% zinc, 2.3% lead and 0.16% copper from 71 m including 2.9 m at 9.3 g/t gold, 201 g/t silver, 11.6% zinc, 4.7% lead and 0.25% copper from 74.9 m down hole.

REVIEW OF OPERATIONS (CONTINUED)

Also, Impact identified for the first time at Main Shaft, a thick copper-dominant zone of disseminated sulphide mineralisation at depth coincident with an Induced Polarisation (IP) ground geophysical anomaly. Drill hole CMIPT06 returned:

- 31 m at 0.13% copper and 5 g/t silver from 209 m including:
- 1 m at 1% copper, and 14 g/t silver from 210 m; and
- 1 m at 0.7% copper, 1.1% zinc, 0.4% lead, 31 g/t silver and 0.4 g/t gold from 218 m.

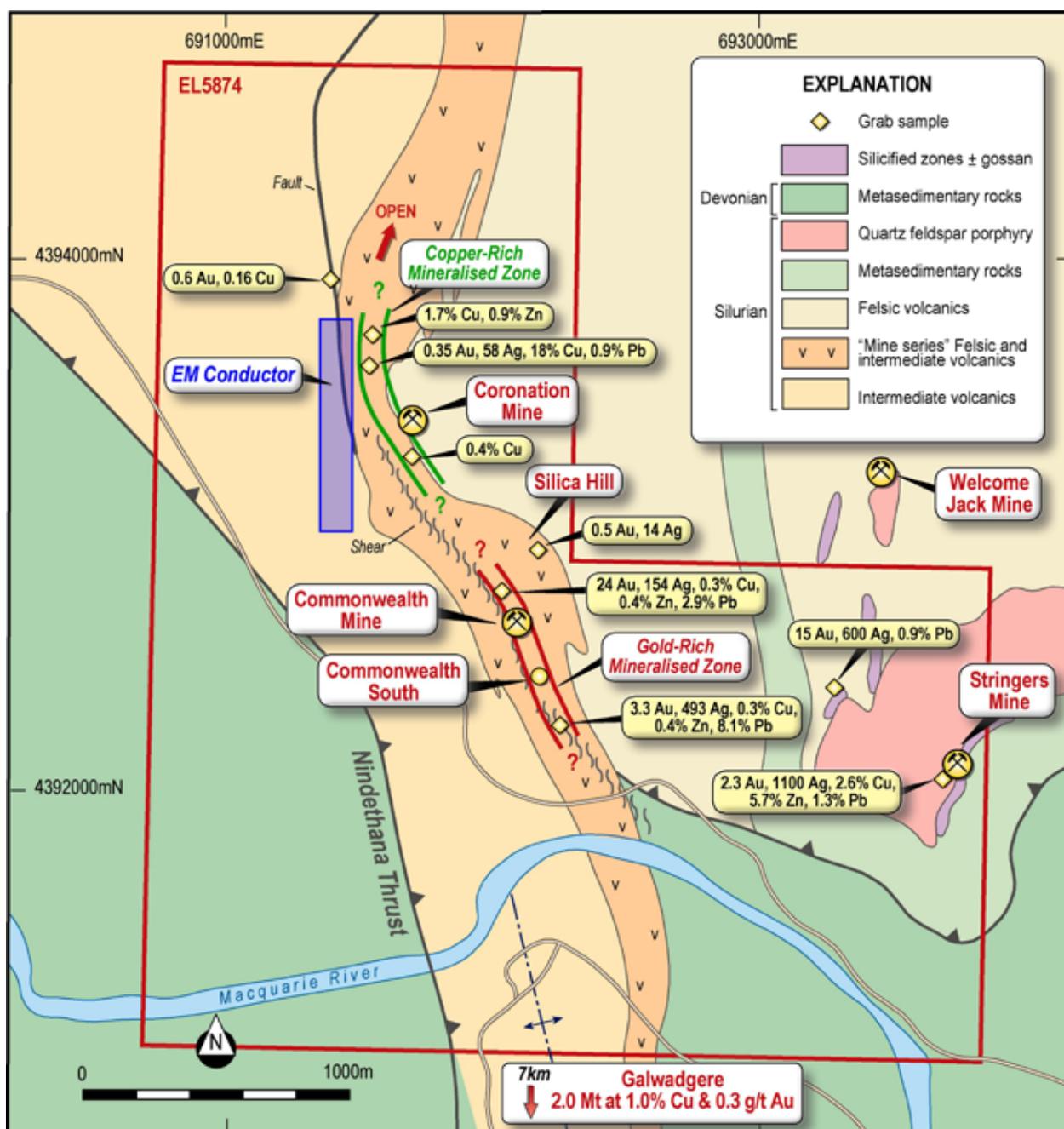


Figure 7. Commonwealth Project: Geology, Prospects and Significant Rock Chip Assays. Previous exploration focused solely on the 300 m of strike between the Commonwealth Mine (Main Shaft) and Commonwealth South Prospects.

This copper zone, which also contains anomalous zinc and lead is increasing in thickness at depth and further drilling below is warranted. This may be part of a “feeder zone” to the gold-silver-zinc-lead-copper mineralisation at the upper contact. Such feeder zones are targets for massive copper sulphide mineralisation.

At **Commonwealth South**, follow up drilling is required immediately along trend south of drill hole CMIPT017 which returned bonanza grades of gold:

7 m at 25.5 g/t gold, 62 g/t silver, 3.8% zinc, 1.6% lead and 0.1% copper from 88 m down hole (about 50 m below surface) including:

4 m at 41.8 g/t (1.3 ounces per tonne) gold, 93 g/t silver, 5.5% zinc, 2.3% lead from 90 m,

and below drill hole CMIPT014 which returned:

21 m at 2.9 g/t gold, 21.6 g/t silver, 1.2% zinc and 0.6% lead from 53 metres (Figure 8).

Importantly, these assays at Commonwealth South come from two separate semi-massive and massive sulphide layers, discovered by Impact for the first time at this prospect, where previously only disseminated and vein-hosted mineralisation was known. The zones are open at depth and along trend and it is possible that they are at the edge of much larger lenses of high-grade massive sulphide similar to that at the Main Shaft Prospect (Figure 8).

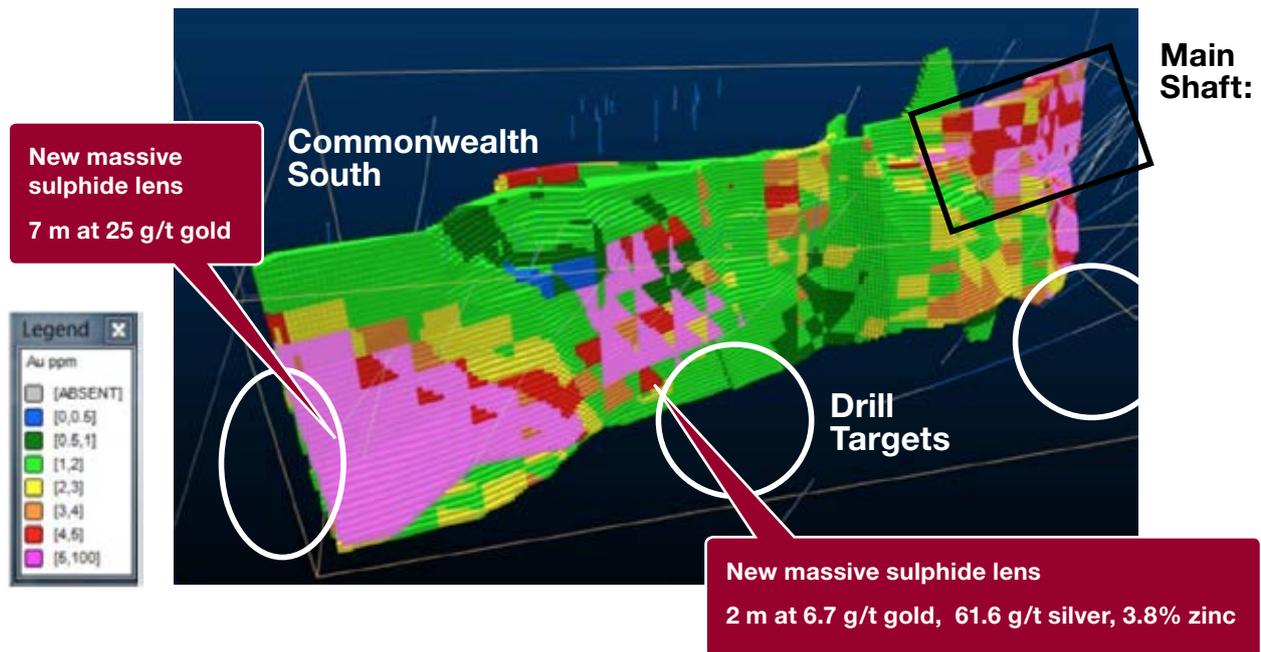


Figure 8. Resource model for the Main Shaft-Commonwealth South Prospects showing the location of new massive sulphide lenses and follow up drill targets.

REVIEW OF OPERATIONS (CONTINUED)

2.2 SILICA HILL

At Silica Hill, two holes (CMIPT02 and CMIPT011) were drilled to test part of a strong IP anomaly modelled to extend to at least 150m below surface and forming part of a 300m long trend identified in the IP data called the Silica Hill Trend. This IP trend is open both to the north of the area drilled and to the south (Figure 9).

Drill hole CMIPT02 returned a very thick interval of anomalous silver and gold of:

157 m at 4.5 g/t silver and 0.04 g/t gold from 68 m

in a porphyry unit that contains numerous quartz-sulphide veins with extensive disseminated pyrite (5-20% total pyrite).

At a depth of about 200 m down hole, several different types of porphyry are recognisable and these may represent different intrusive units. This zone contains more intense sulphide mineralisation, with numerous narrow veins of copper, zinc and lead sulphides, and returned:

23 m at 0.1% zinc, 0.1% lead and 0.05% copper from 202 m down hole.

Individual one metre assays range up to 0.6% zinc, 0.8% lead and 0.3% copper.

Drill hole CMIPT011 returned a thick interval of very anomalous silver and anomalous gold of:

21 m at 41 g/t silver and 55 ppb gold

in intensely silica and pyrite altered volcanic rocks with numerous narrow veins of pyrite and arsenopyrite. The hole ended within this zone of mineralisation and is still open at depth.

These drill results confirm the presence of extensive silica-pyrite alteration over many hundreds of square metres in both the porphyry unit and the surrounding volcanic rocks at Silica Hill and **have identified for the first time, zones of higher grade base and precious metals close to the contact between the two rock types.** These are very encouraging signs for the discovery of large and higher grade deposit within the prospect area.

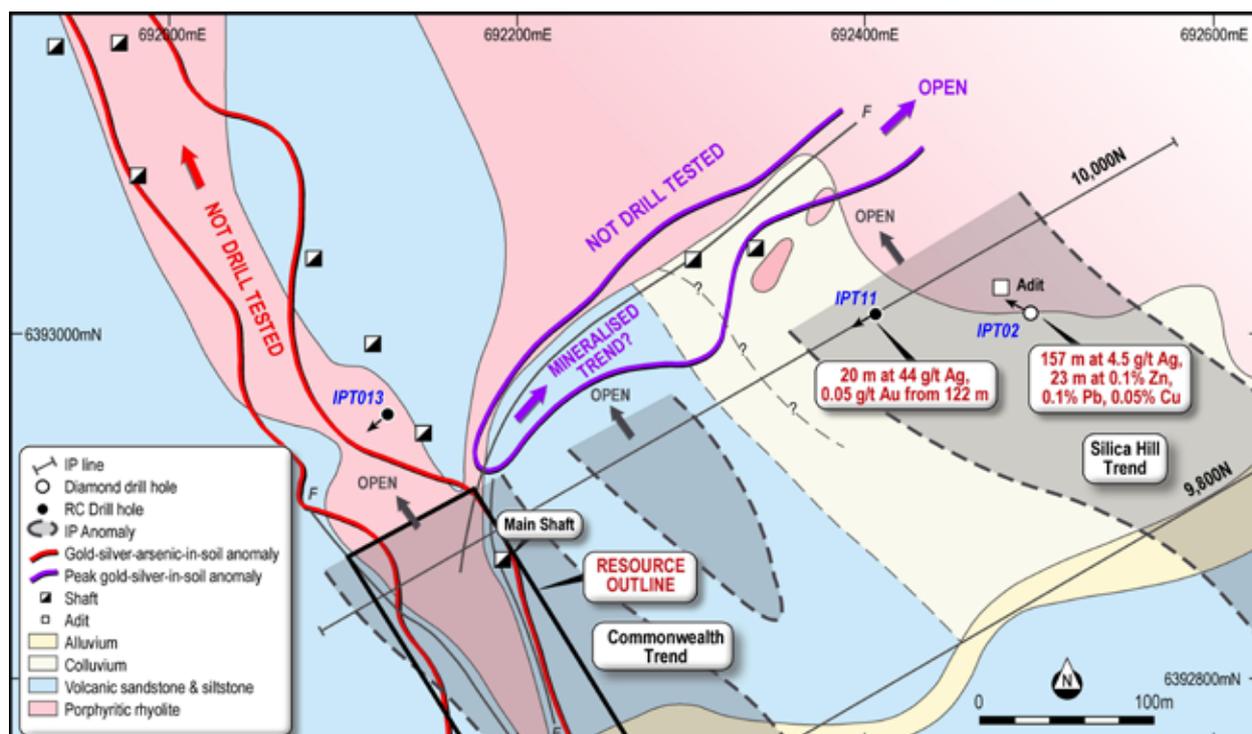


Figure 9. Silica Hill Prospect: Geology, soil geochemistry, Induced Polarisation and drill results.

2.3 THE DOUGHNUT

A soil geochemistry survey completed by Impact in mid-2014 identified a large elliptical zinc-lead-copper-gold-silver soil anomaly that is 1.2 km by 750 m in dimension (**Figure 10**). Three features of note about this anomaly are:

1. There are low values of all metals in the centre of the anomaly producing a distinctive “doughnut shape”.
2. The centre of this doughnut contains elevated values of potassium in the soil geochemistry data.
3. The western edge of the doughnut anomaly contains strong gold, copper, bismuth and iron-in-soil results along the Coronation Trend (**Figure 10**). This metal association is characteristic of skarn deposits. Rock chip samples taken by Impact at old workings along the Trend returned up to 18.2% copper, 55 g/t silver and 0.3 g/ gold.

These features are consistent with those associated with a number of porphyry copper deposits around the world and it is interpreted that a porphyry intrusion may underlie the centre of the doughnut with a “ring” of base metals around it and with skarn mineralisation that has preferentially developed along the western contact.

This area has not been previously explored.

Impact has recently received the results of a ground gravity survey and ground IP survey which is being interpreted.

All of this data will be synthesised and used to define new targets for drilling as well as resource extension drilling at Main Shaft-Commonwealth South in 2016.

A land access agreement is being negotiated with a new landholder at Commonwealth following the recent sale of the underlying property.

3. MULGA TANK NICKEL-COPPER-PGE PROJECT (IPT 100%)

Impact owns 100% of 13 exploration licences that cover 425 sq km of the highly prospective Minigwal greenstone belt, 200 km east of Kalgoorlie in the emerging mineral province of the south east Yilgarn Block, Western Australia (**Figure 11**).

In late 2013 in its maiden drill programme at the project, Impact discovered three styles of nickel sulphide mineralisation within the dunite and surrounding rocks:

1. High tenor veins at the base of the Mulga Tank Dunite with drill results of:
0.25 m at 3.8% nickel, 0.7% copper and 0.7 g/t PGE and 0.3 m at 0.7% nickel.
2. High tenor nickel sulphide in multiple komatiites in a flow channel with drill results of:
**0.75 m at 0.85% nickel, 0.35% copper and 0.28 g/t PGE (Pt+Pd+Au); and
6.7 m at 0.5% nickel.**
3. Extensive disseminated nickel in the Mulga Tank Dunite with drill results of:
**2 m at 1.3% nickel including 1 m at 2% nickel and multiple zones of
0.5 m at 0.5% to 1.2% nickel within an intercept of 115 m at 0.3% nickel;
other thick intercepts of 21 m at 0.4% nickel and 59 m at 0.3% nickel.**

The style of mineralisation and the nature of the ultramafic rocks are similar to those that host the significant nickel deposits found at the Perseverance (45 Mt at 2% nickel), Rocky’s Reward (9.6 Mt at 2.4% Ni) and Mt Keith >2 Mt of contained nickel) mines near Leinster in Western Australia (**Figure 11**).

REVIEW OF OPERATIONS (CONTINUED)

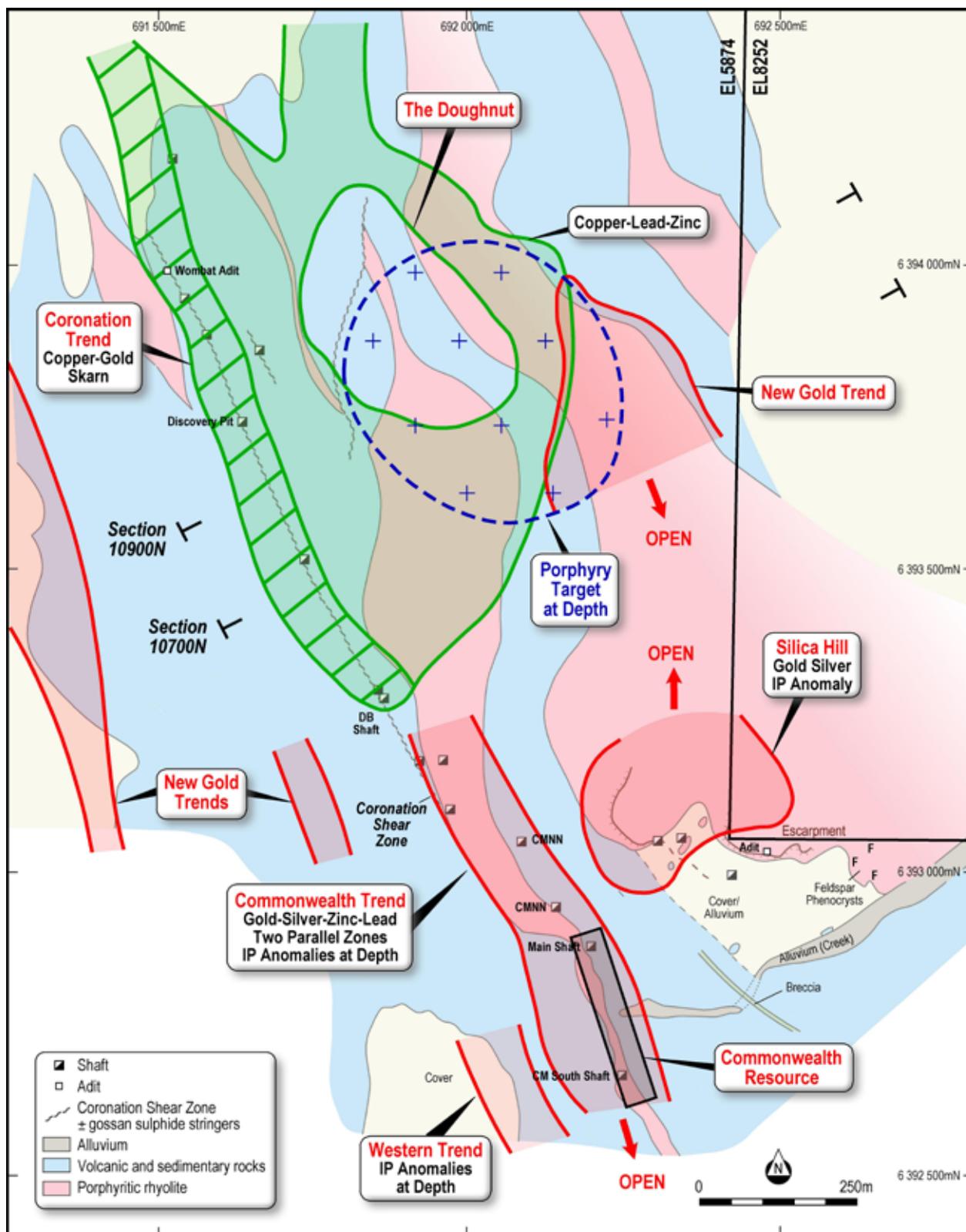


Figure 10. The Doughnut: Significant soil geochemical anomalies and the location of possible buried porphyry intrusions at depth.

Impact's results come from one 15 sq km area within a very large greenstone belt that extends for 20 km along strike and which has not been explored for nickel. The area is also highly prospective for gold deposits as evidenced by the recent Gruyere discovery (>5 million ounces of gold) 200 km to the north east in a similar under-explored area (**Figure 11**).

Although there was no on-ground exploration during the year, Impact achieved a number of significant milestones with the project in 2015.

First, on 6 February 2015 Impact announced that it had agreed to purchase the seven exploration licences in the Mulga Tank Project that were in joint venture with Golden Cross Resources Limited (ASX:GCR) for \$275,000 in cash. Accordingly Impact has moved to 100% ownership of the project and in addition removed an onerous joint venture earn-in requirement that was inherited when the project was purchased in early 2013.

Secondly, Impact won two grants as part of the Western Australian Government's Exploration Incentive Scheme for drilling at the Mulga Tank Project. In December 2014 a grant of \$125,000 was awarded to drill test the basal contact of the Mulga Tank Dunite for high grade nickel-copper-PGM deposits and in July 2015 a grant of \$150,000 was awarded to test several targets along strike to the north west of the dunite in the Panhandle Prospect area.

The EIS, a co-funding initiative for exploration in under explored areas and awarded on a dollar-for-dollar basis for direct drilling costs, has been designed to encourage innovative exploration and prioritised high quality, technically sound proposals that demonstrate new exploration concepts.

Also during the year a detailed synthesis and review of all previous exploration data was completed.

Following the recent funding of Impact, exploration has now recommenced at Mulga Tank. An airborne magnetic and radiometric survey has been recently completed and ground geophysical surveys will commence in October. This new data will be used together with the compilation of previous work to generate new drill targets with the aim of completing a major drill programme at the project before the end of 2015.

4. BOTSWANA URANIUM (IMPACT 100% AND XADE NICKEL (IMPACT 63%) PROJECTS

Exploration in Botswana is still on hold pending a recovery in the uranium price and market sentiment.

During the year the majority of Impact's Prospecting Licences within the Botswana Uranium Project licences were not renewed. This followed ongoing delays and significant back logs within the Department of Mines in Botswana that have lasted nearly two years and were in part related to an attempt by the Department to resolve complex issues centred around overlapping mineral rights between Energy Licences and Radioactive Licences.

The delays involved also resulted in the non-completion of the sale of four licences to Shumba Resources Limited.

Impact has appealed for the re-instatement of two of its licences, Red Hills and Mogome, which were in good standing. A decision is awaited.

At Xade a number of major companies have reviewed the exploration data with a view to a joint venture. Discussions continue with one party.

REVIEW OF OPERATIONS (CONTINUED)

5. CAPITAL RAISINGS

As this annual report goes to press Impact is in the process of finalising a funding package of up to \$7.3 million from Squadron Resources Pty Ltd, the private mining investment vehicle of the Munderoo Group, which itself represents the philanthropic and commercial interests of Andrew and Nicola Forrest.

The key terms of the transaction comprise:

- an initial \$2 million investment (now complete) in exchange for:
 - interest-free 3 year secured convertible notes, convertible only into ordinary shares at the lower of 2.1 cents per share or 80% of the 30 day VWAP); and
 - 45 million attaching unlisted call options to acquire ordinary shares at 3.25 cents per share (a potential further investment of up to about \$1.46 million);
- subject to shareholder approval, a \$1 million placement of ordinary shares at 2.1 cents per share (a 15% discount to the 15 day VWAP) with 26,428,572 attaching 3 year unlisted call options to acquire ordinary shares at 3.25 cents per share (a potential further investment of up to about \$0.86 million);
- the option for Squadron, at its sole discretion, to invest a further \$1 million into either or both of the high grade Commonwealth gold-silver-zinc-lead and Broken Hill platinum projects in NSW, to earn a 19.9% interest after Impact has spent a combined total of \$2.5 million on the two projects;
- the appointment of Squadron's nominee, Mr Aaron Hood, to the Board of Impact as a non-executive director; and
- the engagement of Dr John Clout as a technical consultant to Impact.

Securing Squadron as a new cornerstone investor is a milestone development for Impact and its shareholders. It will allow Impact to forge ahead with its exploration programmes into 2016 and build on the exciting results of the past 12 months.

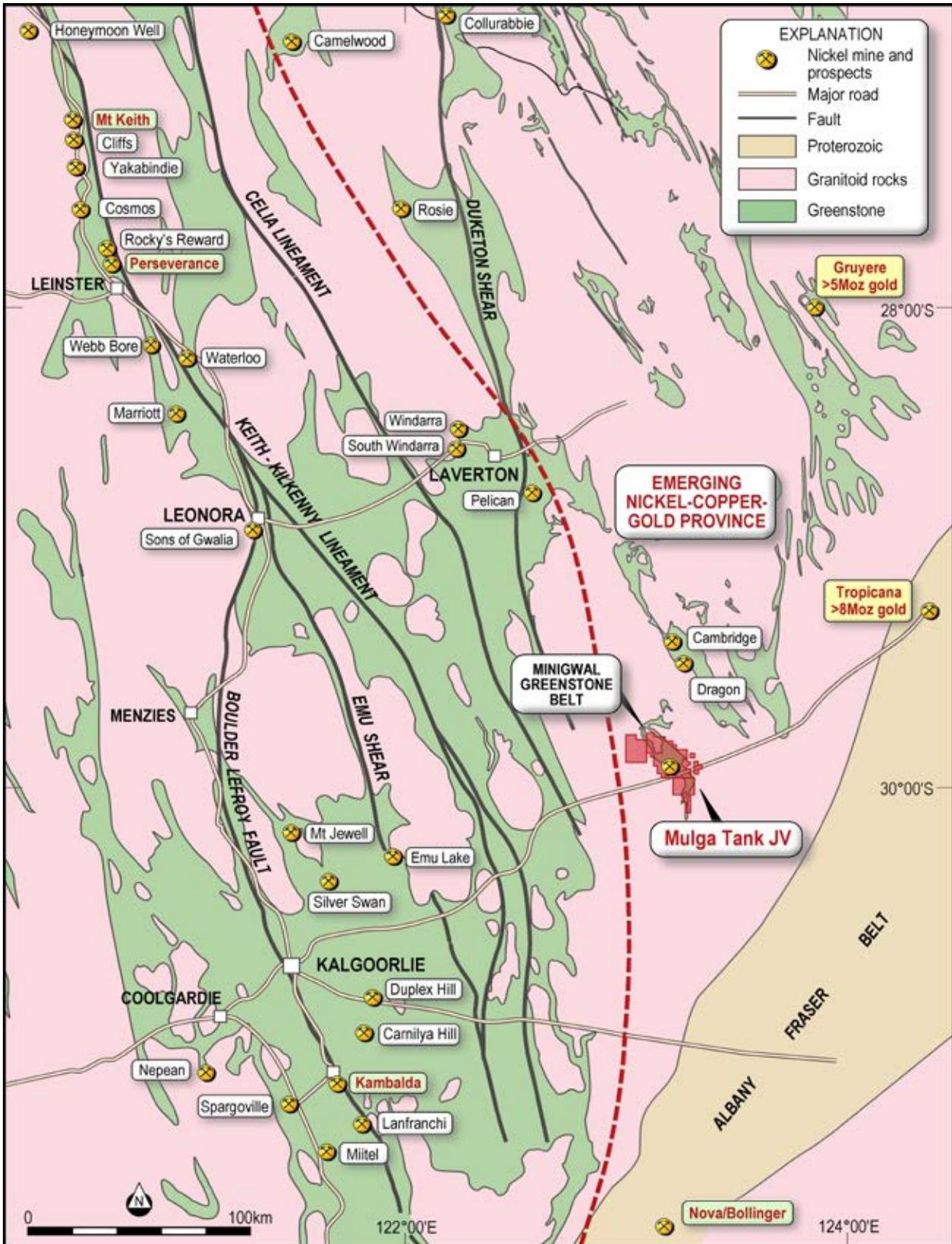


Figure 11. Location of the Mulga Tank Project and significant nickel and gold mines and prospects including new nickel-copper-PGE and gold discoveries in the emerging province to the east.



SCHEDULE OF MINERAL TENEMENTS

FOR THE YEAR ENDED 30TH JUNE 2015

Tenement (Prospecting Licence) Number	Location	% Holding	Status
EL5874	NSW	100%	Granted
EL8212	NSW	100%	Granted
EL8234	NSW	100%	Granted
EL8252	NSW	100%	Granted
EPM14116	QLD	100%	Granted
E39/988	WA	100%	Granted
E39/1072	WA	100%	Granted
E39/1439	WA	100%	Granted
E39/1440	WA	100%	Granted
E39/1441	WA	100%	Granted
E39/1442	WA	100%	Granted
E39/1513	WA	100%	Granted
E39/1632	WA	100%	Granted
E39/1633	WA	100%	Granted
E39/1761	WA	100%	Granted
E39/1766	WA	100%	Granted
E39/1767	WA	100%	Granted
E39/1768	WA	100%	Granted
123/2008	Botswana	100%	Renewal rejected - appealed
024/2011	Botswana	100%	Renewal rejected - appealed
016/2014	Botswana	100%	Granted
017/2014	Botswana	100%	Surrendered with effect 31.8.15
412/2014	Botswana	100%	Surrendered with effect 31.8.15

SCHEDULE OF MINERAL TENEMENTS

FOR THE YEAR ENDED 30TH JUNE 2015 (CONTINUED)

JOINT VENTURE TENEMENTS

Tenement (Prospecting Licence) Number	Location	% Holding	Status
50/2006	Botswana	62%	Extension applied for
51/2006	Botswana	62%	Extension applied for
52/2006	Botswana	62%	Extension applied for
57/2006	Botswana	62%	Extension applied for
58/2006	Botswana	62%	Extension applied for
59/2006	Botswana	62%	Extension applied for
60/2006	Botswana	62%	Extension applied for
64/2006	Botswana	62%	Extension applied for
67/2006a	Botswana	62%	Extension applied for
69/2006a	Botswana	62%	Extension applied for
EL 7390*	NSW	87%	Granted

* EL 7390, a tenement within the Broken Hill Project, is owned by Golden Cross Resources Limited (GCR) and is the subject of two joint ventures, one between GCR and Impact and one between GCR and Silver City Minerals Limited (ASX:SCI).

Silver City has the right to base metals, silver and gold mineralisation associated with Broken Hill style mineralisation.

Impact has the rights to nickel, platinum and any other metals, occurring in, emanating from, or which are otherwise associated with, mafic and ultramafic complexes. On 27th March 2015 Impact announced that Golden Cross Resources Limited had recognised that Impact had earned an 87% interest in these metals rights.

FINANCIAL REPORT

FOR YEAR ENDED 30 JUNE 2015

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DIRECTORS' REPORT

Your directors present their report together with the financial statements of the company and the Consolidated Group (being Impact Minerals Limited and its subsidiary companies) for the financial year ended 30 June 2015.

DIRECTORS

The names of directors in office at any time during or since the end of the year are:

Peter J Unsworth
Michael G Jones
Paul Ingram
Markus Elsasser
Aaron Hood (appointed 6 August 2015)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

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

Other than stated above, there were no significant changes in the nature of the Consolidated Group's principal activities during the financial year.

OPERATING RESULTS

The consolidated loss of the Consolidated Group was \$4,757,575 (2014: Loss of \$7,974,183), after eliminating non-controlling equity interests.

DIVIDENDS PAID OR RECOMMENDED

There were no dividends recommended or paid during the year.

REVIEW OF OPERATIONS

The 2015 period has been another successful one for the Company and has added to the increasing perception in the market of Impact being an explorer of difference.

The Company has continued to aggressively explore its three main projects, namely the Commonwealth (Au-Ag), the Broken Hill (Ni-Cu-PGE) and Mulga Tank (Ni-Cu-PGE), all acquired in mid-2013. This has included successfully drilling all three projects within an approximately 12 month calendar period. This is in a time when many in the industry are reluctant to commit capital to exploration.

The results from these programmes have been impressive and include a maiden high grade resource at Commonwealth, some of the highest drill results for Platinum Group Metals at Broken Hill and some excellent nickel results suggesting potential for world class deposits at Mulga Tank.

Impact has been successful in attracting government grants for the co-funding of its drill programmes at Broken Hill and also Mulga Tank where a second award within 12 months was recently received. This funding will go towards this year's drill programme.

During the year Impact also purchased 100% of the Mulga Tank project for \$275,000. This was well below the required expenditure for Impact to earn 50% of the project under the conditions of a joint venture that was in place when Impact purchased the project. A number of cost cutting initiatives were implemented during the year including a relocation of the head office.

On the 14th July 2014 the Company issued 78,423,516 Company shares at a price of 3.3 cents to raise \$2,587,976. In addition on 17th July 2015 the Company announced a significant investment of up to \$7.3 million from Squadron Resources Pty Ltd, part of the Munderoo Group.

FINANCIAL POSITION

The net assets of the Consolidated Group at 30 June 2015 are \$6,932,818 (2014: \$8,564,285)

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Consolidated Group that occurred during the financial year.

EVENTS AFTER THE REPORTING PERIOD

On the 6th August 2015 the Company announced that it had executed a funding of up to \$7.3 million from Squadron Resources Pty Ltd, part of the Munderoo Group.

The key terms of the transaction comprise:

- an initial \$3 million investment comprising a \$1 million placement of shares at 2.1 cents per share (a 15% discount to the 15 day VWAP) and an interest-free convertible note for \$2 million dollars, convertible to shares at a price which is the lower of 2.1 cents or 80% of the 30 day Volume Weighted Average Price (VWAP);
- 71,428,572 3 year call options exercisable at 3.25 cents a share to raise a possible \$2.3 million on exercise;
- the option for Squadron to invest a further \$1 million into either or both of the high grade Commonwealth gold-silver-zinc-lead and Broken Hill platinum projects in NSW to earn a 19.9% interest after Impact has spent a combined total of \$2.5 million on the two projects;
- the appointment of Squadron's nominee Mr Aaron Hood to the Board of Impact as a non-executive director; and
- the engagement of Dr John Clout as a technical consultant to the Company.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Other than matters mentioned in this report, disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations may result in unreasonable prejudice to the Consolidated Group. Therefore, this information has not been presented in this report.

ENVIRONMENTAL ISSUES

The Consolidated Group holds various exploration licences to conduct its exploration activities in Australia and Botswana. So far as the Directors are aware, all exploration activities have been undertaken in compliance with all relevant environmental regulations in all jurisdictions in which the group operates.

NGER ACT

The Directors have considered the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Consolidated Group for the current or subsequent financial year. The Directors will reassess this position as and when the need arises.

DIRECTORS' REPORT (CONTINUED)

INFORMATION ON DIRECTORS

Mr Peter J Unsworth

Qualifications

Experience

Non-Executive Chairman

B Com.

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 was a Director and Chairman for 12 years of the Western Australian Government owned Gold Corporation (operator of The Perth Mint).

Dr Michael G Jones

Qualifications

Experience

Managing Director

PhD, MAIG

Dr Jones completed undergraduate and post-graduate studies in Mining and Exploration Geology at Imperial College, London. His Ph.D. work on gold mineralization saw him move to Western Australia in 1988 to work for Western Mining Corporation exploring for gold and nickel deposits in the Yilgarn. From 1994 he consulted to the exploration and mining industry specialising in the integration of geological field mapping and the interpretation of geochemical, geophysical and remotely sensed data for target generation. Dr Jones has worked on over 80 projects both in Greenfields and near mine exploration in a wide variety of mineralised terrains and was the founding director of Lithofire Consulting Geologists in Perth, Australia. He was also the team leader during the discovery of a significant gold deposit at the Higginsville Mining Centre, near Kalgoorlie and an iron ore deposit near Newman, both in Western Australia.

Mr Paul Ingram

Qualifications

Experience

Non-Executive Director

B.AppSc, AIMM, MICA

Mr Ingram is a geologist with extensive experience in managing major mineral exploration programmes for several publicly listed companies and has been involved in the mining sector for over thirty years. He has designed and implemented innovative techniques for exploration in remote areas, and has managed projects in countries throughout Australia and east Asia.

Mr Ingram has been a director of the following listed companies in the past three years:

A-Cap Resources Limited since June 2009;

Consolidated Global Investments Limited since September 2006; and

Australian Pacific Coal Limited since March 2011

Dr Markus Elsasser

Non-Executive Director

Qualifications

PhD,

Experience

Dr Markus Elsasser is a German financier and investor in the mineral resources industry. He is Head of the Elsasser family office 'M. Elsasser & Cie AG 1971' in Dusseldorf, Germany. Dr. Elsasser has previously been Director of Finance at the Dow Chemical Company in Germany. He has extensive General Management experience with former appointments as Managing Director in Australia and Singapore in the chemical and food industries.

Dr Elsasser is a Director of Stellar Diamonds Plc, London and Stellar Resources Limited a company listed on the Australia Securities Exchange.

Mr Aaron Hood

Non-Executive Director

Qualifications

B.Eng / B.Comm, MBA

Experience

Mr Hood is the Chief Investment Officer for the Munderoo Group and is responsible for managing Munderoo's existing investment portfolio, comprising mining, property, agriculture and industrial assets, and also corporate development opportunities. Prior to joining Munderoo, Mr Hood spent ten years in Sydney and Perth as executive director of a private equity firm with investments in mining services, oil and gas, manufacturing and retail. He is currently a director of the Scotch College Foundation (WA) and UWA Business School Ambassadorial Council and Chairman of Harvey Beef.

Mr Hood is a Director of Vimy Resources Limited a company listed on the Australia Securities Exchange.

COMPANY SECRETARY

Mr James Cooper-Jones

Qualifications

B.A / B.Com, SA Fin, GAICert

Experience

Over his career Mr Cooper-Jones has held various senior accounting and secretarial roles primarily with listed resource companies and has been involved in the listing of several companies on the ASX.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS INTERESTS

At the date of this report the Directors interests in shares of the Company are as follows:

IMPACT MINERALS LIMITED

Peter Unsworth	12,771,875 ordinary shares	4,008,000 options to acquire ordinary shares
Michael Jones	6,800,000 ordinary shares	10,008,000 options to acquire ordinary shares
Paul Ingram	438,635 ordinary shares	2,004,000 options to acquire ordinary shares
Markus Elsasser	22,543,357 ordinary shares	2,000,000 options to acquire ordinary shares
Aaron Hood	- ordinary shares	- options to acquire ordinary shares

MEETINGS OF DIRECTORS

During the financial year, 3 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Peter J Unsworth	3	3
Michael G Jones	3	3
Paul Ingram	3	3
Markus Elsasser	3	3
Aaron Hood (Apt. 6 August 2015)	-	-

In addition a number of informal meetings and conference calls were held as and when required.

OPTIONS – IMPACT MINERALS LIMITED

As at the date of this report 87,150,000 options to acquire ordinary shares remained on issue as follows:

Grant Date	Date of Expiry	Exercise Price	Number of shares under Option
20 Dec 2012	30 Nov 2015	\$0.06	13,000,000
16 Jan 2013	30 Nov 2015	\$0.06	2,900,000
14 Nov 2013	30 Nov 2015	\$0.06	2,800,000
20 Dec 2012	30 Nov 2016	\$0.10	9,000,000
16 Jan 2013	30 Nov 2016	\$0.10	2,900,000
14 Nov 2013	30 Nov 2016	\$0.10	3,550,000
06 Jan 2014	30 Nov 2015	\$0.20	8,000,000
07 Aug 2015	07 Aug 2018	\$0.0325	45,000,000
			<hr/> 87,150,000 <hr/>

No person entitled to exercise an option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

There have been no unissued shares or interests under option of any controlled entity within the Consolidated Group during or since the end of the reporting period.

For details of options issued to directors and executives as remuneration, refer to the remuneration report.

During the year ended 30 June 2015 and since year end no shares were issued on the exercise of options.

INDEMNIFYING OFFICERS OR AUDITOR

During or since the end of the financial year the Consolidated Group paid an insurance premium of \$6,602 (2014: \$7,394), to insure certain officers of the Consolidated Group. The officers of the Consolidated Group covered by the insurance policy include the Directors named in this report.

The Directors and Officers Liability Insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against officers in their capacity as officers of the Consolidated Group. The insurance policy does not contain details of the premium paid in respect of individual officers of the Consolidated Group. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Consolidated Group has not, during or since the financial period, indemnified or agreed to indemnify the auditor of the Consolidated Group or of any related body corporate against a liability incurred as such an auditor.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Consolidated Group or to intervene in any proceedings to which the Consolidated Group is a party for the purpose of taking responsibility on behalf of the Consolidated Group for all or any part of those proceedings.

The Consolidated Group was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2015 has been received and can be found on page 42 of the Directors report.

REMUNERATION REPORT (AUDITED)

Remuneration policy

The remuneration policy of Impact Minerals Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and where appropriate offering specific long-term incentives. The Board of Impact Minerals Limited believes that the remuneration policy is appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Consolidated Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for Directors and senior executives of the Consolidated Group is as follows:

- The remuneration terms and conditions for the executive directors and other senior executives are developed by the Board of Directors.
- All executives receive a base level of remuneration either in the form of consulting fees or as a salary (which is based on factors such as length of service and experience), superannuation and fringe benefits.
- The Board of Directors reviews executive packages annually by reference to the Consolidated Group's performance, executive performance and comparable information from industry sectors.

Directors and executives are also entitled to participate in employee share and option arrangements.

The directors and executives receive a superannuation guarantee contribution required by the government, which during the year was 9.50%, and do not receive any other retirement benefits.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (CONTINUED)

All remuneration paid to directors and executives is valued at cost to the Consolidated Group and expensed. Options, where issued, are valued using the Black-Scholes methodology.

The Board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

Performance conditions linked to remuneration fees for non-executive directors are not linked to the performance of the consolidated group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in employee share and option arrangements.

KEY MANAGEMENT PERSONNEL REMUNERATION

Employment details of members of Key Management Personnel and Other Executives

2015	Position Held as at 30 June 2015 and any Change during the Year	Contract Details (Duration and Termination)	Proportions of Elements of Remuneration Related to Performance		Proportions of Elements of Remuneration Not Related to Performance		
			Non-Salary Cash-based Incentives	Shares/ Units	Options/ Rights	Fixed Salary/ Fees/ Shares	Total
			%	%	%	%	%
Group Key Management Personnel							
Mr P Unsworth	Non- Executive Chairman	Refer Note A.	-	-	8%	92%	100%
Dr M Jones	Managing director	No fixed term. 3 months' notice required on termination.	-	-	7%	93%	100%
Mr P Ingram	Non-executive director	Refer Note A.	-	-	11%	89%	100%
Dr M Elsasser	Non-executive director	Refer Note A.	-	-	11%	89%	100%
Mr A Hood	Non-executive director (appt 6 Aug 2015)	Refer Note A.	-	-	-	-	-
Mr J Cooper-Jones	Company Secretary	No fixed term. 1 months' notice required on termination.	-	-	7%	93%	100%

REMUNERATION REPORT (CONTINUED)

KEY MANAGEMENT PERSONNEL REMUNERATION

Employment details of members of Key Management Personnel and Other Executives

2014	Position Held as at 30 June 2014 and any Change during the Year	Contract Details (Duration and Termination)	Proportions of Elements of Remuneration Related to Performance		Proportions of Elements of Remuneration Not Related to Performance		
			Non-Salary Cash-based Incentives %	Shares/ Units %	Options/ Rights %	Fixed Salary/ Fees/ shares %	Total %
Group Key Management Personnel							
Mr P Unsworth*	Chairman	Refer Note A.	-	-	22%	78%	100%
Dr M Jones*	Managing director	No fixed term. 3 months' notice required on termination.	-	-	31%	69%	100%
Mr P Ingram	Non-executive director	Refer Note A.	-	-	79%	21%	100%
Dr M Elsasser	Non-executive director	Refer Note A.	-	-	29%	71%	100%
Mr A Hood	Non-executive director (appt 6 Aug 2015)	Refer Note A.	-	-	-	-	-
Mr J Cooper-Jones*	Company Secretary	No fixed term. 1 months' notice required on termination.	-	-	11%	89%	100%

*Includes remuneration expenses related to Invictus Gold Limited

Note A. The employment terms and conditions of non-executive board members (including the non-executive Chairman) are governed by the Constitution of the company. The terms and conditions of executive board members and Consolidated Group executives are formalised in contracts of employment.

Other than as set out above, terms of employment require that the relevant company provide an executive contracted person with a minimum of one months' notice prior to termination of contract. A contracted person deemed employed on a permanent basis may terminate their employment by providing at least 1 months' notice. Termination payments are not payable on resignation or under the circumstances of unsatisfactory performance.

There have been no changes in directors and executives subsequent to year-end.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (CONTINUED)

KEY MANAGEMENT PERSONNEL REMUNERATION

2015	Short term employee benefits				Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Non-monetary benefits	Other	Super-annuation	Long service leave	Shares	Options	
Name	\$	\$	\$	\$	\$	\$	\$	\$	\$
Directors									
P Unsworth	65,000	-	-	-	6,175	-	-	6,467	77,642
M Jones	223,550	-	-	-	-	-	-	16,167	239,717
P Ingram	12,500	-	-	-	1,188	-	12,500	3,233	29,421
M Elsasser	12,500	-	-	-	-	-	12,500	3,233	28,233
A Hood (appt 6 Aug 2015)	-	-	-	-	-	-	-	-	-
Total Directors	313,550	-	-	-	7,363	-	25,000	29,100	375,013
Executives									
J Cooper-Jones	138,750	-	-	-	13,181	-	-	11,054	162,985
Total Executives	138,750	-	-	-	13,181	-	-	11,054	162,985
Total Remuneration	452,300	-	-	-	20,544	-	25,000	40,154	537,998

2014	Short term employee benefits				Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary benefits	Other	Super-annuation	Long service leave	Options	
Name	\$	\$	\$	\$	\$	\$	\$	\$
Directors								
P Unsworth*	67,917	-	-	-	6,282	-	21,093	95,292
M Jones*	226,837	-	-	-	-	-	104,073	330,910
P Ingram	2,500	-	-	-	231	-	10,547	13,278
M Elsasser	25,247	-	-	-	-	-	10,547	35,794
A Hood (appt 6 Aug 2015)	-	-	-	-	-	-	-	-
Total Directors	322,501	-	-	-	6,513	-	146,260	475,274
Executives								
J Cooper-Jones*	137,813	-	-	-	12,748	-	18,832	169,393
Total Executives	137,813	-	-	-	12,748	-	18,832	169,393
Total Remuneration	460,314	-	-	-	19,261	-	165,092	644,667

*Includes remuneration expenses related to Invictus Gold Limited for full year.

REMUNERATION REPORT (CONTINUED)

SHARE BASED PAYMENT

Options

Options granted by Impact Minerals to Directors and senior executives of the Consolidated Group are issued for no consideration, carry no dividend or voting rights and have varied terms.

The terms and conditions of each grant of options affecting remuneration in this or future reporting periods are as follows:

Impact Minerals Group Key Management Personnel	Remuneration Type	Grant Date	Number	Grant Value \$	Reason for Grant	Percent- age vested/ paid during the year %	Percent- age forfeited during the year %	Percent- age remaining as unvested %	Vesting date
P Unsworth	Options	29.11.2012	2,000,000	22,600	(a)	-	-	-	30.11.2013
P Unsworth	Options	29.11.2012	2,000,000	21,400	(a)	100	-	-	30.11.2014
M Jones	Options	29.11.2012	5,000,000	56,500	(a)	-	-	-	30.11.2013
M Jones	Options	29.11.2012	5,000,000	53,500	(a)	100	-	-	30.11.2014
P Ingram	Options	29.11.2012	1,000,000	11,300	(a)	-	-	-	30.11.2013
P Ingram	Options	29.11.2012	1,000,000	10,700	(a)	100	-	-	30.11.2014
M Elsasser	Options	29.11.2012	1,000,000	11,300	(a)	-	-	-	30.11.2013
M Elsasser	Options	29.11.2012	1,000,000	10,700	(a)	100	-	-	30.11.2014
J Cooper-Jones	Options	16.01.2013	500,000	5,650	(a)	-	-	-	30.11.2013
J Cooper-Jones	Options	16.01.2013	500,000	5,350	(a)	100	-	-	30.11.2014
J Cooper-Jones	Options	14.11.2013	500,000	39,756	(a)	100	-	-	30.11.2014

(a) Options were awarded as part of the Group's incentive scheme for the retention of key management personnel.

When exercisable, each option is convertible into one ordinary share.

All options expire on the earlier of their expiry date or termination of the employee's employment if not already vested at the discretion of the Directors.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (CONTINUED)

SHARE BASED PAYMENT (Continued)

Options And Rights Granted

The following table discloses the value of options granted and vested, exercised or lapsed during the year:

2015	Options granted Value at grant date \$	Options exercised Value at exercise date \$	Options lapsed Value at time of lapse \$	Total value of options granted, exercised and lapsed \$	Value of options included in remuneration for the year \$	Remuneration consisting of options during the year %
Directors						
P Unsworth	-	-	-	-	6,467	8%
M Jones	-	-	-	-	16,167	7%
P Ingram	-	-	-	-	3,233	11%
M Elsasser	-	-	-	-	3,233	11%
Executives						
J Cooper-Jones	-	-	-	-	11,054	7%

Nil shares in the Company have been issued as a result of the exercise of remuneration options by key management personnel.

KMP Options and Rights holdings

The number of options over ordinary shares in the Company held during the financial year by each director of Impact Minerals Limited and other key management personnel (KMP) of the Consolidated Group, including their personally related parties, are set out below.

Impact Minerals Limited - 30 June 2015	Balance at start of the year	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at the end of the year	Remuneration options Vested and Exercisable at end of year	Remuneration options unvested at end of year
Directors							
P Unsworth	4,008,000	-	-	-	4,008,000	4,008,000	-
M Jones	10,008,000	-	-	-	10,008,000	10,008,000	-
P Ingram	2,000,000	-	-	-	2,000,000	2,000,000	-
M Elsasser	2,000,000	-	-	-	2,000,000	2,000,000	-
A Hood (appt 6 Aug 2015)	-	-	-	-	-	-	-
Executives							
J Cooper Jones	1,500,000	-	-	-	1,500,000	1,500,000	-
Total	19,516,000	-	-	-	19,516,000	19,516,000	-

KMP Options and Rights holdings (continued)

Impact Minerals Limited - 30 June 2014	Balance at start of the year	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at the end of the year	Remuneration options Vested and Exercisable at end of year	Remuneration options invested at end of year
Directors							
P Unsworth	4,000,000	-	-	8,000	4,008,000	2,008,000	2,000,000
M Jones	10,000,000	-	-	8,000	10,008,000	5,008,000	5,000,000
P Ingram	2,000,000	-	-	-	2,000,000	1,000,000	1,000,000
M Elsasser	2,000,000	-	-	-	2,000,000	1,000,000	1,000,000
A Hood (apt 6 Aug 2015)	-	-	-	-	-	-	-
Executives							
J Cooper-Jones	1,150,000	500,000	-	(150,000)	1,500,000	500,000	1,000,000
Total	19,150,000	500,000	-	(134,000)	19,516,000	9,516,000	10,000,000

2015 KMP Shareholdings

Number of Shares held by Key Management Personnel

Impact Minerals Limited	Balance 1.7.2014	Received as Compensation	Options Exercised	Net Change Other	Balance 30.6.2015
Directors					
P Unsworth	12,771,875	-	-	-	12,771,875
M Jones	6,800,000	-	-	-	6,800,000
P Ingram	-	426,135	-	12,500	438,635
M Elsasser	22,117,222	426,135	-	-	22,543,357
A Hood (appt 6 August 2015)	-	-	-	-	-
Total Directors	41,689,097	852,270	-	12,500	42,553,867
Executives					
J Cooper-Jones	-	-	-	-	-
Total executives	-	-	-	-	-
Total shares	41,689,097	852,270	-	12,500	42,553,867

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (CONTINUED)

SHARE BASED PAYMENT (Continued)

2014 KMP Shareholdings

Number of Shares held by Key Management Personnel

Impact Minerals Limited	Balance 1.7.2013	Received as Compensation	Options Exercised	Net Change Other	Balance 30.6.2014
Directors					
P Unsworth	11,348,462	-	-	1,423,413	12,771,875
M Jones	6,465,000	-	-	335,000	6,800,000
P Ingram	-	-	-	-	-
M Elsasser	22,117,222	-	-	-	22,117,222
A Hood (appt 6 August 2015)	-	-	-	-	-
Total Directors	39,930,684	-	-	1,758,413	41,689,097
Executives					
J Cooper-Jones	-	-	-	-	-
Total executives	-	-	-	-	-
Total shares	39,930,684	-	-	1,758,413	41,689,097

Shares were issued to directors in lieu of director fees during the year. The fair value of these shares issued was determined based on the remuneration for the directors as approved at the AGM held on 28.11.2014 and the weighted average fair value of those equity instruments, determined by reference to market price, was \$0.022.

The assessed fair value at grant date of options granted to individuals is allocated equally over the period from grant date to vesting date, (and the amount included in the remuneration tables above). Fair values at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL OF THE GROUP

There were no other transactions with KMP or their related parties other than those disclosed above relating to equity and compensation other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

End of remuneration report.

The Report of the Directors, incorporating the Remuneration Report is signed in accordance with a resolution of the Board of Directors.



Dr Michael G Jones
Managing Director
Dated this 12 August 2015



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To The Board of Directors

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

As lead audit director for the audit of the financial statements of Impact Minerals Limited for the financial year ended 30 June 2015, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully



BENTLEYS
Chartered Accountants



MARK DELAURENTIS CA
Director

DATED at PERTH this 12th day of August 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
Interest Income	2	14,967	33,748
Gain on sale of financial asset		-	-
Other Income	2	1,188,833	723,975
Corporate and administration expenses		(699,333)	(1,223,579)
Depreciation expenses	3	(4,075)	(12,918)
Employee benefits expenses	3	(532,786)	(823,188)
Impairment of exploration expenditure	11	(4,316,428)	(6,576,618)
Occupancy expenses	3	(119,055)	(95,603)
Loss on disposal of controlled entities	25	(289,698)	-
Loss before income tax		(4,757,575)	(7,974,183)
Income tax expense	4	-	-
(Loss) for the year	3	(4,757,575)	(7,974,183)
Other comprehensive income:			
Items that might be reclassified to Profit or loss			
Exchange differences on translating foreign controlled entities		432,939	(500,620)
Other comprehensive income for the year, net of tax		432,939	(500,620)
Total comprehensive income for the year		(4,324,636)	(8,474,803)
Total (Loss) for the year attributable to:			
Members of the parent entity		(4,757,575)	(7,085,289)
Non-controlling interest		-	(888,894)
		(4,757,575)	(7,974,183)
Total comprehensive income attributable to:			
Members of the parent entity		(4,324,636)	(7,584,147)
Non-controlling interest		-	(890,656)
		(4,324,636)	(8,474,803)
Basic earnings per share (cents per share)	7	(0.85)	(1.88)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	2015 \$	2014 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	571,981	750,909
Trade and other receivables	9	84,016	270,897
TOTAL CURRENT ASSETS		655,997	1,021,806
NON-CURRENT ASSETS			
Plant and equipment	10	2,978	6,844
Exploration expenditure	11	6,526,545	7,714,139
Other non-current assets		32,849	126,417
TOTAL NON-CURRENT ASSETS		6,562,373	7,847,400
TOTAL ASSETS		7,218,370	8,869,206
CURRENT LIABILITIES			
Trade and other payables	12	153,826	219,955
Provisions	13	131,726	84,966
TOTAL CURRENT LIABILITIES		285,552	304,921
NET ASSETS		6,932,818	8,564,285
EQUITY			
Issued capital	14	31,245,003	28,653,052
Option reserve	15	736,506	635,288
Foreign currency translation reserve	15	(520,836)	(953,775)
Transactions with non-controlling interest	15	(1,161,069)	(1,161,069)
Accumulated losses		(23,366,786)	(18,609,211)
Parent interest		6,932,818	8,564,285
Non-controlling interest		-	-
TOTAL EQUITY		6,932,818	8,564,285

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2015

	Issued Capital \$	Foreign currency translation reserve \$	Options reserve \$	Transact- ions with Non- Controlling Interest \$	Accu- mulated losses \$	Non- Control- ling Interest \$	Total Equity \$
Balance at 1 July 2014	28,653,052	(953,775)	635,288	(1,161,069)	(18,609,211)	-	8,564,285
Loss for the year	-	-	-	-	(4,757,575)	-	(4,757,575)
Other Comprehensive Income							
Exchange differences on translation of foreign operations	-	432,939	-	-	-	-	432,939
Total other comprehensive income for the year	-	432,939	-	-	-	-	432,939
Transactions with owners in their capacity as owners							
Shares Issued	2,606,726	-	-	-	-	-	2,606,726
Share issue costs	(14,775)	-	-	-	-	-	(14,775)
Fair value of options issued	-	-	101,218	-	-	-	101,218
Fair value of options expired	-	-	-	-	-	-	-
Balance at 30 June 2015	31,245,003	(520,836)	736,506	(1,161,069)	(23,366,786)	-	6,932,818

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2015 (CONTINUED)

	Issued Capital \$	Foreign currency translation reserve \$	Options reserve \$	Transact- ions with Non- Controlling Interest \$	Accu- mulated losses \$	Non- Control- ling Interest \$	Total Equity \$
Balance at 1 July 2013	24,366,377	(454,917)	353,638	-	(11,705,113)	1,087,255	13,647,240
Loss for the year	-	-	-	-	(7,085,289)	(888,894)	(7,974,183)
Other Comprehensive Income							
Exchange differences on translation of foreign operations	-	(498,858)	-	-	-	(1,762)	(500,620)
Total other comprehensive income for the year	-	(498,858)	-	-	-	(1,762)	(500,620)
Transactions with owners in their capacity as owners							
Purchase of shares from Non-controlling interest	-	-	-	(1,161,069)	-	(204,415)	(1,365,484)
Shares Issued	4,339,525	-	-	-	-	-	4,339,525
Share issue costs	(52,850)	-	-	-	-	-	(52,850)
Fair value of options issued	-	-	462,841	-	-	7,816	470,657
Fair value of options expired	-	-	(181,191)	-	181,191	-	-
Balance at 30 June 2014	28,653,052	(953,775)	635,288	(1,161,069)	(18,609,211)	-	8,564,285

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,238,570)	(2,796,090)
Payments for exploration		(2,717,359)	(2,672,530)
Interest received		14,967	33,748
R&D Tax Rebate		1,188,833	723,975
Net cash used in operating activities	18	(2,752,129)	(4,710,897)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		-	-
Proceeds from the sale of financial assets		-	-
Net cash outflow arising on acquisition		-	-
Net cash used in investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		2,587,976	3,000,000
Share issue costs		(14,775)	(52,850)
Net cash provided by financing activities		2,573,201	2,947,150
Net increase / (decrease) in cash held		(178,928)	(1,763,747)
Cash at beginning of financial year	8	750,909	2,514,656
Cash at end of financial year	8	571,981	750,909

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

These consolidated financial statements and notes represent those of Impact Minerals Limited and its controlled entities (Consolidated Group).

The separate financial statements of the parent entity, Impact Minerals Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The accounting policies set out below have been consistently applied to all years presented.

Going Concern

The 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 incurred a loss for the year of (\$4,757,575) (2014: \$7,974,183) and net cash outflows from operating activities of (\$2,752,129) (2014: Cash outflows of \$4,710,897).

As at 30 June 2015, the Consolidated Group had a working capital surplus of \$370,445 (2014: surplus of \$716,885).

The directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate because:

- The Directors have an appropriate plan to raise additional funds as and when it is required. In light of the Group's current exploration projects, the Directors believe that the additional capital required can be raised in the market.
- On 16 July 2015, the company signed a term sheet with Squadron Resources Pty Ltd which will provide funding of up to \$7.5 million. The initial funding of \$3 million comprises a \$1 million placement of shares at 2.1 cents per share and \$2 million interest free convertible note with a maturity period of 3 years. The finalisation of these transactions is subject to the legal, binding and formal documentation being signed and shareholder approval for the \$1 million placement. Further details of this arrangement is set out in Note 26.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- The Directors have an appropriate plan to contain certain operating and exploration expenditure if appropriate funding is unavailable.

Should the Group not achieve the matters set out above, there is material uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the Group not be able to continue as a going concern.

Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Impact Minerals Limited at the end of the reporting period.

A controlled entity is any entity over which Impact Minerals Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

A list of controlled entities is contained in Note 23 to the financial statements. All controlled entities have a 30 June financial year-end.

All inter-company balances and transactions between entities in the Consolidated Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the Consolidated Group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the Consolidated Statement of Financial Position and Statement of Profit or Loss and other comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination, one of the combining entities must be identified as the acquirer (ie parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and their fair value can be reliably measured.

All transaction costs incurred in relation to the business combination are expensed to the Statement of Profit or Loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss and other comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Motor vehicles	22.5 %
Plant and equipment	37.5 %
Leasehold improvements	10.0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development 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.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the project from when exploration commences and are included in the costs of that stage. Where relevant, site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(d) Financial Instruments

Initial Recognition and Measurement

Financial instruments, including financial assets and financial liabilities, are recognised when the Consolidated Group becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective* interest method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Consolidated Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. Financial assets at fair value through profit or loss

Financial assets are classified at “fair value through profit or loss” when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method. Loans and receivables are included in current assets except those which are expected to mature within 12 months after the end of the reporting period.

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Consolidated Group’s intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

Held to maturity investments are included in non-current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available for sale financial assets are included in non-current assets except those which are expected to mature within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

v. Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment

At the end of each reporting period, the Consolidated Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the profit or loss. Also, any cumulative decline in Fair Value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Financial Guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

(e) Impairment of Assets

At the end of each reporting period, the Consolidated Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and other comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Interests in Joint Ventures

The Consolidated Group's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements. Details of the Consolidated Group's interests are shown at Note 24.

Where the Consolidated Group contributes assets to the joint venture or if the Consolidated Group purchases assets from the joint venture, only the portion of the gain or loss that is not attributable to the Consolidated Group's share of the joint venture shall be recognised. The Consolidated Group recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

(g) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is recognised in other comprehensive income, otherwise the exchange difference is recognised in the Profit or Loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- accumulated losses are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian Dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed of.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Employee Benefits

Provision is made for the Consolidated Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Equity-settled Compensation

The fair value of options granted by the Consolidated Group to employees is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Upon the exercise of options, the balance of the option reserve relating to those options is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

(i) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, and deposits available on demand with banks.

(j) Revenue and other income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Investments in Associates

Associates are companies in which the Consolidated Group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Consolidated Group. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Consolidated Group's share of net assets of the associate company. In addition, the Consolidated Group's share of the profit or loss of the associate company is included in the Consolidated Group's profit or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition whereby the Consolidated Group's share of the net fair value of the associate exceeds the cost of investment is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Consolidated Group and the associate are eliminated to the extent of the Consolidated Group's interest in the associate.

When the Consolidated Group's share of losses in an associate equals or exceeds its interest in the associate, the Consolidated Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Consolidated Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(m) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(n) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Consolidated Group.

Key Estimates – Impairment

The Consolidated Group assesses impairment at each reporting date by evaluating conditions specific to the Consolidated Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key Estimate – Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Consolidated Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents the directors' best estimate, pending an assessment by the Australian Taxation Office.

Key Estimate - Shared-based payment transactions

The Consolidated Group measures the cost of equity settled share based payments at fair value at the grant date using the Black-Scholes model taking into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.

The total expenses in share based transactions for the Consolidated Group for the year ended 30 June 2015 was \$101,219 (2014: \$462,841).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Key Judgment

(i) Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Consolidated Group's development and its current environmental impact the directors believe that such treatment is reasonable and appropriate.

(ii) Capitalized exploration and evaluation expenditure

The Consolidated Group's accounting policy is stated at 1(d). A regular review is undertaken of each area of interest to determine the reasonableness of the continuing carrying forward of costs in relation to that area of interest. Refer to Note 11.

(o) Application of new and revised accounting standards

New and revised AASB's affecting amounts reported and/or disclosures in the financial statements

In the current year, the Group has applied a number of amendments to AASB's and a new interpretation issued by the Australian Accounting Standards Board (AASB) that is mandatorily effective from an accounting period on or after 1 July 2014.

The application of these amendments and interpretation does not have any material impact on the group's consolidated financial statements.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017	30 June 2018
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2014-6 'Amendments to Australian Accounting Standards – Agriculture: Bearer Plants'	1 January 2016	30 June 2017
AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'	1 January 2016	30 June 2017
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	30 June 2016
AASB 2015-4 'Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent'	1 July 2015	30 June 2016
AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'	1 January 2016	30 June 2017

Note that the following new Standards and Interpretations are not applicable for the Group but are relevant for the period:

AASB 14 'Regulatory Deferral Accounts' and AASB 2014-1 'Amendments to Australian Accounting Standards – Part D: 'Consequential Amendments arising from AASB 14' is not applicable to the Group as the Group is not a first-time adopter of Australian Accounting Standards.

AASB 1056 'Superannuation Entities' is not applicable to the Group as the Group is not a superannuation entity.

AASB 2015-6 'Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities' is not applicable to the Group as the Group is a for-profit entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- (i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- (ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2: REVENUE AND OTHER INCOME

	Note	2015 \$	2014 \$
Interest revenue from financial institutions		14,967	33,748
R&D Tax Rebate		1,188,833	723,975
Total revenue		1,203,800	757,723

NOTE 3: LOSS FOR THE YEAR

	2015 \$	2014 \$
Loss before income tax includes the following specific expenses:		
Employee benefits expense		
Salary and wages	279,221	232,854
Superannuation	37,346	26,252
Share based payments	101,219	470,657
Directors Fees	115,000	93,425
	532,786	823,188
Rental expense on operating leases		
Rental expense	119,055	95,603
Depreciation expenses		
Depreciation	4,075	12,918
	4,075	12,918

NOTE 4: INCOME TAX EXPENSE

	2015 \$	2014 \$
a. The components of tax expense comprise:		
Deferred income tax expense included in income tax expense comprises:		
Decrease (Increase) in deferred tax assets	(768,722)	771,955
(Decrease) Increase in deferred tax liabilities	768,722	(771,955)
Income tax expense reported in the Statement of Profit or Loss and other comprehensive income	-	-

NOTE 4: INCOME TAX EXPENSE (CONTINUED)

	2015 \$	2014 \$
b. The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Profit from ordinary activities before income tax expense	(4,757,575)	(7,974,183)
Prima facie tax benefit on profit from ordinary activities before income tax at 30% (2014: 30%)	(1,427,273)	(2,392,255)
Tax effect of permanent differences:		
Share based payments	32,240	123,920
Non-deductible expenses	3,644	235
Gain on disposal of subsidiary	-	-
Impact of subsidiary for the year	-	-
Share of associates loss	-	-
Option reserve adjustment	-	12,989
Impairment of loans to subsidiary	-	-
Overs and unders from prior years	84,469	303,245
Unrecognised temporary differences:	-	(265)
Unrecognised temporary differences in equity	-	-
Expenditure subject to research & development offset	674,644	-
Tax losses not recognised / (recognised)	(384,916)	134,137
Capital losses not recognised / (recognised)	42,593	-
Impairment of exploration expenditure	1,294,928	1,932,732
Government grant received	(355,505)	(215,694)
NCI adjustment	-	-
Foreign exploration expenditure	35,176	100,956
Income tax expense/(benefit) on pre-tax profit	-	-
c. Deferred tax assets and (liabilities) are attributable to the following:		
Capital raising costs	88,782	149,697
Creditors	8,085	5,363
Exploration expenditure	(1,957,964)	(1,189,242)
Plant and equipment	9,388	11,633
Receivables	-	-
Provisions	27,833	18,196
Tax losses recognised to the extent of deferred tax liabilities	1,823,876	1,004,353
	-	-

The balance of potential deferred tax assets attributable to tax losses carried forward of \$4,079,479 (2014: \$4,611,339) and other timing differences of \$nil (2014: nil) in respect of the Consolidated Group have not been brought to account because the Directors do not believe it is appropriate to regard realisation of future tax benefit as probable.

All unused tax losses were incurred by Australian entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 5: INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP)

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable and options issued to each member of the Consolidated Group's key management personnel for the year ended 30 June 2015.

The totals of remuneration paid to KMP of the Company and the Consolidated Group during the year are as follows.

	2015 \$	2014 \$
Short-term employee benefits	452,300	460,314
Post-employment benefits	20,544	19,261
Share-based payments	65,154	165,092
	<u>537,998</u>	<u>644,667</u>

NOTE 6: AUDITORS' REMUNERATION

Remuneration of the auditor of the Consolidated Group for:

– auditing or reviewing the financial report	29,000	32,000
	<u>29,000</u>	<u>32,000</u>

NOTE 7: EARNINGS PER SHARE

The calculation of basic earnings per share at 30 June 2015 was based on the loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the financial year, and was calculated as follows:

a. Reconciliation of earnings to profit or loss

Earnings used to calculate basic EPS	(4,757,575)	(7,974,183)
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b. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

	No.	No.
	<u>562,954,441</u>	<u>423,662,463</u>

The diluted earnings per share have not been calculated as the company's potential ordinary shares, being its options granted, are not considered dilutive as the conversion of these options will result in a decreased net loss per share.

NOTE 8: CASH AND CASH EQUIVALENTS

	2015 \$	2014 \$
Cash at bank and in hand	30,443	466,001
Cash at Bank – at call account	541,538	284,908
	571,981	750,909

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash flow requirements of the Consolidated Group, and earn interest at the respective short-term deposit rates.

Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	571,981	750,909
	571,981	750,909

NOTE 9: TRADE AND OTHER RECEIVABLES

CURRENT

Trade debtors and other receivables *	80,887	224,857
Employee advances	3,129	36,842
Other	-	9,198
	84,016	270,897

* Amounts are not past due or impaired.

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

PLANT AND EQUIPMENT

Plant and equipment:

At cost	322,964	322,964
Accumulated depreciation	(319,986)	(316,120)
	2,978	6,844

a. Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

PLANT AND EQUIPMENT

Balance as at beginning of the year	6,844	23,052
Additions	-	1,665
Disposals	-	(4,955)
Depreciation expense	(3,866)	(12,918)
Balance at the end of the year	2,978	6,844

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 11: EXPLORATION EXPENDITURE

	2015 \$	2014 \$
Capitalised cost at the beginning of the period	7,714,139	11,581,800
Impaired	(4,316,428)	(6,576,618)
Exploration expenditure for the year	3,228,834	2,708,957
Sale of tenements (Turkey)	(100,000)	-
Cost carried forward	6,526,545	7,714,139

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.

Impairment of exploration expenditure incurred during the period relates to tenements held within Botswana which were impaired based on issues and delays encountered in renewing the tenement licences.

NOTE 12: TRADE AND OTHER PAYABLES

CURRENT

Unsecured liabilities:

Trade payables	115,069	209,752
Sundry payables and accrued expenses	38,757	10,203
	153,826	219,955

Trade payables and accruals are non-interest bearing and normally settled on 30 day terms.

Details of the Group's exposure to interest rate risk and fair value in respect of its liabilities are set out in note 21. There are no secured liabilities as at 30 June 2015.

NOTE 13: PROVISIONS

CURRENT

Employee benefits	131,727	84,966
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NOTE 14: ISSUED CAPITAL

566,339,070 fully paid ordinary shares with no par value (2014: 487,063,284)	32,128,320	29,531,508
Share issue costs	(883,317)	(878,456)
	31,245,003	28,653,052

NOTE 14: ISSUED CAPITAL (CONTINUED)

	2015 No.	2014 No.	2015 \$	2014 \$
a. Ordinary shares				
At the beginning of reporting period	487,063,284	371,912,552	28,653,052	24,366,377
Shares issued during the year				
– Placement Tranche 1 ^a	-	48,067,069	-	1,857,624
– Placement Tranche 2 ^b	-	30,880,299	-	1,142,377
– Invictus Merger	-	36,203,364	-	1,339,524
– Placement ^c	78,423,516	-	2,587,976	-
– Director Shares ^d	852,270	-	18,750	-
– Transaction costs	-	-	(14,775)	(52,850)
At the end of the reporting period	566,339,070	487,063,284	31,245,003	28,653,052

^a On 26 September 2013 the company issued 48,067,069 at a price of 3.8 cents to sophisticated and professional investors.

^b On 14 November 2013 the company issued 30,880,299 at a price of 3.8 cents to sophisticated and professional investors.

^c On 14 July 2014 the Company raised \$2,587,976 through the issue of 78,423,516 new ordinary shares at 3.3 cents per share.

^d Throughout the period the Company issued a total of 426,135 Company shares at 2.2 cents to each Dr Markus Elsasser and Mr Paul Ingram. These shares were issued in lieu of Director fees and were issued in accordance with resolutions passed at the Annual General Meeting held on 27th November 2014.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital Management

Management's objectives when managing capital is to safeguard their ability to continue operating the Consolidated Group as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Consolidated Group's activities, being mineral exploration, the Consolidated Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Consolidated Group's capital risk management is the current working capital position against the requirements of the Consolidated Group to meet exploration programs and corporate overheads. The Consolidated Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The working capital position of the Consolidated Group at 30 June 2015 and 30 June 2014 was as follows:

	2015 \$	2014 \$
Cash and cash equivalents	571,981	750,909
Trade and other receivables	84,016	270,897
Trade and other payables	(153,826)	(219,955)
Working capital position	502,171	801,851

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 15: RESERVES

Transactions with non-controlling interest

The transactions with non-controlling interest reserve records items related to the acquisition of shares in Invictus Gold Limited.

Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options.

Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

NOTE 16: CAPITAL AND LEASING COMMITMENTS

(a) Exploration

The Consolidated Group has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the Consolidated Group's exploration program and priorities. As at balance date, total exploration expenditure commitments on granted tenements held by the Consolidated Group that have not been provided for in the financial statements and which cover the following twelve month period amount to \$842,519 (2014:\$1,184,960). For the period greater than twelve months to five years commitments amount to \$2,115,153 (2014:\$992,129). There are no commitments greater than five years. These obligations are also subject to variations by farm-out arrangements, or sale of the relevant tenements.

(b) Operating lease commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases are as follows:

	2015 \$	2014 \$
Within one year	64,256	76,074
Later than one year but not later than 5 years	-	64,256
Later than 5 years	-	-
	64,256	140,330

NOTE 17: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Consolidated Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Consolidated Group is managed primarily on the basis of exploration opportunities within Australia, Africa and Turkey. Operating segments are therefore determined on this basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar geographic characteristics.

NOTE 17: OPERATING SEGMENTS (CONTINUED)

Basis of accounting for purposes of reporting by operating segments

(a) Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Consolidated Group.

(b) Intersegment transactions

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs.

(c) Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

(d) Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

(e) Unallocated items

The following items of revenues, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment;

- Impairment of assets and other non-recurring items of revenue or expense
- Income tax expense
- Deferred tax assets and liabilities
- Current tax liabilities

Segment Performance

2015	Australia	Africa	Turkey	Corporate / Treasury	Consolidated
Performance					
Total Segment revenue	-	29	-	1,203,771	1,203,800
Total Segment expenses	255	199,575	289,698	5,471,847	5,961,375
Segment net profit/(loss) before tax	(255)	(199,546)	(289,698)	(4,268,076)	(4,757,575)
Segment assets					
Segment Assets	6,526,545	31,821	-	660,004	7,218,370
Total Segment Assets	6,526,545	31,821	-	660,004	7,218,370
Segment asset increase for the period	6,526,445	(2,595,394)	(98,632)	(5,483,255)	(1,650,836)
Included in segment assets are					
Joint Ventures	-	-	-	-	-
Reconciliation of segment assets to group assets					
Total group assets					7,218,369

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 17: OPERATING SEGMENTS (CONTINUED)

Segment Performance (continued)

2015	Australia	Africa	Turkey	Corporate / Treasury	Consolidated
Segment liabilities	-		-		
Segment liabilities	-	373	-	285,179	285,552
Reconciliation of segment liabilities to Group liabilities					
Inter-segment eliminations					
Unallocated liabilities					
Total Group Liabilities					285,552

2014	Australia	Africa	Turkey	Corporate / Treasury	Impact Group: Sub-total	Invictus Group	Consolidated
Performance							
Total Segment revenue	-	3,470	-	317,364	320,834	436,888	757,722
Total Segment expenses	236	2,933,714	48,149	1,843,096	4,825,195	3,906,710	8,731,905
Segment net profit/(loss) before tax	(236)	(2,930,244)	(48,149)	(1,525,732)	(4,504,361)	(3,469,822)	(7,974,183)
Segment assets							
Segment Assets	100	2,627,215	98,632	5,629,634	8,355,581	513,625	8,869,206
Total Segment Assets	100	2,627,215	98,632	5,629,634	8,355,581	513,625	8,869,206
Segment asset increase for the period	100	(2,312,459)	(55,542)	(2,598,089)	(4,965,990)	(716,183)	(5,682,173)
Included in segment assets are							
Joint Ventures	-	-	-	-	-	-	-
Reconciliation of segment assets to group assets							
Total group assets							8,869,206

NOTE 17: OPERATING SEGMENTS (CONTINUED)

Segment Performance (continued)

2014	Australia	Africa	Turkey	Corporate / Treasury	Impact Group: Sub-total	Invictus Group	Consol- idated
Segment liabilities	-	18,814	-	179,398	198,212	106,710	304,921
Segment liabilities	-	18,814	-	179,398	198,212	106,710	304,921
Reconciliation of segment liabilities to Group liabilities							
Inter-segment eliminations							
Unallocated liabilities							
Total Group Liabilities							304,921

NOTE 18: CASH FLOW INFORMATION

	2015 \$	2014 \$
a. Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit/(Loss) after income tax	(4,757,575)	(7,974,183)
Non cash flow in profit		
Depreciation	4,075	12,918
Share based expenses	101,219	470,657
Impairment of exploration expenditure	4,316,428	6,576,618
Gain on Deemed disposal of associate	-	-
Changes in net assets and liabilities		
(Increase)/ decrease in assets:		
Trade and other debtors	186,881	(118,925)
Other non-current assets	93,567	123,483
Capitalised expenditure	(2,677,355)	(3,232,247)
Increase / (decrease) in liabilities:		
Trade and other creditors	(66,129)	(550,495)
Provisions	46,760	(18,723)
Cash flow from operations	(2,752,129)	(4,710,897)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 19: SHARE BASED PAYMENTS

- i. During the period no share options were granted to employees.
- ii. A summary of the movements of all company options issued is as follows:

	Impact Minerals Limited	
	Number	Weighted Average Exercise Price
Options outstanding as at 30 June 2013	28,250,000	8c
Granted	14,350,000	15c
Expired	(450,000)	22c
Forfeited	-	-
Cancelled	-	-
Options outstanding as at 30 June 2014	42,150,000	10c
Granted	-	-
Expired	-	-
Forfeited	-	-
Cancelled	-	-
Options outstanding as at 30 June 2015	42,150,000	10c
Options vested and therefore exercisable as at 30 June 2015	42,150,000	10c

As at the date of exercise, the weighted average of share price of options exercised during the year was nil.

The weighted average remaining contractual life of options outstanding at year end was 8 months. The weighted average exercise price of outstanding options at the end of the reporting period was 10 cents.

The fair value of options granted to employees is deemed to represent the value of employee services received over the vesting period.

The weighted average fair value of options granted in financial year 2015 was 15 cents. These values were calculated using the Black Scholes option pricing model applying the following inputs:

Impact Minerals Limited

Grant Date	Vesting Date	Expiry Date	Exercise Price	Options	Share Price at Grant	Risk Rate	Consideration
14.11.2013	30.11.2013	30.11.2015	\$0.06	2,800,000	\$0.08	3.07%	nil
14.11.2013	30.11.2014	30.11.2016	\$0.10	3,550,000	\$0.08	3.07%	nil
06.01.2014	06.01.2014	30.11.2015	\$0.20	8,000,000	\$0.037	2.68%	nil

The level of volatility anticipated for the purposes of the model was 82.1% for all options, The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. Dividends were assumed to be NIL.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

NOTE 19: SHARE BASED PAYMENTS (CONTINUED)

iii. Shares granted to key management personnel as share-based payments are as follows:

Grant Date	Number
10.12.2014	284,090
16.01.2015	284,090
21.04.2015	284,090

The fair value of the shares granted to KMP were determined based on the remuneration for the directors as approved in the AGM held on 28.11.2014 and the weighted average fair value of those equity instruments, determined by reference to market price, was \$0.022.

These shares were issued as compensation to key management personnel of the Group. Further details are provided in the Directors' Report.

Included under employee benefits expense in the Statement of Profit or Loss is \$25,000 which relates to equity-settled share-based payment transactions (2014: \$0)

NOTE 20: FINANCIAL RISK MANAGEMENT

The Consolidated Group's principal financial instruments comprise cash and short-term deposits. The Consolidated Group has various other financial assets and liabilities such as other receivables and payables, which arise directly from its operations.

The Consolidated Group's activities expose it to a variety of financial risks, including, credit risk, liquidity risk and cash flow interest rate risk. The Consolidated Group is not materially exposed to foreign exchange or price risk.

Risk management is carried out by the Board of Directors, who evaluate and agree upon risk management and objectives.

(a) Market Risk

(i) Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Consolidated Group.

The Consolidated Group is exposed to fluctuations in foreign currencies arising from the purchase of goods and services (in \$USD, Botswana Pula and Turkish Lira) currencies other than the company's measurement currency.

(ii) Price Risk

Equity Securities Price Risk

The Consolidated Group does not have any investments classified on the statement of financial position as either available for sale or at fair value through profit or loss and is therefore considered to have no exposure to equity securities price risk.

(iii) Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cashflows associated with the instruments will fluctuate due to changes in market interest rates. The Consolidated Group has adopted a simple interest rate management policy involving short-term deposits, with AA rated institutions, for varying periods, depending on the immediate cash requirements of the Consolidated Group. Interest is earned at the respective short-term deposit rates.

At the date of this report, The Consolidated Group has not entered into any financing arrangements, and is therefore not exposed to any material interest rate risk on borrowings at this stage.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 20: FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Interest Rate Risk

The Group holds the following financial instruments:

		Fixed interest rate						
	Notes	Floating interest rate \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$	Non- interest bearing \$	Total \$	Weighted average interest rate %
2015								
<i>Financial assets</i>								
Cash	8	571,981	-	-	-	-	571,981	*
Trade and other receivables	9	-	-	-	-	84,016	84,016	-
		571,981	-	-	-	84,016	655,997	
<i>Financial liabilities</i>								
Trade creditors and accruals	12	-	-	-	-	153,826	153,826	-
		-	-	-	-	153,826	153,826	-
2014								
<i>Financial assets</i>								
Cash	8	750,909	-	-	-	-	750,909	*
Trade and other receivables	9	-	-	-	-	270,897	270,897	-
		750,909	-	-	-	270,897	1,021,806	
<i>Financial liabilities</i>								
Trade creditors and accruals	12	-	-	-	-	219,955	219,955	-
		-	-	-	-	219,955	219,955	-

* Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash flow requirements of the Consolidated Group, and earn interest at the respective short-term deposit rates.

NOTE 20: FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

The Consolidated Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Consolidated Group.

Credit risk exposures

Credit risk related to balances with banks and other financial institutions is managed by the Consolidated Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least BB. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

	Note	2015 \$	2014 \$
Cash and cash equivalents			
- AA Rating (being AUD banks)		565,647	717,298
- BB		4,563	30,226
- Other		1,771	3,385
Total cash and cash equivalents	8	571,981	750,909

No material exposure is considered to exist by virtue of the possible non-performance of the counterparties to financial instruments and cash deposits.

(d) Liquidity Risk

The Consolidated Group's exposure to liquidity risk is limited to cash, receivables and creditors and is set out in Notes 8, 9 and 12.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate credit facility. The Consolidated Group manages liquidity risk by continuously monitoring forecast and actual cash flows. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets.

(e) Fair value estimation

The net fair value of financial assets and liabilities of the Consolidated Group approximated their carrying amount. Listed investments have been valued at the quoted market bid price at balance date, adjusted for transaction costs expected to be incurred.

The Consolidated Group has no financial assets and liabilities where the carrying amount exceeds the net fair value at balance date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and notes to the financial statements.

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. All financial instruments measured at fair value are level one, meaning fair value is determined from quoted prices in active markets for identical assets.

(f) Sensitivity Analysis

At 30 June 2015, if interest rates had changed by +/- 100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Consolidated Group would have been \$5,724 lower/higher (2014: \$9,159 lower/higher) as a result of lower/higher interest income from cash and cash equivalents.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 21: PARENT ENTITY DISCLOSURE

The following information has been taken from the books and records of the parent company, Impact Minerals Limited, and has been prepared in accordance with Accounting standards.

	2015 \$	2014 \$
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Profit/(Loss) for the period	(7,374,487)	(1,404,168)
Other comprehensive income		-
Total comprehensive result for the period	(7,374,487)	(1,404,168)
STATEMENT OF FINANCIAL POSITION		
Current assets	2,965,015	1,839,620
Non current assets	3,886,200	9,704,477
Total assets	6,851,215	11,544,097
Current liabilities	244,085	255,649
Total liabilities	244,085	255,649
Net Assets	6,607,130	11,288,448
Total equity of the parent entity comprising of :		
Share capital	31,245,003	28,653,052
Option reserve	736,506	635,288
Asset revaluation reserve	-	-
Foreign currency translation reserve	-	-
Transactions with non controlling interest	(1,161,069)	(1,161,069)
Accumulated losses	(24,213,310)	(16,838,823)
Total Equity	6,607,130	11,288,448

Contractual commitments

The parent entity does not have any commitments for the acquisition of property, plant and equipment.

Contingent liabilities

There are no material contingent liabilities of the parent entity for 30 June 2015.

NOTE 22: CONTROLLED ENTITIES

(a) Controlled Entities Consolidated - Direct

Name	Principal Activities	Country of Incorporation	Ownership Interest	
			2015 %	2014 %
Unlisted:				
Aurigen Pty Ltd	Exploration	Australia	100	100
Drummond East Pty Ltd	Exploration	Australia	100	100
Seam Holdings Ltd (i)	Investment	British Virgin Islands	100	100
Icilion Investments (Proprietary) Ltd (ii)	Exploration	Botswana	100	100
Siouville Pty Ltd	Exploration	Australia	100	100
Brentwood Investment Pty Ltd (iii)	Exploration	Namibia	100	100
Impact Madencilik Sanayi Ve Ticaret A.S (iv)	Exploration	Turkey	0	100
Xade Minerals (Pty) Ltd	Exploration	Botswana	100	100
Invictus Gold Limited (v)	Exploration	Australia	100	100

(i) Seam Holdings Limited is a subsidiary of Drummond East Pty Ltd.

(ii) Icilion Investments Pty Ltd is a wholly owned subsidiary of Seam Holdings Limited.

(iii) Brentwood Investment Pty Ltd is a wholly owned subsidiary of Seam Holdings Limited.

(iv) During the period the company sold Impact Madencilik Sanayi Ve Ticaret A.S

(v) Invictus Gold Limited is an entity controlled by Impact Minerals.

(vi) During the period the company deregistered dormant subsidiary companies Drummond Uranium Pty Ltd and Invictus (Turkey) Pty Ltd.

Loans to and Investments In Controlled Entities

Loans are provided by the Parent Entity to its controlled entities for their respective operating activities. Amounts receivable from controlled entities are non-interest bearing with no fixed term of repayment. The carrying value of investments in controlled entities are recognised as an asset in the Parent Entity. The future successful commercial application of these projects or the sale to third parties supports the recognition and recoverability of these assets held in the Parent Entity.

Details of loans provided are listed below:

	2015	2014
	\$	\$
Aurigen Pty Ltd	607,130	607,130
Drummond East Pty Ltd	33,653	33,653
Seam Holdings Ltd	9,902	9,902
Icilion Investments (Proprietary) Ltd	5,463,367	5,290,026
Drummond Uranium Pty Ltd	10,580	10,580
Siouville Pty Ltd	136,372	136,372
Brentwood Investment Pty Ltd	201	201
Impact Madencilik Sanayi Ve Ticaret A.S	-	228,706
Xade Minerals (Pty) Ltd	-	-
Invictus Gold Limited	-	-
	6,261,200	6,316,570

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 22: CONTROLLED ENTITIES (CONTINUED)

(b) Controlled Entities Consolidated – Through Invictus Gold Limited

Name	Principal Activities	Country of Incorporation	Ownership Interest	
			2015 %	2014 %
Unlisted:				
Drummond West Pty Ltd	Exploration	Australia	100	100
Endeavour Minerals Pty Ltd	Exploration	Australia	100	100
Invictus Madencilik Sanayi Ve Ticaret A.S (i)	Exploration	Turkey	0	100

- i. During the period the company sold Invictus Madencilik Sanayi Ve Ticaret A.S

Loans to and Investments In Controlled Entities

Loans are provided by the Parent Entity to its controlled entities for their respective operating activities. Amounts receivable from controlled entities are non-interest bearing with no fixed term of repayment. The carrying value of investments in controlled entities are recognised as an asset in the Parent Entity. The future successful commercial application of these projects or the sale to third parties supports the recognition and recoverability of these assets held in the Parent Entity.

Details of loans provided are listed below:

	2015 \$	2014 \$
Drummond West Pty Ltd	3,527,418	3,536,847
Invictus (Turkey) Pty Ltd	-	-
Endeavour Minerals Pty Ltd	-	-
	3,527,418	3,536,847

Details of investments are listed below:

	2015 \$	2014 \$
Aurigen Pty Ltd	4,006	4,006
Drummond East Pty Ltd	96	96
Seam Holdings Ltd	-	-
Icilion Investments (Proprietary) Ltd	-	-
Drummond Uranium Pty Ltd	100	100
Siouville Pty Ltd	100	100
Brentwood Investment Pty Ltd	-	-
Impact Madencilik Sanayi Ve Ticaret A.S	-	-
Xade Minerals (Pty) Ltd	-	-
	4,302	4,302

NOTE 23: JOINT VENTURE INTERESTS

Xade

Impact Minerals Limited has a 61.93% interest in the Xade Joint Venture whose principal activity is mineral exploration on the Xade project in Botswana. The tenements related to this joint venture are subject to renewal and therefore amounts associated with this joint venture have been impaired for this reporting period. However the Company retains an interest in the Joint Venture should these tenements be renewed in a future period.

Broken Hill

EL 7390, a tenement within the Broken Hill Project, is owned by Golden Cross Resources Limited (GCR) and is the subject of two joint ventures, one between GCR and Impact and one between GCR and Silver City Minerals Limited (ASX:SCI).

Silver City has the right to base metals, silver and gold mineralisation associated with Broken Hill style mineralisation.

Impact has the rights to nickel, platinum and any other metals, occurring in, emanating from, or which are otherwise associated with, mafic and ultramafic complexes. On 27th March 2015 Impact announced that Golden Cross Resources Limited had recognised that Impact had earned an 87% interest in these metals rights.

NOTE 24: DISPOSAL OF INTEREST IN SUBSIDIARIES

On 2 October 2014 the Impact Group sold all the shares in its subsidiary companies, Impact Madencilik Sanayi Ve Ticaret A.S. & Invictus Madencilik Sanayi Ve Ticaret A.S. for total consideration of 4 Turkish Lira.

The net assets of these subsidiaries at the date of disposal are as follows:

	Impact Madencilik Sanayi Ve Ticaret A.S.	Invictus Madencilik Sanayi Ve Ticaret A.S.
Net assets disposed of	43,961	245,739
Total consideration	1	1
Loss on disposal of subsidiary	43,960	245,738

A loss of \$289,698 was recognised on the disposal of Impact Madencilik Sanayi Ve Ticaret A.S. and Invictus Madencilik Sanayi Ve Ticaret A.S. No tax charge or credit arose on the transaction.

NOTE 25: SUBSEQUENT EVENT NOTE

On 6 August 2015 the Company announced that it had executed a funding of up to \$7.3 million from Squadron Resources Pty Ltd, part of the Munderoo Group.

The key terms of the transaction comprise:

- an initial \$3 million investment comprising a \$1 million placement of shares at 2.1 cents per share (a 15% discount to the 15 day VWAP) and an interest-free convertible note for \$2 million dollars, convertible to shares at a price which is the lower of 2.1 cents or 80% of the 30 day VWAP;
- 71,428,572 3 year call options exercisable at 3.25 cents a share to raise a possible \$2.3 million on exercise;
- the option for Squadron to invest a further \$1 million into either or both of the high grade Commonwealth gold-silver-zinc-lead and Broken Hill platinum projects in NSW to earn a 19.9% interest after Impact has spent a combined total of \$2.5 million on the two projects;
- the appointment of Squadron's nominee Mr Aaron Hood to the Board of Impact as a non-executive director; and
- the engagement of Dr John Clout as a technical consultant to the Company.

NOTE 26: COMPANY DETAILS

The principal and registered office of the company is:

Impact Minerals Limited
26 Richardson Street
WEST PERTH WA 6005

DIRECTOR'S DECLARATION

IMPACT MINERALS LIMITED ABN 52 119 062 261 AND CONTROLLED ENTITIES

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 43 to 79, are in accordance with the Corporations Act 2001 and:
 - a) comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b) give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the company and Consolidated Group;

2. The Chief Executive Officer and Chief Finance Officer have each declared in accordance with S295A of the Corporations Act 2001, that:
 - a) the financial records of the Consolidated Group for the financial year have been properly maintained in accordance with s286 of the Corporations Act 2001;
 - b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c) the financial statements and notes for the financial year give a true and fair view.

3. In the directors' opinion there are reasonable grounds to believe that the Consolidated Group will be able to pay its debts as and when they become due and payable.



Signed at Perth this 12th day of August 2015.

Dr Michael G Jones
Managing Director

Independent Auditor's Report

To the Members of Impact Minerals Limited

We have audited the accompanying financial report of Impact Minerals Limited (“the Company”) and Controlled Entities (“the Consolidated Entity”), which comprises the statement of financial position as at 30 June 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors’ declaration of the Consolidated Entity, comprising the Company and the entities it controlled at the year’s end or from time to time during the financial year.

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(WA) Pty Ltd

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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 internal 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. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor’s Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Opinion

In our opinion:

- a. The financial report of the Consolidated Entity is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
- b. The financial statements also comply with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter – Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the Consolidated Entity incurred a loss of \$4,757,575. This condition, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Impact Minerals Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.



BENTLEYS
Chartered Accountants



MARK DELAURENTIS CA
Director

Dated at Perth this 12th day of August 2015

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information, applicable at 13 July 2015, is required by the Australian Securities Exchange Ltd in respect of listed public companies only.

Shareholding

a. Distribution of Shareholders	Number of Holders	Number of Shares
Category (size of holding)		
1 – 1,000	56	5,558
1,001 – 5,000	142	510,353
5,001 – 10,000	128	1,098,490
10,001 – 100,000	674	28,526,649
100,001 – and over	448	536,198,020
	1,448	566,339,070

b. The number of shareholders holding less than a marketable parcel is 472.

c. The names of the substantial shareholders listed in the holding company's register as at 13 July 2015 are:

Shareholder	Number	% of issued capital
Susanne Bunnenberg	168,999,999	29.84

Voting Rights

d. The voting rights attached to each class of equity security are as follows:

Ordinary shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

ADDITIONAL INFORMATION

FOR LISTED PUBLIC COMPANIES

e. 20 Largest Shareholders- Ordinary Shares

Name		Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital	
Rank	Name	Address	Units	% of Units
1.	J P MORGAN NOMINEES AUSTRALIA LIMITED	LOCKED BAG 20049, MELBOURNE VIC,3001	201,401,203	35.52
2.	AVIANA HOLDINGS PTY LTD	SUITE 1, 567 HAY STREET, DAGLISH WA,6008	13,157,895	2.32
3.	CHINA GROWTH MINERALS LIMITED	UNIT1906 19TH FLOOR, CHINA INSURANCE GROUP BUILDING, 141 DES VOEUX ROAD CENTRAL, HONGKONG	11,840,470	2.09
4.	P J ENTERPRISES PTY LIMITED <SUPER FUND A/C>	1 GRAINGER DRIVE, MOUNT CLAREMONT WA. 6010	9,385,913	1.66
5.	MRS MELISSA LOUISE CADDICK	W4, WATSONS BAY NSW, 2030	7,474,185	1.32
6.	TECCA PTY LTD <C & E RETIREMENT FUND A/C>	110 BURKE DRIVE, ATTADALE WA, 6156	7,456,698	1.32
7.	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	LEVEL 8, 50 BRIDGE STREET, SYDNEY NSW,2000	7,449,482	1.32
8.	IMAGE INTERPRETATION TECHNOLOGIES PTY LTD	113 BRADFORD STREET, COOLBINIA WA, 6050	6,450,000	1.14
9.	BALINTORE PTY LTD <MCKENZIE SUPER FUND A/C>	63 TYRELL STREET, NEDLANDS WA, 6009	6,216,667	1.10
10.	NEFCO NOMINEES PTY LTD	GPO BOX W2024, PERTH WA, 6846	5,876,690	1.04
11.	BASALIS PTY LTD <BASALIS SUPER FUND A/C>	32 TEMPLETONIA CRESCENT, CITY BEACH WA, 6015	5,475,000	0.97
12.	SDG NOMINEES PTY LTD <T J STRAPP SUPER FUND A/C>	8 REA STREET, SOUTH PERTH WA,6151	5,000,000	0.88
13.	NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	C/- CUSTODY DEPARTMENT, PO BOX 336, SOUTH MELBOURNE VIC, 3205	4,932,399	0.87
14.	SUTTON NOMINEES PTY LTD <W M GATACRE FAMILY FUND A/C>	2146 PRETTY PINE ROAD, DENILIQUIN NSW,2710	4,846,862	0.86
15.	LAVERDI NOMINEES PTY LTD	SUITE1, 567 HAY STREET, DAGLISH WA, 6008	4,146,731	0.73
16.	DR LEON EUGENE PRETORIUS	PO BOX 1770, SUBIACO WA 6904	4,000,000	0.71
17.	SCALISE HOLDINGS PTY LTD	9 KAROONDA ROAD, BOORAGOON WA, 6154	3,395,466	0.60
18.	MANOTEL PTY LTD	1 GRAINGER DRIVE, MOUNT CLAREMONT WA, 6010	3,385,962	0.60
19.	HENDERSON PETROLEUM PTY LTD <WESTERN OIL S/F NO 1 A/C>	PO BOX 2436, HIGH WYCOMBE WA, 6057	3,271,600	0.58
20.	YANARA NOMINEES PTY LTD <S&V WOOD S/F A/C>	GPO BOX 2592, PERTH WA, 6001	3,142,105	0.55
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)			318,305,328	56.20
Total Remaining holders Balance			248,033,742	43.80

Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited. The ASX code is IPT.

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