

ASX ANNOUNCEMENT

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NEW CORNERSTONE INVESTOR: MINDEROO GROUP TO INVEST UP TO \$7.3 MILLION IN IMPACT

Impact Minerals Limited (ASX: IPT) is pleased to announce that it has agreed terms for the funding of up to \$7.3 million from Squadron Resources Pty Ltd, the private mining investment vehicle of the Minderoo Group.

The key terms of the transaction comprise:

- an initial \$2 million investment 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.

Impact's Managing Director, Dr Mike Jones, said "Securing Squadron as a new cornerstone investor is a milestone development for Impact and its shareholders. In this current downturn in the resources industry, well-funded private investment groups such as Squadron are faced with an almost unlimited number of opportunities to review and so this investment in Impact is a clear statement of the potential of our projects to deliver major discoveries."

"Impact's immediate focus is to progress exploration on all of our projects, in particular at Broken Hill where Impact recently announced some of the highest grades of platinum group metals in Australia as well as at the high grade gold-silver-zinc-lead Commonwealth project" Dr Jones said.

The transaction is subject to formal documentation and shareholder approval of some aspects of the investment.

Squadron's investment will occur in two tranches:

Tranche 1 the issue of \$2 million in secured convertible notes ("Notes") and 45,000,000 unlisted call options ("Warrants") on the completion of formal documentation, which is expected within two weeks; and

Tranche 2 the issue of 47,619,047 ordinary shares to raise \$1 million ("Placement") and 26,428,572 attaching unlisted call options ("Options"), subject to shareholder approval.

Shareholder approval of the Placement, and the issue of ordinary shares on the conversion of the Notes, Warrants and Options, will be sought for the purposes of the ASX listing rules and Corporations Act requirements at Impact's annual general meeting, which is expected to be convened in late September. The notice of meeting will include an independent expert's report.

Following the issue of the Notes, Mr Aaron Hood, Chief Investment Officer of the Munderoo Group and the Corporate Development Director of Squadron, will be appointed to the Board of Impact.

In addition Dr John Clout, Chief Geologist of Squadron, will be engaged as a technical advisor to Impact. Dr Clout played a key role in the discovery and development of the world class Pilbara iron deposits for Fortescue Metals Group Ltd (ASX: FMG) and, earlier in his career completed seminal work on the Golden Mile deposit in Kalgoorlie in WA.

Impact looks forward to benefitting from the strong commercial and technical skills that the association with Squadron will bring to the company.

Dr Mike Jones

Managing Director

Key Terms of the Investment

Convertible Note Issue

- \$2 million in Notes, secured by mortgages over Impact's Broken Hill, Commonwealth and Mulga Tank project tenements.
- Three year term, interest free.
- Convertible at Squadron's election to fully paid ordinary shares at any time within three years of issuance.
- Convertible at Impact's election after 12 months if Impact has raised a total of more than \$6 million at an average price of 4 cents per ordinary share or more.

- Transferable by Squadron after 12 months.
- Conversion price: the lower of:
2.1 cents per share; or 80% of the 30 day VWAP prior to the date of a conversion notice.

Warrant Issue

- 45,000,000 Warrants, exercisable within three years at 3.25 cents per ordinary share.

Placement of Shares and Options

- \$1,000,000 to be raised by the placement of 47,619,047 fully paid ordinary shares at 2.1 cents per share.
- 26,428,572 attaching Options, exercisable at 3.25 cents per share within 3 years after issue.

Shareholder approval

- The Placement, and issue of the Options, is subject to shareholder approval.
- Impact may need to obtain further shareholder approval to issue ordinary shares on conversion of the Notes, exercise of the Options and exercise of the Warrants.

Joint Venture

- Upon Impact spending at least \$2.5m in aggregate on its Commonwealth and Broken Hill projects, Squadron may invest \$1 million in to each or either of the two projects for an initial 19.9% interest (\$2 million total).
- After this initial investment an industry standard project JV agreement will be entered into, with Impact as the initial manager of the JV.

Other

- Impact is required to obtain shareholder approval for the transaction in accordance with the ASX listing rules; and for the conversion and exercise of the Convertible Notes, Warrants and Options under section 611(item 7) of the Corporations Act, to be sought at Impact's AGM to be held within 60 days or as otherwise agreed. If approval is not obtained, Impact must redeem the notes and pay Squadron the higher of the outstanding face value of the notes which have not been converted into shares and the value of the shares if the notes had been converted into shares at the date of payment.
- Agreement, subject to completion of legal documentation, expected within a few weeks.
- Appointment of Aaron Hood to the Board of Impact. Squadron may appoint a director provided it holds at least 50% of the Note and/or 5% or more of the ordinary shares on issue in Impact.