IMPACT MINERALS LIMITED AND CONSOLIDATED ENTITIES

(ABN 52 119 062 261)

Financial Statements for the Year Ended 30 June 2011

CORPORATE GOVERNANCE

Introduction

Since the introduction of the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Guidelines" or "the Recommendations"), Impact Minerals Limited ("Company") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Commensurate with the spirit of the ASX Guidelines, the Company has followed each Recommendation where the Board has considered the Recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company, the Board, resources available and activities of the Company. Where, after due consideration, the Company's corporate governance practices depart from the Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

Taking into account the size of the Company, the Company endeavours to comply with the Corporate Governance Principles and the corresponding Best Practice Recommendations as published by the ASX Corporate Governance Council ("Corporate Governance Principles and Recommendations")[i]. Significant policies and details of any significant deviations from the principles are specified below.

Corporate Governance Council Recommendation 1
Lay Solid Foundations for Management and Oversight

Role of the Board of Directors

The Board has responsibility for protecting the rights and interests of Shareholders and is responsible for the overall direction, monitoring and governance of the Company. Responsibility for managing the business on a day-to-day basis has been delegated to the Managing Director and the management team.

The Board is responsible for the overall corporate governance of the Company and its subsidiaries. Responsibilities and Functions of the Board are set out under the Board Charter and include:

i. setting the strategic direction of the Company, establishing goals to ensure that these strategic objectives are met and monitoring the performance of management against these goals and objectives;
ii. ensuring that there are adequate resources available to meet the Company's objectives;
iii. appointing the Managing Director, evaluating the performance and determining the remuneration of senior executives, and ensuring that appropriate policies and procedures are in place for recruitment, training, remuneration and succession planning;
iv. evaluating the performance of the Board and its Directors on an annual basis;
v. determining remuneration levels of Directors;
vi. approving and monitoring financial reporting and capital management;
vii. approving and monitoring the progress of business objectives;
viii. ensuring that any necessary statutory licences are held and compliance measures are maintained to ensure compliance with the law and licence(s);
ix. ensuring that adequate risk management procedures exist and are being used;
x. ensuring that the Company has appropriate corporate governance structures in place, including standards of ethical behaviour and a culture of corporate and social responsibility;
xi. ensuring that the Board is and remains appropriately skilled to meet the changing needs of the Company;
xii. ensuring procedures are in place for ensuring the Company's compliance with the law; and financial and audit responsibilities, including the appointment of an external auditor and reviewing the financial statements, accounting policies and management processes.

CORPORATE GOVERNANCE

Corporate Governance Council Recommendation 1 Cont'd
Lay Solid Foundations for Management and Oversight cont'd

In complying with Recommendation 1.1 of the Corporate Governance Council, the Company has adopted a Board Charter which clarifies the respective roles of the Board and senior management and assists in decision making processes. A copy of the Board Charter can be found on the Company's website.

Board Processes

An agenda for the meetings has been determined to ensure certain standing information is addressed and other items which are relevant to reporting deadlines and or regular review are scheduled when appropriate. The agenda is regularly reviewed by the Chairman, the Managing Director and the Company Secretary.

Corporate Governance Council Recommendation 2
Structure the Board to Add Value

Board Composition

The relevant provisions in the Constitution and the Corporations Act determine the terms and conditions relating to the appointment and termination of Directors. All Directors, other than the Managing Director, are subject to re-election by rotation every three years.

The Board does not have a separate Nomination Committee comprising of a majority of Independent Directors and as such does not comply with Recommendation 2.4 of the Corporate Governance Council. The Board believes that given the size of the company and the stage of its development a separate nomination committee is not warranted at this time. Any changes to Directorships will, for the foreseeable future, be considered by the full Board subject to any applicable laws. Identification of potential Board candidates includes consideration of the skills, experience, personal attributes and capability to devote the necessary time and commitment to the role.

The Board consists of Mr Peter Unsworth, non-executive Chairman, Dr Michael Jones, Managing Director, Dr Rodney Fripp, Technical Director, and Mr Paul Ingram, Non-executive Director.

The Constitution requires a minimum number of three Directors. The maximum number of Directors is fixed by the Board but may not be more than 10, unless the members of the Company, in general meeting, resolve otherwise. The skills, experience and expertise of all Directors is set out in the Directors' section of the Company's website.

Although Directors are expected to bring independent views and judgement to the Board's deliberations, it has been determined that none of the Company's Directors satisfy the criteria for independence as outlined in Recommendation 2.1 of the ASX Corporate Governance Principles.

The Board considers, however, that given the size and scope of the Company's operations at present, it has the relevant experience in the exploration and mining industry and is appropriately structured to discharge its duties in a manner that is in the best interests of the Company and its Shareholders from both a long-term strategic and operational perspective.

Independent Chairman

The Chairman is not considered to be an independent director and as such Recommendation 2.2 of the Corporate Governance Council has not been complied with. However, the Board believes that Mr Unsworth is an appropriate person for the position as Chairman because of his industry experience as a public company director.

CORPORATE GOVERNANCE

Corporate Governance Council Recommendation 2 (continued)
Structure the Board to Add Value

Roles of Chairman and Managing Director

The roles of Chairman and Managing Director are exercised by different individuals, and as such the Company complies with Recommendation 2.3 of the Corporate Governance Council.

Evaluation of Board Performance

The Company does not have a formal process for the evaluation of the performance of the Board and as such does not comply with Recommendation 2.5 of the Corporate Governance Council. The Board is of the opinion that the competitive environment in which the Company operates will effectively provide a measure of the performance of the Directors, in addition the Chairman assesses the performance of the Board, individual directors and key executives on an informal basis.

Education

All Directors are encouraged to attend professional education courses relevant to their roles.

Independent Professional Advice and Access to Information

Each Director has the right to access all relevant information in respect of the Company and to make appropriate enquiries of senior management. Each Director has the right to seek independent professional advice at the Company's expense, subject to the prior approval of the Chairman, which shall not be unreasonably withheld.

Corporate Governance Council Recommendation 3
Promote Ethical and Responsible Decision Making

The Board actively promotes ethical and responsible decision making.

Code of Conduct

The Board has adopted a Code of Conduct that applies to all employees, executives and Directors of the Company, and as such complies with Recommendation 3.1 of the Corporate Governance Council. This Code addresses expectations for conduct in accordance with legal requirements and agreed ethical standards. A copy of the Code is available on the Company's website.

Security Trading Policy

The Board has committed to ensuring that the Company, its Directors and executives comply with their legal obligations as well as conducting their business in a transparent and ethical manner. The Board has adopted a policy and has procedures on dealing in the Company's securities by directors, officers and employees which prohibits dealing in the Company's securities when those persons possess inside information, and as such complies with Recommendation 3.2 of the Corporate Governance Council.

The Company's Securities Trading Policy is available on the Company's website.

CORPORATE GOVERNANCE

Corporate Governance Council Recommendation 4
Safeguarding Integrity in Financial Reporting

Audit Committee

The Board does not have a separate Audit Committee with a composition as suggested by Recommendations 4.1, 4.2 and 4.3 of the Corporate Governance Council. The full Board carries out the function of an audit committee. The Board believes that the Company is not of a sufficient size to warrant a separate committee and that the full Board is able to meet objectives of the best practice recommendations and discharge its duties in this area. The relevant experience of Board members is detailed in the Directors' section of the Directors' Report.

Financial Reporting

The Board relies on senior executives to monitor the internal controls within the Company. Financial performance is monitored on a regular basis by the Managing Director who reports to the Board at the scheduled Board meetings.

Corporate Governance Council Recommendation 5
Make timely and balanced disclosure

The Board reviews the performance of the external auditors on an annual basis and meets with them during the year to review findings and assist with Board recommendations.

In the absence of a formal audit committee the Directors of the Company are available for correspondence with the auditors of the Company.

Continuous Disclosure

The Board places a high priority on communication with Shareholders and is aware of the obligations it has, under the Corporations Act and ASX Listing Rules, to keep the market fully informed of information which is not generally available and which may have a material effect on the price or value of the Company's securities.

The Company has adopted policies which establish procedures to ensure that Directors and management are aware of and fulfill their obligations in relation to the timely disclosure of material price sensitive information. A copy of the Company's Disclosure Policy can be found on the Company's website.

Continuous disclosure is discussed at all regular Board meetings and on an ongoing basis the Board ensures that all activities are reviewed with a view to the necessity for disclosure to security holders.

In accordance with ASX Listing Rules the Company Secretary has been appointed as the Company's disclosure officer.

Corporate Governance Council Recommendation 6
Respect the Rights of Shareholders

Communications

The Board fully supports security holder participation at general meetings as well as ensuring that communications with security holders are effective and clear. This has been incorporated into a formal shareholder communication strategy, in accordance with Recommendation 6.1 of the Corporate Governance Council. A copy of the Company's Shareholder Communication Policy is available on the Company's website.

In addition to electronic communication via the ASX web site, the Company publishes all significant announcements together with all quarterly reports. These documents are available in both hardcopy on request and on the Company web site at www.impactminerals.com.au

Shareholders are able to pose questions on the audit process and the financial statements directly to the independent auditor who attends the Company Annual General Meeting for that purpose.

CORPORATE GOVERNANCE

Corporate Governance Council Recommendation 7
Recognise and Manage Risk

Risk Management Policy

The Board has adopted a risk management policy that sets out a framework for a system of risk management and internal compliance and control, whereby the Board delegates day-to-day management of risk to the Managing Director, therefore complying with Recommendation 7.1 of the Corporate Governance Council. The Board is responsible for supervising management's framework of control and accountability systems to enable risk to be assessed and managed. A copy of the Company's Risk Management Policy can be found on the Company's website.

The Company is committed to ensuring that sound environmental management and safety practices are maintained for its exploration activities. As the Company is an active uranium explorer it has also incorporated a radiation management plan into its occupational health and safety policies. A copy of the Company's Environmental Policy is available on the Company's website. A copy of the Company's Occupational Health and Safety Policy is available on the Company's website.

The Company's risk management strategy is evolving and will be an ongoing process and it is recognised that the level and extent of the strategy will develop with the growth and change in the Company's activities.

Risk Reporting

As the Board has responsibility for the monitoring of risk management it has not required a formal report regarding the material risks and whether those risks are managed effectively therefore not complying with Recommendation 7.2 of the Corporate Governance Council. The Board believes that the Company is currently effectively communicating its significant and material risks to the Board and its affairs are not of sufficient complexity to justify the implementation of a more formal system for identifying, assessing, monitoring and managing risk in the Company.

Managing Director and Company Secretary Written Statement

The Board requires that the Managing Director and the Company Secretary provide a written statement that the financial statements of the Company present a true and fair view, in all material aspects, of the financial position and operational results and have been prepared in accordance with Australian Accounting Standards and the Corporations Act. The Board also requires that the Managing Director and Company Secretary provide sufficient assurance that the declaration is founded on a sound system of risk management and internal control, and that the system is working effectively.

The declarations have been received by the Board, in accordance with Recommendation 7.3 of the Corporate Governance Council.

Corporate Governance Council Recommendation 8
Remunerate Fairly and Responsibly

Remuneration Committee

The Board has not created a separate Remuneration Committee and as such does not comply with Recommendation 8.1 of the Corporate Governance Council. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify a separate Remuneration Committee.

The executive Directors and senior executives receive salary packages which may include performance based components designed to reward and motivate. Non executive Directors receive fees agreed on an annual basis by the Board.

The full Board determines all compensation arrangements for Directors. It is also responsible for setting performance criteria, performance monitors, share option schemes, incentive performance schemes, superannuation entitlements, retirement and termination entitlements and professional indemnity and liability insurance cover.

The Board ensures that all matters of remuneration will continue to be in accordance with the Corporations Act requirements.

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 2011.

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

Rodney E Fripp

Paul Ingram

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 group during the financial year was exploration for deposits of uranium, nickel and platinum group elements.

During the financial year, the Group disposed of its subsidiary, Drummond West. Further details of this disposal can be found in the Significant Changes in State of Affairs and Note 23(b) to the financial statements.

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

OPERATING RESULTS

The consolidated profit of the group was $312,242 (2010: Loss $921,447), after eliminating non-controlling equity interests.

DIVIDENDS PAID OR RECOMMENDED

There were no dividends recommended or paid during the year.

REVIEW OF OPERATIONS

Mineral Exploration

The company's maiden drill programme at the Botswana Lekobolo Prospect was completed with the results confirming the uranium potential of this area. An extensive programme of field checking and rock chip sampling led to the identification of further targets with drilling commencing at the Moiyabana Prospect during the period. This drilling programme is ongoing. Results to date have included the discovery of uranium (with elevated and anomalous Rare Earth Elements (REEs)) in Proterozoic sedimentary and basement rocks in several places.

A maiden RC drill programme on Target NH1 of 10 holes for 2489 m was completed at the YB Nickel Joint Venture project in Western Australia with one significant assay indicating traces of copper, cobalt and PGE's. A petrographic study was also undertaken on this target which confirmed trace nickel and copper sulphides in the ultramafic rocks intersected in the RC drill programme. The statutory approvals process is in progress for a drill programme to commence in the 2012 financial year at Target P1 for porphyry-style copper-molybdenum-gold mineralisation.

During the December Quarter 2010 Impact entered into an option agreement with private company Manica Minerals Limited ('Manica') in relation to the Xade Project in central Botswana, to explore for deposits of platinum group elements (PGE), nickel and copper. The agreement with Manica requires Impact to spend US$1.2 million over two years to earn a 51% interest in the Xade project. Impact may then elect to earn up to a 75% interest by incurring the necessary expenditures to define an Indicated Mineral Resource. During the period a detailed and systematic geochemical analysis of about 320 meters of Xade diamond core together with re-logging was undertaken. The results confirmed Impact's view that the Xade Complex is very prospective for deposits of nickel, copper and PGE's.

DIRECTORS' REPORT (CONTINUED)

FINANCIAL POSITION

At the end of the financial year, the Consolidated Group had $3,012,898 (2010 $5,951,645) in cash and on deposit. Exploration expenditure across all projects for the Consolidated Group during the year was $1,817,129 (2010: $ 2,208,919).

The Consolidated Group has no debt.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On the 23rd November 2010 Impact Minerals Limited ('Impact') entered a Share Purchase Agreement ("SPA") with Invictus Gold Limited ("Invictus") whereby Impact Minerals would sell its wholly owned subsidiary Drummond West Pty Ltd ("Drummond") to Invictus for the issue of 16,000,000 Invictus shares and 12,800,000 Invictus Options. Conditions precedent to the sale included Invictus being admitted to the Official list of the Australian Securities Exchange ("ASX"). Invictus has been accounted for as an associate for the financial year ended 30 June 2011.

On the 10th December 2010 Invictus lodged a Prospectus to raise $3,500,000 with a provision to raise up to a further $500,000. This offer was oversubscribed, with Invictus closing the offer having raised $4,000,000. Invictus received admission to the Official List of ASX on the 21st January, 2011 and the shares and options pursuant to the SPA were issued to Impact. Costs associated with the offer were $481,702.

The 12,800,000 Invictus options issued to Impact are valued under the Black and Scholes model at $1,172,287. The 16,000,000 Invictus shares were issued to Impact at a price of 20 cents per share. Invictus shares closed at a price of 10.5 cents per share on 21st September 2011.

EVENTS AFTER THE REPORTING PERIOD

Impact announced on the 18 July 2011 that it had signed a non-binding Term Sheet to sell the Company's 40% beneficial share of the Nowthanna uranium deposit in Western Australia to Toro Energy Limited, sole owner of the advanced Wiluna uranium project, 150 kilometres east of Nowthanna.

The sale comprises 100% of Impact's tenement E51/1075 (the Quinns Lake Project) and also the Company's 20% share of E51/1072 (part of the YB Nickel Joint Venture). Toro has also agreed to purchase the remaining 80% of E51/1072 from the other parties in the Yarrabubba Joint Venture.

Subject to due diligence by Toro, Impact will receive A$713,000 and 5,485,000 ordinary Toro shares as its share of the consideration payable. Half of the shares will be escrowed for six months and the remaining half will be escrowed for 12 months.

Impact will retain its 20% interest in the remaining tenements within the YB Nickel Joint Venture.

There have not been any other matters or circumstances that have arisen after balance date that will significantly affect, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

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 is likely to result in unreasonable prejudice to the consolidated entity. Therefore, this information has not been presented in this report.

DIRECTORS' REPORT (CONTINUED)

ENVIRONMENTAL ISSUES

The 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 company for the current or subsequent financial year. The Directors will reassess this position as and when the need arises.

INFORMATION ON DIRECTORS

Mr Peter J Unsworth	**Non-Executive Chairman**
Qualifications	B Com.
Experience	Mr Unsworth, formerly a chartered accountant, has more than 35 years experience in the corporate finance, investment, and securities industries and has a wealth of management experience with both public and private companies. A former Executive Director with a leading Western Australian stockbroking company, Mr Unsworth has been a director of a number of public exploration and mining companies. He recently completed a long period serving as Chairman of the Western Australian Government owned Gold Corporation (operator of The Perth Mint). Mr Unsworth has been a Director of Invictus Gold Limited since 20 August 2010, a company listed on the ASX.
Dr Michael G Jones	**Managing Director**
Qualifications	PhD, MAIG
Experience	Dr Jones completed undergraduate and post-graduate studies in Mining and Exploration Geology at Imperial College, London. His Ph.D work on gold mineralisation 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. Dr Jones has been a Director of Invictus Gold Limited since 20 August 2010, a company listed on the ASX.

DIRECTORS' REPORT (CONTINUED)

Dr Rodney E Fripp	**Executive Director**
Qualifications	PhD, FAusIMM
Experience	Dr Fripp has 38 years experience in all aspects of mineral exploration: from project generation and execution, to management and financial control. He has worked on both underground and open pit mines in South Africa, Zimbabwe and Australia, leading teams that have discovered significant gold reserves. From 1989 to 1995 he was Regional Vice-President of Business Development, Australasia for a major North American mining company, focussing on the technical and financial evaluation of major gold and base metal projects, project acquisition, joint venture negotiation and corporate mergers. He has also filled similar management roles with Australian mining groups. Dr Fripp is currently a Fellow of the Australasian Institute of Mining and Metallurgy and a member of many professional societies. Dr Fripp has been a Director of Invictus Gold Limited since 20 August 2010, a company listed on the ASX.

Mr Paul Ingram	**Non-Executive Director**
Qualifications	B.AppSc, AIMM, MICA
Experience	Mr Ingram is a geologist with extensive experience in managing major mineral exploration programs 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: Polo Resources Limited from January 2008 to January 2011; A-Cap Resources Limited since June 2009; West Australian Metals Limited from July 2009 to January 2010; Consolidated Global Investments Limited since September 2006; Caledon Resources Limited from February 2003 to March 2008; and Australian Pacific Coal Limited since March 2011

COMPANY SECRETARY

Mr James Cooper-Jones

Qualifications	B.A / B.Comm, MIPA, A Fin, MAICD
Experience	Over his career Mr. Cooper-Jones has held various senior accounting and secretarial roles primarily with listed resource companies and has experience in the listing of several companies on the ASX.

DIRECTORS INTERESTS

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

Peter Unsworth	5,674,231 ordinary shares	1,500,000 options to acquire ordinary shares
Michael Jones	5,450,000 ordinary shares	2,000,000 options to acquire ordinary shares
Rodney Fripp	5,450,000 ordinary shares	2,000,000 options to acquire ordinary shares
Paul Ingram	Nil	1,000,000 options to acquire ordinary shares

MEETINGS OF DIRECTORS

During the financial year, 8 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	8	8
Michael G Jones	8	8
Rodney E Fripp	8	8
Paul Ingram	8	7

OPTIONS

As at the date of this report 9,900,000 options to acquire ordinary shares remained on issue exercisable on or before 31 July 2014 as follows:

Grant Date	Date of Expiry	Exercise Price	Number of shares under Option
28 Aug 2008	31 Jul 2012	$0.25	1,000,000
29 Aug 2008 (1)	31 Jul 2011	$0.20	1,000,000
29 Aug 2008 (1)	31 Jul 2011	$0.25	3,100,000
29 Aug 2008	31 Jul 2012	$0.30	2,600,000
20 Jul 2009	31 Jul 2012	$0.20	100,000
28 Aug 2009	31 Jul 2012	$0.15	150,000
23 Nov 2009 (1)	31 Jul 2011	$0.25	700,000
23 Nov 2009	31 Jul 2012	$0.30	550,000
23 Nov 2009	31 Jul 2012	$0.40	250,000
18 Oct 2010	31 Jul 2013	$0.20	150,000
18 Oct 2010	31 Jul 2013	$0.25	150,000
27 May 2011	31 May 2014	$0.20	150,000
			9,900,000

(1) The options have expired subsequent to balance date. No options were exercised prior to this expiry

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 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 2011 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 Company paid an insurance premium to insure certain officers of the Company. The officers of the Company 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 Company. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. 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 Company has not, during or since the financial period, indemnified or agreed to indemnify the auditor of the company 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 Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company 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 2011 has been received and can be found on page 16 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 the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the 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; and
- The Board of Directors reviews executive packages annually by reference to the consolidated group's performance, executive performance and comparable information from industry sectors.

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 is currently 9%, and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the company 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.

REMUNERATION REPORT (CONTINUED)

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.

Employment details of members of Key Management Personnel and Other Executives

	Position Held as at 30 June 2011 and any Change during the Year	Contract Details (Duration and Termination)	Proportions of Elements of Remuneration Related to Performance			Proportions of Elements of Remunerations Not Related to Performance	
			Non-Salary Cash-based Incentives	Shares/ Units	Options/ Rights	Fixed Salary/ Fees	Total
			%	%	%	%	%
Group Key Management Personnel							
Mr P Unsworth	Chairman	Refer Note A.	-	-	6%	94%	100%
Dr M Jones	Managing director	No fixed term. 3 months notice required on termination.	-	-	3%	97%	100%
Dr R Fripp	Executive director (Technical)	No fixed term. 3 months notice required on termination.	-	-	3%	97%	100%
Mr P Ingram	Non-executive director	Refer Note A.	-	-	58%	42%	100%
Mr J Cooper-Jones	Company Secretary (commenced 1 December 2010)	No fixed term. 1 months notice required on termination.	-	-	2%	98%	100%

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 group executives are formalised in contracts of employment.

Other than as set out above terms of employment require that the relevant group entity 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

2011	**Short term employee benefits**				**Post-employment benefits**	**Long-term benefits**	**Share-based payments**	
Name	**Cash salary and fees**	**Cash bonus**	**Non-monetary benefits**	**Other**	**Super-annuation**	**Long service leave**	**Options**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Directors								
P J Unsworth	64,945	-	-	-	5,845	-	4,644	75,434
M G Jones	197,340	-	-	7,166	-	-	6,108	210,614
R E Fripp	198,280	-	-	-	-	-	6,108	204,388
P Ingram	30,000	-	-	-	2,700	-	45,507	78,207
Total Directors	490,565	-	-	7,166	8,545	-	62,367	568,643
Executives								
M E Pitts (Resigned 3 May 2011)	-	-	-	96,243	-	-	798	97,041
J Cooper-Jones	74,500	-	-	-	6,705		1,527	82,732
Total Executives	74,500	-	-	96,243	6,705	-	2,325	179,773
Total Remuneration	565,065	-	-	103,409	15,250	-	64,692	748,416

2010	**Short term employee benefits**				**Post-employment benefits**	**Long-term benefits**	**Share-based payments**	
Name	**Cash salary and fees**	**Cash bonus**	**Non-monetary benefits**	**Other**	**Super-annuation**	**Long service leave**	**Options**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Directors								
P J Unsworth	63,583	-	-	-	5,722	-	2,881	72,186
M G Jones	188,661	-	-	8,798	-	-	4,914	202,373
R E Fripp	174,083	-	-	-	15,667	-	4,914	194,664
P Ingram	28,654	-	-	-	2,579	-	29,388	60,621
Total Directors	454,981	-	-	8,798	23,968	-	42,097	529,844
Executives								
M E Pitts	-	-	-	64,500	-	-	1,676	66,176
Total Executives	-	-	-	64,500	-	-	1,676	66,176
Total Remuneration	454,981	-	-	73,298	23,968	-	43,773	596,020

REMUNERATION REPORT (CONTINUED)

SHARE BASED PAYMENT

Options

Options granted by Impact Minerals to Directors and senior executives of the Company 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:

Group Key Management Personnel	Remun-eration Type	Grant Date	Number	Grant Value	Reason for Grant	Percentage vested/paid during the year	Percentage forfeited during the year	Percentage remaining as unvested	Vesting date
				$		%	%	%	
P Unsworth	Options	29.08.08	1,000,000	9,311	(a)	100	-	-	31.07.11
	Options	29.08.08	500,000	5,762	(a)	100	-	-	31.07.12
M Jones	Options	29.08.08	1,000,000	9,311	(a)	100	-	-	31.07.11
	Options	29.08.08	1,000,000	11,524	(a)	100	-	-	31.07.12
R Fripp	Options	29.08.08	1,000,000	9,311	(a)	100	-	-	31.07.11
	Options	29.08.08	1,000,000	11,524	(a)	100	-	-	31.07.12
P Ingram	Options	23.11.09	700,000	59,956	(a)	100	-	-	31.07.11
	Options	23.11.09	300,000	27,009	(a)	-	-	100	31.07.12
M Pitts (b)	Options	29.08.08	100,000	1,480	(a)	100	-	-	31.07.11
	Options	29.08.08	100,000	1,152	(a)	100	-	-	31.07.12
J Cooper-Jones	Options	27.05.11	150,000	4,616	(a)	-	-	100	31.05.14

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

(b) Resigned 3 May 2011

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.

OPTIONS AND RIGHTS GRANTED

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

	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	15,073	-	-	15,073	4,644	6.2
M Jones	20,835	-	-	20,835	6,108	2.9
R Fripp	20,835	-	-	20,835	6,108	3.0
P Ingram	86,965	-	-	86,965	45,507	58.2
Executives						
Mr M Pitts (Resigned 3 May 2011)	2,632	-	-	2,632	798	0.8
Mr J Cooper-Jones	4,616	-	-	4,616	1,527	1.9

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

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (CONTINUED)

SHARE BASED PAYMENT (Continued)

Options (continued)

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.

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

Peter Unsworth
Chairman
Dated this 29th day of September 2011

Bentleys
THINKING AHEAD

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To The Board of Directors

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

This declaration is made in connection with our audit of the financial report of Impact Minerals Limited and Controlled Entities for the year ended 30 June 2011 and in accordance with the provisions of the *Corporations Act 2001*.

We declare that, to the best of our knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- no contraventions of the *Code of Professional Conduct* of the Institute of Chartered Accountants in Australia in relation to the audit.

Yours faithfully

BENTLEYS
Chartered Accountants

RICHARD JOUGHIN CA
Director

DATED at PERTH this 29th day of September 2011

Impact Minerals Limited ABN 52 119 062 261

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2011

	Note	2011 $	2010 $
Revenue	2	232,965	244,516
Other Income	2	48,291	-
Corporate and administration expenses		(594,988)	(435,485)
Depreciation expenses		(14,615)	(49,865)
Employee benefits expenses	3	(275,661)	(379,324)
Occupancy expenses		(85,853)	(137,883)
Other expenses		(146,592)	(163,406)
Share of associates net loss for the period	12	(168,808)	-
Loss before income tax		(1,005,259)	(921,447)
Income tax expense	4	-	-
Loss for the year from continuing operations		(1,005,259)	(921,447)
Profit for the year from discontinued operations after tax	5	1,317,501	-
Profit for the year	4	312,242	(921,447)
Other comprehensive income:			
Exchange differences on translating foreign controlled entities		(154,379)	(36,185)
Other comprehensive income for the year, net of tax		(154,379)	(36,185)
Total comprehensive income for the year		157,863	(957,632)
From continuing and discontinued operations:			
Basic earning/(loss) per share (cents per share)	8	0.27	(0.90)
From continuing operations:			
Basic loss per share (cents per share)	8	(0.86)	(0.90)
From discontinued operations:			
Basic earnings per share (cents)	8	1.1	-

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	2011 $	2010 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	3,012,898	5,951,645
Trade and other receivables	10	229,956	259,979
TOTAL CURRENT ASSETS		3,242,854	6,211,624
NON-CURRENT ASSETS			
Plant and equipment	13	71,254	45,330
Investments accounted for using the equity method	11	4,203,479	-
Exploration expenditure	14	5,781,182	7,065,971
Other non-current assets		11,903	31,842
TOTAL NON-CURRENT ASSETS		10,067,818	7,143,143
TOTAL ASSETS		13,310,672	13,354,767
CURRENT LIABILITIES			
Trade and other payables	15	116,081	346,386
Provisions	16	36,347	48,813
Financial liabilities		-	5,181
TOTAL CURRENT LIABILITIES		152,428	400,380
NET ASSETS		13,158,244	12,954,387
EQUITY			
Issued capital	17	16,504,296	16,504,296
Option reserve	18	205,197	159,103
Foreign currency translation reserve	18	(190,564)	(36,185)
Asset revaluation reserve		(100)	-
Accumulated losses		(3,360,585)	(3,672,827)
TOTAL EQUITY		13,158,244	12,954,387

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2011

	Issued Capital	Foreign currency translation reserve	Options reserve	Asset revaluation reserve	Accumulated losses	Total Equity
	$	$	$	$	$	$
Balance at 1 July 2009	10,590,988	-	87,238	-	(2,751,380)	7,926,846
Loss for the year	-	-	-	-	(921,447)	(921,447)
Other Comprehensive Income						
Exchange differences on translation of foreign operations	-	(36,185)	-	-	-	(36,185)
Total other comprehensive income for the year	-	(36,185)	-	-	-	(36,185)
Transactions with owners in their capacity as owners						
Shares issued during the year	5,913,308	-	71,865	-	-	5,985,173
Fair value of options issued	-	-	-	-	-	-
Balance at 30 June 2010	16,504,296	(36,185)	159,103	-	(3,672,827)	12,954,387
Balance at 1 July 2010	16,504,296	(36,185)	159,103	-	(3,672,827)	12,954,387
Loss for the year	-	-	-	-	312,242	312,242
Other Comprehensive Income						
Exchange differences on translation of foreign operations	-	(154,379)	-	-	-	(154,379)
Total other comprehensive income for the year	-	(154,379)	-	-	312,242	157,863
Transactions with owners in their capacity as owners						
Fair value of shares	-	-	-	(100)	-	(100)
Fair value of options issued	-	-	46,094	-	-	46,094
Balance at 30 June 2011	16,504,296	(190,564)	205,197	(100)	(3,360,585)	13,158,244

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2011

	Note	2011 $	2010 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(945,652)	(794,588)
Payments for exploration		(2,138,518)	(2,390,180)
Interest received		260,217	244,516
Net cash used in operating activities	23	(2,823,953)	(2,940,252)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments		(2,000)	-
Payments for property, plant and equipment		(83,794)	(24,231)
Payment for bonds		(26,000)	(6,312)
Net cash used in investing activities		(111,794)	(30,543)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	6,248,184
Share issue costs		-	(334,876)
Repayment of loans		(3,000)	(13,521)
Net cash used in provided by financing activities		(3,000)	5,899,787
Net increase in cash held		(2,938,747)	2,928,992
Cash at beginning of financial year	9	5,951,645	3,022,653
Cash at end of financial year	9	3,012,898	5,951,645

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

These consolidated financial statements and notes represent those of Impact Minerals Limited and it's 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 2011.*

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.

a. 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 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 28 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 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 comprehensive income.

b. 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 differed tax assets or liabilities are expected to be recovered or settled.

c. 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.

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 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 comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

d. Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable areas 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.

d. Exploration and Development Expenditure (Continued)

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.

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.

e. Financial Instruments

Initial recognition and Measurement

Financial instruments, including financial assets and financial liabilities, are recognised when the entity 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 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.

e. Financial Instruments (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 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 (ie 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.

Impairment

At the end of each reporting period, the 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

e. Financial Instruments (Continued)

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.

f. Impairment of Assets

At the end of each reporting period, the 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 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 group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

g. 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 20.

Where the Group contributes assets to the joint venture or if the Group purchases assets from the joint venture, only the portion of the gain or loss that is not attributable to the Group's share of the joint venture shall be recognised The 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.

h. 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.

i. Foreign Currency Transactions and Balances (Continued)

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 and 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.

j. Employee Benefits

Provision is made for the company'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 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.

k. Cash and Cash Equivalents

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

l. Revenue and other income

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

m. 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.

n. Investments in Associates

Associates are companies in which the Group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the 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 Group's share of net assets of the associate company. In addition, the Group's share of the profit or loss of the associate company is included in the Group's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition whereby the 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 Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the 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 Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

Details of the Group's investments in associates are provided in Note 12.

o. Comparative Figures

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

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 group.

Key Estimates — Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the 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 company 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 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 2011 was $64,692 (2010: $71,865).

Key Judgement

(*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 company's development and its current environmental impact the directors believe that such treatment is reasonable and appropriate.

(ii) Capitalised exploration and evaluation expenditure

The 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 14.

(iii) Significant Influence – Investment in Invictus Gold Limited

The Groups' accounting policy as stated in note 1(l) is to account for interests greater than 20% of the voting power associated using the equity method. The Groups holding in Invictus Gold Limited is 44% and accordingly this interest has been accounted for in accordance with note 1(l)

New Accounting Standards for Application in Future Periods

- The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:
  - AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).
    - This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Group has not yet determined any potential impact on the financial statements.
    - The key changes made to accounting requirements include:
    - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
    - simplifying the requirements for embedded derivatives;
    - removing the tainting rules associated with held-to-maturity assets;
    - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
    - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
    - requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
    - requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

New Accounting Standards for Application in Future Periods (Continued)

– AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

– AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:
  - Tier 1: Australian Accounting Standards; and
  - Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.
  – Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.
  – The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):
    - for-profit private sector entities that have public accountability; and
    - the Australian Government and state, territory and local governments.
  – Since the Group is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

– AASB 2010–2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific “RDR” disclosures.

– AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

  – This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Group.

– AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

  – This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB’s annual improvements project. Key changes include:

  - clarifying the application of AASB 108 prior to an entity’s first Australian-Accounting-Standards financial statements;

  - adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity’s exposure to risks arising from financial instruments;

  - amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;

  - adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and

  - making sundry editorial amendments to various Standards and Interpretations.

  – This Standard is not expected to impact the Group.

  – AASB 2010–5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).

  – This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

New Accounting Standards for Application in Future Periods (Continued)

– AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).
  – This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.
  – This Standard is not expected to impact the Group.
  – AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013).
  – This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.
  – As noted above, the Group has not yet determined any potential impact on the financial statements from adopting AASB 9.
  – AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).
  – This Standard makes amendments to AASB 112: Income Taxes.
  – The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.
  – Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.
  – The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.
  – The amendments are not expected to impact the Group.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

The financial statements were authorised for issue on 29th September 2011 by the board of directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 2: REVENUE AND OTHER INCOME

	2011 $	2010 $
Interest revenue from financial institutions	232,965	244,516
Other revenue	48,291	-
Total revenue	281,256	244,516

NOTE 3: LOSS FOR THE YEAR

Loss before income tax includes the following specific expenses:

Employee benefits expense		
Salary and wages	82,769	193,406
Superannuation	29,540	17,088
Share based payments	64,692	71,865
Directors Fees	98,659	96,965
	275,661	379,324
Rental expense on operating leases		
Rental expense	67,372	82,917
Depreciation expenses		
Depreciation	14,615	49,865
	14,615	49,865

NOTE 4: INCOME TAX EXPENSE

		2011 $	2010 $
a.	The components of tax expense comprise:		
	Deferred income tax expense included in income tax expense comprises :		
	Decrease (Increase) in deferred tax assets	472,863	182,999
	(Decrease) Increase in deferred tax liabilities	(472,863)	(182,999)
	Income tax expense reported in the statement of comprehensive income	-	-
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	312,242	(921,447)
	Prima facie tax benefit on profit from ordinary activities before income tax at 30% (2010: 30%)	93,673	(276,434)
	Tax effect of permanent differences:		
	Share based payments	10,815	21,560
	Non-deductible expenses	697	717
	Gain on disposal of subsidiary	1,249,648	-
	Impact of subsidiary for the year	(64,559)	-
	Overs and unders from prior years	76,186	-
	Unrecognised temporary differences:	151,985	-
	Unrecognised temporary differences in equity	(547,200)	-
	Tax losses not recognised / (recognised)	(992,318)	237,120
	Foreign expenditure eliminated	21,073	17,037
	Income tax expense/(benefit) on pre-tax profit	-	-
c.	Deferred tax assets and liabilities are attributable to the following:		
	Capital raising costs	(85,369)	(101,257)
	Creditors	(8,850)	(5,850)
	Exploration expenditure	580,412	1,277,662
	Investments in assoicates	(50,642)	-
	Plant and equipment	(11,551)	(15,482)
	Provisions	(9,884)	(14,644)
	Tax losses	(414,116)	(1,140,429)
		-	-

NOTE 4: INCOME TAX EXPENSE (CONTINUED)

The balance of potential deferred tax assets attributable to tax losses carried forward of $940,699 (2010: $1,257,870) 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.

NOTE 5: DISCONTINUED OPERATIONS

On 21st January, 2011 the consolidated group disposed of its subsidiary, Drummond West, thereby discontinuing its operations in this business segment. The subsidiary was sold to Invictus Gold Limited.

Financial information relating to the discontinued operation to the date of disposal is set out below.

The financial performance of the discontinued operation to the date of sale, which is included in profit/(loss) from discontinued operations per the statement of comprehensive income, is as follows:

	2011 $
Revenue	-
Expenses	-
Profit before income tax	-
Income tax expense	-
Profit attributable to members of the parent entity	-
Profit on sale before income tax	1,317,501
Income tax expense	-
Profit (loss) on sale after income tax	1,317,501
Total profit after tax attributable to the discontinued operation	1,317,501

The net cash flows of the discontinued division, which have been incorporated into the statement of cash flows, are as follows:

	2011 $
Net cash inflow/(outflow) from operating activities	-
Net cash inflow from investing activities	-
Net cash (outflow)/inflow from financing activities	-
Net cash increase in cash generated by the discontinued division	-
Gain on disposal of the division included in gain from discontinued operations per the statement of comprehensive income.	1,317,501

NOTE 6: INTERESTS ON KEY MANAGEMENT PERSONNEL (KMP)

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2011.

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

	2011	2010[1]
	$	$
Short-term employee benefits	668,474	528,279
Post-employment benefits	15,250	23,968
Share-based payments	64,692	43,773
Other long term benefits	-	-
	748,416	596,020

[1] *Comparative numbers have been adjusted to match the remuneration 2010 report. There is no financial effect of this adjustment, other than the disclosures in this note.*

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 of the group, including their personally related parties, are set out below.

30 June 2011	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	1,500,000	-	-	-	1,500,000	1,500,000	-
M Jones	2,000,000	-	-	-	2,000,000	2,000,000	-
R Fripp	2,000,000	-	-	-	2,000,000	2,000,000	-
P Ingram	1,000,000		-	-	1,000,000	700,000	300,000
Executives							
M Pitts (Resigned 3 May 2011)	350,000	-	-	(150,000)	200,000	200,000	-
J Cooper-Jones	-	150,000	-	-	150,000	-	150,000
Total	6,850,000	150,000	-	(150,000)	6,850,000	6,400,000	450,000

NOTE 6: INTERESTS ON KEY MANAGEMENT PERSONNEL (KMP) (CONTINUED)

30 June 2010	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	1,500,000	-	-	-	1,500,000	1,000,000	500,000
M Jones	2,000,000	-	-	-	2,000,000	1,000,000	1,000,000
R Fripp	2,000,000	-	-	-	2,000,000	1,000,000	1,000,000
P Ingram	-	1,000,000	-	-	1,000,000	-	1,000,000
Executives							
Mr M Pitts	350,000	-	-	-	350,000	250,000	100,000
Total	5,850,000	1,000,000	-	-	6,850,000	3,250,000	3,600,000

KMP Shareholdings

Number of Shares held by Key Management Personnel

Directors	Balance 1.7.2010	Received as Compen-sation	Options Exercised	Net Change Other*	Balance 30.6.2011
Peter J Unsworth	5,674,231	-	-	-	5,674,231
Michael G Jones	5,450,000	-	-	-	5,450,000
Rodney E Fripp	5,450,000	-	-	-	5,450,000
Paul Ingram	-	-	-	-	-
Total Directors	16,574,231	-	-	-	16,574,231
Executives					
Mark E Pitts (Resigned 3 May 2011)	-	-	-	-	-
J Cooper-Jones	-	-	-	-	-
Total executives	-	-	-	-	-
Total shares	16,574,231	-	-	-	16,574,231

Other KMP Transactions

All transactions with related parties are made on normal commercial terms and conditions except where indicated.

An amount of $104,845 (2010: $43,005) was paid to Endeavour Corporate for accounting and bookkeeping services, a firm associated with Mr Mark Pitts.

NOTE 7: AUDITORS' REMUNERATION

	2011 $	2010 $
Remuneration of the auditor of the company for:		
— auditing or reviewing the financial report	36,402	40,954
— other assurance related services	5,750	5,750
	42,152	46,704

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 8: EARNINGS PER SHARE

		2011 $	2010 $
	The calculation of basic earnings per share at 30 June 2011 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	312,242	(921,447)
b.	Reconciliation of earnings to profit or loss from continuing operations:		
	Earnings used to calculate basic EPS from continuing operations	(1,005,259)	(921,447)
c.	Reconciliation of earnings to profit or loss from discontinued operations:		
	Earnings used to calculate basic EPS from discontinuing operations	1,317,501	-
		No.	**No.**
d.	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	117,403,328	105,047,726

The diluted earnings per share has 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 9: CASH AND CASH EQUIVALENTS

	2011 $	2010 $
Cash at bank and in hand	96,152	77,095
Cash at Bank – at call account	2,916,746	707,104
Commercial Bills/Term Deposits	-	5,167,446
	3,012,898	5,951,645

The effective interest rate on at call and term deposits was 4.7% (2010: 4.2%).

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	3,012,898	5,951,645
	3,012,898	5,951,645

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 10: TRADE AND OTHER RECEIVABLES

	2011 $	2010 $
CURRENT		
Trade debtors	206,819	188,091
Other	23,137	71,888
	229,956	259,979

NOTE 11: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

		2011 $	2010 $
Associated companies	12a	4,203,479	-
		4,203,479	-

NOTE 12: ASSOCIATED COMPANIES

Interests are held in the following associated companies:

Name	Principal Activities	Country of Incorpor-ation	Shares	Ownership Interest		Carrying Amount of Investment	
				2011 %	2010 %	2011 $	2010 $
Unlisted:							
Invictus Gold Ltd	Exploration	Australia	Ord	44%	-	4,203,479	-
						4,203,479	-

			2011 $	2010 $
a.	Movements during the year in equity accounted investment in associated companies:			
	Balance at beginning of the financial year			
Add:	New investments during the year		4,372,287	-
	Share of associated company's loss after income tax	12b	(168,808)	-
	Balance at end of the financial year		4,203,479	
b.	Equity accounted profits of associates are broken down as follows:			
	Share of associate's loss before income tax expense		(168,808)	-
	Share of associate's income tax expense		-	-
	Share of associate's loss after income tax		(168,808)	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 12: ASSOCIATED COMPANIES (CONTINUED)

c.	Summarised presentation of aggregate assets, liabilities and performance of associates:		
	Current assets	2,789,157	-
	Non-current assets	5,136,653	-
	Total assets	7,925,810	-
	Current liabilities	218,514	-
	Total liabilities	218,514	-
	Net assets	7,707,296	-
	Revenues	84,286	-
	Loss after income tax of associates	379,819	-
d.	Ownership interest in Invictus Gold Ltd at the end of that company's reporting period was 44% of ordinary shares. The end of the reporting period of Invictus Gold is 30 June 2011. The end of the reporting period coincides with the entity's holding company.		
e.	Market value of listed investment in associate	1,375,000	-

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	316,175	278,327
Accumulated depreciation	(244,921)	(232,997)
	71,254	45,330

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 at 30 June 2010	45,330	63,931
Additions	40,539	33,961
Disposals	-	(2,697)
Depreciation expense	(14,615)	(49,865)
Balance at 30 June 2011	71,254	45,330

NOTE 14: EXPLORATION EXPENDITURE

Exploration expenditure capitalised :		
Capitalised cost at the beginning of the period	7,065,971	4,857,052
Disposed of through sale of subsidiary	(3,101,918)	-
Exploration expenditure for the year	1,817,129	2,208,919
Cost carried forward	5,781,182	7,065,971

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

NOTE 15: TRADE AND OTHER PAYABLES

	2011 $	2010 $
CURRENT		
Unsecured liabilities:		
Trade payables	101,657	44,486
Sundry payables and accrued expenses	14,424	301,900
	116,081	346,386

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 26. There are no secured liabilities as at 30 June 2011.

NOTE 16: PROVISIONS

	2011 $	2010 $
CURRENT		
Employee benefits	36,347	48,813

NOTE 17: ISSUED CAPITAL

117,403,328 fully paid ordinary shares with no par value (2010: 117,403,328)	17,222,255	17,222,255
Share issue costs	(717,959)	(717,959)
	16,504,296	16,504,296

NOTE 17: ISSUED CAPITAL

	2011 No.	2010 No.
a. Ordinary shares		
At the beginning of reporting period	117,403,328	85,885,002
Shares issued during the year		
- Placement	-	24,000,000
- Issued in part placement to Polo Australasia Ltd at 16.07c per share	-	7,518,326
At the end of the reporting period	117,403,328	117,403,328

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 company 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 Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programs and corporate overheads. The 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 Group at 30 June 2010 and 30 June 2011 was as follows:

	2011 $	2010 $
Cash and cash equivalents	3,012,898	5,951,645
Trade and other receivables	229,956	259,979
Trade and other payables	(116,081)	(346,386)
Working capital position	3,126,773	5,865,238

NOTE 18: RESERVES

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 19: CAPITAL AND LEASING COMMITMENTS

(a) Exploration

The Group has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the Group's exploration program and priorities. As at balance date, total exploration expenditure commitments on granted tenements held by the Group that have not been provided for in the financial statements and which cover the following twelve month period amount to $317,358 (2010: $5,185,442) respectively. These obligations are also subject to variations by farm-out arrangements or sale of the relevant tenements. This commitment does not include the expenditure commitments which are the responsibility of the joint venture partners.

(b) Operating lease commitments

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

	2011	2010
	$	$
Within one year	72,636	41,250
Later than one year but not later than 5 years	-	-
Later than 5 years	-	-
	72,636	41,250

(c) Farmin and Joint Venture Agreements

Yarrabubba Project – YB Nickel Joint Venture Agreement

By a joint venture agreement dated 1 July 2004 Citic Resources Australia Pty Ltd (**Citic Resources**), Aurigen (a wholly owned subsidiary of the Company), MDA Investments Pty Ltd **(MDA**), Teddy Tech Pty Ltd ATF YB Investment Trust (**Teddy**), Spar Resources Pty Ltd (**Spar**) and John Rowntree (**Rowntree**) have established the YB Nickel Joint Venture for the purposes of exploring and, if viable, mining on E20/563, E20/564, E20/565, E20/566, E20/567, E51/1072 and E51/1073 (**Yarrabubba Tenements**).

Pursuant to the agreement Citic Resources has nominated its subsidiary Citic Nickel Pty Ltd to be the registered holder of the Yarrabubba Tenements.

As at the date of this Report, the interests of the joint venture participants are:

Citic Resources – 60%;
Aurigen – 20%; and
MDA, Teddy, Spar and Rowntree – 5.0% each.

Under the agreement, each participant must contribute by way of cash calls to joint venture expenditure on a pro-rata basis in accordance with their joint venture interest.

The management committee of the joint venture has been established with representatives from all participants. Voting rights are directly proportionate to each participants' joint venture interest. Citic Resources has the right to determine the operator of the joint venture.

Provided Citic Resources maintains an interest of greater than 50%, it shall have the right to appoint a related body corporate of Citic Resources as a marketing entity for the sale and marketing of minerals arising from joint venture operations.

The Company has elected to contribute at its participating interest rather than dilute its interest. If the collective interest of the participants other than Citic Resources falls to 10%, they will be entitled to retain a non-contributory interest to a decision to mine at the 10% level, and at that time would be required to contribute 10% of the costs of constructing and commissioning the mine or selling their interest in accordance with the agreement.

No assignment is allowed if the result would be that the joint venture interest of the assignor or the proposed assignee would be less than 7.5%. A participant may assign the whole, or with the consent of other participants a fractional part of its joint venture interest, to a related body corporate.

A participant must give notice of its intention to sell its joint venture interest to each of the other participants and give the other participants a pre-emptive right to buy its joint venture interest. Neither a change in control of a participant nor the listing of a participant on a stock exchange triggers a pre-emptive right.

A participant may withdraw from the joint venture by giving 60 days' notice to the other participants and forfeiting its joint venture interest to the other participants.

NOTE 20: FARMIN AGREEMENTS

	2011	2010
	$	$
Interest in Joint Ventures		
A controlled entity, Aurigen Pty Ltd has a 20% interest in the YB Nickel Joint Venture whose principal activity is the exploration of Nickel.		
The consolidated group's share of assets employed in the joint venture is:		
Non current assets		
Exploration expenditure	487,980	370,276
Share of total assets of joint venture	487,980	370,276
Net interest in joint venture	487,980	370,276

The recoverability of the carrying amount of the exploration expenditure is dependent upon successful development and commercial exploitation, or alternatively sale of the respective areas of interest.

NOTE 21: CONTINGENT LIABILITIES

There are no material contingent liabilities not provided for in the financial statements of the Group as at 30 June 2011.

NOTE 22: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The 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 Group is managed primarily on the basis of exploration opportunities within Australia and Africa. 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.

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 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.

NOTE 22: OPERATING SEGMENTS(CONTINUED)

(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

(i) Segment performance

	AUSTRALIA		AFRICA		CORPORATE / TREASURY		CONSOLIDATED	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
REVENUE	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Interest revenue	-	-	275	-	232,690	244,516	232,965	244,516
Administrative service income	-	-	-	-	48,291	-	48,291	-
Total Segment revenue	-	-	275	-	280,981	244,516	281,256	244,516
Reconciliation of segment revenue to group revenue								
Intersegment elimination							-	-
Total group revenue							281,256	244,516
Segment net loss before tax	(14,279)	-	(70,241)	(54,869)	(921,050)	(866,578)	(1,005,570)	(921,447)

(ii) Segment assets

	2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Segment Assets	556,043	4,920,594	4,073,709	1,870,396	8,680,920	6,563,777	13,310,672	13,354,767
Total Group Assets							13,310,672	13,354,767
Segment asset increases for the period:								
Capital expenditure	(4,364,551)	1,053,821	2,203,313	1,257,995	2,117,142	32,331	(44,095)	2,344,147
Included in segment assets are								
Joint ventures	487,756	262,990	-		-	-	487,756	262,990
Unallocated assets							-	-

NOTE 22: OPERATING SEGMENTS(CONTINUED)

(iii) Segment liabilities

	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $
Segment liabilities	(2)	35,650	-	1,986,391	152,430	377,511	152,428	2,399,552
Reconciliation of segment liabilities to Group liabilities								
Inter-segment eliminations							-	(1,999,172)
Unallocated liabilities							-	-
Total group liabilities							152,428	400,380

NOTE 23: CASH FLOW INFORMATION

	2011 $	2010 $
a. **Reconciliation of Cash Flow from Operations with Profit after Income Tax**		
Profit after income tax	312,242	(921,447)
Non cash flow in profit		
Depreciation	14,615	49,865
Share based expenses	64,692	71,865
Other non-cash expenses in profit and loss	(98,641)	-
Share of associates net loss for period	168,808	
Profit from discontinued operations	(1,317,501)	
Movement in foreign exchange	69,476	-
Changes in net assets and liabilities		
(Increase)/ decrease in assets:		
Prepayments	-	(4,609)
Trade and other debtors	134,396	-
Capitalised expenditure	(2,139,407)	(2,324,582)
Increase / (decrease) in liabilities:		
Trade and other creditors	(20,166)	184,156
Accruals	(12,466)	4500
Cash flow from operations	**(2,823,953)**	**(2,940,252)**

b. **Non-cash Financing and Investing Activities**

Other than disclosed on the following page, there have been no non-cash Financing and Investing Activities

NOTE 23: CASH FLOW INFORMATION

During the year the controlled entity Drummond West Pty Ltd was sold.
Aggregate details of this transaction are:

Disposal price	4,372,287	-
Cash consideration	-	-
Non-cash consideration (shares and options)	4,372,287	
Assets and liabilities held at disposal date:		
Investment in controlled entity	3,054,786	-
Net (loss)/gain on disposal	1,317,501	-
Net cash received	-	-

NOTE 24: SHARE BASED PAYMENTS

i. During the period share options were granted to employees to take up ordinary shares at the following exercise prices. The options hold no voting or dividend rights, are not, without the approval of the Board of Directors, transferrable. These options are not listed and unless otherwise agreed by the Directors these options lapse when an employee ceases employment with the Group.

Grant date	Vest date	Expiry date	Exercise price	Number
18.10.2010	01.05.2011	31.07.2013	$0.20	150,000
18.10.2010	01.05.2012	31.07.2013	$0.25	150,000
27.05.2011	01.12.2011	31.05.2014	$0.20	150,000

ii. Options granted to key management personnel include:

Grant date	Vest date	Expiry date	Exercise price	Number
29.08.2008	31.07.2009	31.07.2011	$0.25	3,100,000
29.08.2008	31.12.2010	31.07.2012	$0.30	2,600,000
23.11.2009	01.07.2010	31.07.2011	$0.25	700,000
23.11.2009	01.07.2011	31.07.2012	$0.30	300,000
27.05.2011	01.12.2011	31.05.2014	$0.20	150,000

iii. A summary of the movements of all company options issued is as follows:

	Number	Weighted Average Exercise Price
Options outstanding as at 30 June 2009	8,300,000	26c
Granted	1,600,000	26c
Expired	(200,000)	-
Options outstanding as at 30 June 2010	9,900,000	26c
Granted	450,000	22c
Expired	(250,000)	26c
Options outstanding as at 30 June 2011	9,900,000	26c
Options exercisable as at 30 June 2011	8,000,000	-

NOTE 24: SHARE BASED PAYMENTS (CONTINUED)

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 240 days. The weighted average exercise price of outstanding options at the end of the reporting period was 26 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 during the year was 28 cents. These values were calculated using the Black Scholes option pricing model applying the following inputs:

Grant Date	Vesting Date	Expiry Date	Exercise Price	Options	Share Price at Grant	Risk Rate	Consideration
18.10.10	01.05.11	31.07.13	$0.20	150,000	$0.20	4.72%	nil
18.10.10	01.05.11	31.07.13	$0.25	150,000	$0.20	4.72%	nil
27.05.11	01.12.11	31.05.14	$0.20	150,000	$0.20	4.72%	nil

The level of volatility anticipated for the purposes of the model was 50% 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.

iv. There were no shares granted to key management personnel during the year.

NOTE 25 : RELATED PARTY TRANSACTIONS

An amount of $104,845 (2010: $43,005) was paid to Endeavour Corporate for accounting and bookkeeping services, a firm associated with Mr Mark Pitts.

Other than stated above there were no related party transactions during the period apart from interest free loans advanced by Impact Minerals Limited to the 100% owned subsidiaries for operating and tenement costs.

NOTE 26: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries. Executive management has been delegated responsibility by the Board of Directors for, among other issues, monitoring and managing financial risk exposures of the Group. The executive management monitors the Group's financial risk exposures and approves financial transactions within the scope of its authority. The executive management's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising the potential adverse effects on financial performance.

Risk management is carried out by the Board as a whole, which provides the principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and liquidity risk. The group uses different methods to measure different types of risk to which it is exposed. Where appropriate these methods will include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk.

NOTE 26: FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 Group.

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

(ii) Price Risk

Equity Securities Price Risk

The 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 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 Group. Interest is earned at the respective short-term deposit rates.

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

(b) Interest Rate Risk

The Group holds the following financial instruments:

	Notes	Floating interest rate	Fixed interest rate			Non-interest bearing	Total	Weighted average interest rate
			1 year or less	Over 1 to 5 years	More than 5 years			
		$	$	$	$	$	$	%
2011								
Financial assets								
Cash	9	2,995,349	-	-	-	17,549	3,012,898	4.7
Trade and other receivables	10	-	-	-	-	229,956	229,956	-
		2,995,349	-	-	-	247,505	3,242,854	
Financial liabilities								
Trade creditors and accruals	15	-	-	-	-	116,081	116,081	-
		-	-	-	-	116,081	116,081	

NOTE 26: FINANCIAL RISK MANAGEMENT (CONTINUED)

2010								
Financial assets								
Cash	9	5,947,551	-	-	-	4,094	5,951,645	4.2
Trade and other receivables	10	-	-	-	-	259,979	259,979	-
		5,947,551	-	-	-	264,073	6,211,624	
Financial liabilities								
Trade creditors and accruals	15	-	-	-	-	346,386	346,386	-
Borrowings		-	5,181	-	-	-	5,181	8.1
		-	5,181	-	-	346,386	351,567	

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

Credit risk exposures

Credit risk related to balances with banks and other financial institutions is managed by the 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 AA-. 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	2011	2010
		$	$
Cash and cash equivalents			
- AA Rating (being AUD banks)		2,927,928	5,891,739
- Other		84,970	59,906
Total cash and cash equivalents	9	3,012,898	5,951,645

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 Groups exposure to liquidity risk is limited to cash, receivables and creditors and is set out in Notes 9, 10 and 15.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate credit facility. The Group manages liquidity risk by continuously monitoring forecast and actual cashflows. 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 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.

NOTE 26: FINANCIAL RISK MANAGEMENT (CONTINUED)

The 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 2011, 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 Group would have been $49,764 lower/ higher (2010: $24,295 lower/higher) as a result of lower/higher interest income from cash and cash equivalents.

NOTE 27: 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.

	2011	2010
	$	$
STATEMENT OF COMPREHENSIVE INCOME		
Profit for the period	195,152	(1,161,120)
Other comprehensive income	-	-
Total comprehensive result for the period	195,152	(1,161,120)
STATEMENT OF FINANCIAL POSITION		
Current assets	3,004,664	6,153,798
Non current assets	9,809,634	6,545,617
Total assets	12,814,297	12,699,415
Current liabilities	152,430	307,748
Total liabilities	152,430	307,748
Total equity of the parent entity comprising of :		
Share capital	16,504,296	16,504,296
Option reserve	205,197	158,862
Asset revaluation reserve	(100)	-
Accumulated losses	(4,047,525)	(4,271,491)
Total Equity	12,661,868	12,391,667

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 2011.

NOTE 28: CONTROLLED ENTITIES

a) Controlled Entities Consolidated

Name	Principal Activities	Country of Incorporation	Ownership Interest	
			2011 %	2010 %
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 Pty Ltd (ii)	Exploration	Botswana	100	100
Drummond Uranium Pty Ltd	Exploration	Australia	100	100
Drummond West Pty Ltd	Exploration	Australia	-	100
Siouville Pty Ltd	Exploration	Australia	100	100
Brentwood Investment Pty Ltd (iii)	Exploration	Namibia	100	100
Less Provision for diminution in value				

(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.

NOTE 29: COMPANY DETAILS

The principal and registered office of the company is:

Impact Minerals Limited
309 Newcastle Street
NORTHBRIDGE WA 6003

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 17 to 51, 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 2011 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 that:
   a) the financial records of the company 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; and

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

Signed at Perth this 29th day of September 2011.
Peter Unsworth
Chairman

Bentleys
THINKING AHEAD

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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 consolidated statement of financial position as at 30 June 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 Company and 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.

Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report 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 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 and fair presentation of the financial report 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 followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

a. The financial report of Impact Minerals Limited 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 2011 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 report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in directors' report of the year ended 30 June 2011. 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.

Auditor's Opinion

In our opinion, the Remuneration Report of Impact Minerals Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

BENTLEYS
Chartered Accountants

RICHARD JOUGHIN CA
Director

DATED at PERTH this 29th day of September 2011

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information, applicable at 31 August 2011, is required by the Australian Securities Exchange Ltd in respect of listed public companies only.

Shareholding

a. **Distribution of Shareholders**

Category (size of holding)	Number of Holders	Number of Shares
1 – 1,000	12	1,200
1,001 – 5,000	195	689,419
5,001 – 10,000	199	1,747,936
10,001 – 100,000	562	24,146,682
100,001 – and over	159	90,818,091
	1,127	117,403,328

b. The number of shareholders holding less than a marketable parcel is 238.

c. The names of the substantial shareholders listed in the holding company's register as at 15 September 2010 are:

Shareholder	Number	% of issued capital
China Growth Minerals Limited	11,840,470	10.09

d. **Voting Rights**

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
1. China Growth Minerals Limited	11,840,470	10.09
2. Basalis Pty Ltd	5,450,000	4.64
3. Image Interpretation Technologies Pty Ltd	5,450,000	4.64
4. Payzone Pty Ltd	5,400,002	4.60
5. Balintore Pty Ltd	4,175,000	3.56
6. P J Enterprises Pty Limited	4,000,000	3.41
7. AWD Consultants	3,700,000	3.15
8. Mr John Blaine	2,000,000	1.70
9. Dr Leon Eugene Pretorius	2,000,000	1.70
10. Dr Leon Eugune Pretorius	2,000,000	1.70
11. Manotel Pty Ltd	1,674,231	1.43
12. Mr William Douglas Goodfellow	1,525,000	1.30
13. Mrs Christina Gail McMahon	1,360,000	1.16
14. Yarandi Investments Pty Ltd	1,357,000	1.16
15. Forty Traders Limited	1,325,000	1.13
16. Oceanic Capital Pty Ltd	1,115,000	0.95
17. Mr William Henry Hernstadt	1,100,000	0.94
18. Finance Associates Pty Ltd	1,000,000	0.85
19. Mr John Anthony Chay + Mrs Kellie Anne Chay	1,000,000	0.85
20. St Barnabas Investments Pty Ltd	910,000	0.78
	58,381,703	49.73

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.