



FINANCIAL STATEMENTS

For the year ended 30 June 2021

ABN 52 119 062 261

CONTENTS

CORPORATE DIRECTORY	2
DIRECTORS' REPORT	3
AUDITOR'S INDEPENDENCE DECLARATION	14
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021	15
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021	16
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021	17
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021	18
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021	19
DIRECTORS' DECLARATION.....	48
INDEPENDENT AUDITOR'S REPORT.....	49

CORPORATE DIRECTORY

DIRECTORS

Peter Unsworth	Non-Executive Chairman
Michael Jones	Managing Director
Paul Ingram	Non-Executive Director
Markus Elsasser	Non-Executive Director

COMPANY SECRETARY

Bernard Crawford

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

26 Richardson Street
West Perth, WA 6005

Telephone: +61 (8) 6454 6666
Facsimile: +61 (8) 6314 6670
Email: info@impactminerals.com.au
Web: www.impactminerals.com.au

AUDITORS

Hall Chadwick WA Audit Pty Ltd
283 Rokeby Road
Subiaco, WA 6008

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth, WA 6000

Telephone: +61 (8) 9323 2000
Facsimile: +61 (8) 9323 2033

SECURITIES EXCHANGE LISTING

The Company is listed on the Australian Securities Exchange Ltd ("ASX")

Home Exchange: Perth, Western Australia
ASX Code: IPT

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Impact Minerals Limited ("the Company") and its subsidiaries ("the Group" or "the Consolidated Entity") and its subsidiaries at the end of the year ended 30 June 2021.

DIRECTORS

The following persons were Directors of Impact Minerals Limited during the whole of the financial year and up to the date of this report unless noted otherwise:

- Peter Unsworth, Non-Executive Chairman
- Michael Jones, Managing Director
- Paul Ingram, Non-Executive Director
- Markus Elsasser, Non-Executive Director

PRINCIPAL ACTIVITIES

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

FINANCIAL RESULTS

The consolidated loss of the Group after providing for income tax for the year ended 30 June 2021 was \$4,760,174 (2020: \$1,685,165).

DIVIDENDS

No dividends have been paid or declared since the start of the financial year. No recommendation for the payment of a dividend has been made by the Directors.

OPERATIONS AND FINANCIAL REVIEW

During the year Impact completed major exploration programmes at its Broken Hill Ni-Cu-PGM and Commonwealth Cu-Au projects in NSW and also added to its land position in Western Australia.

At the 816 km² Broken Hill project a major 10,000 metre RC drill programme delivered break through drill results at three key prospects. At Platinum Springs high grade mineralisation was found in a basal channel structure, the first coherent zone of mineralisation found at the prospect in 40 years of exploration. At Red Hill a standout 139 metre thick intercept of modest mineralisation indicates potential for mineralisation at depth. At the Little Broken Hill Gabbro, the first ever drill programme at the prospect, identified highly anomalous and low grade PGE's over 1,500 m of strike and still open for a further 4-5 kilometres. Follow up drill programmes are planned for 2022-23.

At the 903 km² Commonwealth Project in the prolific copper-gold province of the Lachlan Fold Belt in NSW, a significant target was identified at Apsley that had strong and coincident geophysical and soil geochemistry anomalies. A 5,000 metre drill programme was completed at the end of the financial year and a large copper halo was identified. Further work including drilling is required at the prospect. Two tenements were sold during the year to a private company that is expecting to complete an IPO in late 2021.

At the Arkun project in Western Australia a new project, Beau, was purchased. This covers a modest but extensive circular magnetic anomaly that is of a similar geometry to the Gonneville intrusion, the host to the recent major Julimar discovery (Chalice Mining Limited ASX:CHN). In addition, 17 targets for follow up work were identified across the Arkun project, including Beau, and a soil geochemistry survey was completed along gazetted roads and tracks, with assays to be received. The 17 areas were identified from an interpretation of magnetic data.

In Queensland, Impact sold its Clermont project to now listed company Australasian Gold Limited (ASX:A8G) for 1,000,000 shares. The shares are escrowed until April 2022. There was no activity at the Blackridge project and Impact is considering its options for it.

FINANCIAL

As at 30 June 2021, the Group had net assets of \$15,632,776 (2020: \$13,377,076) including cash and cash equivalents of \$3,415,778 (2020: \$2,431,426).

RESPONSE TO COVID-19

Impact is continuing to review the ongoing situation relating to the COVID-19 pandemic and the implications for the health and wellbeing of our employees, contractors and stakeholders. The Company has been pro-active with respect to its response to COVID-19 and has developed operational procedures and plans in line with official health advice and government directives. Impact will continue to operate within these guidelines and will adapt its procedures as required.

The impact on the Group's operations to date has not been material and whilst the situation with regards to COVID-19 remains uncertain, the Company remains an active explorer across its projects and does not foresee, at this time, that it will have a material impact on future operations.

Competent Persons Statement

The review of operations contained in this report is based on information compiled by Dr Mike Jones, a Member of the Australian Institute of Geoscientists. He is a director of the Company and works for Impact Minerals Limited. He has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Dr Jones has consented to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Impact Minerals confirms that it is not aware of any new information or data that materially affects the information included in previous market announcements and in the case of mineral resource estimates, that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the financial year were as follows:

- In July 2020, the Company raised \$3,245,000 (before costs) via a placement of 216,333,333 new shares at an issue price of 1.5 cents each.
- In April 2021, the Company raised \$4,000,000 (before costs) via a placement of 242,424,242 new shares at an issue price of 1.65 cents each.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations, the results of those operations, or the state of affairs of the Group in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Directors are not aware of any developments that might have a significant effect on the operations of the Group in subsequent financial years not already disclosed in this report.

ENVIRONMENTAL REGULATION

The Group is subject to significant environmental regulation in respect of its exploration activities. Tenements in Western Australia, New South Wales and Queensland are granted subject to adherence to environmental conditions with strict controls on clearing, including a prohibition on the use of mechanised equipment or development without the approval of the relevant government agencies, and with rehabilitation required on completion of exploration activities. These regulations are controlled by the Department of Mines, Industry Regulation and Safety (*Western Australia*), the Department of Industry (*New South Wales*) and the Department of Natural Resources, Mines and Energy (*Queensland*).

Impact Minerals Limited conducts its exploration activities in an environmentally sensitive manner and the Group is not aware of any breach of statutory conditions or obligations.

Greenhouse gas and energy data reporting requirements

The Directors have considered compliance with the *National Greenhouse and Energy Reporting Act 2007* which requires entities to report annual greenhouse gas emissions and energy use. The Directors have assessed that there are no current reporting requirements for the year ended 30 June 2021, however reporting requirements may change in the future.

INFORMATION ON DIRECTORS

Peter Unsworth B.Com (Non-Executive Chairman), Director since 28 April 2006

Experience and expertise	Mr Unsworth, formerly a chartered accountant, has more than 40 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 is a former Director and Chairman of the Western Australian Government owned Gold Corporation (operator of The Perth Mint).	
Other current directorships	None	
Former directorships in last three years	Stealth Global Holdings Limited (appointed July 2018, retired October 2019)	
Special responsibilities	Chair of the Board	
Interests in shares and options	Ordinary shares – Impact Minerals Limited	15,994,098
	Unlisted options – Impact Minerals Limited	30,000,000

Michael Jones PhD, MAIG (Managing Director), Director since 31 March 2006

Experience and expertise	<p>Dr Jones completed undergraduate and post-graduate studies in Mining and Exploration Geology at Imperial College, London. His PhD 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.</p> <p>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.</p>	
Other current directorships	None	
Former directorships in last three years	None	
Special responsibilities	Managing Director	
Interests in shares and options	Ordinary shares – Impact Minerals Limited	7,715,052
	Unlisted options – Impact Minerals Limited	66,000,000

Paul Ingram B.AppSc, AIMM, MICA (Non-Executive Director), Director since 27 September 2009

Experience and expertise	<p>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 forty years. He has designed and implemented innovative techniques for exploration in remote areas and has managed projects in countries throughout Australia and east Asia.</p>	
Other current directorships	A-Cap Resources Limited (Director since June 2009)	
Former directorships in last three years	None	
Special responsibilities	None	
Interests in shares and options	Ordinary shares – Impact Minerals Limited	580,680
	Unlisted options – Impact Minerals Limited	16,000,000

Markus Elsasser PhD (Non-Executive Director), Director since 9 August 2012

Experience and expertise	<p>Dr Markus Elsasser is a German financier and investor in the mineral resources industry. He is Head of the Elsasser family office 'M. Elsasser & Cie AG 1971' in Dusseldorf, Germany. Dr Elsasser has previously been Director of Finance at the Dow Chemical Company in Germany. He has extensive General Management experience with former appointments as Managing Director in Australia and Singapore in the chemical and food industries.</p>	
Other current directorships	None	
Former directorships in last three years	None	
Special responsibilities	None	
Interests in shares and options	Ordinary shares – Impact Minerals Limited	23,310,402
	Unlisted options – Impact Minerals Limited	16,000,000

COMPANY SECRETARY

Bernard Crawford B.Com, CA, MBA, AGIA ACG (appointed 4 April 2016)

Mr Crawford is a Chartered Accountant with over 30 years' experience in the resources industry in Australia and overseas. He has held various positions in finance and management with NYSE, TSX and ASX listed companies. Mr Crawford is the CFO and/or Company Secretary of a number of public companies. He holds a Bachelor of Commerce degree from the University of Western Australia, a Master of Business Administration from London Business School and is a Member of Chartered Accountants Australia and New Zealand and the Governance Institute of Australia.

MEETINGS OF DIRECTORS

The number of formal meetings of the Company's Board of Directors held during the year ended 30 June 2021, and the number of meetings attended by each Director were:

	Number of meetings attended	Number of meetings eligible to attend
Peter Unsworth	5	5
Michael Jones	5	5
Paul Ingram	5	5
Markus Elsasser	4	5

The directors also have a number of informal meetings with management during the year, both in person and by conference call.

RETIREMENT, ELECTION AND CONTINUATION IN OFFICE OF DIRECTORS

Mr Ingram, being a Director retiring by rotation who, being eligible, will offer himself for re-election at the Annual General Meeting.

REMUNERATION REPORT (AUDITED)

The Directors present the Impact Minerals Limited 2021 Remuneration Report, outlining key aspects of the Company's remuneration policy and framework, and remuneration awarded this year.

The report contains the following sections:

- Key management personnel covered in this report
- Remuneration governance and the use of remuneration consultants
- Executive remuneration policy and framework
- Relationship between remuneration and the Group's performance
- Non-executive director remuneration policy
- Voting and comments made at the Company's 2020 Annual General Meeting
- Details of remuneration
- Service agreements
- Details of share-based compensation and bonuses
- Equity instruments held by key management personnel
- Loans to key management personnel
- Other transactions with key management personnel.

a) Key management personnel covered in this report

Non-Executive and Executive Directors (see pages 5 to 6 for details about each director)

Name	Position
Peter Unsworth	Non-Executive Chairman
Michael Jones	Managing Director
Paul Ingram	Non-Executive Director
Markus Elsasser	Non-Executive Director

b) Remuneration governance and the use of remuneration consultants

The Company does not have a Remuneration Committee. Remuneration matters are handled by the full Board of the Company. In this respect the Board is responsible for:

- the over-arching executive remuneration framework;
- the operation of the incentive plans which apply to executive directors and senior executives (the executive team), including key performance indicators and performance hurdles;
- remuneration levels of executives; and
- non-executive director fees.

The objective of the Board is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

In addition, all matters of remuneration are handled in accordance with the Corporations Act requirements, especially with regards to related party transactions. That is, none of the Directors participate in any deliberations regarding their own remuneration or related issues.

Independent external advice is sought from remuneration consultants when required, however no advice was sought during the year ended 30 June 2021.

c) Executive remuneration policy and framework

In determining executive remuneration, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent;
- aligned to the Company's strategic and business objectives and the creation of shareholder value;
- transparent and easily understood; and
- acceptable to shareholders.

All executives receive consulting fees or a salary, part of which may be taken as superannuation, and from time to time, options. The Board reviews executive packages annually by reference to the executive's performance and comparable information from industry sectors and other listed companies in similar industries.

All remuneration paid to specified executives is valued at the cost to the Group and expensed. Options are valued using a Black-Scholes option pricing model.

d) Relationship between remuneration and the Group's performance

Emoluments of Directors are set by reference to payments made by other companies of similar size and industry, and by reference to the skills and experience of Directors. Fees paid to Non-Executive Directors are not linked to the performance of the Group. This policy may change once the exploration phase is complete and the Group is generating revenue. At present the existing remuneration policy is not impacted by the Group's performance including earnings and changes in shareholder wealth (e.g. changes in share price) with the exception of incentive options issued to Directors, subject to shareholder approval.

The Board has not set short term performance indicators, such as movements in the Company's share price, for the determination of Non-Executive Director emoluments as the Board believes this may encourage performance which is not in the long-term interests of the Company and its shareholders. The Board has structured its remuneration arrangements in such a way it believes is in the best interests of building shareholder wealth in the longer term. The Board believes participation in the Company's Incentive Option Scheme motivates key management and executives with the long-term interests of shareholders.

e) Non-Executive Director remuneration policy

The Board policy is to remunerate Non-Executive Directors at commercial market rates for comparable companies for their time, commitment and responsibilities. Non-Executive Directors receive a Board fee but do not receive fees for chairing or participating on Board committees. Board members are allocated superannuation guarantee contributions as required by law, and do not receive any other retirement benefits. From time to time, some individuals may choose to sacrifice their salary or consulting fees to increase payments towards superannuation.

The maximum annual aggregate Non-Executive Directors' fee pool limit is \$250,000 as approved by shareholders at the Company's 2016 Annual General Meeting ("AGM") held on 9 November 2016.

Fees for Non-Executive Directors are not linked to the performance of the Group. Non-Executive Directors' remuneration may also include an incentive portion consisting of options, subject to approval by shareholders.

f) Voting and comments made at the Company's 2020 Annual General Meeting

Impact Minerals Limited received more than 99% of "yes" votes on its Remuneration Report for the 2020 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

g) Details of remuneration

The following table show details of the remuneration received by the Group's key management personnel for the current and previous financial year.

Name	Short-term employment benefits		Post-employment benefits	Share-based payments		Total \$	% of remuneration to total from shares and options %
	Salary & fees \$	Non-monetary benefit \$	Super-annuation \$	Shares \$	Options \$		
2021							
<i>Directors</i>							
P Unsworth	56,240	-	5,343	-	25,015	86,598	28.9
M Jones	246,879	-	-	-	51,795	298,674	17.3
P Ingram	28,585	-	2,715	-	13,701	45,001	30.4
M Elsasser	31,300	-	-	-	13,701	45,001	30.4
TOTALS	363,004	-	8,058	-	104,212	475,274	-
2020							
<i>Directors</i>							
P Unsworth	50,000	-	4,750	-	121,027	175,777	68.9
M Jones	246,879	-	-	-	252,379	499,258	50.6
P Ingram	20,000	-	1,900	-	66,090	87,990	75.1
M Elsasser	21,900	-	-	-	66,090	87,990	75.1
E Hannon ⁽¹⁾	3,742	-	-	-	-	3,742	-
TOTALS	342,521	-	6,650	-	505,586	854,757	-

(1) Resigned 10 September 2019.

No components of remuneration are linked to the performance of the Group.

h) Service agreements

M Jones, Managing Director

Dr Jones is remunerated pursuant to an ongoing Consultancy Services Agreement. Dr Jones was paid fees of \$246,879 for the year ended 30 June 2021. The notice period (other than for gross misconduct) is three months.

i) Details of share-based compensation and bonuses

Options

Options over ordinary shares in Impact Minerals Limited are granted under the Employee Option Acquisition Plan ("Option Plan"). Participation in the Option Plan and any vesting criteria are at the Board's discretion and no individual has a contractual right to participate in the Option Plan or to receive any guaranteed benefits. Any options issued to Directors of the Company are subject to shareholder approval. No options were issued to Directors in the 2021 financial year.

Further information on the fair value of share options and assumptions is set out in Note 25 to the financial statements.

j) Equity instruments held by key management personnel

The following tables detail the number of fully paid ordinary shares and options over ordinary shares in the Company that were held during the financial year and the previous financial year by key management personnel of the Group, including their close family members and entities related to them.

Options

	Opening balance at 1 July	Granted as remuneration	Options exercised	Net change (other)	Balance at 30 June	Vested but not exercisable	Vested and exercisable	Vested during the year
2021								
<i>Directors</i>								
P Unsworth	32,000,000	-	-	(2,000,000)	30,000,000	-	30,000,000	13,000,000
M Jones	71,000,000	-	-	(5,000,000)	66,000,000	-	66,000,000	28,000,000
P Ingram	17,000,000	-	-	(1,000,000)	16,000,000	-	16,000,000	7,000,000
M Elsasser	17,000,000	-	-	(1,000,000)	16,000,000	-	16,000,000	7,000,000
TOTALS	137,000,000	-	-	(9,000,000)	128,000,000	-	128,000,000	55,000,000
2020								
<i>Directors</i>								
P Unsworth	19,333,335	18,000,000	-	(5,333,335)	32,000,000	-	19,000,000	8,000,000
M Jones	41,250,001	36,000,000	-	(6,250,001)	71,000,000	-	43,000,000	20,000,000
P Ingram	8,000,000	10,000,000	-	(1,000,000)	17,000,000	-	10,000,000	4,000,000
M Elsasser	8,000,000	10,000,000	-	(1,000,000)	17,000,000	-	10,000,000	4,000,000
TOTALS	76,583,336	74,000,000	-	(13,583,336)	137,000,000	-	82,000,000	36,000,000

During the year, no ordinary shares in the Company were issued to Directors as a result of the exercise of remuneration options.

Shareholdings

	Opening balance at 1 July	Granted as remuneration	Options exercised	Net change (other)	Balance at 30 June
2021					
<i>Directors</i>					
P Unsworth	15,994,098	-	-	-	15,994,098
M Jones	7,715,052	-	-	-	7,715,052
P Ingram	580,680	-	-	-	580,680
M Elsasser	23,310,402	-	-	-	23,310,402
TOTALS	47,600,232	-	-	-	47,600,232
2020					
<i>Directors</i>					
P Unsworth	15,994,098	-	-	-	15,994,098
M Jones	7,715,052	-	-	-	7,715,052
P Ingram	580,680	-	-	-	580,680
M Elsasser	23,310,402	-	-	-	23,310,402
TOTALS	47,600,232	-	-	-	47,600,232

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.

k) Loans to key management personnel

There were no loans to individuals or members of key management personnel during the financial year or the previous financial year.

l) Other transactions with key management personnel

There were no other transactions with key management personnel during the financial year or the previous financial year.

END OF REMUNERATION REPORT (AUDITED)

SHARES UNDER OPTION

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
8 Nov 2018	30 Nov 2021	\$0.03	40,000,000
8 Nov 2018	30 Nov 2022	\$0.0375	20,000,000
8 Nov 2019 and 15 Nov 2019	5 Nov 2023	\$0.0149	93,000,000
30 Apr 2021	29 Apr 2023	\$0.03	4,000,000
TOTAL			157,000,000

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

In August and November 2020, the Company issued a total of 2,708,434 ordinary shares to employees upon the cashless exercise of 8,000,000 options with an exercise price of \$0.0149 and expiring on 5 November 2023. The terms of the Company's Directors' and Employees' Option Acquisition Plan provides for a Cashless Exercise Facility.

CORPORATE GOVERNANCE STATEMENT

The Company's 2021 Corporate Governance Statement has been released as a separate document and is located on the Company's website at <http://www.impactminerals.com.au/corporate-governance/>.

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave 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 part of those proceedings.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid a premium to insure the Directors and Officers of the consolidated entity against any liability incurred as a Director or Officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits the disclosure of the nature of the liabilities covered or the amount of the premium paid.

The Group has not entered into any agreement with its current auditors indemnifying them against claims by a third party arising from their position as auditor.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor (Hall Chadwick WA Audit Pty Ltd) for audit and non-audit services provided during the year are set out in Note 20. During the year ended 30 June 2021, no fees were paid or were payable for non-audit services provided by the auditor of the consolidated entity (2020: \$Nil).

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read "P. Unsworth", written over a faint, light grey circular stamp.

Peter Unsworth

Chairman

Perth, 16 September 2021

To the Board of Directors

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

As lead audit partner for the audit of the financial statements of Impact Minerals Limited for the financial year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully


HALL CHADWICK
Chartered Accountants


MARK DELAURENTIS CA
Partner

Dated at Perth this 16th day of September 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Notes	CONSOLIDATED	
		2021 \$	2020 \$
Revenue from operating activities	3(a)	15,630	20,703
Other income	3(a)	140,152	477,526
Corporate and administration expense		(717,709)	(546,103)
Depreciation expense	11	(39,072)	(39,388)
Employee benefits expense	3(b)	(383,217)	(888,680)
Impairment of exploration expenditure	12	(3,712,774)	(113,146)
Loss on disposal of controlled entity		-	(504,731)
Occupancy expense		(63,184)	(91,346)
Loss before tax from continuing operations		(4,760,174)	(1,685,165)
Income tax expense	5	-	-
Loss for the year from continuing operations		(4,760,174)	(1,685,165)
Other comprehensive income (OCI)			
<i>Items that will not be reclassified to profit or loss</i>			
Change in the fair value of financial assets through OCI	10	45,000	-
Other comprehensive income for the year (net of tax)		45,000	-
Total comprehensive loss for the year attributable to the owners of Impact Minerals Limited		(4,715,174)	(1,685,165)
		Cents per share	Cents per share
Loss per share attributable to the owners of Impact Minerals Limited			
Basic and diluted loss per share	19	(0.26)	(0.12)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	CONSOLIDATED	
		2021 \$	2020 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	3,415,778	2,431,426
Trade and other receivables	7	38,999	72,433
Other current assets	8	27,047	35,234
Assets held for sale	9	115,141	-
Total Current Assets		3,596,965	2,539,093
Non-Current Assets			
Financial assets at fair value through other comprehensive income	10	145,000	-
Property, plant and equipment	11	25,319	37,549
Exploration expenditure	12	11,993,262	10,946,163
Other non-current assets	13	262,555	151,055
Total Non-Current Assets		12,426,136	11,134,767
TOTAL ASSETS		16,023,101	13,673,860
LIABILITIES			
Current Liabilities			
Trade and other payables	14	299,789	210,496
Short-term provisions	15	90,536	86,288
Total Current Liabilities		390,325	296,784
TOTAL LIABILITIES		390,325	296,784
NET ASSETS		15,632,776	13,377,076
EQUITY			
Issued capital	16	53,787,639	46,931,843
Option reserve	17 a)	901,996	1,005,268
Transactions with non-controlling interest	17 b)	(1,161,069)	(1,161,069)
Financial asset reserve	10	45,000	-
Accumulated losses	18	(37,940,790)	(33,398,966)
TOTAL EQUITY		15,632,776	13,377,076

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Issued capital \$	Option reserve \$	Foreign currency translation reserve \$	Financial asset reserve \$	Transactions with non-controlling interest \$	Accumulated losses \$	Total equity \$
At 1 July 2019	44,900,024	577,577	(504,747)	(506,456)	(1,161,069)	(31,445,495)	11,859,834
Total comprehensive loss for the year	-	-	-	-	-	(1,685,165)	(1,685,165)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive loss for the year (net of tax)	-	-	-	-	-	(1,685,165)	(1,685,165)
Transactions with owners in their capacity as owners							
Transfer to retained earnings	-	-	-	506,456	-	(506,456)	-
Derecognition of foreign exchange reserve	-	-	504,747	-	-	-	504,747
Shares issued	2,135,505	-	-	-	-	-	2,135,505
Share issue costs	(103,686)	-	-	-	-	-	(103,686)
Fair value of options issued	-	665,841	-	-	-	-	665,841
Fair value of options expired	-	(238,150)	-	-	-	238,150	-
At 30 June 2020	46,931,843	1,005,268	-	-	(1,161,069)	(33,398,966)	13,377,076
At 1 July 2020	46,931,843	1,005,268	-	-	(1,161,069)	(33,398,966)	13,377,076
Total comprehensive loss for the year	-	-	-	-	-	(4,760,174)	(4,760,174)
Other comprehensive income	-	-	-	45,000	-	-	45,000
Total comprehensive loss for the year (net of tax)	-	-	-	45,000	-	(4,760,174)	(4,715,174)
Transactions with owners in their capacity as owners							
Shares issued	7,303,750	-	-	-	-	-	7,303,750
Share issue costs	(502,114)	-	-	-	-	-	(502,114)
Fair value of options issued	-	169,238	-	-	-	-	169,238
Exercise of options	54,160	(54,160)	-	-	-	-	-
Fair value of options expired	-	(218,350)	-	-	-	218,350	-
At 30 June 2021	53,787,639	901,996	-	45,000	(1,161,069)	(37,940,790)	15,632,776

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Notes	CONSOLIDATED	
		2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,027,057)	(792,814)
Interest received		20,589	18,071
Other income received		27,700	5,757
Research and development tax rebate		93,502	287,189
Government grants		67,470	33,540
NET CASH FLOWS USED IN OPERATING ACTIVITIES	26	(817,796)	(448,257)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(26,842)	(5,176)
Payments for exploration activities		(4,840,546)	(1,214,584)
Payments for the acquisition of tenements		(103,750)	-
Proceeds from disposal of tenements		-	100,000
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(4,971,138)	(1,119,760)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		7,245,000	2,100,505
Share issue costs		(471,714)	(103,686)
NET CASH FLOWS FROM FINANCING ACTIVITIES		6,773,286	1,996,819
Net increase/(decrease) in cash and cash equivalents		984,352	428,802
Cash and cash equivalents at beginning of the year		2,431,426	2,002,624
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	6	3,415,778	2,431,426

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: CORPORATE INFORMATION

The consolidated financial report of Impact Minerals Limited for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the Directors on 16 September 2021.

Impact Minerals Limited is a for-profit company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange. The nature of the operation and principal activities of the consolidated entity are described in the attached Directors' Report.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below and have been applied consistently to all periods presented in the consolidated financial statements and by all entities in the consolidated entity.

NOTE 2: STATEMENT OF COMPLIANCE

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

The consolidated financial statements of Impact Minerals Limited also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

New and amended accounting standards and interpretations adopted by the Group

No new standards or interpretations relevant to the operations of the Group have come into effect for the reporting period.

Accounting Standards that are mandatorily effective for the current reporting year

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2020. New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 2018-6: *Amendments to Australian Accounting Standards – Definition of a Business*
- AASB 2018-7: *Amendments to Australian Accounting Standards – Definition of Material*
- AASB 2019-1: *Amendments to Australian Accounting Standards – References to the Conceptual Framework*
- AASB 2019-3: *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*
- AASB 2019-5: *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia.*

NOTE 2: STATEMENT OF COMPLIANCE (Continued)

The Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies

a) Basis of measurement**Historical cost convention**

These consolidated financial statements have been prepared under the historical cost convention, except where stated.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed where appropriate.

b) Going concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Consolidated Group incurred a loss for the year of \$4,760,174 (2020: loss of \$1,685,165); included in this loss were impairment expenses of \$3,712,774 (2020: \$113,146). During the year the Consolidated Group incurred net cash outflows from operating and investing activities of \$817,796 (2020: \$448,257). As at 30 June 2021 the Consolidated Group had a cash balance of \$3,415,778 (2020: \$2,431,426).

The ability of the Consolidated Group to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital from equity markets and managing cashflow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern. In the event the above matters are not achieved, the Company will be required to raise funds for working capital from debt or equity sources.

Management have prepared a cash flow forecast, which indicates that the Consolidated Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

Based on the cash flow forecast and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Company's history of raising capital to date, the Directors are confident of the Company's ability to raise additional funds as and when they are required.

NOTE 2: STATEMENT OF COMPLIANCE (Continued)

Should the Consolidated Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the group up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

c) Principles of consolidation**Subsidiaries**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2021 and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its investment with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The acquisition method of accounting is used to account for business combinations by the Group.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, and the Consolidated Statement of Changes in Equity respectively.

d) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

NOTE 2: STATEMENT OF COMPLIANCE (Continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

e) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Impact Minerals Limited.

f) Functional and presentation of currency

The consolidated financial statements are presented in Australian dollars, which is the Group's functional and presentational currency.

g) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss as incurred over the period of the lease.

Leases in which a significant portion of the risks and rewards of ownership are transferred to the Group as lessee are classified as finance leases. At the commencement date of a lease, the Group recognises a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The Group separately recognises the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

h) Employee benefits**Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. All other short-term employee benefit obligations are presented as payables.

The obligations are presented as current liabilities in the Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

NOTE 2: STATEMENT OF COMPLIANCE (Continued)**Other long-term obligations**

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service, is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

The Group provides benefits to employees of the Company in the form of share options. The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number that vest.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value. No termination benefits, other than accrued benefits and entitlements, were paid during the period.

i) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

NOTE 2: STATEMENT OF COMPLIANCE (Continued)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

j) Financial instruments**Financial assets****Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through Other Comprehensive Income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Financial assets designated at fair value through OCI (equity instruments)

This is the category most relevant to the Group. Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

NOTE 2: STATEMENT OF COMPLIANCE (Continued)**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables.

NOTE 3: REVENUE AND EXPENSES**a) Revenue from operating activities**

	CONSOLIDATED	
	2021 \$	2020 \$
Interest income	15,630	20,703
Gain on sale of tenements	-	100,000
Research and development tax rebate	93,502	287,189
Other government rebates	16,430	84,580
Other income	30,220	5,757
Total revenue from operating activities	155,782	498,229

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Interest income is recognised as it accrues.

Amounts received or receivable from the Australian Tax Office (ATO) in respect of the Research and Development Tax Rebate (R&D Rebate) are recognised in Other Income for the year in which the claim is lodged with the ATO. Management assesses its research and development activities and expenditures to determine if these are likely to eligible under the R&D Rebate.

b) Employee benefits expense

	CONSOLIDATED	
	2021 \$	2020 \$
Wages, salaries and other remuneration expenses	110,795	112,578
Directors' fees	116,125	95,642
Superannuation fund contributions	17,459	14,619
Share-based payment expense (Note 25)	138,838	665,841
Total employee benefits expense	383,217	888,680

NOTE 4: SEGMENT INFORMATION

The Group operates in one geographical segment, being Australia and in one operating category, being mineral exploration. Therefore, information reported to the chief operating decision maker (the Board of Impact Minerals Limited) for the purposes of resource allocation and performance assessment is focused on mineral exploration within Australia. The Board has considered the requirements of AASB 8: *Operating Segments* and the internal reports that are reviewed by the chief operating decision maker in allocating resources and have concluded at this time that there are no separately identifiable segments

NOTE 5: INCOME TAX**a) Major components of income tax expense are as follows:**

Current income tax expense/(benefit)	-	-
Deferred income tax expense/(benefit)	-	-
Income tax expense reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	-	-

b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:

Loss from ordinary activities before income tax expense	(4,760,174)	(1,685,165)
Prima facie tax benefit on profit from ordinary activities before income tax at 27.5% (2020: 27.5%)	(1,309,048)	(463,420)
<i>Tax effect of permanent differences:</i>		
- Share-based expense	38,180	183,106
- Non-deductible expenses	2,805	142,773
- Government grant received	(30,231)	(102,237)
- Tax losses not recognised	1,298,294	239,778
Income tax expense/(benefit) on pre-tax profit	-	-

c) Deferred tax assets and (liabilities) are attributable to the following:

Accrued expenses	8,392	7,554
Capital raising costs	143,135	72,504
Exploration expenditure	(2,617,229)	(2,310,030)
Plant and equipment	(6,963)	(10,326)
Provision for employee entitlements	24,897	23,729
Other	1,460	96
Tax losses	2,446,308	2,216,473
	-	-

d) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items as the Directors do not believe it is appropriate to regard realisation of future tax benefits as probable:		
- Tax losses	7,029,303	5,943,960
- Capital losses	488,929	651,887
	7,518,232	6,595,847

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

NOTE 5: INCOME TAX (Continued)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The Company and its wholly-owned Australian controlled entities have formed a tax consolidated group. The head entity of the tax consolidated group is Impact Minerals Limited.

No deferred tax asset has been recognised in the Consolidated Statement of Financial Position in respect of the amount of either these losses or other deferred tax expenses. Should the Company not satisfy the Continuity of Ownership Test, the Company will be able to utilise the losses to the extent that it satisfies the Same Business Test.

NOTE 6: CASH AND CASH EQUIVALENTS

Cash at bank and on hand
Short-term deposits

CONSOLIDATED	
2021 \$	2020 \$
890,778	631,426
2,525,000	1,800,000
3,415,778	2,431,426

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less.

The weighted average interest rate for the year was 0.36% (2020: 1.16%).

The Group's exposure to interest rate risk is set out in Note 24. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

NOTE 7: TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2021 \$	2020 \$
Current		
GST	35,095	15,992
Government grants / rebates	-	51,040
Other	3,904	5,401
	38,999	72,433

Trade receivables are normally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

The amounts held in trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these trade and other receivables, it is expected that these amounts will be received when due. The Group's financial risk management objectives and policies are set out in Note 24.

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

NOTE 8: OTHER CURRENT ASSETS

	CONSOLIDATED	
	2021 \$	2020 \$
Deposits	27,047	35,234
	27,047	35,234

NOTE 9: ASSETS HELD FOR SALE

	CONSOLIDATED	
	2021 \$	2020 \$
Tenements held for sale	115,141	-
	115,141	-

In February 2021, the Company announced that it had reached an agreement for the sale of tenement EL8632 and the northern part of block EL8505 in the Company's Lachlan Fold Belt portfolio to Orange Minerals Pty Ltd an unrelated company. The consideration is (a) a non-refundable deposit of \$15,000; (b) \$50,000 in shares in a new listed company and \$180,000 in cash; and (c) a 1% Net Smelter Royalty.

As at 30 June 2021 the sale had not been completed and the licences subject to this agreement were held at their carrying value.

NOTE 10: FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	CONSOLIDATED	
	2021 \$	2020 \$
Opening balance	-	-
Additions	100,000	-
Change in fair value	45,000	-
Closing balance	145,000	-

In November 2020, the Company sold its Clermont epithermal gold project (EPM14116) in central Queensland to Australasian Gold Limited, an unrelated public company with a suite of similar prospective gold assets in Queensland. The Company received \$100,000 in shares in Australasian Gold Limited (ASX: A8G) at an issue price of 10 cents per share and the Company recognised an impairment charge on the tenement of \$757,594.

Australasian Gold Limited listed on the Australian Securities Exchange in May 2021. The fair value of the shares in A8G has been determined by reference to published price quotations in an active market, with movement in fair value recognised in other comprehensive income.

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	2021 \$	2020 \$
Office equipment		
- At cost	72,373	71,000
- Accumulated depreciation	(71,366)	(69,997)
Total office equipment	1,007	1,003
Site equipment		
- At cost	92,252	92,252
- Accumulated depreciation	(90,442)	(69,835)
Total site equipment	1,810	22,417
Computer equipment		
- At cost	203,177	177,708
- Accumulated depreciation	(180,675)	(163,579)
Total computer equipment	22,502	14,129
Total property, plant and equipment	25,319	37,549

Property, plant and equipment is stated at historical cost less accumulated depreciation. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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 are included in the Statement of Profit or Loss and Other Comprehensive Income.

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (Continued)**Movement in carrying amounts**

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the year:

	Office equipment \$	Site equipment \$	Computer equipment \$	Total \$
2021 – Consolidated				
Balance at the beginning of the year	1,003	22,417	14,129	37,549
Additions	1,373	-	25,469	26,842
Depreciation expense	(1,369)	(20,607)	(17,096)	(39,072)
Carrying amount at the end of the year	1,007	1,810	22,502	25,319
2020 – Consolidated				
Balance at the beginning of the year	2,551	47,095	22,114	71,760
Additions	-	-	5,177	5,177
Depreciation expense	(1,548)	(24,678)	(13,162)	(39,388)
Carrying amount at the end of the year	1,003	22,417	14,129	37,549

NOTE 12: EXPLORATION AND EVALUATION

	CONSOLIDATED	
	2021 \$	2020 \$
Opening balance	10,946,163	9,777,828
Exploration expenditure incurred during the year	4,975,014	1,281,481
Sale of Lachlan Fold Belt tenements (refer Note 9)	(115,141)	-
Sale of Clermont project (refer Note 10)	(100,000)	-
Impairment expense	(3,712,774)	(113,146)
Closing balance	11,993,262	10,946,163

The Group recognised an impairment charge of \$757,594 in relation to the disposal of its Clermont project (refer Note 10). Further impairment losses of \$2,955,180 were booked following a review of the Group's remaining tenements.

Exploration and evaluation expenditure, including the costs of acquiring licences and permits, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation or from sale of the area of interest; or
- activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

NOTE 12: EXPLORATION AND EVALUATION (Continued)

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability, and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of minerals in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mineral property and development assets within property, plant and equipment.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made.

NOTE 13: OTHER NON-CURRENT ASSETS

Deposits paid

CONSOLIDATED	
2021	2020
\$	\$
262,555	151,055
262,555	151,055

NOTE 14: TRADE AND OTHER PAYABLES

Trade creditors

Other payables and accruals

CONSOLIDATED	
2021	2020
\$	\$
252,485	129,911
47,304	80,585
299,789	210,496

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Trade creditors are unsecured, non-interest bearing and are normally settled on 30-day terms. The Group's financial risk management objectives and policies are set out in Note 24. Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

NOTE 15: PROVISIONS

Short-term

Employee entitlements

CONSOLIDATED	
2021	2020
\$	\$
90,536	86,288
90,536	86,288

NOTE 16: CONTRIBUTED EQUITY**a) Share capital**

Ordinary shares fully paid

CONSOLIDATED	
2021	2020
\$	\$
53,787,639	46,931,843

b) Movements in ordinary shares on issue

Balance at 30 June 2019

Share issued during the year:

- Placement ^(a)
- Share issue ^(b)
- Transaction costs

Balance at 30 June 2020

Share issued during the year:

- Placement ^(c)
- Share issue ^(d)
- Option conversion ^(e)
- Share issue ^(f)
- Placement ^(g)
- Transaction costs

Balance at 30 June 2021

CONSOLIDATED	
Number	\$
1,321,679,789	44,900,024
233,389,496	2,100,505
4,425,345	35,000
-	(103,686)
1,559,494,630	46,931,843
216,333,333	3,245,000
838,065	18,750
2,708,434	54,160
1,996,215	40,000
242,424,242	4,000,000
-	(502,114)
2,023,794,919	53,787,639

- (a) In February 2020, the Company raised \$2,100,505 (before costs) via a placement of 233,389,496 new shares at an issue price of 0.9 cents each.
- (b) In May 2020, the Company issued 4,425,345 new shares as part consideration for geological consulting services in relation to the identification of, and application for, five tenements in the Yilgarn Craton of Western Australia (Arkun project).
- (c) In July 2020, the Company raised \$3,245,000 (before costs) via a placement of 216,333,333 new shares at an issue price of 1.5 cents each.
- (d) During the reporting period the Company issued a total of 838,065 new shares as part consideration for geological consulting services in relation to the identification of, and application for, the Doonia project (tenement E15/1790).
- (e) During the reporting period the Company issued 2,708,434 new shares for nil consideration on the cashless exercise of 8,000,000 employee options.
- (f) In January 2021, the Company issued 1,996,215 new shares as part consideration for geological consulting services in relation to the grant of the five tenements in the Yilgarn Craton of Western Australia (Arkun project) refer Note (b) above.
- (g) In April 2021, the Company raised \$4,000,000 (before costs) via a placement of 242,424,242 new shares at an issue price of 1.65 cents each.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Ordinary shares have the right to receive dividends as declared, and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

NOTE 16: CONTRIBUTED EQUITY (Continued)**c) Movements in options on issue**

	CONSOLIDATED	
	2021 Number	2020 Number
Balance at beginning of the financial year	176,500,000	590,910,556
Options granted	4,000,000	101,000,000
Options exercised	(8,000,000)	-
Options expired	(15,500,000)	(515,410,556)
Balance at the end of the financial year	157,000,000	176,500,000

Refer to Note 25 for details of share-based payments.

NOTE 17: RESERVES**a) Option reserve**

	CONSOLIDATED	
	2021 \$	2020 \$
Option reserve		
Opening balance	1,005,268	577,577
Fair value of options issued ^(a)	169,238	665,841
Options exercised	(54,160)	-
Transfer to retained earnings upon expiry/lapse of options	(218,350)	(238,150)
Balance at the end of the financial year	901,996	1,005,268

- (a) No Director or employee options were issued during the year. The fair value of Director and employee options is determined at grant date and is expensed over the vesting period for those options. During the year 4,000,000 unlisted \$0.03 options expiring on 29 April 2023 were issued to the lead manager of the April 2021 Placement as part consideration for their services (these options were valued at \$30,400)

The options reserve is used to recognise the fair value of options issued to employees and contractors. The details of share-based payments made during the reporting period are shown at Note 25.

b) Transactions with non-controlling interest

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

NOTE 18: ACCUMULATED LOSSES

	CONSOLIDATED	
	2021 \$	2020 \$
Balance at the beginning of the financial year	(33,398,966)	(31,445,495)
Net loss attributable to members	(4,760,174)	(1,685,165)
Transfer from financial asset reserve	-	(506,456)
Transfer from share option reserve upon lapse of options	218,350	238,150
Balance at the end of the financial year	(37,940,790)	(33,398,966)

NOTE 19: LOSS PER SHARE

	2021 Cents	2020 Cents
Basic and diluted loss per share	(0.26)	(0.12)

The following reflects the income and share data used in the calculations of basic and diluted loss per share:

	2021 \$	2020 \$
Profits/(losses) used in calculating basic and diluted loss per share	(4,760,174)	(1,685,165)

	2021 Number	2020 Number
Weighted average number of ordinary shares used in calculating basic loss per share	1,802,937,566	1,401,776,231

Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

The issue of potential ordinary shares is antidilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing operations. The calculation of diluted earnings per share has therefore not assumed the conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share.

NOTE 20: AUDITOR'S REMUNERATION

	CONSOLIDATED	
	2021 \$	2020 \$
Audit services		
Hall Chadwick WA Audit Pty Ltd		
- Audit and review of the financial reports	34,750	35,000
Total remuneration	34,750	35,000

NOTE 21: CONTINGENT ASSETS AND LIABILITIES**Contingent assets**

The Group had contingent assets in respect of:

Future bonus and royalty payments

In September 2018 the Company completed the sale of its wholly owned subsidiary Drummond East Pty Ltd, the holder of its seven Pilbara licences, to Pacton Gold Inc. (Pacton). Under the terms of the Sale Agreement Pacton must pay a CAD\$500,000 Bonus to the Company upon publishing a measured, indicated or inferred gold resource of more than 250,000 ounces on the licences. The Company retains a 2% NSR royalty on the licences with Pacton retaining the right to buy back 1% of the royalty for CAD\$500,000 at any time.

Contingent liabilities

The Group had contingent liabilities in respect of:

Future royalty payments

In March 2016, Impact Minerals Limited completed the acquisition of tenement EL7390 from Golden Cross Resources Limited ("Golden Cross") for \$60,000 cash. Golden Cross retains a royalty equal to 1% of gross revenue on any minerals recovered from the tenement. At its election, Impact has the right to buy back the royalty for \$1.5 million cash at any time up to a decision to mine, or leave the royalty uncapped during production.

During the year the Company completed the acquisition five tenements in the Yilgarn Craton of Western Australia ("Arkun project"). Milford Resources Pty Ltd ("Milford"), an unrelated private company, was paid \$50,000 in cash and \$75,000 in Impact shares for geological consulting services in assisting the Company to identify this project. Milford retains a 1% net smelter royalty on any minerals recovered.

During the year the Company acquired tenement EL70/5424 which covers 16 km² approximately 15 km north of Impact's Arkun nickel-copper-platinum group project from Beau Resources Pty Ltd ("Beau"), an unrelated private company for \$60,000 cash. Beau retains a 2% gross revenue royalty on any minerals recovered.

NOTE 22: EVENTS OCCURRING AFTER THE REPORTING PERIOD

There have been no events subsequent to the reporting date which are sufficiently material to warrant disclosure.

NOTE 23: COMMITMENTS

In order to maintain an interest in the exploration tenements in which the Group is involved, the Group is committed to meet the conditions under which the tenements were granted. The timing and amount of exploration expenditure commitments and obligations of the Group are subject to the minimum expenditure commitments required as per the *Mining Act 1978* (Western Australia), the *Mining Act 1992* (New South Wales) and the *Mineral Resources Act 1989* (Queensland) and may vary significantly from the forecast based upon the results of the work performed which will determine the prospectivity of the relevant area of interest.

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 12-month period amount to \$2,112,089 (2020: \$1,093,837). For the period greater than 12 months to five years, commitments amount to \$5,143,297 (2020: \$7,971,526). These obligations are also subject to variations by farm-out arrangements, or sale of the relevant tenements.

Commitments in relation to the lease of office premises are payable as follows:

	CONSOLIDATED	
	2021 \$	2020 \$
Within one year	20,002	20,002
Later than one year but not later than five years	-	-
Later than five years	-	-
	20,002	20,002

NOTE 24: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**Financial risk management****Overview**

The Group has exposure to the following risks from their use of financial instruments:

- Interest rate risk
- Credit risk
- Liquidity risk
- Commodity risk.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

NOTE 24: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The Board oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Group's principal financial instruments are cash, short-term deposits, receivables and payables.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from fluctuations in interest-bearing financial assets and liabilities that the Group uses.

Interest-bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets. It is the Group's policy to settle trade payables within the credit terms allowed and therefore not incur interest on overdue balances.

The following table sets out the carrying amount, by maturity, of the financial instruments that are exposed to interest rate risk:

	Floating interest rate \$	Fixed interest rate maturing in			Non- interest bearing \$	Total \$
		1 year or less \$	Over 1 to 5 years \$	More than 5 years \$		
Consolidated – 2021						
Financial assets						
Cash and cash equivalents	-	2,525,000	-	-	890,778	3,415,778
Trade and other receivables	-	-	-	-	38,999	38,999
	-	2,525,000	-	-	929,777	3,454,777
Weighted average interest rate	-	0.66%	-	-	-	-
Financial liabilities						
Trade and other payables	-	-	-	-	299,789	299,789
	-	-	-	-	299,789	299,789
Weighted average interest rate	-	-	-	-	-	-
Consolidated – 2020						
Financial assets						
Cash and cash equivalents	631,426	1,800,000	-	-	-	2,431,426
Trade and other receivables	-	-	-	-	72,433	72,433
	631,426	1,800,000	-	-	72,433	2,503,859
Weighted average interest rate	0.56%	1.47%	-	-	-	-
Financial liabilities						
Trade and other payables	-	-	-	-	210,496	210,496
	-	-	-	-	210,496	210,496
Weighted average interest rate	-	-	-	-	-	-

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets or liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

NOTE 24: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**Cash flow sensitivity analysis for variable rate instruments**

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below:

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below:

	Carrying value at period end \$	Profit or loss		Equity	
		100 bp increase \$	100 bp decrease \$	100 bp increase \$	100 bp decrease \$
Consolidated – 2021					
Financial assets					
Cash and cash equivalents	3,415,778	13,433	(13,433)	13,433	(13,433)
Cash flow sensitivity (net)		13,433	(13,433)	13,433	(13,433)
Consolidated – 2020					
Financial assets					
Cash and cash equivalents	2,431,426	17,793	(17,793)	17,793	(17,793)
Cash flow sensitivity (net)		17,793	(17,793)	17,793	(17,793)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities. The Group trades only with recognised, creditworthy third parties. It is the Group policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The maximum exposure to credit risk is the carrying value of the receivable, net of any provision for doubtful debts.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. This risk is minimised by reviewing term deposit accounts from time to time with approved banks of a sufficient credit rating which is AA and above.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	CONSOLIDATED	
	2021 \$	2020 \$
Cash and cash equivalents	3,415,778	2,431,426
Trade and other receivables	38,999	72,433
	3,454,777	2,503,859

NOTE 24: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**Foreign currency 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's exposure to foreign currency risk is minimal at this stage of its operations.

Commodity price risk

The Group's exposure to commodity price risk is minimal at this stage of its operations.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's objective is to maintain a balance between continuity of funding and flexibility. The following are the contractual maturities of financial liabilities:

	Carrying amount \$	Contractual cash flows \$	6 months or less \$
Consolidated – 2021			
Trade and other payables	299,789	-	299,789
	299,789	-	299,789
Trade and other receivables	38,999	-	38,999
	38,999	-	38,999
Consolidated – 2020			
Trade and other payables	210,496	-	210,496
	210,496	-	210,496
Trade and other receivables	72,433	-	72,433
	72,433	-	72,433

Fair value of financial assets and liabilities

The fair value of cash and cash equivalents and non-interest bearing financial assets and financial liabilities of the Group is equal to their carrying value.

NOTE 24: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The management of the Group's capital is performed by the Board.

The capital structure of the Group consists of net debt (trade payables and provisions detailed in Notes 14 and 15 offset by cash and bank balances) and equity of the Group (comprising contributed issued capital, reserves, offset by accumulated losses detailed in Notes 16, 17 and 18).

The Group is not subject to any externally imposed capital requirements. None of the Group's entities are subject to externally imposed capital requirements.

NOTE 25: SHARE-BASED PAYMENTS**Share Option Plan**

The Group has a Director and Employee Option Acquisition Plan ("Option Plan") for Directors, employees and contractors of the Group. In accordance with the provisions of the Option Plan, as approved by shareholders at the 2018 Annual General Meeting, executives and employees may be granted options at the discretion of the Directors. Options issued to Directors are subject to approval by shareholders.

Each share option converts into one ordinary share of Impact Minerals Limited on exercise. No amounts are paid or are payable by the recipient on receipt of the option. The options carry neither rights of dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

NOTE 25: SHARE-BASED PAYMENTS (Continued)

The following share-based payment arrangements were in existence during the reporting period:

Option series	Number	Grant date	Expiry date	Vesting date	Exercise price	Fair value at grant date
28 ⁽¹⁾	12,500,000	29 Sep 2015	29 Sep 2020	29 Sep 2018	\$0.07	\$0.0143
32 ⁽¹⁾	3,000,000	13 May 2016	29 Sep 2020	29 Sep 2018	\$0.07	\$0.0132
38	40,000,000	8 Nov 2018	30 Nov 2021	30 Nov 2019	\$0.03	\$0.00382
39	20,000,000	8 Nov 2018	30 Nov 2022	30 Nov 2020	\$0.0375	\$0.00432
40	37,000,000	8 Nov 2019	5 Nov 2023	Immediate	\$0.0149	\$0.00677
41	37,000,000	8 Nov 2019	5 Nov 2023	5 Nov 2020	\$0.0149	\$0.00677
42 ⁽²⁾	13,500,000	15 Nov 2019	5 Nov 2023	Immediate	\$0.0149	\$0.00677
43 ⁽³⁾	13,500,000	15 Nov 2019	5 Nov 2023	5 Nov 2020	\$0.0149	\$0.00677
44 ⁽⁴⁾	4,000,000	30 Apr 2021	29 Apr 2023	Immediate	\$0.03	\$0.0076

(1) Expired during the reporting period.

(2) During the reporting period the Company issued 1,357,324 new shares for nil consideration on the cashless exercise of 4,000,000 of these employee options.

(3) During the reporting period the Company issued 1,351,110 new shares for nil consideration on the cashless exercise of 4,000,000 of these employee options.

(4) Options issued to lead manager of April 2021 placement.

Fair value of share options granted during the year

The fair value of share options 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 share price at grant date, the expected price volatility of the underlying share and the risk-free rate for the term of the option. The fair value of options is determined at grant date and is expensed over the vesting period for those options. No director or employee options were issued during the reporting period. The fair value of Director and employee share options expensed during the year was \$138,838 (2020: \$665,841).

The model inputs for options granted during the year ended 30 June 2021 are as follows:

Inputs	Issue 43
Exercise price	\$0.03
Grant date	30 Apr 2021
Vesting date	30 Apr 2021
Expiry date	29 Apr 2023
Share price at grant date	\$0.017
Expected price volatility	112%
Risk-free interest rate	0.07%
Expected dividend yield	0%

NOTE 25: SHARE-BASED PAYMENTS (Continued)**Movements in share options during the year**

Movement in the number of share options on issue during the year:

	2021		2020	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding at the beginning of the year	176,500,000	0.03	590,910,556	0.04
Granted during the year	4,000,000	0.03	101,000,000	0.01
Exercised during the year	(8,000,000)	0.0149	-	-
Expired during the year	(15,500,000)	0.07	(515,410,556)	0.04
Outstanding at the end of the year	157,000,000	0.02	176,500,000	0.03
Exercisable at the end of the year	157,000,000	0.02	106,000,000	0.03

The weighted average remaining contractual life of share options outstanding at the end of the year was 1.72 years (2020: 2.54 years).

Share options outstanding at the end of the year

Share options issued and outstanding at the end of the year have the following exercise prices:

Expiry date	Exercise price \$	2021 Number	2020 Number
29 September 2020	0.07	-	15,500,000
30 November 2021	0.03	40,000,000	40,000,000
30 November 2022	0.0375	20,000,000	20,000,000
5 November 2023	0.0149	93,000,000	101,000,000
29 April 2023	0.03	4,000,000	-
Totals		157,000,000	176,500,000

NOTE 26: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	CONSOLIDATED	
	2021 \$	2020 \$
Cash flows from operating activities		
Profit/(Loss) for the year	(4,760,174)	(1,685,165)
Non-cash flows in profit/(loss):		
- Depreciation	39,072	39,388
- Share-based remuneration	138,838	665,841
- Exploration expenditure write-off	3,712,774	113,146
- Government grants receivable	51,040	(51,040)
- Gain on sale of tenements	-	(100,000)
- Loss on disposal of controlled entity	-	504,731
Changes in assets and liabilities		
- Decrease in trade and other receivables	1,497	1,927
- Decrease in other current assets	8,187	-
- Increase/(Decrease) in trade creditors and accruals	(13,277)	42,277
- Increase in provisions	4,247	20,638
Net cash used in operating activities	(817,796)	(448,257)

Non-cash investing and financing activities

There were no non-cash investing and financing activities during the year.

NOTE 27: RELATED PARTY DISCLOSURE**a) Parent entity**

	Class	Country of incorporation	Ownership	
			2021 %	2020 %
Impact Minerals Limited	Ordinary	Australia	-	-

b) Subsidiaries

	Class	Country of incorporation	Ownership	
			2021 %	2020 %
Aurigen Pty Ltd	Ordinary	Australia	100	100
Siouville Pty Ltd	Ordinary	Australia	100	100
Invictus Gold Limited	Ordinary	Australia	100	100
Drummond West Pty Ltd ⁽ⁱ⁾	Ordinary	Australia	100	100
Endeavour Minerals Pty Ltd ⁽ⁱⁱ⁾	Ordinary	Australia	100	100
Blackridge Exploration Pty Ltd ⁽ⁱⁱⁱ⁾	Ordinary	Australia	100	100

(i) Drummond West Pty Ltd is a wholly owned subsidiary of Invictus Gold Limited.

(ii) Endeavour Minerals Pty Ltd is a wholly owned subsidiary of Invictus Gold Limited.

(iii) Blackridge Exploration Pty Ltd is a wholly owned subsidiary of Drummond West Pty Ltd.

c) Key management personnel compensation

	2021 \$	2020 \$
Short-term employee benefits	363,004	342,521
Post-employment benefits	8,058	6,650
Share-based payments	104,212	505,586
	475,214	854,747

Detailed remuneration disclosures are provided in the Remuneration Report on pages 7 to 12. A total of \$246,879 (2020: \$246,879) was capitalised as exploration expenditure.

NOTE 28: PARENT ENTITY DISCLOSURE**Financial Performance**

Profit/(loss) for the year
 Other comprehensive income
 Total comprehensive profit/(loss)

Financial Position**ASSETS**

Current assets
 Non-current assets

TOTAL ASSETS**LIABILITIES**

Current liabilities

TOTAL LIABILITIES**NET ASSETS****EQUITY**

Issued capital
 Option reserve
 Financial asset reserve
 Transactions with non-controlling interest
 Accumulated losses

TOTAL EQUITY

2021 \$	2020 \$
(4,760,174)	(1,446,475)
-	-
(4,760,174)	(1,446,475)
3,596,965	2,539,093
10,111,428	8,820,060
13,708,393	11,359,153
387,446	293,906
387,446	293,906
13,320,947	11,065,247
53,787,639	46,931,843
901,996	1,005,268
45,000	-
(1,161,069)	(1,161,069)
(40,252,619)	(35,710,795)
13,320,947	11,065,247

No guarantees have been entered into by Impact Minerals Limited in relation to the debts of its subsidiaries.

Impact Minerals Limited's commitments are disclosed in Note 23.

DIRECTORS' DECLARATION

The Directors of Impact Minerals Limited declare that:

- 1) in the Directors' opinion, the financial statements and notes set out on pages 15 to 47 and the Remuneration Report in the Directors' Report are in accordance with the *Corporations Act 2001*, including:
 - a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance, for the financial year ended on that date; and
 - b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), *Corporations Regulations 2001* and mandatory professional reporting requirements.
- 2) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2; and
- 3) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* by the Managing Director and Chief Financial Officer for the financial year ended 30 June 2021.

Signed in accordance with a resolution of the Directors.



Peter Unsworth

Chairman

Perth, Western Australia

16 September 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMPACT MINERALS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Impact Minerals Limited ("the Company") and its subsidiaries ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2021 and of its financial performance for the year then ended; 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 2.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) in the financial report which indicates that the Consolidated Entity incurred a net loss of \$4,760,174 during the year ended 30 June 2021. As stated in 2021, these events or conditions, along with other matters as set forth in Note 2(b), indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our opinion is not modified in this respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Mineral Exploration Expenditure \$11,993,262</p> <p>(Refer to note 12)</p> <p>Mineral exploration expenditure is a key audit matter due to:</p> <ul style="list-style-type: none"> • The significance of the balance to the Consolidated Entity's financial position; • The level of judgement required in evaluating management's application of the requirements of AASB 6 Exploration for and Evaluation of Mineral Resources ("AASB 6"). AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset; and • The assessment of impairment of mineral exploration expenditure being inherently 	<p>Our audit procedures included but were not limited to:</p> <ul style="list-style-type: none"> • Assessing management's determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the Consolidated Entity holds an interest and the exploration programmes planned for those tenements; • For each area of interest, we assessed the Consolidated Entity's rights to tenure by corroborating to government registries and evaluating agreements in place with other parties as applicable; • We tested the additions to capitalised expenditure for the year by evaluating a sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Consolidated Entity's accounting policy and the requirements of AASB 6; • We considered the activities in each area of interest to date and assessed the planned future activities for each area of interest by evaluating

Key audit matter	How our audit addressed the key audit matter
difficult.	<p data-bbox="810 376 1206 409">budgets for each area of interest;</p> <p data-bbox="772 432 1378 544">We assessed each area of interest for one or more of the following circumstances that may indicate impairment of the capitalised expenditure:</p> <ul data-bbox="810 566 1388 1209" style="list-style-type: none"> <li data-bbox="810 566 1388 678">• the licenses for the right to explore expiring in the near future or are not expected to be renewed; <li data-bbox="810 701 1331 813">• substantive expenditure for further exploration in the specific area is neither budgeted or planned; <li data-bbox="810 835 1388 992">• decision or intent by the Consolidated Entity to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources. <li data-bbox="810 1014 1378 1209">• data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or sale.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
 - Obtain an understanding of internal controls relevant to the audit 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 Consolidated Entity's internal controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
 - Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a
-

going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 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 the Company, for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis

MARK DELAURENTIS _{CA}
Partner

Dated at Perth this 16th day of September 2021
