

— impact. —

MINERALS

ABN 52 119 062 261



ANNUAL REPORT

— 2023 —

Corporate Directory

BOARD OF DIRECTORS

Peter Unsworth	Non-Executive Chairman
Michael Jones	Managing Director
Paul Ingram	Non-Executive Director
Frank Bierlein	Non-Executive Director

COMPANY SECRETARY

Bernard Crawford

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SECURITIES EXCHANGE LISTING

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

Home Exchange: Perth, Western Australia
ASX Code: IPT, IPTOB

Impact Minerals Limited

Impact Minerals Limited, an exploration company listed on the ASX since 2006, has an extensive portfolio of tenement holdings spanning over 5,500 km² and aims to unearth Australia's mineral-rich potential. The centerpiece of Impact's endeavours is the Lake Hope High Purity Alumina (HPA) Project in Western Australia, set to revolutionize HPA production with very cost-efficient mining and innovative acid leaching technology. This will position Impact Minerals to meet the surging demand for HPA, recently listed on Australia's list of critical minerals and a key component of the energy transition. Impact aims to be the dominant player in this market.

In addition Impact Minerals is exploring for mineral resources across its portfolio which is prospective for a range of precious metals and battery and strategic metals including gold, silver, lead, zinc, copper, nickel, and platinum group metals (PGMs).

Impact is well known for its forward-thinking strategies and the company is well placed to play its part in supplying the increased global demand for these essential components. Impact's experienced directors, skilled in minerals exploration and corporate management, have a track record of exploration success and delivering value to stakeholders.

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Chairman's Letter



Dear Shareholder,

This year was a transformational year for your Company as we announced a major change in strategy with an agreement to acquire an 80% interest in the Lake Hope Project, an advanced High Purity Alumina (HPA) project located 500 km east of Perth in the Tier 1 jurisdiction of Western Australia.

Lake Hope is a dry playa lake containing a unique deposit of fine-grained, high-grade aluminous clays in the top few metres of the lake bed that offers many natural advantages for both mining and processing and which Impact believes will lead to it being one of the lowest cost producers of HPA globally.

The deposit will allow a shallow, very low-cost, free-digging mining operation that will have a minimal environmental footprint, with the material to be trucked offsite to an existing industrial yard for processing. This should allow for a relatively straight forward approvals process.

Previous bench-scale metallurgical test work has produced HPA via a disruptive sulphuric acid hydrometallurgical process that is more than cost-competitive with other producers both in Australia and globally. In addition, a maiden mineral resource of 3.5 million tonnes at 25.1% alumina for a contained 880,000 tonnes of alumina has now been defined, and this is enough to support a multi-decade operation at a benchmark production rate of 10,000 tonnes per year.

The HPA chemical market is a very high-margin market that is forecast to grow strongly over the next decade with increasing demand in particular coming from the LED and lithium-ion battery sectors.

Impact is now undertaking a Pre-Feasibility Study to earn its 80% interest in the project, and the Company is aiming to bring Lake Hope into production over the next few years to deliver high-margin end products with current prices for benchmark 4N HPA (>99.99% purity) of about US\$20,000 per tonne.

Your Directors are very excited about the potential of Lake Hope to deliver a very profitable mining operation we are looking forward to an exciting few years ahead of us as we push forward with the development of this unique resource.

The year has also been rewarding with exciting early-stage exploration results for a range of battery and strategic minerals across a number of Impact's other projects, in particular at the greater Arkun-Beau-Jumbo project area centred about 150 km east of Perth. Targets for Ni-Cu-PGM, lithium pegmatites and Rare Earths have all been revealed and we look forward to extensive drill programmes in 2024.

A further highlight of the year was the selection of Impact to be one of the inaugural participants in the BHP Xplor programme, principally to fund exploration for copper at the company's Broken Hill project. Under this prestigious programme, Impact received US\$500,000 to accelerate exploration at Broken Hill, and a significant amount of new data has been acquired. This has given us new insights into this historic region, and we will push ahead with further exploration there once all the data has been compiled.

Impact's selection for the Xplor programme is a testament to the skill, commitment and hard work that Managing Director Dr Mike Jones and his dedicated geological team continue to devote to the company and its projects.

This commitment will come even more to the fore as Impact is now firmly on the road to development at Lake Hope and we look forward to more good news from across the portfolio in 2024.

A handwritten signature in black ink, appearing to read 'Peter Unsworth', with a stylized flourish at the end.

Peter Unsworth
Chairman

Review of Operations



Figure 1. Location of Impact's projects in Western Australia.

Review of Operations

continued

LAKE HOPE PROJECT

In March Impact Minerals signed a binding term sheet with Playa One Pty Ltd, an unrelated private company, to earn an 80% interest in the advanced Lake Hope High Purity Alumina (HPA) Project in Western Australia.

The Project offers Impact the opportunity to be a low-cost entrant into the HPA chemical market, a high-margin business forecast to grow strongly over the next decade.

The Project contains a globally unique deposit of high-grade aluminium clay minerals in the top few metres of a playa lake, which has unique physical and chemical properties that allow for low-cost mining and offsite metallurgical processing via a novel and cost-disruptive acid leaching process. Preliminary economic studies indicate that the production of HPA and related products from Lake Hope will be cost-competitive with current producers and other developers in Australia and globally.

The project is a transformational acquisition for Impact and the company is focused on the challenge of developing the project and ensuring that Impact Minerals is the next “playa” in HPA.

KEY TERMS OF THE BINDING TERM SHEET

Impact earn an interest in Playa One Pty Ltd in stages according to the following terms:

1. Impact made a \$25,000 cash payment for a six-week option to complete due diligence (completed).
2. Impact has commenced sole funding a Pre-Feasibility Study (PFS) by paying \$175,000 cash, issuing 50 million fully paid ordinary shares (escrowed for 12 months), and issuing 30 million unlisted options exercisable at 1.125c, vesting 12 months from the date of issue and expiring on 1 December 2025, to the shareholders of Playa One (completed).
3. Upon completion of a Pre-Feasibility Study (PFS), Impact can enter an incorporated joint venture with the Playa One shareholders (through an entity representing them, Playa Two Pty Ltd). If so, it will acquire an immediate 80% interest in Playa One by issuing up to 120 million fully paid ordinary shares capped at a maximum value of \$8 million (based on the 5-day VWAP before the election) to the Playa One Shareholders.
4. Upon completion of a Definitive Feasibility Study to be sole-funded by Impact, Impact will issue up to 100 million fully paid ordinary shares capped at a maximum value of \$10 million (based on the 5-day VWAP before the ASX announcement of the completion of the DFS) to the Playa One Shareholders.
5. Playa One shareholders will be free-carried to a Decision to Mine. Impact will maintain all Playa One tenements in good standing during this time.
6. If a Decision to Mine is made, the Playa One Shareholders may contribute to mine development costs or be diluted. If their interest falls below 7.5%, it will convert to a 2% net smelter royalty.

PROJECT DETAILS

The Lake Hope Project covers numerous prospective salt lakes between Hyden and Norseman in southern Western Australia, a Tier One jurisdiction (Figures 1 and 2). It comprises five granted exploration licences and three further exploration licence applications all of which are very poorly explored. The tenements cover about 238 km² and are all 100% owned by Playa One.

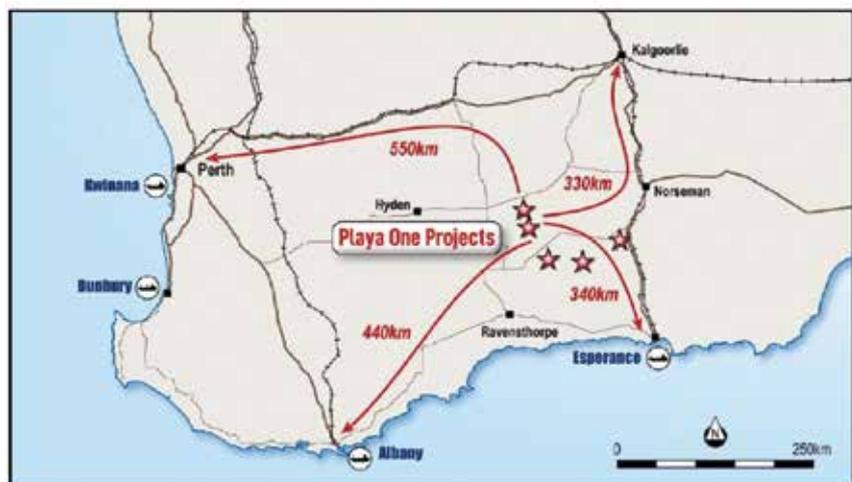


Figure 2. Location of Playa One tenements with options for trucking and off-site processing.

Review of Operations

continued

GEOLOGY

The salt lakes of Western Australia are well known for their unique and complex hydrogeochemistry, which has led to the formation of a wide variety of economic minerals and brines within the playa systems. These include the world-class Yeelirrie uranium deposit (>100 Mlb U₃O₈), significant resources of potash brines, gypsum and lime-sand.

The Lake Hope area was identified by Playa One as having unique climatic and geological characteristics that have resulted in the formation of what is probably a globally unique deposit of aluminium-rich material within the surficial clay layers of two small salt lakes, or “pans”, in the Lake Hope playa system. These pans are called West Lake and East Lake (Figure 3).

The lake clays, which are only up to a few metres thick, have unique chemical and physical properties and consist almost entirely of aluminium-bearing minerals that are plasticine-like in consistency and can be easily sampled with hand-held augers and push tubes (Figure 4).

In addition, particle size distribution analysis demonstrates that virtually all the minerals are less than 16 microns in size, and from 60% to 80% of them occur at grain sizes of less than 5 microns (Figure 5).

These unique characteristics have produced a near-perfect mineral deposit: a very high-value end-product whose parent ore is:

- very soft and shallow, allowing for extremely cheap free-digging with limited infrastructure requirements, no pre-stripping, no selective mining, a tiny environmental footprint, and limited rehabilitation requirements.
- naturally fine-grained with no need for crushing and grinding, allowing for transport to an off-site processing facility that can be built on existing industrial sites (Figure 2). In essence, this is Direct Shipping Ore (DSO).
- comprised of a few minerals that require only simple washing before acid leaching, thus allowing for low-cost straightforward metallurgical processing.

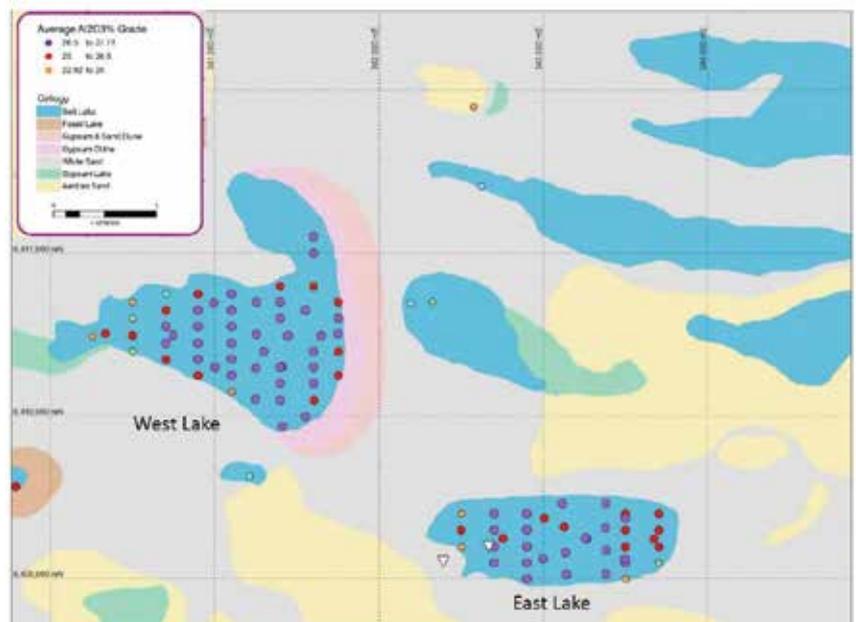


Figure 3. Geology of the Lake Hope Project showing drill hole locations and average aluminium grade on East Lake and West Lake.

Review of Operations

continued



Figure 4. Lake Hope showing the push tube sampling method used to drill out the resource and an example of the lake clay from the push tube.

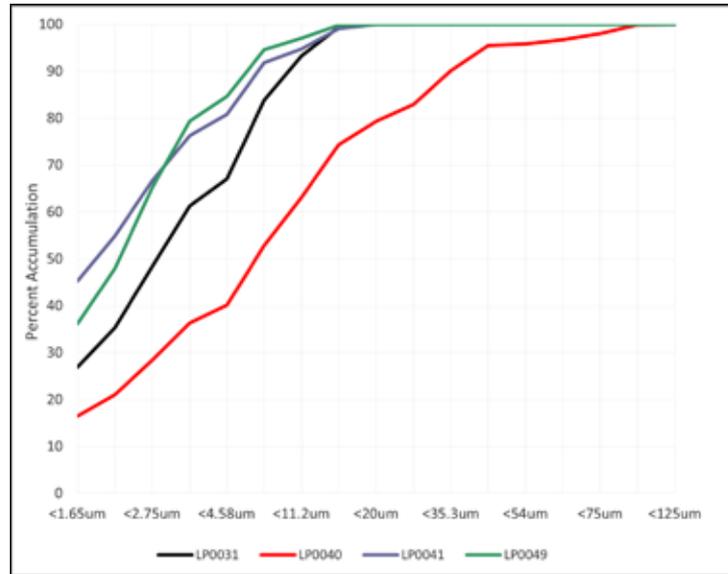


Figure 5. Particle size distribution analysis for four samples. Sample LP0040 contains sandy particles at the base of the deposit.

DRILLING AND ASSAY RESULTS

A total of 251 holes have been drilled by hand-held auger and push tube methods across the two lakes, with all samples submitted for assay at Intertek Laboratories in Perth (see ASX Releases March 21st 2023 and 19th June 2023 for further details).

The drilling has defined a uniform and coherent layer of aluminium-bearing clay in both lakes that is up to 1.65 m thick.

The assays mainly returned very high grades of aluminium oxide (alumina - Al_2O_3) of between 24.5% and 27.8% Al_2O_3 and, significantly, with low amounts of potential contaminants such as CaO (0.05% to 0.08%), Fe_2O_3 (2.4-3.2%), Na_2O (2-4%) and P_2O_5 (0.05-0.07%).

High-grade assays with greater than 27% Al_2O_3 are presented in Table 1, and a complete set of assays and drill hole collar information are in the ASX announcements of March 21st 2023 and 19th June 2023. The distribution of aluminium in the lakes is shown in Figure 6.

HOLE_ID	MGA_E	MGA_N	METHOD	Interval	Al2O3	K2O	Na2O	CaO	Fe2O3	MgO	MnO	SiO2	Cr2O3	P2O5	LOI
LHP002	243134	6409163	PUSH	0.6	27.09	6.78	3.5	0.23	2.93	0.86	BDL	18.45	0.01	0.08	30.06
LHP004	243115	6409462	PUSH	0.6	27.53	7.1	3.46	0.08	2.86	0.81	BDL	17.13	0.008	0.08	29.25
LHP006	243380	6409461	PUSH	0.6	27.47	7.09	3.55	0.1	2.84	0.83	BDL	17.09	0.008	0.07	25.27
LHP007	243378	6409314	PUSH	0.6	27.23	5.54	3.47	0.13	2.99	0.78	BDL	17.98	0.009	0.07	31.15
LHP014	241247	6410105	PUSH	0.5	27.47	5.99	3.35	0.06	2.94	0.8	BDL	22.98	0.011	0.061	26.88
LHP015	241249	6410294	PUSH	0.5	27.71	5.99	3.48	0.06	2.88	0.84	BDL	22.38	0.01	0.059	29.27
LHP016	241253	6410504	PUSH	0.5	27.48	5.87	3.49	0.05	2.98	0.81	BDL	23.39	0.012	0.059	28.37
LHP019	241407	6410302	PUSH	0.5	27.29	7.44	3.35	0.06	2.71	0.74	BDL	15.84	0.008	0.068	33.4
LHP031	240900	6410450	PUSH	0.62	27.11	5.95	3.39	0.05	3.07	0.8	BDL	23.14	0.011	0.05	30.08
LHP038	241100	6410450	PUSH	0.6	27.42	5.91	3.24	0.05	3.25	0.79	BDL	23.16	0.011	0.058	30.75
LHP039	241100	6410550	PUSH	0.88	27.63	6.09	3.44	0.05	3.14	0.79	BDL	21.54	0.011	0.061	30.41
LHP040	241100	6410650	PUSH	0.85	27.16	5.91	3.46	0.05	3.2	0.78	BDL	23.1	0.013	0.061	30.85
LHP042	241300	6410400	PUSH	0.82	27.48	6.03	3.49	0.05	3.19	0.81	BDL	21.98	0.011	0.063	30.62
LHP045	241400	6410600	PUSH	0.82	27.66	5.9	3.56	0.05	3.29	0.83	BDL	22.37	0.012	0.062	29.55
LHP046	241400	6410700	PUSH	0.88	27.07	5.85	3.99	0.05	3.08	0.82	BDL	22.27	0.011	0.058	30.69
LHP049	241550	6410650	PUSH	0.88	26.98	5.78	3.73	0.06	3.14	0.83	BDL	23.34	0.012	0.06	30.19
LHP065	242700	6409300	AUGER	0.85	27.34	7.03	3.23	0.1	3.11	0.76	BDL	17.76	0.009	0.076	32.4
LHP068	242900	6409100	PUSH	0.78	27.02	7.16	3.37	0.16	3.13	0.8	BDL	17.11	0.009	0.072	32.7
LHP070	242900	6409300	AUGER	1	27.2	7.05	3.45	0.09	3.2	0.79	BDL	17.98	0.009	0.079	32.31
LHP083	242666	6409208	PUSH	0.4	27.04	6.96	3.26	0.16	3.02	0.78	BDL	18.69	0.009	0.074	31.24
LHP099	241400	6410300	AUGER	1.3	27.1	6.08	3.56	0.06	3.05	0.75	BDL	22.79	0.011	0.061	30.28

Table 1. Drill hole results with assays greater than 27% Al_2O_3 .

Review of Operations

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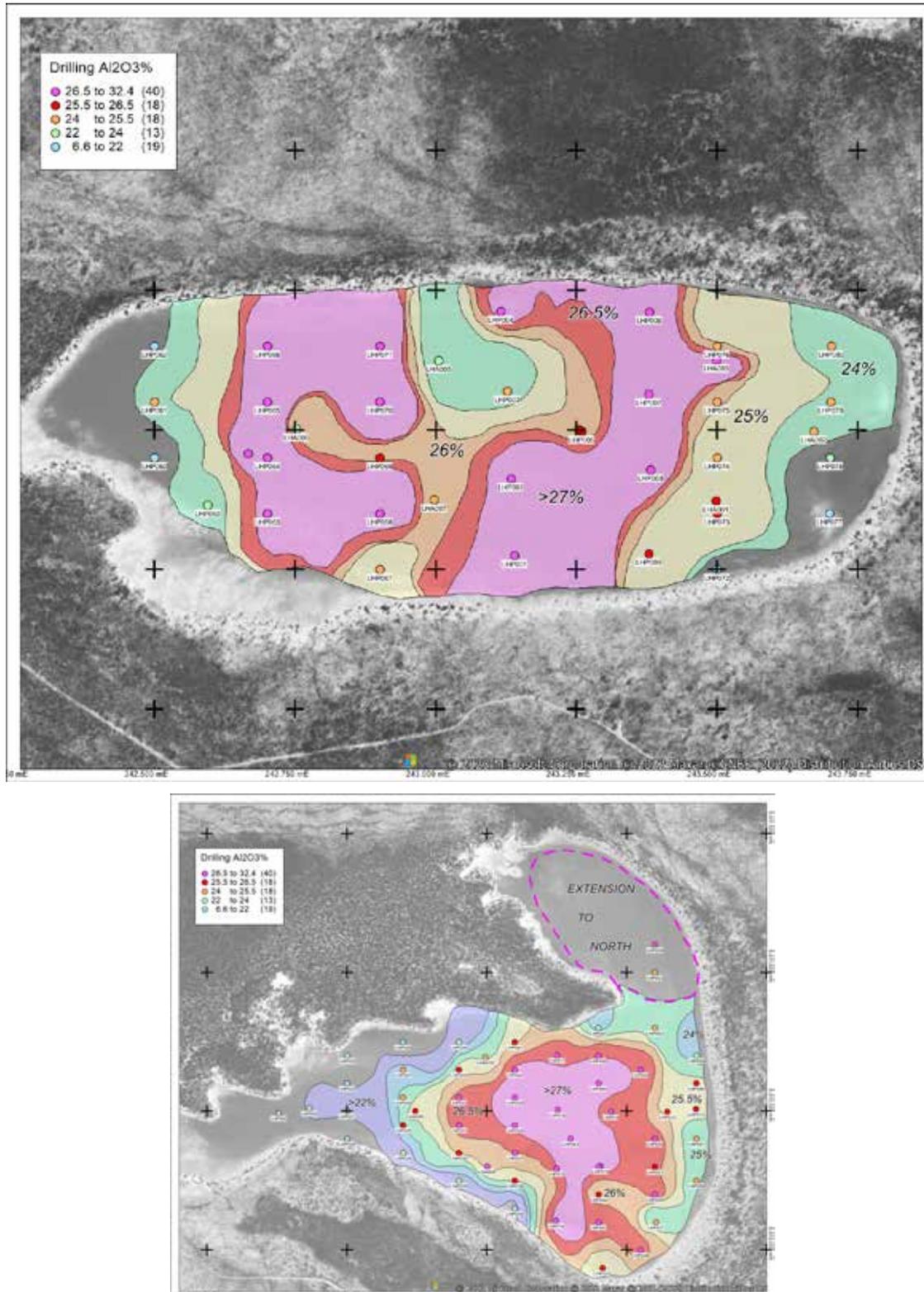


Figure 6. Drill results showing the average Al₂O₃ grade for West Lake (top) and East Lake (bottom) at the same scale.

Review of Operations

continued

MAIDEN MINERAL RESOURCE ESTIMATE

A significant, substantial and high-grade maiden Mineral Resource Estimate (MRE) for Lake Hope was announced to the ASX on (June 19th 2023).

The Mineral Resource Estimate is shown in Table 2 and is reported in accordance with the requirements of the JORC Code 2012 by resource consultants H and S Consultants Pty Ltd (H&S) of Brisbane, Queensland. All drill hole information and assay data are provided in the ASX Release dated June 19th 2023.

Category	Million tonnes	Alumina %	Al ₂ O ₃ Tonnes
West Lake			
Indicated	2.09	25.5%	534,600
Inferred	0.23	23.2%	52,300
Total	2.32	25.3%	586,900
East Lake			
Indicated	1.10	24.8%	273,400
Inferred	0.08	24.1%	19,400
Total	1.18	24.8%	292,800
Combined			
Indicated	3.19	25.3%	808,000
Inferred	0.31	23.4%	71,700
Total	3.50	25.1%	879,700

Table 2. Lake Hope Alumina Mineral Resources.

The resource estimate is 3.5 million tonne at 25.1% alumina (aluminium oxide, Al₂O₃) for a contained 880,000 tonnes of alumina. The Mineral Resource, 88% of which is in the higher confidence category of Indicated Resources, is hosted exclusively by the lake clays.

The information in this report related to the Mineral Resource for the Lake Hope Project is based on information announced to the ASX on 19th June 2023. The Company confirms that it is unaware of any new information or data that materially affects the information in the relevant market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply.

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METALLURGY

Playa One has developed a novel, relatively low-cost hydro-metallurgical process to convert mineralisation of a type as found on Lake Hope into HPA with the potential to produce a purity exceeding 99.99% (4N HPA), generally taken as the industry standard purity for product comparison.

Initial bench-scale metallurgical test work on representative material, process design, flow sheet design, and process engineering studies have been completed, leading to significant breakthroughs in mineral processing technology, including proprietary technologies.

Figure 7 illustrates the basic process steps in a simplified schematic flow sheet.

Impact's review of this novel process indicates that together with the unique physical and chemical characteristics of the Lake Hope clays, using the Playa One metallurgical process may offer a breakthrough in HPA production with potentially significant cost advantages compared to the processing of kaolin, which is commonly proposed as a source of ore for HPA and is the subject of several on-going studies by other companies.

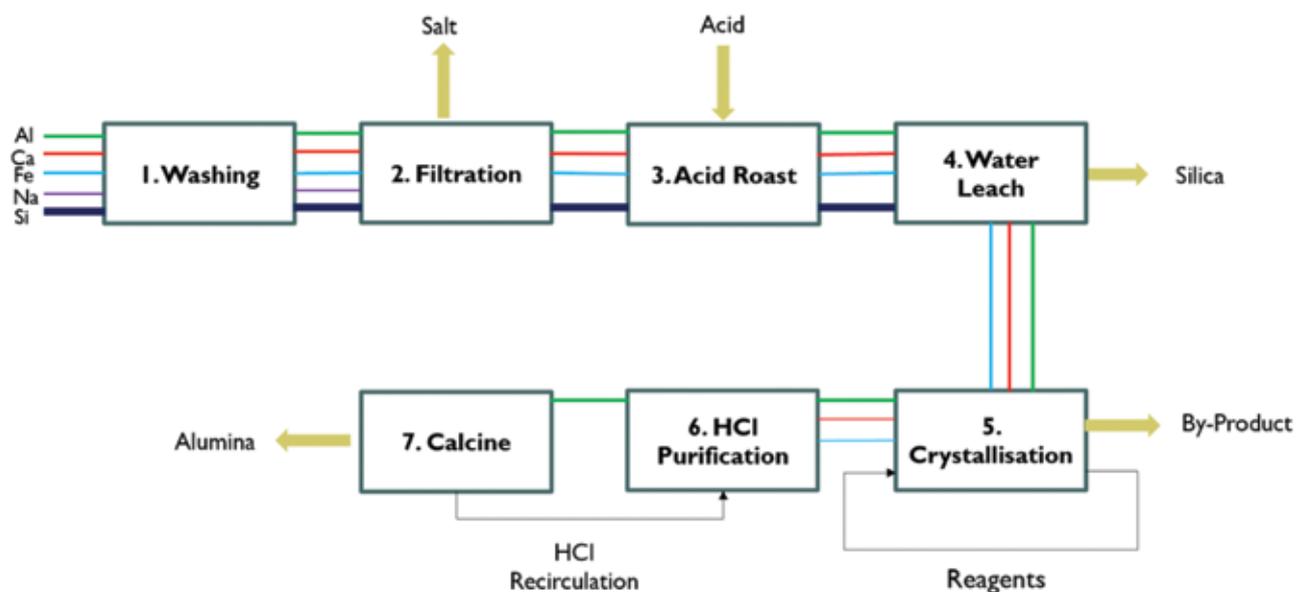


Figure 7. Schematic flow sheet.

These advantages include the following:

- the naturally occurring micron-sized particles and relatively homogeneous ore require no comminution, grinding, classification, or wet-dry screening.
- a simple wash and filtration circuit for upfront processing.
- a low-temperature sulphuric acid leach, a generally readily available and cheaper acid than others.
- Eliminating the front-end energy-intensive calcination required in the kaolin process, thus significantly reducing energy costs, the flow sheet complexity and CO₂ emissions.
- Relatively benign waste products.

Optimisation of the processing flow sheet is a key focus of the Pre-Feasibility Study and to be completed by mid-2024.

Impact will also own a proportional share of the processing technology by earning an interest directly in Playa One Pty Limited via the incorporated joint venture. The expected relatively low cost of mining also allows for significant optionality for the location of the metallurgical plant, which is likely to be located in one of four main population centres (Figure 2).

Review of Operations

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PRODUCTION OF 4N HPA

Playa One's sulphate metallurgical process has successfully produced >99.99% Al_2O_3 (nominally 4N HPA) with purities of 99.994% to 99.996% in initial assays. As well as the Al_2O_3 assay (with all other major elements being below detection), total contaminants are about 41 ppm, representing 99.996% alumina (Al_2O_3) with the primary contaminants being Fe (2.08ppm), K (7.94ppm), Mg (7.23ppm) and Na (6.61ppm). This compares favourably with the purity of other HPA products published in the public domain (Table 3).

Element	Playa One	KRR	FYI
	Sulphuric	HPA7	5N
As	0.69	NR	NR
Ag	NR	NR	0.1
B	NR	NR	NR
Ba	0.2	0.516	0.5
Ce	BDL	NR	0.34
Ca	2.57	<0.06	NR
Cr	0.7	2.76	5
Co	0.15	0.046	0.1
Cs	0.02	<0.01	0.03
Fe	2.08	6.2	BDL
Gd	BDL	NR	0.01
Ga	2.01	0.809	NR
K	7.94	17.4	NR
La	BDL	NR	0.2
Mg	7.23	0.603	NR
Mn	2.74	0.138	1
Mo	0.33	0.052	NR
Na	6.61	8.59	0
Nb	0.01	3.01	NR
Nd	NR	NR	0.15
Ni	0.11	0.377	BDL
P	3.45	1.74	NR
Pb	0.76	<0.01	NR
Pr	BDL	NR	0.04
Rb	0.26	<0.01	0.1
Sc	BDL	NR	0.1
Si	3.05	15.8	4.67
Sm	BDL	NR	0.02
Sn	BDL	NR	0.8
Sr	0.2	0.053	0.2
Ti	0.08	0.695	NR
U	BDL	NR	0.01
V	0.01	<0.02	0.3
W	BDL	NR	0.1
Zn	0.15	0.488	NR
Zr	BDL	NR	NR
TOTAL	41.35	59.28	13.67

Table 3. Minor element results for Lake Hope HPA compared with results from King River Resources Ltd (ASX:KRR 25th March 2021, 30th April 2021) and FYI Resources Ltd (ASX:FYI 13th March 2019).

Note: In table 3 assay methods vary between individual data sources, and direct comparisons should be cautiously viewed. Some elements were omitted for brevity and are reported as "Others_ppm". Total ppm is the sum of all elements reporting above the detection limit. BDL = below the detection limit. NR = Not Reported.

Samples of an example precursor product and final calcined HPA produced using the metallurgical process were analysed using SEM and EDS microscopy by RSC Mineral Consultants, Perth, Western Australia. Precursor salts (before calcination) were imaged as agglomerations of micron-sized particles of alumina. The final calcined HPA product was imaged as corundum crystals and fused aggregates up to 200 microns in size (Figure 8). X-Ray diffraction studies have confirmed that the final product is alpha-HPA, the desired form of alumina.

It should be noted that the precipitation of the crystals occurred with little or no control over temperature and pressure. In addition, work has yet to be done on refining the final HPA product, for example, jet milling or developing intermediate saleable products that the end-users require. This critical capability needs to be built out by Impact, and this will be another area of focus in the PFS.

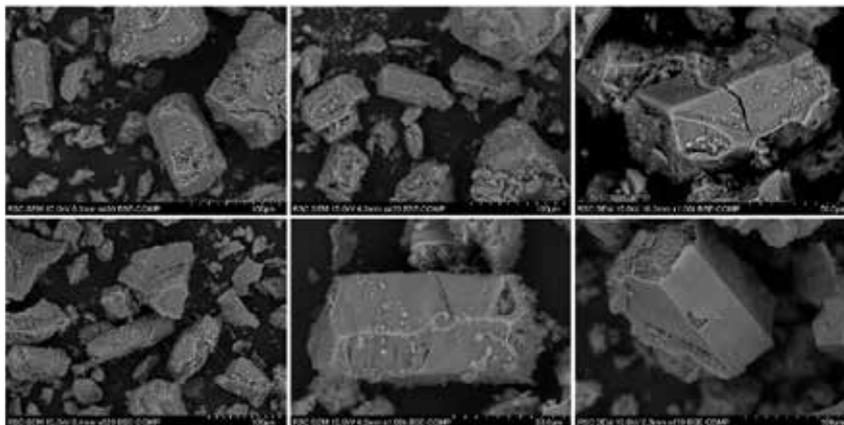


Figure 8. Backscattered scanning electron micrographs of final calcined alumina showing corundum crystals and nanoparticles (Sample HY11558).

PRELIMINARY ECONOMIC CONSIDERATIONS

Playa One has completed a high-level review of the mining and chemical processing costs associated with a preferred development concept of the lake clay-sulphate process.

Impact has reviewed this concept in detail and has concluded that it represents a possible compelling path forward to production with the potential to be cost-competitive with existing and proposed HPA operations within Australia and internationally.

Impact is completing the work required to produce a Scoping Study to confirm Playa One's review. This will include the maiden Mineral Resource Estimate.

Review of Operations

continued

ABOUT HIGH PURITY ALUMINA AND THE MARKET FOR ITS PRODUCTS

High Purity Alumina is aluminium oxide (“alumina” - Al_2O_3) with a generally accepted purity that exceeds 99.99%, or “4N” (four nines).

HPA has superior physical and chemical properties, such as high brightness, superior hardness, and superior corrosion resistance. It has traditionally found applications in:

- LED light bulbs are a significant growth market for HPA as they are substantially replacing incandescent lighting systems because they are sustainable, durable, and safe.
- Protective coatings (in powdered form) as an inert, incombustible and non-conductive ceramic filler in electronics applications.
- Anode-cathode coatings and separators in lithium-ion batteries.
- Phosphor substrate material in plasma displays.
- Semiconductor substrates.
- A precursor for sapphire glass, optical lenses and specialty ceramics used in high-technology imaging and bio-medical devices.
- Defence and protective uses as a hard, chemically resistant and inert barrier.

In addition to the HPA, the final calcined ceramic form of the mineral, various precursor aluminium salts, including sulphates, nitrates, chlorides, and silicates (clays), also have important end-market uses. These uses, which include critical parts of the lithium-ion battery manufacturing process, are summarised in Table 4.

Aluminium Chemicals Overview

Aluminium Oxide	$\alpha\text{-Al}_2\text{O}_3$
<ul style="list-style-type: none"> • Calcined alumina: HPA. Typical product target 99.99% purity • LEDs, sapphire, LiB, Catalysts, Abrasives 	
Aluminium Nitrate	$\text{Al}_2(\text{NO}_3)_2 \cdot 9\text{H}_2\text{O}$
<ul style="list-style-type: none"> • Precursor chemical; Requires 4N to 5N purity • Cathode cementation, stabilisation, electrolyte chemical, etc 	
Hydroxides	$\text{Al}_x[\text{OH}]_y$ variations
<ul style="list-style-type: none"> • Precursor chemical to alumina; Requires 5N or better • Catalysts, electrolytes, precursor feedstock for HPA 	
Chlorides	$\text{Al}_2\text{Cl}_6 \cdot 12\text{H}_2\text{O}$
<ul style="list-style-type: none"> • Precursor chemical – not traded in bulk; Requires 5N to produce 4N HPA • LiB electrolytes, specialty chemicals 	
Sulphates	$\text{Al}_2[\text{SO}_4]_3$
<ul style="list-style-type: none"> • Industrial chemical flocculant, and by-product • Mining by-product used for HPA in China (3N usually) 	
Silicates	$[\text{K},\text{Al}]_2\text{Si}_2[\text{OH}]_5$
<ul style="list-style-type: none"> • Sourced from granites, sediments • Chemically stable, require 2 calcination; Hydrochloric acid route only 	

Table 4. End uses of HPA and precursor chemicals.

Growing awareness of ultra-high purity (UHP) intermediate aluminium salts and hydroxides as a revenue opportunity has been shown in ASX releases by Alpha HPA Limited. Impact is exploring its options to product these products as part of the Pre-feasibility Study.

Review of Operations

continued

MARKET FORECAST FOR HPA: DEMAND AND PRICE

The consensus amongst analysts and the industry is for 4N HPA and related products to command prices between US\$15,000 and US\$32,000 per tonne, with a median conservative price assumption of US\$20,000 per tonne. These figures are borne out by ongoing sales of small quantities of HPA and precursor products reported by Alpha HPA Limited (ASX: A4N Release 24th February 2023).

Although data are scarce, in-house analysis of industry performance indicates a notional cost curve with the bulk of incumbent producers at US\$11,000 to US\$15,000 per tonne for 4N HPA. New entrants, such as Alpha HPA Limited, who produce HPA from a chemical feedstock, and the kaolin developers are forecasting production at a disruptive cost of US\$6,000 to \$7,000 per tonne (Figure 9: ASX: A4N Release 7th February 2023 and 17th March 2020).

A preliminary review of the economic factors affecting the development of Lake Hope indicates the Project may be cost-competitive with these new hydrometallurgical processes.

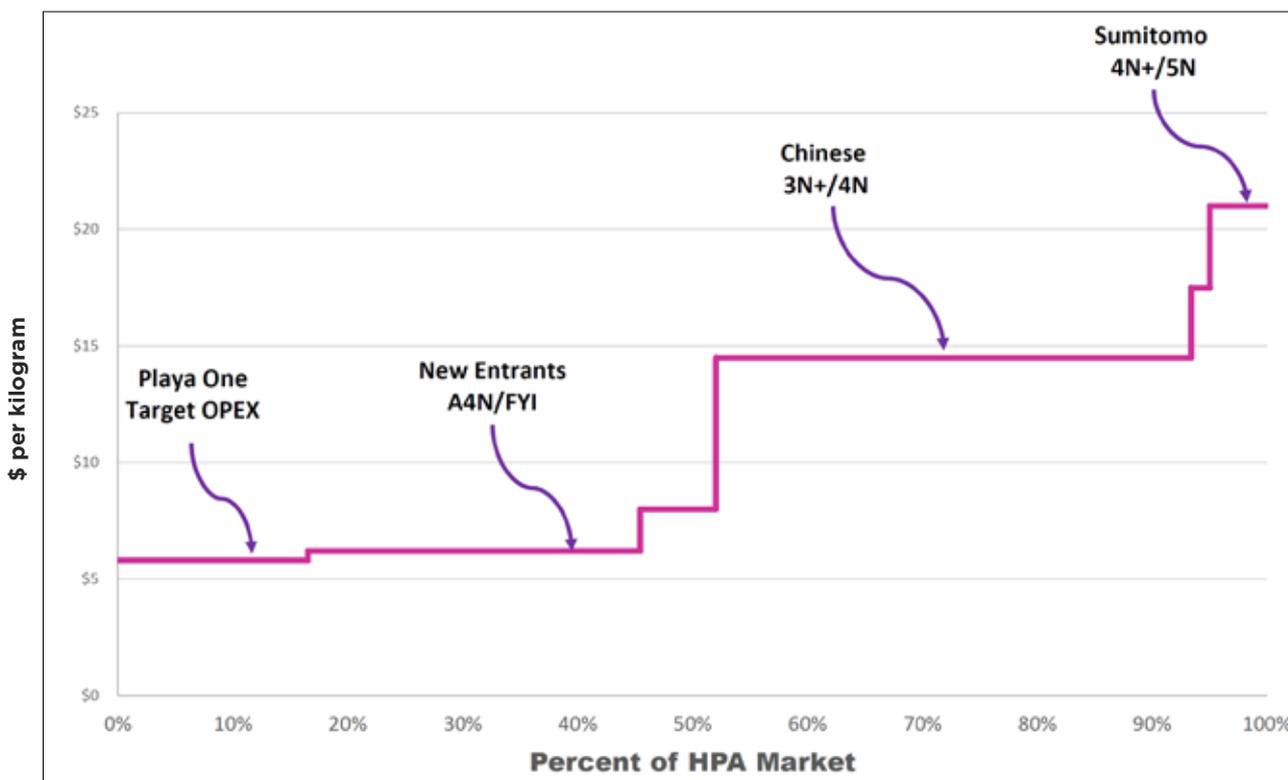


Figure 9. An indicative cost curve for global HPA production. Note the disruptive nature of the cost of production for new entrants using hydrometallurgical techniques versus the incumbent processes dominated by the Bayer process.

Overall annual demand for HPA is predicted to increase from 45,000 to 50,000 tonnes in 2021-22 to about 250,000 tonnes by 2030 (Figure 10).

An increase in LED demand will mainly drive this growth together with lithium-ion battery uses, both underpinned by global decarbonisation and electrification initiatives.

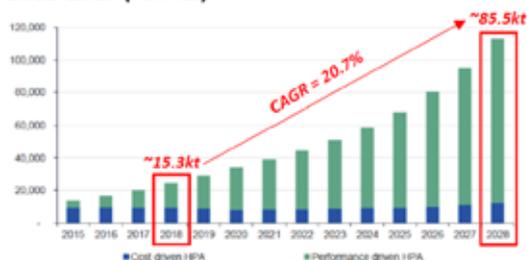
LED growth has experienced between 13% and 18% Compound Annual Growth Rate (CAGR) over the past ten years, and this is predicted to continue, driven by increased installation capacity of LED's and increased demand for environmentally friendly lighting in domestic and commercial properties.

The fastest-growing end-use demand sector in recent years has been in lithium battery separators, which grew at a CAGR of 26%, reaching 5,000 tonnes in 2018 (latest data available). Continued significant growth is predicted in this market, given the uptake of lithium battery technology.

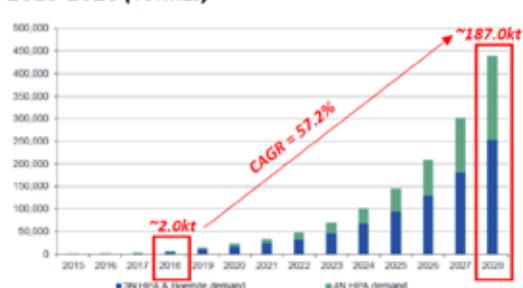
Review of Operations

continued

**4N HPA DEMAND: LED SECTOR
2015-2028 (TONNES)**



**3N & 4N+ HPA DEMAND: LITHIUM BATTERY SECTOR
2015-2028 (TONNES)**



**4N+ HPA DEMAND: SCRATCH RESISTANT GLASS APPS.
2015-2028 (TONNES)**

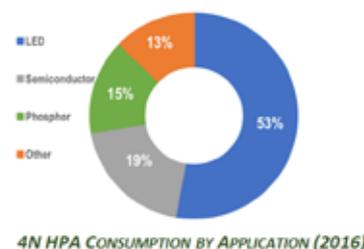
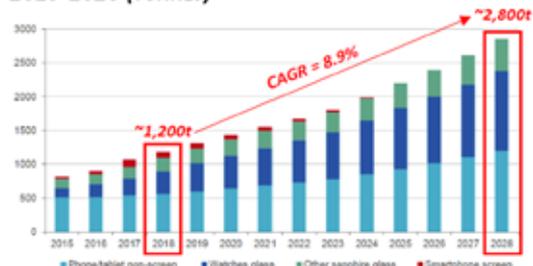


Figure 10. Forecast growth in HPA demand to 2030 (Commodity Research Unit report 2020).

Demand for sapphire glass, although accounting for a relatively small share of the overall market, is also growing at 8% to 10% CAGR. Sapphire glass has precise input tolerances, and a small number of market participants dominates production.

In addition, as noted above, other uses for Ultra High Purity precursors are also likely to be realised in the coming years.

In the Asia-Pacific region, government funding has fuelled the manufacturing capacity investments for electronic companies, which in turn is expected to fuel the demand for HPA over the next decade.

SUMMARY AND NEXT STEPS

The unique nature of the Lake Hope deposit, which allows for very low cost, low environmental footprint quarrying, combined with straightforward metallurgical processing, presents a clear path to producing high purity alumina products that command high margins in a global market forecast to expand over the next decade dramatically.

As such, the Lake Hope Project presents a compelling opportunity for Impact Minerals and its shareholders. The company will move towards production as quickly as practicable over the next few years.

Impact is now working towards the following goals in 2024:

- Completion of a Scoping Study.
- Baseline environmental studies.
- Baseline heritage surveys and continued discussions with the Ngadju First Nations Group, in particular, the application for a Mining Lease. Investors should note that an agreement with the Ngadju Group will be required to gain access for mining.
- Lodgement of an application for a Mining Lease.
- A Pre-Feasibility Study, to be completed by mid 2024.

The Lake Hope Project will become the main focus of Impact’s activities going forward. The PFS and DFS are estimated to cost about \$2.5 million over the next two years. This relatively low cost for feasibility studies compared to other more conventional projects will allow exploration to continue at Impact’s other projects.

Review of Operations

continued

ABOUT THE MINERAL RESOURCE ESTIMATE AT LAKE HOPE

The Lake Hope Project (exploration licence E63/2086) is hosted in the Lake Hope palaeo-valley system within the Yilgarn Craton of Western Australia. The area lies within flat terrain with broad watercourses and dry bed lakes. The landscape also comprises sand dunes up to -10m height, but with low relief. Vegetation comprises eucalyptus marri scrub to 12m height, heath, and scrub, with significant gum trees around the eastern dune areas, typical for that part of Western Australia. The palaeo-valley lake system is developed primarily upon Archaean granitic basement, with minor amounts of metamorphosed greenstone or sedimentary rocks present in the region as inclusions within the granites. The lake system comprises of a coherent series of evaporite playas up to 10 kilometres across which are partly obscured by aeolian dune systems. The saline playas are sheets of evaporitic deposits composed of aluminous mud kaolin, silica, goethite, halite, gypsum and minor amounts of quartz, feldspar and clay detritus. The alumina mineralisation is essentially an evaporitic lake bed deposit.

Dimensions for the two mineral zones are; West Lake : areal extent 1.6 km by 1.6 km with an average thickness from the sampling of 0.95 m, maximum depth is 1.6 m and a surface area of 1.33 Mm²; and, East Lake : areal extent 1.6 km by 0.6 km with an average thickness from the sampling of 0.98 m, maximum depth is 2.0 m and a surface area of 0.76 Mm². The style of mineralisation and the orebody type indicates that there is a strong horizontal control to the alumina grade and geological continuity, i.e. the mineralisation is flat lying and is exposed at surface.

A total of 251 holes have been completed for a total meterage of 264.91m. The drilling consisted of 174 auger holes (for 215.67m) and 77 push tube holes (for 49.24m). A further 47 holes have been assayed but were not included in the mineral resource estimate. A total of 251 and 212 composites, West Lake and East Lake respectively, of nominal 0.5 m length were used to estimate Al₂O₃ for the mineralised lake sediments. No top cuts were applied to the data due to an absence of extreme values and low coefficients of variation for the modelled element.

Auger sample quality is considered good to excellent based on moisture content, whilst the push tube sample quality is considered excellent. All holes were logged visually on 5-10 cm increments for colour, mineralogy, grain size, moisture and stiffness. No downhole surveys were taken as the holes are very short, <2 m, and are vertical. Limited QAQC data has been collected by IPT with results reported as being inconclusive due to insufficient data. The limited data is reported to include nine standards and 15 field duplicate samples. Laboratory performance for standards was acceptable for most major elements, with Loss On Ignition and silica exceeding the published values slightly. Duplicates showed acceptable deviance for 13 of the 15 duplicates (+/- 10%).

The drillhole database was reviewed and validated by Impact's independent database manager prior to provision to HS&C Mineral Consultants for an independent JORC 2012 Mineral Resource Estimation. Interpretation of the drillhole database resulted in the generation of 3D mineral constraining solids on 50 m spaced N-S sections for both lakes. The style of mineralisation and the orebody type indicates that there is a strong horizontal control to the alunite grade and geological continuity, i.e. the mineralisation is flat lying and is exposed at surface. A single mineral zone was defined for each the two deposits using a nominal basal Al₂O₃ cut-off grade of 20% and the geological logging of aluminous clays (providing the requisite geological control) in conjunction with SiO₂, K₂O, Fe₂O₃ and SO₃ assay grades plus geological sense e.g. tapering of the mineral zone at the lake margins. A 2D digital plan outline of the two deposits was taken from IPT's geological mapping (based on an air photograph interpretation) and used to limit the boundary of the mineralisation. Where the base of mineralisation was not necessarily intersected by the drilling, the interpreted basal surface for the mineralisation was extrapolated from nearby drillholes which had reached the base, usually in slightly granitic clay sediment. The top of mineralisation was aligned with the sectional topographic trace from the gridded Lidar data.

The Lake Hope Resource has been classified as predominantly Indicated Category with approximately 11% Inferred Resources, and has been reported in accordance with the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code 2012). Mineral Resources have been classified on the basis of confidence in geological and grade continuity, geological modelling confidence, and limited QAQC.

Review of Operations

continued

ARKUN PROJECT

During the year the following work was completed across the greater Arkun-Beau-Jumbo Project areas (Figure 11).

1. An extensive airborne HELITEM electromagnetic and magnetic survey comprising 920 line kilometres was completed on seven blocks covering the priority soil geochemistry targets identified at Beau and Arkun (Figures 11 and 12). Re-processing and interpretation of the data is underway.
2. Extensive time continues to be spent completing Land Access Agreements with landowners through the Beau and Arkun areas. Nearly 30 agreements have been signed covering most of the Ni-Cu-PGE targets in the northern part of the project area, and negotiations are underway for the remaining targets in the southern part of the area. In general, there has been a very good response from landowners in allowing exploration to commence.
3. As a result of the Land Access Agreements, Impact has completed several campaigns of field checking, soil geochemistry and rock chip sampling across some of the priority targets for Ni-Cu-PGE, with a total of 949 soil samples and 171 rock chip samples collected. Assays are awaited for a further 1000 soil samples.
4. Drill targets have been identified at the Beau Project (ASX Release 18th August 2022). A DGPR survey has also been completed, and this will allow drill hole locations to be finalised. Statutory approvals will then be applied for.

This work will further refine areas of interest for follow-up work, including drilling. There is still significant follow-up work to be done on the other targets, which is a priority for Impact going forward.

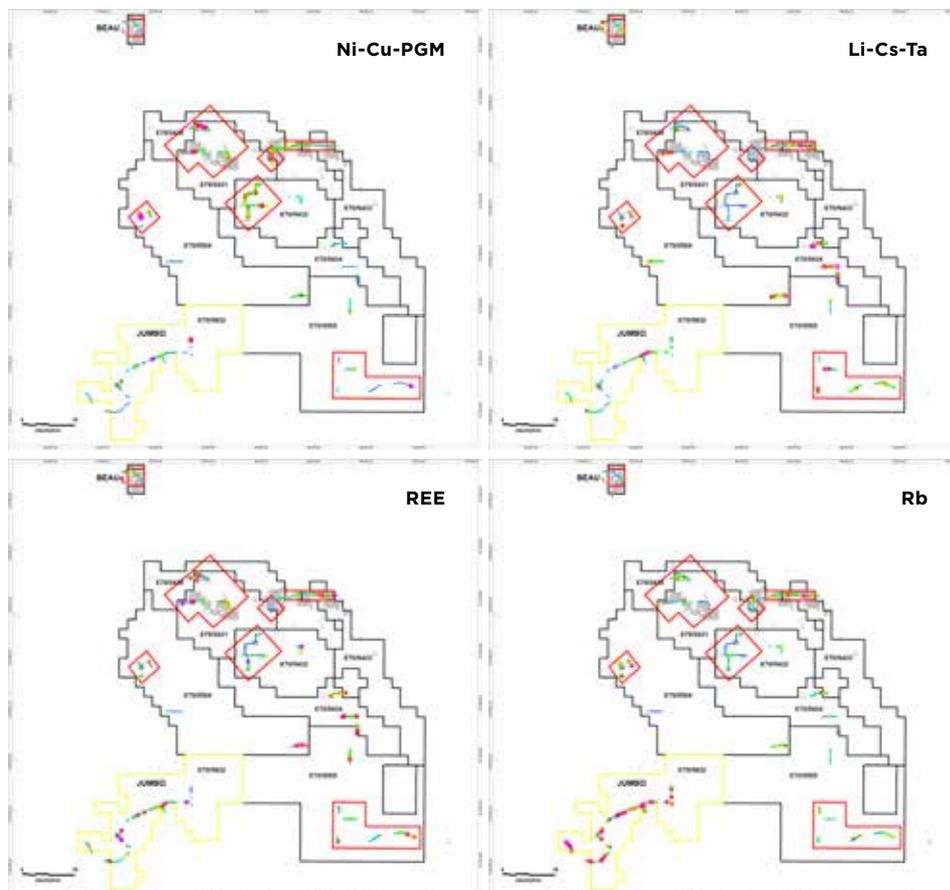


Figure 11. Location of HELITEM survey areas, soil geochemistry surveys that have been received and currently underway.

Review of Operations

continued

ABOUT THE ARKUN PROJECT

Previous work by Impact across the Arkun and Beau project areas using a proprietary geophysical-geochemical technology owned by Southern Sky Energy Pty Ltd identified 17 broad areas of interest, principally for Ni-Cu-PGM mineralisation, for follow-up work (ASX Release 10th June 2021).

Reconnaissance soil geochemistry traverses along gazetted roads and tracks over 15 of these targets, identified 22 more specific targets for both Ni-Cu-PGM mineralisation and, for the first time in the area, lithium-caesium-tantalum pegmatites and Rare Earth Elements (REE). A number of the original targets returned anomalous soil results for more than one style of mineralisation. Targets for both Ni-Cu-PGM and lithium were identified at Beau (ASX Release 21st September 2021).

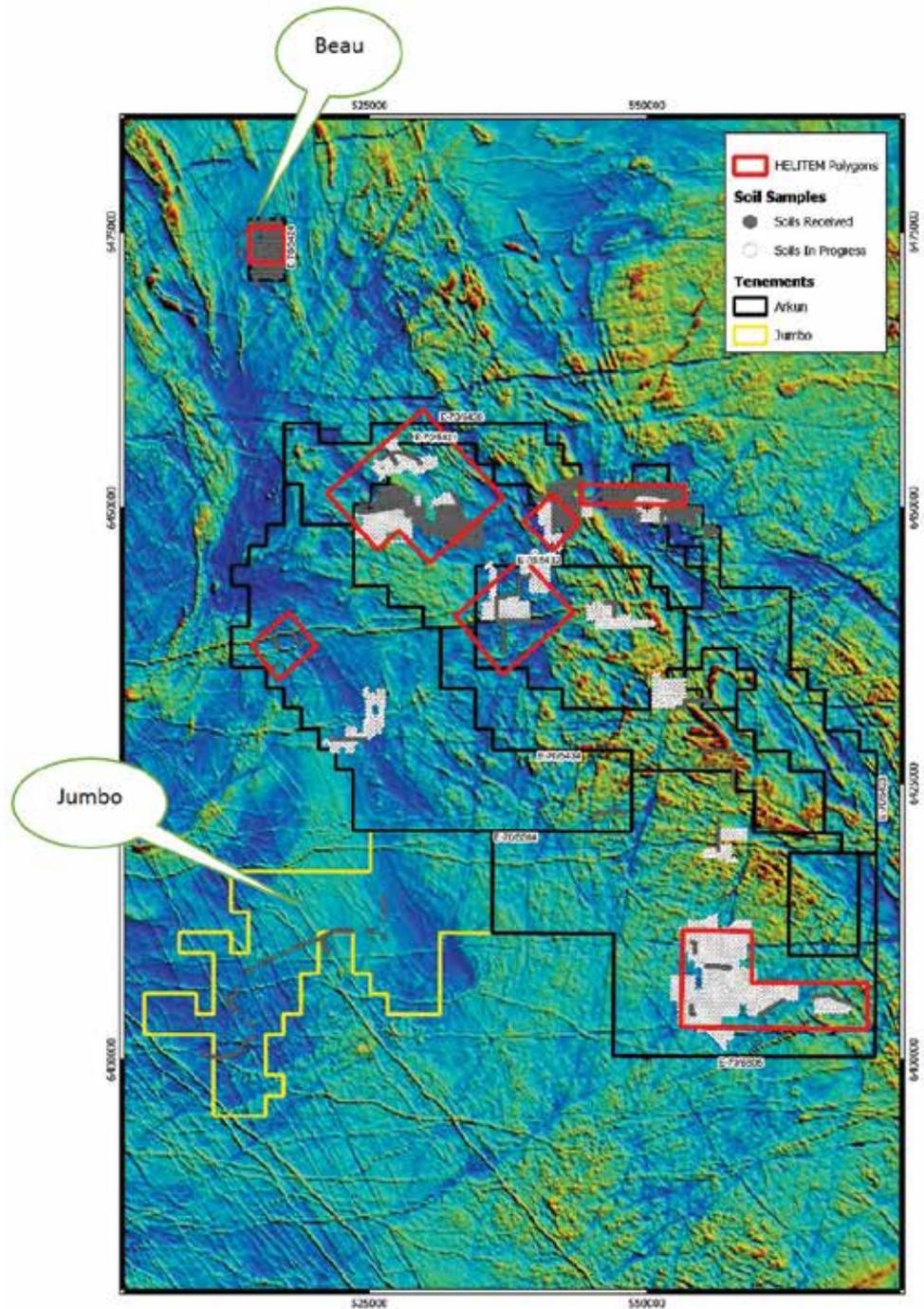


Figure 12. Airborne EM survey blocks (in red) over previous roadside soil geochemistry anomalies for Ni-Cu -PGM, Li-Cs-Ta, REE and Rb (additive Z scores: see ASX Releases 8th March 2022, 27th October 2021 and 21st September 2021 for details).

Review of Operations

continued

HORSESHOE REE PROSPECT

A significant and large soil geochemistry anomaly for Rare Earth Elements (REE) and called the Horseshoe Prospect, was also identified at Arkun.

The anomaly is about 10 kilometres long, up to 2,000 meters wide and comprises both the more valuable

Heavy Rare Earth Elements (HREE) and the Light Rare Earth Elements (LREE) (Figure 13 and 14).

The anomaly is arcuate and centred around a prominent magnetic low adjacent to a major regional fault visible in regional magnetic data. In addition, it coincides with an elevated potassium response in regional radiometric data (Figure 15).

This is interpreted to indicate that the REE may be associated with a zone of potassic alteration related to the immediate contact zone (“Goldilocks zone”) of a weakly magnetic felsic or possibly alkaline/carbonatite intrusion that may have migrated from depth along a major fault. Field checking and rock chip sampling are now required to test this further and help identify specific drill targets.

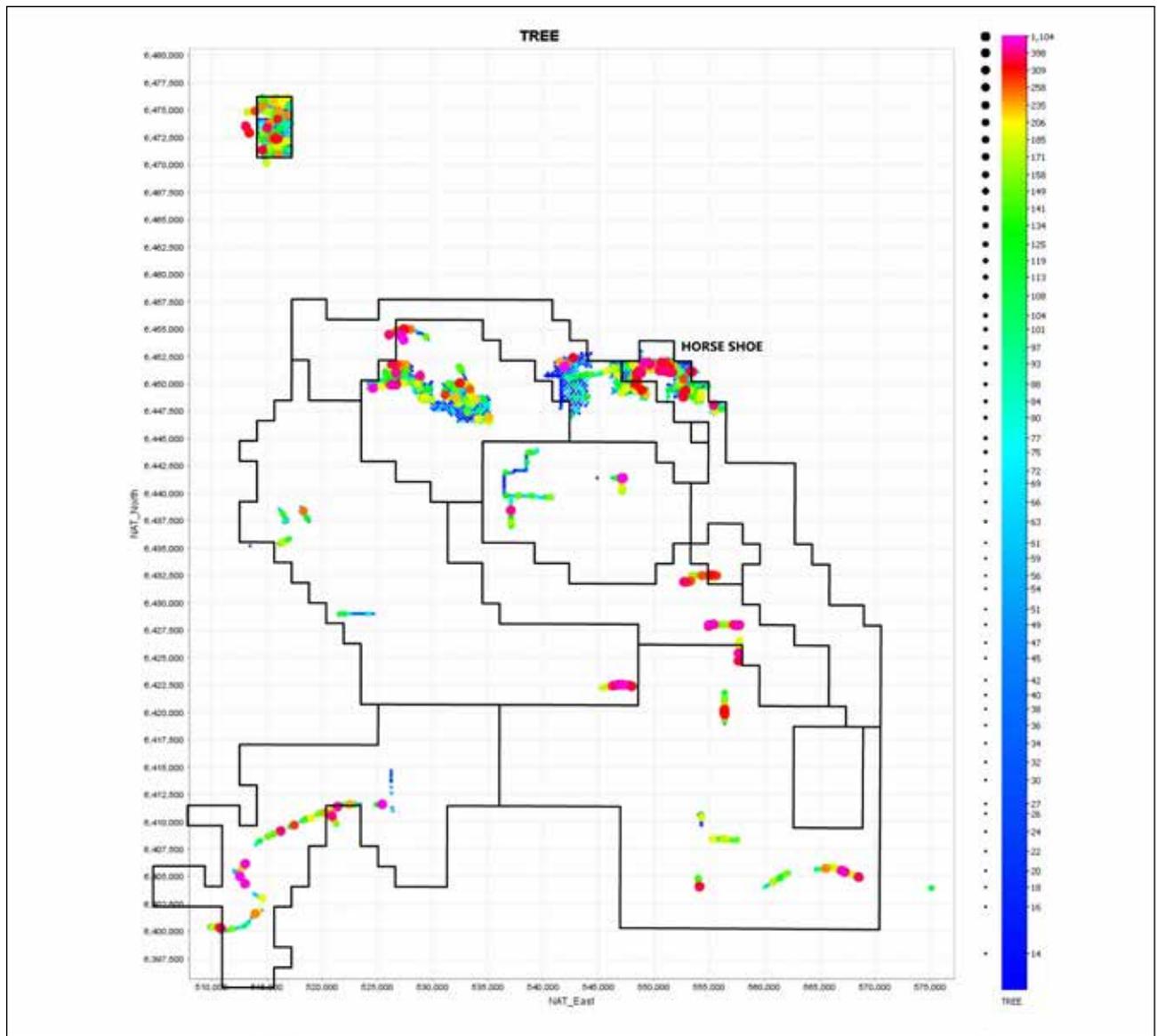


Figure 13. Additive response ratios for Total Rare Earth Elements (TREE) across the greater Arkun-Jumbo-Beau project area, highlighting the Horseshoe anomaly. The linear zones of samples mark the location of previously reported soil geochemistry samples taken on roadside traverses with numerous areas of anomalous REE identified, all requiring detailed follow-up surveys (ASX Releases 27th October 2021 and 8th March 2022).

Review of Operations

continued

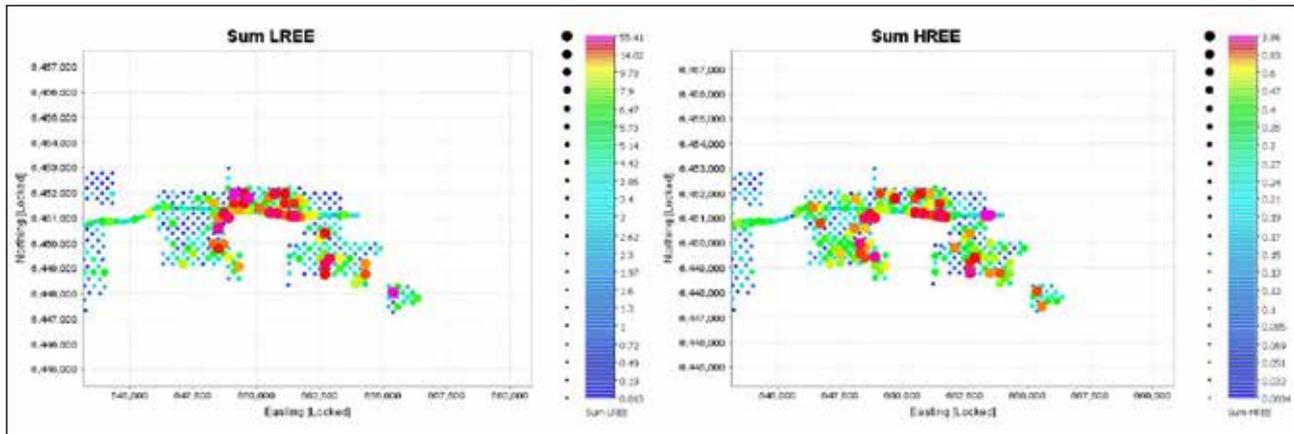


Figure 14. Summed absolute soil assay values at the Horseshoe Prospect, showing combined anomalism in heavy (HREE) and light (LREE) rare earth elements.

Further details about the soil survey and the calculation of response ratios can be found in ASX Release dated June 1st 2023.

NEXT STEPS

The Horseshoe REE Prospect is a new and exciting target area for follow-up work, including field checking and rock chip sampling. This work will commence in late 2023.

Numerous other REE anomalies identified in the previous reconnaissance roadside soil geochemistry have yet to be followed up. Follow-up soil geochemistry surveys are in progress, with about 1,000 samples planned, to test some of these areas and other areas identified as prospective for nickel-copper-PGM and lithium mineralisation.

An interpretation of the nickel-copper-PGM and lithium results from the surveys reported here is still in progress.

Impact has also engaged with SensOre (ASX: S3N) to help reprocess the HELITEM data and prospectivity mapping for Nickel and Lithium. They also apply integrated AI/machine learning algorithms to large datasets to fingerprint and “predict” locations for mineral deposits.

This data will be synthesised to identify drill targets to complete a maiden drill program in 2024.

Review of Operations

continued

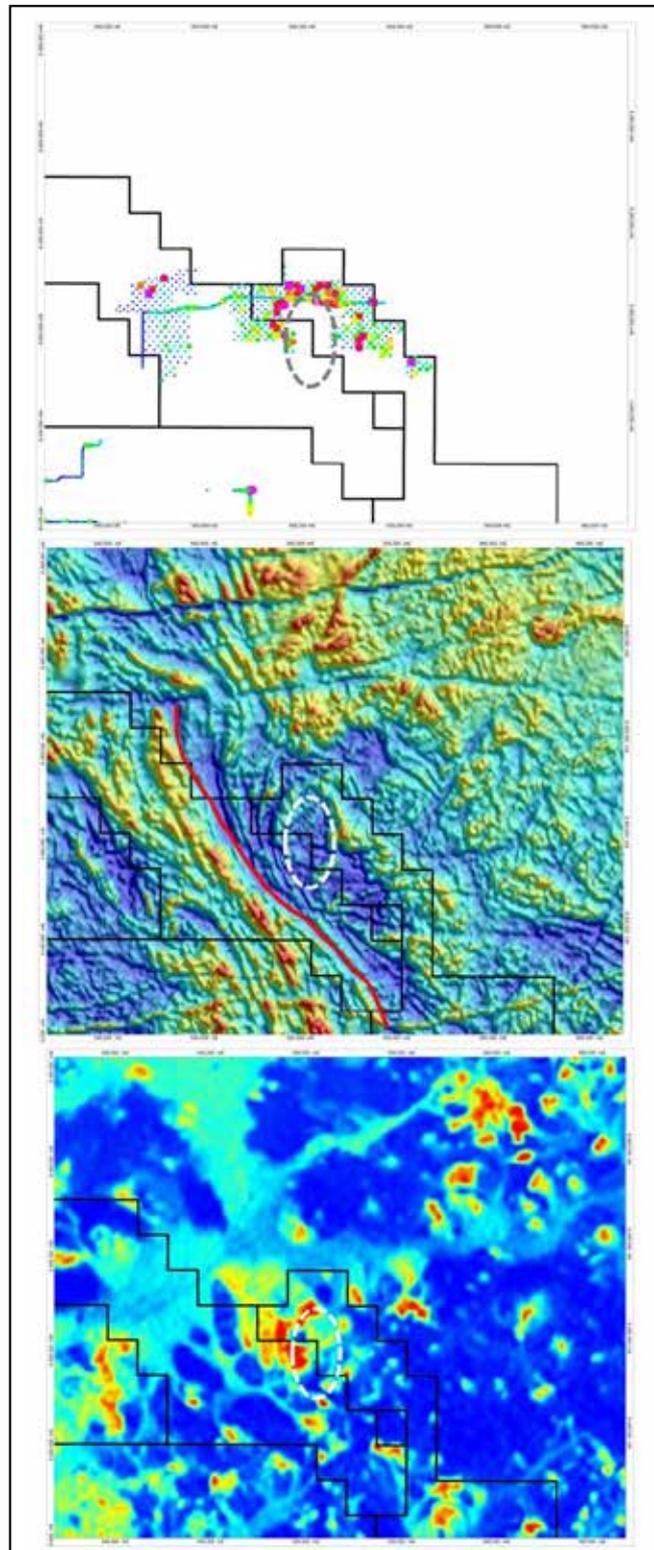


Figure 15. The Horseshoe REE anomaly (top) showing its relationship to a magnetic low (ellipse) and significant regional structure (red line) in an image of regional magnetic data (middle) and potassium in an image of regional radiometric data (bottom).

Review of Operations

continued

BEAU

Results of the Soil Geochemistry Survey

During the year four significant soil geochemistry anomalies were identified at Beau one each for nickel-copper-PGM and gold-palladium and two for lithium-caesium-tantalum.

The samples were taken at a spacing of 200 metres by either 200 metres or 400 metres and submitted for the ionic leach method at ALS Laboratories in Perth.

The results of the soil geochemistry survey are described below and presented as additive response ratios in Figures 16 to 20. Further details on the survey, the analytical technique and calculation of the response ratios can be found in the ASX Release 15th July 2022.

1. NICKEL-COPPER-PALLADIUM-PLATINUM-GOLD RESULTS

The results for nickel-copper-palladium-platinum, together with spatially associated metals silver, cobalt and gold are shown as additive response ratios on an image of the regional magnetic data in Figure 16. These metals are considered pathfinder metals for many mafic-associated massive sulphide systems globally (ASX Releases 10th June 2021 and 21st September 2021).

One large coherent anomaly that is up to 2.5 km long north-south and 1 km wide with combined responses up to 88 times background has been identified in the north west of the Beau tenement (Figure 16). Particularly strong responses occur along two traverses (Traverse A and B, Figure 17).

On Traverse A strong responses in particular for copper-nickel-palladium-cobalt occur at the

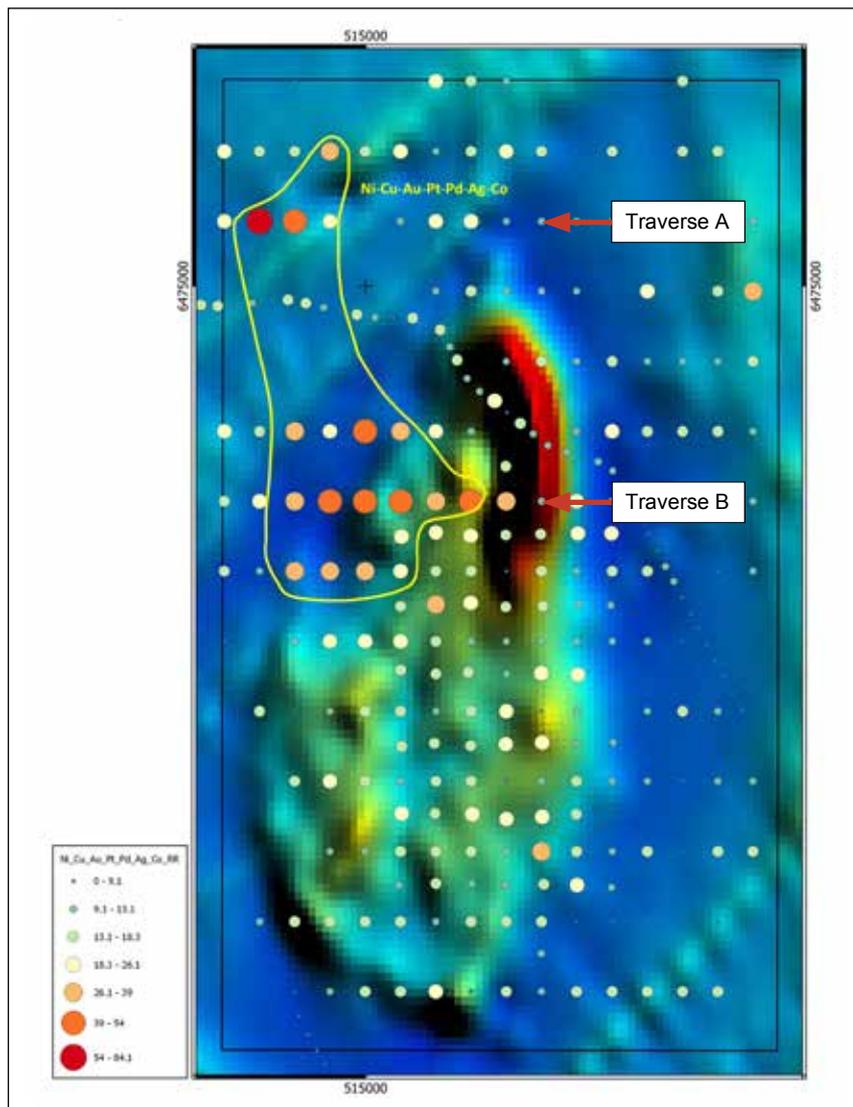


Figure 16. Combined response ratios for nickel-copper-cobalt-platinum-palladium-silver-gold-cobalt plotted on an image of the regional magnetic data (more magnetic units in warmer colours). The main soil anomaly is highlighted and is mostly coincident with rocks of low magnetic response and interpreted as part of a large mafic intrusion. The strong magnetic unit in the northeast is probably a unit of banded iron formation.

western end of the traverse in an area where there are numerous loose boulders of layered gabbro (Figure 18).

Layered gabbros are mostly found as part of large mafic intrusions that host massive nickel-copper sulphide deposits. Impact is the first company to record such rocks in the

area. This is a highly encouraging development and further field checking is required.

On Traverse B moderate responses for copper-nickel-cobalt-palladium occur over a broad area of about one kilometre. This area has not been field checked and is also a priority area for follow up work.

Review of Operations

continued

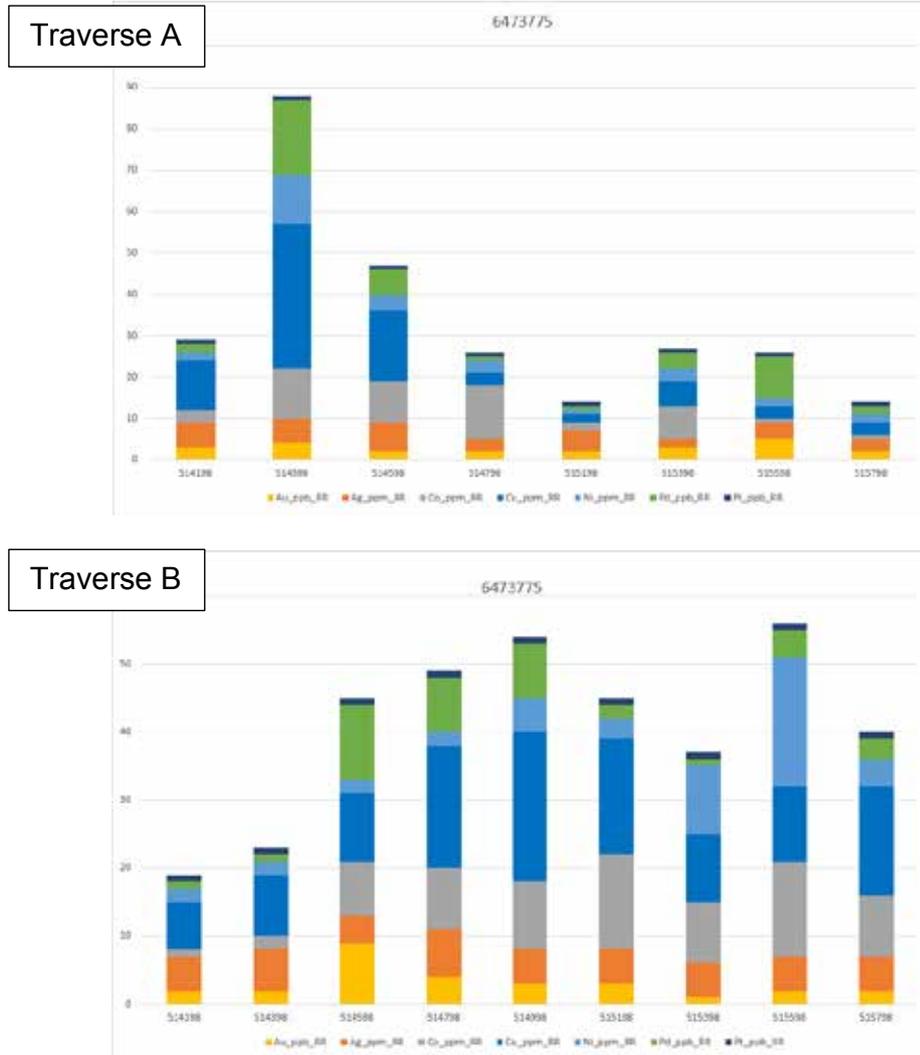


Figure 17. Stacked bar charts of additive response ratios for Traverse A (top) and Traverse B (bottom).



Figure 18. Loose boulder of rhythmically layered gabbro from Traverse A. Such textures occur within many layered mafic intrusions globally that host major metal deposits.

Review of Operations

continued

2. GOLD

A discrete gold-palladium-in-soil anomaly about 500 metres in diameter has been identified in the central part of the Beau project (Figure 19). The responses for both metals are moderate and are associated with strong magnesium responses. Although not discussed here, magnesium is strongly correlated with REE elements in the soil geochemistry data and together these suggest the responses may be related to an alkaline intrusion. The area has not been field checked and this is a priority area for further work.

3. LITHIUM-CAESIUM-TANTALUM

Two large irregular shaped soil anomalies each about 1 kilometre in dimension with modest to strong response ratios for lithium-caesium-tantalum have been identified in the north east and central parts of the Beau project.

As well as these three metals, there are also variable responses for the associated metals beryllium and niobium and additive response ratios for all five metals are shown in Figure 20. Particularly strong responses occur on Traverse C (Figure 20 and Figure 21).

These five metals commonly form part of a zoned system of pegmatites in a widely used model for exploration for lithium-dominant pegmatites (Figure 22). Responses for the individual metals do vary significantly within the two areas identified, but together the responses are permissive of a large zoned pegmatite system. There are indications of such zonation along Traverse C (Figure 21). Of note, the southern anomaly also partly rings the gold-palladium anomaly, suggesting a possible genetic relationship.

Both of the geochemical anomalies occur in areas of poor outcrop and extensive laterite and require detailed field checking and possible infill soil geochemistry samples to better define any possible zonation.

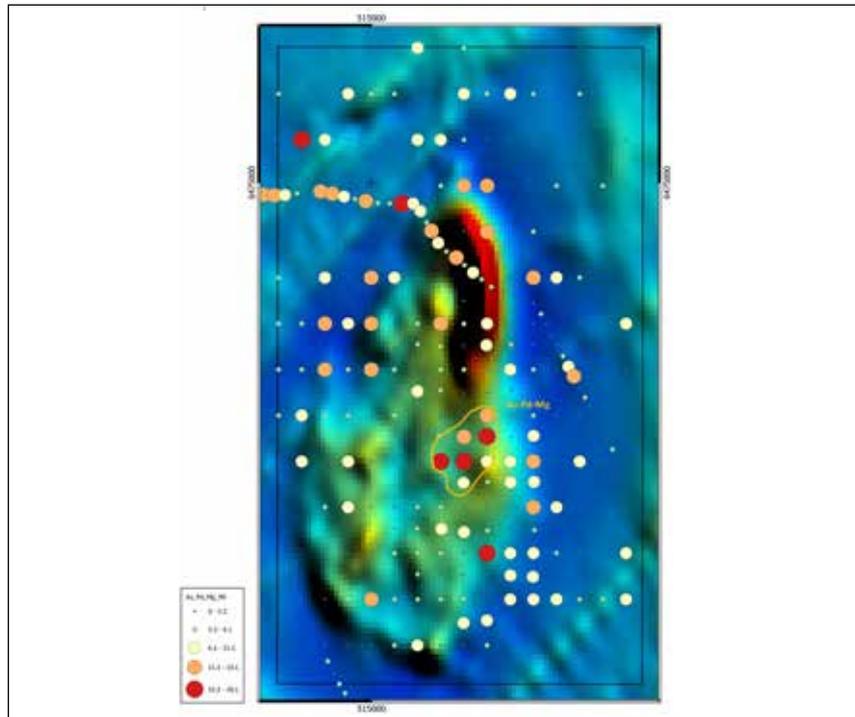


Figure 19. Combined response ratios for gold-palladium-magnesium plotted on an image of the regional magnetic data (more magnetic units in warmer colours) and showing a coherent anomaly about 500 metres in diameter. The elevated magnesium responses show a strong correlation to elevated REE responses. This area has not been field checked.

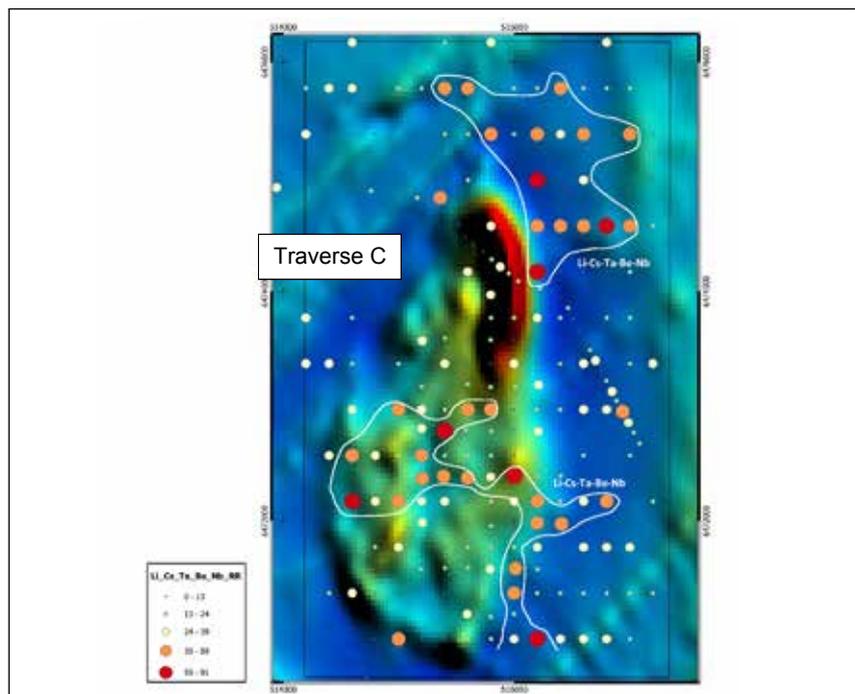


Figure 20. Combined response ratios for lithium-caesium-tantalum-beryllium-niobium plotted on an image of the regional magnetic data (more magnetic units in warmer colours). These areas have not been field checked.

Review of Operations

continued

DISCUSSION AND NEXT STEPS

The results of Impact’s first ever detailed soil geochemistry programmes at Beau and within the greater Arkun-Beau-Jumbo project area has successfully identified four high-priority target areas for further work and cover a wide range of battery and precious metals. The geological terrain, which is very poorly explored, is permissive for significant mineralisation of the types discussed here, and Impact considers the results from its exploration targeting work in this region thus far highly encouraging.

It is equally encouraging that Impact’s targeting methodology and exploration workflow exemplified here has returned numerous areas for follow-up work and this augers well for Impact’s other projects throughout the emerging mineral province of Western Australia where the same work flow is being applied (Figure 1).

At Beau, follow-up field checking and sampling has also been completed with the aim of prioritising areas for reconnaissance drill traverses as soon as practicable. Access will be restricted for drilling until the harvest period later in the year. This will however allow time for the statutory approvals to be lodged.

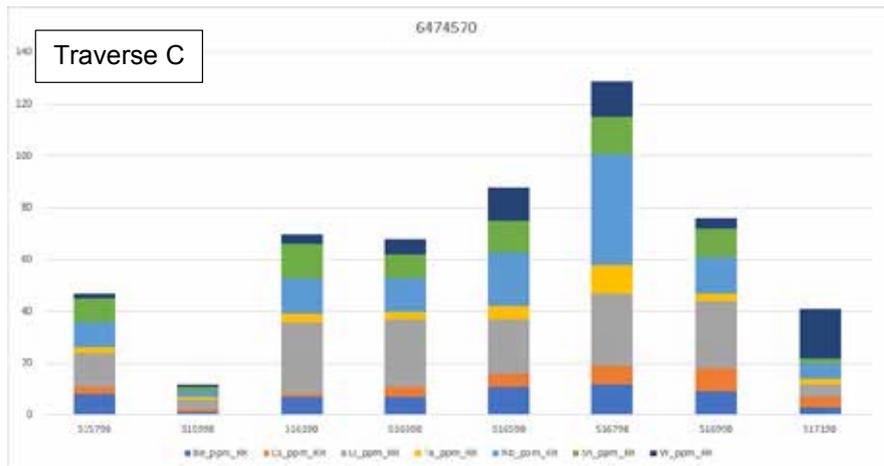


Figure 21. Stacked bar charts of additive response ratios for Traverse C. The elements are plotted in order from bottom to top as per the exploration model and suggest they may be part of a zoned system (Figure 7).

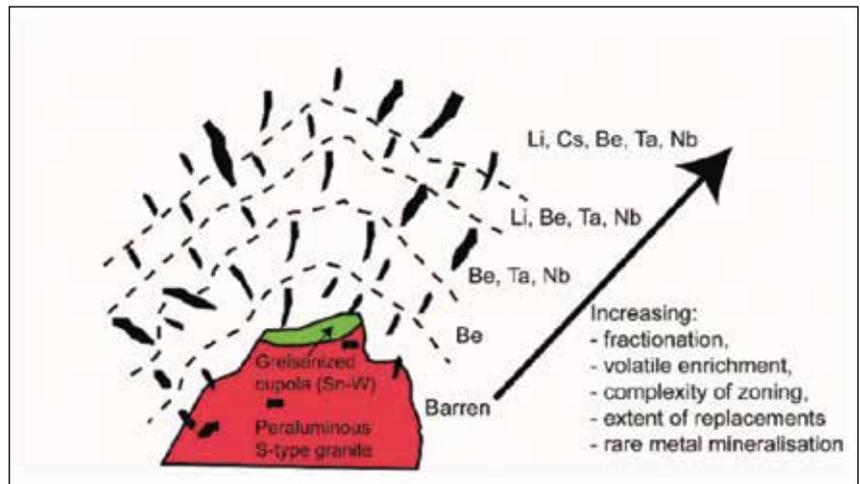


Figure 22. Cartoon of a widely used exploration model for zoned pegmatite systems showing a core of beryllium (Be) dominant mineralisation passing outwards to tantalum, niobium, lithium and caesium dominant mineralisation.

Review of Operations

continued

BROKEN HILL PROJECT

BHP XPLOR

During the year, Impact was selected as one of the inaugural participants in the BHP Xplor programme, principally to fund exploration at the Company's Broken Hill Project in New South Wales (ASX Release January 17th 2023).

BHP Xplor, a prestigious accelerator program introduced by BHP in August 2022, is designed to help provide participants with the opportunity to accelerate their growth and the potential to establish a long-term partnership with BHP and its global network of partners.

Impact received up to US\$500,000 in cash payments from BHP over the six months and gained access to a network of internal and external experts to help guide development in the company's technical, business and operational aspects.

The BHP Xplor funding was used to identify new target areas for copper and other energy metals around the Broken Hill area, where Impact has been quietly adding to its ground position for several years.

Impact believes that there is significant untapped exploration potential at Broken Hill for copper mineralisation and has been working with world-renowned geologist Prof. Tony Crawford on a new model for copper associated with mafic intrusions that are part of the Broken Hill Group rocks.

The funding was primarily directed at developing a new, detailed three-dimensional model of the geology of the region based on new insights gained by Impact during its work there over the past ten years, together with an interpretation of magnetic and gravity data.

As part of the Xplor programme, extensive field checking and rock chip sampling of mafic intrusions throughout the Broken Hill stratigraphy has been completed. About 600 rock chip samples have been submitted for comprehensive major and trace element whole-rock geochemistry to help establish the provenance and metal-carrying potential of the mafic rocks. Some data has been received and is being interpreted.

In addition, two geophysical surveys were completed as case studies over known zinc-lead-silver-copper mineralisation at Impact's Dora East prospect: a ground SAM survey and a ground AMT. The surveys were designed to validate the potential of both the SAM and MT methods to identify sulphide mineralisation that cannot be detected by EM methods (e.g. sphalerite, galena etc.) to consider airborne surveys using those methods.

Furthermore, and for the first time in the Broken Hill region, a regional magneto-telluric (MT) survey designed to elucidate the deep structure under Broken Hill has recently been completed, with the data currently being processed. Results are expected in the September Quarter.

Funding under the Xplor programme finished as of June 30th, 2023. BHP remains interested in the Broken Hill project, and Impact will present the work completed to them once completed. There are no ongoing confidentiality conditions to the data Impact has collected.

IGO JOINT VENTURE

During the year a major ground EM survey was completed by IGO as part of its earn in joint venture over a small portion of the Broken Hill project. One significant conductor was identified and tested with one diamond drill hole. No significant results were returned and IGO has now withdrawn from the joint venture.

Review of Operations

continued

COMMONWEALTH PROJECT

On 8th August 2022, Impact announced it had agreed terms for the sale of a 75% interest in its 100% owned Commonwealth Project in the Lachlan copper-gold province of New South Wales to Burrendong Minerals Limited, a private unrelated company looking to list on the ASX in 2024. These terms were subsequently revised post year end on (ASX Release 16 August 2023) as follows:

1. An extension of the Exclusivity Period to September 30th 2023, to complete a Share Purchase Agreement (SPA) and Joint Venture Agreement (JVA). Burrendong can extend the Exclusivity Period for a further eight weeks for a non-refundable payment of \$25,000.

On execution of the SPA, Impact to receive a non-refundable payment of \$75,000.

2. Following the execution of the SPA, Burrendong will have nine months to complete a listing on the ASX.

Upon listing, Impact will receive a further \$250,000 in cash, a 12.5% interest in Burrendong and will retain a 49% interest in the Commonwealth Project.

3. Upon listing, the project will operate under an incorporated joint venture, whereby Burrendong may acquire a further 24% interest in the Commonwealth Project by sole funding exploration until the earlier of the first \$5 million of expenditure within 36 months of the SPA Completion or a Decision to Mine.

Normal dilution clauses will subsequently apply, and if Impact reduces to less than a 10% interest, it will convert to a 2% Net Smelter Royalty.

4. Impact shareholders will receive a priority entitlement to subscribe for up to \$2 million worth of shares under the Burrendong initial public offering.

OTHER PROJECTS

Limited work was completed on Impacts other projects. These projects will be advanced in 2024 with a view to monetizing them.

Directors' Report

continued

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 2023.

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
- Frank Bierlein, 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. The Group also acquired the right to earn an 80% interest in the Lake Hope High Purity Alumina Project.

FINANCIAL RESULTS

The consolidated loss of the Group after providing for income tax for the year ended 30 June 2023 was \$5,782,028 (2022: \$2,399,307).

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

Lake Hope Project

During the year Impact acquired the right to earn an 80% interest in the Lake Hope High Purity Alumina Project located in the emerging mineral province of southwest Western Australia. Lake Hope, a dry playa lake, contains a globally unique deposit of extremely fine-grained (<16 microns), very pure, high-grade aluminous clays in the top few metres of the lakebed.

The unique geological properties of the Lake Hope deposit will allow for a shallow, very low-cost, free-digging operation only a few metres deep and with offsite metallurgical processing at an established industrial site.

The proposed operation will have a small environmental footprint and low carbon emissions.

Impact aims to bring Lake Hope into production to deliver high-margin end-products into a rapidly expanding global market with a forecast average price for 4N HPA (99.99% Al_2O_3) and related products of about US\$20,000 per tonne.

A pre-feasibility study has commenced as well as the work required to lodge a Mining Lease Application later in 2023. A maiden mineral resource estimate of 3.5 million tonnes at 25.1% alumina (Al_2O_3) for a contained 880,000 tonnes of alumina has been defined (ASX:IPT 19th June 2023).

A heritage survey over the Lake Hope deposit has been completed in conjunction with the Ngadju Peoples. There are no heritage concerns with mining at the lake.

Arkun-Beau Project

Exploration during the year was also focussed on the Arkun-Beau Project centred about 200 km south-east of Perth and first staked in 2020. An airborne EM survey, soil geochemistry surveys, field checking and rock chip sampling were completed at priority targets for Ni-Cu-PGE mineralisation. In addition, extensive time was spent completing Land Access Negotiations across the project area.

Four large and significant soil geochemistry anomalies were identified at Beau (ASX:IPT 9th August 2023), including:

- a large copper-nickel-PGM-silver-cobalt anomaly up to 2.5 km by 1 km in size and associated with previously unrecognised layered mafic gabbros.
- a gold-palladium anomaly about 500 metres in diameter.
- two lithium-caesium-tantalum anomalies each about 1 km in dimension that may be part of a large zoned intrusive pegmatite system. A DGPR survey was also completed at Beau.

Directors' Report

continued

A reconnaissance drill programme will be organised as soon as practicable, subject to access and the harvest period.

A large Rare Earth Element ("REE") soil geochemistry anomaly about ten kilometres long, up to 2,000 meters wide, and comprising Light and Heavy REE was identified in the northeast of the Arkun Project (ASX:IPT 1st June 2023). The anomaly, called the Horseshoe Prospect, occurs in the contact zone of an intrusion adjacent to a major regional fault, a prime location for REE.

Further surveys are in progress to follow up on numerous other REE (and other metal) anomalies identified in reconnaissance roadside soil geochemistry surveys.

Broken Hill Project

In a significant validation of Impact's expertise, the company was selected as one of the inaugural participants in the BHP Xplor programme, principally to fund exploration at the Broken Hill Project.

BHP Xplor, an accelerator program introduced by BHP in August 2022, is designed to help provide participants with the opportunity to accelerate their growth and the potential to establish a long-term partnership with BHP and its global network of partners.

Impact received US\$500,000 and gained access to a network of internal and external BHP experts to help guide development in the company's technical, business and operational aspects.

The BHP Xplor funding was used to identify new target areas for copper and other energy metals around the Broken Hill area, where Impact has been quietly adding to its ground position for several years.

Impact believes that there is significant untapped exploration potential at Broken Hill for copper mineralisation and has been working with world-renowned geologist Prof. Tony Crawford on a new model for copper associated with mafic intrusions that are part of the Broken Hill Group rocks.

This is a different exploration model to that being pursued as part of the IGO Limited (ASX:IGO) joint venture partnership on EL7390 and EL8234, which were excluded from the program. IGO subsequently withdrew from the joint venture following poor drill assays.

As part of the Xplor programme, Impact completed the first-ever Sub Audio Magnetics ("SAM") and magnetotelluric (MT) ground geophysical surveys in the Broken Hill area, with data still being processed and interpreted. In addition, about 600 rock chip samples were collected during the Xplor programme and have been submitted for whole rock and trace element geochemistry.

Funding by the Xplor programme ended on June 30th 2023, and all confidentiality restrictions have been lifted.

Commonwealth Project

In 2022 Impact agreed to sell 75% of the Commonwealth Project to unlisted company Burrendong Resources Pty Ltd. In August 2023 the term sheet was amended creating a change to the overall valuation of the Project. The sale is subject to Burrendong listing on the ASX by mid-2024.

Limited work was done on Impact's other projects.

FINANCIAL

As at 30 June 2023, the Group had net assets of \$17,417,108 (2022: \$18,557,017) including cash and cash equivalents of \$4,688,824 (2022: \$3,816,089).

Directors' Report

continued

Competent Person's 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.

The information in this report that relates to the Mineral Resource for the Lake Hope Project is based on information evaluated by Mr Simon Tear who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who has sufficient experience relevant to the style of mineralisation and type of deposit 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"). Mr Tear is a Director of H&S Consultants Pty Ltd and he consents to the inclusion in the report of the Mineral Resource in the form and context in which they appear.

The information in this report that relates to the Minerals Resource for the Lake Hope Project is based on information announced to the ASX on 19th June 2023. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement, and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply.

ASX BREACH

On 22 May 2023, the Company announced on ASX that it had inadvertently agreed and proposed to issue 633,333,333 equity securities, which exceeded (to the extent of 261,127,750 equity securities) the Company's issuance capacity under Listing Rule 7.1 resulting in a breach of ASX Listing Rule 7.1.

This breach was compounded as the Company had announced that it proposed to issue 264,803,722 shares under its Listing Rule 7.1A 10% capacity. This is because the Company had not received approval for a mandate to issue securities under its Listing Rule 7.1A capacity at its Annual General Meeting held on 24 November 2022, wherein that resolution was considered and not passed by Shareholders.

Notwithstanding the above, as a result of remedial action immediately taken by the Company upon discovery of the breach, and also by the Company's clarification announcement and amended Appendix 3B forms announced on 4 May 2023, no actual issue of securities occurred in breach of Listing Rule 7.1. The Company's issue of securities proceeded following approval of its shareholders at the Extraordinary General Meeting held on 1 August 2023.

The breach occurred due to an administrative error resultant from numerous factors, including the simultaneous completion of its placement announced on 1 May 2023 and approval for the issue of securities in relation to the Lake Hope Project (please refer to the Company's clarification announcement on 4 May 2023).

Notwithstanding the circumstances that led to the breach, the Company's history of good corporate governance and that the Company's subsequent assessment that its corporate governance policies (available at www.impactminerals.com.au/site/about/corporate-governance) are sufficient to ensure circumstances such as these do not arise, the Company understands the seriousness of the breach and has taken appropriate remedial action and made necessary arrangements to mitigate further breaches of the ASX Listing Rules.

As a result of the breach, and in accordance with the relevant requirements set out in the ASX decision letter dated 18 May 2023, the Company:

1. Has confirmed in writing that it has made the necessary arrangements to mitigate further Listing Rule Breaches;
2. Provided to ASX an undertaking that the Company will not issue any equity securities without security holder approval until 12 January 2024 unless the issue comes within an exception in Listing Rule 7.2;
3. May not ratify the issue, or agreement to issue, the excess 261,127,750 equity securities under Listing Rule 7.4, as ratification will not refresh the Company's capacity to issue securities without security holder approval under Listing Rule 7.1, given ratification under Listing Rule 7.4 is only available where the securities are issued or agreed to be issued without breaching Listing Rule 7.1; and
4. Will make periodic disclosure concerning the abovementioned matters until 29 February 2024, including in its Half-Year accounts for the six months ending 31 December 2023.

The Company confirms that it remains in compliance with the above matters as required by ASX.

Directors' Report

continued

ASX WAIVER

The Company successfully applied for a waiver from Listing Rule 7.3.4 to the extent necessary to permit the Company to, in its notice of meeting ("Notice") held on 1 August 2023, seek shareholder approval for the issue of:

1. up to 120,000,000 deferred consideration shares to the shareholders of Playa One Pty Ltd ("Vendors") to be issued upon an announcement of a Preliminary Feasibility Study for the Lake Hope Project, which must occur within 2 years of shareholder approval i.e. 1 August 2025 ("Milestone 1"); and
2. up to 100,000,000 deferred consideration shares to the Vendors to be issued upon an announcement of a Definitive Feasibility Study for the Lake Hope Project, which must occur by 31 June 2026 ("Milestone 2"), (collectively, the 'Deferred Consideration Securities') not to state that the Deferred Consideration Securities will be issued no later than 3 months from the date of the shareholder meeting ('Meeting'), on the following conditions:
3. The Deferred Consideration Securities are to be issued upon satisfaction of Milestone 1 and Milestone 2 (together, the "Milestones") and within the time required by the Milestones.
4. The Milestones must not be varied.
5. The maximum number of Deferred Consideration Securities to be issued is capped as follows:
 - 120,000,000 Deferred Consideration Securities in relation to Milestone 1;
 - 100,000,000 Deferred Consideration Securities in relation to Milestone 2.
6. Adequate details regarding the dilutionary effect of the Deferred Consideration Securities on the Company's capital structure is included in the Notice.
7. For any annual reporting period during which any of the Deferred Consideration Securities have been issued or any of them remain to be issued, the Company's annual report sets out the number of Deferred Consideration Securities issued in that annual reporting period, the number of Deferred Consideration Securities that remain to be issued and the basis on which the Deferred Consideration Securities may be issued.
8. The Notice contains the full terms and conditions of the Deferred Consideration Securities as well as the conditions of this waiver.

The Company confirms that for the annual reporting period ended on 30 June 2023 no Deferred Consideration Securities have been issued and that up to a maximum of 220,000,000 Deferred Consideration Securities remain to be issued (namely the 120,000,000 Milestone 1 Deferred Consideration Securities and the 100,000,000 Milestone 2 Deferred Consideration Securities).

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 May 2023, the Company raised \$4,000,000 (before costs) via a placement of 333,333,333 shares at an issue price of 1.2 cents each to fund the Lake Hope Project.
- The Company also exercised its option to proceed with the farm-in to earn an 80% interest in the Lake Hope Project. The Company also paid the Tranche One consideration for the exercise of the option i.e. 30,000,000 shares.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

On 1 August 2023, the Company held an Extraordinary General Meeting where the following resolutions were passed:

- Ratification of the prior issue of 72,205,583 Placement Shares;
- Ratification of prior issue of 30,000,000 shares in relation to the option to earn an interest in the Lake Hope Project;
- Approval to issue 20,000,000 shares and 30,000,000 options in relation to the option to earn an interest in the Lake Hope Project;
- Approval to issue up to 120,000,000 shares to the vendors of the Lake Hope Project upon an announcement of a Preliminary Feasibility Study; and
- Approval to issue up to 100,000,000 shares to the vendors of the Lake Hope Project upon an announcement of a Definitive Feasibility Study.

On 16th August 2023 the Company announced that it had finalised revised terms for the sale of up to a 75% interest in the Company's 100% owned Commonwealth Project to Burrendong Minerals Ltd, an unrelated public company.

There has not arisen in the interval between the end of the financial year and the date of this report any other 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.

Directors' Report

continued

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 2023, 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.	
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	19,994,440
	Unlisted options - Impact Minerals Limited	43,000,000
	Listed options - Impact Minerals Limited	2,000,171

Directors' Report

continued

Michael Jones

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

Experience and expertise	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. 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.	
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	9,643,814
	Unlisted options – Impact Minerals Limited	86,000,000
	Listed options – Impact Minerals Limited	964,380

Paul Ingram

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

Experience and expertise	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.	
Other current directorships	A-Cap Resources Limited (Director since June 2009) Besra Gold Inc. (Director since September 2020)	
Former directorships in last three years	None	
Special responsibilities	None	
Interests in shares and options	Ordinary shares – Impact Minerals Limited	847,098
	Unlisted options – Impact Minerals Limited	26,000,000
	Listed options – Impact Minerals Limited	72,584

Directors' Report

continued

Frank Bierlein

PhD (Non-Executive Director), Director since 13 October 2021

Experience and expertise	Dr Bierlein is a geologist with 30 years of experience as a consultant, researcher, lecturer and industry professional. Dr Bierlein has held exploration and generative geology management positions with QMSD Mining Co Ltd, Qatar Mining, Afmeco Australia and Areva NC, and consulted for, among others, Newmont Gold, Resolute Mining, Goldfields International, Freeport-McMoRan, and the International Atomic Energy Agency. He was a non-executive director of Gold Australia Pty Ltd from 2015 to 2019 and chaired the Advisory Board of a Luxemburg-based private equity fund between 2014 and 2021. Dr Bierlein has worked on six continents spanning multiple commodities, and over the course of his career has published and co-authored more than 130 articles in peer-reviewed scientific journals. Dr Bierlein obtained a PhD (Geology) from the University of Melbourne, is a Fellow of the Australian Institute of Geoscientists (AIG), and a member of both the Society of Economic Geologists (SEG) and the Society of Geology Applied to Mineral Deposits.
Other current directorships	Blackstone Limited (Director since November 2021) Firetail Resources Limited (Director since November 2021) Variscan Mines Limited (Director since October 2022)
Former directorships in last three years	PNX Metals Limited (appointed June 2021, resigned April 2023)
Special responsibilities	None
Interests in shares and options	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 35 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 2023, and the number of meetings attended by each Director were:

	Number of meetings attended	Number of meetings eligible to attend
Peter Unsworth	9	9
Michael Jones	9	9
Paul Ingram	9	9
Frank Bierlein	8	9

The directors also had 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

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

Directors' Report

continued

REMUNERATION REPORT (AUDITED)

The Directors present the Impact Minerals Limited 2023 Remuneration Report, outlining key aspects of the Company's remuneration policy and framework, and remuneration awarded this year.

The report contains the following sections:

- a) Key management personnel covered in this report
- b) Remuneration governance and the use of remuneration consultants
- c) Executive remuneration policy and framework
- d) Relationship between remuneration and the Group's performance
- e) Non-executive director remuneration policy
- f) Voting and comments made at the Company's last Annual General Meeting
- g) Details of remuneration
- h) Service agreements
- i) Details of share-based compensation and bonuses
- j) Equity instruments held by key management personnel
- k) Loans to key management personnel
- l) Other transactions with key management personnel.

A) KEY MANAGEMENT PERSONNEL COVERED IN THIS REPORT

Non-Executive and Executive Directors (see pages 30 to 32 for details about each director)

Name	Position
Peter Unsworth	Non-Executive Chairman
Michael Jones	Managing Director
Paul Ingram	Non-Executive Director
Frank Bierlein	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 2023.

Directors' Report

continued

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 LAST ANNUAL GENERAL MEETING

Impact Minerals Limited received more than 90% of "yes" votes on its Remuneration Report for the 2022 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Directors' Report

continued

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 \$		
2023							
<i>Directors</i>							
P Unsworth	59,361	-	6,233	-	68,400	133,994	51.0
M Jones	246,880	-	-	-	142,500	389,380	36.6
P Ingram	32,877	-	3,452	-	45,600	81,929	55.7
F Bierlein	32,877	-	3,452	-	45,600	81,929	55.7
TOTALS	371,995	-	13,137	-	302,100	687,232	-
2022							
<i>Directors</i>							
P Unsworth	59,361	-	5,936	-	91,000	156,297	58.2
M Jones	246,880	-	-	-	175,000	421,880	41.5
P Ingram	32,877	-	3,288	-	56,000	92,165	60.8
F Bierlein ⁽¹⁾	23,836	-	2,384	-	56,000	82,220	68.1
M Elsasser ⁽²⁾	21,096	-	-	-	56,000	77,096	72.6
TOTALS	384,050	-	11,608	-	434,000	829,658	-

(1) Appointed 13 October 2021.

(2) Retired 31 January 2022.

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 \$246,880 for the year ended 30 June 2023. 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 Securities Incentive Plan ("Incentive Plan"). Participation in the Incentive Plan and any vesting criteria are at the Board's discretion and no individual has a contractual right to participate in the Incentive Plan or to receive any guaranteed benefits. Any options issued to Directors of the Company are subject to shareholder approval. Options issued to Directors in the 2023 financial year were approved by shareholders at the 2022 Annual General Meeting.

Further information on the fair value of share options and assumptions is set out in Note 26 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.

Directors' Report

continued

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
2023								
<i>Directors</i>								
P Unsworth	37,000,171	12,000,000	-	(4,000,000)	45,000,171	-	45,000,171	-
M Jones	71,964,380	25,000,000	-	(10,000,000)	86,964,380	-	86,964,380	-
P Ingram	20,072,584	8,000,000	-	(2,000,000)	26,072,584	-	26,072,584	-
F Bierlein	8,000,000	8,000,000	-	-	16,000,000	-	16,000,000	-
TOTALS	137,037,135	53,000,000	-	(16,000,000)	174,037,135	-	174,037,135	-
2022								
<i>Directors</i>								
P Unsworth	30,000,000	13,000,000	-	(5,999,829)	37,000,171	-	37,000,171	-
M Jones	66,000,000	25,000,000	-	(19,035,620)	71,964,380	-	71,964,380	-
P Ingram	16,000,000	8,000,000	-	(3,927,416)	20,072,584	-	20,072,584	-
F Bierlein ⁽¹⁾	-	8,000,000	-	-	8,000,000	-	8,000,000	-
M Elsasser ⁽²⁾	16,000,000	8,000,000	-	n/a	n/a	-	n/a	-
TOTALS	128,000,000	62,000,000	-	(28,962,865)	137,037,135	-	137,037,135	-

(1) Appointed 13 October 2021.

(2) Retired 31 January 2022.

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
2023					
<i>Directors</i>					
P Unsworth	19,994,440	-	-	-	19,994,440
M Jones	9,643,814	-	-	-	9,643,814
P Ingram	725,850	-	-	121,248	847,098
F Bierlein	-	-	-	-	-
TOTALS	30,364,104	-	-	121,248	30,485,352
2022					
<i>Directors</i>					
P Unsworth	15,994,098	-	-	4,000,342	19,994,440
M Jones	7,715,052	-	-	1,928,762	9,643,814
P Ingram	580,680	-	-	145,170	725,850
F Bierlein ⁽¹⁾	-	-	-	-	-
M Elsasser ⁽²⁾	23,310,402	-	-	n/a	n/a
TOTALS	47,600,232	-	-	6,074,274	30,364,104

(1) Appointed 13 October 2021.

(2) Retired 31 January 2022.

Directors' Report

continued

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

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 2019 and 15 Nov 2019	5 Nov 2023	\$0.0149	93,000,000
30 Nov 2021	31 Oct 2025	\$0.0217	83,000,000
21 Apr 2022	31 Oct 2025	\$0.024	4,000,000
22 Apr 2022	22 April 2025	\$0.024	3,000,000
3 June 2022 (Listed)	2 Jun 2024	\$0.02	158,254,389
24 Nov 2022	30 Nov 2025	\$0.0125	53,000,000
7 Dec 2022	30 Nov 2025	\$0.0125	32,000,000
17 Aug 2023	1 Dec 2025	\$0.01125	30,000,000
TOTAL			456,254,389

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

There were no shares issued on the exercise of options during the year and up to the date of this report.

CORPORATE GOVERNANCE STATEMENT

The Company's 2023 Corporate Governance Statement has been released as a separate document and is located on the Company's website at <https://www.impactminerals.com.au/site/about/corporate-governance>.

Directors' Report

continued

RISK MANAGEMENT

The Board of Directors regularly review the key risks associated with conducting exploration and evaluation activities in Australia and steps to manage those risks. The key material risks faced by the Group include:

Exploration and development

The future value of the Group will depend on its ability to find and develop resources that are economically recoverable. Mineral exploration and development is a speculative undertaking that may be impeded by circumstances and factors beyond the control of the Group. Success in this process involves, among other things; discovery and proving-up an economically recoverable resource or reserve, access to adequate capital throughout the project development phases, securing and maintaining title to mineral exploration projects, obtaining required development consents and approvals and accessing the necessary experienced operational staff, the financial management, skilled contractors, consultants and employees.

The Group is entirely dependent upon its projects, which are the sole potential source of future revenue, and any adverse development affecting these projects would have a material adverse effect on the Group, its business, prospects, results of operations and financial condition.

Economic Conditions

Factors such as (but not limited to) political movements, stock market fluctuations, interest rates, inflation levels, commodity prices, foreign exchange rates, industrial disruption, taxation changes and legislative or regulatory changes, may all have an adverse impact on operating costs, the value of the Group's projects, the profit margins from any potential development and the Company's share price.

Reliance on key personnel

The Group's success is to a large extent dependent upon the retention of key personnel and the competencies of its directors, senior management, and personnel. The loss of one or more of the directors or senior management could have an adverse effect on the Group's activities. There is no assurance that engagement contracts for members of the senior management team will not be terminated or will be renewed on their expiry. If such contracts were terminated, or if members of the senior management team were otherwise no longer able to continue in their role, the Group would need to replace them which may not be possible if suitable candidates are not available.

Future funding risk

Continued exploration and evaluation is dependent on the Company being able to secure future funding from equity markets. The successful development of a mining project will depend on the capacity to raise funds from equity and debt markets. The Company will need to undertake equity/debt raisings for continued exploration and evaluation. There can be no assurance that such funding will be available on satisfactory terms or at all at the relevant time. Any inability to obtain sufficient financing for the Group's activities and future projects may result in the delay or cancellation of certain activities or projects, which would likely adversely affect the potential growth of the Group.

Unforeseen expenditure risk

Exploration and evaluation expenditures and development expenditures may increase significantly above existing projected costs. Although the Group is not currently aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Group and its proposed business plans.

Environmental, weather & climate change

The highest priority climate related risks include reduced water availability, extreme weather events, changes to legislation and regulation, reputational risk, technological and market changes. Exploration and mining activities have inherent risks and liabilities associated with safety and damage to the environment, including the disposal of waste products occurring as a result of mineral exploration and production, giving rise to potentially substantial costs for environmental rehabilitation, damage control and losses. Delays in obtaining approvals of additional remediation costs could affect profitable development of resources.

Cyber Security and IT

The Group relies on IT infrastructure and systems and the efficient and uninterrupted operation of core technologies. Systems and operations could be exposed to damage or interruption from system failures, computer viruses, cyber-attacks, power or telecommunication provider's failure or human error.

Directors' Report

continued

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 2023, no fees were paid or were payable for non-audit services provided by the auditor of the consolidated entity (2022: \$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.



Peter Unsworth
Chairman

Perth, 20 September 2023

Auditor's Independence Declaration

HALL CHADWICK 

To the Board of Directors

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit Director for the audit of the financial statements of Impact Minerals Limited for the financial year ended 30 June 2023, 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
HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis
MARK DELAURENTIS CA
Director

Dated this 20th day of September 2023
Perth, Western Australia

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2023

	Notes	Consolidated	
		2023 \$	2022 \$
Revenue from operating activities	3(a)	76,233	3,509
Other income	3(a)	1,477,260	444,385
Corporate and administration expense		(1,005,522)	(751,010)
Depreciation expense		(26,823)	(16,956)
Employee benefits expense	3(b)	(775,381)	(886,164)
Impairment of exploration expenditure	11	(5,473,236)	(1,121,911)
Occupancy expense		(54,559)	(71,160)
Loss before tax from continuing operations		(5,782,028)	(2,399,307)
Income tax expense	5	-	-
Loss for the year from continuing operations		(5,782,028)	(2,399,307)
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	(96,250)	27,500
Other comprehensive income for the year (net of tax)		(96,250)	27,500
Total comprehensive loss for the year attributable to the owners of Impact Minerals Limited		(5,878,278)	(2,371,807)
		Cents per share	Cents per share
Loss per share attributable to the owners of Impact Minerals Limited			
Basic and diluted loss per share	20	(0.23)	(0.11)

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 2023

	Notes	Consolidated	
		2023 \$	2022 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	4,688,824	3,816,089
Trade and other receivables	7	41,915	107,172
Other current assets	8	61,561	76,013
Assets held for sale	9	3,277,513	3,482,942
Total Current Assets		8,069,813	7,482,216
Non-Current Assets			
Financial assets at fair value through other comprehensive income	10	126,250	222,500
Property, plant and equipment		30,506	27,710
Exploration expenditure	11	9,568,039	11,195,288
Right of Use Assets	12	442,087	-
Other non-current assets	13	234,055	273,055
Total Non-Current Assets		10,400,937	11,718,553
TOTAL ASSETS		18,470,750	19,200,769
LIABILITIES			
Current Liabilities			
Trade and other payables	14	452,065	508,446
Short-term provisions	15	151,973	135,306
Lease Liabilities	16	48,102	-
Total Current Liabilities		652,140	643,752
Non-Current Liabilities			
Lease Liabilities	16	401,502	-
Total Non-Current Liabilities		401,502	-
TOTAL LIABILITIES		1,053,642	643,752
NET ASSETS		17,417,108	18,557,017
EQUITY			
Issued capital	17	62,742,519	58,426,867
Option reserve	18 a)	1,711,433	1,406,016
Transactions with non-controlling interest		(1,161,069)	(1,161,069)
Financial asset reserve	18 b)	(23,750)	72,500
Accumulated losses	19	(45,852,025)	(40,187,297)
TOTAL EQUITY		17,417,108	18,557,017

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 2023

	Issued capital \$	Option reserve \$	Financial asset reserve \$	Transactions with non-controlling interest \$	Accumulated losses \$	Total equity \$
At 1 July 2021	53,787,639	901,996	45,000	(1,161,069)	(37,940,790)	15,632,776
Total comprehensive loss for the year	-	-	-	-	(2,399,307)	(2,399,307)
Other comprehensive income	-	-	27,500	-	-	27,500
Total comprehensive loss for the year (net of tax)	-	-	27,500	-	(2,399,307)	(2,371,807)
Transactions with owners in their capacity as owners						
Shares issued	5,199,999	-	-	-	-	5,199,999
Share issue costs	(560,771)	-	-	-	-	(560,771)
Fair value of options issued	-	656,820	-	-	-	656,820
Fair value of options expired	-	(152,800)	-	-	152,800	-
At 30 June 2022	58,426,867	1,406,016	72,500	(1,161,069)	(40,187,297)	18,557,017
At 1 July 2022	58,426,867	1,406,016	72,500	(1,161,069)	(40,187,297)	18,557,017
Total comprehensive loss for the year	-	-	-	-	(5,782,028)	(5,782,028)
Other comprehensive income	-	-	(96,250)	-	-	(96,250)
Total comprehensive loss for the year (net of tax)	-	-	(96,250)	-	(5,782,028)	(5,878,278)
Transactions with owners in their capacity as owners						
Shares issued	4,360,000	-	-	-	-	4,360,000
Share issue costs	(44,348)	-	-	-	-	(44,348)
Fair value of options issued	-	422,717	-	-	-	422,717
Fair value of options expired	-	(117,300)	-	-	117,300	-
At 30 June 2023	62,742,519	1,711,433	(23,750)	(1,161,069)	(45,852,025)	17,417,108

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 2023

	Notes	Consolidated	
		2023 \$	2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,405,512)	(1,017,759)
Interest received		69,135	3,996
Other income received		724,663	28,904
Research and development tax rebate		752,597	245,622
Net cash flows from / (used) in operating activities	27	140,883	(739,237)
Cash flows from investing activities			
Payments for property, plant and equipment		(22,102)	(19,347)
Payments for exploration activities		(3,251,698)	(3,485,753)
Payments for the acquisition of tenements		-	(255,000)
Proceeds from disposal of tenements		50,000	210,000
Net cash flows used in investing activities		(3,223,800)	(3,550,100)
Cash flows from financing activities			
Proceeds from issue of shares		4,000,000	5,199,999
Share issue costs		(44,348)	(510,351)
Net cash flows from financing activities		3,955,652	4,689,648
Net increase/(decrease) in cash and cash equivalents		872,735	400,311
Cash and cash equivalents at beginning of the year		3,816,089	3,415,778
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	6	4,688,824	3,816,089

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 2023

NOTE 1: CORPORATE INFORMATION

The consolidated financial report of Impact Minerals Limited for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the Directors on 20 September 2023.

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 SIGNIFICANT ACCOUNTING POLICIES

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

There are no new or amended accounting standards and interpretations relevant to the operations of the Group that come into effect in subsequent reporting periods at this time.

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 \$5,782,028 (2022: loss of \$2,399,307); included in this loss were impairment expenses of \$5,473,236 (2022: \$1,121,911). During the year the Consolidated Group generated net cash flows from operating activities of \$140,883 (2022: outflow of \$739,237). As at 30 June 2023 the Consolidated Group had a cash balance of \$4,688,824 (2022: \$3,816,089).

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.

c) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2023 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.

Notes to the Consolidated Financial Statements

continued

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Principles of consolidation (continued)

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.

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 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.

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.

Notes to the Consolidated Financial Statements

continued

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Employee benefits (continued)

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.

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.

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.

Notes to the Consolidated Financial Statements

continued

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Financial instruments (continued)

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	
	2023 \$	2022 \$
Interest income	76,233	3,509
Gain on sale of tenements	-	114,859
Research and development tax rebate	752,597	245,622
BHP Xplor payments	719,663	-
Other income	5,000	83,904
Total revenue from operating activities	1,553,493	447,894

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	
	2023 \$	2022 \$
Wages, salaries and other remuneration expenses	199,689	143,893
Directors' fees	125,114	137,169
Superannuation fund contributions	27,861	19,702
Share-based payment expense (Note 26)	422,717	585,400
Total employee benefits expense	775,381	886,164

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.

Notes to the Consolidated Financial Statements

continued

NOTE 5: INCOME TAX

	Consolidated	
	2023 \$	2022 \$
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	(5,782,028)	(2,399,307)
Prima facie tax benefit on profit from ordinary activities before income tax at 25% (2022: 25%)	(1,445,507)	(599,827)
<i>Tax effect of permanent differences:</i>		
- Share-based expense	105,679	146,350
- Non-deductible expenses	1,490	2,024
- Government grant received	(188,149)	(61,405)
- Other deductible expenses	(5,000)	
- Tax losses not recognised	1,531,487	512,858
Income tax expense/(benefit) on pre-tax profit	-	-
c) Deferred tax assets and (liabilities) are attributable to the following:		
Trade and other receivables	(1,775)	-
Plant and equipment	(7,626)	(6,928)
Right of Use Assets	(110,522)	-
Exploration Assets	(2,377,043)	(2,949,330)
Capital raising costs	139,718	186,392
Accrued expenses	7,388	6,375
Provision for employee entitlements	37,993	33,826
Right of Use Liabilities	112,401	-
Other		(10)
Tax losses	2,199,466	2,729,675
	-	-
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	8,021,964	6,867,006
- Capital losses	444,481	444,481
	8,466,445	7,311,487

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.

Notes to the Consolidated Financial Statements

continued

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

	Consolidated	
	2023 \$	2022 \$
Cash at bank and on hand	2,633,574	3,791,089
Short-term deposits	2,055,250	25,000
	4,688,824	3,816,089

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 1.66% (2022: 0.16%).

The Group's exposure to interest rate risk is set out in Note 25. 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	
	2023 \$	2022 \$
Current		
Debtors	1,004	77,716
GST	33,982	28,788
Other	6,929	668
	41,915	107,172

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 25.

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

Notes to the Consolidated Financial Statements

continued

NOTE 8: OTHER CURRENT ASSETS

	Consolidated	
	2023 \$	2022 \$
Prepayments	29,312	43,929
Deposits	32,249	32,084
	61,561	76,013

NOTE 9: ASSETS HELD FOR SALE

	Consolidated	
	2023 \$	2022 \$
Tenements held for sale	3,277,513	3,482,942
	3,277,513	3,482,942

In April 2022, the Company announced that it had sold Mining Lease ML 2386 to Peter Campbell FT Pty Ltd ("PCFT") an unrelated Company for \$30,000. The Company also granted PCFT an option ("Option") to buy all of the shares in Blackridge Exploration Pty Ltd ("Blackridge" a wholly owned subsidiary of Impact). The assets of Blackridge are three exploration licences EPM26806, EPM27410 and EPM27571. PCFT paid the non-refundable Option Fee of \$50,000 in August 2022 and has two years to exercise the Option. Upon exercise of the Option, PCFT will pay \$350,000 for the shares in Blackridge and the Company will retain a 1% gross gold royalty after the first 5,000 ounces have been recovered from any of the tenements. At 30 June 2023 the Blackridge tenements were held at their fair value (\$342,942)

In August 2022 the Company announced that it had agreed to implement a Share Purchase Agreement ("SPA") with Burrendong Minerals Limited ("Burrendong") whereby Burrendong would acquire 75% of the shares in Impact's wholly owned subsidiary Endeavour Minerals Pty Ltd ("Endeavour"). The principal assets of Endeavour are the Commonwealth Project tenements (EL8504, EL8505, EL5874, EL8212 and EL8252). Burrendong intends to list on the ASX. At 30 June 2022 the Company's 75% interest in the Commonwealth tenements was held at their fair value (\$3,140,000).

In August 2023 the Company agreed revised terms for the sale of up to 75% of its interest in the Commonwealth Project to Burrendong (ASX:IPT 16th August 2023). The revised terms value 100% of the Commonwealth Project at \$3,912,762. Therefore, at 30 June 2023, the Company's 75% interest in the Commonwealth tenements was held at their fair value of \$2,934,571, a write down to the amount held in assets held for sale of \$205,429.

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

	Consolidated	
	2023 \$	2022 \$
Opening balance	222,500	145,000
Additions	-	50,000
Change in fair value (Note 18(b))	(96,250)	27,500
Closing balance	126,250	222,500

During the reporting period no changes in the holdings of financial assets at fair value were made. The Group holds 250,000 shares in Orange Minerals NL (ASX:OMX) and 1,000,000 shares in Australasian Metals Ltd (ASX:A8G).

Financial assets are recognised and derecognised on settlement date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned. They are initially measured at fair value, net of transaction costs, except for those financial assets classified as fair value through profit or loss, which are initially measured at fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Notes to the Consolidated Financial Statements

continued

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

The Group classifies its financial assets as either financial assets at fair value through profit or loss ("FVPL"), fair value through other comprehensive income ("FVOCI") or at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For investments in equity instruments, the classification depends on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVPL or FVOCI.

Financial assets at FVOCI

For assets measured at FVOCI, gains and losses will be recorded in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value. The Group has elected to measure its listed equities at FVOCI.

Assets in this category are subsequently measured at fair value. The fair values of quoted investments are based on current bid prices in an active market.

NOTE 11: EXPLORATION AND EVALUATION

	Consolidated	
	2023 \$	2022 \$
Opening balance	11,195,288	11,993,262
Exploration expenditure incurred during the year	3,640,557	3,939,357
Sale of the Blackridge Project	-	(475,420)
Hopetoun Project	(994,601)	-
Sale of 75% interest in the Commonwealth Project	-	(3,140,000)
Broken Hill Project	(4,000,000)	-
Impairment expense ⁽¹⁾	(273,205)	(1,121,911)
Closing balance	9,568,039	11,195,288

(1) Impairment expense in the Consolidated Statement of Profit or Loss includes an additional write down of Assets Held for Sale of \$205,429 on the Commonwealth Project (refer Note 9). Total impairment expense of \$5,473,236

The Hopetoun Project was a joint venture with a private company in which Impact was earning an 80% interest. A significant drill programme was completed to test priority targets in early to mid-2023 as part of an option to proceed to a full joint venture agreement. No significant results were returned from the programme and Impact elected not to proceed to the full joint venture.

IGO Limited (ASX:IGO) withdrew from the joint venture at Broken Hill following poor drill results and having covered a significant part of the area prospective for nickel-copper-PGM mineralisation with a ground electromagnetic survey. The joint venture area comprised a small portion of the total Broken Hill project area. Accordingly a write down of \$4 Million was booked against the project.

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.

Notes to the Consolidated Financial Statements

continued

NOTE 11: EXPLORATION AND EVALUATION (CONTINUED)

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

- i) the expenditures are expected to be recouped through successful development and exploitation or from sale of the area of interest; or
- ii) 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.

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 12: RIGHT OF USE ASSETS

Carrying value

	Consolidated	
	2023 \$	2022 \$
Cost	449,604	-
Accumulated depreciation	(7,517)	-
Carrying value at end of financial year	442,087	-

Reconciliation

	Consolidated	
	2023 \$	2022 \$
Opening balance	-	-
Additions	449,604	-
Depreciation expense	(7,517)	-
Closing balance	442,087	-

NOTE 13: OTHER NON-CURRENT ASSETS

	Consolidated	
	2023 \$	2022 \$
Deposits paid	234,055	273,055
	234,055	273,055

Notes to the Consolidated Financial Statements

continued

NOTE 14: TRADE AND OTHER PAYABLES

	Consolidated	
	2023 \$	2022 \$
Trade creditors	324,227	432,436
Other payables and accruals	127,838	76,010
	452,065	508,446

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

NOTE 15: PROVISIONS

	Consolidated	
	2023 \$	2022 \$
Short-term		
Employee entitlements	151,973	135,306
	151,973	135,306

NOTE 16: LEASE LIABILITIES

	Consolidated	
	2023 \$	2022 \$
Current		
Lease liabilities	48,102	-
	48,102	-
Non-current		
Lease liabilities	401,502	-
	401,502	-
Total lease liabilities	449,604	-

Payments due under the lease are:

	Consolidated	
	2023 \$	2022 \$
Due within 1 year	48,102	-
Due within 1-2 years	78,377	-
> 2 years	323,125	-
Total payments	449,604	-

During the year the Company entered into a lease for its registered offices.

Notes to the Consolidated Financial Statements

continued

NOTE 17: CONTRIBUTED EQUITY

a) Share capital

	Consolidated	
	2023 \$	2022 \$
Ordinary shares fully paid	62,742,520	58,426,867

b) Movements in ordinary shares on issue

	Consolidated	
	Number	\$
Balance at 30 June 2021	2,023,794,919	53,787,639
Share issued during the year:		
- Placement ^(a)	166,666,667	2,000,000
- Rights issue ^(b)	290,908,970	3,199,999
- Transaction costs	-	(560,771)
Balance at 30 June 2022	2,481,370,556	58,426,867
Share issued during the year:		
- Placement ^(c)	333,333,333	4,000,000
- Playa One Tranche 1 share issue ^(d)	30,000,000	360,000
- Transaction costs	-	(44,347)
Balance at 30 June 2023	2,844,703,889	62,742,520

(a) In March 2022, the Company raised \$2,000,000 (before costs) via a placement of 166,666,667 new shares at an issue price of 1.2 cents each.

(b) In June 2022 the Company completed a Renounceable Rights Issue raising \$3,199,999 (before costs) via the issue of 290,908,970 new shares at an issue price of 1.1 cents each together with one free attaching listed option exercisable at \$0.02 on or before 2 June 2024 for every two new shares subscribed for (145,454,389 listed options). A further 12,800,000 listed options were issued to the underwriter as part consideration for their services.

(c) In May 2023, the Company raised \$4,000,000 (before costs) via a placement of 333,333,333 new shares at an issue price of 1.2 cents each.

(d) In May 2023 the Company issued 30,000,000 new shares as part consideration for the exercise of the option for the Lake Hope Project.

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.

c) Movements in options on issue

	Consolidated	
	2023 Number	2022 Number
Balance at beginning of the financial year	365,754,389	157,000,000
Options granted - unlisted	85,000,000	90,500,000
Options granted - listed	-	158,254,389
Options expired	(24,500,000)	(40,000,000)
Balance at the end of the financial year	426,254,389	365,754,389

Refer to Note 26 for details of share-based payments.

Notes to the Consolidated Financial Statements

continued

NOTE 18: RESERVES

a) Option reserve

	Consolidated	
	2023 \$	2022 \$
Opening balance	1,406,016	901,996
Fair value of options issued ^(a)	422,717	656,820
Transfer to retained earnings upon expiry/lapse of options	(117,300)	(152,800)
Balance at the end of the financial year	1,711,433	1,406,016

(a) During the year 85,000,000 Director and employee options were issued. The fair value of Director and employee options is determined at grant date and is expensed over the vesting period for those options.

The options reserve is used to recognise the fair value of options issued to Directors and employees. The details of share-based payments made during the reporting period are shown at Note 26.

b) Financial asset reserve

	Consolidated	
	2023 \$	2022 \$
Opening balance	72,500	45,000
Financial assets at fair value through other comprehensive income (Note 10)	(96,250)	27,500
Closing balance	(23,750)	72,500

NOTE 19: ACCUMULATED LOSSES

	Consolidated	
	2023 \$	2022 \$
Balance at the beginning of the financial year	(40,187,297)	(37,940,790)
Net loss attributable to members	(5,782,028)	(2,399,307)
Transfer from financial asset reserve	-	-
Transfer from share option reserve upon lapse of options	117,300	152,800
Balance at the end of the financial year	(45,852,025)	(40,187,297)

NOTE 20: LOSS PER SHARE

	2023 Cents	2022 Cents
Basic and diluted loss per share	(0.23)	(0.11)

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

	2023 \$	2022 \$
Profits/(losses) used in calculating basic and diluted loss per share	(5,782,028)	(2,399,307)

Notes to the Consolidated Financial Statements

continued

NOTE 20: LOSS PER SHARE (CONTINUED)

	2023 Number	2022 Number
Weighted average number of ordinary shares used in calculating basic loss per share	2,537,114,848	2,093,716,040

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 21: AUDITOR'S REMUNERATION

	Consolidated	
	2023 \$	2022 \$
Audit services		
Hall Chadwick WA Audit Pty Ltd		
- Audit and review of the financial reports	35,000	35,500
Total remuneration	35,000	35,500

NOTE 22: 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.

During the prior financial year the completed 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 (this company ultimately listed as Orange Minerals NL ASX:OMX) ("Orange"). Impact retains a 1% Net Smelter Royalty over the project.

Notes to the Consolidated Financial Statements

continued

NOTE 22: CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

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 2021 financial year the Company completed the acquisition five tenements in the Yilgarn Craton of Western Australia ("Arkun project") from Milford Resources Pty Ltd ("Milford"). Milford retains a 1% net smelter royalty on any minerals recovered.

During the 2021 financial year the Company acquired tenement EL70/5424 from Beau Resources Pty Ltd ("Beau"). Beau retains a 2% gross revenue royalty on any minerals recovered.

During the 2022 financial year the Company acquired tenements E70/5761 and E70/5780 from Beau. Beau retains a 2% gross royalty on all products extracted from the tenements.

NOTE 23: EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 1 August 2023, the Company held an Extraordinary General Meeting where the following resolutions were passed:

- Ratification of the prior issue of 72,205,583 Placement Shares;
- Ratification of prior issue of 30,000,000 shares in relation to the option to earn an interest in the Lake Hope Project;
- Approval to issue 20,000,000 shares and 30,000,000 options in relation to the option to earn an interest in the Lake Hope Project;
- Approval to issue up to 120,000,000 shares to the vendors of the Lake Hope Project upon an announcement of a Preliminary Feasibility Study; and
- Approval to issue up to 100,000,000 shares to the vendors of the Lake Hope Project upon an announcement of a Definitive Feasibility Study.

On 16th August 2023 the Company announced that it had finalised revised terms for the sale of up to a 75% interest in the Company's 100% owned Commonwealth Project to Burrendong Minerals Ltd, an unrelated public company.

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

NOTE 24: 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 \$3,088,445 (2022: \$2,723,444). For the period greater than 12 months to five years, commitments amount to \$7,158,617 (2022: \$8,748,542). These obligations are also subject to variations by farm-out arrangements, relinquishment or sale of the relevant tenements.

Notes to the Consolidated Financial Statements

continued

NOTE 25: 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.

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.

Notes to the Consolidated Financial Statements

continued

NOTE 25: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk (continued)

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 - 2023						
Financial assets						
Cash and cash equivalents	-	2,055,250	-	-	2,633,574	4,688,824
Trade and other receivables	-	-	-	-	41,915	41,915
	-	2,055,250	-	-	2,675,489	4,730,739
Weighted average interest rate	-	2.94%	-	-	-	-
Financial liabilities						
Trade and other payables	-	-	-	-	452,065	452,065
	-	-	-	-	452,065	452,065
Weighted average interest rate	-	-	-	-	-	-
Consolidated - 2022						
Financial assets						
Cash and cash equivalents	-	25,000	-	-	3,791,089	3,816,089
Trade and other receivables	-	-	-	-	107,172	107,172
	-	25,000	-	-	3,898,261	3,923,261
Weighted average interest rate	-	0.32%	-	-	-	-
Financial liabilities						
Trade and other payables	-	-	-	-	508,446	508,446
	-	-	-	-	508,446	508,446
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.

Notes to the Consolidated Financial Statements

continued

NOTE 25: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk (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:

	Carrying value at period end \$	Profit or loss		Equity	
		100 bp increase \$	100 bp decrease \$	100 bp increase \$	100 bp decrease \$
Consolidated - 2023					
Financial assets					
Cash and cash equivalents	4,688,824	25,919	(25,919)	25,919	(25,919)
Cash flow sensitivity (net)		25,919	(25,919)	25,919	(25,919)
Consolidated - 2022					
Financial assets					
Cash and cash equivalents	3,816,089	22,239	(22,239)	22,239	(22,239)
Cash flow sensitivity (net)		22,239	(22,239)	22,239	(22,239)

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	
	2023 \$	2022 \$
Cash and cash equivalents	4,688,824	3,816,089
Trade and other receivables	41,915	107,172
	4,730,739	3,923,261

Notes to the Consolidated Financial Statements

continued

NOTE 25: 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 - 2023			
Trade and other payables	452,065	452,065	452,065
Lease liabilities	449,604	449,604	54,339
	901,669	901,669	506,404
Trade and other receivables	41,915	41,915	41,915
	41,915	41,915	41,915
Consolidated - 2022			
Trade and other payables	508,446	508,446	508,446
Lease liabilities	-	-	-
	508,446	508,446	508,446
Trade and other receivables	107,172	107,172	107,172
	107,172	107,172	107,172

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.

Notes to the Consolidated Financial Statements

continued

NOTE 25: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the Statement of Financial Position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2023 and 30 June 2022:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
30 June 2023				
Financial assets at FVOCI	126,250	-	-	126,250
	126,250	-	-	126,250
30 June 2022				
Financial assets at FVOCI	222,500	-	-	222,500
	222,500	-	-	222,500

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 17, 18 and 19).

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

Notes to the Consolidated Financial Statements

continued

NOTE 26: SHARE-BASED PAYMENTS

Share Option Plan

The Group has an Employee Securities Incentive Plan ("Incentive Plan") for Directors, employees and contractors of the Group. In accordance with the provisions of the Incentive Plan 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.

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
39 ⁽¹⁾	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	9,500,000	15 Nov 2019	5 Nov 2023	Immediate	\$0.0149	\$0.00677
43	9,500,000	15 Nov 2019	5 Nov 2023	5 Nov 2020	\$0.0149	\$0.00677
44 ⁽¹⁾	4,000,000	30 Apr 2021	29 Apr 2023	Immediate	\$0.03	\$0.0076
45	83,000,000	30 Nov 2021	31 Oct 2025	Immediate	\$0.0217	\$0.007
46 ⁽¹⁾	500,000	16 Mar 2022	15 Mar 2023	Immediate	\$0.03	\$0.001
47	1,000,000	21 Apr 2022	31 Oct 2025	18 Mar 2023	\$0.024	\$0.0084
47	3,000,000	21 Apr 2022	31 Oct 2025	18 Mar 2024	\$0.024	\$0.0084
48	3,000,000	22 Apr 2022	22 Apr 2025	Immediate	\$0.024	\$0.007
49	158,254,389	3 Jun 2022	2 Jun 2024	Immediate	\$0.02	\$0.0039
50 ⁽²⁾	53,000,000	24 Nov 2022	30 Nov 2025	Immediate	\$0.0125	\$0.0057
51 ⁽²⁾	32,000,000	7 Dec 2022	30 Nov 2025	6 Dec 2023	\$0.0125	\$0.005

(1) Expired during the reporting period.

(2) 85,000,000 unlisted share options issued to Directors and employees during the reporting period.

Notes to the Consolidated Financial Statements

continued

NOTE 26: SHARE-BASED PAYMENTS (CONTINUED)

Share Option Plan (continued)

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 \$422,717 (2022:\$585,400).

The model inputs for options granted during the year ended 30 June 2023 are as follows:

Inputs	Issue 50	Issue 51
Exercise price	\$0.0125	\$0.0125
Grant date	24 Nov 2022	7 Dec 2022
Vesting date	immediate	6 Dec 2023
Expiry date	30 Nov 2025	30 Nov 2025
Share price at grant date	\$0.0125	\$0.0125
Expected price volatility	114%	114%
Risk-free interest rate	3.16%	3.07%
Expected dividend yield	0%	0%

Movements in share options during the year

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

	2023		2022	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding at the beginning of the year	365,754,389	0.02	157,000,000	0.02
Granted during the year	85,000,000	0.0125	248,754,389	0.02
Expired during the year	(24,500,000)	0.0354	(40,000,000)	0.03
Outstanding at the end of the year	426,254,389	0.018	365,754,389	0.02
Exercisable (vested) at the end of the year	391,254,389	0.018	361,754,389	0.02

The weighted average remaining contractual life of share options outstanding at the end of the year was 1.5 years (2022: 2.03 years).

Notes to the Consolidated Financial Statements

continued

NOTE 26: SHARE-BASED PAYMENTS (CONTINUED)

Share Option Plan (continued)

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 \$	2023 Number	2022 Number
30 November 2022	0.0375	-	20,000,000
5 November 2023	0.0149	93,000,000	93,000,000
29 April 2023	0.03	-	4,000,000
15 March 2023	0.03	-	500,000
31 October 2025	0.0217	83,000,000	83,000,000
31 October 2025	0.024	4,000,000	4,000,000
2 June 2024 (Listed)	0.02	158,254,389	158,254,389
22 April 2025	0.024	3,000,000	3,000,000
30 November 2025	0.0125	53,000,000	-
30 November 2025	0.0125	32,000,000	-
Totals		426,254,389	365,754,389

NOTE 27: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	Consolidated	
	2023 \$	2022 \$
Cash flows from operating activities		
Profit/(Loss) for the year	(5,782,028)	(2,399,307)
Non-cash flows in profit/(loss):		
- Depreciation	26,823	16,956
- Share-based remuneration	422,717	585,400
- Exploration expenditure write-off	5,473,236	1,121,911
- Government grants receivable	-	-
- Gain on sale of tenements	-	(114,859)
Changes in assets and liabilities		
- Decrease/(Increase) in trade and other receivables	(6,263)	(50,064)
- Decrease/(Increase) in other current assets	14,452	(45,666)
- Increase/(Decrease) in trade creditors and accruals	(24,721)	101,622
- Increase in provisions	16,667	44,770
Net cash used in operating activities	140,883	(739,237)

Non-cash investing and financing activities

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

Notes to the Consolidated Financial Statements

continued

NOTE 28: RELATED PARTY DISCLOSURE

a) Parent entity

	Class	Country of incorporation	Ownership	
			2023 %	2022 %
Impact Minerals Limited	Ordinary	Australia	-	-

b) Subsidiaries

	Class	Country of incorporation	Ownership	
			2023 %	2022 %
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

	2023 \$	2022 \$
Short-term employee benefits	371,995	384,050
Post-employment benefits	13,137	11,608
Share-based payments	302,100	434,000
	687,232	829,658

Detailed remuneration disclosures are provided in the Remuneration Report on pages 33 to 37. A total of \$246,880 (2022: \$246,880) was capitalised as exploration expenditure.

d) Transactions with related parties

During the year, the Company was invoiced by Head Studio Investment Trust T/A Grants Residential Services (an entity associated with Dr Mike Jones, the Managing Director of Impact) for office cleaning services. This work was undertaken on an arm's length basis and for the year ended 30 June 2023 totalled \$575 excluding GST (2022: \$Nil)

Notes to the Consolidated Financial Statements

continued

NOTE 29: PARENT ENTITY DISCLOSURE

	2023 \$	2022 \$
Financial Performance		
Profit/(loss) for the year	(5,782,028)	(2,399,307)
Other comprehensive income	-	-
Total comprehensive profit/(loss)	(5,782,028)	(2,399,307)
Financial Position		
ASSETS		
Current assets	8,069,814	7,482,216
Non-current assets	8,086,230	9,403,845
TOTAL ASSETS	16,156,044	16,886,061
LIABILITIES		
Current liabilities	649,262	640,874
Non-current liabilities	401,502	-
TOTAL LIABILITIES	1,050,764	640,874
NET ASSETS	15,105,280	16,245,187
EQUITY		
Issued capital	62,742,519	58,426,867
Option reserve	1,708,647	1,406,016
Financial asset reserve	(23,750)	72,500
Transactions with non-controlling interest	(1,161,069)	(1,161,069)
Accumulated losses	(48,161,067)	(42,499,127)
TOTAL EQUITY	15,105,280	16,245,187

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 24.

Directors' Declaration

for the year ended 30 June 2023

The Directors of Impact Minerals Limited declare that:

1. in the Directors' opinion, the financial statements and notes set out on pages 41 to 68 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 2023 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 2023.

Signed in accordance with a resolution of the Directors.



Peter Unsworth

Chairman

Perth, Western Australia
20 September 2023

Independent Auditor's Report

to the Members



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 2023, 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 2023 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.

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.

Independent Auditor's Report

continued

HALL CHADWICK 

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Exploration and Evaluation Expenditure - \$9,568,039</p> <p>(Refer to note 11)</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; and • 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. 	<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 considered the activities in each area of interest to date and assessed the planned future activities for each area of interest by evaluating budgets for each area of interest; • 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 budgets for each area of interest; <p>We assessed each area of interest for one or more of the following circumstances that may indicate impairment of the capitalised expenditure:</p> <ul style="list-style-type: none"> • the licenses for the right to explore expiring in the near future or are not expected to be renewed; • substantive expenditure for further exploration in the specific area is neither budgeted or planned; • 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.

Independent Auditor's Report

continued

HALL CHADWICK 

Key Audit Matter	How our audit addressed the Key Audit Matter
	<ul style="list-style-type: none"> • 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.
<p>Assets classified as held for sale - \$3,277,513 (Refer to Note 9)</p> <ul style="list-style-type: none"> • The Company announced a Share Purchase Agreement with Burrendong Minerals Limited to dispose of 75% of the shares in Impact's wholly owned subsidiary Endeavour Minerals Pty Ltd. The principal assets of the subsidiary are the Commonwealth Project tenements (EL8504, EL8505, EL5874, EL8212 and EL8252) in the year 2022. A revised term sheet has been entered and Burrendong Mineral Limited will acquire 51% interest and to acquire further 24% interest subject to expending \$5 million on these tenements within 3 years. With a revised term entered, an impairment of \$205,429 has been recognised during year 2023. • The Company granted Peter Campbell FT Pty Ltd an option to buy all the shares in Blackridge Exploration Pty Ltd. The principal assets are three exploration licenses EPM26806, EPM27410 and EPM27571. At balance date the Company's Blackridge tenements was carried at \$342,942. <p>We considered this as a key audit matter because of the size and nature of the transactions.</p>	<p>Our audit procedures included but were not limited to:</p> <ul style="list-style-type: none"> • Review of the Agreements; • Assessment of the transactions to verify the measurement and classification of the assets to ensure they were recorded at the lower of the carrying amount or fair value less cost to sell; and • Assessing the appropriateness of the related disclosures in the financial statements.

Independent Auditor's Report

continued

HALL CHADWICK 

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 2023, 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 skepticism 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.

Independent Auditor's Report

continued



- 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 control.
- 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 2023. 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.

Independent Auditor's Report

continued

HALL CHADWICK 

Auditor's Opinion

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2023, complies with section 300A of the Corporations Act 2001.

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

Mark DeLaurentis
MARK DELAURENTIS CA
Director

Dated this 20th day of September 2023
Perth, Western Australia

Shareholder Information

as at 3 October 2023

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows.

1. DISTRIBUTION OF HOLDERS OF EQUITY SECURITIES

Analysis of number of equity security holders by size of holding:

	Shareholders
1 - 1,000	169
1,001 - 5,000	96
5,001 - 10,000	123
10,001 - 100,000	2,018
100,001 and over	2,116
Total	4,522

The number of holders of less than a marketable parcel of ordinary fully paid shares is 1,195.

2. SUBSTANTIAL SHAREHOLDERS

Substantial shareholders (i.e. shareholders who hold 5% or more of the issued capital):

	Number of shares	Percentage held
MRS SUSANNE BUNNENEBERG	450,199,999	15.72
ABC BETEILIGUNGEN AG	221,729,905	7.74

3. VOTING RIGHTS

(a) Ordinary shares

Each shareholder is entitled to receive notice of and attend and vote at general meetings of the Company. At a general meeting, every shareholder present in person or by proxy, representative of attorney will have one vote on a show of hands and on a poll, one vote for each share held.

(b) Options

No voting rights.

4. QUOTED SECURITIES ON ISSUE

The Company has 2,864,703,889 quoted shares on issue (ASX:IPT).

The Company has 158,254,389 quoted options on issue exercisable at \$0.02 on or before 2 June 2024 (ASX:IPTOB).

5. ON-MARKET BUY BACK

There is no current on-market buy back.

6. UNQUOTED EQUITY SECURITIES

	Number on issue	Number of holders
Options exercisable at \$0.0149 on or before 5 November 2023	93,000,000	6
Options exercisable at \$0.024 on or before 22 April 2025	3,000,000	4
Options exercisable at \$0.0217 on or before 31 October 2025	83,000,000	9
Options exercisable at \$0.024 on or before 31 October 2025	4,000,000	1
Options exercisable at \$0.0125 on or before 30 November 2025	85,000,000	10
Options exercisable at \$0.01125 on or before 1 December 2025	30,000,000	5

Shareholder Information

continued

7. TWENTY LARGEST HOLDERS OF QUOTED ORDINARY SHARES

Shareholder	Number of shares	Percentage held
BNP PARIBAS NOMS PTY LTD <DRP>	529,880,031	18.50
DEUTSCHE BALATON AKTIENGESELLSCHAFT	189,370,000	6.61
WHALE WATCH HOLDINGS LIMITED	90,771,314	3.17
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	64,523,521	2.25
1215 CAPITAL PTY LTD	37,516,128	1.31
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	27,126,184	0.95
MR ROLAND GOTTHARD	26,415,000	0.92
TOWNS CORPORATION PTY LTD	24,240,000	0.85
CITICORP NOMINEES PTY LIMITED	21,862,788	0.76
MR YUNG WING HO & MRS KATHERINE KAM LING HO	20,588,070	0.72
BNP PARIBAS NOMINEES PTY LTD <IB NOMS RETAILCLIENT DRP>	19,827,363	0.69
MR GEORGE DAVID BUTKERAITIS	17,175,000	0.60
MR BRUCE ROWLAND SMITH & MRS RITA ALEXANDRA SWIFT	16,120,403	0.56
DR LEON EUGENE PRETORIUS	15,000,000	0.53
MR WALTER LEONARD PARSONS STONE	15,000,000	0.53
BERNE NO 21 PTY LTD	13,500,000	0.47
AVIANA HOLDINGS PTY LTD	13,157,895	0.46
MAC3 PTY LTD	13,005,000	0.45
P J ENTERPRISES PTY LIMITED	12,982,391	0.45
MR ALAN MICHAEL MURPHY	12,731,888	0.44
	1,180,792,976	41.22

Shareholder Information

continued

8. TWENTY LARGEST HOLDERS OF QUOTED OPTIONS EXERCISABLE AT \$0.02 ON OR BEFORE 2 JUNE 2024

Shareholder	Number of shares	Percentage held
MR ROBERT XONG SENG TANG	11,812,500	7.46
CITYMETRO PTY LTD	6,000,000	3.79
MR GLENN RAYMOND SKENDER	6,000,000	3.79
KLINGBIEL HOLDINGS PTY LTD	5,587,500	3.53
MRS DIMITROULA ZAVERDINOS	5,000,000	3.16
PAUL THOMSON FURNITURE PTY LTD	4,062,809	2.57
MR JOHN ARTHUR JARVIS	4,000,000	2.53
M & K KORKIDAS PTY LTD	3,800,000	2.40
ACCORD CAPITAL INVESTORS PTY LTD	3,328,281	2.10
BNP PARIBAS NOMS PTY LTD	3,263,090	2.06
DR LEON EUGENE PRETORIUS	2,500,000	1.58
TRAFALGAR HOUSE PTY LTD	2,000,000	1.26
MR JEREMY ALAN PRITCHARD	2,000,000	1.26
MR BENJAMIN RAYMOND NOLAN	1,996,509	1.26
MR GEORGE DAVID BUTKERAITIS	1,987,500	1.26
ERIC GOLF PTY LTD	1,818,181	1.15
FINCLEAR PTY LTD	1,783,455	1.13
BERNE NO 21 PTY LTD	1,750,000	1.11
MR MARCUS DOUGLAS ZERBINI	1,750,000	1.11
MR TIMOTHY ROSS MORTIMER	1,657,632	1.05
	72,097,457	45.56

Tenement Schedule

TENEMENT INFORMATION IN ACCORDANCE WITH LISTING RULE 5.3.3

Project / Tenement	Location	Status	IPT Interest at start of quarter	IPT Interest at end of quarter
Commonwealth		New South Wales		
EL5874		Granted	100%	100%
EL8212		Granted	100%	100%
EL8252		Granted	100%	100%
EL8504		Granted	100%	100%
EL8505		Granted	100%	100%
Broken Hill		New South Wales		
EL7390		Granted	100%	100%
EL8234		Granted	100%	100%
EL8636		Granted	100%	100%
EL8674		Granted	100%	100%
EL8609		Granted	100%	100%
EL9036		Granted	100%	100%
EL9037		Granted	100%	100%
EL9115		Granted	100%	100%
EL9294		Granted	100%	100%
EL9384		Granted	100%	100%
EL9481		Granted	-	100%
Blackridge		Queensland		
EPM26806		Granted	100%	100%
EPM27571		Granted	100%	100%
EPM27410		Granted	100%	100%
Lake Hope		Western Australia		
E74/763		Application	Earning in	-
E74/764		Granted	Earning in	-
E63/2317		Application	Earning in	-
E63/2318		Application	Earning in	-
E63/2319		Application	Earning in	-
E63/2086		Granted	Earning in	-
E63/2257		Application	Earning in	-

Tenement Schedule

continued

Project / Tenement	Location	Status	IPT Interest at start of quarter	IPT Interest at end of quarter
Arkun	Western Australia			
E70/5424		Granted	100%	100%
E70/5430		Granted	100%	100%
E70/5431		Granted	100%	100%
E70/5432		Granted	100%	100%
E70/5433		Granted	100%	100%
E70/5434		Granted	100%	100%
E70/5490		Granted	100%	100%
E70/5504		Granted	100%	100%
E70/5505		Granted	100%	100%
E70/5816		Granted	100%	100%
Doonia	Western Australia			
E15/1790		Granted	80%	80%
Jumbo	Western Australia			
E70/5852		Granted	80%	80%
Dalgaranga	Western Australia			
E59/2620		Granted	80%	80%
Narryer	Western Australia			
E52/3967		Granted	80%	80%
E52/3985		Granted	80%	80%
Dinninup	Western Australia			
E70/5842		Granted	100%	100%
E70/6111		Granted	-	100%
E70/6112		Granted	-	100%
E70/6113		Granted	-	100%
E7016178		Granted	-	100%
Martup	Western Australia			
E70/5761		Granted	100%	100%
Mineral Hill	Western Australia			
E70/5780		Granted	100%	100%
Gascoyne	Western Australia			
E52/4113		Application	-	-
E52/4114		Application	-	-



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JOURNEY**

