

Impact Minerals Limited

ACN 119 062 261

Notice of Annual General Meeting, Explanatory Statement, Independent Expert's Report and Proxy Form

Annual General Meeting to be held at
The Celtic Club, 48 Ord Street, West Perth

On Tuesday, 29 September 2015 at 11:00 am WST

Independent Expert's Report

The Independent Expert has concluded that the terms of the Squadron Transaction are, as a whole, **not fair but reasonable** to Non-associated Shareholders. The Independent Expert considers that the Squadron Transaction is **reasonable** due to the position of Shareholders if the Transaction is approved being more advantageous than the position if the Transaction is not approved.

IMPORTANT NOTE

The Notice of Annual General Meeting, Explanatory Statement, Independent Expert's Report and Proxy Form should be read in their entirety. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

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Important dates

Eligibility to attend Meeting and vote – snapshot date	11:00 am WST on Sunday, 27 September 2015
Last day for receipt of Proxy Forms*	11:00 am WST on Sunday, 27 September 2015
Annual General Meeting	11:00 am WST on Tuesday, 29 September 2015

*Proxy Forms received after 11:00 am WST on this date will be disregarded

Important notices

Competent Person's statement

The review of exploration activities and results contained in Appendix 3 of the Independent Expert's Report is based on information compiled by Dr Mike Jones, a Member of the Australian Institute of Geoscientists. He is an executive director of 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). Mike 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.

Forward looking statements

Certain statements in the Explanatory Statement relate to the future. Such statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such statements. These statements reflect views only as of the date of the Explanatory Statement. Neither the Company nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in the Explanatory Statement will actually occur and you are cautioned not to place undue reliance on such forward looking statements.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Shareholders will be held at **The Celtic Club, 48 Ord Street, West Perth at 11:00 am on Tuesday, 29 September 2015.**

The Explanatory Statement that accompanies and forms part of this Notice of Annual General Meeting describes the various matters to be considered.

Capitalised terms used in this Notice of Annual General Meeting will, unless the context otherwise requires, have the same meaning given to them in the Glossary of the Explanatory Statement.

Short explanation of business

The business of the Meeting includes resolutions usually put at annual general meetings in respect of the Remuneration Report, appointment of Directors and other routine matters.

In addition, Shareholders are also asked to consider the Squadron Transaction whereby the Company has agreed terms for the funding of up to \$7.3 million from Squadron Resources Pty Ltd (**Squadron**), the private mining investment vehicle of the Minderoo Group, an entity which represents the philanthropic and commercial interests of Andrew and Nicola Forrest.

As announced on 17 July 2015 (and confirmed on 6 August 2015 following execution of definitive agreements), the proposed agreements with Squadron contemplate:

- an initial \$3 million investment in 2 tranches comprised of the issue to Squadron of:
 - 2 million interest-free convertible notes, each with a face value of \$1.00, convertible to Shares at a price which is the lower of 2.1cents or 80% of the 30-day VWAP as at the date a notice of conversion is given; and
 - a \$1 million placement of Shares at 2.1 cents per Share (a 15% discount to the 15-day VWAP as at 17 July 2015)
- the issue of 71,428,572 Options, exercisable at 3.25 cents a Share to raise approximately \$2.3 million on exercise;
- the option for Squadron to invest a further \$1 million into either or both of the Commonwealth Project and Broken Hill Project to earn a 19.9% interest after Impact has spent a combined total of \$2.5 million on the two projects;
- the appointment of Squadron's nominee Mr Aaron Hood to the Board as a non-executive director; and
- the engagement of Dr John Clout as a technical consultant to the Company.

The completed and proposed transactions with Squadron are described in Section 7 of the Explanatory Statement and are generally referred to as the "Squadron Transaction". As the Squadron Transaction comprises transactions and potential transactions which may have the effect of Squadron having a relevant interest in more than 20% of the voting shares of the Company, they require Shareholder approval under the Corporations Act. Resolutions 4 to 6 relate to the Squadron Transaction.

Independent Expert's Report

The Independent Expert's Report annexed to this Notice has been prepared to consider the fairness and reasonableness of the Squadron Transaction the subject of Resolutions 4 to 6.

The Independent Expert has considered the terms of the Squadron Transaction as outlined in the body of the Independent Expert's Report (**IER**) and has concluded that, in the absence of a superior offer, the Transaction is **not fair but reasonable** to Shareholders.

The Independent Expert considers the Squadron Transaction to be **not fair** due to the absence of a premium being paid for what may be a controlling interest in the Company.

The Independent Expert considers the Squadron Transaction to be **reasonable** due to the position of Shareholders if the Transaction is approved being more advantageous than the position if the Transaction is not approved.

Please refer to Section 7.10 for the Independent Expert's determination in relation to each aspect of the Squadron Transaction.

Agenda

1. Financial Report

To receive and consider the reports of the Directors and auditors for the year ending 30 June 2015.

2. Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass, the following resolution as an ordinary resolution:

“That the Remuneration Report as set out in the Directors’ Report for the year ended 30 June 2015 be adopted by the Company.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

3. Resolution 2 – Re-election of Director – Mr Paul Ingram

To consider and, if thought fit, to pass, the following resolution as an ordinary resolution:

“That Mr Paul Ingram, a Director who retires by rotation in accordance with Article 6.3(c) of the Constitution and Listing Rule 14.4 and, being eligible, offers himself for re-election, be re-elected as a Director.”

4. Resolution 3 – Election of Director – Mr Aaron Hood

To consider and, if thought fit, to pass, the following resolution as an ordinary resolution:

“That Mr Aaron Hood, a Director appointed in accordance with Article 6.2(c) of the Constitution and ceasing to hold office in accordance with Listing Rule 14.4, being eligible, offers himself for election, be elected as a Director.”

5. Resolution 4 – Ratification of issue of Convertible Notes and Warrants to Squadron Resources Pty Ltd

To consider and, if thought fit, to pass, the following resolution as an ordinary resolution:

“That, for the purposes Listing Rule 7.4 and for all other purposes, Shareholders hereby ratify and approve the issue of 2,000,000 Convertible Notes each with a face value of \$1.00, Conversion Shares to be issued on conversion of the Convertible Notes and 45,000,000 Warrants exercisable at \$0.0325 on or before the Warrant Expiry Date to Squadron Resources Pty Ltd in the manner and on the terms and conditions described in the Explanatory Statement.

6. **Resolution 5 – Approval of Placement of Shares and Options to Squadron Resources Pty Ltd**

To consider and, if thought fit, to pass, the following resolution as an ordinary resolution:

“That, for the purposes Item 7 of section 611 of the Corporations Act and for all other purposes, and subject to Resolutions 4 and 6 being approved, Shareholders hereby approve the issue of 47,619,048 Placement Shares at an issue price of \$0.021 per Placement Share, and 26,428,572 Placement Options exercisable at \$0.0325 on or before the Placement Option Expiry Date, to Squadron Resources Pty Ltd in the manner and on the terms and conditions described in the Explanatory Statement.”

7. **Resolution 6 - Approval, as a result of the Squadron Transaction, for the issue of Shares to Squadron Resources Pty Ltd**

To consider and, if thought fit, to pass, the following resolution as an ordinary resolution:

“That for the purposes of Item 7 of section 611 of the Corporations Act and for all other purposes, and subject to Resolutions 4 and 5 being approved, approval is given for the issue of up to 214,285,715 Shares to Squadron Resources Pty Ltd in accordance with Resolutions 4 and 5, pursuant to which Squadron Resources Pty Ltd, Forrest Family Investments Pty Ltd, Mr Andrew Forrest and Ms Nicola Forrest may obtain a relevant interest in voting Shares in excess of the threshold set out in section 606(1) of the Corporations Act.”

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared by BDO Corporate Finance (WA) Pty Ltd for the purposes of the Shareholder approval required for this Resolution 6 in accordance with item 7 of section 611 of the Corporations Act and which comments on the fairness and reasonableness of the proposed issue of Shares to Squadron. The Independent Expert concludes that the proposal the subject of Resolution 6 is not fair but reasonable to Non-associated Shareholders.

8. **Resolution 7 – Authority to issue Director Shares– Dr Markus Elsasser**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 446,429 Shares at an issue price of \$0.028 per Share to Dr Markus Elsasser (or his nominee), in lieu of directors' fees on the terms and conditions set out in the Explanatory Statement.”

9. **Resolution 8 – Authority to issue Director Shares– Mr Paul Ingram**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 446,429 Shares at an issue price of \$0.028 per Share to Mr Paul Ingram (or his nominee), in lieu of directors' fees on the terms and conditions set out in the Explanatory Statement.”

10. Resolution 9 – Authority to issue Director Shares - Squadron Resources Pty Ltd

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 446,429 Shares at an issue price of \$0.028 per Share to Squadron Resources Pty Ltd as Mr Aaron Hood’s nominee, in lieu of directors’ fees on the terms and conditions set out in the Explanatory Statement.”

11. Resolution 10 – Approval of Additional Placement Facility

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a special resolution:

“That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”

12. Resolution 11 – Approval of Director and Employee Option Acquisition Plan

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That for the purposes of Listing Rule 7.2, Exception 9 and for all other purposes, approval is given for the establishment of the Director and Employee Option Acquisition Plan and the issue of Securities thereunder, as an exception to Listing Rule 7.1 and on the terms and conditions set out in the Explanatory Statement.”

13. Resolution 12 – Approval to grant Plan Options to a Director – Dr Mike Jones

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to Resolution 11 being approved, for the purposes of Listing Rule 10.14 and for all other purposes, the Company be authorised to grant 20 million Plan Options under the Company’s Director and Employee Option Acquisition Plan to the Managing Director of the Company, Dr Mike Jones, on the terms and conditions described in the Explanatory Statement.”

14. Resolution 13 – Approval to grant Plan Options to a Director – Mr Peter Unsworth

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to Resolution 11 being approved, for the purposes of Listing Rule 10.14 and for all other purposes, the Company be authorised to grant 8 million Plan Options under the Company’s Director and Employee Option Acquisition Plan to Mr Peter Unsworth, a Director, on the terms and conditions described in the Explanatory Statement.”

15. **Resolution 14 – Approval to grant Plan Options to a Director – Mr Paul Ingram**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to Resolution 11 being approved, for the purposes of Listing Rule 10.14 and for all other purposes, the Company be authorised to grant 4 million Plan Options under the Company’s Director and Employee Option Acquisition Plan to Mr Paul Ingram, a Director, on the terms and conditions described in the Explanatory Statement.”

16. **Resolution 15 – Approval to grant Plan Options to a Director – Dr Markus Elsasser**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to Resolution 11 being approved, for the purposes of Listing Rule 10.14 and for all other purposes, the Company be authorised to grant 4 million Plan Options under the Company’s Director and Employee Option Acquisition Plan to Dr Markus Elsasser, a Director, on the terms and conditions described in the Explanatory Statement.”

17. **Resolution 16 – Approval to grant Plan Options to a nominee of a Director – Mr Aaron Hood**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to Resolution 11 being approved, for the purposes of Listing Rule 10.14 and for all other purposes, the Company be authorised to grant 4 million Plan Options under the Company’s Director and Employee Option Acquisition Plan to Squadron Resources Pty Ltd, as a nominee of Mr Aaron Hood, a Director, on the terms and conditions described in the Explanatory Statement.”

By order of the Board



Mr James Cooper-Jones
Company Secretary

27 August 2015

Voting exclusions

For the purposes of the Corporations Act and Listing Rule 14.11, the following voting exclusion statements apply to the Resolutions. The Company will disregard any votes cast on the following Resolutions by or on behalf of the following parties and their associates (as defined in the Listing Rules).

Resolution	Excluded parties
Resolution 1	Members of the Key Management Personnel whose remuneration is detailed in the Remuneration Report and their closely related parties (which includes spouse, child, dependent, other family members and any controlled company).
Resolution 4	Squadron and its Associates
Resolution 5	Squadron and its Associates
Resolution 6	Squadron, Forrest Family Investments, Mr Andrew Forrest, Ms Nicola Forrest and their Associates
Resolution 7	Dr Markus Elsasser and his Associates.
Resolution 8	Mr Paul Ingram and his Associates.
Resolution 9	Squadron and its Associates.
Resolution 10	Any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder if the Resolution is passed, and any of their Associates.
Resolution 11	Any Director who may participate in the Director and Employee Option Acquisition Plan and any Associate of that person.
Resolution 12	Dr Mike Jones and his Associates.
Resolution 13	Mr Peter Unsworth and his Associates.
Resolution 14	Mr Paul Ingram and his Associates.
Resolution 15	Dr Markus Elsasser and his Associates.
Resolution 16	Mr Aaron Hood and Squadron and their Associates.

The Company need not disregard a vote on a Resolution if it is cast by:

- (a) the person as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form; or
- (b) the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Proxy Appointment and Voting Instructions

Proxy Form

The Proxy Form (and any power of attorney or other authority, if any, under which it is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be lodged no later than 48 hours before the time for holding the Meeting, being before **11:00 am WST on 27th September 2015**, as follows:

By post: Company Secretary, Impact Minerals Limited, 26 Richardson Street, West Perth WA

By hand: Impact Minerals Limited, 26 Richardson Street, West Perth WA

By fax: +61 8 6454 6667

Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Appointment of a proxy

A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy. The proxy may, but need not be, a member of the Company.

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the full name of that person. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a Shareholder of the Company.

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company on +61 8 6454 6666 or you may photocopy the Proxy Form.

To appoint a second proxy you must on each Proxy Form state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

Corporate Shareholders

Corporate Shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:

- two directors of the company;
- a director and a company secretary of the company; or
- for a proprietary company that has a sole director who is also the sole company secretary, that director.

Corporate representatives

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with the Company and/or the Company's share registry before the Meeting or at the registration desk on the day of the Meeting.

Votes on Resolutions

You may direct your proxy how to vote by placing a mark in the 'FOR', 'AGAINST' or 'ABSTAIN' box opposite the Resolution. All your votes will be cast in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the Resolutions by inserting the percentage or number of Shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the Resolutions, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

Chairman voting undirected proxies

If the Chairman is your proxy, the Chairman will cast your votes in accordance with your directions on the Proxy Form. If you do not mark any of the boxes on the Resolutions, then you expressly authorise the Chairman to vote your undirected proxies at his/her discretion.

As at the date of this Notice of Meeting, the Chairman intends to vote undirected proxies FOR each of the Resolutions. In exceptional cases the Chairman's intentions may subsequently change and in this event, the Company will make an announcement to the market.

Voting eligibility – snapshot date

The Company may specify a time, not more than 48 hours before the Meeting, at which a "snapshot" of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the Meeting.

The Directors have determined that all Shares of the Company that are quoted on ASX at **11:00 am WST on 27th September 2015** shall, for the purpose of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the Shares at that time. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Defined terms

Capitalised terms used in the Notice and the Explanatory Statement are defined in the Glossary.

Questions from Shareholders

At the Meeting, the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments on the management of the Company.

Mr Mark Delaurentis of Bentleys Audit and Corporate (WA) Pty Ltd, as the auditor responsible for preparing the Auditor's report for the year ended 30 June 2015 (or his representative) will attend the Meeting. The Chairman of the Meeting will also allow a reasonable opportunity for Shareholders to ask the auditor questions about:

- the conduct of the audit;
- the preparation and content of the Auditor's report;
- the accounting policies adopted by the Company in relation to the preparation of Financial Statements; and
- the independence of the Auditor in relation to the conduct of the audit.

To assist the Board and the Auditor in responding to questions please submit any questions you may have in writing by no later than **11:00 am WST on 27th September 2015**:

By post: Company Secretary, Impact Minerals Limited, 26 Richardson Street, West Perth WA

By hand: Impact Minerals Limited, 26 Richardson Street, West Perth WA

By fax: +61 8 6454 6667

Copies of written questions will be available at the Meeting.

Chairman's Letter

Dear Fellow Shareholders,

I am very pleased to report that in spite of the downturn currently being experienced by the resources industry, Impact has been able to secure the backing of a major new cornerstone investor, Squadron Resources Pty Ltd, the private mining investment vehicle of the Minderoo Group which represents the philanthropic and commercial interests of Andrew and Nicola Forrest.

As announced to ASX on 17 July 2015, Squadron will initially invest \$3 million into Impact with the capacity to increase this to \$7.3 million. Tranche 1, an initial investment of \$2 million, is now complete with the remainder to be approved by shareholders at the Annual General Meeting to be held on 29th September 2015.

An investment of this size being made by Squadron Resources in the current challenging market highlights the potential of Impact's assets.

To ensure that Impact can confidently and aggressively continue exploration over all three of its Australian projects your directors have also resolved to offer shareholders the opportunity to participate in a 1-for 6 rights share issue at 2.1 cents per share, the same price at which Squadron is taking up shares.

Impact's recent discovery of Australia's highest ever platinum grades at the company's Red Hill prospect at the Broken Hill Project in NSW has attracted a lot of attention. The drill results includes a 30 metre thick zone at 6 grams per tonne platinum equivalent as well as 5 to 10 metre thick zones at 15 grams per tonne platinum equivalent. A follow up drill programme of about 1,500 m to test a number of targets will be a priority following the rights issue and will in part be funded by a co-funding grant from the NSW Government.

With the new funding Impact will be able to progress exploration on all three of its key Australian projects being the Broken Hill Project, the high grade gold-silver-zinc-lead Commonwealth Project in N.S.W. and the nickel-copper-gold Mulga Tank Project near Kalgoorlie in W.A. where Impact has been awarded two grants totalling \$275,000 as part of the Western Australian Government's Exploration Incentive Scheme.

Resolutions 4 to 6, which seek shareholder ratification and approval for the various elements of the Squadron Transaction, are recommended by all Directors (other than Mr Aaron Hood, who has abstained given his role as an executive director of Squadron).

I encourage you to read the Explanatory Statement and accompanying Independent Expert's Report in full.

I appreciate your consideration of the Resolutions and look forward to your support on these matters.



Peter Unsworth
Chairman

Explanatory Statement

1. Introduction

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Annual General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Annual General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary or otherwise in the Explanatory Statement.

Shareholders should also carefully read the Independent Expert's Report at **Annexure A** when considering how to vote on Resolutions 4 to 6 .

2. Annual Report

The Corporations Act requires the Directors' report, auditors' report and the financial statements of the Company for the year ended 30 June 2015 to be tabled at the Annual General Meeting.

There is no requirement for Shareholders to approve these reports. However, the Chairman will allow a reasonable opportunity for Shareholders to ask questions about, or make comments on, the reports and the management of the Company.

3. Resolution 1 – Adoption of the Remuneration Report

The Remuneration Report of the Company for the financial year ended 30 June 2015 is set out in the Annual Report which is available at <http://www.impactminerals.com.au>. The Remuneration Report sets out the remuneration arrangements for Directors and Key Management Personnel of the Company. The Chairman will allow a reasonable opportunity for Shareholders to ask questions about, or make comments on, the Remuneration Report.

Shareholders will be asked to vote for the adoption of the Remuneration Report at the Meeting. The vote on this Resolution is advisory only and does not bind the Directors or the Company. The Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

If 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "spill resolution") to determine whether another meeting be held within 90 days at which all of the Directors (other than the managing director) must go up for re-election.

At the Company's previous annual general meeting the votes against the remuneration report was less than 25% of the votes cast on the resolution. As such, Shareholders do not need to consider a spill resolution at this Meeting.

The Company encourages all Shareholders to cast their votes on Resolution 1 (Adoption of Remuneration Report).

Voting exclusions

The Company will disregard any votes cast on this Resolution by or on behalf of members of Key Management Personnel whose remuneration details are included in the Remuneration Report and any closely related parties of those persons.

Key Management Personnel of the Company are the Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's Key Management Personnel for the financial year ended 30 June 2015. Their closely related parties are defined by the Corporations Act and include certain of their family members, dependants and companies they control.

If you appoint the Chairman as your proxy and have not directed him how to vote, you are expressly authorising the Chairman to cast your undirected proxy on this Resolution in accordance with his stated intentions. The Chairman intends to vote all undirected proxies for this Resolution.

If you appoint any other member of the Board, a member of senior management who is named in the Remuneration Report, or their closely related parties as your proxy, they will not be able to vote your proxy on this Resolution unless you have directed them how to vote.

4. Resolution 2 – Re-election of Director – Mr Paul Ingram

Article 6.3(c) of the Constitution and Listing Rule 14.4 require that at each annual general meeting of the Company, one third of the Directors (to the nearest whole number) must retire from office. A retiring Director is eligible for re-election.

Mr Ingram retires by rotation at the Meeting and, being eligible, offers himself for re-election.

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

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

- (a) A-Cap Resources Limited since June 2009;
- (b) Consolidated Global Investments Limited since September 2006; and
- (c) Australian Pacific Coal Limited since March 2011.

Directors' recommendation

The Directors (apart from Mr Ingram) recommend that Shareholders vote in favour of the re-election of Mr Ingram.

5. Resolution 3 – Election of Director – Mr Aaron Hood

Mr Aaron Hood was appointed as a Director on 6 August 2015 as a nominee of Squadron on completion of the issue of the Convertible Notes to Squadron.

Article 6.2(a) of the Constitution provides that the Directors may appoint any person as a Director to fill a casual vacancy or as an addition to the existing Directors. Mr Hood, having consented by notice in writing to act as a Director, was appointed by the Board as a Director pursuant to Article 6.2(a) of the Constitution.

Article 6.3(j) of the Constitution and Listing Rule 14.4 provide that a Director appointed by the Board will hold office until the next annual general meeting of the Company when the Director may then be elected.

Mr Hood, being eligible, offers himself for election.

Mr Hood is Chief Investment Officer for the Minderoo Group and is responsible for managing the existing investment portfolio, comprising mining, property, agriculture and industrial assets, and also corporate development opportunities. Prior to joining the Minderoo Group, Mr Hood spent ten years in Sydney and Perth as executive director of a private equity firm with investments in mining services, oil and gas, manufacturing and retail. Mr Hood is also a director of Squadron.

Mr Hood holds a Bachelor of Engineering (Mechanical) and a Bachelor of Commerce both from the University of Western Australia and an MBA from INSEAD and commenced his career with Macquarie Bank's industrials and property investment banking team. He is currently a director of the Scotch College Foundation (WA) and UWA Business School Ambassadorial Council, Chairman of Harvey Beef and a non-executive director of Vimy Resources Limited.

Directors' recommendation

The Directors (apart from Mr Hood) recommend that Shareholders vote in favour of the election of Mr Hood.

6. Background information regarding the Squadron Transaction

6.1 Background

On 17 July 2015 the Company announced that it had agreed the terms of the funding of up to \$7.3 million from Squadron, part of the Minderoo Group, Andrew Forrest's private investment vehicle (**Squadron Transaction**).

The key terms of the Squadron Transaction comprise:

- (a) an initial \$3 million investment comprising:
 - (i) the issue of interest-free convertible notes for \$2 million dollars, convertible to Shares at a price which is the lower of 2.1cents or 80% of the 30-day VWAP as at the date notice of conversion is given; and
 - (ii) a \$1 million placement of Shares at 2.1 cents per Share (a 15% discount to the 15-day VWAP as at 17 July 2015);
- (b) the issue of 71,428,572 Options (comprised of 45,000,000 Warrants and 26,428,572 Placement Options) exercisable at 3.25 cents a Share to raise approximately \$2.3 million on exercise;

- (c) the option for Squadron to invest a further \$1 million into either or both of the Commonwealth Project and Broken Hill Project to earn a 19.9% interest after Impact has spent a combined total of \$2.5 million on the two projects;
- (d) the appointment of Squadron's nominee Mr Aaron Hood to the Board as a non-executive director; and
- (e) the engagement of Dr John Clout as a technical consultant to the Company.

On 6 August 2015 the Company announced that it had executed definitive documentation in respect of the transactions comprising the Squadron Transaction. Details of the Squadron Transaction are summarised below in Section 7.

6.2 Details of Squadron

Squadron is an Australian proprietary company, incorporated on 18 March 2015. It was formed as an initiative to develop the next generation of world-class natural resources projects across Australia. The company has a long-term counter-cyclical strategy, investing in or acquiring undervalued and undeveloped projects that may be considered unviable in the current depressed commodity market environment.

Squadron is the wholly-owned subsidiary of Forrest Family Investments, a company owned by Mr Andrew Forrest and Ms Nicola Forrest. It is routinely referred to as part of the "Minderoo Group", a portfolio of diverse business interests associated with Mr and Mrs Forrest ranging from infrastructure creation, property development, medical research and an extensive sustainable mining portfolio that aims to be leading in indigenous training, employment and environmental protection.

Mr Forrest is Chairman of Fortescue Metals Group and the Minderoo Foundation as well as a range of other significant charities and companies. He founded Fortescue Metals Group in April 2003 and personally drove the creation of the expansive Pilbara Iron Ore and Infrastructure Project. Fortescue Metals Group is the fourth largest iron ore supplier in the world and in Australia's top 20 ASX-listed companies.

None of Forrest Family Investments, Mr Forrest or Mrs Forrest have any direct or indirect interest in the Company other than in respect of Squadron's interest.

7. Summary of the terms of the Squadron Transaction

7.1 Tranche 1 - Convertible Notes and Warrants

On 7 August 2015, the conditions precedent set out in Section 7.6(a) below having been satisfied, Squadron subscribed \$2,000,000 for the Convertible Notes on the following terms:

- (a) the Convertible Notes are secured by:
 - (i) first-ranking mortgages over the Australian mining tenements held by Impact and its wholly-owned subsidiaries Endeavour Minerals and Aurigen with respect to the Projects;
 - (ii) the General Security Agreement; and
 - (iii) guarantees and indemnities given by Endeavour and Aurigen,
 (together, **Squadron Security**);
- (b) the term of the Convertible Notes is 3 years from the date of issue, being 7 August 2018 (**Term**);

- (c) the Convertible Notes do not carry interest or a coupon;
- (d) Squadron may, at any time following the occurrence of a Redemption Event, require the Company to redeem some or all of the Convertible notes by delivering the requisite notice;
- (e) the Convertible Notes are convertible into Shares at the Conversion Price (as set out in Section 7.1(g) below) at the election of Squadron, in whole or in part, at any time during the Term;
- (f) the Convertible Notes are convertible into Shares at the Conversion Price at the election of Impact at any time after the expiration of 12 months from the date of issue, subject to:
 - (i) Impact having, since the date of issue, successfully completed one or more ordinary share issues (not including the Placement) and raised more than \$6 million in total at an average price of no less than \$0.04 per Share (adjusted for stock splits/consolidations); and
 - (ii) following the conversion of Convertible Notes, there being sufficient capacity to issue the relevant number of Shares on the exercise of the Placement Options and the Warrants without the voting power of Squadron exceeding 20% of the issued Shares;
- (g) the Convertible Notes are convertible into Shares at a conversion price which is the lower of 2.1 cents per Share; and 80% of the 30-day VWAP prior to the date of a conversion notice (with prices adjusted for stock splits/consolidations) (**Conversion Price**);
- (h) on conversion of the Convertible Notes, Impact must issue as many Shares as it can issue:
 - (i) without a breach of the Corporations Act takeover provisions; and
 - (ii) so as to retain sufficient capacity to issue Shares on exercise of the Placement Options and Warrants,

at the time of conversion of the Convertible Notes and must promptly seek any Shareholder approval required to issue any balance of the Shares to which Squadron is entitled on conversion under the terms of the Convertible Notes;
- (i) if any necessary Shareholder approval to the issue of the Shares to Squadron has not been obtained within 60 days (or such later date as the parties agree) from the date on which the relevant party gave notice of the proposed conversion, Impact must pay Squadron, in cash, the higher of:
 - (i) the outstanding face value of the portion of the Convertible Notes which has not been converted into Shares; and
 - (ii) the value of the Shares as at the date of conversion which would have been issued to Squadron if the balance of the Convertible Notes had been converted;
- (j) the Convertible Note Subscription Agreement contains covenants and events of default customary for securities of that nature including, but not limited to, the provision of financial and other reporting information, conduct of business and maintenance of insurance and necessary permits;

- (k) the Convertible Notes may only be transferred (in whole or in part) by Squadron to another person within 12 months after issue if the transfer is made to a professional or sophisticated investor. Otherwise, such transfer within that period will require the consent of Impact, such consent not to be unreasonably withheld;
- (l) the Convertible Notes are freely transferable after 12 months after the date of issue; and
- (m) the Convertible Note Subscription Agreement also includes obligations on Impact to ensure that it has taken all steps necessary to ensure that Shares issued on conversion of the Convertible Notes are freely tradeable from the date of issue.

In consideration of the agreement to subscribe for the Convertible Notes, Impact issued Squadron 45,000,000 unlisted Options (**Warrants**), each providing an option to acquire a Share at 3.25 cents per Share, exercisable within 3 years after completion of the issue of the Convertible Notes.

Shareholder ratification of the issue of the Convertible Notes and the Warrants is the subject of Resolution 4.

7.2 Tranche 2 - Placement

Subject to the satisfaction of the conditions precedent set out in Section 7.6(b), Squadron is to subscribe \$1,000,000 on the following terms:

- (a) the issue of 47,619,048 Shares at an issue price of 2.1 cents per Share (**Placement Shares**); and
- (b) the issue of 26,428,572 unlisted Options at 3.25 cents per Share, exercisable within 3 years after completion of the Placement (**Placement Options**); and

Shareholder approval of the Placement is the subject of Resolution 5.

7.3 Project Funding Option

- (a) Following the issue of the Convertible Notes and the Placement, and upon Impact spending at least \$2.5 million of exploration expenditure on the Commonwealth Project and the Broken Hill Projects (in aggregate across both projects), Squadron has the option (**Project Funding Option**) to fund, directly or through its nominee:
 - (i) \$1 million into the Broken Hill Project for a 19.9% interest in the assets comprising that Project; and/or
 - (ii) \$1 million into the Commonwealth Project for a 19.9% interest in the assets comprising that project, or a 19.9% interest in Endeavour Minerals;

(in each case, the **Initial Investment**).
- (b) Squadron may exercise the Project Funding Option within 90 days from the later of:
 - (i) receipt of notification from Impact that the expenditure hurdle has been met; and
 - (ii) the date on which the results of the exploration from that expenditure have been announced to ASX or disclosed to Squadron.

- (c) If Squadron exercises its Project Funding Option in respect of a Project, an industry standard project joint venture agreement (**JVA**) will be entered into. The JVA will include the following key terms, amongst others:
 - (i) reserved matters requiring the consent of both parties;
 - (ii) pre-emption rights;
 - (iii) drag-along and tag-along exit provisions; and
 - (iv) restrictions on the sale of an interest in the relevant Project.
- (d) Impact will be the initial manager of the joint venture and each party's vote on the management committee or board of directors (as applicable) will be in proportion to its interest in the relevant Project. All matters (other than those specified in the JVA as requiring a unanimous vote) will be determined by a majority vote.
- (e) Pending agreement as to the terms of the JVA, the AMPLA Model 2 party exploration joint venture agreement (excluding the farm-in provisions and deleting references to "examples" wherever they appear) will apply (to the extent that it is not inconsistent with the terms of this Section 7.3) or, in the case of the Initial Investment being in Endeavour, there will be a shareholders agreement between the parties on equivalent terms.
- (f) Once the Initial Investment funds have been spent on the relevant Project, Impact and Squadron will then invest further funds pro-rata with the other parties on the relevant Project (i.e. if Squadron injected \$1 million into a Project, this would need to be spent fully, before the parties then fund pro-rata). The deemed value of the relevant Project would be \$5 million at this point, such that the deemed expenditure of each party to the point at which each party is obliged to commence funding pro rata to their JV interests would be:
 - (i) Impact: $80.1\% \times \$5 \text{ million} = \$4,005,000$;
 - (ii) the Investor: $19.9\% \times \$5 \text{ million} = \$995,000$,

and future dilution will be on the basis of the actual financial contributions made by the parties after each party becomes obliged to commence funding pro rata to its JV interest together with the above deemed contributions.

7.4 Appointment of Director

- (a) Following the issue of the Convertible Notes, Squadron became entitled to appoint a non-executive director to the Board. Mr Aaron Hood has been appointed in accordance with that right and his election by Shareholders is the subject of Resolution 3. Squadron retains the right to nominate a director provided it holds at least 50% of the Convertible Notes and/or 5% or more of the Shares on issue at any point in time.
- (b) If any Shareholder approval is required in respect of the Squadron Transaction (including any approval required following Completion to allow Squadron to fully exercise the Placement Options and Warrants or convert the Convertible Notes), the Directors will unanimously approve and support the proposal and unanimously recommend that Shareholders approve, and not change their recommendation of, the proposal.

- (c) The support and recommendation obligations do not apply to the extent that taking or failing to take action will result in the Directors being in breach of their statutory or fiduciary duties.

7.5 Appointment of technical consultant

- (a) Following the issue of the Convertible Notes, Impact entered into a consulting services agreement with Squadron in respect of the technical services of Dr John Clout for a consulting fee of A\$40,000 per annum (Consultancy Fee). Dr Clout is the Chief Geologist of Squadron and will act as a technical advisor to Impact. Dr Clout played a key role in the discovery and development of the world class Pilbara iron deposits for Fortescue Metals Group Ltd and, earlier in his career, completed seminal work on the Golden Mile gold deposit in Kalgoorlie in WA.
- (b) At the end of each calendar quarter Impact may immediately terminate the consulting services agreement by giving written notice to Squadron.
- (c) The Consultancy Fee is payable to Squadron in four equal instalments quarterly in advance.

7.6 Conditions precedent

- (a) The issue of the Convertible Notes and the Warrants was subject to the following conditions precedent which have been satisfied:
 - (i) completion of documentation in relation to the Squadron Transaction;
 - (ii) the absence of a material adverse change to the financial condition, results of operations, assets, regulatory status, business or prospects of Impact; and
 - (iii) Impact notifying Squadron if it had become aware that a material adverse change had occurred.
- (b) The Placement is subject to satisfaction or waiver of the following conditions precedent:
 - (i) completion of the issue of the Convertible Notes and the issue of the Warrants;
 - (ii) Impact having obtained shareholder ratification for the issue of the Convertible Notes and the Warrants under Listing Rule 7; and
 - (iii) Impact having obtained shareholder approval for the Placement and the conversion or exercise of the Convertible Notes, Warrants and Placement Options under item 7 of section 611 of the Corporations Act.

Unless otherwise agreed by Squadron, Impact must seek the required Shareholder approval promptly after signing the Convertible Note Subscription Agreement.

Each party must notify the other party if it becomes aware that a condition precedent has been satisfied, or has, or is likely to become, incapable of being satisfied.

The conditions precedent in Sections 7.6(b)(i) and 7.6(b)(ii) are for the benefit of Squadron and Impact and may only be waived by the agreement of Squadron and Impact.

The condition precedent in Section 7.6(b)(iii) is for the benefit of Squadron alone and may only be waived by Squadron giving notice in writing to Impact.

7.7 Rights Issue

As announced to ASX on 19 August 2015, the Company is proposing to raise approximately \$2 million by way of a partially-underwritten renounceable 1-for-6 rights issue to eligible Shareholders (**Rights Issue**). The Rights Issue does not require Shareholder approval but information regarding the Rights Issue is included in this Explanatory Statement to assist Shareholders to understand the effect of the Squadron Transaction on the capital structure of the Company (see Section 0 below).

The timetable for the Rights Issue is as follows:

Event	Date
Announcement of Rights Issue	Wednesday, 19 August 2015
Securities quoted on an “ex” basis	Monday, 24 August 2015
Rights trading commences	Monday, 24 August 2015
Record Date	Tuesday, 26 August 2015
Offer opens	Monday, 31 August 2015
Rights trading ends	Wednesday, 2 September 2015
Offer closes	Wednesday, 9 September 2015
Despatch of holding statements for new Shares	Wednesday, 16 September 2015
Ordinary trading of new Shares commences	Thursday, 17 September 2015

7.8 Pro forma capital structure

The capital structure of the Company following the Rights Issue (assuming the Rights Issue is fully subscribed) and completion of all of the transactions proposed by the Squadron Transaction is set out below.

	Squadron	Cumulative % interest of Squadron	Other Shareholders	Total
Shares on issue as at the date of this Notice	-	-	566,623,160	566,623,160
Shares on issue as at the date of the Meeting (i.e. following the Rights Issue)	-	-	94,437,193	661,060,353
Issue of Placement Shares (Resolution 5)	47,619,048	6.72	-	708,679,401
Total Shares on issue after issue of Placement Shares	47,619,048	6.72	661,060,353	708,679,401
Potential issue of Conversion Shares to Squadron on conversion of the Convertible Notes (Resolution 4)	95,238,095	17.77	-	803,917,496
Potential issue of new Shares to Squadron on exercise of the Warrants (Resolution 4)	45,000,000	22.13	-	848,917,496
Potential issue of new Shares to Squadron on exercise of the Placement Options (Warrant 5)	26,428,572	24.48	-	875,346,068
Potential issues of Director Shares (Resolutions 7 to 9)	446,429	24.49	892,858	876,685,355
Potential number of shares on issue after issue of all Shares to Squadron but before the exercise of existing Options	214,732,144	24.49	661,953,211	876,685,355

7.9 Dilution as a result of the Squadron Transaction

Assuming that Shareholders approve Resolutions 4 to 6, the effect of the issue of all of the Equity Securities pursuant to Resolutions 4 and 5 on the capital structure of the Company is to increase the total Shares on issue as follows:

Shares	Number	% change
Shares on issue as at the date of Meeting	661,060,353	-
Shares issued pursuant to the Placement (Resolution 5 – Placement Shares and Shares issued on exercise of Placement Options)	74,047,620	11.20
Shares to be issued pursuant to the Convertible Notes (Resolution 4 - Conversion Shares and Shares issued on exercise of Warrants)	140,238,095	21.21
Director Shares to be issued to Squadron	446,429	0.07
Total Shares issued to Squadron	214,732,144	32.48
Total Shares on issue following Transaction	876,685,355	

7.10 Independent Expert's Report

In accordance with the requirements of Listing Rule 10.10.2, the Company has commissioned BDO Corporate Finance (WA) Pty Ltd to provide the Independent Expert's Report on the Squadron Transaction.

The Independent Expert's Report sets out a detailed examination of the Squadron Transaction to enable Shareholders to assess the merits of, and decide whether to approve, the Resolutions in respect of the Squadron Transaction (being Resolutions 4 to 6).

To the extent that it is appropriate, the Independent Expert's Report sets out further information in respect of the Squadron Transaction and concludes that the Squadron Transaction is not fair but reasonable to the Non-associated Shareholders.

The Independent Expert has concluded that the terms of the Squadron Transaction are, as a whole, not fair but reasonable to non-associated Shareholders. However, the Independent Expert considers that the Squadron Transaction is reasonable due to the position of Shareholders if the Transaction is approved being more advantageous than the position if the Transaction is not approved.

Shareholders are encouraged to read carefully the Independent Expert's Report so as to understand its scope, the methodology of the assessment, the sources of information and the assumptions made.

The Independent Expert's Report is set out in Annexure A to this Explanatory Statement.

8. Resolutions 4 to 6 - approvals for Squadron Transaction

8.1 Background

Resolutions 4 to 6 seek Shareholder approvals under Listing Rule 7.4 (in respect of ratification of the issue of the Convertible Notes and the Warrants, the terms of which are set out in Section 7.1) and under item 7 of section 611 of the Corporations Act for the acquisition by Squadron of a relevant interest in:

- (a) the Shares to be issued on conversion of the Convertible Notes;
- (b) the Shares to be issued on the exercise of the Warrants;
- (c) the Placement Shares to be issued under the Placement*;
- (d) the Shares to be issued on the exercise of the Placement Options; and
- (e) the Director Shares to be issued to Squadron as Mr Aaron Hood's nominee,

as set out in the table above at Section 0.

(* Ordinarily, the Company would seek Shareholder approval for the Placement under Listing Rule 7.1. However, Listing Rule 7.2 (Exception 16) provides that approval is not required for the purposes of Listing Rule 7.1 where an issue of securities is approved for the purposes of item 7 of section 611 of the Corporations Act.)

8.2 The Company's projects

Broken Hill Project

The Broken Hill Ni-Cu-PGE Project is located 20 km east of the world-class Broken Hill silver-lead-zinc mine in New South Wales, and consists of exploration licences covering 100 sq km in the south-east part of the richly-mineralised Curnamona Province.

The project area contains many tens of strike kilometres of mafic-ultramafic sills, dykes and stocks that contain gossans and fresh outcrops with very high-grade PGE's, nickel, copper, gold and silver mineralisation.

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

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

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

Commonwealth Project

Acquired on 13 June 2013, the Commonwealth Project is a high grade gold-VMS project with potential for small scale early production.

95 km north of Orange in New South Wales, the Project area covers around 8 sq km and is situated within the prolific Lachlan Fold Belt, a region renowned for its major gold-silver-base metal mines including the Cadia-Ridgeway deposits (Newcrest) containing 70 million ounces of gold and 12 million tonnes of copper.

A review and synthesis of previous data has been completed at the Commonwealth Project including the re-interpretation of 66 drill holes, five low frequency EM surveys and 460 soil samples completed between 1952 and 2007. Previous unknown, high-grade drill intercepts have been identified of up to 30 m at 6 g/t gold from 28 m and including 2 m at 77 g/t gold, in addition to six new targets.

There is significant potential to increase the size and extent of the high-grade gold-silver-base metal massive and disseminated sulphide deposits at the Commonwealth Mine and Commonwealth South prospect.

Mulga Tank Project

The Mulga Tank Project covers 425 square kilometres in the emerging nickel province of southwest Western Australia. The region is host to Sirius Resources' Nova nickel deposit, St George Mining's Dragon disseminated nickel sulphide discovery, AngloGold Ashanti - Independence Group's Tropicana gold mine and the significant uranium deposit at Mulga Rocks.

The Project is highly prospective for:

- (a) bulk tonnage nickel deposits such as Mount Keith near Leinster, WA and the very large and significant Dumont deposit in Quebec that is progressing towards development;
- (b) high-grade nickel sulphide deposits similar to those at the nearby major WA mining centres of Kambalda and Forresteria;
- (c) gold deposits hosted in faults and shear zones within the greenstone belt stratigraphy similar to the many multi-million ounce deposits found throughout the Eastern Goldfields Province of the Yilgarn Craton; and
- (d) uranium deposits hosted by Cainozoic palaeochannels such as the nearby Mulga Rock deposit.

A review and synthesis of previous exploration data is ongoing at the Mulga Tank Project.

8.3 Effect of the Squadron Transaction on the Company's activities

The principal effect of the Squadron Transaction will be to provide the Company with \$3 million on completion of the issue of the Convertible Note and the Placement and the potential for a further \$4.3 million on exercise of Warrants and Options.

On completion of the Rights Issue and the Placement, and assuming the Rights Issue is fully subscribed, the Company anticipates having approximately \$5 million in immediately available funds to pursue its exploration and development objectives at the Projects, to be applied as follows:

Description	Amount
Broken Hill: Drill programme commencing first week of September	\$600,000
Commonwealth: Follow up work to identify new drill targets for Q1 2016	\$200,000
Commonwealth: Drill programme Q1 2016	\$1,200,000
Mulga Tank: Airborne and ground geophysics	\$400,000
Mulga Tank: Drill programme Q3 2015	\$800,000
Working capital	\$1,800,000
Total	\$5,000,000

8.4 Effect of Squadron Transaction on the Company's financial position

The following Section sets out the anticipated financial impact and other relevant financial information for Shareholders to have regard to when considering the Squadron Transaction and whether to approve the Resolutions.

(a) Effect on capital structure

The effect of the Squadron Transaction on the Company's capital structure is set out in Section 7.7 of the Explanatory Statement.

(b) Pro-forma Statement of Financial Position

Set out below is:

- (i) the audited consolidated statement of financial position of the Company as at 30 June 2015; and
- (ii) the audited pro-forma consolidated statement of financial position of the Company as at 30 June 2015 incorporating the effect of:
 - A. the issue of the Convertible Notes; and
 - B. the issue of the Placement Shares.

CONSOLIDATED PRO-FORMA STATEMENT OF FINANCIAL POSITION

	As at 30 June 2015 \$ Audited		Adjustments	As at 30 June 2015 \$ Pro Forma
Current Assets				
Cash and cash equivalents	571,981	A. B.	3,000,000	3,571,981
Trade and other receivables	84,016			84,016
Total Current Assets	<u>655,997</u>			<u>3,655,997</u>
Non-Current Assets				
Property, plant & equipment	2,978			2,978
Exploration expenditure	6,526,545			6,526,545
Other non-current assets	32,849			32,849
Total Non-Current Assets	<u>6,562,373</u>			<u>6,562,373</u>
Total Assets	<u>7,218,370</u>			<u>10,218,370</u>
Liabilities				
Trade and other payables	153,826			153,826
Provisions	131,726			131,726
Other financial liabilities	0	A.	2,000,000	2,000,000
Total Liabilities	<u>285,552</u>			<u>2,285,552</u>
Net Assets	<u>6,932,819</u>			<u>7,932,819</u>
Equity				
Issued Capital	31,245,003	B.	1,000,000	32,245,003
Option reserve	736,506			736,506
Foreign currency translation reserve	-497,084			-497,084
Transactions with non-controlling interest	-1,161,069			-1,161,069
Accumulated losses	-23,390,538			-23,390,538
Total Equity	<u>6,932,818</u>			<u>7,932,818</u>

Notes: The above pro-forma statement of financial position has been prepared based on the following assumptions.

1. The assets and liabilities of the Company and its subsidiaries have not been subject to any material change between 30 June 2015 and the date that each relevant aspect of the Squadron Transaction referred to in the Notice occurs.
2. The Squadron Security is not enforced.
3. The values for assets reflect the book values of those assets as at 30 June 2015.
4. The costs and expenses of negotiating and entering the Squadron Transaction have not been taken into account as these cannot be accurately estimated at this time.
5. Allowance has not been made for expenditure in the normal course of business between 30 June 2015 and the date that each relevant aspect of the Squadron Transaction referred to in the statement occurs.

8.5 Listing Rules 7.1 and 7.4

Listing Rule 7.1 provides that prior approval of shareholders is required for an issue of Equity Securities if the Equity Securities will, when aggregated with the Equity Securities issued by a company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period. However, Exception 16 of Listing Rule 7.2 provides that the approval under Listing Rule is not required where approval is obtained in accordance with item 7 of section 611 of the Corporations Act.

Listing Rule 7.4 states that an issue of Equity Securities by a company made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's members subsequently approve it. Accordingly, if Resolution 4 is approved, the Convertible Notes and the Warrants issued to Squadron will not be included in calculating the Company's 15% issuing capacity for the purposes of Listing Rule 7.1.

8.6 Technical information required by Listing Rule 7.4

In accordance with Listing Rule 7.5, the following information is provided in to enable Shareholders to assess the merits of Resolution 4 for the purposes of Listing Rule 7.4:

(a) Date of issue of securities

The Convertible Notes and Warrants were issued on 7 August 2015.

(b) Number of securities issued

2,000,000 Convertible Notes and 45,000,000 Warrants were issued.

(c) Price at which securities were issued

The Convertible Notes were issued with a face value of \$1.00 each.

The issue price of the Warrants was nil as they were issued in consideration of Squadron's agreement to subscribe for the Convertible Notes.

(d) Terms of the securities

The terms of the Convertible Notes are set out in Section 7.1 of this Explanatory Statement. Shares issued on conversion of the Convertible Notes will be fully paid ordinary shares that rank equally with existing Shares on issue at the time of conversion.

The terms of issue of the Warrants are set out in Schedule 1. All Shares issued on exercise of the Warrants will be fully paid ordinary shares that will rank equally with the existing Shares on issue at the time of exercise.

(e) Parties to whom securities were issued

The Convertible Notes and the Warrants were issued to Squadron.

(f) Use of (or intended use of) the funds raised

The Company raised \$2,000,000 from the issue of the Convertible Notes. The funds raised from the issue of the Convertible Notes will be used for:

- (i) exploration and development expenditure on the Projects;
- (ii) working capital and general corporate purposes; and
- (iii) any other purpose with the prior written consent of Squadron.

The Company did not raise any funds from the issue of the Warrants. If the Warrants are exercised, the Company will raise up to \$1,426,000 and will apply all funds raised to its working capital requirements at that time.

Directors' recommendation.

The issue of the Convertible Notes and the Warrants was an important component of the Squadron Transaction and is designed to provide immediate funds for the Company's exploration activities. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

8.7 Corporations Act – item 7 of section 611

(a) Summary

Except as provided by Chapter 6 of the Corporations Act, section 606(1) of the Corporations Act prohibits a person from acquiring shares in a company if, after that acquisition, that person or any other person would have a relevant interest or voting power in excess of 20% of the voting shares in that company. Item 7 of section 611 provides that section 606(1) of the Corporations Act does not apply to an acquisition of a relevant interest in the voting shares of a company if the company has agreed to the acquisition by resolution passed at a general meeting at which no votes are cast in relation to the resolution by the person to whom the shares are to be issued or by an associate of that person.

Under section 610 of the Corporations Act, a person's voting power is defined as the percentage of the total voting shares in the Company held by the person and the person's associates.

(b) Relevant interest

Pursuant to section 608(1) of the Corporations Act, a person has a "relevant interest" in securities if they:

- (i) are the holder of the securities;
- (ii) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (iii) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

Pursuant to section 608(3) of the Corporations Act, a person is deemed to have a “relevant interest” in securities that a company has if their voting power in the company is above 20% or they control the company.

The voting power of a person is determined under section 610 of the Corporations Act. It involves calculating the number of voting shares in the company in which the person and the person’s Associates have a relevant interest.

The Company is seeking the approval of Shareholders under item 7 of section 611 of the Corporations Act because the proposed issues of Equity Securities pursuant to Resolutions 4 and 5 may result in Squadron having a relevant interest in more than 20% of the voting shares in the Company. No other relevant parties are considered to be Associates of Squadron or have a relevant interest in the securities of Squadron other than Forrest Family Investments, Mr Andrew Forrest and Ms Nicola Forrest, all of whom will have the same relevant interest in voting shares in the Company as that held by Squadron.

None of Forrest Family Investments, Mr Forrest or Mrs Forrest have or will have a relevant interest in voting shares of the Company other than in respect of Squadron’s relevant interest.

(c) Item 7 of section 611

Item 7 of section 611 of the Corporations Act provides an exception to the general prohibition in section 606(1) if an acquisition is approved by a resolution passed by shareholders at a general meeting of the company. The parties involved in the acquisition and their Associates are not able to cast a vote on the resolution.

At the date of the Notice, Squadron did not hold any Shares in the Company. If Resolutions 4 and 5 are passed, the issue of Shares (on conversion of the Convertible Notes or exercise of the Warrants), and the issue of the Placement Shares (and Shares on exercise of the Placement Options) may result in Squadron having a relevant interest in aggregate of more than 20% of the voting shares in the Company (as set out in the table in Section 7.7 above).

Accordingly, the Company is seeking the approval of Shareholders under Item 7 of section 611 of the Corporations Act in respect of the issue of Equity Securities to Squadron.

As set out in the voting exclusion statements in the Notice and in accordance with the Listing Rules, Squadron and its Associates are precluded from voting on Resolutions 4 to 6.

(d) Assumptions

The figures in the following Section assume that:

- (i) the Company has 566,623,160 Shares on issue and does not issue any additional Shares other than the securities to be issued under the Rights Issue and Resolutions 4 and 5, being the Conversion Shares, the Placement Shares and the Shares to be issued on exercise of the Warrants and Placement Options issued to Squadron;

- (ii) all of the Convertible Notes (being 2 million Convertible Notes each with a face value of \$1.00) are converted at 2.1 cents per Share (equating to 95,238,095 Shares) unless converted at a lower price in accordance with the Conversion Price calculation formula set out in Section 7.1(g), in which case the Conversion Price could vary from the 2.1 cents per Share stated in this Explanatory Memorandum. If the Conversion Price was lower than 2.1 cents then Squadron would be entitled to be issued a larger number of Conversion Shares than specified above. However, if the ultimate Conversion Price is lower than 2.1 cents, the Company cannot issue more than the maximum number of Shares set out above unless further Shareholder approval is sought and obtained;
- (iii) all of the Warrants and Placement Options are converted into Shares;
- (iv) the Convertible Notes are converted in full on or before the end of the Term (with the Company not having elected to redeem all or part of the Convertible Notes prior to that date);
- (v) the Company does not issue any additional Shares prior to the end of the Term; and
- (vi) Squadron does not acquire any additional Shares other than those referred to in Resolutions 4 and 5.

8.8 ASIC Regulatory Guide 74

The following information is included in accordance with the requirements of Item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74

(a) *Identity of Person who will hold a relevant interest in the securities to be issued*

If Resolutions 4 to 6 and 9 are passed, the following Shares are or may be issued to Squadron:

Type of security	No. of Shares
Placement Shares	47,619,048
Conversion Shares	95,238,095
Shares on exercise of Warrants	45,000,000
Shares on exercise of Placement Options	26,428,572
Director Shares	446,429
TOTAL	214,732,144

In addition to Squadron, Forrest Family Investments, Mr Andrew Forrest and Ms Nicola Forrest will hold a relevant interest in the Shares to be issued.

(b) *Impact of the transactions on the voting power in the Company's Shares*

(i) The Company's capital structure

Once the securities issued under the Rights Issue and as proposed in Resolutions 4 and 5 have been completed, the capital structure of the Company will consist of:

- A. 708,679,401 Shares;
- B. 42,150,000 existing unlisted Options; and

- C. 71,428,572 further unlisted Options (being the Warrants and Placement Options referred to in Resolutions 4 and 5).

In addition, the Company will have issued 2,000,000 Convertible Notes convertible into up to 95,238,095 Shares.

The number of Shares above includes the Placement Shares but excludes any further Shares to be issued to Squadron on conversion of Convertible Notes or exercise of Warrants or Placement Options. If all Convertible Notes are converted and all Warrants and Placement Options are exercised, the number of Shares on issue will be 875,346,068 (assuming no further securities are issued in the meantime).

- (ii) Current voting power of Squadron

As at the date of the Notice, the voting power of Squadron is nil.

- (iii) Voting power of Squadron (assuming all Conversion Shares and Placement Shares are issued, and all Warrants and Placement Options are exercised).

The maximum voting power of Squadron as a result of Resolutions 4 to 6 will be 24.48% see pro forma capital structure at Section 0.

- (iv) Intentions as to the future of the Company

Squadron brings with it significant experience investing in and developing mineral and mining based businesses. As a key stakeholder in Impact, one of Squadron's key interests will be ensuring that its investment provides a return either by way of capital growth or by the payment of dividends.

Squadron does not intend to seek to:

- A. change the business of the Company;
- B. inject further capital into the Company (other than by way of the Placement and the exercise of the Project Funding Option);
- C. influence the employment of the present employees of the Company;
- D. propose that assets of the Company to transferred to Squadron (other than in respect of any joint venture interest it may earn on exercise of the Project Funding Option); or
- E. otherwise re-deploy the fixed assets of the Company.

- (v) Financial and dividend policies of the Company

There is no immediate intention of Squadron to seek to change the financial or dividend policies of the Company.

- (vi) Proposal is not fair but reasonable

The Independent Expert has concluded that the proposed issue of Securities under Resolutions 4 and 5 is not fair but reasonable to non-associated Shareholders. Shareholders should consider the Independent Expert's Report in detail.

(c) *Advantages*

Set out below are the key advantages of and potential reasons to approve the Squadron Transaction. This is not an exhaustive list of all possible advantages or reasons that Shareholders may consider in approving the Squadron Transaction.

Key cornerstone investor	<p>As a consequence of the successful implementation of the Squadron Transaction, Squadron and each of its Associates will have voting power in the Company of up to 27.44% (depending on the extent to which Squadron acquires Shares through conversion of the Convertible Notes and exercise of Warrants and Placement Options). The Directors consider that the Squadron Transaction brings into the Company a major shareholder aligned with and supportive of the Company's strategic direction.</p> <p>There is a continuing incentive for Squadron to ensure the Company becomes a viable mineral exploration and mine development company as Squadron will have a significant shareholding interest in the Company if up to 214,282,714 Shares are issued to Squadron. There is a significant incentive for Squadron to make the Company a successful company and have the share price rise considerably. All shareholders would benefit from a rise in the share price.</p>
Cash funding received	<p>The Squadron Transaction provides immediate funding via the Share Placement and Convertible Note to fund Impact's current exploration projects.</p>
Potential auxiliary funding	<p>The Squadron Transaction is structured such that additional funding can be received by Impact if:</p> <ul style="list-style-type: none">• Squadron exercises the Placement Options and Warrants issued as part of the Squadron Transaction; and/or• Squadron exercises the Project Funding Option whereby, upon Impact spending at least \$2.5 million in aggregate on its Commonwealth and Broken Hill projects, Squadron may invest \$1 million into each, or either, of the two projects for an initial 19.9% interest (maximum inflow of \$2 million cash), <p>in which case Impact would receive up to an additional \$4.32 million in funding.</p>
The Squadron Transaction brings together capable and experienced boards and management	<p>The Squadron Transaction will combine the expertise and technical, industry, commercial, development and operating skills of both companies' boards and management, to successfully deliver the Company's Projects into production.</p>
Replenishes cash reserves	<p>The Squadron Transaction allows the Company to preserve its cash reserves which may then be applied to other working capital requirements, including the further development of the Projects.</p>
Positive impact on share price	<p>The announcement of the proposed Squadron Transaction had an immediate positive impact on the Company's share price and the Directors believe that completion of the Squadron Transaction may lead to a re-rating of the Company by the market..</p>

Conversion feature of Convertible Notes	The terms and conditions of the Convertible Notes provide that not only are the Convertible Notes interest free, and without recurring repayment obligations for Impact, the entire principal amount can, subject to certain conditions, be converted into Shares which assists in ensuring that Impact does not suffer from financial difficulties.
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(d) *Disadvantages*

Set out below are the key disadvantages of and potential reasons not to approve the Squadron Transaction. This is not an exhaustive list of all possible disadvantages or reasons that Shareholders may consider not approving the Squadron Transaction.

You may not agree with the recommendations of the Directors	In concluding that the issue of Equity Securities to Squadron is in the best interests of the Company, the Directors are making judgements based on future trading conditions and events which are not predictable with certainty and which may prove to be inaccurate (either positively or negatively). Shareholders may hold a different view from, and are not obliged to follow the recommendation of, the Directors.
You may not agree with the conclusions of the Independent Expert	<p>In concluding that the issue of Equity Securities to Squadron is not fair but reasonable to Non-associated Shareholders, the Independent Expert is making judgements based on future trading conditions and events which are not predictable with certainty and which may prove to be inaccurate (either positively or negatively).</p> <p>Shareholders may hold a different view from, and may not agree with, the Independent Expert's conclusions.</p>
Disincentive to potential bidders	You may believe that the Company will deliver greater returns to Shareholders over the long term by not having a Shareholder which owns more than 20% of the issued capital (which is effectively a blocking stake to any 3 rd parties contemplating making a takeover bid for the Company).
Conversion / exercise at a discount to Share price	The potential maximum conversion/exercise price of 2.1 cents per Share may be less than the share price of a Share at the actual date of conversion/exercise. Shareholders need to take into account the likelihood of the future prospectivity of, and any associated potential upgrades to mineral resources and mineral reserves, and thus the impact upon the share price for the duration of the Convertibles Notes, Warrants and Placement Options to ascertain whether the future value and the conversion/exercise prices are considered to be congruent.
Squadron Security	The Squadron Security reduces the flexibility of potential divestment or capital raisings in the future.
Dilution of existing Shareholders	If the Transaction is approved Impact shareholders will be diluted to approximately 75.5% (assuming conversion of all Convertible Notes and exercise of all Placement Options and Warrants).

(e) *Potential effect of not approving the Resolutions*

The Squadron Transaction as outlined above will not proceed if any of Resolutions 4 to 6 are not approved by Shareholders.

If the Squadron Transaction is not approved, the Directors consider that the table below sets out some of the potential adverse consequences for the Company and Shareholders. Importantly, this is not an exhaustive list.

Project funding	The Company will not have access to the key funding proposed for development of the Projects. There can be no assurance that an alternative source of funds could be obtained through debt or equity raising.
Potential decline in share price	The Company's share price may be adversely affected if the Squadron Transaction is not approved.

Shareholders are encouraged to read and consider the Independent Expert's discussion on the potential advantages and disadvantages of the Squadron Transaction at section 13 of the Independent Expert's Report.

Directors Recommendation

Based on the information available, including that contained in this Explanatory Memorandum, all of the Directors consider that Resolutions 4 to 6 are in the best interests of the Company and recommend that Shareholders vote in favour of Resolutions 4 to 6.

9. Resolutions 7 to 9 – Issue of Director Shares

9.1 Overview

The Board has determined that half of the remuneration of Dr Markus Elsasser, Mr Paul Ingram and Mr Aaron Hood will be made via the issue of Shares. Consequently, subject to the passing of Resolutions 7 to 9 (and obtaining the required waivers of Listing Rule 10.13.3), the salaries for each of Dr Markus Elsasser, Mr Paul Ingram and Mr Aaron Hood for the period 1 October 2015 to 30 September 2016 will be \$25,000 per annum, made up of \$12,500 cash and 446,429 Director Shares (being the number of Shares worth \$12,500 as at the date of this Notice based on an issue price of \$0.028 per Director Share).

The Board considers this to be an appropriate and responsible measure to preserve the cash reserves of the Company.

Resolutions 7 and 8 seek Shareholder approval pursuant to Listing Rule 10.11 for the issue of up to \$12,500 worth of Shares, being 446,429 Director Shares, to each of Dr Markus Elsasser and Mr Paul Ingram (or their nominees) in lieu of 50% of the Director fees payable in respect of the period 1 October 2015 to 30 September 2016.

Resolution 9 seeks Shareholder approval pursuant to Listing Rule 10.11 for the issue of up to \$12,500 worth of Shares, being 446,429 Director Shares, to Squadron (as Mr Aaron Hood's nominee) in lieu of 50% of the Director fee payable to Mr Hood in respect of the period 1 October 2015 to 30 September 2016. Mr Hood has directed that the Shares issuable to him if Resolution 9 is approved be issued to Squadron. He has done this because of Squadron's policy that employees serving as nominee directors should not receive securities in the relevant entity as directors' remuneration.

9.2 Resolutions 7 to 9 are subject to grant of waiver of Listing Rule 10.13.3.

Resolutions 7 to 9 are subject to ASX granting waivers of the Listing Rule 10.13.3 to permit the Director Shares to be issued after the period ending 1 month from the date of the Annual General Meeting, as follows:

- (a) 111,608 Shares to be issued to each Director (or his nominee) on or within 30 days of 31 December 2015;
- (b) 111,607 Shares to be issued to each Director (or his nominee) on or within 30 days of 31 March 2016;
- (c) 111,607 Shares to be issued to each Director (or his nominee) on or within 30 days of 30 June 2016; and
- (d) 111,607 Shares to be issued to each Director (or his nominee) on or within 30 days of 30 September 2016;

If the waiver described above is not granted by ASX, the Director Shares that are the subject of Resolutions 7 to 9 will not be issued and the Directors will receive 100% of their fees in cash.

9.3 Section 208 of the Corporations Act

Section 208 of the Corporations Act provides that a public company cannot give a “financial benefit” (including an issue of securities) to a “related party” of the company unless one of the exceptions set out in section 210 to 216 of the Corporations Act apply or the holders of ordinary securities have approved the giving of the financial benefit to the related party at a general meeting.

The issue of Shares to any of the Directors or their nominees constitutes the giving of a financial benefit to related parties of the Company for the purposes of section 208 of the Corporations Act.

The Board has formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue of the Director Shares as the financial benefits are reasonable in the circumstances of the Company and the Directors, and consequently the exception under section 211 of the Corporations Act for reasonable remuneration applies.

9.4 Listing Rule 10.11

Listing Rule 10.11 provides that a company must not issue or agree to issue any Equity Securities, or other securities with rights to conversion to equity, to a related party of that company without first obtaining shareholder approval. If Resolutions 7 to 9 are approved for the purposes of Listing Rule 10.11, then approval is not required under Listing Rule 7.1.

In accordance with Listing Rule 10.13, the following information is provided to enable Shareholders to assess the merits of Resolutions 7 to 9 for the purposes of Listing Rule 10.11:

- (a) The related parties of the Company to which the Director Shares may be issued are:
 - (i) Dr Markus Elsasser or his nominee;
 - (ii) Mr Paul Ingram or his nominee; and
 - (iii) Squadron (but only in its capacity as Mr Aaron Hood’s nominee).

- (b) The maximum number of Shares that may be issued to each Director (or nominee) is set out in the table below.

Director	Resolution	Number of Shares
Dr Markus Elsasser	7	446,429 Shares
Mr Paul Ingram	8	446,429 Shares
Squadron	9	446,429 Shares
TOTAL		1,339,287 Shares

- (c) Subject to ASX granting the Company a waiver of Listing Rule 10.13.3, the Director Shares to be issued pursuant to 7 to 9 will be issued on or within 30 days of the following dates:
- (i) 31 December 2015;
 - (ii) 31 March 2016;
 - (iii) 30 June 2016; and
 - (iv) 30 September 2016.
- (d) The issue price of the Director Shares will be \$0.028 per Share.
- (e) The Director Shares issued will be fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the existing Shares then on issue; the Company will apply for quotation of the Directors Shares on ASX.
- (f) No funds will be raised from the issue of the Director Shares as they are being issued in lieu of Directors' fees that would otherwise be payable by the Company during the current financial year.

10. Resolution 10 - Approval of Additional Placement Facility

10.1 Overview

Listing Rule 7.1A permits eligible entities that have obtained the approval of shareholders by special resolution at an annual general meeting to issue an additional 10% of issued capital by way of placements over a 12 month period (**Additional Placement Facility**).

The Company is an eligible entity (being an entity with market capitalisation of less than \$300 million or less and is not included in the S&P/ASX 300 index) and seeks Shareholder approval under this Resolution for the Additional Placement Facility.

10.2 Requirements of Listing Rule 7.1A

(a) Quoted securities

Any Equity Securities issued under the Additional Placement Facility must be in the same class as an existing class of Equity Securities of the Company that are quoted on ASX. As at the date of this Notice, the Company has one class of Equity Securities quoted on ASX being fully paid ordinary shares.

(b) Number of Equity Securities that may be issued

Listing Rule 7.1 permits the Company to issue 15% of issued capital over a 12 month period without shareholder approval. The Additional Placement Facility under Listing Rule 7.1A is in addition to the Company's 15% placement capacity under Listing Rule 7.1. The effect of Shareholders passing this Resolution is to allow the Company to issue up to 10% of its issued capital during the next 12 months (in addition to the 15% of its issued capital issuable without shareholder approval in accordance with Listing Rule 7.1) without obtaining specific Shareholder approval before the placement.

The exact number of additional Equity Securities that the Company may issue under the Additional Placement Facility is not fixed but is calculated under a formula prescribed by the Listing Rules (set out below).

At the date of this Notice the Company has 566,623,160 Shares on issue. If all the Resolutions in this Notice are passed, the Company will be permitted to issue (as at the date of this Notice):

- (i) 84,993,474 Equity Securities under Listing Rule 7.1 (15% placement capacity); and
- (ii) 56,662,316 Equity Securities under Listing Rule 7.1A (10% Additional Placement Facility).

(c) Formula for calculating the number of Equity Securities that may be issued under the Additional Placement Facility.

If this Resolution is passed, the Company may issue or agree to issue, during the 12 month period after this Meeting, the number of Equity Securities calculated in accordance with the following formula.

$$(A \times D) - E$$

Where:

A	The number of fully paid ordinary securities on issue 12 months before the issue date or date of agreement to issue: <ul style="list-style-type: none">• plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2,• plus the number of partly paid ordinary securities that became fully paid in the 12 months,• plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of ordinary securities under Listing Rule 7.1 or Listing Rule 7.4,• less the number of fully paid ordinary securities cancelled in the 12 months.
D	10%
E	The number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

10.3 Information required under the Listing Rules

(a) *Minimum Price*

The issue price of Equity Securities issued under Listing Rule 7.1A must not be less than 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 trading days of the date above, the date on which the Equity Securities are issued.

(b) *Risk of economic and voting dilution*

If this Resolution is passed and the Company issues securities under the Additional Placement Facility, then there is a risk to existing Shareholders of economic and voting dilution including the risk that:

- (i) the market price for Equity Securities in the same class may be significantly lower on the issue date of the new Equity Securities than on the date of this Meeting; and
- (ii) the new Equity Securities may be issued at a price that is at a discount to the market price for Equity Securities in the same class on the issue date or the new Equity Securities may be issued consideration for the acquisition of a new asset.

The table below identifies the potential dilution to existing Shareholders following the issue of Equity Securities under the Additional Placement Facility (based on the formula set out above) using different variables for the number of issued Shares and the market price of Shares. The numbers are calculated on the basis of the latest available market price of Shares before the date of this Notice and the current number of Shares on issue.

Variable 'A' in Listing Rule 7.1A.2		Nominal issue price		
		\$0.021 (market price)	\$0.0262 (25% decrease in market price)	\$0.010 (50% decrease in market price)
Current issued capital A = 566,623,160	Shares issued under LR 7.1A	56,662,316	56,662,316	56,662,316
	Voting dilution	10%	10%	10%
	Funds raised	\$1,189,908	\$1,484,552	\$566,523
	Economic dilution	0%	2.27%	4.55%
50% increase in issued capital A = 849,934,740	Shares issued under LR 7.1A	84,993,474	84,993,474	84,993,474
	Voting dilution	7.5%	7.5%	7.5%
	Funds raised	\$1,784,862	\$2,226,829	\$849,934
	Economic dilution	0%	2.27%	4.55%
100% increase in issued capital A = 1,133,246,320	Shares issued under LR 7.1A	113,324,632	113,324,632	113,324,632
	Voting dilution	5%	5%	5%
	Funds raised	\$2,379,817	\$2,969,105	\$1,333,246
	Economic dilution	0%	2.27%	4.55%

This table has been prepared on the following assumptions:

- (i) the latest available market price of Shares as at the date of the Notice was \$0.021;
- (ii) the Company issues the maximum number of Equity Securities available under the Additional Placement Facility;
- (iii) existing Shareholders' holdings do not change from the date of this Meeting to the date of the issue under the Additional Placement Facility;
- (iv) the Company issues Shares only and does not issue other types of Equity Securities (such as options) under the Additional Placement Facility; and
- (v) the impact of placements under Listing Rule 7.1 or following the exercise of options is not included in the calculations.

(c) *Placement period*

The Equity Securities may be issued under the Additional Placement Facility at any time after the date of this Meeting until the first to occur of the following:

- (i) 12 months after the date of the Meeting; and
- (ii) the date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of the Company's activities) or Listing Rule 11.2 (disposal of the Company's main undertaking).

(d) *Purposes for which issues under Additional Placement Facility may be made*

The Company may seek to issue Equity Securities under the Additional Placement Facility for the following purposes:

- (i) cash consideration to fund business growth, to acquire new assets or make investments, to develop the Company's existing assets and operations and for general working capital; and
- (ii) non-cash consideration to acquire new assets or make investments. In these circumstances the Company provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

(e) *Allocation policy*

The Company's allocation policy for the issue of Equity Securities under the Additional Placement Facility will depend on the prevailing market conditions at the time of the proposed issue. The allottees will be determined on a case-by-case basis having regard to the factors such as:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- (ii) the effect of the issue of the new securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate and other advisors.

At the date of this Notice the proposed allottees under the Additional Placement Facility have not been determined but may include existing substantial Shareholders, other Shareholders and/or new investors. None of the allottees will be a related party or an associate of a related party of the Company. Existing Shareholders may or may not be entitled to subscribe for Equity Securities under the Additional Placement Facility and it is possible that their Shareholding will be diluted.

If the Additional Placement Facility is used to acquire new assets or investments then it is likely that the allottees will be the vendors of those assets or investments.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities under the Additional Placement Facility.

(f) Equity Securities issued under previous placement facility approval

Shareholders approved an Additional Placement Facility at the 2014 annual general meeting.

For the purposes of the requirements of Listing Rule 7.3A.6, the total number of Equity Securities issued in the 12 months before this Meeting is 140,806,275, representing 24.9% of the total number of Equity Securities on issue at the commencement of that 12 month period and comprised of:

- (i) 568,180 Shares, representing 0.1% of the total number of Equity Securities on issue at the commencement of that 12 month period;
- (ii) 2,000,000 Convertible Notes convertible into, at most (without requiring further shareholder approval), 95,238,095 Shares, representing 16.84% of the total number of Equity Securities on issue at the commencement of that 12 month period; and
- (iii) 45 million Warrants exercisable into 45,000,000 Shares, representing 7.96% of the total number of Equity Securities on issue at the commencement of that 12 month period .

The details for each separate issue of Equity Securities issued during the 12 months before this Meeting are set out in Schedule 3.

Directors' recommendation

The Directors recommend that Shareholders vote in favour of Resolution 10.

11. Resolution 11 – Approval of Director and Employee Option Acquisition Plan

11.1 Introduction

The Company has established the Director and Employee Option Acquisition Plan (**Option Plan**). The Directors are empowered to operate the Option Plan in accordance with the rules of the Option Plan as summarised in Schedule 4.

A copy of the full terms of the Option Plan will be made available for inspection at the Company's registered office prior to the AGM and at the AGM.

Under the Option Plan, the Company may grant Options on terms set by the Board in its discretion (**Plan Options**).

As at the date of this Notice, no Plan Options have been issued under the Option Plan.

11.2 Regulatory requirements

Listing Rule 7.1 limits the number of securities a listed company may issue in any 12 month period without Shareholder approval, but securities issued pursuant to an exception to Listing Rule 7.1 are not counted for the purposes of the limit.

Shareholder approval of the Option Plan is sought for the purposes of Listing Rule 7.2 Exception 9(b) which, in summary, provides that securities issued pursuant to an employee incentive scheme that has been approved by Shareholders within the previous 3 year period will not constitute securities which must be counted for the purposes of calculating the 15% limit in Listing Rule 7.1.

11.3 Objectives of the Option Plan

The objectives of the Plan are to:

- (a) establish a method by which eligible participants can participate in the future growth and profitability of the Company;
- (b) provide an incentive and reward for eligible participants for their contributions to the Company; and
- (c) attract and retain a high standard of managerial and technical personnel for the benefit of the Company.

11.4 Summary of terms of Option Plan

The terms of the Option Plan are summarised at Schedule 4.

11.5 Directors' recommendation

Each of the Directors may be entitled to participate in the Option Plan. Accordingly, they do not consider it appropriate for them to make a recommendation to Shareholders in relation to Resolution 11.

12. Resolutions 12 to 16 – Approval to grant Plan Options to Directors (or nominees)

12.1 Overview

Resolutions 12 to 16 are conditional on Shareholders approving Resolution 11. If Resolution 11 is not passed, Resolutions 12 to 16 will be withdrawn.

Resolutions 12 to 16 seek Shareholder approval in accordance with Listing Rule 10.14 and Chapter 2E of the Corporations Act for the grant of a total of 40 million Plan Options to the Directors under the Option Plan.

The purpose of the grant of Plan Options is for the Company to provide an incentive to enable the Company to retain employees and directors of high calibre. The Board considers the issue of Plan Options in Resolutions 1 to 16 to be reasonable in the circumstances given the Company's size, stage of development, and the need to attract and retain employees and directors of high calibre, whilst still maintaining cash reserves.

The Company proposes to grant:

- (a) 20 million Plan Options to Dr Mike Jones (or his nominee);
- (b) 8 million Plan Options to Mr Peter Unsworth (or his nominee);
- (c) 4 million Plan Options to Mr Paul Ingram (or his nominee);
- (d) 4 million Plan Options to Dr Markus Elsasser (or his nominee); and
- (e) 4 million Plan Options to Squadron as Mr Aaron Hood's nominee,

in 3 tranches as follows:

	Director	No. of Plan Options	Vesting Date	Expiry Date	Issue Price
Tranche 1	Mike Jones	10,000,000	12 months from date of grant	36 months from date of grant	the greater of \$0.035 and 145% of the share price on the grant date, as determined by the VWAP of Shares traded on the ASX during the one week period up to and including the date of grant of the Plan Options
	Peter Unsworth	4,000,000			
	Paul Ingram	2,000,000			
	Markus Elsasser	2,000,000			
	Aaron Hood / Squadron	2,000,000			
Tranche 2	Mike Jones	5,000,000	24 months from date of grant	48 months from date of grant	the greater of \$0.045 and 145% of the share price on the grant date, as determined by the VWAP of Shares traded on the ASX during the one week period up to and including the date of grant of the Plan Options
	Peter Unsworth	2,000,000			
	Paul Ingram	1,000,000			
	Markus Elsasser	1,000,000			
	Aaron Hood / Squadron	1,000,000			
Tranche 3	Mike Jones	5,000,000	36 months from date of grant	60 months from date of grant	the greater of \$0.07 and 170% of the share price on the grant date, as determined by the VWAP of Shares traded on the ASX during the one week period up to and including the date of grant of the Plan Options
	Peter Unsworth	2,000,000			
	Paul Ingram	1,000,000			
	Markus Elsasser	1,000,000			
	Aaron Hood / Squadron	1,000,000			

The number of Plan Options proposed for the Directors is considered appropriate based on the assessed value of those Plan Options in circumstances where salaries and director fees paid are substantially less than the average fees paid by comparable companies and the incentives provided by the grant of the Plan Options is a cost-effective and efficient reward to motivate the continued performances of the Directors.

12.2 Regulatory requirements

Listing Rule requirements

Listing Rule 10.14 generally provides that Directors may not be issued any securities in the Company under an employee incentive plan without the approval of Shareholders.

Chapter 2E of the Corporations Act

The Corporations Act requires that, where a public company proposes to give a financial benefit to a related party, the public company must:

- (a) obtain the approval of the company's members in accordance with section 208 of the Corporations Act in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of Plan Options to Directors constitutes the giving of a financial benefit to a Related Party pursuant to the Corporations Act.

Accordingly, Shareholder approval is sought for the purposes of Listing Rule 10.14 and section 208 of the Corporations Act for the issue of Plan Options to Directors.

12.3 Listing Rules and Corporations Act information requirements

Listing Rule 10.15 and section 219 of the Corporations Act (including ASIC Regulatory Guide 76) require that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval for the grant of the Plan Options:

- (a) a total of 40,000,000 Plan Options will be offered to the Directors (or their nominees) – see the table in Section 12.1.
- (b) The issue price of the Plan Options will be nil.
- (c) The exercise prices payable by the Directors on exercise of the Plan Options are set out in the table in Section 12.1 and have been based on the exercise price of the most-recently issued Options (being the Warrants issued to Squadron with an exercise price of 3.25 cents).
- (d) A summary of the terms of issue of the Plan Options is set out in the table in Section 12.1. A summary of the terms and conditions of the Option Plan is set out in Schedule 4.
- (e) As the Option Plan is yet to be approved by Shareholders, no persons for whom Shareholder approval would be required for the issue of securities under the Option Plan have been issued with any securities under the Option Plan.
- (f) Each of the Directors is entitled to participate in the Option Plan.
- (g) There are no arrangements or proposed arrangements between the Company and any participant in the Option Plan whereby the Company has entered into, or proposes to enter into, any loan with an Option Plan participant for the purposes of acquiring securities under the Option Plan.

- (h) The Company will issue the Plan Options no later than 12 months after the date of the AGM or such longer period of time as ASX may in its discretion allow.
- (i) As all Directors have an interest in Resolutions 12 to 16 they believe it inappropriate to make a recommendation.
- (j) The dilution effect if all of the Plan Options granted are exercised is as follows:

Number of Shares on issue (including Shares to be issued under the Rights Issue and pursuant to Resolution 5)	708,679,401
Number of Plan Options to be granted under Resolutions 12 to 16	40,000,000
Dilution effect if all Plan Options granted are exercised	5.64%

- (k) The current relevant interest in security holdings of the Directors is as follows:

Director	Shares	Options
Mike Jones	6,800,000	10,008,000
Mr Peter Unsworth	12,771,875	4,008,000
Mr Paul Ingram	438,635	2,000,000
Dr Markus Elsasser	22,543,357	2,000,000
Mr Aaron Hood	-	-

- (l) A voting exclusion statement is included in the Notice.
- (m) The funds raised from the issue of the Plan Options will be nil.
- (n) For the year ended 30 June 2015:
 - (i) Dr Jones received a salary of \$223,550 (inclusive of superannuation) and share-based remuneration in the form of Options to the value of \$16,167
 - (ii) Mr Unsworth received directors fees of \$71,175 (inclusive of superannuation) and share-based remuneration in the form of Options to the value of \$6,467.
 - (iii) Mr Ingram received directors fees of \$13,688 (inclusive of superannuation) and share-based remuneration in the form of Shares to the value of \$12,500 and Options to the value of \$3,233.
 - (iv) Mr Elsasser received directors fees of \$25,247 and share-based remuneration in the form of Shares to the value of \$12,500 and Options to the value of \$3,233.

- (o) On the basis of the assumptions below, the Auditor has determined the technical value of one Plan Option as at the date of grant to be:
 - A. \$0.013 in respect of Tranche 1;
 - B. \$0.015 in respect of Tranche 2; and
 - C. \$0.0143 in respect of Tranche 3.

Based on this value, the value of Plan Options to be issued the Directors is \$553,000.

- (p) The value of the Plan Options may go up or down after the date grant as it will depend on the future price of a Share.
- (q) The Black-Scholes valuation methodology has been used to value the Plan Options, using the following assumptions:
 - (i) interest rates set at:
 - A. 1.87% in respect of Tranche 1;
 - B. 2.1% in respect of Tranche 2; and
 - C. 2.07% in respect of Tranche 3,

which are based on the yield of Australian Government bonds for the respective terms;
 - (ii) the date of valuation for the purposes of setting the current market value of a Share is 14 August 2015;
 - (iii) at this date the Share price was A\$0.029 which is the price used in the valuation;
 - (iv) exercise prices of:
 - A. \$0.042* in respect of Tranche 1;
 - B. \$0.045 in respect of Tranche 2; and
 - C. \$0.07 in respect of Tranche 3;

(*the greater of \$0.035 and 145% of the assumed share price on the grant date)
 - (v) the Plan Options will not be listed on ASX and will not be transferable;
 - (vi) an expected volatility of 82.1%; and
 - (vii) the Plan Options will be exercisable at the end of the vesting period as set out in the table in Section 12.1 in respect of each tranche of Plan Options.
- (r) The market price of Shares would normally determine whether or not the Directors will exercise the Plan Options. If the Plan Options are exercised at a price that is lower than the price at which Shares are trading on ASX, there may be a perceived cost to the Company.

- (s) The terms of issue of the Plan Options include a Cashless Exercise Facility. Accordingly:
- (i) if the Directors (or Squadron as Mr Hood's nominee) elect to use the Cashless Exercise Facility on exercise of Plan Options, no funds will be raised by the Company on exercise of the Plan Options; and
 - (ii) if the Directors (or Squadron as Mr Hood's nominee) do not elect to use the Cashless Exercise Facility on exercise of Plan Options, \$1,850,000 will be raised by the Company on exercise of the Plan Options.

Any funds raised from the Shares issued as a result of the exercise of the Plan Options will be used for general working capital purposes as the Board thinks fit.

- (t) Historical closing price information for the Company's listed Shares for the twelve months prior to the date of this Explanatory Statement is as follows:

	Price	Date
Highest	\$0.031	22 September 2014
Lowest	\$0.012	24 March 2015
Last	\$0.021	25 August 2015

- (u) Other than the information above and otherwise in this Explanatory Statement, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolutions 12 to 16.

13. Glossary of defined terms

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

Additional Placement Facility	Has the meaning given in Section 10.1.
Annual General Meeting, AGM or Meeting	The annual general meeting of Shareholders, or any adjournment thereof, convened by the Notice.
Annual Report	The Company's annual report including the reports of the Directors and the Auditor and the Financial Statements of the Company for the year ended 30 June 2015, which can be downloaded from the Company's website at www.impactminerals.com.au
ASIC	The Australian Securities & Investments Commission.
Associate	Has the meaning given to it by Division 2 of Part 1 of the Corporations Act.
ASX	ASX Limited (ACN 008 624 691) or the financial market known as the Australian Securities Exchange operated by ASX Limited, as the context requires.
Auditor	Bentleys Audit and Corporate (WA) Pty Ltd.
Aurigen	Aurigen Pty Ltd ACN 107 551 226, a wholly-owned subsidiary of the Company.
A\$ or \$	Australian dollars.
Board	The board of Directors.
Broken Hill Project	The Company's joint venture project with GCR at Broken Hill which is prospective for nickel-PGE minerals.
Business Day	Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.
Cashless Exercise Facility	A term of the Option Plan whereby the Board may determine (in its discretion) and specify in an offer of Plan Options that, in order to exercise some or all of their Plan Options, a recipient of Plan Options may elect to pay the exercise price for a Plan Option by setting off the exercise price against the number of Shares which the recipient is entitled to receive upon exercise. By using the Cashless Exercise Facility, the Participant will receive Shares to the value of the surplus after the exercise price has been set off, being issued that number of Shares as are equal in value to the difference between the total exercise price otherwise payable for the Plan Options being exercised and the then market value of the Shares at the time of exercise (as determined by the 5-day VWAP of Shares traded on ASX as at the day immediately preceding the exercise date).
Chairman	The chairman of the Annual General Meeting.
Commonwealth Project	The Company's 100%-held project in New South Wales that is prospective for gold, silver and base metals.

Company or Impact	Impact Minerals Limited ACN 119 062 261.
Competent Person	<p>A “Competent Person” for the purposes of the JORC Code, being a minerals industry professional who is a Member or Fellow of the Australasian Institute of Mining and Metallurgy, or of the Australian Institute of Geoscientists, or of a ‘Recognised Professional Organisation’ (RPO), as included in a list available on the JORC and ASX websites.</p> <p>A Competent Person must have a minimum of five years relevant experience in the style of mineralisation or type of deposit under consideration and in the activity which that person is undertaking.</p>
Completion	Completion of the issue of the Convertible Notes, Warrants and the Placement.
Constitution	The Company's constitution.
Conversion Price	Has the meaning given in Section 7.1(g) of the Explanatory Statement.
Conversion Share	A Share issued to the holder of the Convertible on conversion of the Convertible Notes.
Convertible Notes	The 2 million convertible notes issued to Squadron under the terms and conditions of the Convertible Note Subscription Agreement, as described in Section 7.1.
Convertible Note Subscription Agreement	The agreement between the Company (as issuer), Squadron (as subscriber), Endeavour Minerals and Aurigen (as guarantors) whereby Squadron subscribed for the Convertible Notes.
Corporations Act	The <i>Corporations Act 2001</i> (Cth).
Director	A director of the Company.
Director Shares	The Shares proposed to be issued to Dr Elsasser (or his nominee), Mr Ingram (or his nominee) and Squadron under Resolutions 7 to 9.
Endeavour Minerals	Endeavour Minerals Pty Ltd (ACN 063 725 708), a wholly-owned subsidiary of the Company.
Equity Securities	<p>Has the meaning given to it in Listing Rule 19.12, being:</p> <ul style="list-style-type: none"> (a) a share; (b) a unit; (c) a right to a share or unit or option; (d) an option over an issued or unissued security; (e) a convertible security; or (f) any security that ASX decides to classify as an equity security.
Explanatory Statement	This explanatory statement which accompanies and forms part of the Notice.

Forrest Family Investments	Forrest Family Investments Pty Ltd ACN 055 961 361.
GCR	Golden Cross Resources Limited ACN
General Security Agreement	The general security agreement whereby the Company, Endeavour Minerals and Aurigen charge their interests in all present and after-acquired rights, property and undertakings located on or in relation to the Projects to Squadron to secure repayment of the funds subscribed under the Convertible Note Subscription Agreement.
Impact or Company	Impact Minerals Limited (ACN 130 955 725).
Independent Expert	BDO Corporate Finance (WA) Pty Ltd (ACN 124 031 045).
Independent Expert's Report	The report of the Independent Expert set out in Annexure A to this Explanatory Statement.
Initial Investment	Has the meaning given in Section 7.3(a).
JORC Code	"The Australian Code for Reporting of Mineral Resources and Ore Reserves" published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia, as amended or replaced from time to time.
Key Management Personnel	Those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.
Listing Rules	The listing rules of ASX, as amended from time to time.
Notice or Notice of Meeting or Notice of Annual General Meeting	The Notice of Annual General Meeting which accompanies this Explanatory Statement.
Minderoo Group	Minderoo Group Pty Ltd ACN 088 101 428 and its associated entities, of which Squadron is one.
Mulga Tank Project	The Company's 100%-held project near Laverton that is prospective for nickel.
Non-associated Shareholders	Shareholders other than Squadron and its Associates.
Notice or Notice of Annual General Meeting	The notice of general meeting which accompanies this Explanatory Statement.
Option	An option to subscribe for a Share.
Option Plan	The Company's Director and Employee Option Acquisition Plan, a summary of the terms and conditions of which is set out in Section 11.4.
Placement	The issue of the Placement Shares and the Placement Options.
Placement Option Expiry Date	The date on which the Placement Options expire, being the date that is 3 years after the date of the Placement.
Placement Options	Options to be issued to Squadron on the terms and conditions set in Schedule 2 if Resolutions 4 to 6 are approved.

Placement Shares	Shares to be issued to Squadron if Resolutions 4 to 6 are approved.
Plan Option	An Option granted the DEOA Plan.
Project Funding Option	Has the meaning given in Section 7.2.
Projects	The Broken Hill Project, the Commonwealth Project and the Mulga Tank Project (each a Project).
Proxy Form	The proxy form accompanying the Notice.
Redemption Event	Includes non-payment of any monies due under the Convertible Note, unenforceability or a loss of priority of the Squadron Security, compliance with obligations being unlawful, insolvency, a materially adverse event, any material cross-default, and cessation of business.
Remuneration Report	The remuneration report appearing in the Annual Report.
Resolution	A resolution set out in the Notice.
Rights Issue	The partially-underwritten, renounceable pro rata offer to Shareholders to be undertaken in accordance with the timetable set out in Section 7.7.
Schedule	A schedule to this Explanatory Statement.
Section	A section of this Explanatory Statement.
Securities	Shares and/or Options as the context requires.
Share	A fully paid ordinary share in the Company.
Shareholder	The holder of a Share.
Squadron	Squadron Resources Pty Ltd ACN 604 832 751.
Squadron Security	Has the meaning given in Section 7.1(a).
Squadron Transaction	Has the meaning given in Section 6.1 of the Explanatory Statement
VWAP	The volume weighted average price of quoted securities as reported on Bloomberg L.P.
Warrant Expiry Date	The date on which the Warrants expire, being the date that is 3 years after the date of issue of the Convertible Notes.
Warrants	Options issued to Squadron on the terms and conditions set in Schedule 1.
WST	Australian Western Standard Time, being the time in Perth, Western Australia.

Schedule 1 – Terms and conditions of Warrants

1	General	Each Warrant issued by the Company entitles its holder (Warrant Holder) to the issue of a Share \ upon exercise by notice in writing and payment of the Exercise Price at any time following the date of issue of the Warrant but before 5.00 pm (AEST) on the Warrant Expiry Date (Exercise Period). The Warrants will not be quoted on the ASX.
2	Term	A Warrant Holder may exercise Warrants at any time during the Exercise Period.
3	Exercise Price	The exercise price of each Warrant is A\$0.0325 (Exercise Price), subject to adjustment under the terms set out in these terms.
4	Reorganisation of Capital	If, before exercise or expiry of the Warrants, the Company implements a reorganisation of its capital, the Warrants must be treated in the manner required by the Listing Rules. the Company must notify the Warrant Holder of any proposed variation to the terms and conditions of the Warrants no less than 5 Business Days prior to the date of variation and any variation to the terms and conditions of the Warrants immediately after the date of variation.
5	Warrant Expiry Date	The date which is three years after completion of the issue of the Convertible Notes on the terms set out in the Convertible Note Subscription Agreement.
6	Transfer of Warrants	Within 12 months after the date of issue, the Warrants may be transferred by a Warrant Holder at any time to a person who is a professional investor (as defined in section 9 of the Corporations Act) pursuant to section 708(11) of the Corporations Act or a sophisticated investor pursuant to section 708(8) of the Corporations Act. After 12 months after the date of issue, the Warrants are freely transferable. Promptly following any transfer of the Warrants the transferor and the transferee will notify the Company of the transfer and (subject to the return of the relevant certificate relating to the transferred Warrants) the Company will issue a new Warrant certificate to the transferor and the transferee reflecting their respective holdings of Warrants.
7	Exercise of Warrants	Warrants may be exercised by: (a) delivering to the Company the exercise notice for unlisted Warrants duly executed by the Warrant Holder (Exercise Notice) (together with the Warrant certificate) specifying the number of Warrants being exercised (Relevant Number); and (b) payment to the Company by bank cheque or other immediately available and freely transferable funds of an amount equal to the Exercise Price multiplied by the number of Warrants being exercised (the Settlement Price).
8	Issue of Shares on Exercise of Warrants	The Company must within 3 Business Days of the receipt by it of the Exercise Notice and subject to receipt by the Company of the Settlement Price: (a) issue to the Warrant Holder (or its nominee) the Relevant Number of Shares; (b) issue, or cause to be issued, to the Warrant Holder a holding statement for the Relevant Number of Shares; and (c) if applicable, issue a replacement Warrants Certificate to the Warrant Holder for the balance of any unexercised Warrants.
9	Form of Shares	The Shares issued pursuant to the exercise of the Warrants will be issued as fully paid.

10	Right to Participate before Exercise	A Warrant does not confer any right on the holder to participate in a new issue without exercising the Warrant.
11	Right to Participate after Exercise	The Warrant Holder will be entitled to participate in any Bonus Issue or Pro Rata Issue of securities, or other rights to subscribe for securities issued or to be issued to shareholders by the Company (Additional Rights) on the same terms and conditions as are applicable to the other shareholders of the Company, provided that the Warrant Holder has exercised any Warrant prior to the Record Date for the relevant offer.
12	Anti-Dilution Protections	<p>The following anti-dilution protections apply to the Warrants.</p> <p>If there is a Bonus Issue to holders of Shares, the number of Shares over which a Warrant is exercisable is increased by the number of Shares which the holder of the Warrant would have received if the Warrant had been exercised before the record date for the Bonus Issue.</p> <p>If there is a Pro Rata Issue to holders of Shares (other than a Bonus Issue), the exercise price of a Warrant is reduced according to the formula set out in ASX Listing Rule 6.22.2.</p>
13	Ranking of Shares	Any Shares issued to the Warrant Holder by the Company as a result of the exercise of a Warrant will rank <i>pari passu</i> in all respects with all other Shares then on issue from the date of the applicable Exercise Notice.
14	Official Quotation of Shares	The Company shall (within 3 Business Days of the Warrant Holder having exercised any Warrants or earlier if required by the ASX Listing Rules) apply for official quotation on ASX of the Shares allotted as a result of the exercise.
15	Tradability of Shares	<p>Upon the exercise of a Warrant, to ensure the Shares may be freely traded, the Company will:</p> <p>(a) lodge a notice to the ASX under section 708A(5)(e) of the Corporations Act (Cleansing Notice) and provide a copy of that notice to the Warrant Holder within 5 Business Days of lodgement with the ASX;</p> <p>(b) if it is not entitled to issue a Cleansing Notice, it will issue a prospectus within 30 days after receipt of the exercise notice (and the Shares may not be traded until the issue of the prospectus other than to persons who do not need a disclosure document under s708 of the Corporations Act); or</p> <p>(c) obtain ASIC relief.</p>
16	Variation of Warrant Terms	Subject to the ASX Listing Rules, the terms and conditions of Warrants applicable to a particular Warrant Holder may be varied at any time by written agreement between the Company and the relevant Warrant Holder.
17	Interpretation	<p>In this certificate:</p> <p>(a) Warrant Holder means the person specified as the Warrant Holder on the first page of this Warrants Certificate and any assignees or transferees from time to time;</p> <p>(b) the expressions Bonus Issue, Pro Rata Issue and Record Date have the meaning given in the ASX Listing Rules; and</p> <p>(c) Business Day means a day (other than a Saturday or a Sunday or a public holiday) on which banks are generally open in Perth, Australia for normal business.</p>
18	Governing Law	These terms and conditions and the Warrants are governed by the laws of Western Australia.

Schedule 2 - Terms and conditions of Placement Options

1	General	Each Placement Option issued by the Company entitles its holder (Option Holder) to the issue of a upon exercise by notice in writing and payment of the Exercise Price at any time following the date of issue of the Placement Option but before 5.00 pm (AEST) on the Option Expiry Date (Exercise Period). The Placement Options will not be quoted on the ASX.
2	Term	An Option Holder may exercise Placement Options at any time during the Exercise Period.
3	Exercise Price	The exercise price of each Placement Option is A\$0.0325 (Exercise Price), subject to adjustment under the terms set out in these terms.
4	Reorganisation of Capital	If, before exercise or expiry of the Placement Options, Impact implements a reorganisation of its capital, the Placement Options must be treated in the manner required by the Listing Rules. Impact must notify the Option Holder of any proposed variation to the terms and conditions of the Placement Options no less than 5 Business Days prior to the date of variation and any variation to the terms and conditions of the Placement Options immediately after the date of variation.
5	Option Expiry Date	The date which is three years after completion of the issue and allotment of the Placement Shares and Placement Options on the terms set out in the share subscription agreement between Impact and Squadron.
6	Transfer of Placement Options	<p>Within 12 months after the date of issue, the Placement Options may be transferred by an Option Holder at any time to a person who is a professional investor (as defined in section 9 of the Corporations Act) pursuant to section 708(11) of the Corporations Act or a sophisticated investor pursuant to section 708(8) of the Corporations Act. After 12 months after the date of issue, the Placement Options are freely transferable.</p> <p>Promptly following any transfer of the Placement Options the transferor and the transferee will notify Impact of the transfer and (subject to the return of the relevant certificate relating to the transferred Placement Options) Impact will issue a new Placement Options certificate to the transferor and the transferee reflecting their respective holdings of Placement Options.</p>
7	Exercise of Placement Options	<p>Placement Options may be exercised by:</p> <p>(a) delivering to Impact the exercise notice for Placement Options duly executed by the Option Holder (together with the Placement Option certificate) specifying the number of Placement Options being exercised (Relevant Number); and</p> <p>(b) payment to Impact by bank cheque or other immediately available and freely transferable funds of an amount equal to the Exercise Price multiplied by the number of Placement Options being exercised (the Settlement Price).</p>
8	Issue of Shares on Exercise of Placement Options	<p>Impact must within 3 Business Days of the receipt by it of the exercise notice and subject to receipt by Impact of the Settlement Price:</p> <p>(a) issue to the Option Holder (or its nominee) the Relevant Number of Shares;</p> <p>(b) issue, or cause to be issued, to the Option Holder a holding statement for the Relevant Number of Shares; and</p> <p>(c) if applicable, issue a replacement Placement Options Certificate to the Option Holder for the balance of any unexercised Placement Options.</p>
9	Form of Shares	The Shares issued pursuant to the exercise of the Placement Options will be issued as fully paid.

10	Right to Participate before Exercise	A Placement Option does not confer any right on the holder to participate in a new issue without exercising the Placement Option.
11	Right to Participate after Exercise	The Option Holder will be entitled to participate in any Bonus Issue or Pro Rata Issue of securities, or other rights to subscribe for securities issued or to be issued to shareholders by Impact (Additional Rights) on the same terms and conditions as are applicable to the other shareholders of Impact, provided that the Option Holder has exercised any Placement Option prior to the Record Date for the relevant offer.
12	Anti-Dilution Protections	The following anti dilution protections apply to the Placement Options. If there is a Bonus Issue to holders of Shares, the number of Shares over which a Placement Option is exercisable is increased by the number of Shares which the holder of the Placement Option would have received if the Placement Option had been exercised before the record date for the Bonus Issue. If there is a Pro Rata Issue to holders of Shares (other than a Bonus Issue), the exercise price of a Placement Option is reduced according to the formula set out in ASX Listing Rule 6.22.2.
13	Ranking of Shares	Any Shares issued to the Option Holder by Impact as a result of the exercise of a Placement Option will rank <i>pari passu</i> in all respects with all other Shares then on issue from the date of the applicable exercise notice.
14	Official Quotation of Shares	Impact shall (within 3 Business Days of the Option Holder having exercised any Placement Options or earlier if required by the ASX Listing Rules) apply for official quotation on ASX of the Shares allotted as a result of the exercise.
15	Tradability of Shares	Upon the exercise of a Placement Option, to ensure the Shares may be freely traded, Impact will: (a) lodge a notice to the ASX under section 708A(5)(e) of the Corporations Act (Cleansing Notice) and provide a copy of that notice to the Option Holder within 5 Business Days of lodgement with the ASX; (b) if it is not entitled to issue a Cleansing Notice, it will issue a prospectus within 30 days after receipt of the exercise notice (and the Shares may not be traded until the issue of the prospectus other than to persons who do not need a disclosure document under s708 of the Corporations Act); or (c) obtain ASIC relief.
16	Variation of Placement Option Terms	Subject to the ASX Listing Rules, the terms and conditions of Placement Options applicable to a particular Option Holder may be varied at any time by written agreement between Impact and the relevant Option Holder.
17	Interpretation	In this certificate: (a) Option Holder means the person specified as the Option Holder on the first page of this Placement Options Certificate and any assignees or transferees from time to time; (b) the expressions Bonus Issue , Pro Rata Issue and Record Date have the meaning given in the ASX Listing Rules; and (c) Business Day means a day (other than a Saturday or a Sunday or a public holiday) on which banks are generally open in Perth, Australia for normal business.
18	Governing Law	These terms and conditions and the Placement Options are governed by the laws of Western Australia.

Schedule 3 – Equity Securities issued in last 12 months

Date of issue	Equity Securities issued	Person(s)	Issue price	Total cash consideration	Use of funds	Non-cash consideration and current value
10/12/2014	284,090 fully paid ordinary shares	Non-executive directors Dr Markus Elsasser and Mr Paul Ingram	\$0.022	Nil – shares issued in lieu of directors' fees	N/A	\$7,955*
26/04/2015	284,090 fully paid ordinary shares	Non-executive directors Dr Markus Elsasser and Mr Paul Ingram	\$0.022	Nil – shares issued in lieu of directors' fees	N/A	\$7,955*
07/08/2015	2 million convertible notes	Squadron Resources Pty Ltd	\$1.00 per convertible note.	\$2,000,000	Funds will be used for the drill program at the Broken Hill Project and the Commonwealth Project and to provide general working capital for development of the Company's exploration projects.	Non-cash consideration: Nil Current value: \$2,000,000
07/08/2015	45 million warrants	Squadron Resources Pty Ltd	Nil	Nil	N/A	The Warrants were issued in consideration of Squadron Resources entering in to the Convertible Note Subscription Agreement

* The current value of fully paid ordinary shares is based on a value of \$0.028 per share, being the price as at 14 August 2015.

Schedule 4 – Summary of terms of the Director and Employee Option Acquisition Plan

The terms and conditions on which any Plan Options are granted to Directors and employees, including any vesting periods, will be governed by the terms set out in an offer or invitation to participate in the Option Plan made to eligible participants from time to time.

Eligible participants

The Option Plan is open to any person who is a full-time or part-time employee, Director or consultant of the Company or a related body corporate of the Company.

Plan Options may not be granted to a Director or his or her Associates under the Option Plan unless approval of the grant is given by the Shareholders in general meeting in accordance with the requirements of the Listing Rules and the Corporations Act.

Board discretions

The Board has broad discretions under the Option Plan, including (without limitation) as to:

- (a) the timing of making an offer to participate in the Option Plan;
- (b) identifying persons eligible to participate in the Option Plan;
- (c) the terms of issue of Plan Options (including vesting conditions, if any);
- (d) modifying or waiving any or all of the rules of the Option Plan or any restriction or other condition relating to any Options allocated under the Option Plan; and
- (e) the periods during which Plan Options may be exercised.

Issue Price

Plan Options must be offered under the Plan for no more than nominal consideration, being not more than 1 cent per Plan Option.

Exercise price

The exercise price of a Plan Option shall be the price determined by the Board in its absolute discretion prior to or on grant of the Plan Options.

Cashless Exercise Facility

The Board may determine in its absolute discretion and specify in an offer of Plan Options that a participant may elect to pay the exercise price for a Plan Option by setting off the exercise price against the number of Shares which they are entitled to receive upon exercise of Plan Options.

Plan Options not to be quoted

The Plan Options will not be quoted on the ASX. However, application will be made to the ASX for official quotation of Shares issued on the exercise of Plan Options if the Shares are listed on the ASX at that time.

Shares issued on exercise of Plan Options

Each Plan Option entitles the holder to subscribe for and be issued with one Share.

Shares issued pursuant to the exercise of Plan Options will in all respects rank equally and carry the same rights and entitlements as other Shares on issue.

Holders of Plan Options have no rights to vote at meetings of the Company or receive dividends until Shares are allotted on the exercise of Plan Options pursuant to the Option Plan.

Lapse of Plan Options

Unless the Directors in their absolute discretion determine otherwise, Plan Options shall lapse upon the earlier of:

- (a) the expiry of the exercise date;
- (b) any vesting condition is not satisfied;
- (c) during the restricted period (if any), the Plan Option holder ceasing to be an eligible participant by reason of resignation, dismissal or termination of employment, office or services for any reason; or
- (d) the expiry of one year after the Plan Option holder ceasing to be an eligible participant by reason of death, retirement, redundancy, or total permanent disability rendering the Holder incapable of performing his duties as determined by the Board; or
- (e) any other reason which the Board believes is fair and reasonable to warrant the Plan Option holder not maintaining his right to exercise the Plan Options.

Restrictions on transfer

Plan Options granted under the Option Plan may not be assigned, transferred, novated, encumbered with a security interest in or over them, or otherwise disposed of by a participant without the prior consent of the Board or where such assignment or transfer occurs by force of law upon the death of a participant.

Restrictions on exercise

A Plan Option holder is not able to sell, transfer, mortgage, pledge, charge, grant security over or otherwise dispose of any Plan Options, or agree to do any of those things.

Plan Options may not be exercised during the period determined by the Board from, and including, the date of issue of an Option.

Participation rights of Plan Option holders

Participants will only be permitted to participate in an issue of new Shares by the Company if they exercise their Plan Options before the record date for the relevant issue. The Company must ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue of new Shares is announced. This will give Plan Option holders the opportunity to exercise their Plan Options prior to the date for determining entitlements to participate in any such issue.

Adjustment of Plan Options

If the Company makes a pro rata bonus issue, and a Plan Option is not exercised before the record date for that bonus issue, then on exercise of the Plan Option, the holder is entitled to receive the number of bonus shares which would have been issued if the Plan Option had been exercised before the record date.

In the event of a reorganisation (including a consolidation, subdivision, reduction or return) of the issued capital of the Company, the number of Plan Options to which each Plan Option holder is entitled or the exercise price or both will be changed in the manner required by the Listing Rules and, in any case, in a manner which will not result in any benefits being conferred on holders of Plan Options which are not conferred on Shareholders.

Takeovers

In the event of a takeover bid, certain capital reorganisations or transactions occurring that give rise to certain changes of control of the Company, restrictions on the exercise of a Plan Option may lapse so that holders are able to participate in the relevant transaction.

Amending the Option Plan

Subject to and in accordance with the Listing Rules (including any waiver issued under such Listings Rules), the Board (without the necessity of obtaining prior or subsequent consent of Shareholders) may from time to time amend all or any provisions of the Option Plan.



IMPACT MINERALS LIMITED Independent Expert's Report

14 August 2015



Financial Services Guide

14 August 2015

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Impact Minerals Limited ('Impact') to provide an independent expert's report on the proposal for Squadron Resources Pty Ltd to invest up to \$7.3 million in Impact. You will be provided with a copy of our report as a retail client because you are a shareholder of Impact.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ('FSG'). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$18,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Other Assignments - We completed an independent expert report in September 2013 regarding a transaction between Invictus Gold Limited and Impact Minerals Limited. We collected fees of approximately \$26,000 for the work performed.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Impact for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution*Internal complaints resolution process*

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ('FOS'). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details

You may contact us using the details set out on page 1 of the accompanying report.

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Appendix 1 - Glossary and copyright notice

Appendix 2 - Valuation Methodologies

Appendix 3 - Independent Valuation Report prepared by Aurel Consulting

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14 August 2015

Impact Minerals Limited
26 Richardson Street
WEST PERTH WA 6005

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 6 August 2015, Impact Minerals Limited ('Impact' or 'the Company') announced that it had signed the agreement for funding of up to \$7.3 million from Squadron Resources Pty Ltd ('Squadron'), the private mining investment vehicle of the Munderoo Group.

The key terms are:

- An initial investment of \$2 million for the issue of:
 - An interest free 3 year secured convertible note, convertible into ordinary shares at the lower of 2.1 cents or 80% of the 30 day VWAP; and
 - 45 million unlisted call options, exercisable at 3.25 cents per share (providing funding of approximately \$1.46 million);
- A placement of \$1 million for ordinary shares at 2.1 cents per share; with 26,428,572 attaching 3 year options exercisable at 3.25 cents per share (providing funding of approximately \$0.86 million); and
- The option for Squadron to invest a further \$1 million into either or both of the Commonwealth and Broken Hill projects to earn a 19.9% interest after Impact has spent a combined total of \$2.5 million across the two projects.

In addition, Squadron's nominee Mr Aaron Hood is to be appointed to the Board of Impact as a non-executive director and Dr John Clout is to be appointed as a technical consultant to Impact.

2. Summary and Opinion

2.1 Purpose of the report

The directors of Impact have requested that BDO Corporate Finance (WA) Pty Ltd ('BDO') prepare an independent expert's report ('our Report') to express an opinion as to whether or not Squadron's investment in Impact ('the Transaction') is fair and reasonable to the non associated shareholders of Impact ('Shareholders').

Our Report is prepared pursuant to section 611 of the Corporations Act 2001 Cth (**‘Corporations Act’** or **‘the Act’**) and is to be included in the Explanatory Memorandum for Impact in order to assist the Shareholders in their decision whether to approve the Transaction.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission (**‘ASIC’**), Regulatory Guide 74 **‘Acquisitions Approved by Members’** (**‘RG 74’**), Regulatory Guide 111 **‘Content of Expert’s Reports’** (**‘RG 111’**) and Regulatory Guide 112 **‘Independence of Experts’** (**‘RG 112’**).

In arriving at our opinion, we have assessed the terms of the Transaction as outlined in the body of this report. We have considered:

- How the value of an Impact share prior to the Transaction on a controlling interest basis compares to the value of an Impact share following the Transaction on a minority interest basis;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Transaction; and
- The position of Shareholders should the Transaction not proceed.

2.3 Opinion

We have considered the terms of the Transaction as outlined in the body of this report and have concluded that, in the absence of a superior offer, the Transaction is not fair but reasonable to Shareholders.

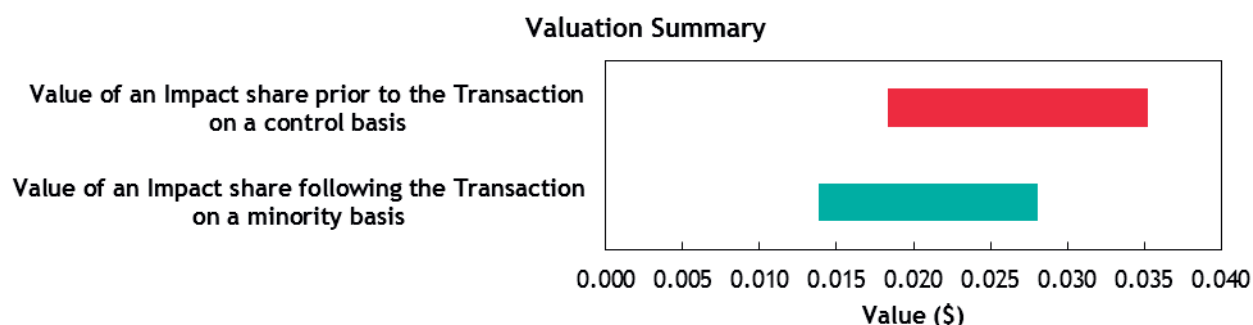
2.4 Fairness

In section 12 we determined that the value of an Impact share prior to the Transaction on a controlling interest basis compares to the value of an Impact share following the Transaction on a minority interest basis, as detailed below.

	Ref	Low \$	Preferred \$	High \$
Value of an Impact share prior to the Transaction on a controlling interest basis	10.3	0.018	0.027	0.036
Value of an Impact share following the Transaction on a minority interest basis	11.3	0.014	0.021	0.029

Source: BDO analysis

The above valuation ranges are graphically presented below:



The above pricing indicates that, in the absence of any other relevant information, and a superior offer, the Transaction is not fair for Shareholders.

2.5 Reasonableness

We have considered the analysis in section 13 of this report, in terms of both

- advantages and disadvantages of the Transaction; and
- other considerations, including the position of Shareholders if the Transaction does not proceed and the consequences of not approving the Transaction.

In our opinion, the position of Shareholders if the Transaction is approved is more advantageous than the position if the Transaction is not approved. Accordingly, in the absence of any other relevant information and/or a superior proposal we believe that the Transaction is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
13.5.1	Cash funding received	13.6.1	The Transaction is not fair
13.5.2	The Transaction also provides auxiliary funding	13.6.2	Dilution of existing shareholders
13.5.3	Significant shareholder support		
13.5.4	Squadron to become strategic investor in Impact with interests likely to align to Shareholders		
13.5.5	Conversion feature of Convertible Note reduces the potential financial strain for Impact		
13.5.6	Impact Shareholders will be able to take part in rights issue at a share price equivalent to the Share Placement		

Other key matters we have considered include:

Section	Description
13.1	Alternative proposal
13.2	Minority interest value
13.3	Practical level of control
13.4	Consequences of not approving the Transaction

3. Scope of the Report

3.1 Purpose of the Report

Section 606 of the Corporations Act expressly prohibits the acquisition of shares by a party if that acquisition will result in that person (or someone else) holding an interest in 20% or more of the issued shares of a public company, unless a full takeover offer is made to all shareholders.

Following completion of the Transaction, Squadron's interest in Impact will increase from nil to a maximum of 27.44%. See section 4.2 for further details.

Section 611 permits such an acquisition if the shareholders of that entity have agreed to the issue of such shares. This agreement must be by resolution passed at a general meeting at which no votes are cast in favour of the resolution by any party who is associated with the party acquiring the shares, or by the party acquiring the shares. Section 611 states that shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.

RG 74 states that the obligation to supply shareholders with all information that is material can be satisfied by the non-associated directors of Impact, by either:

- undertaking a detailed examination of the Transaction themselves, if they consider that they have sufficient expertise; or
- by commissioning an Independent Expert's Report.

The directors of Impact have commissioned this Independent Expert's Report to satisfy this obligation.

3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of 'fair and reasonable'. In determining whether the Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.

In our opinion, the Transaction is a control transaction as defined by RG 111 and we have therefore assessed the Transaction as a control transaction to consider whether, in our opinion, it is fair and reasonable to Shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between value of an Impact share prior to the Transaction on a controlling interest basis and the value of an Impact share following the Transaction on a minority interest basis (fairness - see Section 12 'Is the Transaction Fair?'); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness - see Section 13 'Is the Transaction Reasonable?').

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Transaction

4.1 Transaction

The key terms of the Transaction are as follows:

- An initial investment of \$2 million for the issue of:
 - An interest free 3 year secured convertible note (**'the Convertible Note'**), convertible into ordinary shares at the lower of \$0.021 or 80% of the 30 day VWAP; and
 - 45 million unlisted call options, exercisable at \$0.0325 per share (**'Warrants'**) (if exercised providing additional funding of approximately \$1.46 million).
- A placement of \$1 million for ordinary shares at \$0.021 per share; with 26,428,572 attaching 3 year options exercisable at \$0.0325 per share (**'Placement Options'**) (if exercised providing additional funding of approximately \$0.86 million);
- The option for Squadron Resources to invest a further \$1 million into either or both of the Commonwealth and Broken Hill projects to earn a 19.9% interest after Impact has spent a combined total of \$2.5 million across the two projects.

The Convertible Note is convertible into ordinary shares at:

- Squadron's election at any time within three years of issuance; and
- Impact's election after 12 months, if Impact has raised a total of more than \$6 million at an average price of at least \$0.04 per ordinary share.

The Convertible Note is transferable by Squadron on the following terms.

Within 12 months of the date of issue:

- To professional or sophisticated investors (within the meaning of the Act), by giving written notice to Impact specifying the name and address of the transferee and the number of convertible notes being transferred; or
- To any third party other than a professional or sophisticated investor, with the prior written consent of Impact (such consent not to be unreasonably withheld); and

After 12 months of the date of issue:

- To any third party by giving written notice to Impact specifying the name and address of the transferee and the number of convertible notes being transferred.

In addition, Squadron's nominee Mr Aaron Hood is to be appointed to the Board of Impact as a non-executive director and Dr John Clout is to be appointed as a technical consultant to Impact.

4.2 Shareholding of Impact following the Transaction

The following table shows the maximum number of shares that may be issued to Squadron following the approval of the Transaction. If the Transaction is approved then Squadron will be issued shares under the issue of 47,619,047 Placement Shares. Additionally, if the Convertible Note is converted into ordinary shares, the shareholding of Squadron in Impact will increase from 7.75% to a minimum of 20.14%. Finally, if the Placement Options and Warrants are exercised by Squadron, the shareholding in Impact will increase to a minimum of 27.44%.

Undiluted scenario	Squadron	Other Shareholders	Total
Issued shares at the date of this Report	-	566,623,160	566,623,160
% holdings as the date of this report	0.00%	100.00%	100.00%
Issue of Placement Shares	47,619,047	-	47,619,047
Issued shares following the Share Placement	47,619,047	566,623,160	614,242,207
% holdings following the Share Placement	7.75%	92.25%	100.00%
Conversion of Convertible Notes	95,238,095	-	95,238,095
Issued shares following conversion of Convertible Note	142,857,142	566,623,160	709,480,302
% holdings following conversion of Convertible Note	20.14%	79.86%	100.00%
Exercise of Warrants	45,000,000	-	45,000,000
Exercise of Placement Options	26,428,572	-	26,428,572
Issued shares following exercise of Warrants and Placement Options	214,285,714	566,623,160	780,908,874
% holdings following exercise of Warrants and Placement Options	27.44%	72.56%	100.00%

[^]The number of shares payable to Squadron as payment upon conversion of the Convertible Note assumes a maximum conversion price of \$0.021. See section 11.1 for further details.

5. Profile of Impact

5.1 History

Impact was incorporated on 31 March 2006 to explore for deposits of uranium, nickel, Platinum Group Metals ('PGM') and gold. The company listed on the Australian Securities Exchange 29 November 2006. The current board members of Impact are:

- Mr Peter J Unsworth, Non-Executive Chairman;
- Dr Michael G Jones, Managing Director;
- Mr Paul Ingram, Non-Executive Director;
- Dr Markus Elsasser, Non-Executive Director;
- Mr Aaron Hood, Non-Executive Director;
- Mr James Cooper-Jones, Company Secretary; and
- Mr Leo Horn; Chief Operating Officer.

The Company's most recent capital raising was on 14 July 2014 through the issue of 78,423,516 ordinary shares at 3.3 cents per share, raising \$2,587,976.

The Company has tenement holdings in Africa and Australia, comprising a portfolio of projects with the potential for significant deposits of uranium and copper-nickel PGM's.

Set out below is a brief description of the Company's projects. See Appendix 3 for further details of each project.

Broken Hill Ni-Cu-PGM (87%)

The Broken Hill Ni-Cu-PGM Project is located 20 kilometres east of Broken Hill in New South Wales. The project consists of one Exploration Licence (EL7390) covering 200 square kilometres. The licence is owned by Golden Cross Resources Limited ('GCR') and is the subject of two joint ventures; one between GCR and Impact, and the other between GCR and Silver City Minerals Limited ('Silver City').

Impact has the rights to nickel, platinum, and any other metals, occurring in, emanating from, or otherwise associated with, mafic or ultramafic complexes. Silver City has the rights to base metal, silver and gold mineralisation.

On 27 March 2015 Impact announced that it had moved to an 87% interest in the rights to copper-nickel-platinum group metal mineralisation at the Broken Hill Joint Venture following GRC's decision not to contribute to Impact's recent work programs and follow-up drill program.

High grade platinum group metals including osmium, rhodium, ruthenium and iridium, as well as platinum and palladium have been confirmed throughout the project area following new assay data released on 17 April 2015.

Most of the rock samples come from the Moorkai Intrusive Complex, in the northern part of the project area, as has been confirmed as a significant target area with high grade results over a 9 kilometre trend.

Six targets have been identified for further drilling at Red Hill.

Commonwealth Au-Ag (100%)

The Commonwealth Project holds three exploration licences covering 315 square kilometres of the Lachlan Fold Belt, roughly 100 kilometres north of Orange in New South Wales. The project area comprises two areas, Main Shaft and Commonwealth South.

On 19 February 2015 the company announced a maiden Inferred Mineral Resource at the gold-silver-zinc-lead-copper project. Prepared in accordance with the JORC 2012 Code, the resource comprises 720,000 tonnes at 2.8g/t gold, 48g/t silver, 1.5% zinc, 0.6% lead and 0.1% copper at a 0.5g/t gold cut off. The resource contains sulphide mineralisation at the Main Shaft prospect and Commonwealth South prospect.

A separate Inferred Mineral Resource was calculated at Main Shaft, comprising 4.3g/t gold, 142 g/t silver, 4.8% zinc, 1.7% lead and 0.2% copper.

Twenty one new holes were drilled in the latest drilling campaign, bringing the total number of holes drilled at the Commonwealth Project to 108. Reports for ground gravity survey and group IP survey have been received, and this data will be used to define new targets for drilling.

Mulga Tank Ni-Cu-PGM (100%)

On 6 February 2015 Impact announced the purchase of seven exploration licences that are in the joint venture with GCR for \$275,000 cash. Impact now owns 13 exploration licences that cover 425 square kilometres of the Minigwal greenstone belt, 200 kilometres east of Kalgoorlie in the south east Yilgarn Block.

Three styles of nickel sulphide mineralisation within the dunite and surrounding rocks has been discovered by Impact. The style of mineralisation and the nature of the ultramafic host are similar to those that host nickel deposits at nearby mines.

A review all of previous exploration at the project area will be used to define the new targets.

Clermont

The Clermont Project is located approximately 20 kilometres south east of Clermont in Queensland. Retro, Retro Extended Nanya and Ayers Rock are four Prospects in the project area where some drilling has been completed by previous explorers.

At Retro Extended a drilling program in early 2013 confirmed a mineralised system containing a high-grade silver with associated gold and base metal assays.

Impact completed detailed soil sampling, ground geophysical surveys and mineral alteration studies at Ayers Rock. This work identified seven drill targets which were tested by 15 reverse circulation drill holes, with two of the targets returning elevated gold results.

The company has applied for two new exploration licences covering 600 square kilometres, to strengthen its ground position.

Xade Nickel Project

Impact entered into an option agreement with Manica Minerals Limited to explore for deposits of platinum group metals, copper and nickel at the Xade Project in central Botswana. The agreement requires Impact to spend US\$1.2 million over two years to earn a 51% interest. Impact can earn up to 75% interest by incurring the necessary spending to define an Indicated Mineral Resource.

The Prospecting Licence covers an area of 9,000 square kilometres, covering the entire 280 kilometre strike of the Xade Complex.

Results of detailed and systemic geochemical analyses of 330 metres of Xade diamond core confirm that the Xade Complex is prospective for deposits of nickel, copper and platinum group metals.

The expiry date of the granted licences is 30 June 2013. Impact has applied for extensions on all licences and is waiting on responses from the Government.

Botswana Uranium Project

Botswana Uranium Project comprises 30,000 square kilometres of Prospecting Licences. Impact analysed Government-supplied airborne radiometric data that covered 75% of Impact's tenements and identified several prospective sites. Field reconnaissance, mapping and drilling led to the discovery at Lekobolo, Morolane, Mosolotsane and Molyabana.

The current status of licences is uncertain as the renewal of applications is either pending a decision or has not been renewed. The tenements not renewed have been appealed, and a decision is pending on the appeals.

5.2 Historical Balance Sheet

Statement of Financial Position	Audited as at 30-Jun-15 \$	Audited as at 30-Jun-14 \$
CURRENT ASSETS		
Cash and cash equivalents	571,981	750,909
Trade and other receivables	84,016	270,897
TOTAL CURRENT ASSETS	655,997	1,021,806
NON-CURRENT ASSETS		
Property, plant and equipment	2,978	6,844
Exploration and evaluation expenditure	6,526,545	7,714,139
Other assets	32,849	126,417
TOTAL NON-CURRENT ASSETS	6,562,372	7,847,400
TOTAL ASSETS	7,218,369	8,869,206
CURRENT LIABILITIES		
Trade and other payables	153,826	219,955
Provisions	131,726	84,966
TOTAL CURRENT LIABILITIES	285,552	304,921
TOTAL LIABILITIES	285,552	304,921
NET ASSETS	6,932,817	8,564,285
EQUITY		
Contributed equity	31,245,003	28,653,052
Reserves	215,670	(318,487)
Transactions with non-controlling interest	(1,161,069)	(1,161,069)
Accumulated losses	(23,366,786)	(18,609,211)
Parent interest	6,932,818	8,564,285
Non-controlling interest	-	-
TOTAL EQUITY	6,932,818	8,564,285

Source: Audited financial statements as at 30 June 2014 and 30 June 2015.

We note that Impact's auditor issued an Emphasis of Matter paragraph in the audited financial statements for the year ended 30 June 2015. The auditor outlined the existence of material uncertainty in relation to the Company's ability to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Commentary of Historical Statement of Financial Position

We note the following in relation to Impacts' Historical Statement of Financial Position:

- Cash and cash equivalents comprise cash at bank, earning interest at a floating rate based on daily bank deposit rates.

- Set out below is a breakdown of exploration and evaluation expenditure.

	30-Jun-15	30-Jun-14
Exploration and evaluation expenditure	\$	\$
Capitalised costs at the beginning of the period	7,714,139	11,581,800
Impaired	(4,316,428)	(6,576,618)
Exploration expenditure for the year	3,228,834	2,708,957
Sale of tenements (Turkey)	(100,000)	-
Cost carried forward	6,526,545	7,714,139

- Provisions comprise employee benefits and have increased from \$84,966 as at 30 June 2014 to \$131,727 as at 30 June 2015.
- Contributed equity increased from \$28.65 million as at 30 June 2014 to \$31.25 million as at 30 June 2015 following the issue of 78,423,516 shares at 3.3 cents, raising \$2.59 million during the period.

5.3 Historical Statement of Comprehensive Income

Statement of Comprehensive Income	Audited for the year ended 30-Jun-15 \$	Audited for the year ended 30-Jun-14 \$	Audited for the year ended 30-Jun-13 \$
Revenue			
Interest income	14,967	33,748	86,060
Gain on sale of financial asset	-	-	110,869
Other income	1,188,833	723,975	1,221,062
Expenses			
Corporate and administration expenses	(699,334)	(1,223,579)	(1,006,738)
Depreciation	(4,075)	(12,918)	(19,224)
Salaries and employee benefits	(532,786)	(823,188)	(622,730)
Impairment of exploration expenditure	(4,316,428)	(6,576,618)	(1,406,096)
Occupancy expenses	(119,055)	(95,603)	(97,345)
Other expenses	(289,698)	-	(2,369,358)
Loss from continuing operations before income tax	(4,757,576)	(7,974,183)	(4,103,500)
Income tax expense	-	-	-
Loss from continuing operations after income tax	(4,757,576)	(7,974,183)	(4,103,500)
Foreign currency translation differences	432,939	(500,620)	(16,331)
Revaluation of shares available for sale	-	-	688
Total comprehensive loss for the year	(4,324,637)	(8,474,803)	(4,119,143)

Source: Audited financial statements for the years ending 30 June 2013, 30 June 2014 and 30 June 2015.

Commentary of Historical Statement of Comprehensive Income

We note that the financial report has been prepared on the going concern basis. The Consolidated Group incurred a loss for the year ending 30 June 2015 of \$4,757,575 (2014: \$7,974,183) and net cash outflows from operating activities of \$2,752,129 (2014: \$4,710,897). As at 30 June 2015 the Consolidated Group has a working capital surplus of \$370,445 and the directors have prepared a cash flow forecast indicating they will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing the 2015 Annual Report.

We note the following in relation to Impacts's Historical Statement of Comprehensive Income:

- Other income comprises an R&D tax rebate for the years ending 30 June 2014 and 2015.
- Other income for the year ending 30 June 2013 comprises an R&D tax rebate and a \$466,280 gain on disposal of an investment in associate. The transaction on 22 November 2012 resulted in a deemed disposal of Impact's investment in an associate following the acquisition of a further 31.25% interest in Invictus Group Limited taking their interest to 75.29%, resulting in the company becoming a subsidiary of Impact.

- Other expenses for the year ending 30 June 2013 are attributable to the share of associate's loss of control following the transaction on 22 November 2012.
- The total comprehensive loss for the year has decreased from a loss of \$8.47 million for the year ending 30 June 2014 to a loss of \$4.32 million for the year ending 30 June 2015.

5.4 Capital Structure

The share structure of Impact as at 11 August 2015 is outlined below:

	Number
Total ordinary shares on issue	566,623,160
Top 20 shareholders	322,188,906
Top 20 shareholders - % of shares on issue	56.86%

Source: Impact share registry

The range of shares held in Impact as at 11 August 2015 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	56	5,558	0.00%
1,001 - 5,000	142	510,353	0.09%
5,001 - 10,000	128	1,098,490	0.19%
10,001 - 100,000	674	28,526,649	5.04%
100,001 - and over	448	536,482,110	94.68%
TOTAL	1,448	566,623,160	100.00%

Source: Impact share registry

The ordinary shares held by the most significant shareholders as at 11 August 2015 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
JP Morgan Nominees Australia Limited	201,401,203	35.54%
Aviana Holdings Pty Ltd	13,157,895	2.32%
China Growth Minerals Limited	11,840,470	2.09%
Tecca Pty Ltd	10,491,565	1.85%
Subtotal	236,891,133	41.81%
Others	329,732,027	58.19%
Total ordinary shares on Issue	566,623,160	100.00%

Source: Impact share registry

The most significant option holders of Impact as at 11 August 2015 are outlined below:

Current Options on Issue	Number
\$0.0325 options granted 7 Aug 2015 expiring 7 Aug 2018	45,000,000
\$0.06 options granted 20 Dec 2012 expiring 30 Nov 2015	13,000,000
\$0.06 options granted 16 Jan 2013 expiring 30 Nov 2015	2,900,000
\$0.06 options granted 14 Nov 2013 expiring 30 Nov 2015	2,800,000
\$0.10 options granted 20 Dec 2012 expiring 30 Nov 2016	9,000,000
\$0.10 options granted 16 Jan 2013 expiring 30 Nov 2016	2,900,000
\$0.10 options granted 14 Nov 2013 expiring 30 Nov 2016	3,550,000
\$0.20 options granted 6 Jan 2014 expiring 30 Nov 2015	8,000,000
Total	87,150,000

Source: Impact share registry

6. Profile of Minderoo

6.1 History

Minderoo Group Pty Ltd is an Australian private company, incorporated on 20 August 2001. Minderoo Group is a portfolio of diverse business interests ranging from infrastructure creation, property development, medical research and an extensive sustainable mining portfolio that aims to be leading in Indigenous training, employment and environmental protection. The current board members of Minderoo Group are:

- Mr Andrew Forrest, Chairman;
- Mrs Nicola Forrest, Chief Executive office;
- Mr Herbert Elliot, Director;
- Ms Grace Forrest, Director;
- Mr Tony Grist, Director;
- Mr Malcolm McCusker, Director; and
- Mr Allan Myers, Director.

Mr Andrew Forrest is Chairman of Fortescue Metals Group and the Minderoo Foundation as well as a range of other significant charities and companies. He founded Fortescue Metals Group in April 2003 and personally drove the creation of the expansive Pilbara Iron Ore and Infrastructure Project. Fortescue Metals Group is the fourth largest iron ore supplier in the world and in Australia's top 20 ASX-listed companies.

Squadron Resources Pty Ltd is an Australian private company, incorporated on 18 March 2015. Squadron Resources was formed as an initiative to develop the next generation of world-class natural resources projects across Australia. It is the private mining investment vehicle of Minderoo Group. The company has a long-term counter-cyclical strategy, investing in or acquiring undervalued and undeveloped projects that may be considered unviable in the current depressed commodity-market environment.

7. Economic analysis

The global economy is expanding at a moderate pace, but some key commodity prices are much lower than a year ago. This trend appears largely to reflect increased supply, including from Australia. Australia's terms of trade are falling nonetheless.

The Federal Reserve is expected to start increasing its policy rate later this year, but some other major central banks are continuing to ease policy. Hence, global financial conditions remain very accommodative. Despite fluctuations in markets associated with the respective developments in China and Greece, long-term borrowing rates for most sovereigns and creditworthy private borrowers remain remarkably low.

In Australia, the available information suggests that the economy has continued to grow over the past year, but at a rate somewhat below its longer-term average. The rate of unemployment, though elevated, has been little changed recently. Overall, the economy is likely to be operating with a degree of spare capacity for some time yet. With very slow growth in labour costs, inflation is forecast to remain consistent with the target over the next one to two years, even with a lower exchange rate.

In such circumstances, monetary policy needs to be accommodative. Low interest rates are acting to support borrowing and spending. Credit is recording moderate growth overall, with stronger borrowing by businesses and growth in lending to the housing market broadly steady over recent months. Dwelling prices continue to rise strongly in Sydney, though trends have been more varied in a number of other cities. The Reserve Bank of Australia ('RBA') is working with other regulators to assess and contain risks that may arise from the housing market. In other asset markets, prices for equities and commercial property have been supported by lower long-term interest rates.

The Australian dollar has declined noticeably against a rising US dollar over the past year, though less so against a basket of currencies. Further depreciation seems both likely and necessary, particularly given the significant declines in key commodity prices.

Source: www.rba.gov.au Statement by Glenn Stevens, Governor: Monetary Policy Decision 7 July 2015

8. Industry analysis

Nickel

The Nickel Ore Mining industry depends on trends in nickel output, the international price of nickel and the value of the Australian dollar. Nickel prices are highly sensitive to shifts in supply and demand for nickel.

Roughly two thirds of the world's refined nickel output is used in the manufacture of stainless steel. Growing wealth and increasing urbanisation is underpinning growing demand. China accounts for roughly 41% of global consumption and its demand for the metal is expected to grow over the five years to 2020. Demand from developing countries, such as India, will also continue to rise. Demand for nickel-base superalloys is also increasing and has been especially strong in the aerospace and power-generation sectors.

In May, Norilsk Nickel, the world's leading producer of nickel announced that it would focus on its core operations in Russia and began selling off assets in Australia, Botswana, and South Africa. Despite current weak prices and an oversupply of the metal, mining companies continue to bring on new nickel projects in anticipation of a turnaround in the global economy. Global production of stainless steel continues to increase and was at an all-time high in 2014, with China accounting for more than one-half of the year's output.

Nickel ore exports are forecast to increase at an annualised 6.6% in the five years to 2020. Roughly 80% of Australia's nickel ore exports are to China, and 15% to Canada. According to IBIS World revenue is forecast to rise 3.7% in the five years to 2020, in line with increases in output and price as economic activity trends upwards and demand for steel improves.

Copper

The Copper Ore Mining industry depends on the world price for copper, the level of copper production and the value of the Australian dollar. Copper contracts are typically settled in US dollars, and therefore a weaker Australia dollar against the US dollar will result in higher revenue for domestic contracts.

Australia is one of the world's major producers of copper; however its output lags Chile, Peru, China and the United States. Exports accounted for approximately 80% of industry revenue in 2014-15, with India, China, Japan and South Korea being our major export markets.

Global demand for copper is closely linked to economic activity and can be adversely affected by weak conditions in construction and manufacturing sectors. In 2009-10 profit accounted for 35.2% of revenue and declined to 10.1% in 2014-15 according to IBIS World. The fall was a result of cost increases, and falls in ore grade and copper prices.

Stronger growth is expected in OECD countries. Increased activity in manufacturing and construction sectors in Japan, rising manufacturing production in Germany and the continued recovery in the United States will drive demand. Consumption by China and India is also expected with the Chinese Government expanding electricity supply. Output is forecast to increase over the same period, keeping pace with demand. The world price for copper in the five years to 2020 is expected to fall, however the weaker Australian dollar will contribute to higher exports over the five years.

Industry revenue is expected to grow over the five years to 2020. It is expected to be volatile due to the uneven nature of US dollar price gains, movements in the value of the Australian dollar and shifts in volume. Growth will occur from the gains of project expansion offsetting increase costs.

Platinum Metals Group

The Platinum Metals Group ('PGM') includes platinum, palladium, rhodium, iridium, osmium, and ruthenium. The group of metals are known for their purity, high melting points and ability to stay stable at high temperatures. Their oxidation and reduction properties also make them extremely resistant to corrosion. Platinum is used in a number of industrial processes, technologies and commercial applications.

Global auto sales are a strong indication of demand for the metals, and European auto sales are showing signs of growth which will support platinum demand and prices. Improved jewellery consumption in China is also expected to support demand for the metals.

The market for PGM's has been volatile over the past 12 months. Workers at three leading platinum mining companies in South Africa were on strike from January to June, demanding higher wages. According to the companies affected by the strike there was lost production of 33,600 kilograms and \$2.3 billion in revenue. Anglo Platinum, the world's largest producer, introduced a restructuring plan that will see several underperforming mines close leading to a smaller production base.

Prices of platinum fluctuated during the year; however they were not markedly affected by the strikes in South Africa as producers processed PGMs from stocks. Prices of palladium steadily increased throughout 2014, reaching \$900 per troy ounce in August for the first time since 2001. Palladium prices were supported by the political crisis in Ukraine, which led to concerns that economic sanctions might be enforced against Russia, the world's leading producer of palladium. Prices for rhodium fluctuated in the first half of 2014 spiked in August, when prices were briefly higher than those for platinum for the first time since December 2011, owing to increased investor and industrial demand. Prices for iridium increased throughout the year but the average annual prices for both iridium and ruthenium were below those for 2013.

Gold

Gold ore mining has undergone a period of growth over the last decade, following price increases and gold's status as a counter-cyclical commodity. World gold prices declined significantly in 2012-13 and 2013-14, however the weaker Australian dollar limited the declines for the industry. The estimated gold price in 2014 was 10% lower than the price in 2013 and was down by 24% from the record-high annual price in 2012.

In 2014, worldwide gold production was 2% more than that in 2013 due to increases in production from Australia, Canada, China, the Dominican Republic, and Russia, which more than offset production decreases in Peru, Tanzania, South Africa, and the United States. Gold production in China continued to increase, and the country remained the leading gold-producing nation, followed by Australia, Russia, the United States, Peru, and Canada.

Production in Australia is expected to increase significantly in the next five years with contributions made to AngloGold Ashanti's Tropicana mine, the ramp-up of Newcrest's Cadi East mine and Evolution Mining's continued expansion.

Global investment demand for gold decreased in recent years because of the lower price, particularly from China and India. Gold stored in the exchange-traded funds has also decreased in the last 2 years; however Central Banks continued to purchase gold bullion.

Gold prices are expected to increase over the five years to 2020 as a result of moderate supply growth, a weaker Australian dollar and growing global demand. Increased production and higher prices will drive industry performance with revenue forecast to increase at an annualised rate of 2.4% over the five years to 2020 according to IBIS World.

Silver

The overall decline in silver prices is a result of a small drop in global industrial consumption, particularly from the Eurozone, and to substitution for other metals. Silver volumes have declined over the last five years as downstream companies' substituted silver for other metals in their manufacturing processes.

Since 2000, demand for silver in photographic applications has steadily declined owing to increasing popularity of digital cameras. Improvements in the cameras of smartphones and tablets have contributed to the growth in digital photography. Demand for silver in jewellery, electronic applications, and other industrial applications declined, while the use of silver in brazing alloys, coins, silverware, and solders increased. The use of trace amounts of silver in bandages and pharmaceuticals for wound care and minor skin infections was also increasing. Demand for silver by investors continued to increase as they sought safe-haven investments and as the price of silver decreased.

Silver ore prices peaked in 2011-12 following strong global demand and on the back of high gold prices and speculative activity. Prices eased in 2012-13 and 2013-14 with slower demand growth from industrial consumers.

World silver mine production increased slightly to 26,100 tonnes in 2014, principally as a result of increased production from mines in Australia, Bolivia, China, and Peru. In the five years to 2020 silver prices in US dollars are expected to increase as economic conditions improve.

Source: IBIS World, US Geological Surveys 2015

9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market based assessment

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

Assessment of the value of an Impact share prior to the Transaction

In our assessment of the value of an Impact share prior to the Transaction, we have chosen to employ the following methodologies:

- NAV approach as our primary method; and
- QMP approach as our secondary method.

We have chosen these methodologies for the following reasons:

- As Impact is an exploration company, its core value is in the exploration assets that it holds. We have instructed Aurel Consulting ('Aurel') to act as Independent specialist and to provide an independent market valuation of the Company's material exploration assets in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports 2005 ('the Valmin Code'). Aurel's full report may be found in Appendix 3. We have considered this in the context of Impact's other assets and liabilities on a NAV basis;
- The QMP basis is a relevant methodology to consider because Impact's shares are listed on the ASX. This means there is a regulated and observable market where Impact's shares can be traded. However, in order for the QMP methodology to be considered appropriate, the Company's shares should be liquid and the market should be fully informed as to its activities. We have considered these factors in section 10.2 of our Report;
- Impact does not generate regular trading income. Therefore there is no historical profits that could be used to represent future earnings. This means that the FME valuation approach is not appropriate; and
- Impact has no foreseeable future net cash inflows and therefore the application of the DCF valuation approach is not appropriate. Under RG111, it is considered that it is only appropriate to use a DCF where reserves are present, Impact is yet to delineate reserves on any of its exploration assets.

Assessment of the value of an Impact share following the Transaction

Primary approach

We have provided two alternative valuation approaches in assessing the NAV of an Impact share following the Transaction. The value of an Impact share following the Transaction using our primary approach will involve the following items:

- The value of Impact prior to the Transaction;

- Incorporate the effects of the Transaction in the context of Impact's other assets and liabilities on a NAV basis; and
- The number of shares on issue will incorporate the shares to be issued upon conversion of the Convertible Note. As set out in section 4, the conversion price of the principal on the Convertible loan is set at the lower of \$0.021 or 80% of the 30 day VWAP at the time of conversion.

Secondary approach

The value of an Impact share following the Transaction using our secondary approach will involve the following items:

- The value of Impact prior to the Transaction;
- Incorporate the effects of the Transaction in the context of Impact's other assets and liabilities on a NAV basis; and
- We will assume the Convertible Note will not convert to ordinary shares in Impact. For this reason, we will calculate the equity and liability components of the Convertible Note and account for them in the valuation of Impact following the Transaction.

Under Australian Accounting Standards, the fair value of a convertible note is apportioned between debt and equity. The debt component of a convertible note that converts into a fixed number of shares is valued at the present value of its cash flows (coupons and principal). The discount rate used in the present value calculation is the interest rate that the issuer could obtain from the market on a similar debt instrument without the conversion feature. The equity component of the convertible note is the residual between the face value of the note and the value of the debt.

Similarly, for a convertible note that is convertible to a variable number of shares, the fair value of the instruments is apportioned between debt and equity. However, the valuation methodology differs in that the equity component of the instrument is fair valued, with the residual between the face value and the value of the equity being classified as debt.

In the case of Impact, we have valued the Convertible Note using the Black Scholes Pricing Model to value the equity, with the residual between the equity value and the face value being classified as debt.

10. Valuation of Impact prior to the Transaction

10.1 Net Asset Valuation of Impact

The value of Impact assets on a going concern basis is reflected in our valuation below:

Statement of Financial Position	Audited as at			
	30-Jun-15	Low value	Preferred value	High value
	\$	\$	\$	\$
CURRENT ASSETS				
Cash and cash equivalents	571,981	571,981	571,981	571,981
Trade and other receivables	84,016	84,016	84,016	84,016
TOTAL CURRENT ASSETS	655,997	655,997	655,997	655,997
NON-CURRENT ASSETS				
Property, plant and equipment	2,978	2,978	2,978	2,978
Exploration and evaluation expenditure	6,526,545	10,020,000	14,900,000	19,930,000
Other assets	32,849	32,849	32,849	32,849
TOTAL NON-CURRENT ASSETS	6,562,372	10,055,827	14,935,827	19,965,827
TOTAL ASSETS	7,218,369	10,711,824	15,591,824	20,621,824
CURRENT LIABILITIES				
Trade and other payables	153,826	153,826	153,826	153,826
Provisions	131,726	131,726	131,726	131,726
TOTAL CURRENT LIABILITIES	285,552	285,552	285,552	285,552
TOTAL LIABILITIES	285,552	285,552	285,552	285,552
NET ASSETS	6,932,817	10,426,272	15,306,272	20,336,272
Shares on issue (number)	566,623,160	566,623,160	566,623,160	566,623,160
Value per share (\$)		\$0.018	\$0.027	\$0.036

Source: BDO analysis

We have been advised that there has not been a significant change in the net assets of Impact since 30 June 2015. The table above indicates the net asset value of an Impact share is between \$0.018 and \$0.036 with a preferred value of \$0.027.

The following adjustments were made to the net assets of Impact as at 30 June 2015 in arriving at our valuation.

Valuation of Impact's mineral assets

We instructed Aurel Consulting to provide an independent market valuation of the exploration assets held by Impact. Aurel considered a number of different valuation methods when valuing the exploration assets of Impact depending on the nature and stage of exploration of the projects, as follows:

- Geological risk method. All projects were assessed using this method, with the exception of the early stage exploration ground for uranium in Botswana.
- Analysis of early-stage exploration transactions. This area-based method was appropriate for Commonwealth regional tenements in NSW.

- Multiples of exploration expenditure. Several of the exploration projects have already produced exploration data against which projects can be assessed. This method has been applied to Mulga Tank, Broken Hill, the early stage exploration ground for uranium in Botswana, the Commonwealth project, and Xade Ni-PGE project.
- Comparative transactions. The geological risk method has been calibrated against market value using recent transaction on similar projects in a similar geographic region. This has allowed results from the geological risk method to be reported as market values.

The range of values for each of Impact's exploration assets as calculated by Aurel is set out below:

Impact Minerals Ltd	Low value	Preferred value	High value
Mineral Asset Valuation	\$m	\$m	\$m
Commonwealth	1.65	2.49	3.74
Commonwealth VMS prospects	0.23	0.61	1.06
Commonwealth porphyry prospects	2.64	4.00	5.36
Clermont	1.28	1.65	2.01
Broken Hill	1.35	2.14	2.93
Mulga Tank	2.61	3.57	4.18
Xade	0.25	0.45	0.65
Total	10.02	14.90	19.93

Source:

The table above indicates a range of values between \$10.02 million and \$19.93 million, with a preferred value of \$14.90 million.

10.2 Quoted Market Prices for Impact's Securities

To provide a comparison to the valuation of Impact in Section 10.1, we have also assessed the quoted market price for an Impact share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company's shares for the purposes of approval under Item 7 of section 611 the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

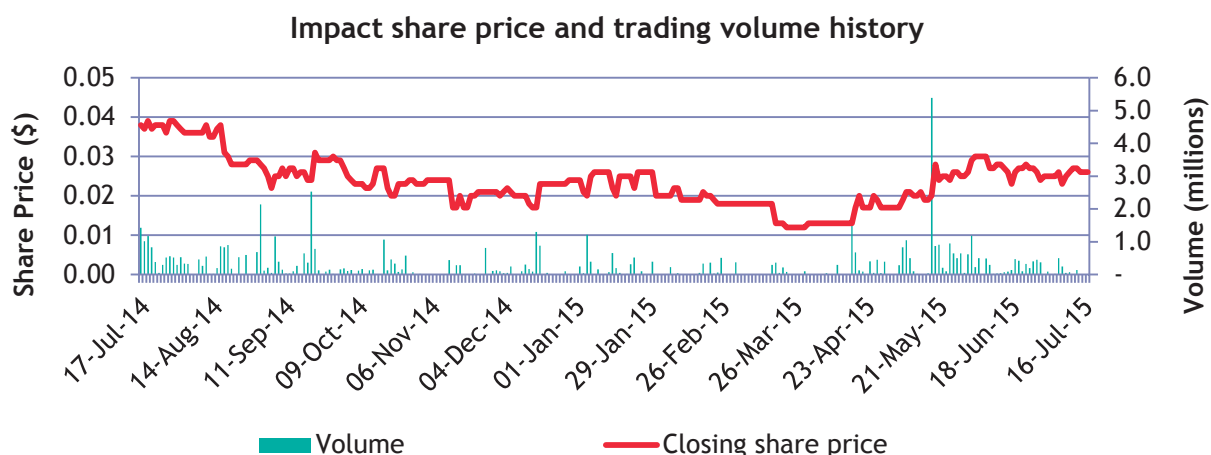
Whilst Squadron will not be obtaining 100% of Impact, RG 111 states that the expert should calculate the value of a target's shares as if 100% control were being obtained. RG 111.13 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in Section 13.

Therefore, our calculation of the quoted market price of an Impact share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

Minority interest value

Our analysis of the quoted market price of an Impact share is based on the pricing prior to the announcement of the Transaction. This is because the value of an Impact share after the announcement may include the effects of any change in value as a result of the Transaction. However, we have considered the value of an Impact share following the announcement when we have considered reasonableness in Section 13.

Information on the Transaction was announced to the market on 17 July 2015. Therefore, the following chart provides a summary of the share price movement over the 12 months to 16 July 2015 which was the last trading day prior to the announcement.



Source: Bloomberg

The daily price of Impact's shares from 16 July 2014 to 16 July 2015 has ranged from a low of \$0.012 on 17 April 2015 to a high of \$0.041 on 21 July 2014. From 17 July 2014 to mid-April 2015, IPT's share prices have displayed a downward trend to its low on 17 April 2015. It has since trended upwards, trading within a range of \$0.02 to \$0.03. The highest single day of trading was on 19 May 2015 where a total of 5,384,249 shares were traded.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement			Closing Share Price Three Days After Announcement		
		\$ (movement)			\$ (movement)		
19/05/2015	Widespread High Grade Rare PGM Confirmed at Broken Hill	0.028	▲	40.0%	0.025	▼	10.7%
29/04/2015	Quarterly Activities & Cashflow Report	0.017	►	0.0%	0.017	►	0.0%
17/04/2015	High Grades of Rare PGM Elements Assayed at Broken Hill	0.017	▲	30.8%	0.017	►	0.0%
01/04/2015	New Drill Targets for High Grade Cu-Ni-PGM at Broken Hill	0.013	►	0.0%	0.013	►	0.0%
27/03/2015	Impact Earns 87% Interest in High Grade Broken Hill Project	0.012	►	0.0%	0.013	▲	8.3%
19/02/2015	Maiden High Grade Resource at Commonwealth, NSW	0.020	▼	4.8%	0.018	▼	10.0%
06/02/2015	GCR: Sale of Mulga Tank Equity	0.022	▲	10.0%	0.019	▼	13.6%
23/01/2015	Further High Grade PGE-Cu-Ni Assays Returned at Red Hill	0.026	▲	18.2%	0.026	►	0.0%
19/01/2015	Quarterly Report December 2014	0.025	►	0.0%	0.022	▼	12.0%
06/01/2015	Further High Grade Copper-Nickel Sulphides at Red Hill	0.025	▲	25.0%	0.026	▲	4.0%
23/12/2014	Impact Earns 80% Interest in Broken Hill JV Project	0.023	►	0%	0.023	►	0%
22/12/2014	Impact Receives \$1.14 M Research and Development Grant	0.023	►	0%	0.023	►	0%
17/12/2014	High Grade Copper-Nickel-PGE Assays at Red Hill, Broken Hill	0.023	▲	35%	0.023	►	0%
27/11/2014	High Grade Nickel-Copper in 6 Zones over 30m at Red Hill	0.021	►	0%	0.020	▼	5%
13/11/2014	Maiden Drill Programme Underway at Broken Hill Project	0.017	▼	29%	0.017	►	0%
31/10/2014	Quarterly Report September 2014	0.023	►	0%	0.024	▲	4%
24/10/2014	Broken Hill Drill Programme to Commence mid-November	0.023	►	0%	0.024	▲	4%
22/10/2014	Assays Confirm 1km sq. High Grade Gold-Silver at Commonwealth	0.020	►	0%	0.023	▲	15%
01/10/2014	Impact Earns 51% Interest in Broken Hill JV Project, NSW	0.029	►	0%	0.024	▼	17%
22/09/2014	Bonanza Gold Grades at Commonwealth South	0.031	▲	29%	0.029	▼	6%
18/09/2014	NSW Government Co-Funding for Drilling at Broken Hill	0.024	▼	8%	0.029	▲	21%
02/09/2014	Further High Grade Mineralisation Extensions at Commonwealth	0.027	▼	4%	0.025	▼	7%
18/08/2014	Extension to Commonwealth South Mineralisation	0.031	▼	18%	0.028	▼	10%

Date	Announcement	Closing Share Price Following Announcement			Closing Share Price Three Days After Announcement		
		\$ (movement)			\$ (movement)		
12/08/2014	Update on Drill Programme at the Commonwealth Project, NSW	0.035	▼	8%	0.038	▲	9%
31/07/2014	Quarterly Report June 2014	0.037	▼	3%	0.036	▼	3%
28/07/2014	Update on Drill Programme at the Commonwealth Project, NSW	0.039	▲	8%	0.037	▼	5%
18/07/2014	Maiden Drill Programme Underway at Commonwealth Project	0.039	▲	5%	0.038	▼	3%

On 18 August 2014, the Company released results from their maiden drill program at the Commonwealth project. On the day of the release, the Company's share price fell by 18% to \$0.031 and in the subsequent three days fell by a further 10% to \$0.028.

On 18 September 2014, the Company announced that it will receive \$125,000 under the New South Wales State Government's Co-operative Drilling Funding Program. On the day of the announcement, the Company's share price fell by 8% to \$0.024, however in the subsequent three days increase by 21% to \$0.029.

On 22 September 2014, the Company announced drilling results that further extended the high-grade deposit at Commonwealth South. On the day of the announcement, the Company's share price increased by 29% to \$0.031, however in the subsequent three days fell by 6% to \$0.029.

On 1 October 2014, the Company announced that it has earned a 51% interest in the rights to nickel-copper-PGE mineralisation from Golden Cross Resources Limited at the Broken Hill Joint Venture Project. On the day of the announcement, the Company's share price had no change closing at \$0.029; however in the subsequent three days decreased by 17% to \$0.024

On 22 October 2014, the Company released results on the last round of assays for its maiden drilling program at Commonwealth. On the day of the release, the Company's share price had no change closing at \$0.020, however in the subsequent three days increased by 15% to \$0.023.

On 13 November 2014, the Company announced the commencement of its maiden drill program at the Broken Hill Joint Venture Project. On the day of the announcement, the Company's share price fell by 29% to \$0.017, and in the subsequent three days remained unchanged to close at \$0.017.

On 17 December 2014, the Company released results from the first drill hole at its Broken Hill Joint Venture Project. On the day on the release, the Company's share price increased by 35% to \$0.023, and in the subsequent three days remained unchanged to close at \$0.023.

On 6 January 2015, the company released results from its maiden drill program and the Red Hill Prospect near Broken Hill. On the day of the release, the Company's share price increased by 25% to \$0.025, and in the subsequent three days increased by a further 4% to \$0.026.

On 23 January 2015, the company released results from its maiden drill program at the Red Hill prospect near Broken Hill. On the day of the release, the Company's share price increased by 18.2% to \$0.026, and in the subsequent three days remained unchanged closing at \$0.026.

On 6 February 2015, the Company announced the purchase of tenements for \$275,000 at its Mulga Tank Project. On the day of the announcement, the Company's share price increased by 10% to \$0.022, and in the subsequent three days increased by a further 4% to \$0.026.

On 17 April 2015, the Company released results confirming the presence of platinum group metals at its Broken Hill Joint Venture Project. On the day of the release, the Company's share price increase by 30.8% to \$0.017, and in the subsequent three days remained unchanged closing at \$0.017.

On 19 May 2015, the Company released results confirming the presence of platinum group metals in a wide arc at its Broken Hill Joint Venture Project. On the day of the release the Company's share price increased by 40% to \$0.028, and in the subsequent three days increased by a further 10.7% to \$0.025.

To provide further analysis of the market prices for an Impact share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 16 July 2015.

Share Price per unit	16-Jul-15	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.026				
Volume weighted average price (VWAP)		\$0.025	\$0.026	\$0.025	\$0.024

Source: Bloomberg, BDO analysis

The above weighted average prices are prior to the date of the announcement of the Transaction, to avoid the influence of any increase in price of Impact's shares that has occurred since the Transaction was announced.

An analysis of the volume of trading in Impact's shares for the twelve months to 16 July 2015 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.026	\$0.026	-	0.00%
10 Days	\$0.023	\$0.027	1,023,923	0.18%
30 Days	\$0.022	\$0.030	5,533,624	0.98%
60 Days	\$0.017	\$0.032	22,000,147	3.88%
90 Days	\$0.012	\$0.032	25,862,098	4.57%
180 Days	\$0.012	\$0.032	37,797,801	6.67%
1 Year	\$0.012	\$0.041	66,627,955	11.76%

Source: Bloomberg, BDO analysis

This table indicates that Impact's shares display a low level of liquidity, with 11.76% of the Company's current issued capital being traded in a twelve month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;

- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Impact, we do not consider there to be a deep market for the Company's shares as a result of only 11.76% of the Company's current issued capital being traded over the twelve month period prior to 17 July 2015.

Our assessment is that a range of values for Impact's shares based on market pricing, after disregarding post announcement pricing, is between \$0.02 and \$0.03.

Control Premium

We have reviewed the control premiums paid by acquirers of companies listed on the ASX. We have summarised our findings below:

Year	Number of Transactions	Average Deal Value (AU\$m)	Average Control Premium (%)
2014	14	116.43	38.50
2013	16	49.12	57.80
2012	21	129.36	42.18
2011	22	578.06	38.02
2010	25	735.82	43.27
2009	29	86.80	39.23
2008	8	553.76	38.87
	Median	129.36	39.23
	Mean	321.33	42.55

Source: Bloomberg, BDO analysis

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction;
- Level of liquidity in the trade of the acquiree's securities.

The table above indicates there has been an increasing trend of control premia paid by acquirees of mining companies since 2008, in particular in 2013 which there were five control transactions with announced premiums in excess of 80%.

If the transaction is approved, Squadron will initially obtain a shareholding of 7.76% through the issue of the Placement Shares to Squadron. Squadron has the potential to obtain a maximum shareholding of 27.45% through the conversion of the Convertible Note and through the exercise of the Warrants and Placement Options issued to Squadron as part of the Transaction.

Based on the analysis above we believe that an appropriate control premium to apply in our valuation of Impact's shares is between 20% and 30%.

Quoted market price including control premium

Applying a control premium to Impact's quoted market share price results in the following quoted market price value including a premium for control:

	Low	Midpoint	High
	\$	\$	\$
Quoted market price value	\$0.02	\$0.025	\$0.03
Control premium	20%	25%	30%
Quoted market price valuation including a premium for control	\$0.024	\$0.031	\$0.039

Source: BDO analysis

Therefore, our valuation of an Impact share based on the quoted market price method and including a premium for control is between \$0.024 and \$0.039, with a midpoint value of \$0.031.

10.3 Assessment of Impact Value

The results of the valuations performed are summarised in the table below:

	Low	Preferred	High
	\$	\$	\$
Net assets value (Section 10.1)	0.018	0.027	0.036
ASX market prices (Section 10.2)	0.024	0.031	0.039

Source: BDO analysis

We consider the net asset value to be the most appropriate methodology, given that the core value of the Company lies in the exploration assets that it holds. We have instructed an independent specialist to value Impact's mineral assets, which we have included in our net asset value. The net asset value also best represents the value that is attributable to shareholders as a whole.

We note that our NAV value is lower than the value obtained using the QMP methodology. We attribute this difference in value derived under the two methods to the following:

- The NAV value is lower than the QMP value range, which is not uncommon for exploration companies which often trade at a premium to their net asset values. This is because investors in mining exploration companies typically anticipate some potential upside of 'blue-sky' prospects

for the company, which are factors into the share price in advance of any such value being warranted.

- Under RG 111.69(d), the QMP methodology is considered appropriate where a liquid and active market exists for the securities. From our analysis of the QMP of an Impact share in section 10.2, there is not a deep market for the Company's shares with only 11.76% of its current issued capital being traded in the twelve months prior to the announcement of the Schemes. This suggests that the QMP method may not give the most accurate indication of value, therefore explaining part of the difference between the two methods; and
- Our NAV methodology includes an independent valuation report of Impact's mineral assets performed by Aurel. Aurel has relied on a combination of valuation methods which reflect the market of Impact's mineral assets.

Based on the results above we consider the value of an Impact share to be between \$0.018 and \$0.036, with a preferred value of \$0.027.

11. Valuation of Impact following the Transaction

11.1 Primary approach

The value of Impact on a going concern basis following the Transaction is set out below

Diluted scenario	Note	Low value \$000s	Preferred value \$000s	High value \$000s
Net assets of Impact prior to the Transaction		10,426	15,306	20,336
Add: Cash from share placement	a)	1,000	1,000	1,000
Add: Cash from issue of convertible notes	b)	2,000	2,000	2,000
Net assets of Impact following the Transaction (control basis)		13,426	18,306	23,336
Discount for minority interest	c)	23%	20%	17%
Net assets of Impact following the Transaction (minority basis)		10,328	14,645	19,447
Shares on issue	d)	709,480,302	709,480,302	709,480,302
Value per share (\$)		0.015	0.021	0.027

Source: BDO analysis

The table above indicates the net asset value of an Impact share following the Transaction on a minority basis is between \$0.015 and \$0.027, with a preferred value of \$0.021. In arriving at this value, the following adjustments were made to the net assets of Impact following the Transaction. As the exercise price of the options of \$0.0325 is greater than our assessed range above and are value accretive to non-associated shareholders. As there is no obligation for the holder to convert we have not shown the financial impact of the exercise of the options.

a) Cash from share placement

We have added the \$1 million cash to be received in consideration for the placement of 47,619,047 shares issued to Squadron at a deemed issue price of \$0.021.

b) Cash from issue of convertible notes

We have added cash of \$2 million that is to be acquired in consideration for the convertible notes.

c) Discount for minority interest

The net asset value of an Impact share following the Transaction is reflective of a controlling interest. This suggests that the acquirer obtains an interest in the company which allows them to have an individual influence in the operations and value of the company. Therefore, if the Transaction is approved, Shareholders may become minority interest shareholders in Impact as Squadron could hold a controlling interest, meaning that their individual holding will not be considered significant enough to have an individual influence in the operations and value of the Company.

Therefore, we have adjusted our valuation of an Impact share following the Transaction to reflect a minority interest holding. A minority interest discount is the inverse of a premium for control and is calculated using the formula $1 - [1/(1 + \text{control premium})]$. As discussed in section 10.2, we consider an appropriate control premium for Impact to be in the range of 20% to 30%, giving rise to a minority interest discount in the range of approximately 17% to 23%.

d) Shares on issue

Shares on issue	Note	Number of shares
Number of shares on issue prior to the Transaction	i.	566,623,160
Add: Shares issued in share placement	ii.	47,619,047
Add: Shares issued on conversion of convertible note	iii.	95,238,095
Total shares outstanding following the Transaction		709,480,302

i. Number of shares on issue prior to the Transaction

This figure has been taken from section 10.1.

ii. Shares issued in share placement

The share placement consists of 47,619,047 ordinary shares issued to Squadron at a deemed issue price of \$0.021 per share.

iii. Shares issued on conversion of the convertible notes

In this valuation approach we have assumed that the convertible notes convert into ordinary shares.

The conversion price is the lower of \$0.021 per share, or 80% of the 30 day VWAP of the Impact share price prior to the date of conversion.

We have calculated 80% of the 30 day VWAP as at 3 August 2015 to be \$0.024. Hence, the lower share price is \$0.021.

We have calculated the number of ordinary shares that the convertible notes will convert into as follows:

Shares on issue	Number of shares
Face value of Convertible Notes	\$2,000,000
Issue price of shares issued on conversion of Convertible Notes	\$0.021
Total shares issued on conversion of Convertible Notes	95,238,095

11.2 Secondary approach

Under Australian Accounting Standards, the fair value of a convertible note is apportioned between debt and equity. The debt component of a convertible note that converts into a fixed number of shares is valued at the present value of its cash flows (coupons and principal). The discount rate used in the present value calculation is the interest rate that the issuer could obtain from the market on a similar debt instrument without the conversion feature. The equity component of the convertible note is the residual between the face value of the note and the value of the debt.

Similarly, for a convertible note that is convertible to a variable number of shares, the fair value of the instruments is apportioned between debt and equity. However, the valuation methodology differs in that the equity component of the instrument is fair valued, with the residual between the face value and the value of the equity being classified as debt.

In the case of Impact, we have valued the Convertible Note using the Black Scholes Pricing Model to value the equity, with the residual between the equity value and the face value being classified as debt.

The key inputs used in our Black Scholes equity value are detailed below:

Underlying share price

We have used an underlying share price of \$0.03, being the 30 day VWAP as at 3 August 2015. We have used this value as our underlying share price as a result of the conversion price being based on the 30 day VWAP of the Impact share at the time of conversion.

Exercise price

The exercise price is the conversion price of the Convertible Note, being \$0.021.

In determining the exercise price of the Convertible Note, we have had regard to the current ASX trading price of an Impact share and our underlying share price calculated above of \$0.03. based on these factors, we believe the most appropriate exercise price to use for the Convertible Note is \$0.021, being the highest conversion price of the Convertible Note, calculated as the lower of \$0.021, and 80% of the 30 day VWAP of the Impact share price prior to the date of conversion, in which case would currently be \$0.024 (80% of \$0.03), which is not lower than \$0.021.

Life of the Convertible Loans

The maturity date for the Convertible Note is three years from the date of issuance, which implies that the life of the Convertible Note will be three years.

Volatility

Recent volatility of the share price of Impact shares was calculated over one, two and three year periods, using data extracted from Bloomberg. The metric of volatility which we have input to our pricing model is the historical volatility of the 30 day VWAP of Impact. This volatility was 30%. Please note this is not the close-close share price volatility which was not used as this does not match the conversion price metric and if used would overstate the value of the option.

Risk-free rate of interest

We have used the three-year Australian Government Bond Rate at 3 August 2015 of 2.00% as a proxy for the risk free rate.

Dividend Expected on the Shares

Impact is currently unlikely to pay a dividend during the life of the Convertible Note.

Number of equity instruments granted

The number of equity instruments input to our option pricing model is derived by dividing the principal amount of the Convertible Note by the conversion price. Based on this calculation, the Company will issue 95.24 million shares under the Convertible Note.

Conclusion

We set out below our conclusion as to the values of the equity component of Loan Note One and Loan Note Two.

Item	Convertible Note
Underlying share price	\$0.03
Exercise price	\$0.021
Life of the Convertible Loan	3.00 years
Volatility (%)	30%
Risk-free rate of interest (%)	2.00%
Dividends expected on the shares (%)	nil
Number of instruments	95.24 million
Valuation per instrument	\$0.012
Valuation of Equity	\$1.14 million

Source: BDO analysis

Based on our analysis above, the value of the debt and equity component of the Convertible Loans is set out in the table below.

Item	Loan Note One \$'000
Value of Equity	1,140
Value of Debt	860
Face value of Convertible Loan	2,000

Source: BDO analysis

These debt and equity values are reflected in our secondary valuation approach set out as follows:

Undiluted scenario	Note	Low value \$000s	Preferred value \$000s	High value \$000s
Net assets of Impact prior to the Transaction		10,426	15,306	20,336
Add: Cash from share placement	a)	1,000	1,000	1,000
Add: Cash from convertible note	b)	2,000	2,000	2,000
Deduct: Debt component of Convertible Note	c)	(860)	(860)	(860)
Net assets of Impact following the Transaction (control basis)		12,566	17,446	22,476
Discount for minority interest	d)	23%	20%	17%
Net assets of Impact following the Transaction (minority basis)		9,666	13,957	18,730
Adjustment for embedded call option value of Convertible Note	e)	(1,140)	(1,140)	(1,140)
Ordinary shareholder value		8,526	12,817	17,590
Shares on issue	f)	614,242,207	614,242,207	614,242,207
Value per share (\$)		0.014	0.021	0.029

Source: BDO analysis

The table above indicates the net asset value of an Impact share following the Transaction on a minority basis is between \$0.014 and \$0.029, with a preferred value of \$0.021. In arriving at this value, the following adjustments were made to the net assets of Impact following the Transaction.

a) Cash from share placement

We have added the \$1 million cash to be received in consideration for the placement of 47,619,047 shares issued to Squadron at a deemed issue price of \$0.021.

b) Cash from issue of Convertible Note

We have added cash of \$2 million that is to be acquired in consideration for the convertible notes.

c) Debt component of the Convertible Note

We have adjusted the net assets of Impact for the value of the debt component of the Convertible Note. The debt component is derived from the residual of the face value less equity component as calculated above.

d) Discount for minority interest

The net asset value of an Impact share following the Transaction is reflective of a controlling interest. This suggests that the acquirer obtains an interest in the company which allows them to have an individual influence in the operations and value of the company. Therefore, if the Transaction is approved, Shareholders may become minority interest shareholders in Impact as Squadron could hold a controlling interest, meaning that their individual holding will not be considered significant enough to have an individual influence in the operations and value of the Company.

Therefore, we have adjusted our valuation of an Impact share following the Transaction to reflect a minority interest holding. A minority interest discount is the inverse of a premium for control and is

calculated using the formula $1 - [1/(1+\text{control premium})]$. As discussed in section 10.2, we consider an appropriate control premium for Impact to be in the range of 20% to 30%, giving rise to a minority interest discount in the range of approximately 17% to 23%.

e) Adjustment for embedded call option value of the Convertible Note

We have adjusted the ordinary shareholder value of Impact for the value of the embedded call option component of the Convertible Note. The inputs and subsequent values regarding this valuation are detailed above.

f) Shares on issue

Shares on issue	Note	Number of shares
Number of shares on issue prior to the Transaction	i.	566,623,160
Add: Shares issued in share placement	ii.	47,619,047
Total shares outstanding following the Transaction		614,242,207

i. Number of shares on issue prior to the Transaction

This figure has been taken from section 10.1.

ii. Shares issued in share placement

The share placement consists of 47,619,047 ordinary shares issued to Squadron at a deemed issue price of \$0.021 per share.

11.3 Valuation of Impact following the Transaction

We note that the value of an Impact share under the primary and secondary approaches are very similar, with the secondary approach valuation marginally higher than the valuation under the primary approach on the high end of the value range. Given the three year life remaining in the Convertible Note, it is unlikely that the Note will be converted in the short term following the Transaction. For this reason, in our assessment of the fairness of the Transaction, we have considered the post Transaction value of an Impact share determined under the secondary approach. Therefore, we consider the value of an Impact share on a control basis following the Transaction to be in the range from \$0.014 to \$0.029 with a preferred value of \$0.021.

12. Is the Transaction fair?

The value of an Impact share prior to and following the Transaction is compared below:

	Ref	Low \$	Preferred \$	High \$
Value of an Impact share prior to the Transaction on a control basis	10.3	0.018	0.027	0.036
Value of an Impact share following the Transaction on a minority basis	11.3	0.014	0.021	0.029

We note from the table above that the value of an Impact share prior to the Transaction on a control basis is greater than the value of an Impact share following the Transaction on a minority basis. Therefore, we consider that the Transaction is not fair.

13. Is the transaction reasonable?

13.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of Impact a premium over the value ascribed to, resulting from the Transaction.

13.2 Minority Interest Value

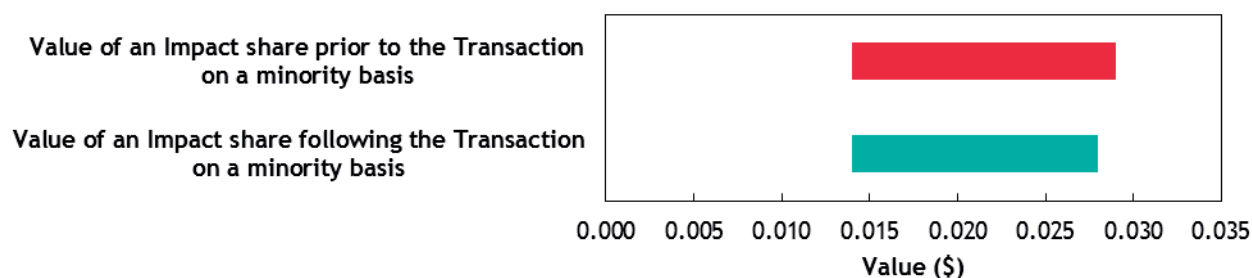
In assessing fairness of the Transaction in section 12, RG 111.31 stipulates that in a control transaction a comparison should be made between the value of the target entity's securities prior to the transaction on a controlling basis and the value of the target entity's securities following the transaction allow for a minority discount. It is relevant for Shareholders to appreciate that as shareholders, they hold a minority interest in Impact prior to the Transaction and will retain a minority interest following the Transaction.

As such, we have also provided a comparison of the value of an Impact share prior to the Transaction and following the Transaction both on a minority interest basis. This comparison is outlined in the table below.

	Ref	Low \$	Preferred \$	High \$
Value of an Impact share prior to the Transaction on a minority basis		0.014	0.022	0.030
Value of an Impact share following the Transaction on a minority basis		0.014	0.021	0.029

The above valuation ranges are graphically presented below:

Valuation Summary



The table and graph above indicate that:

- Based on our low values, the value of a share in Impact following completion of the Transaction on a minority interest basis is equivalent to the value of a share in Impact on a minority interest basis prior to completion of the Transaction; and
- Based on our preferred and high values, the value of a share in Impact following completion of the Transaction on a minority interest basis is marginally less than the value of a share in Impact on a minority interest basis prior to completion of the Transaction.

Whilst our fairness assessment in section 12 indicated that Shareholders will not be receiving the full control premium as a result of the Transaction, our analysis as detailed in the table and graph above, indicates that the range of values of a share in Impact following the Transaction on a minority interest basis shows a significant overlap with the range of values of a share in Impact on a minority interest basis prior to the Transaction

13.3 Practical Level of Control

If the Transaction is approved then Squadron Resources will hold a maximum interest of approximately 27.5% in Impact. In addition to this, Impact will have a Board member nominated by Squadron.

When shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are general resolutions and special resolutions. A general resolution requires 50% of shares to be voted in favour to approve a matter and a special resolution required 75% of shares on issue to be voted in favour to approve a matter. If the Transaction is approved then Squadron may be able to block special resolutions (if Squadron exercise all Warrants and Placement Options).

Impact's Board currently comprises four directors. Squadron will nominate one additional director which will take Impact's Board to five directors. This means that Squadron's nominated directors will make up 20% of the Board.

Squadron's control of Impact following the Transaction will be significant when compared to all other shareholders. Therefore, in our opinion, while Squadron will be able to significantly influence the activities of Impact, it will not be able to exercise a similar level of control as if it held 100% of Impact.

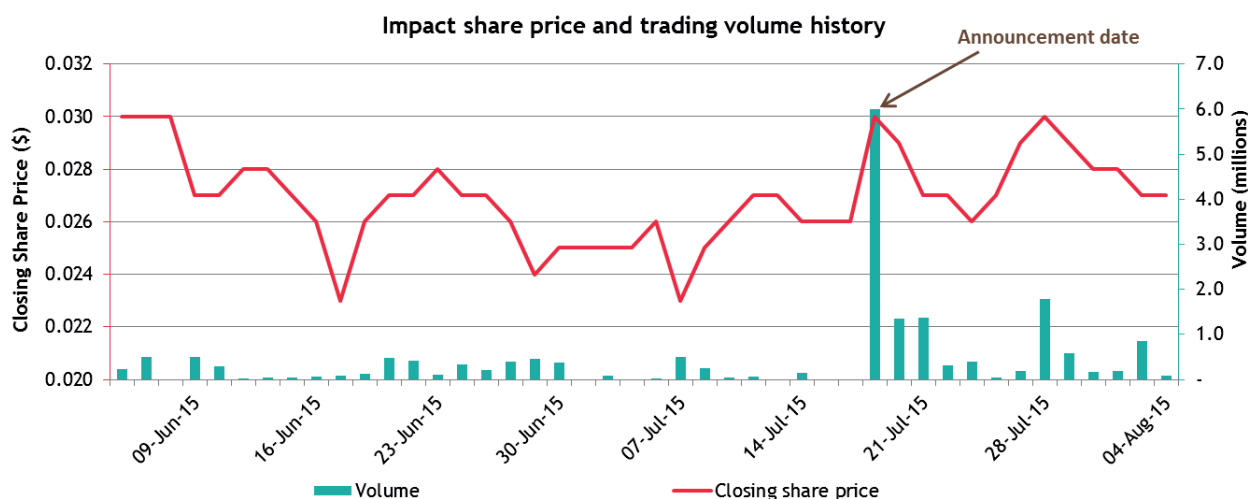
13.4 Consequences of not Approving the Transaction

Consequences

If the Transaction is not approved, Impact will need to seek alternative funding.

Potential decline in share price

We have analysed movements in Impact's share price since the Transaction was announced. A graph of Impact's share price since the announcement is set out below.



Source: Bloomberg

Since the announcement of the Transaction on 17 July 2015, Impact's shares trading on the ASX have closed at prices between \$0.026 and \$0.030. The VWAP of shares traded from 17 July 2015 to 4 August 2015 is \$0.030 (heavily weighted by the 6 million shares traded on the date of the announcement).

Based on our analysis in section 10.2, our assessment of Impact's ASX market price before the announcement, on a minority basis was between \$0.020 and \$0.030, with a preferred value of \$0.025. More comparatively, the 15 day VWAP before the announcement of the Transaction was also \$0.025.

Given the above analysis it is possible that if the Transaction is not approved then Impact's share price may decline.

13.5 Advantages of Approving the Transaction

We have considered the following advantages when assessing whether the Transaction is reasonable.

13.5.1. Cash funding received

The Transaction provides immediate funding via the Share Placement and Convertible Note to fund Impact's current exploration projects. This will also address the Emphasis of Matter regarding the going concern assumption issued by the auditor in the financial report for the year ended 30 June 2015 as outlined in section 5.2. This additional cash will give Impact the ability to extinguish liabilities in the normal course of business.

13.5.2. The Transaction also provides auxiliary funding

In addition to the above, the Transaction is structured such that additional funding can be received by Impact if:

- Squadron exercises the Placement Options and Warrants issued as part of the Transaction; and/or

- Upon Impact spending at least \$2.5 million in aggregate on its Commonwealth and Broken Hill projects, Squadron may invest \$1 million into each, or either, of the two projects for an initial 19.9% interest (maximum in flow of \$2 million cash).

We note that if Squadron elects to exercise all of its Warrants and Placement Options, as well as invest directly in Commonwealth and Broken Hill at the project level, there is potential for Impact to receive additional \$4.32 million cash.

13.5.3. Significant shareholder support

Squadron has access to significant experience in the resources industry that may benefit Impact by complimenting and diversifying Impact's current skill set.

13.5.4. Squadron to become strategic investor in Impact with interests likely to align with Shareholders

Squadron brings with it significant experience investing in mineral and mining based businesses. As a key stakeholder in Impact, one of Squadron's key interests will be ensuring that its investment provides a return either by way of capital growth or by the payment of dividends.

13.5.5. Conversion feature of the Convertible Note reduces the potential financial strain for Impact

Noting that Impact does not presently have any cash generating assets, we consider Impact may be placed in financial difficulty if it were required to repay interest and principal throughout the term of a lending agreement.

Given the terms and conditions of the Convertible Note, we note that not only is the Convertible Note interest free, and without recurring repayment obligations for Impact, the entire principal amount can, subject to certain conditions, be converted into ordinary shares in Impact.

In our view, we consider the conversion feature of the Convertible Note assists in ensuring that Impact does not suffer from financial difficulties.

13.5.6. Impact Shareholders will be able to take part in rights issue at a share price equivalent to the Share Placement

Impact management have advised that Impact will undertake a rights issue following approval of the Transaction. The rights issue will be executed on a 6 for 1 basis to issue approximately 100 million ordinary shares in Impact to all shareholders to raise approximately \$2 million.

The rights issue will see shares in Impact issued at \$0.021, being the same price that shares are to be issued to Squadron through the Share Placement.

The rights issue will give Shareholders the opportunity to participate in a capital raising at a price equivalent to that of the Share Placement to Squadron.

13.6 Disadvantages of Approving the Transaction

If the Transaction is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

13.6.1. The Transaction is not fair

As set out in section 12, the Transaction is not fair.

13.6.2. Dilution of existing shareholders

If the Transaction is approved Impact shareholders will be diluted to approximately 72.5% (assuming all Placement Options and Warrants are exercised by Squadron).

14. Conclusion

We have considered the terms of the Transaction as outlined in the body of this report and have concluded that the Transaction is not fair but reasonable to the Shareholders of Impact.

15. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Audited financial statements of Impact for the years ended 30 June 2015 and 30 June 2014
- Independent Valuation Report of Impact's mineral assets dated 24 July 2015 performed by Aurel;
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Impact.

16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$18,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Impact in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the Impact, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Impact and Squadron Resources and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Impact and Squadron and their respective associates.

A draft of this report was provided to Impact and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

17. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over 25 years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 250 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 18 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

18. Disclaimers and consents

This report has been prepared at the request of Impact for inclusion in the Explanatory Memorandum which will be sent to all Impact Shareholders. Impact engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposed transaction with Squadron.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Explanatory Memorandum. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Explanatory Memorandum other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Impact. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Impact, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by Impact.

The valuer engaged for the mineral asset valuation, Aurel, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation are appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

A handwritten signature in black ink, appearing to read 'Sherif Andrawes'.

Sherif Andrawes
Director

A handwritten signature in blue ink, appearing to read 'Adam Myers'.

Adam Myers
Director

Appendix 1 - Glossary of Terms

Reference	Definition
The Act	The Corporations Act 2001 Cth
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
The Company	Impact Minerals Limited
Corporations Act	The Corporations Act 2001 Cth
DCF	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FME	Future Maintainable Earnings
Impact	Impact Minerals Limited
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
NAV	Net Asset Value
QMP	Quoted market price
RBA	Reserve Bank of Australia
Regulations	Corporations Act Regulations 2001 (Cth)
Our Report	This Independent Expert's Report prepared by BDO
RG 74	Acquisitions approved by Members (December 2011)
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)

Reference	Definition
Section 411	Section 411 of the Corporations Act
Section 611	Section 611 of the Corporations Act
Shareholders	Shareholders of Impact not associated with Squadron
Squadron	Squadron Resources Pty Ltd
The Transaction	The proposal to issue shares in Impact to the vendors of Squadron
Valmin Code	The Code of Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
VWAP	Volume Weighted Average Price

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Appendix 2 - Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a 'deep' market in that security.

3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

4 Discounted future cash flows ('DCF')

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 Market Based Assessment

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

The resource multiple is a market based approach which seeks to arrive at a value for a company by reference to its total reported resources and to the enterprise value per tonne/lb of the reported resources of comparable listed companies. The resource multiple represents the value placed on the resources of comparable companies by a liquid market.

Appendix 3 - Independent Valuation Report

Valuation of the exploration properties Impact Minerals Limited

Report Prepared for

Impact Minerals Limited

Report Prepared by

Aurel Consulting

Aurel Consulting

Project ID: IPT201601

Valuation Date: 24 July 2015

Valuation of the exploration properties of Impact Minerals Limited

Impact Minerals Limited

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Project Number IPT201601

July 2015

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Executive Summary

Impact Minerals Limited (Impact) has requested Aurel Pty Ltd to update a valuation on its exploration properties. A previous valuation was completed in August 2013, at the time of a merger between Impact and Invictus Gold Limited. The valuation update will be managed by BDO Corporate (BDO), to support an investment transaction by Squadron Resources Pty Ltd into Impact being contemplated by Impact. BDO will report on the fairness and reasonableness of the transaction to Impact shareholders. BDO has subsequently appointed Aurel Consulting to provide a market valuation of the exploration properties to support its opinion regarding the transaction.

Although appointed by BDO, Aurel is commercially contracted directly to Impact. Aurel's valuation opinion will be provided to BDO in the first instance, and not directly to Impact.

The exploration properties are listed in Table E-1.

Table E-1: Impact properties to be valued under this contract

Project	Location	Project Stage	Owner/operator
Commonwealth Gold/Base Metal Mine	New South Wales	Adv. Exploration	Impact
Commonwealth VMS prospects	New South Wales	Exploration	Impact
Commonwealth porphyry prospects	New South Wales	Exploration	Impact
Clermont Gold Project	Queensland	Exploration	Impact
Broken Hill Nickel/Copper/PGE Project	New South Wales	Grass Roots	Impact (operator), Golden Cross Resources Ltd (owner);
Mulga Tank Nickel/Gold/Uranium Project	Western Australia	Exploration	Impact (operator)
Xade Copper/Nickel/PGE Project	Botswana	Exploration	Impact Minerals Limited (Operator)
Red Hills Projects	Botswana	Exploration	Impact (Operator)

Tenements and Licences

All Australian licences are granted exploration tenements.

IPT has an interest in two radioactive metals licences in eastern Botswana that were originally granted in 2008 and 2009. One of these licences is granted, the other was not renewed and has been appealed. A decision on the appeal is pending. These two licences form the Red Hills project.

At Xade, the expiry date in the granted licences is 30 June 2013, and IPT has applied for extensions on all of the licences. There has been no decision provided to IPT as yet, but there is a verbal response from the government that the Xade licences will be extended with the reduced areas applied for (cited by Aurel in the June 2015 internal monthly report from Botswana operations).

Given the uncertainty in relation to the Botswana licences, Aurel has not included the valuation results for the Red Hills project in the formal valuation. The valuation results are included in the body of the text for the purpose of allowing a reader to make his own assessment of the value in the case the renewals are granted.

Results

Aurel has undertaken a valuation of the projects using a number of different methods appropriate to the nature and stage of exploration of the projects, as follows:

- Geological Risk Method. All projects were assessed using this method, with the exception of the early stage exploration ground for uranium in Botswana.

- Analysis of early-stage exploration transactions. This area-based method was appropriate for Commonwealth regional tenements in NSW.
- Multiples of Exploration Expenditure. Several of the exploration projects have already produced exploration data against which projects can be assessed. This method has been applied to Mulga Tank, Broken Hill, the early stage exploration ground for uranium in Botswana, the Commonwealth project, and Xade Ni-PGE project
- Comparative transactions. The geological risk method has been calibrated against market value using recent transaction on similar projects in a similar geographic region. This has allowed results from the geological risk method to be reported as market values.

The table below shows Aurel's valuation results, and the methods used to arrive at the valuation results (Table E-2).

Table E-2: Valuation result for Impact exploration assets (AU\$ Millions)

Project	Low	Preferred	High
Commonwealth	1.65	2.49	3.74
Commonwealth VMS prospects	0.23	0.61	1.06
Commonwealth porphyry prospects	2.64	4.00	5.36
Clermont	1.28	1.65	2.01
Broken Hill	1.35	2.14	2.93
Mulga Tank	2.61	3.57	4.18
Xade	0.25	0.45	0.65
Total without disputed licences	10.02	14.90	19.93

The table below shows Aurel's valuation results for the Red Hills project. One of these licences for radioactive metals is granted, and the other subject to renewal or appeal. As a result, this value does not form part of the valuation under the Valmin code, but is provided for reference only should the renewals be granted.

Table E-3: Valuation of Red Hill project with unresolved tenure position (AU\$ Millions)

Red Hills project	0.57	0.69	1.17
Total inclusive of disputed licences	10.59	15.59	21.10

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Disclaimer

The opinions expressed in this Report have been based on the information supplied to Aurel Consulting Pty Ltd (Aurel) by Impact Minerals Limited. The opinions in this Report are provided in response to a specific request from Impact to do so. Aurel exercised all due care in reviewing the supplied information. Whilst Aurel has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. Aurel does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this Report apply to the site conditions and features as they existed at the time of Aurel's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which Aurel had no prior knowledge nor had the opportunity to evaluate.

1 Introduction and Scope of Report

Aurel Consulting (Aurel) was engaged by Impact Minerals Limited (Impact or IPT) to undertake a valuation of exploration properties held by Impact. This valuation is an update to a previous valuation undertaken by Aurel published in August 2013 in relation to a merger between IPT and Invictus Gold Limited. The valuation update will be managed by BDO Corporate (BDO), to support an investment transaction by Squadron Resources Pty Ltd into Impact being contemplated by Impact. BDO will report on the fairness and reasonableness of the transaction to Impact shareholders. BDO has appointed Aurel Consulting to provide a market valuation of the exploration properties to support its opinion regarding the transaction.

Although appointed by BDO, Aurel is commercially contracted directly to Impact. Aurel's valuation opinion will be provided to BDO in the first instance, and not directly to Impact.

The scope of the work conducted did not include a site visit. The majority of the projects are at an early stage of exploration. Aurel considers that site visits will not add material information to assist in the valuation. The Commonwealth Project contains a recently independently-reported Inferred Resource (Havlin, 2014), and Aurel has received the detailed Resource Report for the Estimation.

This report contains Aurel's opinion on the current market value of the exploration assets.

1.1 Standard of the Report

This Report has been prepared to the standard of, and is considered by Aurel to be, an Independent Technical Report under the guidelines of the VALMIN Code.

1.2 Scope and Work programme

The project was been undertaken between the 20th July 2015 and 24th July 2015. The valuation date is the 24th July 2015.

1.3 Statement of Independence

Aurel does not have any material present or contingent interest in the outcome of this Report, nor does it have any pecuniary or other interest that could be reasonably regarded as being capable of affecting the independence of Aurel.

Aurel has no prior association with Impact in regard to the mineral assets that are the subject of this Report, other than completing an earlier independent valuation of some of the assets. Aurel has no beneficial interest in the outcome of the technical assessment being capable of affecting its independence.

Aurel's fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The payment of that professional fee is not contingent upon the outcome of the Report. The fee payable exclusive of GST was \$10,000.

1.4 Representation

Impact has represented in writing to Aurel that full disclosure has been made of all material information and that, to the best of its knowledge and understanding, such information is complete, accurate and true.

1.5 Indemnities

As recommended by the VALMIN Code, Impact has provided Aurel with an indemnity under which Aurel is to be compensated for any liability and/or any additional work or expenditure resulting from any additional work required:

- which results from Aurel's reliance on information provided by Impact or to Impact not providing material information; or
- which relates to any consequential extension workload through queries, questions or public hearings arising from this Report.

1.6 Consents

BDO will rely on and refer to the Aurel valuation above in the BDO Report, and we will append a copy of the Aurel report, or a summary of the Aurel report, to the BDO Report.

Aurel consents to this Report being included, in full, in the BDO Report, in the form and context in which the technical assessment and valuation is provided, and not for any other purpose.

1.7 Key Personnel

This report has been prepared by Dr Peter Williams, assisted by Dr Matthew Greentree.

Peter Williams (PhD, FAusIMM, MAIG, MGSA, FAICD) – Peter has over 40 years' experience in the minerals industry, including 20 years as a consultant. Peter consults on a range of projects from project reviews and audits and public reporting, to structural studies on both a regional and orebody scale.

Matthew Greentree(PhD, MAIG, MGSA) – Matthew Greentree has over 15 years of experience in mineral exploration geology, and has international experience working on various deposit styles, including lode gold, IOCG, sediment-hosted Cu-Co and base metal deposits, magmatic nickel, and BIF-hosted iron ores. His industry experience includes his role as a gold exploration geologist for Sons of Gwalia, and various grass-roots and advanced nickel exploration projects in China and Central Australia, whilst in the employ of Anglo American Exploration. Matthew's consultancy expertise is in exploration targeting, technical evaluations of minerals projects, independent public reporting (JORC and NI43-101) and the valuation of mineral assets.

2 Tenements

2.1 Australian tenements

IPT holds tenements in four geographically separate project areas. The tenement holding details as of 24 July 2015 are listed in Table 2-1. The projects include only current granted tenements. Details of the location of tenements are included in Section 3 of this report.

2.2 Botswana licences

The Impact licence holding details in Botswana are shown in Table 2-2. Details of the location of licences is included in Section 3 of this report. The Botswana licences fall under two groups. The Red Hills radioactive metals licences are located in the east of Botswana and are held 100% by IPT. The Xade licences are located towards central Botswana and are prospective for copper, nickel and PGM's in large mafic intrusions. These are held in a 61.2% joint venture with Manica Minerals (as at 30 June 2015).

The current status of one of the Red Hills project licences in eastern Botswana is uncertain, as the renewal application has not been granted. The decision to not renew this licence has been appealed by IPT. The permit was originally granted in 2008 and expenditure on the licence has been sufficient to meet obligations. The granted tenement expired in 2013, and its status has yet to be resolved.

At Xade, the expiry date of the granted licences is 30 June 2013, and IPT has applied for extensions on all of the licences. There has been no decision provided to IPT as yet, but there is a verbal response from the government that the Xade licences will be extended with the reduced areas applied for (cited in the June 2015 internal monthly report from Botswana operations).

Given the uncertainty in relation to the Botswana licences, Aurel has not included the valuation results for the licences for radioactive minerals in the formal valuation. The results are included in the body of the text for the purpose of allowing a reader to make his own assessment of the value in the case the renewal is granted.

In the case of Xade, there is evidence that the renewals are slow in the internal government system, and together with the evidence that the renewals are being considered favourably, the Xade valuation is included in the formal valuation. A footnote to the valuation is included to alert the reader to the fact of non-renewal at the valuation date.

Table 2-1: Status of IPT Australian tenements– applications in italics.

Licence	State	Tenement	Holder	Project	Grant date	Expiry Date	Area (km ²)	Statutory Expenditure
EPM 14116	QLD	Clermont	Drummond West Pty Ltd	Clermont	23/10/2003	22/10/2015	70	\$37,500
EL7390	NSW	Broken Hill	Golden Cross Operations	Broken Hill	25/10/2010	6/03/2012	207	\$54,000
EL8234	NSW	Broken Hill	IPT	Broken Hill	10/02/2014	10/02/2017	26	\$11,000
EL5874	NSW	Commonwealth	Endeavour Minerals Pty Ltd	Commonwealth	3/07/2009	2/07/2013	9	\$150,000
EL8212	NSW	Wellington Regional	Endeavour Minerals Pty Ltd	Commonwealth	12/12/2013	12/12/2016	237	\$61,000
EL8252	NSW	Commonwealth North	Endeavour Minerals Pty Ltd	Commonwealth	01/04/2014	01/04/2017	84	\$34,500
EL39/988	WA	Mulga Tank	King Eagle Resources	Mulga Tank	6/10/2003	5/10/2015	51	\$494,519
EL39/1072	WA	Mulga East	King Eagle Resources	Mulga Tank	23/10/2007	22/10/2016	39	
EL39/1439	WA	Mulga R	King Eagle Resources	Mulga Tank	15/09/2009	14/09/2019	3	
EL39/1440	WA	Mulga O	King Eagle Resources	Mulga Tank	21/10/2009	20/10/2019	3	
EL39/1441	WA	Mulga G	King Eagle Resources	Mulga Tank	15/09/2009	14/09/2019	3	
EL39/1442	WA	Mulga Eastside	King Eagle Resources	Mulga Tank	15/09/2009	14/09/2019	12	
EL39/1513	WA	Mulga Central West	King Eagle Resources	Mulga Tank	23/06/2010	22/06/2015	135	
EL39/1632	WA	Mulga East North	Endeavour Minerals Pty Ltd	Mulga Tank	17/08/2011	16/08/2016	18	
EL39/1633	WA	Mulga East South	Endeavour Minerals Pty Ltd	Mulga Tank	17/08/2011	16/08/2016	15	
EL39/1761	WA	Mulga A	Aurigen P/L	Mulga Tank	15/07/2014	14/07/2019	69	
EL39/1766	WA	Mulga B	Aurigen P/L	Mulga Tank	15/04/2014	14/04/2019	117	
EL39/1767	WA	Mulga C	Aurigen P/L	Mulga Tank	20/03/2014	19/03/2019	12	
EL39/1768	WA	Mulga D	Aurigen P/L	Mulga Tank	20/03/2014	19/03/2019	3	

Table 2-2: Impact Botswana tenement interests at 24 July 2015

Botswana							
Tenement (Prospecting Licence) Number	Tenement (Prospecting Licence) Name	% Holding	Status (Granted/Pending)	Grant Date	Expiry Date	Previous Area (sq. km.)	Renewal Area (sq.km)
123/2008	Kodibeleng	100%	Renewal rejected - appealed			705.2	
016/2014	Mahibitswane	100%	Renewal in process			685.4	
024/2011	Mogome	100%	Renewal rejected - appealed			568.2	
TOTAL RED HILLS PROJECT						1958.8	
199/2010	None	62%	1 st renewal applied			907.0	454.1
50/2006	None	62%	Extension Applied			968	575.2
51/2006	None	62%	Extension Applied			419	194.7
52/2006	None	62%	Extension Applied			242	242.0
57/2006	None	62%	Extension Applied			748	504.8
58/2006	None	62%	Extension Applied			725	428.6
59/2006	None	62%	Extension Applied			637	267.8
60/2006	None	62%	Extension Applied			515	444.2
64/2006	None	62%	Extension Applied			648	226.5
67/2006a	None	62%	Extension Applied			161.38	47.93
69/2006a	None	62%	Extension Applied			176.98	37.43
TOTAL XADE						6147.36	3423.26

3 Geology and Exploration

3.1 Mulga Tank

The Mulga Tank Project is located in the Minigwal Greenstone Belt located approximately 200 km to the east of Kalgoorlie in Western Australia. It is part of the Archean Yilgarn Craton. The rights to the project were originally purchased as part of the acquisition of Endeavour Minerals. Impact then had the rights to the Mulga Tank JV, whereby Impact could earn 50% of the project by spending \$2.5M by 2017. In addition, a third party held a 20% interest in EL 3900988 and a 25% interest in EL 3901072.

In November 2013, IPT purchased the third party interests in EL3900988 and EL3901072 for \$170,000, and on 6 February 2015 IPT announced the purchase of seven exploration licences in the Mulga Tank Project that were in joint venture with Golden Cross Resources Limited (GCR) for \$275,000 in cash. These transactions resulted in IPT holding 100% of the Mulga Tank project.

This valuation is based on a 100% ownership of the tenements listed in Table 2-1.

The location of the tenements is shown in Figure 3-1.

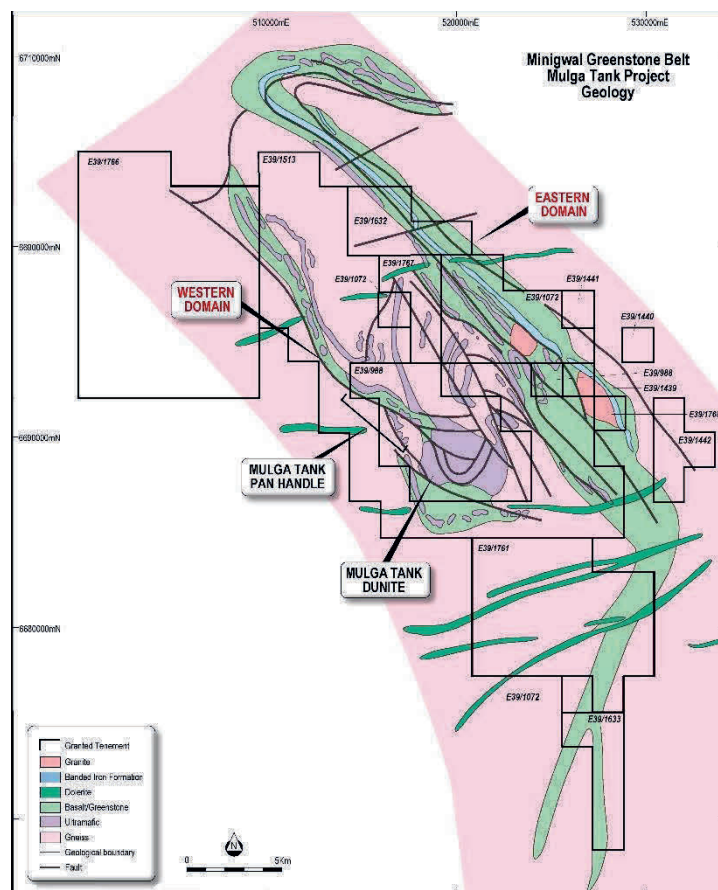


Figure 3-1: Location and geology of Mulga Tank JV tenements

Source: Impact Minerals Limited

The area is considered prospective for nickel sulphide and platinum group elements (PGE's), which are hosted in ultramafic rocks. The area has poor outcrop with extensive sand cover, but the ultramafic rocks in the Belt have been mapped by both aeromagnetic data interpretation and by

surface geochemistry. Ultramafics in the Belt are present as thin, laterally continuous layers within the surrounding mafic rocks and granite, and as a large body of predominantly dunite, called the Mulga Tank dunite.

Early exploration was carried out by BHP in the 1990's, who drilled three diamond holes into the dunite. Core from this work is stored in Kalgoorlie, and was available to Impact for re-logging and interpretation. One hole in particular, MTD3 has significant occurrences of inter-granular sulphides which are typical of cumulate magmatic sulphides. This is significant as it suggests that these rocks are of the right affinity for the development of massive or disseminated sulphides of the type typical of other Eastern Goldfields magmatic nickel deposits.

Impact's mineralisation model which is driving exploration follows a Perseverance – Rocky's Reward analogue, where both massive and disseminated ore is targeted near the interpreted feeder zone to the dunite. Based on this model, Aurel has assessed a potential target for the exploration of 1,200,000 tonnes of nickel as a target figure for the geological risk method.

Since taking over the project, Impact has completed a moving loop EM survey and ionic leach geochemical surveys, primarily over the Mulga Tank dunite. Drilling at six of these targets was completed, and results are shown in Figure 3-2.

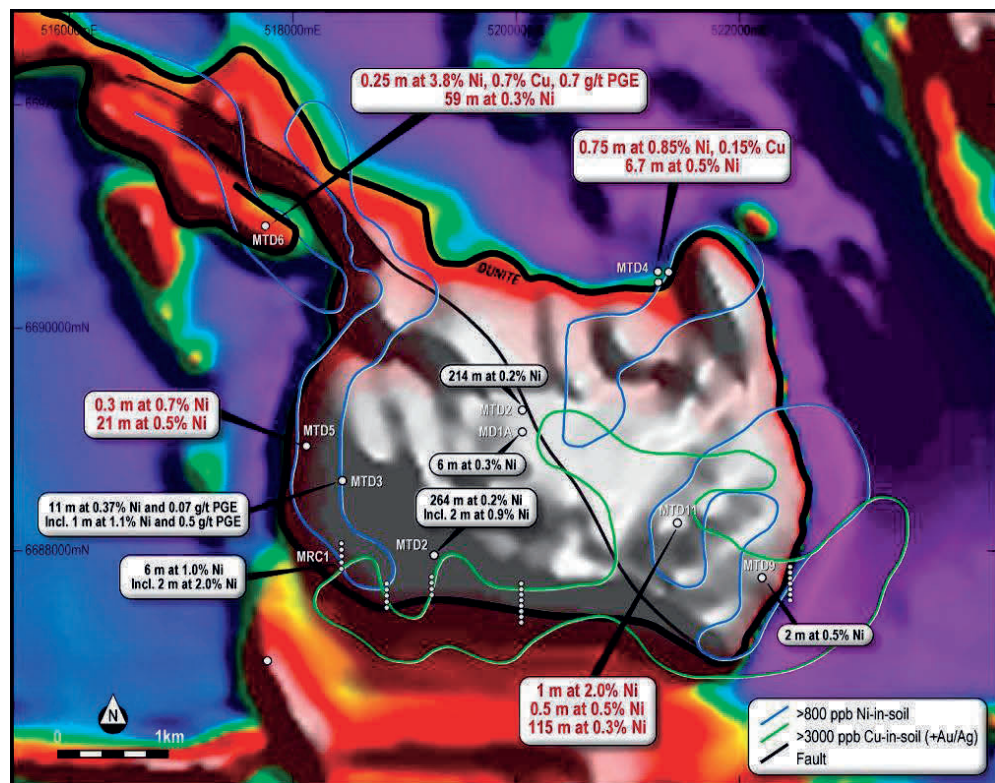


Figure 3-2: Drilling intersections and geochemical anomalies reported by IPT, Mulga Tank dunite, E39/988.

Source: IPT investor presentation April 2015. Background image is airborne magnetics.

Most of the mineralised intersections are sub-economic with respect to grade. The nickel is located in magmatic sulphides, primarily in dunite. Accordingly the project is at exploration Stage C for valuation purposes (see below and also Lord, 2001 for definition of exploration stages) and has a target exploration footprint, based in the size of the EM conductors, similar to Perseverance of 45 Mt of 2% Ni and 1 g/t PGE's.

The value of exploration expenditure at Mulga Tank by Impact is about \$2.1 M.

3.2 Broken Hill Project

IPT has a joint venture agreement with GCR that was derived through its acquisition of Endeavour Minerals. Under the joint venture agreement, Impact could earn 80% of the nickel – copper – PGE rights from GCR through expenditure of \$600,000 on exploration before 2017. This expenditure has been met, and currently IPT has earned an additional 7% through expenditure above the minimum with GCR electing not to contribute to the expenditure. The joint venture is over one of the tenements in the portfolio, EL7390. IPT holds 100% of an adjoining tenement, EL8234. Tenement locations are shown in (Figure 3-3).

The target geological unit is mafic and ultramafic intrusions into the Proterozoic rocks of the Curnamona Inlier immediately southeast of Broken Hill. Two styles of intrusion have been identified by Impact, a relatively undeformed mafic-ultramafic intrusion in the southwest of the project area (Red Hill), and a thinner, strongly deformed and dismembered ultramafic sill or dyke in the northeast (Mulga Springs). Impact is unsure whether the two intrusions are related. The undeformed intrusions have been dated as 827 Ma, and related to rifting during the break-up of the supercontinent Rodinia.

The distribution of the intrusions in the northern Mulga Springs section of the tenement is shown in Figure 3-4. Rock chip results showing high grades of PGE's have been obtained over the 9 km of strike of the intrusions. There has been only limited assays for the full suite of PGE's, but there are indications that the rare PGMs (rhodium, iridium, osmium and ruthenium) may be of significance in this area. There has been no IPT drilling in this sector to date, and only limited historical drilling at Platinum Springs and Round Hill.

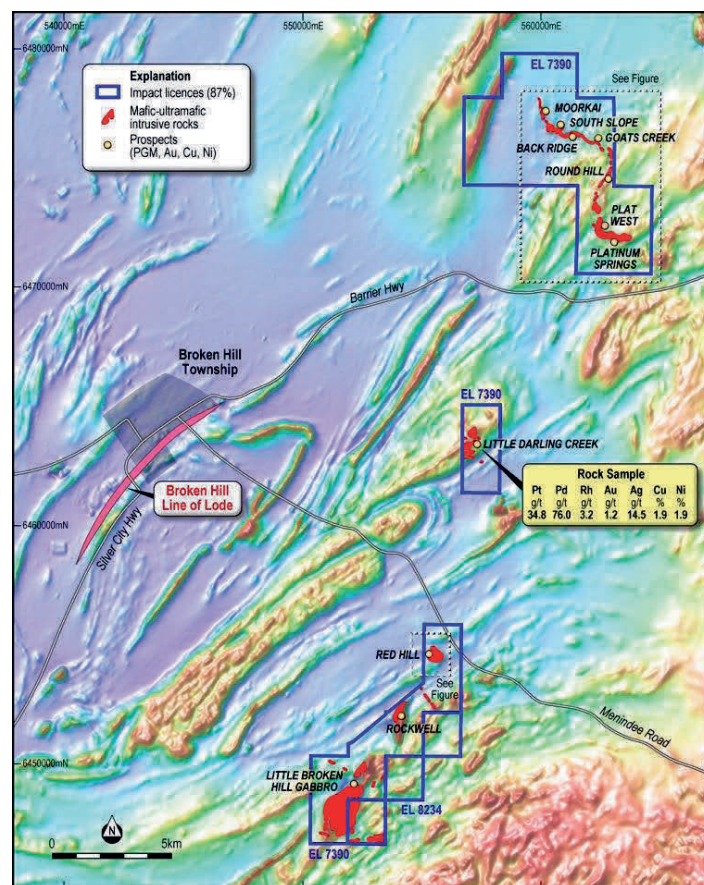


Figure 3-3: Location of Broken Hill project

Source: Impact Minerals – Investor presentation April 2015

First drilling in the area was by CRA in 1970-1972. In 2001 GCR generated an ore-grade intersection of nickel, copper and PGMs as massive and semi massive sulphide in the Mulga Springs area. The best intersection was 2m at 4.45% Ni, 6.12% Cu, 10.9 g/t Pt and 23.6 g/t Pd. In addition numerous surface gossans have been mapped along the intrusion where ore grade rock chip samples have been collected (Figure 3-4). Drilling below these gossans has not discovered any significant mineralisation, and these have been ascribed to supergene enrichment. In total, eight companies have undertaken exploration programs, and carried out drilling, geophysical surveys and geochemical surveys. Some discoveries of low grade mineralisation, particularly PGE, have resulted from this work.

Impact is targeting small high-grade deposits or larger disseminated sulphide deposits.

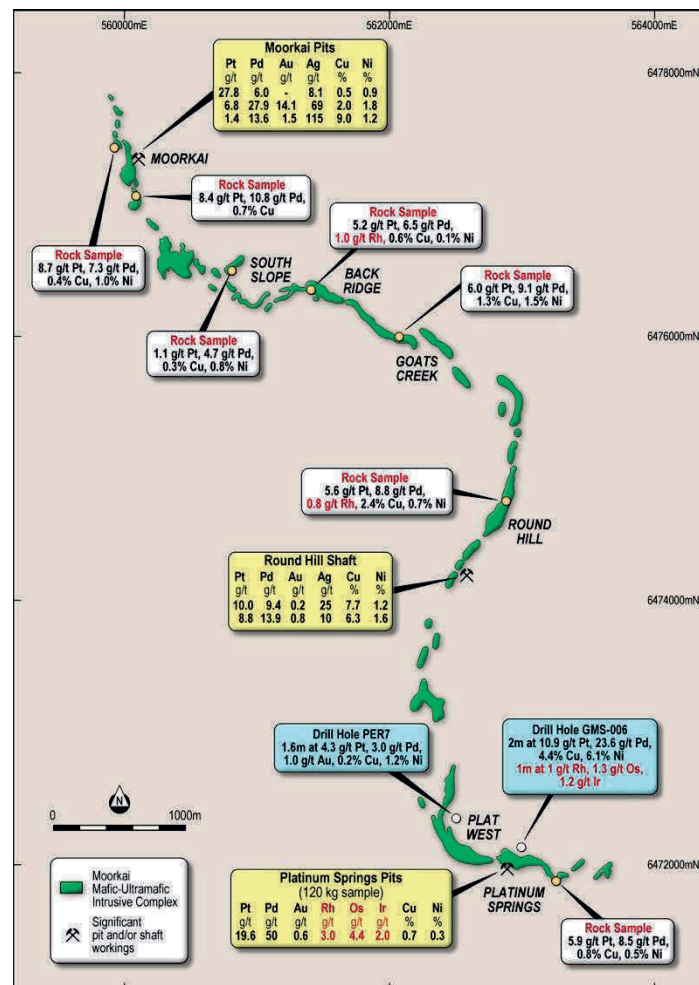


Figure 3-4: Location of ultramafic rocks and prospect locations – Mulga Springs section

Source: Impact Investor presentation April 2015

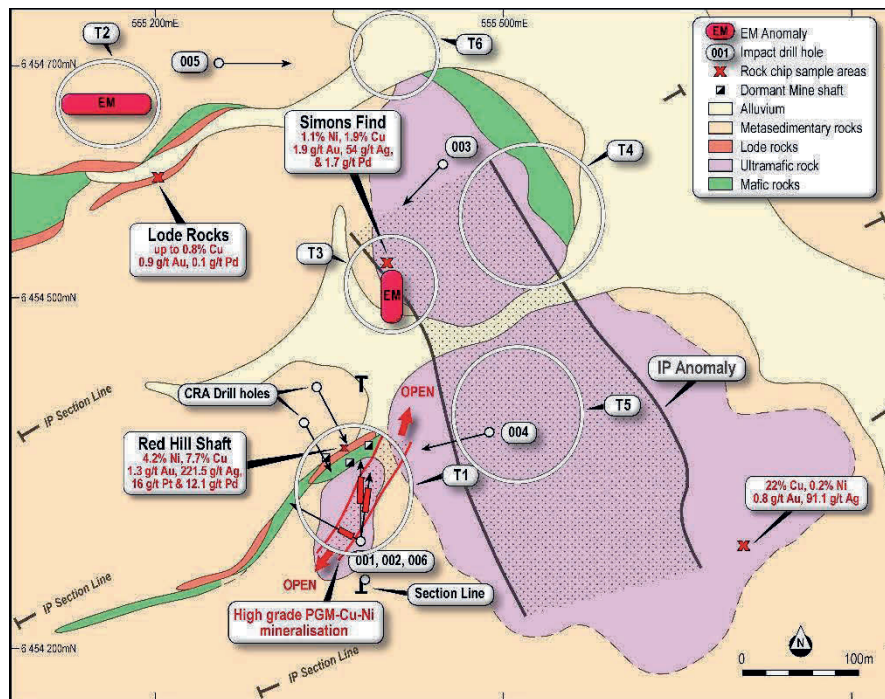


Figure 3-5: Red Hill prospect, southern sector of the Broken Hill project

Source: Impact Minerals Investor presentation April 2015

Most recent IPT work has been in the southern block, concentrated on the Red Hill prospect (Figure 3-5). IPT drilled six diamond holes of which three returned PGE intersections. The results are shown on the cross section in relation to the historic Red Hill mine.

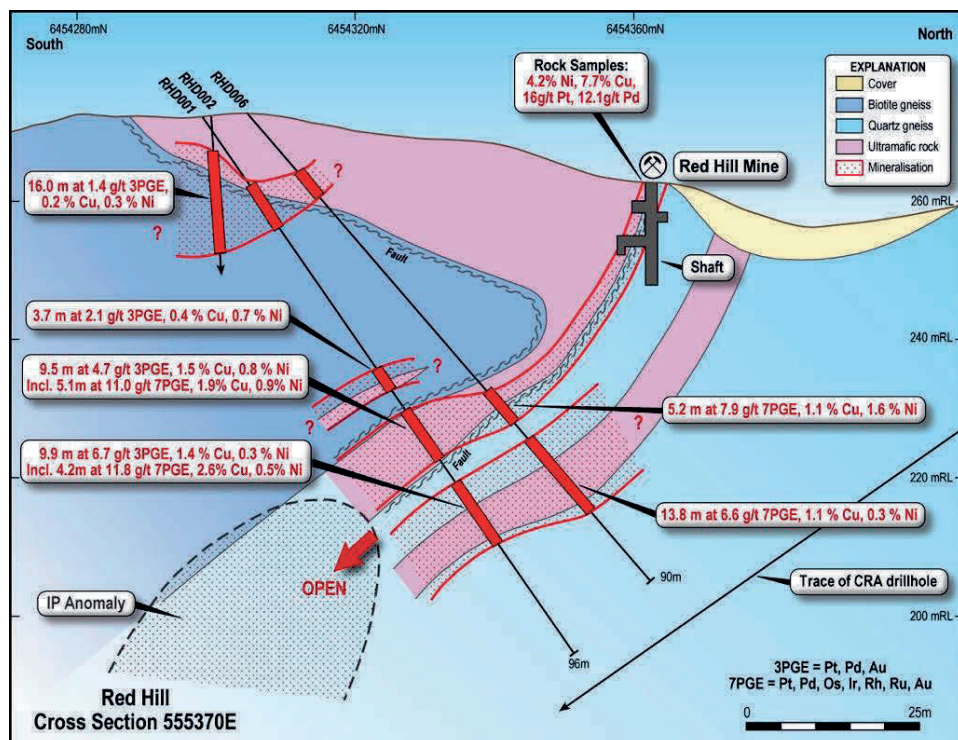


Figure 3-6: Cross section through successful drill holes at Red Hill.

Source: Impact Minerals Investor presentation April 2015

IPT has completed dipole-dipole IP geophysics and has identified targets for additional drilling to test for mineralisation at depth.

As a result of the recent work, Aurel considers the project stage is at stage C, but there is an improved probability of moving to the next stage of exploration as a result of the new drilling results.

3.3 Clermont Project

Impact is currently operating the Clermont project in the southern Drummond Basin, Queensland. The project is located to the north of the Gregory Highway about half way between Capella and Clermont. Capella is located approximately 250 km west of Rockhampton in Central Queensland.

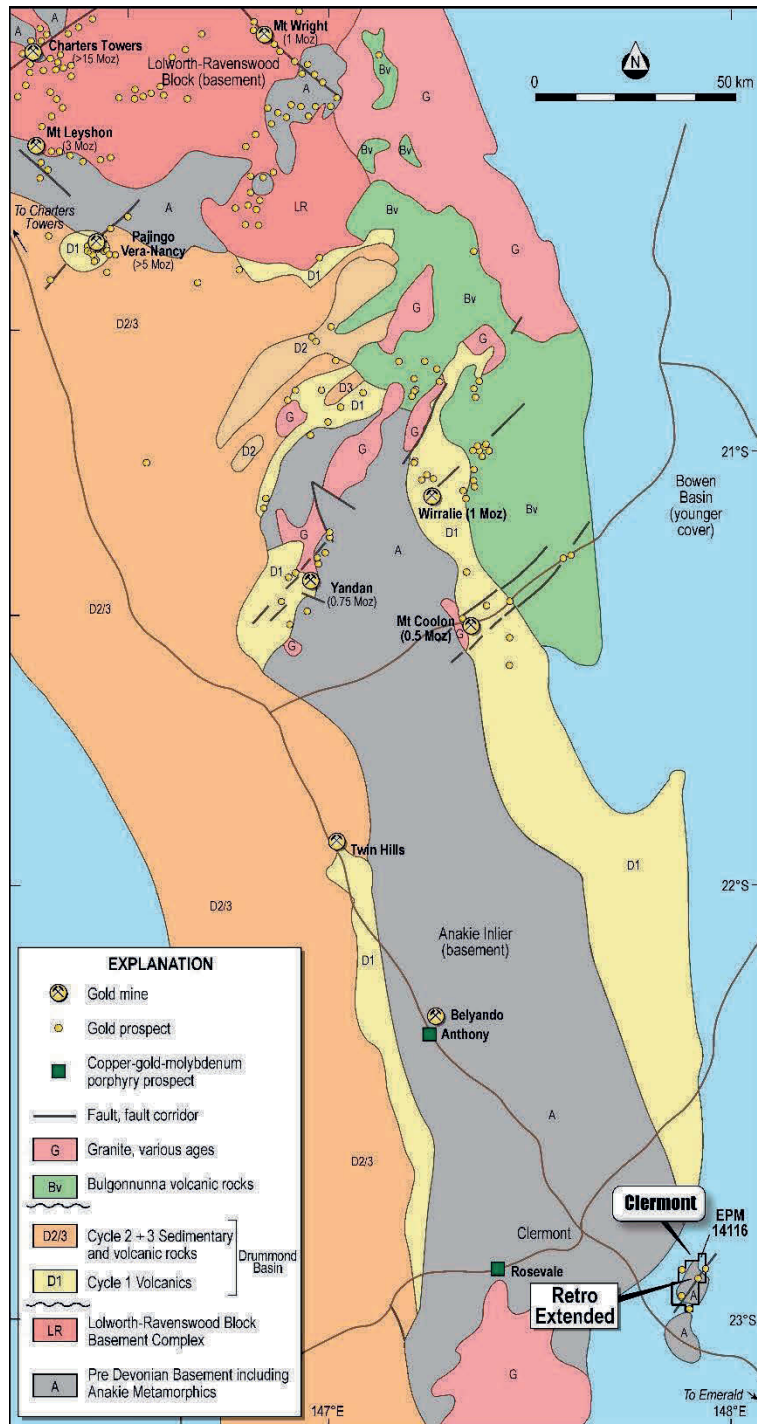


Figure 3-7: Location of Clermont tenement EPM14116.

Source: Impact

The project geology is shown in Figure 3-8. About one third of the tenement area is interpreted to be underlain by prospective volcanic rocks of the Anakie Inlier, mainly beneath a cover of younger rocks and transported sediment. This cover has hindered previous regional soil geochemistry surveys. Australian Goldfields NL (AGN) in 1996 identified several areas that contain erratically distributed elevated gold-in-soil values from auger drilling and BLEG sampling. Retro, Retro-Extended and Nanya Prospects along the Retro Fault Zone, shown in red in Figure 3-8, are the key prospects being explored by Impact.

Retro Fault System

The Retro and Retro Extended Prospects occur along the Retro Fault System, a 10 km long northeast to southwest trending fault zone identified by discontinuous outcrops of ferruginous breccia, vein quartz and minor narrow felsic dykes within the Anakie Metamorphic Group (Figure 3-8). Rock chip results from quartz veins have returned values of up to 7 g/t gold and 75 g/t Ag along 5,000 m of strike. Significant base metals results of up to 0.2% copper and 4.0% lead occur in many places.

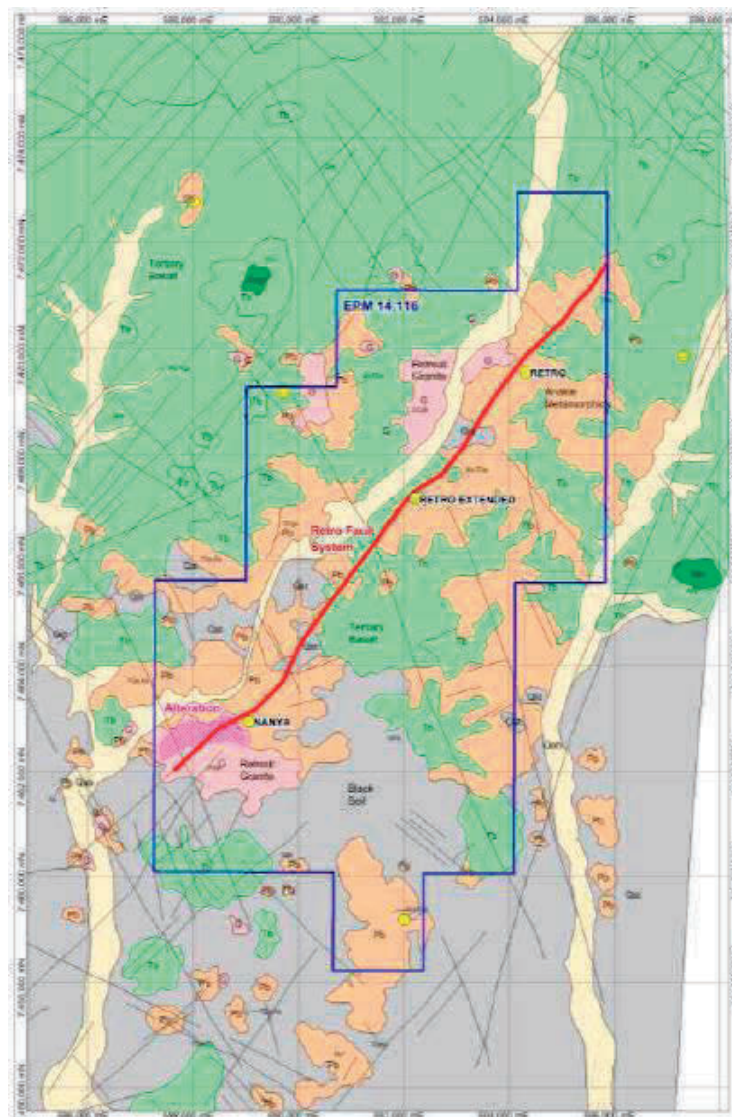


Figure 3-8: Location of the Clermont Project, near Emerald, Central Queensland.

Source: Invictus ASX announcement 21 January 2013

Pervasive silica-pyrite-sericite mineral alteration assemblages occur over broad areas and quartz veins are often cherty and contain crustiform textures. The extent of the gold-bearing quartz veins and the associated mineral alteration and base metal assemblages suggests this is a geological environment transitional between epithermal and porphyry systems.

At the Retro Prospect Australian Goldfields NL (AGN) drilled nineteen RC holes on widely spaced sections of between 160 m and 500 m, along 1,200 m of strike in 1997. Intercepts of interest include 2 m at 1.1 g/t gold and 2 m at 13.7 g/t gold, and occur within 50 m of surface. The mineralisation is open at depth and along strike. Detailed mapping has shown there are multiple sub parallel veins in the area, for example Main Reef and Peripheral Reefs 1, 2 and 3, of which only one line of veins has been tested.

At the Retro Extended Prospect located 3 km to the south west of Retro, AGN drilled 27 RC holes (1,639m) along a strike length of 250 m to test rock chip samples that returned results of up to 10.8 g/t gold. Intercepts of interest included 5 m at 4.4 g/t gold, 6 m at 2.6 g/t gold, 10 m at 1.4 g/t gold, and 16 m at 8.5 g/t gold, including 10 m at 13 g/t gold, 143 g/t silver, 5.6% copper and 7.6% lead from 8 m depth. This is interpreted to be an oblique intersect representing a true lode thickness of 3 to 4 metres.

A review of the historical drill data at Retro Extended and drilling of 7 RC holes by Invictus in 2012 indicates that for the area drilled there is potential for between 170,000 and 210,000 tonnes of mineralisation at an average grade of between 3.3 and 3.9 g/t equivalent gold for a contained 21,000 to 25,000 ounces of equivalent gold (including silver, copper, lead and zinc). This target mineralisation is conceptual in nature and should not be construed as a resource calculated in accordance with the JORC code. There is no certainty that further work will result in conversion of this conceptual target to a resource.

In 2012, Invictus collected 450 soil samples over an area centred upon Retro Extended. The results of the soil program suggest that the mineralisation at Retro Extended extends another 700 m to the south along the Retro Fault System with assays up to 160 times background. This soil anomaly coincides exactly with a strong chargeability and resistivity anomaly generated from an Induced Polarisation (IP) ground geophysical survey completed in 1997 by AGN. Similar chargeability and resistivity anomalies were defined in a linear zone 1,000 m long to the east of the Retro Extended prospect. Invictus has identified 3 targets along this trend that warrant follow-up work.

The Nanya Prospect occurs at the southern end of the Retro Fault System approximately 5 km southwest of Retro Extended. The area occurs as a large, east-trending sericite-pyrite alteration zone mapped over 3.5 km on the north side of the mapped granite and porphyry and returned assays between 50 and 370 ppm molybdenum, silver between 0.3 and 26 g/t and other metals up to 175 ppm Cu, 44 ppb Au, 2.7% Pb and 730 ppm Zn. A strong, circular, northwest trending response in the magnetic data 3.5 km by 2 km occurs coincident with a mapped granite and porphyry stock that intrudes the Anakie Metamorphics. Geological parameters of the Nanya prospect are typical of known porphyry gold-copper deposits such as the Anthony porphyry molybdenum deposit discovered 100 km to the northwest.

No further work has been carried out by Impact at Clermont, so the projects remains at the Exploration Target stage of exploration.

3.4 Commonwealth

The project area is located 15 kilometres east of Wellington in NSW, and approximately 400 km northwest of Sydney. The Commonwealth Mine is located on tenement EL5874, which comprises 3 sub-blocks. Access is via sealed road from Wellington. Two other tenements surrounding the

Commonwealth Mine have been acquired, EL8212 in the Wellington area, and EL8252 which covers the geological corridor north of the Commonwealth tenement.

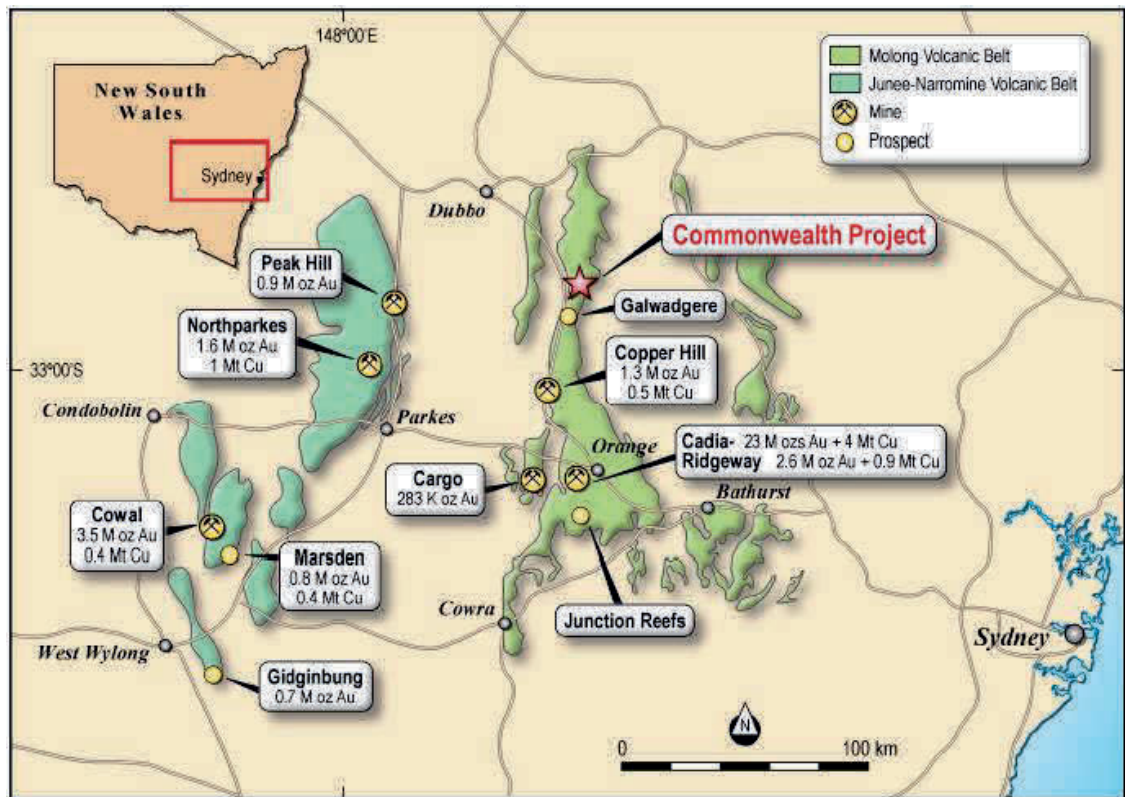


Figure 3-9: Location of the Commonwealth project in NSW, in relation to known mineralisation

Source: Havlin, 2014 and IPT

Current tenement locations are shown in Figure 3-10.

Historical mining occurred in the early 1900's and considerable exploration has occurred since the 1950's. Exploration success includes the delineation of a base metal-gold resource at the Commonwealth Mine, a predominantly gold-silver resource at Commonwealth South and a new 250m long gold-silver-in-soil anomaly. The Commonwealth Mine project area is located in the Lachlan Fold Belt near the margin of the Molong Anticlinorium. The Gleneski Formation covers the majority of the project area comprising a series of silicic flows and tuffs, tuffaceous sediments, shale and some limestone. Structurally the project area is a thrust and fault bounded inlier of middle to late Silurian rocks within an extensive area of Ordovician and Devonian sediments and volcanic rocks. The Nindethana Thrust system, traceable for at least 30km, passes through the area and several historical mines including the Commonwealth Mine are in close proximity to this structure. The Commonwealth Mine is in a volcanogenic massive sulphide lens, which has a footwall stringer zone and associated wall rock alteration, predominantly silicification and sericitisation.

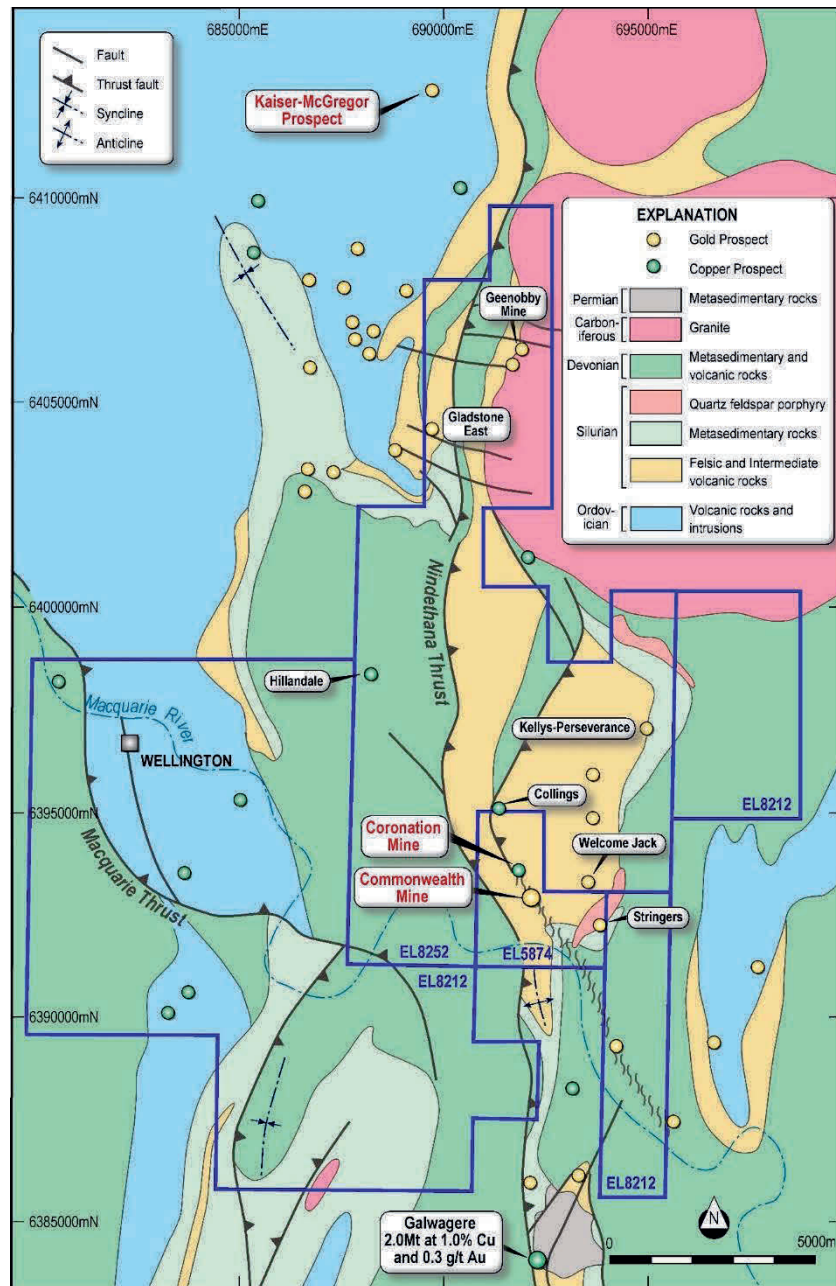


Figure 3-10: Tenement holdings by IPT in the Commonwealth project

Source: IPT

Exploration by Cluff Resources (1986-1992) discovered a 200 m zone of gold and silver rich mineralisation south of the Commonwealth Mine, with low-grade base metals. Continuity with the Commonwealth Mine mineralisation has not been established.

Invictus completed a moving and fixed loop EM survey and re-interpreted drill core from drilling performed in the 1980's and 1990's. The EM survey detected a weak conductor plunging north below the Commonwealth main shaft. A weak conductor was also identified below drill hole PHC4 at Commonwealth South. PHC4 was drilled in 1985 and intersected 30 m at 6 g/t Au and 17.2 Ag from 24 to 54 m.

Based on these new results and additional geophysical work comprising three IP dipole-dipole survey lines, Impact completed a further drilling program comprising 21 drill holes to enable the

completion of a maiden resource estimate for the Commonwealth Main Shaft and Commonwealth South area, utilising the old drilling at the project and the new drilling results.

Impact has also identified a number of soil geochemistry and IP anomalies in the extended tenement holding around the Commonwealth resource area, and has interpreted some potential buried porphyry-style targets related to these anomalies. These targets are currently untested, and are therefore at an early stage B of exploration from the perspective of this valuation. Aurel has grouped these into five targets, the Doughnut, Coronation Trend, Silica Hill, Commonwealth Trend and Gold Trends.

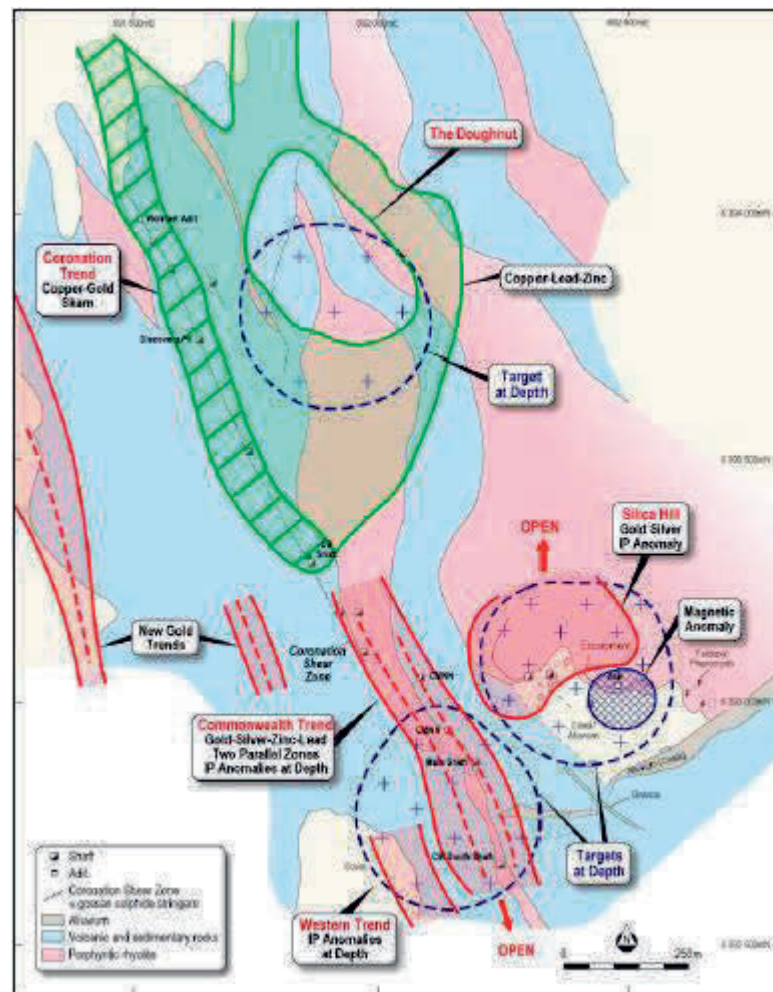


Figure 3-11: Exploration targets in the extended Commonwealth tenements

Source: IPT ASX release 1 July 2014

3.4.1 Commonwealth Resource

IPT declared a maiden resource at Commonwealth on 19 February 2015.

Table 3-1: Total Inferred Resource at Commonwealth

Source: Havlin, 2014

Category	Tonnes	Au ppm	Ag ppm	Cu%	Pb%	Zn%	As ppm
Inferred	722,000	2.78	48.20	0.081	0.58	1.53	5730

The resource was completed by Optiro, and comprised an Ordinary Kriging estimate into a geological model defined by wireframes of the massive sulphide lenses, which were used as hard boundaries. The wireframes were constructed using a cut-off grade of 0.5 g/t Au in the drill-holes, and not geological boundaries. Assay results from 52 drill holes were used in the estimation. QA/QC was only available for the latest drilling results from IPT, and as a result the resource estimate has been classified as Inferred by Optiro.

There are two high-grade shoots identified within the Commonwealth resource block model, the first located around main shaft and a second shoot open at depth at Commonwealth South. The Main Shaft shoot comprises 145,000 tonnes at 4.27 g/t Au, thus comprising approximately 31% of the contained gold. This suggests that the exploration strategy at Commonwealth is to identify additional high grade zones.

Aurel has used the Inferred Resource in comparison to the market value of other similar Inferred Resources to assess a value for the Commonwealth project. In addition, the Inferred Resources are used as a guide to the potential of other VMS targets in the Commonwealth project area in applying the GRM method to the exploration results.

3.5 Botswana Red Hills Projects

Impact has two tenements over basal Karoo Supergroup and underlying basement rocks that form the Red Hills project in Botswana located in Figure 3-12,. The project is 100% owned by Impact and is prospective for iron oxide copper gold deposits (IOCG)-style uranium and copper mineralisation.

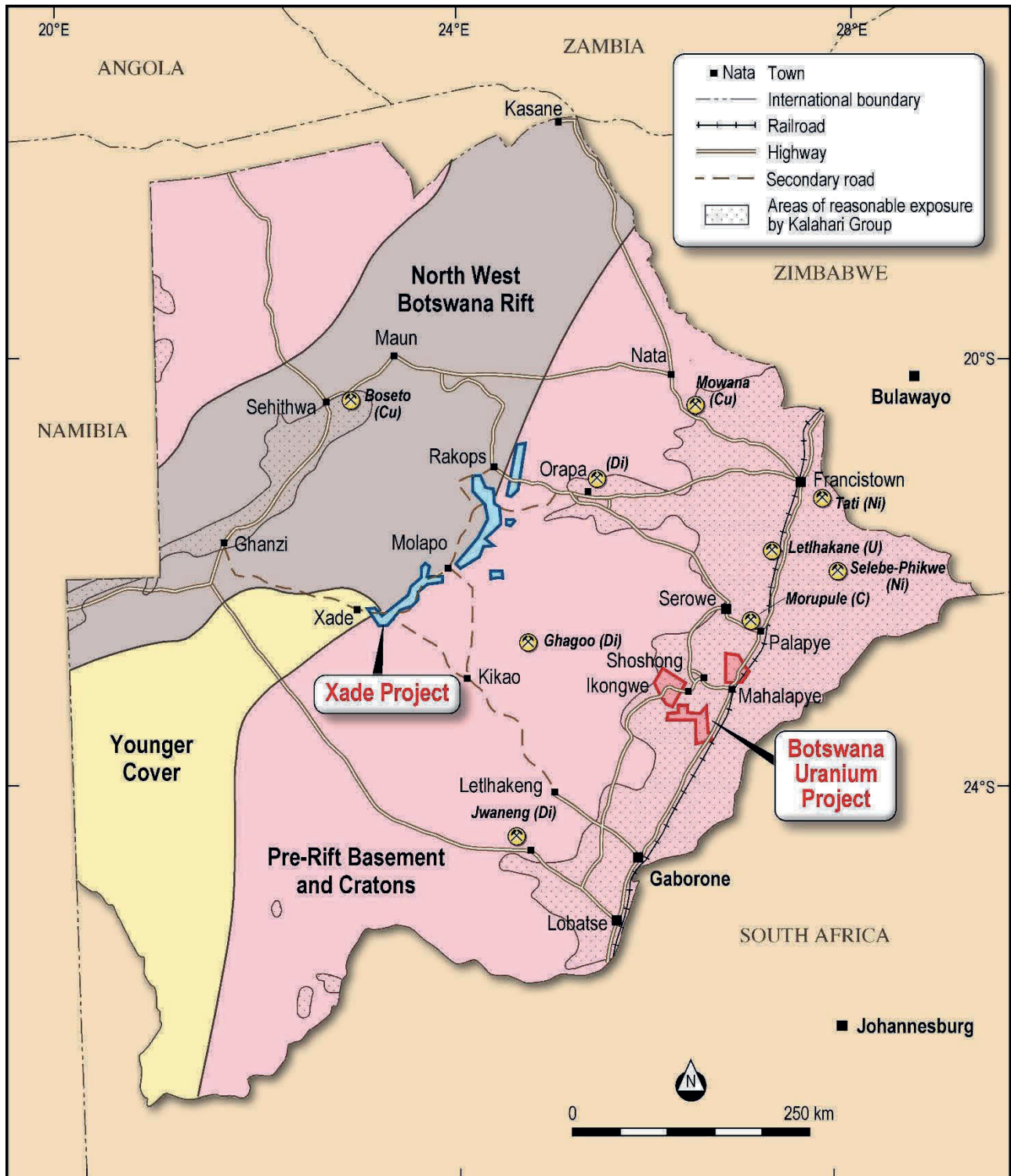


Figure 3-12: Xade Cu-Ni-PGE Project and Red Hills Uranium and IOCG Project.

Source Impact August 2015

The Red Hill prospect lies within a 40 km long by 2 km wide structural corridor of predominantly Proterozoic sedimentary rocks. These show hematite and chlorite alteration, and commonly anomalous assays of up to 100 ppm eU_3O_8 and total rare earth oxides (up to 0.6%, ASX quarterly report, June 2011). Impact has carried out initial drilling and completion of a new gravity survey over the area.

IPT drilled 17 RC drill holes for 3229 m at Red Hill in 2011. The drilling resulted in recognition of a multi-element alteration system covering 1,500m by 1,000 m. Impact regard the alteration system as typical of Proterozoic IOCG-uranium deposits. In particular, the alteration system is characterised by extensive rare earth oxide anomalism and low-level uranium anomalism. An upper and lower zone of mineralisation has been defined.

The drilling was followed up by a ground gravity survey, and a number of targets have resulted from analysis of the coincidence of magnetic, gravity and geochemical information collected. The project is in a position where drilling of these prioritised targets is required, on a closer grid and to target depths indicated by the geophysical interpretations.

3.6 Xade Project

The current tenement holding for the Xade project is shown in Figure 3-13.

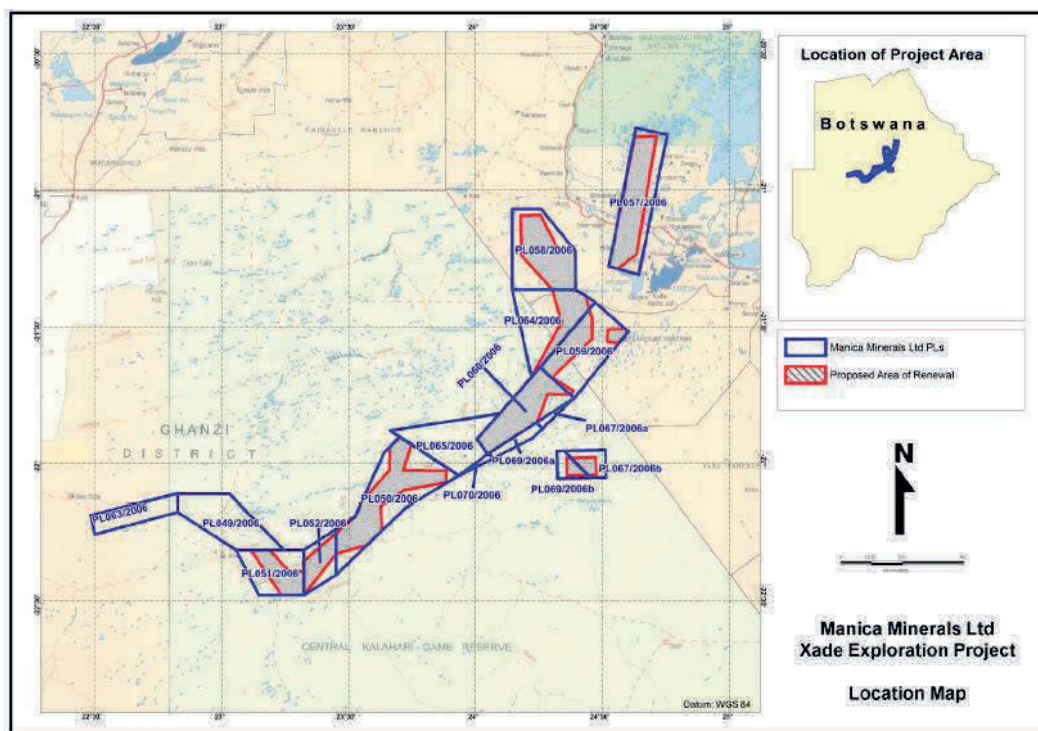


Figure 3-13: Xade project tenement renewal applications

Source: IPT June 2015 internal monthly report

This project is a Joint Venture, between Manica Minerals Ltd and Impact. As per the terms of the agreement, Impact elected to form a joint venture with Manica Minerals who would not contribute to the JV and would dilute its interest. Impact currently holds 61.2% of the project following initial exploration drilling. Expenditure on the project is significant, with US\$1.2M spent over 2 years to January 2013 to achieve 51% participating interest.

The project is located in central Botswana along the southeastern margin of the Northwest Botswana Rift (Figure 3-12). A large magnetic anomaly occurs along the fault zone, and this was drilled by Impact in 2013. The anomaly is caused by a large and extensive mafic-ultramafic intrusion, which is similar in its structural setting to the Duluth Intrusion in North America, or to the Thunder Bay ultramafic intrusions in Canada, located in the North American Midcontinental Rift.

The basement rocks in this part of Botswana are located beneath significant cover of both Kalahari Sands and Karoo Sandstone. Drilling by Impact failed to intersect ultramafic rocks or other rocks that would explain the aeromagnetic anomaly. Hole XD02 intersected basement basalts at 578 m depth, and Hole XD05 intersected red beds of unknown age beneath the Karoo Sandstone at 680 m. These basement depths were deeper than had been predicted by magnetic depth-to-basement modelling from the magnetic anomaly data, and significantly downgrade the potential for both exploration and potential mining in the part of the intrusion covered by the Xade project. Impact is currently re-modelling using the new information, and has not continued the drilling program.

Consequently for the purposes of valuation Xade has been downgraded from the target drill testing stage to target definition stage, as shallower targets will need to be identified. IPT is looking to joint venture the project once the tenements are granted.

4 Valuation

IPT projects are at a range of stages of exploration and have varying amounts of data available for them. Two Impact projects are also covered by joint venture arrangements (Xade and Broken Hill), and some have had recent transactions on them.

Projects with recent exploration expenditure and drilling results have also been reviewed in relation to whether the projects have been enhanced or degraded by the exploration work. The multiples of exploration expenditure method has been used in these cases as part of determining the range of values.

The more advanced projects in the portfolio are Commonwealth (Inferred Resource) and Clermont, which allow the use of the Geological Risk Method using comparative transactions analysis to determine the value of the target from recent market activity.

Where possible, Aurel has used two or more methods for estimating a market value for each project. The decision on the method for each project is shown in Table 4-1.

Table 4-1: Valuation methods used

Name	Location	Project Stage	Methods used in Valuation	
Commonwealth Gold/Base Metal Mine	New South Wales	Adv. Exploration (83,000 tonnes)	Comparative Transactions	Exploration Expenditure
Commonwealth prospects	New South Wales	Exploration	Geological Risk	Comparative transactions
Clermont Gold Project	Queensland	Exploration	Geological Risk	Geological Risk
Broken Hill Nickel/Copper/PGE Project	New South Wales	Exploration	Exploration Expenditure	Geological Risk
Mulga Tank Nickel/Gold/Uranium Project	Western Australia	Exploration	Exploration Expenditure	Geological Risk
Xade Copper/Nickel/PGE Project	Botswana	Exploration	Exploration Expenditure	Geological Risk
Botswana Red Hill Project	Botswana	Advanced exploration	Comparative Transactions	Geological Risk

4.1 Geological Risk Method (GRM)

The valuation method developed initially by SRK and applied to the several projects is primarily designed to inform exploration value and progress to discovery, based on the following criteria:

- Exploration Stage, being the position of the exploration project on the pathway to discovery.
- Probability of the exploration project proceeding to the next Exploration Stage.
- Cost of proceeding to the next Exploration Stage.
- Exploration target value

In Aurel's approach, the Expected Value of an economic discovery is the probability of the exploration project advancing to the next Exploration Stage times the Target Value, less the cost of discovery, as shown in the following formula:

$$EV = (TV \cdot P) - C$$

(where EV = Expected Value; TV = Target Value; P = Probability of advancing exploration project; and C = Cost of advancing exploration project).

This valuation method generates an Expected Value for each project at each of the main exploration stages, or decision points, by working back from a project's target value. This requires an

assessment of the risk profile and the cost of each of the principal exploration stages. This process can be considered as a simplified 'roll-back' evaluation similar to one arm of a 'successful' decision tree analysis. Because the decision to proceed to the next stage is a forward-looking one, present dollar values are used for costs, based either on actual or budgeted costs that the exploring company can provide at the time.

The determination of the stage from which to apply the risk method is important. It is possible to use an NPV approach to define a target value, or a market based approach can be used, where for example, resources equivalent to an exploration target can be valued against market, and the added risk associated with the Exploration Target (and costs) can be assessed using the risk-based approach.

In the valuation of the Impact prospects, two approaches have been used to determine a Target Value. The first method is a market-based method related to comparative transactions in gold, Ni and PGE projects over the last 4.5 years, and the second method for less advanced targets uses a target resource of 1 Moz gold equivalent as a potential target resource, and links that to market value, with suitable lower risk factors applied to earlier stages of exploration.

Both Aurel methods require making an assessment of the likelihood of discovery of resources of ore in the tenements, and this remains the largest uncertainty in the results obtained.

Aurel has made an independent assessment of the following key inputs in arriving at a valuation model:

- The likely exploration target tonnes for the tenements
- The stage of exploration for each individual tenement / target
- The likely transition probability (or probability of success) to the next stage of exploration for each tenement / target

In effect, these three variables represent the uncertainties in assessing the merits of the valuation

4.1.1 Exploration Stage

Aurel considers a 5-stage exploration model in assessing exploration projects, as follows:

- A. Project generation;
- B. Reconnaissance exploration;
- C. Drill testing;
- D. Resource definition; and
- E. Feasibility.

Table 4-2 outlines Aurel's allocation of Exploration Stage for each of the projects under consideration. The definition of a price-point in this model depends on the information available and the data which can be relied upon to link the prospects under consideration to the exploration property market.

The Impact projects under consideration are in general early stage, and cover a range of commodities in different countries. Some historical drill testing has been carried out on prospects. However, prospects have been assigned an exploration Stage C only where either of the companies has a drilling program defined. Where projects are currently being mapped or previous drilling being reviewed to generate new targets, these have been assessed as Stage B. Using the geological information obtained from published sources and discussions with the appropriate exploration personnel, Aurel has assessed the tenements under considerations as in Table 4-2.

Table 4-2: Exploration Stage assessment for input to valuation

Project	Exploration Stage (A - E)	Exploration Stage comments	Commodity
Commonwealth	E	Know deposit – Inferred Resource	Gold + Pb-Zn - epithermal
Clermont	D	Drill intercepts – exploration target	Au
Broken Hill	C	Ore grade intersections at Red Hill. Previous work (including shallow drilling) identified target areas, ore intersection by GCR in 2001.	Ni-PGE
Mulga Tank	C	Drilling of the first pass of targets is completed. NiS system identified and several sub-economic intersections discovered.	Ni-PGE
Xade	B	Concept drilling completed in 2012, target deep, mineralisation not identified	Ni-PGE
Red Hills	B	Coincident gravity magnetic anomalies with geochemistry	Multielement - Cu-U-REE

4.1.2 Comparative transaction data and target values

Transactions were researched using the SNL and Intierra subscription resource databases. Potentially comparable transactions that occurred between January 2009 and July 2015 were sought, and comparable transactions were analysed in cases where sufficient information was available in the public domain.

Six transactions involving epithermal deposits with declared gold resources in Australia were researched. Of these, three involving projects in New South Wales (Table 4-5) were considered comparable to the Commonwealth extended tenement package, as the others were at a more advanced stage (producing or in advanced feasibility). Aurel has used the two Clancy transactions as the low and high values in the immediate area of the Impact tenements to determine an exploration valuation.

With the nickel exploration transactions, Aurel used the average of the three lowest transaction values in Table 4-4 for the low value and the average of the three highest transactions for the high value in determining a value range for Mulga Tank.

Table 4-3: Gold porphyry, exploration transactions Victoria and NSW

Data sourced from Intierra and SNL databases

Project	Glenthompson	Myall	Wellington North
Transaction Date	13/2/2013	25/3/2013	10/4/2015
Stage	Grass Roots	Defined Target	Defined Target
Buyer	Stavely Minerals Limited	Gold Fields Ltd	Gold Fields Ltd
Seller	Diatreme Resources Limited	Clancy Exploration Ltd	Clancy Exploration Ltd
Synopsis	Stavely Minerals Ltd. has paid A\$5,000 to acquire a 100% interest in Glenthompson copper project from Diatreme Resources Ltd, Perth, Australia-based Stavely Minerals Ltd. has acquired a 100% interest in Glenthompson copper project (EL5478) from Brisbane, Australia-based Diatreme Resources Ltd. Glenthompson copper project is highly prospective for intrusive-related porphyry copper and gold mineralisation and is located in Victoria, Australia.	February 2013, Clancy Exploration agreed to sell its interests in six copper-gold projects in New South Wales to JV partner Gold Fields. Clancy will receive A\$1 million in cash, retain a 2.5% NSR on the projects, and Gold Fields will also subscribe for A\$500,000 Clancy shares at A\$0.035/share. Gold Fields can purchase the NSR's at any time for A\$20 million each.	In February 2013, Clancy Exploration agreed to sell its interests in six copper-gold projects in New South Wales to JV partner Gold Fields. Clancy will receive A\$1 million in cash, retain a 2.5% NSR on the projects, and Gold Fields will also subscribe for A\$500,000 Clancy shares at A\$0.035/share. Gold Fields can purchase the NSR's at any time for A\$20 million each. (2/13/13)
Equity	100	100	100
Area (km ²)	156	252	476
2015 July: Normalised AU\$/Km ²	12.95	5,284.24	8,411.67

Table 4-4: Nickel, Australian exploration transactions

Data sourced from Interra and SNL databases

Project	Rockford	Mulga Tank	Plumbridge	Plumbridge
Transaction Date	March-15	Jan-15	Jan -15	May-14
Stage	Grass Roots	Defined Target	Grass Roots	Grass Roots
Buyer	Legend Mining Ltd	Impact Minerals Ltd	Segue Resources Ltd	Segue Resources Ltd
Seller	Creasy Group Pty Ltd	GCR	Fraser Range Metals Group Ltd	Fraser Range Metals Group Ltd
Synopsis	Legend Mining Ltd. entered into a sale and exploration joint venture agreement to acquire a 70% interest in Creasy Group Pty. Ltd.'s Fraser Range tenements. The new tenements comprise 2,530 square kilometers of contiguous granted tenure, Legend can acquire a 70% interest in the tenements by making a cash payment of A\$2.5 million as well as issuing 71.5 million of its shares priced at 0.7 Australian cent each and 150 million five-year options exercisable at 4 cents each. Legend will also need to solely fund exploration and free carry Creasy's 30% interest through to the signing of mining venture agreements. The transaction is subject to approval by Legend shareholders, which the company expects to secure at a meeting in early September.	Impact Minerals Ltd. acquired the remaining 30% interest in Mulga Tank project from King Eagle Resources Pty Ltd., part of GCR. Impact Minerals Limited paid AU\$275,000 in cash to acquire remaining 30% interest in Mulga Tank project from King Eagle Resources Pty Limited, a unit of GCR.	Segue Resources Ltd. acquired the remaining 20% interest in Plumridge East joint venture from, Fraser Range Metals Group Ltd. Segue is currently earning an 80% interest in the joint venture and after completion of this transaction, Segue will own a 100% interest in the joint venture. The JV covers two tenements (E39/1731 and E28/2317) at the Plumridge nickel project in the Fraser Range province of Western Australia.	Segue Resources Ltd. acquired an 80% ownership interest in two exploration licenses from Fraser Range Metals Group Ltd. through an earn-in transaction. Two exploration licenses are located adjacent to Segue's Plumridge Nickel project in the Fraser Range province of Western Australia. Segue Resources Ltd. paid \$92,601 in cash, issued 100 million common shares and spent approx. \$666,728 in exploration expenditures to acquire an 80% ownership interest in two exploration licenses from Fraser Range Metals Group Ltd
Equity	70	30	20	80
Area (km2)	2,530	262	641	641
2015 July Normalised AU\$/Km ²	1,490	2,333	725	1,808

Gold – Australia Resources transactions

Table 4-5: Recent transactions involving Epithermal Gold Resources in NSW

Project	Forest Reefs	Junee
Stage	Reserves Development	Reserves Development
Transaction Date	July 2012	April 2013
Buyer	Newcrest Mining Ltd	Arc Exploration Ltd
Seller	Jervois Mining Ltd	New South Resources Ltd
Equity	20%	80%
Synopsis	In late July 2012, Newcrest agreed to acquire Jervois' 20% equity in the Forest Reefs JV, for a consideration of \$206,800 (A\$200,000). Jervois would retain a 1.5% NSR from all minerals recovered.	In April 2013, Arc Exploration entered an option agreement with New South Resources to earn up to 80% at the Junee project. Under the agreement, Arc would pay New South Resources \$593,530 (A\$600,000) in cash and work expenditures within two years to earn 51% of the property. Arc could earn an additional 29% interest by funding \$573,746 (A\$580,000).
Tonnage (t)	861,000	2,080,000
Au grade (g/t)	3.4	1.15
Gold content (oz)	90,000	76,905
Implied \$/oz Au	11.49	18.97

Data sourced from MEG and Intierra databases

As the median implied \$/oz value derived from these two comparable transactions is 15.23 and the weighted average implied \$/oz value is 14.94, Aurel has used a value of \$15/oz for the market value.

Other projects and target summary

Other projects were assessed as potential targets with a minimum of 1 Moz gold equivalent.

PROJECT NAME	Units for target	Target sizes	Rationale for target size
Commonwealth	oz	100,000	Approximate resource estimate in equivalent Au ounces
Commonwealth VMS Prospects	oz	400,000	Four targets equivalent to Commonwealth,
Commonwealth porphyry prospects	oz	3,000,000	Three porphyry targets for 1,000,000 oz each
Clermont	oz equiv	225,000	Estimated value/oz 3 times the exploration target reported. There are three prospects
Broken Hill	oz equiv	1,000,000	1 Moz platinum equivalent
Mulga Tank	tonnes	600,000 t	Approximately half the size of Perseverance-Rocky's Reward
Xade	ounces	1,000,000	1 Moz gold equivalent
Botswana - IOCG	ounces	1,000,000	1 Moz gold equivalent

4.1.3 Probabilities of projects proceeding to the next stage of exploration

Aurel has reviewed the probabilities of each project assessed using this method in proceeding to the next stage of exploration. The method was the Mineral Systems approach to deposit modelling. The results of Aurel's assessment is shown in Table 4-9.

Table 4-6: Probability of exploration leading to the next stage – based on mineral systems model

Prospect Name	Probabilities								
	P1 Source	P1 Comments	P2 Pathway	P2 Comments	P3 Fluid	P3 Comments	P4 Trap	P4 comments	P Total
Commonwealth	1		1	Known mineralisation	1	Known mineralisation	0.9	Exploration target	0.9
Commonwealth VMS Prospects	0.8	Along strike from deposits	0.75	Main strcture identified	0.8	Alteration mapped	0.6	Uncertain quality of sites	0.29
Commonwealth porphyry prospects	0.6	In porphyry belt, evidence that VMS may be peripheral to porphyry	0.6	Main structure identified, deep cross-structure not known	0.7	Alteration mapped, associated peripheral veins are possible	0.6	In a regional structural corridor	0.15
Clermont = Retro	1	Known mineralisation	1	Retro Zone and extended	0.9	Known mineralisation	0.8	Exploration target on one site only	0.54
Broken Hill	0.9	Ore grade rock chip samples	0.7	Overall system geometry still uncertain, but main area defined	0.7	Red Hill area shows 50% drilling success for ore grade intersections	0.6	PGE enrichment controls still to be defined, enrichment known at Red Hill	0.26
Mulga Tank	0.9	Magmatic Ni sulphides discovered	0.6	Overall system geometry still uncertain	0.7	Fertility of system established (CSIRO work)	0.5	Basal zones identified, but basal structures unknown	0.19
Xade	0.6		0.5	Structure present in geophysical mapping	0.5		0.5		0.075
Botswana - IOCG	0.55	Uncertain of system	0.7	In structural corridor	0.7	REE, U widespread anomalism	0.5	No trap identified, geophysical anomalies	0.13

4.2 Multiples of Exploration Expenditure Method

Where projects have had a continuous, recent period of exploration effort related to the current tenements of interest, the expenditure on these tenements should normally be recoverable on transfer of the tenements, provided the expenditure has added value equivalent to the expenditure. For example, should a company undertake an airborne geophysical survey, and the results show structural connection with known mineralised structures, the outcome is positive, and an incoming company can utilise that information and not have to undertake the same expenditure. This represents a value of intellectual property to the vendor.

Whether expenditure can be considered as value adding or value destructive relative to the expenditure amount is commonly captured in a "prospectivity enhancement multiplier" or PEM. Aurel considers this a subjective, but useful concept. For example, in the Impact situation, drilling at some prospects has not resulted in the discovery expected, and this results in a PEM of less than 1 for these prospects. PEM assessments for the Impact projects are tabulated in Table 4-7, and represent the highest uncertainty in this type of valuation.

Table 4-7: Prospectivity Enhancement Multipliers, Impact and Invictus Projects

Project	PEM assignment comments	PEM Low	PEM High
Commonwealth	High: Historical Resource, extension of known mineralisation, developed targets along strike Low: Drilling confirmed the previous historical estimated target size did not enlarge it	1.00	1.50
Broken Hill	High: Known mineralisation, one new geophysical anomaly, project currently at early stage, requiring geophysics in most areas, target survey areas defined Low: No known mineralisation at shallow depths below gossans, previous geophysics not successful reduces the target styles for Ni-PGE mineralisation.	1.00	1.50
Mulga Tank	High: Several geophysical (electromagnetic) targets identified Low: No testing to date, all expenditure should be recoverable	1.00	1.50
Xade	High: Large strike length of fertile intrusion, deep cover (>500 m) Low: Initial drilling at "best location" failed to confirm intrusion position or depth	0.50	0.75
Red Hills	Coincident gravity low and magnetic high anomalies with geochemistry	1.00	1.50

4.3 Area-based exploration valuation – comparative transactions

Area-based valuations can be undertaken on early-stage exploration properties using comparative transactions in similar geological terranes. Area-based transaction data is provided in Table 4-3 and Table 4-4.

4.4 Project deemed ownership

For the purposes of this valuation the following percentages have been applied to the ownership of the project by the respective proponents (Table 4-8). This information has been supplied to Aurel through discussion and through review of public domain documents, and *does not represent a legal opinion* as the status of the relevant agreements and documentation. Aurel is not qualified to provide a legal opinion.

Impact has moved to 100% ownership of the Mulga Tank tenements through purchase of joint venture and minority interests for \$445,000. The Broken Hill joint venture is still current, with the joint venture partner continuing on a non-contributory basis. The calculation of the deemed ownership by IPT at the end of the 2014-15 financial year was 87%.

The current deemed percentage buy-in with the Manica Joint venture in Botswana is a 61.2% ownership for IPT.

Table 4-8: Percentage equity/rights in projects

Project	Ownership – source document	Deemed ownership (%)
Commonwealth	These projects were acquired by Invictus as a result of the purchase of Endeavour Minerals in 2013. Impact and Invictus acquired the JV rights and outstanding shares in Endeavour for \$1.05M comprising \$0.65M in cash and \$200,000 in shares in Impact and \$200,000 in shares in Invictus.	100
Clermont	Queensland Department of Natural Resources and Mines	100
Broken Hill	Joint venture partner currently diluting	87
Mulga Tank	Purchase of joint venture and minority interests for \$445,000	100
Xade	Impact expenditure data	61.2
Red Hills	Tenement certificates	100

4.6 Results

4.6.1 Projects valued using the multiples of exploration expenditure method

In considering the valuation, Aurel has applied PEM values according to Table 4-7, to the in-ground exploration expenditure at the projects. Company share is from Table 4-8.

Table 4-9: Multiples of exploration expenditure valuation

	Commonwealth	Broken Hill	Mulga Tank/	Xade
Expenditure to date	\$2,490,758	\$1,244,700	\$2,091,284	\$1,875,833
Expenditure not written down	\$2,490,758	\$1,244,700	\$2,091,284	\$650,000
Project Valuation - Low	\$2,490,758	\$1,244,700	\$2,614,105	\$325,000
Project Valuation - High	\$3,736,137	\$1,867,050	\$4,182,568	\$487,500
Company Share	100%	87.0%	100%	61.2%
Company Share - Low	\$2,490,000	\$1,082,000	\$2,614,000	\$198,000
Company Share - High	\$3,736,000	1,624,000	\$4,182,000	\$298,000

4.6.2 Valuation of projects – Geological Risk Method

The result from this method is shown in Table 4-10. Where ranges have been used, the low values are determined by a reduction of 20% in the probabilities, and a high value by an increase of 20% in the probabilities.

4.6.3 Valuation of projects based area of comparable exploration transactions

This method has been applied to the Commonwealth prospects to determine the high value of the range, as these are all early stage areas (excluding the Commonwealth Inferred Resource).

Table 4-10: Probability of exploration leading to the next stage – based on mineral systems model

	Default probabilities		0.17		0.58	
Exploration Costs to advance to next stage (A\$ 2015)			\$200,000		\$1,000,000	
		Stage B		Stage C		Stage D
PROJECT NAME	Exploration Stage	Value at Stage B	Probability	Value at Stage C	Probability	Value at Stage D
Commonwealth	E					\$1,650,000
Commonwealth VMS prospects	B	\$608,464	0.29	\$3,328,000	0.58	\$6,600,000
Commonwealth porphyry prospects	B	\$1,795,120	0.15	25,100,000	0.58	\$45,000,000
Clermont	C			\$1,647,000	0.54	\$3,375,000
Broken Hill	C			\$2,926,000	0.26	\$12,950,000
Mulga Tank	C			\$3,565,000	0.19	\$26,800,000
Xade	B	\$652,500	0.08	\$8,700,000	0.58	\$15,000,000
Botswana - IOCG	B	\$687,575	0.13	\$7,700,000	0.58	\$15,000,000

* NB – Project Values from analysis of projects are shaded grey

Default probability values from Lord et al (2001) (as a baseline comparison or default where no value available)

5 Conclusions

Aurel was appointment by BDO to prepare a Technical Expert Report compliant with the Valmin code to support an opinion as to the current Market Value of the exploration assets of IPT.

The Australian tenements include the Clermont project in Queensland, which host epithermal gold mineralisation, the Commonwealth project in NSW at which Impact has announced a maiden JORC resource and several volcanogenic massive sulphide and porphyry-style exploration targets, the Broken Hill project which is prospective for platinum group minerals and potentially nickel, and the Mulga Tank project in Western Australia which is primarily an area prospective for nickel mineralisation.

Impact also holds a 100% interest in the Red Hill project prospective for IOCG's and uranium, and an increasing share (based on current expenditure) of the Xade nickel-PGE project, both in Botswana.

Aurel has undertaken a valuation of the projects using a number of different methods appropriate to the nature and stage of exploration of the projects, as follows:

- Geological Risk Method. All projects were assessed using this method.
- Analysis of early-stage exploration transactions. This area-based method was appropriate for Commonwealth regional tenements in NSW.
- Multiples of Exploration Expenditure. Several of the exploration projects have already produced exploration data against which projects can be assessed. This method has been applied to Mulga Tank, Broken Hill, Commonwealth project, and Xade Ni-PGE project.
- Comparative transactions. The geological risk method has been calibrated against market value using recent transaction on similar projects in a similar geographic region. This has allowed results from the geological risk method to be reported as market values.

The table below shows Aurel's valuation results (Table 5-1), and the methods used to arrive at the valuation results (Table 5-1).

Table 5-1: Valuation result for Impact exploration assets (AU\$ Millions)

Project	Low	Preferred	High
Commonwealth	1.65	2.49	3.74
Commonwealth VMS prospects	0.23	0.61	1.06
Commonwealth porphyry prospects	2.64	4.00	5.36
Clermont	1.28	1.65	2.01
Broken Hill	1.35	2.14	2.93
Mulga Tank	2.61	3.57	4.18
Xade	0.25	0.45	0.65
Sub-total without disputed licences	10.02	14.90	19.93
Botswana - IOCG	0.57	0.69	1.17
<i>Total</i>	10.59	15.59	21.10

Table 5-1 includes Aurel's valuation result for the Red Hill project licences prospective for IOCG's and uranium located in eastern Botswana that are subject to uncertain renewal applications (labelled Botswana – IOCG). These values do not form part of the valuation under the Valmin code, but are provided for reference only should the licences be renewed.

Table 5-2: Methods used to arrive at valuation figures in Table 5-1.

Project	Low	Preferred	High
Commonwealth	Comparables	MEE	MEE
Commonwealth VMS prospects	GRM	GRM	GRM
Commonwealth porphyry prospects	GRM	mean	Comparables
Clermont	GRM	GRM	GRM
Broken Hill	MEE	mean	GRM
Mulga Tank	MEE	GRM	MEE
Xade	MEE	mean	GRM
Botswana - IOCG	GRM	GRM	GRM

Signature Page

Prepared by

A handwritten signature in black ink, appearing to read 'P. Williams', with a long horizontal flourish extending to the right.

Peter Williams

Principal Consultant (Aurel Consulting)

Lodge your vote:



By Mail:

Impact Minerals Limited
26 Richardson Street
West Perth WA 6005 Australia

Alternatively you can fax your form to
(within Australia) 08 6454 6667
(outside Australia) +61 8 6454 6667

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

XX

 For your vote to be effective it must be received by 11:00am (WST) Sunday, 27 September 2015

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔



View the annual report, 24 hours a day, 7 days a week:

www.impactminerals.com.au

To view and update your securityholding:

www.investorcentre.com

Your secure access information is:



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Impact Minerals Limited hereby appoint

☐ the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Impact Minerals Limited to be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia on Tuesday, 29 September 2015 at 11:00am (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 7 - 9 and 11 - 16 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 7 - 9 and 11 - 16 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 7 - 9 and 11 - 16 by marking the appropriate box in step 2 below.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

For Against Abstain

For Against Abstain

Resolution 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Director - Mr Paul Ingram	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Election of Director - Mr Aaron Hood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Ratification of issue of Convertible Notes and Warrants to Squadron Resources Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Approval of Placement of Shares and Options to Squadron Resources Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Approval, as a result of the Squadron Transaction, for the issue of Shares to Squadron Resources Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Authority to issue Director Shares- Dr Markus Elsasser	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 Authority to issue Director Shares- Mr Paul Ingram	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 Authority to issue Director Shares - Squadron Resources Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 10 Approval of Additional Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11 Approval of Director and Employee Option Acquisition Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12 Approval to grant Plan Options to a Director - Dr Mike Jones	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13 Approval to grant Plan Options to a Director - Mr Peter Unsworth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 14 Approval to grant Plan Options to a Director - Mr Paul Ingram	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 15 Approval to grant Plan Options to a Director - Dr Markus Elsasser	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 16 Approval to grant Plan Options to a nominee of a Director - Mr Aaron Hood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

/ /

6 References

This report has been prepared using unpublished data provided by Impact, and public domain data in the form of ASX announcements.

Havlin, S., 2014. Impact Minerals Limited. Commonwealth Project – Mineral Resource estimate, October 2014. Optiro report to Impact Minerals, 23 December 2014.

Lord, D, Etheridge, M, Wilson, M, Hall, G and Uttley, P, (2001). Measuring exploration success: An alternate to the discovery-cost-per-ounce method of quantifying exploration effectiveness, in *Society of Economic Geologists Newsletter*, 45, April.

VALMIN (2005). *Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports – The VALMIN Code (2005 Edition)*, prepared by the VALMIN Committee, 23pp.