



IMPACT MINERALS LIMITED AND CONSOLIDATED ENTITIES

(ABN 52 119 062 261)

Financial Statements for the Year Ended 30 June 2013

CORPORATE GOVERNANCE

Introduction

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

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

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

Role of the Board of Directors

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

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

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

CORPORATE GOVERNANCE

Corporate Governance Council Recommendation 1 Cont'd

Lay Solid Foundations for Management and Oversight cont'd

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

Board Processes

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

Corporate Governance Council Recommendation 2

Structure the Board to Add Value

Board Composition

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

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

The Board consists of Mr Peter Unsworth, Non-executive Chairman, Dr Michael Jones, Managing Director, Mr Paul Ingram, Non-executive Director and Dr Markus Elsasser, Non-executive Director.

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

Although Directors are expected to bring independent views and judgment to the Board's deliberations, it has been determined that none of the Company's Directors other than Mr Paul Ingram and Dr Markus Elsasser, satisfy the criteria for independence as outlined in Recommendation 2.1 of the ASX Corporate Governance Principles.

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

Independent Chairman

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

CORPORATE GOVERNANCE

Corporate Governance Council Recommendation 2 (continued)

Structure the Board to Add Value

Roles of Chairman and Managing Director

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

Evaluation of Board Performance

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

Education

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

Independent Professional Advice and Access to Information

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

Corporate Governance Council Recommendation 3

Promote Ethical and Responsible Decision Making

The Board actively promotes ethical and responsible decision making.

Code of Conduct

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

Security Trading Policy

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

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

CORPORATE GOVERNANCE

Corporate Governance Council Recommendation 4

Safeguarding Integrity in Financial Reporting

Audit Committee

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

Financial Reporting

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

Corporate Governance Council Recommendation 5

Make timely and balanced disclosure

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

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

Continuous Disclosure

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

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

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

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

Corporate Governance Council Recommendation 6

Respect the Rights of Shareholders

Communications

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

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

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

CORPORATE GOVERNANCE

Corporate Governance Council Recommendation 7

Recognise and Manage Risk

Risk Management Policy

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

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

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

Risk Reporting

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

Managing Director and Company Secretary Written Statement

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

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

Corporate Governance Council Recommendation 8

Remunerate Fairly and Responsibly

Remuneration Committee

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

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

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

DIRECTORS' REPORT

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

Your directors present their report together with the financial statements of the company and the Consolidated Group (being Impact Minerals Limited and its subsidiary companies) for the financial year ended 30 June 2013.

DIRECTORS

The names of directors in office at any time during or since the end of the year are:

Peter J Unsworth

Michael G Jones

Rodney E Fripp (resigned 14 January 2013)

Paul Ingram

Markus Elsasser (appointed 29 August 2012)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

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

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

OPERATING RESULTS

The consolidated loss of the Consolidated Group was \$3,951,325 (2012: Loss of \$4,484,665), after eliminating non-controlling equity interests.

DIVIDENDS PAID OR RECOMMENDED

There were no dividends recommended or paid during the year.

REVIEW OF OPERATIONS

The period was a transformative year for the consolidated group in a number of areas:

First, two new major shareholders with a long term strategy invested in the company.

Secondly, Impact increased its shareholding in and, as at the time of this letter is in the process of merging with, fellow ASX-listed explorer, Invictus Gold Limited.

Thirdly, Impact (together with Invictus) purchased Endeavour Minerals Pty Limited, a private company with a portfolio of advanced exploration projects in Australia. This purchase transformed the focus of Impact and Invictus from large greenfields projects to smaller more advanced projects.

When the merger is completed Impact will have three flagship projects in Australia, all with drill ready targets that have the potential to deliver exploration success. At the Mulga Tank and Broken Hill Joint Venture projects, exciting drill targets for high grade deposits of nickel-copper-platinum have been identified. At the Commonwealth Project, further drilling may define a resource centred on the dormant Commonwealth Mine where previous work has identified high grade gold, silver and base metal mineralisation.

Impact is still committed to its projects in Botswana, in particular its large uranium project where a number of significant targets have been identified. A search for a joint venture partner is ongoing for this project.

Impact will also have a longer term strategy of business development in Turkey and will search for joint venture partners for its other early stage projects.

DIRECTORS' REPORT (CONTINUED)

FINANCIAL POSITION

The net assets of the Consolidated Group at 30 June 2013 are \$13,647,240 (2012: \$9,242,783)

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the period the Company attained 73.99% of Invictus Gold Limited. As such the Company has become the Invictus Gold Limited's ultimate holding company.

During and subsequent to the period Mrs. Susanne Bunnenberg and Dr Markus Elsasser have attained interests in Impact Minerals Limited of 42.44% and 5.95% respectively.

Other than stated above there have been no significant changes in the state of affairs of the Consolidated Group that occurred during the financial year.

EVENTS AFTER THE REPORTING PERIOD

On 23rd August 2013 the Company announced that it has executed a merger Implementation agreement pursuant to which the Company proposes to acquire all the issued shares in Invictus Gold Limited that it does not already own under a scheme of arrangement. The scheme of arrangement is subject to regulatory and shareholder approval.

On 19th September 2013, the Company announced a capital raising through a placement of \$3,000,000 in capital through the issue of 78,947,368 ordinary shares to sophisticated and professional investors.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Other than matters mentioned in this report, disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations may result in unreasonable prejudice to the Consolidated Group. Therefore, this information has not been presented in this report.

DIRECTORS' REPORT (CONTINUED)

ENVIRONMENTAL ISSUES

The Consolidated Group holds various exploration licences to conduct its exploration activities in Botswana. So far as the Directors are aware, all exploration activities have been undertaken in compliance with all relevant environmental regulations in all jurisdictions in which the group operates.

NGER ACT

The Directors have considered the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Consolidated Group for the current or subsequent financial year. The Directors will reassess this position as and when the need arises.

INFORMATION ON DIRECTORS

Mr Peter J Unsworth Non-Executive Chairman

Qualifications B Com.

Experience Mr Unsworth, formerly a chartered accountant, has more than 35 years experience in the corporate finance, investment, and securities industries and has a wealth of management experience with both public and private companies. A former Executive Director with a leading Western Australian stockbroking company, Mr Unsworth has been a director of a number of public exploration and mining companies. He recently completed a long period serving as Chairman of the Western Australian Government owned Gold Corporation (operator of The Perth Mint).

Mr Unsworth has been a Director of Invictus Gold Limited since 20 August 2011, a company listed on the ASX.

Dr Michael G Jones Managing Director

Qualifications PhD, MAIG

Experience Dr Jones completed undergraduate and post-graduate studies in Mining and Exploration Geology at Imperial College, London. His Ph.D work on gold mineralisation saw him move to Western Australia in 1988 to work for Western Mining Corporation exploring for gold and nickel deposits in the Yilgarn. From 1994 he consulted to the exploration and mining industry specialising in the integration of geological field mapping and the interpretation of geochemical, geophysical and remotely sensed data for target generation. Dr Jones has worked on over 80 projects both in greenfields and near mine exploration in a wide variety of mineralised terrains and was the founding director of Lithofire Consulting Geologists in Perth, Australia. He was also the team leader during the discovery of a significant gold deposit at the Higginsville Mining Centre, near Kalgoorlie and an iron ore deposit near Newman, both in Western Australia.

Dr Jones has been a Director of Invictus Gold Limited since 20 August 2011, a company listed on the ASX.

DIRECTORS' REPORT (CONTINUED)

Dr Rodney E Fripp	Executive Director (resigned 14 January 2013)
Qualifications	PhD, FAusIMM
Experience	<p>Dr Fripp has 38 years experience in all aspects of mineral exploration: from project generation and execution, to management and financial control. He has worked on both underground and open pit mines in South Africa, Zimbabwe and Australia, leading teams that have discovered significant gold reserves. From 1989 to 1995 he was Regional Vice-President of Business Development, Australasia for a major North American mining company, focussing on the technical and financial evaluation of major gold and base metal projects, project acquisition, joint venture negotiation and corporate mergers. He has also filled similar management roles with Australian mining groups. Dr Fripp is currently a Fellow of the Australasian Institute of Mining and Metallurgy and a member of many professional societies.</p> <p>Dr Fripp has been a Director of Invictus Gold Limited from 20 August 2011 to 14 January 2013, a company listed on the ASX.</p>
Mr Paul Ingram	Non-Executive Director
Qualifications	B.AppSc, AIMM, MICA
Experience	<p>Mr Ingram is a geologist with extensive experience in managing major mineral exploration programs for several publicly listed companies and has been involved in the mining sector for over 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.</p> <p>Mr Ingram has been a director of the following listed companies in the past three years:</p> <ul style="list-style-type: none">Polo Resources Limited from January 2008 to January 2012;A-Cap Resources Limited since June 2009;West Australian Metals Limited from July 2009 to January 2011;Consolidated Global Investments Limited since September 2006;Caledon Resources Limited from February 2003 to March 2008; andAustralian Pacific Coal Limited since March 2012
Dr. Markus Elsasser	Non-Executive Director (appointed 29 August 2012)
Qualifications	PhD,
Experience	<p>Dr. Markus Elsasser is a German financier and investor in the mineral resources industry. He is Head of the Elsasser family office 'M. Elsasser & Cie AG 1971' in Dusseldorf, Germany. Dr. Elsasser has previously been Director of Finance at the Dow Chemical Company in Germany. He has extensive General Management experience with former appointments as Managing Director in Australia and Singapore in the chemical and food industries.</p> <p>Dr Elsasser is a director of Artic Gold AB and Kopy Goldfields AB companies listed on the NASDAQOMX First North, Stellar Diamonds Plc, London and Stellar Resources Limited a company listed on the Australia Securities Exchange.</p>

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DIRECTORS' REPORT (CONTINUED)

COMPANY SECRETARY

Mr James Cooper-Jones

Qualifications

B.A / B.Comm, MIPA, SA Fin, MAICD

Experience

Over his career Mr. Cooper-Jones has held various senior accounting and secretarial roles primarily with listed resource companies and has been involved in the listing of several companies on the ASX.

DIRECTORS INTERESTS

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

Impact Minerals Limited

Peter Unsworth	11,348,462 ordinary shares	4,000,000 options to acquire ordinary shares
Michael Jones	6,665,000 ordinary shares	10,000,000 options to acquire ordinary shares
Rodney Fripp (resigned)	6,561,111 ordinary shares	4,000,000 options to acquire ordinary shares
Paul Ingram	Nil	2,000,000 options to acquire ordinary shares
Markus Elsasser	22,117,222 ordinary shares	2,000,000 options to acquire ordinary shares

Invictus Gold Limited

Peter Unsworth	1,138,730 ordinary shares	2,508,000 options to acquire ordinary shares
Michael Jones	130,000 ordinary shares	3,508,000 options to acquire ordinary shares
Rod Fripp (resigned)	375,000 ordinary shares	1,550,000 options to acquire ordinary shares

MEETINGS OF DIRECTORS

During the financial year, 5 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Peter J Unsworth	5	4
Michael G Jones	5	5
Rodney E Fripp (Resigned)	4	4
Paul Ingram	5	4
Markus Elsasser	3	3

Impact Minerals Limited ABN 52 119 062 261

DIRECTORS' REPORT (CONTINUED)

OPTIONS – IMPACT MINERALS LIMITED

As at the date of this report 28,250,000 options to acquire ordinary shares remained on issue as follows:

Grant Date	Date of Expiry	Exercise Price	Number of shares under Option
18 Oct 2010	31 Dec 2013	\$0.20	150,000
18 Oct 2010	31 Dec 2013	\$0.25	150,000
27 May 2011	31 May 2014	\$0.20	150,000
20 Dec 2012	30 Nov 2015	\$0.06	13,000,000
16 Jan 2013	30 Nov 2015	\$0.06	2,900,000
20 Dec 2012	30 Nov 2016	\$0.10	9,000,000
16 Jan 2013	30 Nov 2016	\$0.10	2,900,000
			28,250,000

OPTIONS – INVICTUS GOLD LIMITED

At the date of this report, the options to subscribe for unissued shares of Invictus Gold Limited are as follows:

Grant Date	Date of Expiry	Exercise Price	Number of shares under Option
21 Jan 2012	30 Nov 2015	\$0.20	6,400,000
21 Jan 2012	30 Nov 2015	\$0.25	14,400,000
22 Nov 2010	30 Jun 2014	\$0.25	6,250,000
30 Sep 2011	30 Sep 2014	\$0.25	225,000
30 Sep 2011	30 Sep 2014	\$0.30	225,000
20 Dec 2012	30 Nov 2015	\$0.10	2,625,000
20 Dec 2012	30 Nov 2016	\$0.15	2,625,000
15 Jan 2013	30 Nov 2015	\$0.10	1,475,000
15 Jan 2013	30 Nov 2016	\$0.15	1,475,000
			35,700,000

No person entitled to exercise an option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

There have been no unissued shares or interests under option of any controlled entity within the Consolidated Group during or since the end of the reporting period.

For details of options issued to directors and executives as remuneration, refer to the remuneration report.

During the year ended 30 June 2013 and since year end no shares were issued on the exercise of options.

Impact Minerals Limited ABN 52 119 062 261

DIRECTORS' REPORT (CONTINUED)

INDEMNIFYING OFFICERS OR AUDITOR

During or since the end of the financial year the Consolidated Group paid an insurance premium of \$8,737 (2012: \$11,607), to insure certain officers of the Consolidated Group. The officers of the Consolidated Group covered by the insurance policy include the Directors named in this report.

The Directors and Officers Liability Insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against officers in their capacity as officers of the Consolidated Group. The insurance policy does not contain details of the premium paid in respect of individual officers of the Consolidated Group. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Consolidated Group has not, during or since the financial period, indemnified or agreed to indemnify the auditor of the Consolidated Group or of any related body corporate against a liability incurred as such an auditor.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Consolidated Group or to intervene in any proceedings to which the Consolidated Group is a party for the purpose of taking responsibility on behalf of the Consolidated Group for all or any part of those proceedings.

The Consolidated Group was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2013 has been received and can be found on page 18 of the Directors report.

REMUNERATION REPORT (Audited)

Remuneration policy

The remuneration policy of Impact Minerals Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and where appropriate offering specific long-term incentives. The Board of Impact Minerals Limited believes that the remuneration policy is appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Consolidated Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for Directors and senior executives of the Consolidated Group is as follows:

- The remuneration terms and conditions for the executive directors and other senior executives are developed by the Board of Directors;
- All executives receive a base level of remuneration either in the form of consulting fees or as a salary (which is based on factors such as length of service and experience), superannuation and fringe benefits; and
- The Board of Directors reviews executive packages annually by reference to the Consolidated Group's performance, executive performance and comparable information from industry sectors.

Executives are also entitled to participate in employee share and option arrangements.

The directors and executives receive a superannuation guarantee contribution required by the government, which during the year was 9%, and is currently 9.25%, and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Consolidated Group and expensed. Options, where issued, are valued using the Black-Scholes methodology.

The Board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (CONTINUED)

Performance conditions linked to remuneration

Fees for non-executive directors are not linked to the performance of the Consolidated Group. However, to align directors' interests with shareholder interests, the Directors are encouraged to hold shares in the company and are able to participate in employee share and option arrangements.

Employment details of members of Key Management Personnel and Other Executives

2013	Position Held as at 30 June 2013 and any Change during the Year	Contract Details (Duration and Termination)	Proportions of Elements of Remuneration Related to Performance		Proportions of Elements of Remuneration Not Related to Performance		
			Non-Salary Cash-based Incentives %	Shares/Units %	Options/Rights %	Fixed Salary/Fees %	Total %
Group Key Management Personnel							
Mr P Unsworth*	Chairman	Refer Note A.	-	-	23%	77%	100%
Dr M Jones*	Managing director	No fixed term. 3 months notice required on termination.	-	-	21%	79%	100%
Dr R Fripp*	Executive director (Technical) (resigned 14 January 2013)	No fixed term. 3 months notice required on termination.	-	-	13%	87%	100%
Mr P Ingram	Non-executive director	Refer Note A.	-	-	23%	77%	100%
Dr M Elsasser	Non-executive director (appointed 29 August 2013)	Refer Note A.	-	-	24%	76%	100%
Mr J Cooper-Jones*	Company Secretary	No fixed term. 1 months notice required on termination.	-	-	7%	93%	100%

*Includes remuneration expenses related to Invictus Gold Limited

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DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (CONTINUED)

KEY MANAGEMENT PERSONNEL REMUNERATION

Employment details of members of Key Management Personnel and Other Executives

2012	Position Held as at 30 June 2012 and any Change during the Year	Contract Details (Duration and Termination)	Proportions of Elements of Remuneration Related to Performance		Proportions of Elements of Remuneration Not Related to Performance		
			Non-Salary Cash-based Incentives %	Shares/Units %	Options/Rights %	Fixed Salary/Fees %	Total %
Group Key Management Personnel							
Mr P Unsworth	Chairman	Refer Note A.	-	-	-	100%	100%
Dr M Jones	Managing director	No fixed term. 3 months notice required on termination.	-	-	-	100%	100%
Dr R Fripp	Executive director (Technical)	No fixed term. 3 months notice required on termination.	-	-	-	100%	100%
Mr P Ingram	Non-executive director	Refer Note A.	-	-	-	100%	100%
Dr M Elsasser	-	-	-	-	-	-	-
Mr J Cooper-Jones	Company Secretary (commenced 1 December 2011)	No fixed term. 1 months notice required on termination.	-	-	2%	98%	100%

Note A. The employment terms and conditions of non-executive board members (including the non-executive Chairman) are governed by the constitution of the company. The terms and conditions of executive board members and Consolidated Group executives are formalised in contracts of employment.

Other than as set out above terms of employment require that the relevant company provide an executive contracted person with a minimum of one months' notice prior to termination of contract. A contracted person deemed employed on a permanent basis may terminate their employment by providing at least 1 months' notice. Termination payments are not payable on resignation or under the circumstances of unsatisfactory performance.

There have been no changes in directors and executives subsequent to year-end.

Impact Minerals Limited ABN 52 119 062 261

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (CONTINUED)

KEY MANAGEMENT PERSONNEL REMUNERATION

2013	Short term employee benefits				Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary benefits	Other	Super-annuation	Long service leave	Options	
	\$	\$	\$	\$	\$	\$	\$	
<i>Directors</i>								
P J Unsworth*	100,000	-	-	-	9,000	-	33,372	142,372
M G Jones*	263,110	-	-	-	-	-	68,160	331,270
R E Fripp (resigned)*	228,573	-	-	-	-	-	34,583	263,156
P Ingram	30,000	-	-	-	2,700	-	9,694	42,394
M Elsasser	30,000	-	-	-	-	-	9,694	39,694
Total Directors	651,683	-	-	-	11,700	-	155,503	818,886
<i>Executives</i>								
J Cooper-Jones*	150,000	-	-	-	13,500	-	12,737	176,237
Total Executives	150,000	-	-	-	13,500	-	12,737	176,237
Total Remuneration	801,683	-	-	-	25,200	-	168,240	995,123

*Includes remuneration expenses related to Invictus Gold Limited for full year.

2012	Short term employee benefits				Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary benefits	Other	Super-annuation	Long service leave	Options	
	\$	\$	\$	\$	\$	\$	\$	
<i>Directors</i>								
P J Unsworth	65,000	-	-	-	5,850	-	-	70,850
M G Jones	120,541	-	-	-	-	-	-	120,541
R E Fripp	173,600	-	-	-	-	-	-	173,600
P Ingram	30,000	-	-	-	2,700	-	-	32,700
M Elsasser	-	-	-	-	-	-	-	-
Total Directors	389,141	-	-	-	8,550	-	-	397,691
<i>Executives</i>								
J Cooper-Jones	150,000	-	-	-	13,500	-	3,089	166,589
Total Executives	150,000	-	-	-	13,500	-	3,089	166,589
Total Remuneration	539,141	-	-	-	22,050	-	3,089	564,280

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DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (CONTINUED)

SHARE BASED PAYMENT

Options

Options granted by Impact Minerals to Directors and senior executives of the Consolidated Group are issued for no consideration, carry no dividend or voting rights and have varied terms.

The terms and conditions of each grant of options affecting remuneration in this or future reporting periods are as follows:

Impact Minerals Group Key Management Personnel	Remuneration Type	Grant Date	Number	Grant Value	Reason for Grant	Percentage vested/paid during the year	Percentage forfeited during the year	Percentage remaining as unvested	Vesting date
				\$		%	%	%	
P Unsworth	Options	29.11.2012	2,000,000	22,600	(a)	-	-	100	30.11.2013
P Unsworth	Options	29.11.2012	2,000,000	21,400	(a)	-	-	100	30.11.2014
M Jones	Options	29.11.2012	5,000,000	56,500	(a)	-	-	100	30.11.2013
M Jones	Options	29.11.2012	5,000,000	53,500	(a)	-	-	100	30.11.2014
R Fripp	Options	29.11.2012	4,000,000	45,200	(a)	-	-	100	30.11.2013
P Ingram	Options	29.11.2012	1,000,000	11,300	(a)	-	-	100	30.11.2013
P Ingram	Options	29.11.2012	1,000,000	10,700	(a)	-	-	100	30.11.2014
M Elsasser	Options	29.11.2012	1,000,000	11,300	(a)	-	-	100	30.11.2013
M Elsasser	Options	29.11.2012	1,000,000	10,700	(a)	-	-	100	30.11.2014
J Cooper-Jones	Options	27.05.2011	150,000	10,500	(a)	100	-	-	01.12.2011
J Cooper-Jones	Options	16.01.2013	500,000	5,650	(a)	-	-	100	31.11.2013
J Cooper-Jones	Options	16.01.2013	500,000	5,350	(a)	-	-	100	30.11.2014

Invictus Gold Group Key Management Personnel	Remuneration Type	Grant Date	Number	Grant Value	Reason for Grant	Percentage vested/paid during the year	Percentage forfeited during the year	Percentage remaining as unvested	Vesting date
				\$		%	%	%	
P Unsworth	Options	22.11.2010	1,000,000	69,664	(a)	100	-	-	31.12.2011
	Options	22.11.2010	500,000	34,832	(a)	100	-	-	31.12.2012
	Options	20.12.2012	500,000	6,900	(a)	-	-	100	30.11.2013
M Jones	Options	20.12.2012	500,000	6,900	(a)	-	-	100	30.11.2014
	Options	22.11.2010	1,000,000	69,664	(a)	100	-	-	31.12.2011
	Options	22.11.2010	500,000	34,832	(a)	100	-	-	31.12.2012
	Options	20.12.2012	1,000,000	13,800	(a)	-	-	100	30.11.2013
R Fripp (resigned)	Options	20.12.2012	1,000,000	13,800	(a)	-	-	100	30.11.2014
	Options	22.11.2010	1,000,000	69,664	(a)	100	-	-	31.12.2011
	Options	22.11.2010	500,000	34,832	(a)	100	-	-	31.12.2012
	Options	20.12.2012	625,000	8,625	(a)	100	100	-	30.11.2013
	Options	20.12.2012	625,000	8,265	(a)	100	100	-	30.11.2014

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

When exercisable, each option is convertible into one ordinary share.

All options expire on the earlier of their expiry date or termination of the employee's employment if not already vested.

Impact Minerals Limited ABN 52 119 062 261

REMUNERATION REPORT (CONTINUED)

SHARE BASED PAYMENT (Continued)

OPTIONS AND RIGHTS GRANTED

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

	Options granted Value at grant date \$	Options exercised Value at exercise date \$	Options lapsed Value at time of lapse \$	Total value of options granted, exercised and lapsed \$	Value of options included in remuneration for the year \$	Remuneration consisting of options during the year %
<i>Directors</i>						
P J Unsworth*	57,800	-	-	57,800	33,372	23.44%
M G Jones*	144,500	-	-	144,500	68,160	20.57%
R E Fripp*	88,000	-	(60,050)	62,450	34,583	13.14%
P Ingram	22,000	-	-	22,000	9,694	22.87%
M Elsasser	22,000	-	-	22,000	9,694	24.42%
<i>Executives</i>						
J Cooper-Jones*	28,400	-	-	28,400	12,737	7.23%

*Includes remuneration expenses related to Invictus Gold Limited for full year.

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

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

End of remuneration report.

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



Dr Michael G Jones
 Managing Director
 26th September 2013

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To The Board of Directors

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

As lead audit director for the audit of the financial statements of Impact Minerals Limited and its controlled entities for the financial year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



BENTLEYS
Chartered Accountants



MARK DELAURENTIS CA
Director

DATED at PERTH this 26th day of September 2013

Impact Minerals Limited ABN 52 119 062 261

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR
YEAR ENDED 30 JUNE 2013**

	Note	2013 \$	2012 \$
Interest Income		86,060	70,986
Gain on sale of financial asset		110,869	-
Other Income	2	1,221,062	96,000
Corporate and administration expenses		(1,006,738)	(368,439)
Depreciation expenses		(19,224)	(38,981)
Employee benefits expenses	3	(622,730)	(313,248)
Impairment of exploration expenditure		(1,406,096)	(1,745,419)
Impairment of investment in associate		-	(1,172,287)
Occupancy expenses		(97,345)	(92,443)
Other expenses		-	(174,847)
Share of associates net loss for the period	28	(2,369,358)	(488,114)
Net loss on sale of tenement		-	(257,873)
Loss before income tax		(4,103,500)	(4,484,665)
Income tax expense	4	-	-
Profit/(Loss) for the year	3	(4,103,500)	(4,484,665)
Other comprehensive income:			
Items that might be reclassified to Profit or loss			
Revaluation of shares available for sale		688	(588)
Exchange differences on translating foreign controlled entities		(16,331)	(236,989)
Other comprehensive income for the year, net of tax		(15,643)	(237,577)
Total comprehensive income for the year		(4,119,143)	(4,722,242)
Total Profit/(Loss) for the year attributable to:			
Members of the parent entity		(3,951,325)	(4,484,665)
Non-controlling interest		(152,175)	-
		(4,103,500)	(4,484,665)
Total comprehensive income attributable to:			
Members of the parent entity		(3,978,001)	(4,722,242)
Non-controlling interest		(141,142)	-
		(4,119,143)	(4,722,242)
Basic Loss per share (cents per share)	7	(1.3)	(4.0)

The accompanying notes form part of these financial statements.

Impact Minerals Limited ABN 52 119 062 261

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Note	2013 \$	2012 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	2,514,656	1,064,434
Trade and other receivables	9	151,972	301,265
TOTAL CURRENT ASSETS		2,666,628	1,365,699
NON-CURRENT ASSETS			
Plant and equipment	11	23,052	33,323
Investments accounted for using the equity method	10, 28	-	2,543,078
Exploration expenditure	12	11,581,800	5,445,201
Financial assets		-	186,500
Other non-current assets		249,899	45,988
TOTAL NON-CURRENT ASSETS		11,854,751	8,254,090
TOTAL ASSETS		14,521,379	9,619,789
CURRENT LIABILITIES			
Trade and other payables	13	770,450	332,744
Provisions	14	103,689	44,262
TOTAL CURRENT LIABILITIES		874,139	377,006
NET ASSETS		13,647,240	9,242,783
EQUITY			
Issued capital	15	24,366,377	17,284,498
Option reserve	16	353,638	140,314
Foreign currency translation reserve	16	(454,917)	(427,553)
Asset revaluation reserve		-	(688)
Accumulated losses		(11,705,113)	(7,753,788)
Parent interest		12,559,985	9,242,783
Non-controlling interest		1,087,255	-
TOTAL EQUITY		13,647,240	9,242,783

The accompanying notes form part of these financial statements.

Impact Minerals Limited ABN 52 119 062 261

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2013

	Issued Capital	Foreign currency translation reserve	Options reserve	Asset revaluation reserve	Accumulated losses	Non- Controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2012	17,284,498	(427,553)	140,314	(688)	(7,753,788)	-	9,242,783
Loss for the year	-	-	-	-	(3,951,325)	(152,175)	(4,103,500)
Other Comprehensive Income							
Fair value of shares	-	-	-	688	-	-	688
Exchange differences on translation of foreign operations	-	(27,364)	-	-	-	11,033	(16,331)
Total other comprehensive income for the year	-	(27,364)	-	688	-	11,033	(15,643)
Transactions with owners in their capacity as owners							
Non-controlling interest arising on the acquisition of Invictus Gold Limited	-	-	-	-	-	1,067,793	1,067,793
Purchase of shares from Non-controlling interest	-	-	-	-	-	(62,568)	(62,568)
Shares Issued	7,125,915	-	-	-	-	200,000	7,325,915
Share issue costs	(44,036)	-	-	-	-	-	(44,036)
Fair value of options issued	-	-	213,324	-	-	23,172	236,496
Fair value of options expired	-	-	-	-	-	-	-
Balance at 30 June 2013	24,366,377	(454,917)	353,638	-	(11,705,113)	1,087,255	13,647,240
Balance at 1 July 2011	16,504,296	(190,564)	205,197	(100)	(3,360,585)	-	13,158,244
Loss for the year	-	-	-	-	(4,484,665)	-	(4,484,665)
Other Comprehensive Income							
Fair value of shares	-	-	-	(588)	-	-	(588)
Exchange differences on translation of foreign operations	-	(236,989)	-	-	-	-	(236,989)
Total other comprehensive income for the year	-	(236,989)	-	(588)	-	-	(237,577)
Transactions with owners in their capacity as owners							
Shares Issued	846,600	-	-	-	-	-	846,600
Share issue costs	(66,398)	-	-	-	-	-	(66,398)
Fair value of options issued	-	-	26,579	-	-	-	26,579
Fair value of options expired	-	-	(91,462)	-	91,462	-	-
Balance at 30 June 2012	17,284,498	(427,553)	140,314	(688)	(7,753,788)	-	9,242,783

The accompanying notes form part of these financial statements.

Impact Minerals Limited ABN 52 119 062 261

CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,331,395)	(910,118)
Payments for exploration		(4,533,838)	(2,744,926)
Interest received		86,060	70,986
R&D Tax Rebate		532,715	-
Net cash used in operating activities	21	<u>(5,246,458)</u>	<u>(3,584,058)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments of Endeavour debt		(659,094)	-
Payments for property, plant and equipment		504	(5,109)
Amount paid to minority shareholders		(62,566)	-
Proceeds from the sale of financial assets		297,369	187,088
Proceeds from sale of property, plant and equipment		-	4,059
Proceeds from the sale of tenement		-	669,356
Net cash outflow arising on acquisition	27	<u>(28,966)</u>	<u>-</u>
Net cash used in investing activities		<u>(452,753)</u>	<u>855,394</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		7,193,467	830,000
Share issue costs		(44,034)	(49,800)
Repayment of loans		-	-
Net cash used in provided by financing activities		<u>7,149,433</u>	<u>780,200</u>
Net increase in cash held		1,450,222	(1,948,464)
Cash at beginning of financial year	8	<u>1,064,434</u>	<u>3,012,898</u>
Cash at end of financial year	8	<u>2,514,656</u>	<u>1,064,434</u>

The accompanying notes form part of these financial statements.

Impact Minerals Limited ABN 52 119 062 261

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2013

These consolidated financial statements and notes represent those of Impact Minerals Limited and its controlled entities (Consolidated Group).

The separate financial statements of the parent entity, Impact Minerals Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The accounting policies set out below have been consistently applied to all years presented.

Going Concern

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

The Consolidated Group incurred a loss for the year of \$4,103,500 (2012: \$4,484,665) and net cash outflows from operating activities of \$5,246,458 (2012: Cash outflows of \$3,584,058).

As at 30 June 2013, the Consolidated Group had a working capital surplus of \$1,812,488 (2012: surplus of \$988,693).

Subsequent to the reporting date the Company announced a capital raising of \$3,000,000 in capital through the issue of 78,947,368 ordinary shares to sophisticated and professional investors. Shares under this raising are to be issued in two tranches. Tranche 1 shares are to be issued under Company's 15% capacity and Tranche 2 to be issued subject to shareholder approval. As at the date of this report the company has received \$1,826,548 and issued 48,067,609 Company shares related to Tranche 1. The remaining Tranche 2 funds, being \$1,173,452, will be received subject to shareholder approval at a general meeting of shareholders to be held on or around 24 October 2013.

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

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate.

Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Impact Minerals Limited at the end of the reporting period.

A controlled entity is any entity Impact Minerals Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A list of controlled entities is contained in Note 26 to the financial statements. All controlled entities have a 30 June financial year-end.

All inter-company balances and transactions between entities in the Consolidated Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the Consolidated Group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of Profit or loss and other comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination, one of the combining entities must be identified as the acquirer (ie parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and their fair value can be reliably measured.

All transaction costs incurred in relation to the business combination are expensed to the statement of Profit or loss and other comprehensive income.

(a) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of differed tax assets or liabilities are expected to be recovered or settled.

(b) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of Profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Motor vehicles	22.5 %
Plant and equipment	37.5 %
Leasehold improvements	10.0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of Profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) **Exploration, Evaluation and Development Expenditure**

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

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the project from when exploration commences and are included in the costs of that stage. Where relevant, site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(d) **Financial Instruments**

Initial recognition and Measurement

Financial instruments, including financial assets and financial liabilities, are recognised when the Consolidated Group becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Consolidated Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

i. *Financial assets at fair value through profit or loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii. *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method. Loans and receivables are included in current assets except those which are expected to mature within 12 months after the end of the reporting period.

iii. *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Consolidated Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

Held to maturity investments are included in non-current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

iv. *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available for sale financial assets are included in non-current assets except those which are expected to mature within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

v. *Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment

At the end of each reporting period, the Consolidated Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the profit or loss. Also, any cumulative decline in Fair Value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Financial Guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

(e) Impairment of Assets

At the end of each reporting period, the Consolidated Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of Profit or loss and other comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Interests in Joint Ventures

The Consolidated Group's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements. Details of the Consolidated Group's interests are shown at Note 29.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Where the Consolidated Group contributes assets to the joint venture or if the Consolidated Group purchases assets from the joint venture, only the portion of the gain or loss that is not attributable to the Consolidated Group's share of the joint venture shall be recognised. The Consolidated Group recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

(g) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is recognised in other comprehensive income, otherwise the exchange difference is recognised in the Profit or loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- accumulated losses are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed of.

(h) Employee Benefits

Provision is made for the Consolidated Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity-settled Compensation

The fair value of options granted by the Consolidated Group to employees is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Upon the exercise of options, the balance of the option reserve relating to those options is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

(i) Cash and Cash Equivalents

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

(j) Revenue and other income

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

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Investments in Associates

Associates are companies in which the Consolidated Group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Consolidated Group. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Consolidated Group's share of net assets of the associate company. In addition, the Consolidated Group's share of the profit or loss of the associate company is included in the Consolidated Group's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition whereby the Consolidated Group's share of the net fair value of the associate exceeds the cost of investment is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the v and the associate are eliminated to the extent of the Consolidated Group's interest in the associate.

When the Consolidated Group's share of losses in an associate equals or exceeds its interest in the associate, the Consolidated Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Consolidated Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

Details of the Consolidated Group's investments in associates are provided in Note 26.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) **Comparative Figures**

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

Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Consolidated Group.

Key Estimates — Impairment

The Consolidated Group assesses impairment at each reporting date by evaluating conditions specific to the Consolidated Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key Estimate – Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Consolidated Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents the directors' best estimate, pending an assessment by the Australian Taxation Office.

Key Estimate - Shared-based payment transactions

The Consolidated Group measures the cost of equity settled share based payments at fair value at the grant date using the Black-Scholes model taking into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.

The total expenses in share based transactions for the Consolidated Group for the year ended 30 June 2013 was \$236,492 (2012: \$26,579).

Key Judgment

(i) *Environmental Issues*

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Consolidated Group's development and its current environmental impact the directors believe that such treatment is reasonable and appropriate.

(ii) *Capitalised exploration and evaluation expenditure*

The Consolidated Group's accounting policy is stated at 1(d). A regular review is undertaken of each area of interest to determine the reasonableness of the continuing carrying forward of costs in relation to that area of interest. Refer to Note 12.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

AASB 2011-9	<i>Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income [AASB 101]</i>
	This standard requires entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).
AASB 2012-9	<i>Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income [AASB 101]</i>
	This standard requires entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).
AASB 2012-4	<i>Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]</i>
	This standard makes amendments to remove individual key management personnel disclosure requirements from AASB 124.
AASB 9	<i>Financial instruments</i>
	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting form financial liabilities.
	These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below.
	(a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.
	(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
	(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

- The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
- The remaining change is presented in profit or loss

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11

AASB 10

Consolidated Financial Statements

AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation – Special Purpose Entities.

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. This is likely to lead to more entities being consolidated into the group.

Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 127.

AASB 11

Joint Arrangements

AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG- 113 Jointly-controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. This may result in a change in the accounting for the joint arrangements held by the group.

Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB128.

AASB 12

Disclosure of Interests in Other Entities

AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 13

Fair Value Measurement

AASB 13 establishes a single source of guidance under AASB for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.

AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

Consequential amendments were also made to other standards via AASB 2011-8.

Interpretation 20

Stripping Costs in the Production Phase of a Surface Mine

This interpretation applies to stripping costs incurred during the production phase of a surface mine. Production stripping costs are to be capitalised as part of an asset, if an entity can demonstrate that it is probable future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of an ore body for which access has been improved. This asset is to be called the "stripping activity asset".

The stripping activity asset shall be depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The units of production method shall be applied unless another method is more appropriate.

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

Impact Minerals Limited ABN 52 119 062 261

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 2: REVENUE AND OTHER INCOME

	Note	2013 \$	2012 \$
Interest revenue from financial institutions		86,060	70,986
Gain on sale of financial asset		110,869	-
R&D Tax Rebate		740,925	-
Net gain on deemed disposal of investments in associate	28	466,280	
Other Income		13,857	96,000
Total revenue		1,417,991	166,986

NOTE 3: LOSS FOR THE YEAR

Loss before income tax includes the following specific expenses:

Employee benefits expense

Salary and wages	162,434	141,211
Superannuation	25,612	19,371
Employee entitlements	28,772	17,169
Fringe benefits tax	-	13,918
Share based payments	236,496	26,579
Directors Fees	169,416	95,000
	622,730	313,248

Rental expense on operating leases

Rental expense	97,345	79,692
	97,345	79,692

Depreciation expenses

Depreciation	19,224	38,981
	19,224	38,981

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
NOTE 4: INCOME TAX EXPENSE		
a. The components of tax expense comprise:		
Deferred income tax expense included in income tax expense comprises :		
Decrease (Increase) in deferred tax assets	862,462	580,412
(Decrease) Increase in deferred tax liabilities	(862,462)	(580,412)
	<hr/>	<hr/>
Income tax expense reported in the statement of Profit or loss and other comprehensive income	-	-
	<hr/> <hr/>	<hr/> <hr/>
b. The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Profit from ordinary activities before income tax expense	(4,103,500)	(4,484,665)
	<hr/>	<hr/>
Prima facie tax benefit on profit from ordinary activities before income tax at 30% (2012: 30%)	(1,231,050)	(1,345,400)
	<hr/>	<hr/>
Tax effect of permanent differences:		
Share based payments	54,879	7,974
Non-deductible expenses	17,665	9,261
Gain on disposal of subsidiary	-	-
Impact of subsidiary for the year	-	-
Share of associates loss	-	(50,643)
Impairment of loans to subsidiary	(1,583,485)	-
Overs and unders from prior years	3,898	419,801
Unrecognised temporary differences:	285,777	914,082
Unrecognised temporary differences in equity	-	-
Tax losses not recognised / (recognised)	743,796	(188,956)
Capital losses not recognised / (recognised)	(1,108)	1,108
Impairment of exploration expenditure	1,667,474	-
NCI adjustment	42,154	-
Foreign exploration expenditure	-	232,773
	<hr/>	<hr/>
Income tax expense/(benefit) on pre-tax profit	-	-
	<hr/> <hr/>	<hr/> <hr/>
c. Deferred tax assets and (liabilities) are attributable to the following:		
Capital raising costs	136,563	-
Creditors	86,196	-
Exploration expenditure	(862,462)	-
Plant and equipment	12,843	-
Provisions	24,637	-
Tax losses recognised to the extent of deferred tax liabilities	602,223	-
	<hr/>	<hr/>
	-	-
	<hr/> <hr/>	<hr/> <hr/>

Impact Minerals Limited ABN 52 119 062 261

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 4: INCOME TAX EXPENSE (CONTINUED)

The balance of potential deferred tax assets attributable to tax losses carried forward of \$4,244,633 (2012: \$1,284,378) and other timing differences of \$1,522 (2012: \$1,165,835) in respect of the Consolidated Group have not been brought to account because the Directors do not believe it is appropriate to regard realisation of future tax benefit as probable.

All unused tax losses were incurred by Australian entities.

NOTE 5: INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP)

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Consolidated Group's key management personnel for the year ended 30 June 2013.

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

	2013	2012
	\$	\$
Short-term employee benefits	801,683	539,141
Post-employment benefits	25,200	22,050
Share-based payments	168,240	3,089
Other long term benefits	-	-
	995,123	564,280

KMP Options and Rights holdings

The number of options over ordinary shares in the Company held during the financial year by each director of Impact Minerals Limited and other key management personnel of the Consolidated Group, including their personally related parties, are set out below.

Impact Minerals Limited - 30 June 2013	Balance at start of the year	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at the end of the year	Remuneration options Vested and Exercisable at end of year	Remuneration options unvested at end of year
Directors							
P Unsworth	500,000	4,000,000	-	(500,000)	4,000,000	-	4,000,000
M Jones	1,000,000	10,000,000	-	(1,000,000)	10,000,000	-	10,000,000
R Fripp (resigned)	1,000,000	8,000,000	-	(5,000,000)	4,000,000	-	4,000,000
P Ingram	300,000	2,000,000	-	(300,000)	2,000,000	-	2,000,000
M Elsasser	-	2,000,000	-	-	2,000,000	-	2,000,000
Executives							
J Cooper-Jones	150,000	1,000,000	-	-	1,150,000	150,000	1,000,000
Total	2,950,000	27,000,000	-	(6,800,000)	23,150,000	150,000	23,000,000

Impact Minerals Limited ABN 52 119 062 261

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 5: INTERESTS ON KEY MANAGEMENT PERSONNEL (KMP) (CONTINUED)

KMP Options and Rights holdings

The number of options over ordinary shares in Invictus Gold Limited held during the financial year by each director of Invictus Gold Limited and other key management personnel of the Consolidated Group, including their personally related parties, are set out below.

Invictus Gold Limited – 30 June 2013	Balance at start of the year	Granted as remuneration during the year	Lapsed during the year	Other changes during the year	Balance at the end of the year	Remuneration options Vested and Exercisable at end of year	Remuneration options unvested at end of year
Directors							
P Unsworth	1,508,000	1,000,000	-	-	2,508,000	1,508,000	1,000,000
M Jones	1,508,000	2,000,000	-	-	3,508,000	1,508,000	2,000,000
R Fripp (resigned)	1,550,000	1,250,000	-	(1,250,000)	1,550,000	1,550,000	-
Executives							
J Cooper-Jones	150,000	500,000	-	-	650,000	150,000	500,000
Total	4,716,000	4,750,000	-	(1,250,000)	8,216,000	4,716,000	3,500,000

Impact Minerals Limited – 30 June 2012	Balance at start of the year	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at the end of the year	Remuneration options Vested and Exercisable at end of year	Remuneration options unvested at end of year
Directors							
P Unsworth	1,500,000	-	-	(1,000,000)	500,000	500,000	-
M Jones	2,000,000	-	-	(1,000,000)	1,000,000	1,000,000	-
R Fripp	2,000,000	-	-	(1,000,000)	1,000,000	1,000,000	-
P Ingram	1,000,000	-	-	(700,000)	300,000	300,000	-
M Elsasser	-	-	-	-	-	-	-
Executives							
J Cooper-Jones	150,000	-	-	-	150,000	150,000	-
Total	6,650,000	-	-	(3,700,000)	2,950,000	2,950,000	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 5: INTERESTS ON KEY MANAGEMENT PERSONNEL (KMP) (CONTINUED)

2013 KMP Shareholdings

Number of Shares held by Key Management Personnel

Impact Minerals Limited	Balance	Received as	Options	Net Change	Balance
<i>Directors</i>	1.7.2012	Compen- sation	Exercised	Other	30.6.2013
Peter J Unsworth	5,674,231	-	-	5,674,231	11,348,462
Michael G Jones	5,450,000	-	-	1,015,000	6,465,000
Rodney E Fripp	5,450,000	-	-	1,111,111	6,561,111
Paul Ingram	-	-	-	-	-
M Elsasser	-	-	-	22,117,222	22,117,222
Total Directors	16,574,231	-	-	29,917,564	46,491,795
<i>Executives</i>					
J Cooper-Jones	-	-	-	-	-
Total executives	-	-	-	-	-
Total shares	16,574,231	-	-	29,917,564	46,491,795

KMP Shareholdings

Number of Shares held by Key Management Personnel

Invictus Gold Limited	Balance	Purchased	Options	Net Change	Balance
<i>Directors</i>	1.7.2012		Exercised	Other*	30.6.2013
Peter J Unsworth	20,000	1,118,730	-	-	1,138,730
Michael G Jones	20,000	100,000	-	-	120,000
Rodney E Fripp (resigned)	125,000	250,000	-	-	375,000
Total Directors	165,000	1,468,730	-	-	1,633,730
<i>Executives</i>					
James Cooper-Jones	-	-	-	-	-
Total executives	-	-	-	-	-
Total shares	165,000	1,468,730	-	-	1,633,730

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 5: INTERESTS ON KEY MANAGEMENT PERSONNEL (KMP) (CONTINUED)

2012 KMP Shareholdings

Number of Shares held by Key Management Personnel

Impact Minerals Limited	Balance	Received as	Options	Net Change	Balance
<i>Directors</i>	1.7.2011	Compen- sation	Exercised	Other	30.6.2012
Peter J Unsworth	5,674,231	-	-	-	5,674,231
Michael G Jones	5,450,000	-	-	-	5,450,000
Rodney E Fripp	5,450,000	-	-	-	5,450,000
Paul Ingram	-	-	-	-	-
M Elsasser	-	-	-	-	-
Total Directors	16,574,231	-	-	-	16,574,231
<i>Executives</i>					
J Cooper-Jones	-	-	-	-	-
Total executives	-	-	-	-	-
Total shares	16,574,231	-	-	-	16,574,231

Other KMP Transactions

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

NOTE 6: AUDITORS' REMUNERATION

	2013	2012
	\$	\$
Remuneration of the auditor of the Consolidated Group for:		
— auditing or reviewing the financial report	63,130	33,000
— other assurance related services	-	-
	63,130	33,000

Included within the 30 June 2013 year is \$33,380 in fees relating to the audit of Invictus Gold Limited.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 7: EARNINGS PER SHARE

	2013	2012
	\$	\$
<p>The calculation of basic earnings per share at 30 June 2013 was based on the loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the financial year, and was calculated as follows:</p>		
<p>a. Reconciliation of earnings to profit or loss</p>		
Earnings used to calculate basic EPS	(3,951,325)	(4,484,665)
	No.	No.
<p>d. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS</p>		
	293,327,379	121,636,328

The diluted earnings per share has not been calculated as the company's potential ordinary shares, being its options granted, are not considered dilutive as the conversion of these options will result in a decreased net loss per share.

NOTE 8: CASH AND CASH EQUIVALENTS

	2013	2012
	\$	\$
Cash at bank and in hand	625,257	86,253
Cash at Bank – at call account	1,889,399	978,181
	2,514,656	1,064,434

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash flow requirements of the Consolidated Group, and earn interest at the respective short-term deposit rates.

Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	2,514,656	1,064,434
	2,514,656	1,064,434

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 9: TRADE AND OTHER RECEIVABLES

	2013	2012
	\$	\$
CURRENT		
Trade debtors and other receivables	108,669	214,758
Employee advances	36,172	10,628
Other	7,131	75,879
	151,972	301,265
	151,972	301,265

NOTE 10: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2013	2012
	\$	\$
Associated companies	-	2,543,078
	-	2,543,078
	-	2,543,078

For details of the acquisition of Invictus Gold Limited, see Note 27 and deemed disposal of an associate, see note 28.

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	2013	2012
	\$	\$
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	325,895	316,482
Accumulated depreciation	(302,843)	(283,159)
	23,052	33,323
	23,052	33,323

a. Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	2013	2012
	\$	\$
PLANT AND EQUIPMENT		
Balance as at beginning of the year	33,323	71,254
Additions	9,465	5,109
Disposals	-	(4,059)
Depreciation expense	(19,736)	(38,981)
	23,052	33,323
	23,052	33,323

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 12: EXPLORATION EXPENDITURE

	2013	2012
	\$	\$
Capitalised cost at the beginning of the period	5,445,201	5,781,182
Opening balances of interests in tenement acquired through the acquisition of Invictus Gold Limited	1,954,697	
Disposal of tenements	-	(1,380,576)
Acquisition of tenements - Endeavour *	1,060,000	-
Impaired	(1,406,096)	(1,745,419)
Exploration expenditure for the year	4,527,998	2,790,014
Cost carried forward	11,581,800	5,445,201

* For details see Note 31

Capitalised exploration expenditure includes \$2,813,711 in relation to certain tenements which are currently in the process of being renewed. However, as at the date of this report, the Consolidated Group is not aware of any impediments to the tenements licenses being renewed.

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

NOTE 13: TRADE AND OTHER PAYABLES

	2013	2012
	\$	\$
CURRENT		
Unsecured liabilities:		
Trade payables	462,738	196,312
Sundry payables and accrued expenses	307,712	136,432
	770,450	332,744

Trade payables and accruals are non interest bearing and normally settled on 30 day terms.

Details of the Group's exposure to Interest rate risk and fair value in respect of its liabilities are set out in note 24. There are no secured liabilities as at 30 June 2013.

NOTE 14: PROVISIONS

	2013	2012
	\$	\$
CURRENT		
Employee benefits	103,689	44,262

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 15: ISSUED CAPITAL

	2013	2012
	\$	\$
371,912,552 fully paid ordinary shares with no par value (2012: 134,335,328)	25,194,770	18,068,855
Share issue costs	(828,393)	(784,357)
	24,366,377	17,284,498

	2013	2012	2013	2012
	No.	No.	\$	\$
a. Ordinary shares				
At the beginning of reporting period	134,335,328	117,403,328	17,284,498	16,504,296
Shares issued during the year				
- Placement	50,000,000	16,932,000	1,500,000	846,600
- Entitlement Issue	180,864,342	-	5,425,915	-
- Endeavour acquisition	6,712,882	-	200,000	-
- Transaction costs	-	-	(44,036)	(66,398)
At the end of the reporting period	371,912,552	134,335,328	24,366,377	17,284,498

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital Management

Management's objectives when managing capital is to safeguard their ability to continue operating the Consolidated Group as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Consolidated Group's activities, being mineral exploration, the Consolidated Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Consolidated Group's capital risk management is the current working capital position against the requirements of the Consolidated Group to meet exploration programs and corporate overheads. The Consolidated Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Consolidated Group at 30 June 2012 and 30 June 2013 was as follows:

	2013	2012
	\$	\$
Cash and cash equivalents	2,514,656	1,065,744
Trade and other receivables	151,972	301,265
Trade and other payables	(770,450)	(332,744)
Working capital position	1,896,178	1,034,265

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 16: RESERVES

Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options.

Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

NOTE 17: CAPITAL AND LEASING COMMITMENTS

(a) Exploration

The Consolidated Group has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the Consolidated Group's exploration program and priorities. As at balance date, total exploration expenditure commitments on granted tenements held by the Consolidated Group that have not been provided for in the financial statements and which cover the following twelve month period amount to \$3,500,387 (2012: \$1,254,606). For the period greater than twelve months to five years commitments amount to \$9,571,381 (2012: \$6,686,000). There are no commitments greater than five years. These obligations are also subject to variations by farm-out arrangements, or sale of the relevant tenements.

(b) Operating lease commitments

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

	2013	2012
	\$	\$
Within one year	76,633	65,463
Later than one year but not later than 5 years	36,364	97,677
Later than 5 years	-	-
	112,997	163,140

NOTE 18: CONTINGENT ASSETS

a) Sales of Tenements in Botswana:

On 7 May 2013, Impact Minerals Limited entered into a sale and purchase agreement with Sechaba Natural Resources Pty Ltd and Shumba Coal Ltd for the sale of 4 tenements of within the Botswana Uranium Project. Shumba Coal Limited is a company listed in Botswana Stock Exchange.

The sale is subject to successful renewal of Prospecting Rights and Ministerial approvals with the purchase price due and payable in the following tranches:

1. USD \$50,000 payable upon the renewal of prospecting rights; and
2. USD \$150,000 cash and USD \$550,000 shares in Shumba Coal Limited payable upon the approval of the transfer of the transfer by the minister

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 19: CONTINGENT LIABILITIES

(a) Himmetdede Option Agreement:

On the 14th June, 2012 the Invictus Gold Limited entered into an Option Agreement to purchase the Himmetdede South Project in Turkey comprising Operations Licence (Registry Number 56086) and associated Operations Permit. The principal terms of the agreement are:

1. A non-refundable payment of \$100,000 on transfer of the Licence to Invictus' Turkish subsidiary (completed);
2. Invictus can withdraw at any time after the first payment and transfer the Licence back to the owner;
3. Further payments as below will secure 100% ownership of the Licence for Invictus:
 - \$50,000 on October 6th 2012 (completed);
 - \$100,000 on January 6th 2013 (completed);
 - \$150,000 on July 6th 2013 (completed);
 - \$155,000 on July 6th 2014; and
 - payment of US\$7,000 per month for 24 months from January 6th 2015.

When production starts, a 2.5% Net Smelter Royalty is payable to the owner. If production starts before completion of the 24 monthly payments, then only the NSR is payable.

NOTE 20: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Consolidated Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Consolidated Group is managed primarily on the basis of exploration opportunities within Australia and Africa. Operating segments are therefore determined on this basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar geographic characteristics.

Basis of accounting for purposes of reporting by operating segments

(a) Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Consolidated Group.

(b) Intersegment transactions

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs.

(c) Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 20: OPERATING SEGMENTS (CONTINUED)

(d) Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

(e) Unallocated items

The following items of revenues, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment;

- Impairment of assets and other non-recurring items of revenue or expense
- Income tax expense
- Deferred tax assets and liabilities
- Current tax liabilities

Segment Performance

2013	Australia	Africa	Turkey	Corporate / Treasury	Impact Group: Sub-total	Invictus Group	Consolidated
Performance							
Total Segment revenue	-	49,785	-	954,183	1,003,968	414,023	1,417,991
Total Segment expenses	23,715	84,325	62,363	4,409,100	4,579,503	941,988	5,521,491
Segment net profit/(loss) before tax	(23,715)	(34,540)	(62,363)	(3,454,917)	(3,575,535)	(527,964)	(4,103,500)

Segment assets							
Segment Assets	-	4,939,674	154,174	8,197,724	13,291,571	1,229,808	14,521,379
Total Segment Assets	-	4,939,674	154,174	8,197,724	13,291,571	1,229,808	14,521,379
Segment asset increase for the period	(24,449)	115,192	154,174	3,426,866	3,671,483	1,229,808	4,901,590
Included in segment assets are							
Joint Ventures	-	-	-	-	-	-	-
Reconciliation of segment assets to group assets							
Total group assets							14,521,379

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 20: OPERATING SEGMENTS (CONTINUED)

Segment Performance (continued)

2013	Australia	Africa	Turkey	Corporate / Treasury	Impact Group: Sub-total	Invictus Group	Consolidated
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Segment liabilities	-	43,377	2,012	362,960	408,348	465,791	874,139
Segment liabilities	-	43,377	2,012	362,960	408,348	465,791	874,139
Reconciliation of segment liabilities to Group liabilities							
Inter-segment eliminations							
Unallocated liabilities							
Total Group Liabilities							874,139

2012	Australia	Africa	Turkey	Corporate / Treasury	Impact Group: Sub-total	Invictus Group	Consolidated
Performance							
Total Segment revenue	568	168	-	166,250	166,986	-	166,986
Total Segment expenses	-	-	-	-	-	-	-
Segment net profit/(loss) before tax	(501,280)	(887,686)	-	(3,095,699)	(4,484,665)	-	(4,484,665)

Segment assets							
Segment Assets	24,449	4,824,481	-	4,770,859	9,619,789	-	9,619,789
Total Segment Assets	-	4,824,481	-	4,770,859	9,619,789	-	9,619,789
Segment asset increase for the period	(541,594)	750,772	-	(3,910,062)	(3,700,884)	-	(3,700,884)
Included in segment assets are							
Joint Ventures	-	-	-	-	-	-	-
Reconciliation of segment assets to group assets							
Total group assets							9,619,789

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 20: OPERATING SEGMENTS (CONTINUED)

Segment Performance (continued)

2012	Australia	Africa	Turkey	Corporate / Treasury	Impact Group: Sub-total	Invictus Group	Consolidated
Segment liabilities	18,228	41,547	-	317,231	377,006	-	377,006
Segment liabilities	18,228	41,547	-	317,231	377,006	-	377,006
Reconciliation of segment liabilities to Group liabilities							-
Inter-segment eliminations							-
Unallocated liabilities							-
Total Group Liabilities							377,006

NOTE 21: CASH FLOW INFORMATION

	2013	2012
	\$	\$
a. Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit/(Loss) after income tax	(4,103,500)	(4,484,665)
Non cash flow in profit		
Depreciation	19,224	38,981
Share based expenses	236,496	26,579
Share of associates net loss for period	2,369,358	488,114
Loss/(profit) on sale of financial asset	(110,869)	257,873
Impairment of investment in associate	-	1,172,287
Impairment of exploration expenditure	1,406,096	1,745,419
Gain on Deemed disposal of associate	(466,280)	-
Changes in net assets and liabilities		
(Increase)/ decrease in assets:		
Prepayments	-	-
Trade and other debtors	(149,293)	(71,309)
Other non-current assets	-	(34,085)
Capitalised expenditure	(4,944,823)	(2,710,841)
Increase / (decrease) in liabilities:		
Trade and other creditors	437,706	(20,326)
Provisions	59,427	7,915
Cash flow from operations	(5,246,458)	(3,584,058)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 21: CASH FLOW INFORMATION (CONTINUED)

b. Non-cash Financing and Investing Activities

Refer to Note 31 for further disclosure.

NOTE 22: SHARE BASED PAYMENTS

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

Impact Minerals Limited

Grant date	Vest date	Expiry date	Exercise price	Number
20.12.2012	30.11.2013	30.11.2015	\$0.06	13,000,000
20.12.2012	30.11.2013	30.11.2016	\$0.10	9,000,000
16.01.2013	30.11.2013	30.11.2015	\$0.06	2,900,000
16.01.2013	30.11.2013	30.11.2016	\$0.10	2,900,000

Invictus Gold Limited

Grant date	Vest date	Expiry date	Exercise price	Number
20.12.2012	30.11.2013	30.11.2015	\$0.10	3,250,000
20.12.2012	30.11.2014	30.11.2016	\$0.15	3,250,000
15.01.2013	30.11.2013	30.11.2015	\$0.10	1,475,000
15.01.2013	30.11.2014	30.11.2016	\$0.15	1,475,000

- ii. Options granted to key management personnel include:

Impact Minerals Limited

Grant date	Vest date	Expiry date	Exercise price	Number
20.12.2012	30.11.2013	30.11.2015	\$0.06	13,000,000
20.12.2012	30.11.2013	30.11.2016	\$0.10	13,000,000
16.01.2013	30.11.2013	30.11.2015	\$0.06	500,000

Invictus Gold Limited

Grant date	Vest date	Expiry date	Exercise price	Number
20.12.2012	30.11.2013	30.11.2015	\$0.10	2,625,000
20.12.2012	30.11.2014	30.11.2016	\$0.15	2,625,000
15.01.2013	30.11.2013	30.11.2015	\$0.10	250,000
15.01.2013	30.11.2014	30.11.2016	\$0.15	250,000

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 22: SHARE BASED PAYMENTS (CONTINUED)

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

	Impact Minerals Limited		Invictus Gold Limited	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Options outstanding as at 30 June 2011	9,900,000	26c	35,050,000	23c
Granted	500,000	22c	450,000	28c
Expired	(4,800,000)	23c	(8,000,000)	20c
Options outstanding as at 30 June 2012	5,600,000	26c	27,500,000	24c
Granted	31,800,000	8c	9,450,000	13c
Expired	(4,650,000)	29c	-	-
Forfeited	-	-	(1,250,000)	13c
Cancelled	(4,500,000)	11c	-	-
Options outstanding as at 30 June 2013	28,250,000	8c	35,700,000	21c
Options vested and therefore exercisable as at 30 June 2013	450,000	22c	-	-

As at the date of exercise, the weighted average of share price of options exercised during the year was nil.

The weighted average remaining contractual life of options outstanding at year end was 2.8 years. The weighted average exercise price of outstanding options at the end of the reporting period was 8 cents.

The fair value of options granted to employees is deemed to represent the value of employee services received over the vesting period.

The weighted average fair value of options granted during the year was 8 cents. These values were calculated using the Black Scholes option pricing model applying the following inputs:

Impact Minerals Limited

Grant Date	Vesting Date	Expiry Date	Exercise Price	Options	Share Price at Grant	Risk Rate	Consideration
20.12.12	30.11.13	30.11.15	\$0.06	13,000,000	\$0.03	3.17%	nil
20.12.12	30.11.13	30.11.16	\$0.10	13,000,000	\$0.03	3.17%	nil
16.01.13	30.11.13	30.11.15	\$0.06	2,900,000	\$0.03	3.17%	nil
16.01.13	30.11.13	30.11.16	\$0.10	2,900,000	\$0.03	3.17%	nil

Invictus Gold Limited

Grant Date	Vesting Date	Expiry Date	Exercise Price	Options	Share Price at Grant	Risk Rate	Consideration
20.12.12	30.11.13	30.11.15	\$0.10	3,250,000	\$0.031	2.97%	nil
20.12.12	30.11.14	30.11.16	\$0.15	3,250,000	\$0.031	2.97%	nil
15.01.13	30.11.13	30.11.15	\$0.10	1,475,000	\$0.031	2.97%	nil
15.01.13	30.11.14	30.11.16	\$0.15	1,475,000	\$0.031	2.97%	nil

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 22: SHARE BASED PAYMENTS (CONTINUED)

The level of volatility anticipated for the purposes of the model was 82.1% for all options, The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. Dividends were assumed to be NIL.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

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

NOTE 23: RELATED PARTY TRANSACTIONS

An amount of \$217,904 (2012: \$238,306) was received from Invictus Gold Limited for shared administrative and other expenses.

Invictus Gold has a loan facility with the Company. The total amount available for drawdown under this facility is \$750,000. The total drawn down amount as at 30 June 2013 is \$425,726. Interest is charged at 6% per annum.

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

NOTE 24: FINANCIAL RISK MANAGEMENT

The Consolidated Group's principal financial instruments comprise cash and short-term deposits. The Consolidated Group has various other financial assets and liabilities such as other receivables and payables, which arise directly from its operations.

The Consolidated Group's activities expose it to a variety of financial risks, including, credit risk, liquidity risk and cash flow interest rate risk. The Consolidated Group is not materially exposed to foreign exchange or price risk.

Risk management is carried out by the Board of Directors, who evaluate and agree upon risk management and objectives.

(a) Market Risk

(i) Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Consolidated Group.

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

(ii) Price Risk

Equity Securities Price Risk

The Consolidated Group does not have any investments classified on the statement of financial position as either available for sale or at fair value through profit or loss and is therefore considered to have no exposure to equity securities price risk.

(iii) Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cashflows associated with the instruments will fluctuate due to changes in market interest rates. The Consolidated Group has adopted a simple interest rate management policy involving short-term deposits, with AA rated institutions, for varying periods, depending on the immediate cash requirements of the Consolidated Group. Interest is earned at the respective short-term deposit rates.

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 24: FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Interest Rate Risk

The Group holds the following financial instruments:

	Notes	Floating interest rate	Fixed interest rate			Non- interest bearing	Total	Weighted average interest rate
			1 year or less	Over 1 to 5 years	More than 5 years			
		\$	\$	\$	\$	\$	%	
2013								
<i>Financial assets</i>								
Cash	8	2,514,656	-	-	-	2,514,656	*	
Trade and other receivables	9	-	-	-	-	401,871	-	
		<u>2,514,656</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>401,871</u>	<u>2,916,527</u>	
<i>Financial liabilities</i>								
Trade creditors and accruals	13	-	-	-	-	770,450	-	
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>770,450</u>	<u>770,450</u>	

* Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash flow requirements of the Consolidated Group, and earn interest at the respective short-term deposit rates.

	Notes	Floating interest rate	Fixed interest rate			Non- interest bearing	Total	Weighted average interest rate
			1 year or less	Over 1 to 5 years	More than 5 years			
		\$	\$	\$	\$	\$	%	
2012								
<i>Financial assets</i>								
Cash	8	1,063,173	-	-	-	1,261	1,064,434	2.57
Trade and other receivables	9	-	-	-	-	301,265	301,265	-
		<u>1,063,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>302,526</u>	<u>1,365,699</u>	
<i>Financial liabilities</i>								
Trade creditors and accruals	13	-	-	-	-	332,744	332,744	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>332,744</u>	<u>332,744</u>	2.57

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

(c) Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

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

Credit risk exposures

Credit risk related to balances with banks and other financial institutions is managed by the Consolidated Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least BB. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

	Note	2013	2012
		\$	\$
Cash and cash equivalents			
- AA Rating (being AUD banks)		2,296,842	1,030,963
- BB		174,905	-
- Other		42,909	33,471
Total cash and cash equivalents	8	2,514,656	1,064,434

No material exposure is considered to exist by virtue of the possible non performance of the counterparties to financial instruments and cash deposits.

(d) Liquidity Risk

The Consolidated Group's exposure to liquidity risk is limited to cash, receivables and creditors and is set out in Notes 8, 9 and 13.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate credit facility. The Consolidated Group manages liquidity risk by continuously monitoring forecast and actual cash flows. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets.

(e) Fair value estimation

The net fair value of financial assets and liabilities of the Consolidated Group approximated their carrying amount. Listed investments have been valued at the quoted market bid price at balance date, adjusted for transaction costs expected to be incurred.

The Consolidated Group has no financial assets and liabilities where the carrying amount exceeds the net fair value at balance date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and notes to the financial statements.

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. All financial instruments measured at fair value are level one, meaning fair value is determined from quoted prices in active markets for identical assets.

(f) Sensitivity Analysis

At 30 June 2013, if interest rates had changed by +/- 100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Consolidated Group would have been \$10,663 lower/ higher (2012: \$10,663 lower/higher) as a result of lower/higher interest income from cash and cash equivalents.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 25: PARENT ENTITY DISCLOSURE

The following information has been taken from the books and records of the parent company, Impact Minerals Limited, and has been prepared in accordance with Accounting standards.

	2013	2012
	\$	\$
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Profit/(Loss) for the period	(7,185,499)	(4,226,666)
Other comprehensive income	-	-
Total comprehensive result for the period	<u>(7,185,499)</u>	<u>(4,226,666)</u>
 STATEMENT OF FINANCIAL POSITION		
Current assets	2,340,644	1,106,935
Non current assets	<u>7,299,384</u>	<u>8,391,565</u>
Total assets	<u>9,640,028</u>	<u>9,498,500</u>
 Current liabilities	<u>351,825</u>	<u>257,106</u>
Total liabilities	<u>351,825</u>	<u>257,106</u>
Net Assets	<u>9,288,203</u>	<u>9,241,394</u>
 Total equity of the parent entity comprising of :		
Share capital	24,366,377	17,284,496
Option reserve	290,055	140,315
Asset revaluation reserve	-	(688)
Foreign currency translation reserve	-	-
Accumulated losses	<u>(15,368,229)</u>	<u>(8,182,731)</u>
Total Equity	<u>9,288,203</u>	<u>9,241,394</u>

Contractual commitments

The parent entity does not have any commitments for the acquisition of property, plant and equipment.

Contingent liabilities

There are no material contingent liabilities of the parent entity for 30 June 2013.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 26: CONTROLLED ENTITIES

a) Controlled Entities Consolidated - Direct

Name	Principal Activities	Country of Incorporation	Ownership Interest	
			2013 %	2012 %
Unlisted:				
Aurigen Pty Ltd	Exploration	Australia	100	100
Drummond East Pty Ltd	Exploration	Australia	100	100
Seam Holdings Ltd (i)	Investment	British Virgin Islands	100	100
Impact Minerals (Botswana) Pty Ltd (ii)	Exploration	Botswana	100	100
Drummond Uranium Pty Ltd	Exploration	Australia	100	100
Siouville Pty Ltd	Exploration	Australia	100	100
Brentwood Investment Pty Ltd (iii)	Exploration	Namibia	100	100
Impact Madencilik Sanayi Ve Ticaret A.S (iv)	Exploration	Turkey	100	100
Xade Minerals (Pty) Ltd	Exploration	Botswana	100	100
Invictus Gold Limited (v)	Exploration	Australia	73.29	44

(i) Seam Holdings Limited is a subsidiary of Drummond East Pty Ltd.

(ii) Impact Minerals (Botswana) Pty Ltd (formerly Icilion Investments Pty Ltd) is a wholly owned subsidiary of Seam Holdings Limited.

(iii) Brentwood Investment Pty Ltd is a wholly owned subsidiary of Seam Holdings Limited.

(iv) Impact Madencilik Sanayi Ve Ticaret A.S is a wholly owned subsidiary of Drummond Uranium Pty Ltd

(v) Invictus Gold Limited is an entity controlled by Impact Minerals.

Loans to and Investments In Controlled Entities

Loans are provided by the Parent Entity to its controlled entities for their respective operating activities. Amounts receivable from controlled entities are non-interest bearing with no fixed term of repayment. The carrying value of investments in controlled entities are recognised as an asset in the Parent Entity. The future successful commercial application of these projects or the sale to third parties supports the recognition and recoverability of these assets held in the Parent Entity.

Details of loans provided are listed below:

	2013 \$	2012 \$
Aurigen Pty Ltd	606,894	702,648
Drummond East Pty Ltd	33,653	33,423
Seam Holdings Ltd	9,902	9,902
Impact Minerals (Botswana) Pty Ltd	4,820,120	5,597,236
Drummond Uranium Pty Ltd	10,580	10,280
Siouville Pty Ltd	136,372	136,372
Brentwood Investment Pty Ltd	201	104
Impact Madencilik Sanayi Ve Ticaret A.S	207,077	-
Xade Minerals (Pty) Ltd	-	-
Invictus Gold Limited	502,317	46,074
	6,327,116	6,536,039

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 26: CONTROLLED ENTITIES (continued)

b) Controlled Entities Consolidated – Through Invictus Gold Limited

Name	Principal Activities	Country of Incorporation	Ownership Interest	
			2013 %	2012 %
Unlisted:				
Drummond West Pty Ltd	Exploration	Australia	100	100
Invictus (Turkey) Pty Ltd	Exploration	Australia	100	100
Invictus Madencilik Sanayi ve Ticaret A.S.	Exploration	Turkey	100	100
Endeavour Minerals Pty Ltd	Exploration	Australia	100	-

Loans to and Investments In Controlled Entities

Loans are provided by the Parent Entity to its controlled entities for their respective operating activities. Amounts receivable from controlled entities are non-interest bearing with no fixed term of repayment. The carrying value of investments in controlled entities are recognised as an asset in the Parent Entity. The future successful commercial application of these projects or the sale to third parties supports the recognition and recoverability of these assets held in the Parent Entity.

Details of loans provided are listed below:

	2013 \$	2012 \$
Drummond West Pty Ltd	3,405,301	2,283,474
Invictus (Turkey) Pty Ltd	-	-
Invictus Madencilik Sanayi ve Ticaret A.S.	1,529,900	-
Endeavour Minerals Pty Ltd	-	-
	4,935,201	2,329,548

Details of investments are listed below:

	2013 \$	2012 \$
Aurigen Pty Ltd	4,006	4,006
Drummond East Pty Ltd	96	96
Seam Holdings Ltd	-	-
Impact Minerals (Botswana) Pty Ltd	-	-
Drummond Uranium Pty Ltd	100	100
Siouville Pty Ltd	100	100
Brentwood Investment Pty Ltd	-	-
Impact Madencilik Sanayi Ve Ticaret A.S	-	-
Xade Minerals (Pty) Ltd	-	-
	4,302	4,302

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 27: ACQUISITION OF SUBSIDIARY

On the 22 November 2012, the Group acquired a further 31.29% interest in Invictus Gold Limited thereby moving its interest to 75.29% and giving Impact Minerals Limited control of the Company on the 12 June 2013. Invictus Gold Limited acquired Endeavour Minerals Pty Ltd as such the Company's interest in Invictus Gold Limited moved to 73.29%. Invictus Gold Limited is engaged in Gold exploration activities.

Consideration transferred	\$
Cash	2,612,928
Deemed consideration for the acquisition of the investment previously recognised as an associate.	640,000
	3,252,928

ASSETS ACQUIRED AND LIABILITIES ASSUMED AT THE DATE OF ACQUISITION

Current Assets	\$
Cash and cash equivalents	2,583,962
Trade and other receivables	11,667
 Non Current Assets	
Property, plant and equipment	764
Exploration expenditure	1,954,697
Other non-current assets	58,867
 Current Liabilities	
Trade and other payables	(263,940)
Provisions	(24,622)
Net Assets	4,321,395

NON CONTROLLING INTEREST

The Non Controlling interest (24.71%) in the Subsidiary Invictus Gold Limited recognised at the acquisition date was measured by the reference to the fair value of the Non- Controlling Interest and amounted to \$1,067,790. The fair value was determined based on the 4 cents rights issues which occurred on 22 November 2012.

Discount on acquisition	\$
Consideration transferred	3,252,928
Fair value of the Non- controlling interest	1,067,790
Less: Fair value of the net assets	(4,321,395)
Discount on acquisition	677

Net cash outflow arising on acquisition	\$
Consideration paid in cash	2,612,928
Less: Cash and cash equivalents balances acquired	(2,583,962)
Net cash outflow arising on acquisition	28,966

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 28: DEEMED DISPOSAL OF ASSOCIATE

On the 22 November 2012, the Group acquired further 31.29% interest in Invictus Gold Limited thereby moving its interest to 75.29% resulting in the Company becoming a subsidiary of Impact Minerals Limited. In line with AASB 3 Business Combinations, the transaction resulted in a deemed disposal of Impact Mineral Limited's investment in associate.

	\$
Deemed proceeds (<i>Refer (i)</i>)	640,000
Less: Fair value of the net assets disposed (<i>Refer (ii)</i>)	(173,720)
Net gain on deemed disposal of investment in associate	466,280

(i) The deemed proceeds was based on the 4 cents right issues which occurred on 22 November 2012.

(ii) During the period Invictus Gold Limited wrote down its capitalised exploration expenditure by \$5,278,283. Refer below to the reconciliation of the investment in Associate (Invictus Gold Limited) prior to Impact Minerals Limited obtaining control of Invictus Gold limited.

	\$
Opening Balance as at 1 July 2012	2,543,078
Share of associate loss until control was obtained by Impact Minerals Limited	(2,369,358)
Closing balance as at 22 November 2012	173,720

NOTE 29: JOINT VENTURE INTERESTS

Impact Minerals Limited has a 51% interest in the Xade Joint Venture whose principal activity is mineral exploration on the Xade project in Botswana.

The Consolidated Group's share of assets employed in the joint venture is:

	2013 \$	2012 \$
Non-Current Assets		
Exploration Expenditure	1,760,718	703,868
Share of total assets of joint venture	1,760,718	703,868
Net interest in joint venture	1,760,718	703,868

NOTE 30: SUSEQUENT EVENTS

On 23rd August 2013 the Company announced that it has executed a merger Implementation agreement pursuant to which Impact Minerals limited proposes to acquire all the issued shares in the Company that it does not already own under a scheme of arrangement. Under this proposed scheme of arrangement all unlisted options would be cancelled. The scheme of arrangement is subject to regulatory and shareholder approval.

On 19th September 2013, the Company announced a capital raising through a placement of \$3,000,000 in capital through the issue of 78,947,368 ordinary shares to sophisticated and professional investors.

Impact Minerals Limited ABN 52 119 062 261

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 31: ENDEAVOUR MINERALS PTY LTD ACQUISITION

- a) During the year 100% ownership interest in Endeavour Minerals Pty Ltd and its related assets was acquired by the Consolidated Group.

	Note	Fair Value
Purchase consideration by Invictus Gold Limited:		
- Ordinary shares		200,000
- Cash		205,735
		<u>405,735</u>
Purchase consideration by Impact Minerals Limited:		
Ordinary shares		200,000
Cash		454,265
		<u>654,265</u>
Total Consideration		1,060,000
Net Assets of Endeavour at the time of acquisition		111,131
Exploration expenditure at fair value		948,869
	12	<u>1,060,000</u>

NOTE 32: COMPANY DETAILS

The principal and registered office of the company is:

Impact Minerals Limited
309 Newcastle Street
NORTHBRIDGE WA 6003

**DIRECTOR'S DECLARATION
IMPACT MINERALS LIMITED ABN 52 119 062 261 AND CONTROLLED ENTITIES**

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 19 to 60, are in accordance with the Corporations Act 2001 and:
 - a) comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b) give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the company and Consolidated Group;

2. The Chief Executive Officer and Chief Finance Officer have each declared in accordance with S295A of the Corporations Act 2001, that:
 - a) the financial records of the Consolidated Group for the financial year have been properly maintained in accordance with s286 of the Corporations Act 2001;
 - b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c) the financial statements and notes for the financial year give a true and fair view; and

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



Signed at Perth this 26th day of September 2013.

Dr Michael G Jones
Managing Director

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information, applicable at 31 July 2013, is required by the Australian Securities Exchange Ltd in respect of listed public companies only.

Shareholding

a. **Distribution of Shareholders**

	Number of Holders	Number of Shares
Category (size of holding)		
1 – 1,000	18	1,297
1,001 – 5,000	158	568,560
5,001 – 10,000	147	1,291,906
10,001 – 100,000	488	20,416,970
100,001 – and over	252	349,633,819
	1,063	371,912,552

b. The number of shareholders holding less than a marketable parcel is 417.

c. The names of the substantial shareholders listed in the holding company's register as at 15 August 2013 are:

	Number	% of issued capital
Shareholder		
M. Elsasser & Cie AG 1971	22,117,222	5.95
Susanne Bunnenberg	154,999,999	42.44

d. **Voting Rights**

The voting rights attached to each class of equity security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Impact Minerals Limited ABN 52 119 062 261

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

e. 20 Largest Shareholders — Ordinary Shares

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital	
Rank	Name	Units	% of Units
1.	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	173,197,378	46.57
2.	CHINA GROWTH MINERALS LIMITED	11,840,470	3.18
3.	P J ENTERPRISES PTY LIMITED <SUPER FUND A/C>	8,000,000	2.15
4.	BASALIS PTY LTD <BASALIS SUPER FUND A/C>	6,561,111	1.76
5.	IMAGE INTERPRETATION TECHNOLOGIES PTY LTD	6,450,000	1.73
6.	BALINTORE PTY LTD <MCKENZIE SUPER FUND A/C>	5,841,667	1.57
7.	PAYZONE PTY LTD	5,400,002	1.45
8.	A W D CONSULTANTS PTY LTD <STEVENS SUPER FUND A/C>	4,900,000	1.32
9.	MR SIMON ROLFES	4,166,667	1.12
10.	DR LEON EUGENE PRETORIUS	4,000,000	1.08
11.	OLLD PTY LTD <CESARE SCALISE FT A/C>	3,545,745	0.95
12.	MANOTEL PTY LTD	3,348,462	0.90
13.	MR WILLIAM HENRY HERNSTADT	3,100,000	0.83
14.	MR PETER DAVID TIMMS	2,848,894	0.77
15.	MR JOHN ANTHONY CHAY + MRS KELLIE ANNE CHAY	2,200,000	0.59
16.	MR JOHN BLAINE <BLAINE FAMILY A/C>	2,000,000	0.54
17.	DR LEON EUGENE PRETORIUS	2,000,000	0.54
18.	MS JENNIFER ANNE TIMMS	1,994,150	0.54
19.	NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	1,984,235	0.53
20.	TOWNS CORPORATION PTY LTD <PAE FAMILY A/C>	1,831,000	0.49
Totals: Top 20 holders of ORDINARY SHARES (GROUPED)		255,209,781	68.62

Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited. The ASX code is IPT.