

ASX ANNOUNCEMENT

Date: 7 September 2017

Number: 536/070917

MAJOR SHAREHOLDER TO INCREASE STAKE IN IMPACT TO 10%

- **Major shareholder takes Placement of final \$0.9 million of Shortfall from the recent Share Purchase Plan to increase holding to 10%**
- **Placement completes full subscription of the SPP**
- **Funds to be primarily used for the ongoing drill programme and resource work at the Commonwealth gold-silver-base metals project in New South Wales**
- **Supplementary Prospectus attached**

Impact Minerals Limited (ASX:IPT) is pleased to announce that it has completed the placement of the remaining \$0.9 million of shortfall from the Company's recent SPP (as defined below) to one of its major shareholders, who will consequently increase its relevant interest in the Company to 10%. The Company has now placed all of the shortfall from the SPP with total funds raised exceeding \$2.9 million.

Impact Minerals' Managing Director, Dr Mike Jones, said "We are very pleased to have had strong support from one of our German shareholders, a Frankfurt-listed company that has progressively built its stake in Impact over the past few years. As a result we have now placed all of the shortfall from the recent Share Purchase Plan and so are very well funded to continue our on-going drill programme at the emerging Silica Hill gold-silver discovery 100 km north of Orange in New South Wales".

Background to additional placement

On 15 May 2017, Impact Minerals Limited (ASX:IPT) issued a prospectus seeking to raise up to \$4,001,400 through the offer of 222,300,000 Shares together with 333,450,000 free attaching Quoted Options by way of a Share Purchase Plan to existing Shareholders, and a Shortfall Offer to the general public (together the **SPP**).

The Company raised \$1,073,971 under the SPP through the issue of 59,665,051 Shares and 89,497,590 free attaching Quoted Options, which was approved by Shareholders at a general meeting of the Company on 20 June 2017.

As announced to ASX on 31 August 2017, the Company received firm commitments from sophisticated and professional investors to raise \$2,000,000 by the issue of a portion of the shortfall from the recent SPP, being 111,111,111 Shares and 166,666,667 free attaching Quoted Options (**Placement**).

The Company is now pleased to announce that it has received a firm commitment covering the total of the remaining shortfall from the SPP. The aggregate amount raised is \$2,927,429, comprising the issue of 162,634,949 Shares and 243,952,410 free attaching Quoted Options.

The Shares and free attaching Quoted Options will be issued on the same terms and conditions as those under the SPP, being \$0.018 for each Share, with three free attaching Quoted Options exercisable at \$0.04 on or before 15 June 2020 for every two New Shares subscribed for.

The Company lodged a prospectus (**Prospectus**) with the Australian Securities and Investment Commission (**ASIC**) for the Placement on 31 August 2017. The attached Supplementary Prospectus has been lodged with ASIC today in order to amend the Prospectus to address the placement of the remaining shortfall from the SPP.

The Prospectus and Supplementary Prospectus have been lodged with ASIC for the purposes of section 708A(11) of the Corporations Act to remove any trading restrictions on the Shares and free attaching Quoted Options issued.

For further information please contact:

Dr Mike Jones
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Impact Minerals Limited
ACN 119 062 261

Supplementary Prospectus

1. Important notices

This supplementary prospectus is dated 7 September 2017 (**Supplementary Prospectus**) and was lodged with ASIC on that date. Neither ASIC nor ASX take any responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus supplements the prospectus dated 31 August 2017 (**Prospectus**) issued by Impact Minerals Limited ACN 119 062 261 (**Impact**).

This Supplementary Prospectus must be read together with the Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, the Supplementary Prospectus will prevail.

Unless otherwise defined, a term with a defined meaning in the Prospectus has the same meaning in this Supplementary Prospectus.

2. Reasons for this Supplementary Prospectus

The purpose of this Supplementary Prospectus is to amend disclosure regarding the Placement, as the Company intends to place up to a further 51,523,838 new Shares and 77,285,757 free attaching Quoted Options, being the remainder of the Shares and Quoted Options for which valid applications were not received under the May 2017 Prospectus offers (ie. shortfall), to raise a further \$927,429.

3. Amendments to Section 1 – Investment Overview

3.1 Section 1.1 of the Prospectus is deleted and replaced with the following:

On 15 May 2017, the Company issued a prospectus (**May 2017 Prospectus**) seeking to raise up to \$4,001,400 through the offer of 222,300,000 Shares together with 333,450,000 Quoted Options by way of the Share Purchase Plan to existing Shareholders, and the Shortfall Offer to the general public.

The Supplementary Prospectus must be read together with the Prospectus dated 31 August 2017.

On 20 June 2017, the issue of the Shares and free-attaching Quoted Options under the Share Purchase Plan and Shortfall Offer was approved by Shareholders at a general meeting of the Company held on 20 June 2017.

The Company raised \$1,073,971 (before costs) under the May 2017 Prospectus through the issue of 59,665,051 Shares together with 89,497,590 Options on identical terms to the Offer Options.

The Company is currently undertaking the Placement, being a placement of the remaining Shares and Quoted Options for which valid applications were not received under the May 2017 Prospectus offers (i.e. a shortfall), comprising 162,634,949 Shares and 243,952,410 free-attaching Quoted Options.

Shares issued under the Placement will be issued to Exempt Investors at the same issue price as those issued under the Share Purchase Plan and the Shortfall Offer, being \$0.018 each, to raise up to \$2,927,429 (before costs).

The Company has appointed Patersons Securities Limited to act as Lead Manager to the Placement. A summary of the mandate agreement with Patersons is set out in Section 7.2(a) below.

It is anticipated that Patersons will place to its clients, up to approximately 19,444,444 Shares and 29,166,670 free attaching Quoted Options to raise up to approximately \$350,000, and that the remainder of 143,190,505 Shares and 214,785,740 Options will be placed by the Company to existing Shareholders and other parties, to raise up to approximately \$2,577,429.08.

- 3.2 The table setting out the Company's proposed use of funds in Section 1.3 of the Prospectus is deleted and replaced with the following:

Item	Amount
Drill programme at Commonwealth Project	\$1,000,000
Follow up work at Broken Hill Project	\$350,000
Follow up work at Mulga Tank Project	\$350,000
Other Projects	\$150,000
Costs of the Placement and Offer	\$92,930
Working capital	\$984,499
Total	\$2,927,429

Notes:

1. This table does not include the nominal amount (up to \$1.80) that may be raised by the Offer.
2. A breakdown of the estimated costs of the Offer is detailed in Section 7.5.
3. Working capital costs comprises the Company's administration and overhead costs, and include operating expenses, accounting costs, auditing costs, insurance costs, legal costs, share registry costs, Directors' fees, ASX fees and regulatory compliance costs and expenses.

4. Amendments to Section 4 – Effect of the Placement and the Offer

4.1 Section 3.1 is deleted and replaced with the following:

The principal effects of the Placement and the Offer will be to, assuming the Placement and the Offer are fully subscribed:

- (a) increase the number of Shares on issue from 848,436,136 Shares as at the Prospectus Date to 1,011,071,185 Shares, representing a dilution of approximately 16.1% (assuming that other Shares are not issued before such time);
- (b) increase the number of Options on issue from 218,926,162 Options as at the Prospectus Date to 462,878,722 Options; and
- (c) increase cash reserves by up to approximately \$2,834,499 immediately after completion of the Offer and payment of the costs and expenses set out in Section 7.5, including the estimated expenses of the Offer

4.2 Section 3.2 is deleted and replaced with the following:

The table below sets out the anticipated effect of the Placement and the Offer on the Company's capital structure, assuming other Shares are not issued (including on the exercise of Options or conversion of Convertible Notes) prior to the close of the Offer.

Security type	Number	Percentage of total
<i>Shares – ordinary</i>		
Shares on issue prior to the Placement	848,436,136	83.91%
Shares issued under the Placement	162,634,949	16.09%
Offer Shares offered under Offer	100	0%
Total Shares after the Placement and the Offer	1,011,071,185	100%
<i>Options</i>		
Unquoted Options prior to the Placement – exercisable at \$0.0325 on or before 7 August 2018	45,000,000	9.72%
Unquoted Options prior to the Placement – exercisable at \$0.0367 on or before 29 September 2018	27,000,000	5.83%
Unquoted Options prior to the Placement – exercisable at \$0.045 on or before 29 September 2019;	15,500,000	3.35%
Unquoted Options prior to the Placement – exercisable at \$0.07 on or before 29 September 2020	15,500,000	3.35%
Unquoted Options prior to the Placement – exercisable at \$0.0325 each on or before 21 October 2018	26,428,572	5.71%
Quoted Options granted prior to the Placement	89,497,590	19.33%
Quoted Options granted under the Placement	243,952,410	52.70%

The Supplementary Prospectus must be read together with the Prospectus dated 31 August 2017.

Security type	Number	Percentage of total
Offer Options offered under the Offer	150	0%
Total Options after the Placement and the Offer	462,878,722	100%
Convertible Notes		
Unquoted Convertible Notes prior to the Placement	2,000,000	100%
Convertible Notes issued under the Placement	Nil	0%
Convertible Notes offered under the Offer	Nil	0%
Total Convertible Notes after the Placement and the Offer	2,000,000	100%

Note:

1. All Convertible Notes currently on issue have a face value of \$1 each, mature on 7 August 2018, and are convertible into Shares at a conversion price that is the lower of \$0.021 per Share, and 80% of the 30 day volume weighted average price prior to the date of the conversion notice.
2. If all Convertible Notes were converted at an issue price of \$0.021 per Share, 95,238,095 new Shares would be issued.

4.3 Section 3.3 is deleted and replaced with the following:

The Company will raise up to approximately \$2,927,429 (before costs) under the Placement, assuming full subscription. Accordingly, the Placement will have a material effect on the Company's financial position.

Set out below is:

- the reviewed consolidated statement of financial position of the Company for the half year ended 31 December 2016;
- the utilisation of cash since 31 December 2016; and
- the unaudited pro forma consolidated statement of financial position of the Company for the half year ended 31 December 2016 incorporating the effect of the utilisation of cash since 31 December 2016 and the Offer assuming full subscription.

The unaudited pro forma consolidated statement of financial position has been prepared to provide potential Applicants with information on the assets and liabilities of the Company and pro forma assets and liabilities of the Company as noted below. It has been derived from the last half year financial statements of the Company and adjusted to reflect the utilisation of cash since 31 December 2016 and the pro forma assets and liabilities of the Company as if completion of the Placement and the Offer had occurred by 31 December 2016.

Unaudited Consolidated Pro Forma Statement of Financial Position				
	Consolidated		Maximum subscription (\$2,927,429)	
	(reviewed)	Utilisation of Cash since	Pro-forma Adjustments	Pro-forma After Issues
	31 Dec 2016	31 Dec 2016		31 Dec 2016
	\$	\$	\$	\$
CURRENT ASSETS				
Cash and cash equivalents	1,489,119	(6,029)	2,834,499	4,317,589
Trade and other receivables	1,137,463	(1,073,788)	-	63,675
Other current assets	201,457	-	-	201,457
TOTAL CURRENT ASSETS	2,828,039	(1,079,817)	2,834,499	4,582,721
NON-CURRENT ASSETS				
Property and equipment	3,432	-	-	3,432
Exploration expenditure	11,542,191	1,549,150	-	13,091,341
Other non-current assets	176,883	-	-	176,883
TOTAL NON-CURRENT ASSETS	11,722,506	1,549,150	-	13,271,656
TOTAL ASSETS	14,550,545	469,333	2,834,499	17,854,377
CURRENT LIABILITIES				
Trade and other payables	446,591	-	-	446,591
Financial liabilities	2,000,000	-	-	2,000,000
Provisions	99,466	-	-	99,466
TOTAL CURRENT LIABILITIES	2,546,057	-	-	2,546,057
TOTAL LIABILITIES	2,546,057	-	-	2,546,057
NET ASSETS	12,004,488	469,333	2,834,499	15,308,320
EQUITY				
Issued capital	35,950,384	983,226	2,834,499	39,768,109
Option reserve	1,199,068	-	-	1,199,068
Foreign currency translation reserve	(503,389)	-	-	(503,389)
Transactions with non-controlling interest	(1,161,069)	-	-	(1,161,069)
Accumulated losses	(23,480,506)	(513,893)	-	(23,994,399)
TOTAL EQUITY	12,004,488	469,333	2,834,499	15,308,320

The Supplementary Prospectus must be read together with the Prospectus dated 31 August 2017.

Notes:

This table has been prepared on the basis of the following assumptions:

1. The Company issues 162,634,949 Shares at an issue price of \$0.018 each pursuant to the Placement, raising a total of \$2,927,429 before costs, and approximately \$2,834,499 after costs of the Placement.
2. An adjustment has been made for the exploration expenditure and operating costs of the Company between 31 December 2016 and the date of completion of the Placement.

The unaudited pro forma consolidated statement of financial position represents the Company's consolidated statement of financial position as at 31 December 2016, adjusted on the basis that there has not been any material movement in the assets and liabilities of the Company between that date and the Closing Date save for:

- raising \$1,073,971 (before costs) under the Share Purchase Plan and Shortfall Offer;
- the receipt of \$1,073,788 in respect of a research and development tax rebate;
- exploration expenditure of \$1,549,150;
- general administration and working capital expenditure of \$513,893;
- raising \$2,927,940 on full subscription under the Placement; and
- the Company incurring \$92,930 in relation to the costs of the Placement.

Allowance has not been made for expenditure incurred in the normal course of business from 31 December 2016 to the Closing Date.

The historical and pro-forma information is presented in an abbreviated form. It does not include all of the disclosures required by the Australian Accounting Standards applicable to annual or half year financial statements. Accordingly, the statement of financial position above is to be read in conjunction with the notes to the financial statements as published in the Company's Half Year Financial Report for the period ended 31 December 2016 available on the Company's website, www.impactmineals.com.au, and the ASX announcements platform, www.asx.com.au, using the Company's ASX code 'IPT'.

4.4 Section 3.4(a) is deleted and replaced with the following:

A "substantial holding" is defined under the Corporations Act to mean a relevant interest (e.g. controlling interest) in 5% or more of the voting shares of a public company.

The table below sets out the Shareholders with a substantial holding as at the Prospectus Date.

Name	Pre- Placement		Post- Placement	
	Number of Shares	Percentage interest	Number of Shares	Percentage interest
Mrs Susanne Bunnenberg	200,199,999	23.60%	200,199,999	19.80%
Squadron Resources Pty Ltd	47,619,048	5.61%	47,619,048	4.71%

The Supplementary Prospectus must be read together with the Prospectus dated 31 August 2017.

Notes:

1. The figures in the table assume that no Securities are issued to the above holders under the Placement and that additional Shares are not issued after the Prospectus Date.
2. The Shares in which Mrs Bunnenberg holds a relevant interest are held by JP Morgan Nominees Australia, which acts as a custodian.

4.5 Section 3.4(b) is deleted and replaced with the following:

The potential effect that the Placement could have on the control of the Company, and the consequences of that effect, will depend upon a number of factors, including investor demand and existing shareholdings.

The table below sets out the estimated dilutive effect of the Placement on existing Shareholders, including on the exercise of all Placement Options, assuming various subscription scenarios.

Event	Number pre-Placement	Placement Shares issued (including Shares issued on exercise of Placement Options, where applicable)	Number post-Placement	Dilution (rounded)
25% subscription under the Placement				
Issue of Offer Shares	848,436,136	40,658,737	889,094,873	4.57%
Exercise of Offer Options	848,436,136	101,646,843	950,082,979	10.70%
50% subscription under the Placement				
Issue of Offer Shares	848,436,136	81,317,475	929,753,611	8.75%
Exercise of Offer Options	848,436,136	203,293,688	1,051,729,824	19.33%
100% subscription under the Placement				
Issue of Offer Shares	848,436,136	162,634,949	1,011,071,185	16.09%
Exercise of Offer Options	848,436,136	406,587,359	1,255,023,495	32.40%

Notes: The table above assumes that other Shares are not issued prior to the listed events occurring and that such events occur in the order listed.

The Company will not issue Shares under the Placement (or the Offer) to the extent that the recipient's voting power in the Company would exceed 20%.

The Company anticipates that as a result of the Placement, one investor may acquire voting power in the Company of approximately 10.15%.

The Directors do not consider that the Placement (or the Offer) will have a material impact on the control of the Company.

5. Amendments to Section 7 – Additional Information

5.1 Section 7.2(a) is deleted and replaced with the following:

The Company and the Lead Manager have entered into a mandate agreement under which the Lead Manager was appointed to manage the Placement.

The material terms of the Lead Manager's engagement are as follows:

- The Lead Manager will act as the sole and exclusive lead manager to the Placement.
- The Company will pay the Lead Manager:
 - a lead manager fee of 1% of the amount raised under the Placement, excluding GST;
 - a placement selling fee of 5% of the amount raised under the Placement by the issue of Placement Securities to clients and contacts of the Lead Manager; and
 - reimbursement of the Lead Manager's reasonable costs, professional fees and expenses in relation, and incidental, to the Placement.
- The Company agrees to indemnify the Lead Manager and to hold the Lead Manager harmless from and against:
 - all actions, claims, demands or proceedings which may be instituted against the Lead Manager; and
 - all liabilities, losses, damages, costs and expenses including reasonable legal costs and expenses which may be suffered or incurred by the Lead Manager, in connection with the mandate.

The mandate otherwise contain terms and conditions considered standard for an agreement of this nature.

As set out in Section 1.1, it is anticipated that the Lead Manager will place to its clients up to approximately 19,444,444 Shares and 29,166,670 free attaching Quoted Options to raise up to approximately \$350,000. Consequently, it is anticipated that the aggregate fee payable to the Lead Manager will be up to \$46,770.

5.2 Section 7.5 is deleted and replaced with the following:

The estimated costs and expenses (excluding GST) of the Placement and the Offer (assuming full subscription) are set out in the table below.

Expense	Amount
ASIC fees	\$2,400
ASX fees	\$23,760
Lead Manager's fees	\$46,770
Legal fees (exclusive of GST)	\$15,000
Printing, distribution and Share Registry expenses	\$5,000
TOTAL	\$92,930

6. Authorisation

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with ASIC and has not withdrawn that consent.

This Supplementary Prospectus is signed for and on behalf of Impact pursuant to a resolution of the Board by:

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

Peter Unsworth
Chairman

Date: 7 September 2017