

31 JULY 2023

CORPORATE ANNOUNCEMENT

JUNE 2023 QUARTERLY REPORT

HIGHLIGHTS

1. Lake Hope, WA (IPT 80%)

- Impact exercised its option to proceed with a farm-in to earn an 80% interest in the Lake Hope High Purity Alumina Project by completing a Pre-Feasibility Study (PFS).
- Commencement of the PFS and work required to lodge a Mining Lease Application in the September Quarter.
- A maiden mineral resource estimate of 3.5 million tonnes at 25.1% alumina (Al_2O_3) for a contained 880,000 tonnes of alumina was defined.
- A scoping study is nearing completion and will be released in the September Quarter.
- Heritage survey over the Lake Hope deposit completed by the Ngadju Peoples.

2. Arkun-Beau, WA (IPT 100%)

- A large Rare Earth Element (REE) soil geochemistry anomaly about ten kilometres long, up to 2,000 meters wide, and comprising Light and Heavy REE was identified in the NE of the Arkun Project.
- The anomaly, called the Horseshoe Prospect, occurs in the contact zone of an intrusion adjacent to a major regional fault, a prime location for REE.
- Further surveys are in progress to follow up on numerous other REE (and other metal) anomalies identified in reconnaissance roadside soil geochemistry surveys.
- Southwest Western Australia is starting to emerge as an REE Province similar to the Gascoyne and Esperance areas.
- Interpretation of nickel-copper-PGM and lithium soil geochemistry data, HeliTEM and DGPR data are in progress.

3. Broken Hill, WA (IPT 100%)

- Continuation of fieldwork funded by the BHP Xplor Programme.
- First-ever Sub Audio Magnetics (SAM) and magnetotelluric (MT) ground geophysical surveys in the Broken Hill area were completed and are being processed and interpreted.

COMPANY DETAILS

Market Cap: A\$45m (0.016 p/s)

Issued Capital: 2,844,703,889

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DIRECTORS

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Dr Michael Jones
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Mr Paul Ingram
Non-Executive Director

Dr Frank Bierlein
Non-Executive Director

Mr Bernard Crawford
Company Secretary



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- About 600 rock chip samples were collected during the Xplor programme and have been submitted for whole rock and trace element geochemistry.
- Funding by the Xplor programme ended on June 30th 2023, and all confidentiality restrictions have been lifted.
- A significant amount of new data has been generated through Xplor, which requires synthesis and interpretation to determine the next steps.

4. OTHER PROJECTS WA

- Work progressed on synthesising and interpreting the previous exploration results at the Dinninup, Mineral Hill, Dalgaranga and Narryer projects.

5. CORPORATE

- \$4 million was raised via a Placement at 1.2 cents, including \$3 million from Impact's largest shareholder, a German Family Office.
- \$753,000 received as a Research and Development rebate.
- Cash at June 30th 2023, was \$4.69 Million.

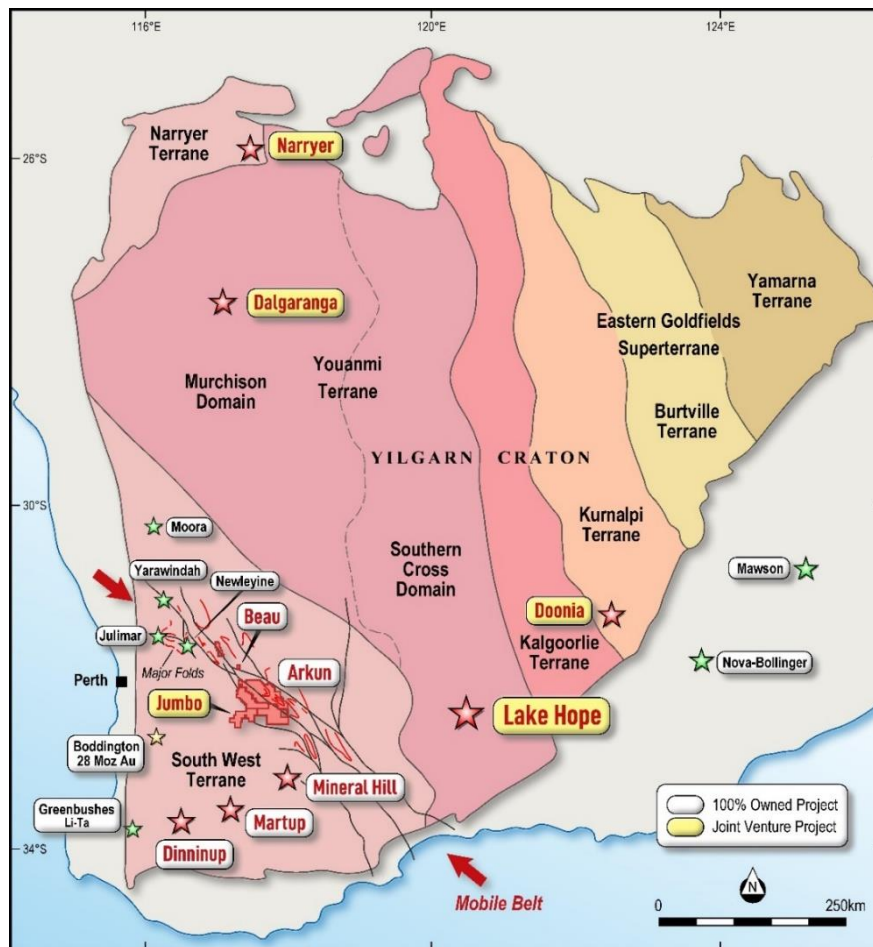


Figure 1. Location of Impact's projects in Western Australia.

PROJECT REPORTS

1. LAKE HOPE, WA (IPT earning 80%)

During the Quarter, Impact significantly advanced its Lake Hope High Purity Alumina Project, located 500 km east of Perth, Western Australia, in which Impact has the right to earn an 80% interest (Figure 1).

Lake Hope allows the Company to become a low-cost entrant into the HPA chemical market, a high-margin business forecast to grow strongly over the next decade (ASX Release March 21st 2023).

The project contains a globally unique deposit of high-grade aluminium clay minerals in the top few metres of a playa salt lake, which has unique physical and chemical properties that will allow for low-cost mining and offsite metallurgical processing via a novel and cost-disruptive acid leaching process.

Preliminary economic studies indicate that the production of HPA and related products from Lake Hope will be cost-competitive with current producers and other developers in Australia and globally (ASX Release March 21st 2023).

Three significant milestones were achieved during the Quarter:

1. Impact exercised its option to earn the 80% interest in the Lake Hope Project.
2. A Pre-Feasibility Study was commenced.
3. A Maiden Mineral Resource Estimate was completed.

In addition, work progressed on the Scoping Study, metallurgical test work commenced and a Heritage Survey over the resource was completed with the Ngadju Peoples.

1.1 Exercise of the Lake Hope Option

Having completed due diligence, Impact exercised its option to earn an 80% interest in the Lake Hope HPA Project, owned by Playa One Limited, by solely funding a Pre-Feasibility Study on the project (ASX Releases May 1st and 4th 2023).

Under the Terms of the Binding Term Sheet, Impact has paid Playa One Limited shareholders \$175,000 cash and 30 million fully paid ordinary shares (escrowed until May 4th 2024). Subject to shareholder approval, it will also issue 20 million fully paid ordinary shares (escrowed until May 4th 2024) and 30 million unlisted options exercisable at 1.125c, vesting on May 4th 2024 and expiring on December 1 2025. The shares and options are subject to shareholder approval which will be sought at an Extraordinary General Meeting on August 1st 2023.

Other key terms of the joint venture with Playa One are:

1. Upon completion of a PFS, Impact can enter an incorporated joint venture with the Playa One shareholders (through an entity representing them, Playa Two Pty Ltd). If so, it will acquire an immediate 80% interest in Playa One by issuing, subject to shareholder approval, up to 120 million fully paid ordinary shares capped at a maximum value of \$8 million (based on the 5-day VWAP before the election) to the Playa One Shareholders.
2. Upon completion of a Definitive Feasibility Study (DFS) to be sole-funded by Impact, Impact will issue, subject to shareholder approval, up to 100 million fully paid ordinary shares capped at a maximum value of \$10 million (based on the 5-day VWAP before the ASX announcement of the completion of the DFS) to the Playa One Shareholders.
3. Playa One shareholders will be free-carried to a Decision to Mine. Impact will maintain all Playa One tenements in good standing during this time.
4. If a Decision to Mine is made, the Playa One Shareholders may contribute to mine development costs or be diluted. If their interest falls below 7.5%, it will convert to a 2% net smelter royalty.

1.2 Pre-Feasibility Study

The Pre-Feasibility Study (PFS) required for Impact to earn its 80% interest in the Lake Hope Project was commenced during the Quarter (ASX Release April 6th 2023).

Impact has appointed the following experienced companies to undertake the work programs for the PFS, which will be completed over the next 12 to 18 months, as well as the work required to lodge a Mining Lease Application by Quarter 4 this year:

Maiden Resource Estimation: H and S Consultants (H&S), Brisbane. H&S are well-known resource estimation specialists with specific experience in resource calculations for deposits in Western Australian Playa lakes.

Environmental and Approvals Process Consultants: Biota Environmental Services, Perth. Biota will complete flora and fauna surveys and also help coordinate the approvals process for the Mining Lease Application.

Metallurgical Consultants: Strategic Metallurgy, Perth. Strategic will help oversee and manage the optimisation test work programme for the novel acid leach process, already underway at ALS Laboratories in Perth. Strategic will also complete process flow sheet design and preliminary engineering studies.

Mining Studies: The Mining Engineer Mine Consulting (TME). TME will complete initial mine optimisation studies for Lake Hope, which will likely be mined on a campaign basis every few years.

Financial Modelling: Platek Analytics. Platek Analytics will review Impact's internal economic model for both the PFS and a Scoping Study, which will be released following the completion of the Mineral Resource Estimate.

The entire PFS will be managed by Roland Gotthard, who discovered the Lake Hope Project and has now joined Impact as Project Manager.

1.3 Maiden Mineral Resource Estimate

During the Quarter, Impact announced a significant, substantial and high-grade maiden Mineral Resource Estimate (MRE) for its flagship Lake Hope High Purity Alumina (HPA) Project (ASX Release June 19th 2023).

A maiden mineral resource estimate of **3.5 million tonnes at 25.1% alumina (aluminium oxide, Al₂O₃) for a contained 880,000 tonnes of alumina was defined**. The Mineral Resource, 88% of which is in the higher confidence category of Indicated Resources, is hosted by extremely fine-grained evaporite and clay minerals in the top two metres of two small dry salt lakes in the Lake Hope Playa system (West Lake and East Lake, Figure 2 and ASX Release 21st March 2023).

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

The Mineral Resource Estimate is shown in Table 1 and is reported in accordance with the requirements of the JORC Code 2012 by resource consultants H and S Consultants Pty Ltd (H&S) of Brisbane, Queensland. All drill hole information and assay data are provided in the ASX Release dated June 19th 2023.

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

Table 1. Lake Hope Alumina Mineral Resources

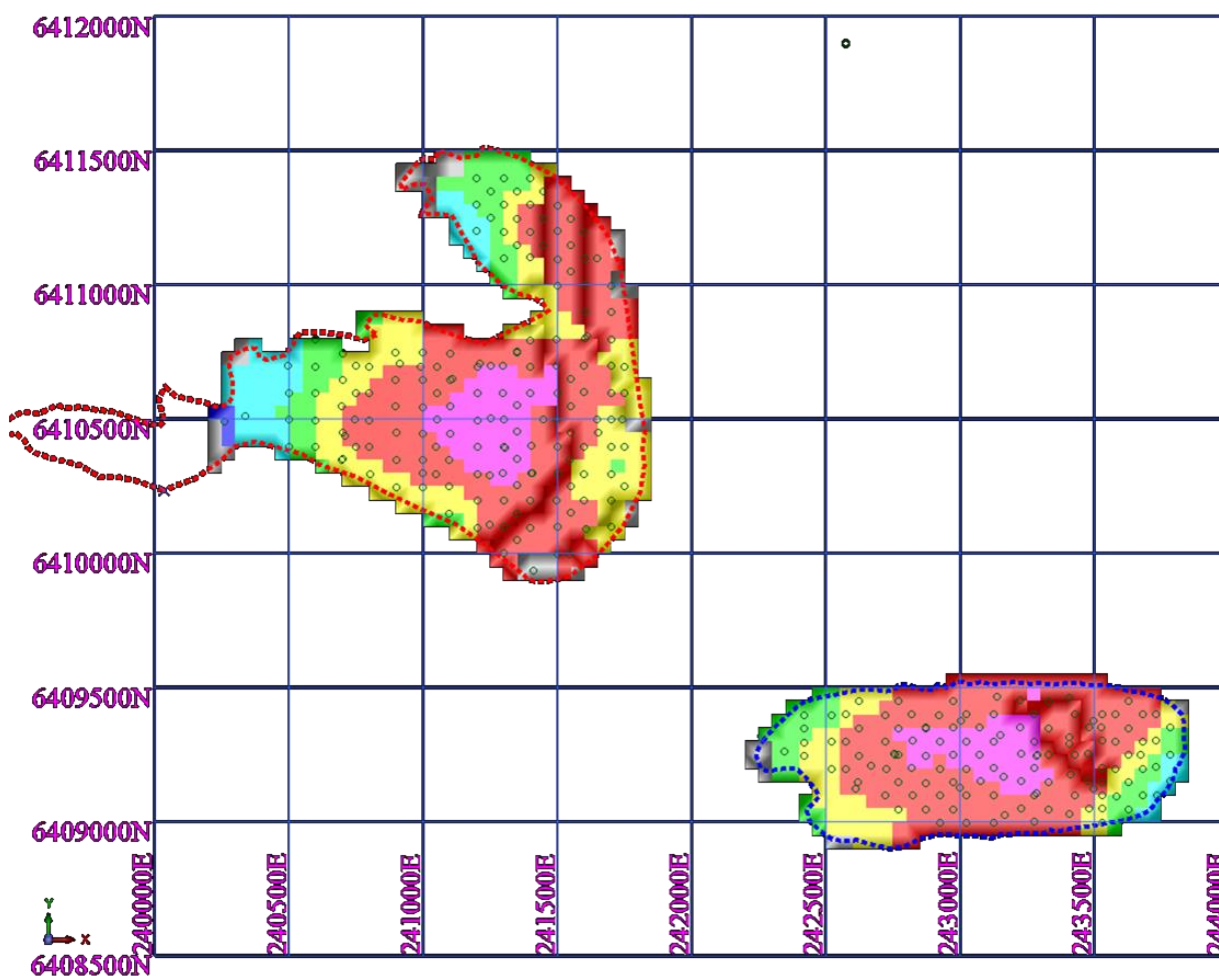


Figure 2. Percentage (%) Alumina (Al₂O₃) Block Grade Distribution for the Lake Hope Mineral Resources (drill hole collars shown as circles).

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The alumina block grade distribution for the two Mineral Resources is shown in Figure 2. The grade increases towards the centre of the lakes, offering an opportunity for preferential mining of the higher-grade material in the early stages of any future mine development.

Planned Production of High Purity Alumina

Playa One has developed a novel, relatively low-cost hydro-metallurgical process to convert alumina mineralisation of a type as found on Lake Hope into High Purity Alumina (HPA) with the potential to produce a purity exceeding 99.99% (so-called 4N HPA), generally taken as the industry standard purity for product comparison. (ASX Release 21st March 2023).

Impact's review of this novel process indicates that, together with the unique physical and chemical characteristics of the Lake Hope clays, the entire project may offer a breakthrough in the cost of HPA production and be potentially cheaper than other HPA ores such as kaolin or feldspar.

Initial and un-optimised recoveries from the bench scale test work of the process suggest that a significant proportion of the alumina resource at Lake Hope may be converted to HPA. Optimisation of the process is a crucial focus of the Pre-Feasibility Study currently in progress (ASX Release 6th April 2023).

Impact will also own a proportional share of the processing technology by earning an interest directly in Playa One Pty Limited via the incorporated joint venture.

Other advantages of the Lake Hope Project which indicate the potential for low-cost production of HPA include (ASX Release 21st March 2023):

- The naturally occurring and homogeneous micron-sized particles in the clay can be mined by free-digging and will require no comminution, grinding, classification, or wet-dry screening.
- The clay can be dug up and trucked to an off-site processing facility, likely to be in either Kalgoorlie or Perth, where permitting will be more straightforward (Figure 1)
- A simple wash and filtration circuit is all that is required for upfront processing.
- A low-temperature sulphuric acid leach can be used, which is generally readily available and is a cheaper acid than others.
- The sulphuric acid leach also eliminates the front-end energy-intensive calcination required in the kaolin hydrochloric acid leach process, thus significantly reducing energy costs, flow sheet complexity and CO₂ emissions.

About the Lake Hope Project

The Lake Hope Project covers numerous prospective salt lakes between Hyden and Norseman in southern Western Australia, a Tier One jurisdiction. It comprises one granted exploration licence (E63/2086), covering the Lake Hope deposits already discovered, together with six further exploration licence applications (ELA63/2317, 2257, 2318 and 2319, and ELA74/673 and 764), which are poorly explored.

The tenements cover about 238 km² and are all 100% owned by Playa One Pty Limited. The Lake Hope Project contains globally unique high-grade aluminium clay minerals in the top few metres of a playa lake, which has unique physical and chemical properties that allow for very low cost, low environmental footprint, and free-dig mining. Together with a novel yet straightforward metallurgical process, a clear path is present to producing high-purity alumina products that command high margins in a global market forecast to expand dramatically over the next decade.

Preliminary economic studies indicate that the production of HPA and related products from Lake Hope will be cost-competitive with current producers and other developers in Australia and globally.

Impact aims to bring Lake Hope into production to deliver high-margin end-products into a rapidly expanding global market with current prices for benchmark 4N HPA (99.99% Al₂O₃) and related products of about US\$20,000 per tonne.

Next Steps

Impact will continue to focus on completing the Scoping Study for Lake Hope, reviewing the Heritage survey results and begin preparing to lodge a Mining Lease Application in the September Quarter. In addition, the Pre-Feasibility Study will continue, which includes more comprehensive metallurgical test work and baseline environmental studies.

2. ARKUN-BEAU-JUMBO Ni-Cu-PGM, WA (IPT 100% and 80%)

During the Quarter, a significant and large soil geochemistry anomaly for Rare Earth Elements (REE) and called the Horseshoe Prospect, was identified at Impact's 100% owned Arkun project in the emerging mineral province of southwest Western Australia (Figure 1 and ASX Release June 1st 2023).

The anomaly is about 10 kilometres long, up to 2,000 meters wide and comprises both the more valuable Heavy Rare Earth Elements (HREE) and the Light Rare Earth Elements (LREE) (Figures 3 and 4).

The anomaly is arcuate and centred around a prominent magnetic low adjacent to a major regional fault visible in regional magnetic data. In addition, it coincides with an elevated potassium response in regional radiometric data (Figure 5).

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

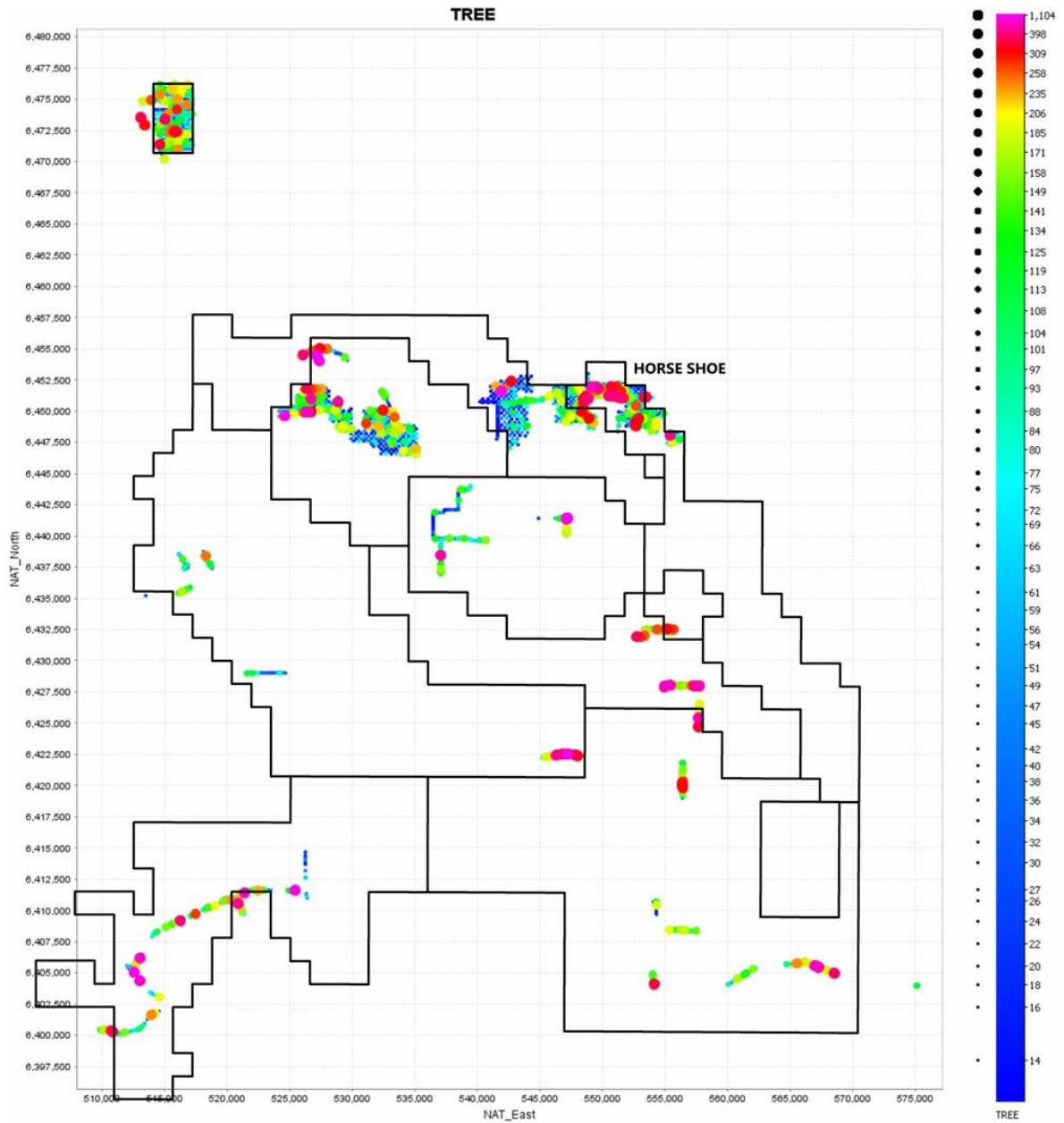


Figure 3. Additive response ratios for Total Rare Earth Elements (TREE) across the greater Arkun-Jumbo-Beau project area, highlighting the Horseshoe anomaly. Grids of close-spaced sample points identify the areas covered by the new detailed soil geochemistry surveys reported here. The linear zones of samples mark the location of previously reported soil geochemistry samples taken on roadside traverses with numerous areas of anomalous REE identified, all requiring detailed follow-up surveys (ASX Releases 27th October 2021 and 8th March 2022). The Horseshoe Prospect was initially identified as anomalous in REE from the roadside traverses, and other significant anomalies similar to Horseshoe may be identified as soil geochemistry surveys progress throughout the project area.

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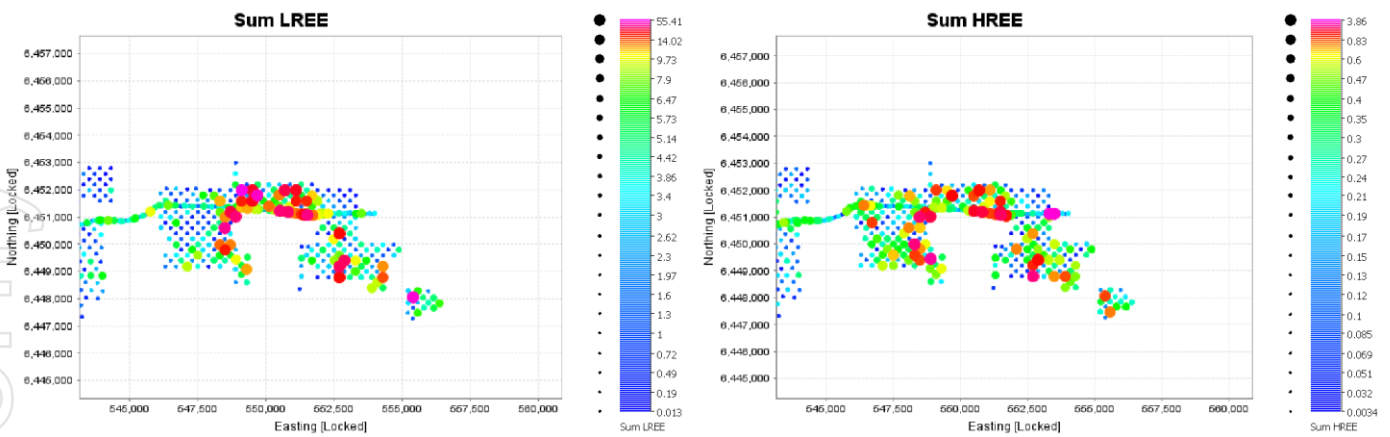


Figure 4. Summed absolute soil assay values at the Horseshoe Prospect, showing combined anomalism in heavy (HREE) and light (LREE) rare earth elements.

NEXT STEPS

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

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

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

In addition, the re-processing of the 2022 HeliTEM survey over priority target areas for nickel-copper-PGM mineralisation in the Arkun-Beau area has also been completed. A DGPR survey has also been conducted at Beau, and interpretation of this data for lithium pegmatites is also in progress.

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

This data will be synthesised to identify drill targets to complete a maiden drill program in late 2023 or early 2024, depending on the harvest season.

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

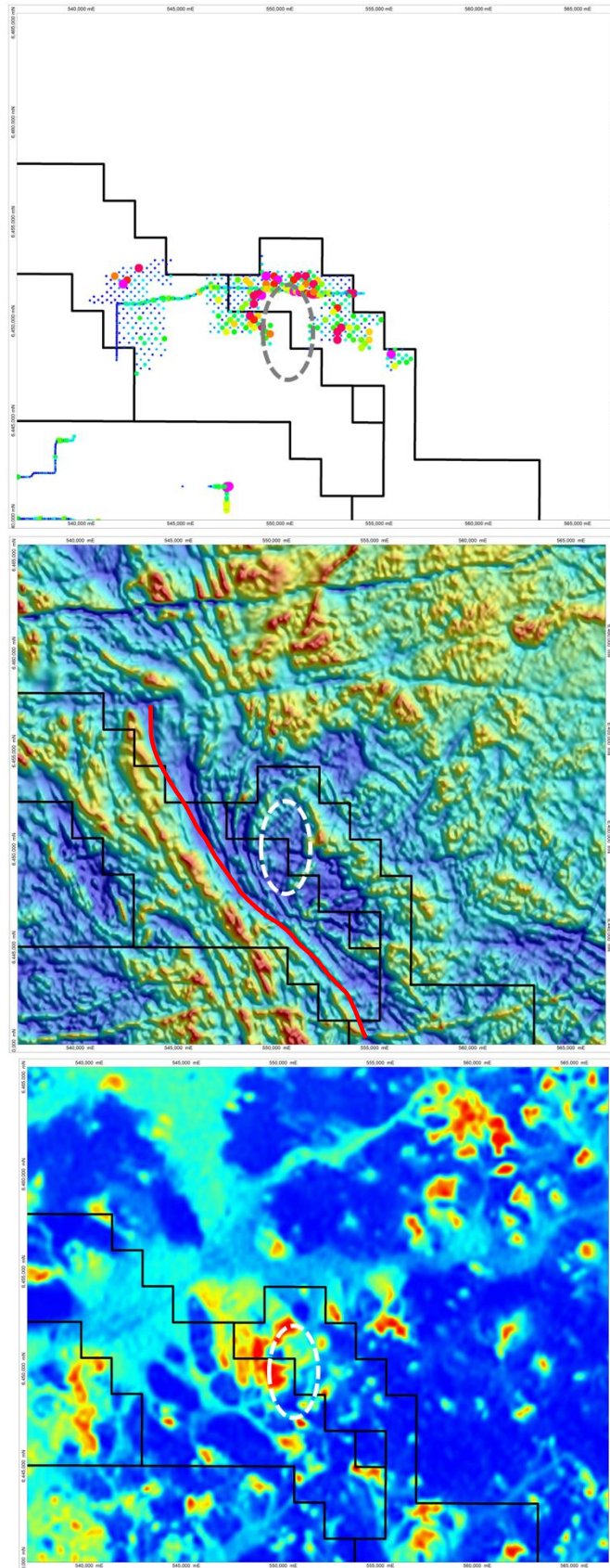


Figure 5. The Horseshoe REE anomaly (top) showing its relationship to a magnetic low (ellipse) and significant regional structure (red line) in an image of regional magnetic data (middle) and potassium in an image of regional radiometric data (bottom).

3. BROKEN HILL, WA (IPT 100%)

Impact continued extensive fieldwork and ground geophysical surveys during the Quarter under the BHP Xplor programme. BHP Xplor, an accelerator program introduced by BHP in August 2022, is designed to help provide participants with the opportunity to accelerate their growth and the potential to establish a long-term partnership with BHP and its global network of partners. Impact was one of seven companies selected globally to be part of the first cohort of the Xplor programme (ASX Release January 17th 2023).

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

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

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

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

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

4. OTHER PROJECTS

Only minor work has been undertaken on Impact's other projects. A reconnaissance field trip to the Dalgaranga project is planned for the September Quarter.

Work progressed on analysing the previous exploration results at the Dinninup, Mineral Hill, Dalgaranga and Narryer projects.

At Doonia, soil geochemistry and drill assay results continue to be interpreted. A reconnaissance field trip is also planned for the September Quarter.

5. CORPORATE

During the Quarter, Impact raised \$4,000,000 via a placement of 333,333,333 shares at 1.2 cents per share, a 5% premium to the 15-day VWAP (ASX Release May 1st 2023).

Impact's two largest shareholders, the Bunnenberg Family Office and ABC Beteiligungen, a subsidiary of Deutsche Balaton AG, an investment company listed on the Frankfurt Stock Exchange, have contributed \$3.25 million to the placement.

Impact Minerals would like to thank Ignite Equity, who assisted with the balance of the capital raising being \$750,000. Ignite Equity is a Melbourne-based boutique Corporate Advisor specialising in cornerstone and lead-managed placements.

In addition, Impact also received \$753,000 from the Research and Development fund scheme.

Financial Commentary

The Quarterly Cashflow Report (Appendix 5B) for the current period provides an overview of the Company's financial activities.

Cash exploration expenditure for the period was 1.215 Million. Corporate and administration expenses amounted to \$232k. The total amount paid to directors of the entity and their associates in the period (item 6.1 of Appendix 5B) was \$96k, including salary, directors' fees and superannuation.

Cash at June 30th was \$4.69 million.



Dr Michael G Jones
Managing Director

Competent Person's Statement

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

The review of exploration activities and results about the Lake Hope Project and metallurgical test work contained in this report is based on information compiled by Roland Gotthard, a Member of the Australian Institute of Mining and Metallurgists. He is an employee of Impact Minerals Limited. He has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Mr Gotthard has consented to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The data in this report that relates to Mineral Resource Estimates are based on information evaluated by Mr Simon Tear, who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Tear is a Director of H&S Consultants Pty Ltd and consents to the inclusion in the report of the Mineral Resource in the form and context in which they appear.

Tenement Information in accordance with Listing Rule 5.3.3

Project / Tenement	Location	Status	IPT Interest at start of quarter	IPT Interest at end of quarter
Commonwealth	New South Wales			
EL5874		Granted	100%	100%
EL8212		Granted	100%	100%
EL8252		Granted	100%	100%
EL8504		Granted	100%	100%
EL8505		Granted	100%	100%
Broken Hill	New South Wales			
EL7390		Granted	100%	100%
EL8234		Granted	100%	100%
EL8636		Granted	100%	100%
EL8674		Granted	100%	100%
EL8609		Granted	100%	100%
EL9036		Granted	100%	100%
EL9037		Granted	100%	100%
EL9115		Granted	100%	100%
EL9294		Granted	100%	100%
EL9384		Granted	100%	100%
EL9481		Granted	-	100%
Blackridge	Queensland			
EPM26806		Granted	100%	100%
EPM27571		Granted	100%	100%
EPM27410		Granted	100%	100%
Lake Hope	Western Australia			
E74/763		Application	Earning in	-
E74/764		Application	Earning in	-
E63/2317		Application	Earning in	-
E63/2318		Application	Earning in	-
E63/2319		Application	Earning in	-
E63/2086		Granted	Earning in	-
E63/2257		Application	Earning in	-
Arkun	Western Australia			
E70/5424		Granted	100%	100%
E70/5430		Granted	100%	100%
E70/5431		Granted	100%	100%
E70/5432		Granted	100%	100%
E70/5433		Granted	100%	100%
E70/5434		Granted	100%	100%

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

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Engage with us directly by asking questions, watching video summaries, and seeing what other shareholders say about this and past announcements at our Investor Hub <https://investors.impactminerals.com.au/welcome>.

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