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Forrest's squad makes cash Impact

Versatile explorer Impact Minerals Ltd will have up to \$9.3 million of funds to draw on for upcoming exploration activities after welcoming mining magnate Andrew Forrest to its share register.

Squadron Resources Pty Ltd, the private mining investment vehicle of Forrest's Minderoo Group, will invest up to \$7.3 million in Impact and become the company's second cornerstone investor.

At the time of print, Impact also finalised a \$1.9 million rights issue to top up its burgeoning cash reserves and position the company as one of best-funded junior explorers on the ASX.

Impact managing director Mike Jones said his company was introduced to Squadron through a mutual contact earlier this year when it became clear both parties had something to offer each other.

"As serendipity would have it, they actually had a bit of interest in the Lachlan Fold Belt where our Commonwealth gold project is and also, in particular, in Broken Hill where our nickel-copper-platinum project is," Jones told Paydirt.

"We were actually able to consummate a deal pretty quickly and it's been structured really nicely for us. We're getting an initial \$3 million up-front cash injection and there's an option for Squadron to invest up to \$4.3 million more, including options at 3.25c/share, and also then the opportunity to invest \$1 million into each of the two projects at 19.9% interest."

Squadron chief investment officer Aaron Hood will join Impact's board under the conditions of the deal, while renowned geologist John Clout becomes available to the junior as a technical adviser.

Jones said having someone of Forrest's standing associated with Impact could only be a good thing, pointing to the increased profiles afforded to Poseidon Nickel Ltd and A1 Consolidated Ltd on the back of his investments.

"Andrew has done a fantastic job getting Fortescue up and running, it really is a great resources success story, so having someone like that behind our company is great," Jones said.

"They've obviously got an interest in nickel...but they're diversifying. Both [Poseidon and A1] are development and production companies, whereas this is really their first publicly announced investment in a junior



Impact has started drilling at Broken Hill after Andrew Forrest's Squadron Resources made a timely cash investment in the junior explorer

explorer. They may have done some things privately, but this would be their first investment into an advanced exploration company, so that's another feather in our cap."

Squadron's cash injection and a full take-up of the rights issue could not have come at a better time for Impact, which reported a cash position of just \$570,000 at the end of June.

Impact is also due to receive another \$1.1 million from the R&D rebate, ensuring all three of its exploration projects, including the nickel-rich Mulga Tank in Western Australia, will be adequately funded for at least the next 12 months.

"Our board has always been of the opinion that we should keep active and if we bring in good results, we will be rewarded for that, not necessarily in share price but certainly by being able to raise money to go to the next level," Jones said.

"If we had shut up shop like a lot of people have done I think we would be dead in the water right now. But here we are, we're well funded, we have great cornerstone investors and some great projects."

Drilling started at Broken Hill last month, prior to the rights issue closing. Impact is looking to complete up to 1,500m of diamond drilling at the project to follow up on its

breakthrough PGM discoveries – some of the highest-graded hits ever reported in Australia – earlier this year.

Impact is also gearing up for a major drill programme at Commonwealth with some ongoing mapping, sampling and geochemistry work before the first holes of the new campaign are punched into the ground in Q1 2016.

A maiden inferred resource of 720,000t @ 2.8 g/t gold, 48 g/t silver, 1.5% zinc, 0.6% lead and 0.1% copper (including 145,000t @ 4.3 g/t gold, 142 g/t silver, 4.8% zinc, 1.7% lead and 0.2% copper) was defined at Commonwealth last February.

No work has been completed on Mulga Tank since early 2014, but the company was making plans to fly an airborne EM survey over the project at the time of print and could be drilling high-priority targets before Christmas.

Jones said the company's strategy was to keep pushing ahead with all three projects despite the current market malaise.

"We've received a little bit of criticism for having too much on our plate, but what I can say is each of those projects has had its moment in the sun at appropriate times and it's allowed us to raise capital off the back of it," Jones said.

"There's a lot of projects in the market which are not economic and that's not what we want. We want the ones that can operate throughout any cycle and in the lowest cost quartile."

– Michael Washbourne



Andrew Forrest