ASX ANNOUNCEMENT

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DRILLING UNDER WAY ON BOTSWANA URANIUM PROJECT

Impact Minerals Limited (ASX: IPT) is pleased to announce the commencement of a significant exploration programme including up to at least 10,000 metres of drilling on the Company's 100% owned Botswana Uranium Project.

The drill programme, which has now started, forms part of an accelerated exploration effort in the southern part of Impact's large holding of about 30,000 sq km of Prospecting Licences (Figure 1).

Impact's Managing Director, Dr Mike Jones, said "The drilling and field work we have undertaken over the past nine months has shown that the southern part of Impact's tenements covers a new Proterozoic uranium province"

"This province has significant potential for the discovery of both high-grade uranium deposits similar to those in the Proterozoic Athabasca Basin in Canada and the Pine Creek region in Australia and bulk tonnage uranium deposits hosted by granitic rocks, an important host to ore at the Rossing Mine of Rio Tinto in Namibia" he said.

"These styles of mineralisation have only been reported by Impact in Botswana and the drill programme is designed to test this potential for such new uranium deposits as well as deposits in Karoo sedimentary rocks similar to those at the large Letlhakane Uranium Project about 150 km to the north" Dr Jones said.

There are four priority drill targets, all located west of the town of Mahalapye (Figure 1).

The Red Hill Prospect lies within a 40 km long by 2 km wide structural corridor within which the sedimentary rocks show intense and widespread haematite and chlorite alteration as well as anomalous assays of up to about 100 ppm U_3O_8 and total rare earth oxides (REO) of up to 0.6% (see December 2010 Quarterly Report dated 31st January 2011). These features are similar to those around major deposits such as Cigar Lake (209 Mlb at 17% U_3O_8) in the Athabasca Basin.

At Moiyabana South and Mosolotsane North there is potential for Karoo-style deposits in an area about 30 km by 10 km in size. At Moiyabana South a large Karoo sedimentary basin has been identified and about 20 km of the contact between the basin and underlying basement rocks is coincident with an airborne radiometric anomaly of up to 15 ppm eU_3O_8. Field checking along this contact has identified many places with elevated uranium assays of up to 1,000 ppm eU_3O_8 in weathered Karoo sandstones. Drilling will test this contact over an area of up to 200 square kilometres. A similar target covering about 100 sq km will be drill tested at Mosolotsane North.

309 Newcastle Street Northbridge Western Australia 6003
Tel +61 (8) 6454 6666 Facsimile +61 (8) 6454 6667
Email info@impactminerals.com.au www.impactminerals.com.au

At Mogome there is potential for bulk-tonnage uranium deposits hosted by leucocratic granitic rocks ("alaskite"), similar to the Rossing Mine in Namibia. Field checking of a number of airborne radiometric anomalies of up to 20 ppm eU_3O_8 has identified many areas of granite with up to 400 ppm eU_3O_8. Follow up work and interpretation of chemical assays are in progress and further results will be released when completed. However at least one target area for this style of mineralisation, Mogome, will be drill tested in this programme.

In addition a follow-up drill hole is planned at Moiyabana to test the down dip extension of previous intercepts reported by Impact of **4.2 m at 320 ppm** from 35 m and **16 m at 115 ppm** from 2 m (see ASX announcement dated 22 November 2010).

A down-hole radiometric probe will be onsite for the drill programme to allow results to be reported to the market in a timely manner.

Dr Michael G Jones
Managing Director

* eU and eU_3O_8 are the equivalent uranium content of materials calculated from either airborne radiometric data and measurements taken with an industry-standard portable spectrometer or a down hole probe respectively.

The review of exploration activities and results contained in this report 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 full time 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 December 2004 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.

Gamma probing was conducted using instruments supplied by Geotron Systems (Pty) Ltd of South Africa. Auslog and Geotron equipment was used for the survey and all probes were calibrated at the Pelindaba Calibration facility in South Africa with calibration certificates supplied by Geotron.

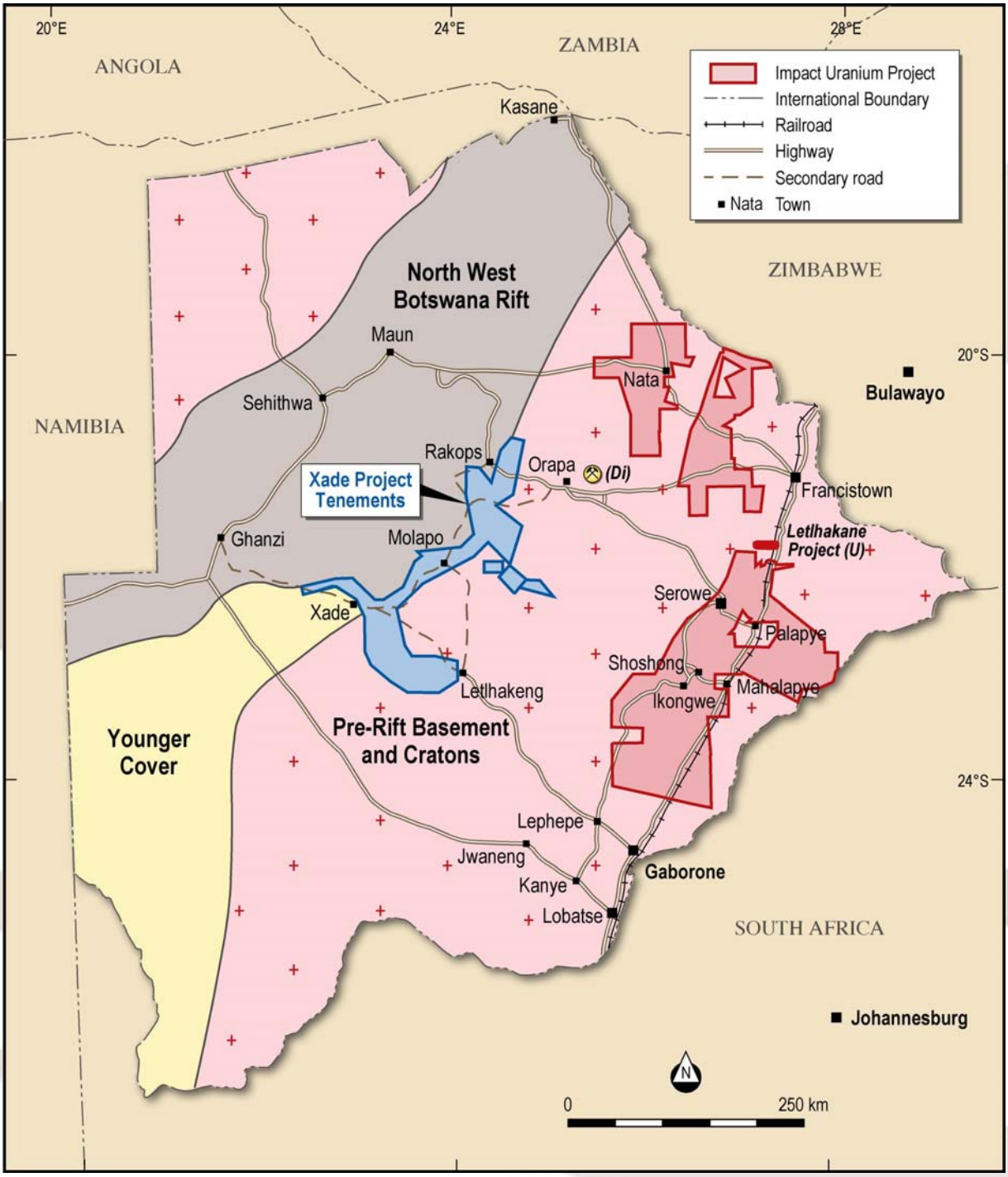

Figure 1. Location and Geology of the Botswana Uranium Project