IMPACT MINERALS LIMITED

ASX ANNOUNCEMENT

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VERY LARGE ZONED MINERALISED SYSTEM DEFINED AT THE RED HILLS URANIUM PROSPECT, BOTSWANA

Impact Minerals Limited (ASX: **IPT**) is pleased to provide this important update on its exploration activities at the Red Hills Prospect, part of the Company's 100% owned Botswana Uranium Project (Figure 1).

New analytical results from the maiden drill programme at Red Hills, together with other geochemical data and mineral alteration studies, have confirmed that the alteration system is very extensive, at least 1.5 km long by 1 km wide, and open-ended in all directions. Most importantly it is similar to those associated with some of the world's largest uranium deposits in rocks of similar age (see ASX announcement 15th December 2011).

The alteration system is largely constrained to a major fault zone that has a strike extent of at least 60 km and that was identified by Impact in the regional airborne magnetic and radiometric data (Figure 2).

The new work has returned significant assays from three holes (Figures 3 and 4):

RHRC008: 97 m at 0.11% Total Rare Earth Elements (TREE) and 11 ppm U3O8 from 105 m;

RHRC002: 10 m at 0.1% TREE from 20 m; 13 m at 25 ppm U3O8 from 115 m; and
15 m at 20 ppm U3O8 from 189 m;

RHRC003: 72 m at 0.1% TREE and 11 ppm U3O8 from 25 metres.

The analytical data and mineral alteration studies have shown that the alteration zone comprises an **Upper Zone** and **Lower Zone**, both of which thicken towards the east (Figures 3 and 4):

The **Upper Zone** is developed mainly in Proterozoic sandstones of the Palapye Group, is up to 50 m thick and contains anomalous copper, silver, lead and zinc associated with strong sericite alteration.

The **Lower Zone** is developed mainly in Proterozoic conglomerates beneath the sandstones as well as in fault breccias in underlying basement granite and granite gneiss of the Mahalapye Complex. The Lower Zone is at least 100 m thick and contains anomalous REE's (in particular lanthanum and cerium) together with uranium. It is characterised by intense potassium feldspar and specular haematite alteration. In addition quartz-carbonate-fluorite veins have been intersected.

The Company's initial concept for the presence of Proterozoic-age uranium deposits has been reinforced with multiple avenues of evidence: the mineral alteration assemblages, the nature of the host rocks, the altered fault breccias and the regional fault control as well as the thick drill intercepts with anomalous Rare Earth Elements, uranium, copper, silver lead and zinc.

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A detailed gravity survey centred on the Red Hills Prospect and covering about 100 sq km is in progress. The gravity data will be used to identify zones of more intense haematite alteration that may host high-grade uranium mineralisation and which will be prioritised for drilling. Results are expected in late May.

Dr Michael G Jones
Managing Director

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 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.

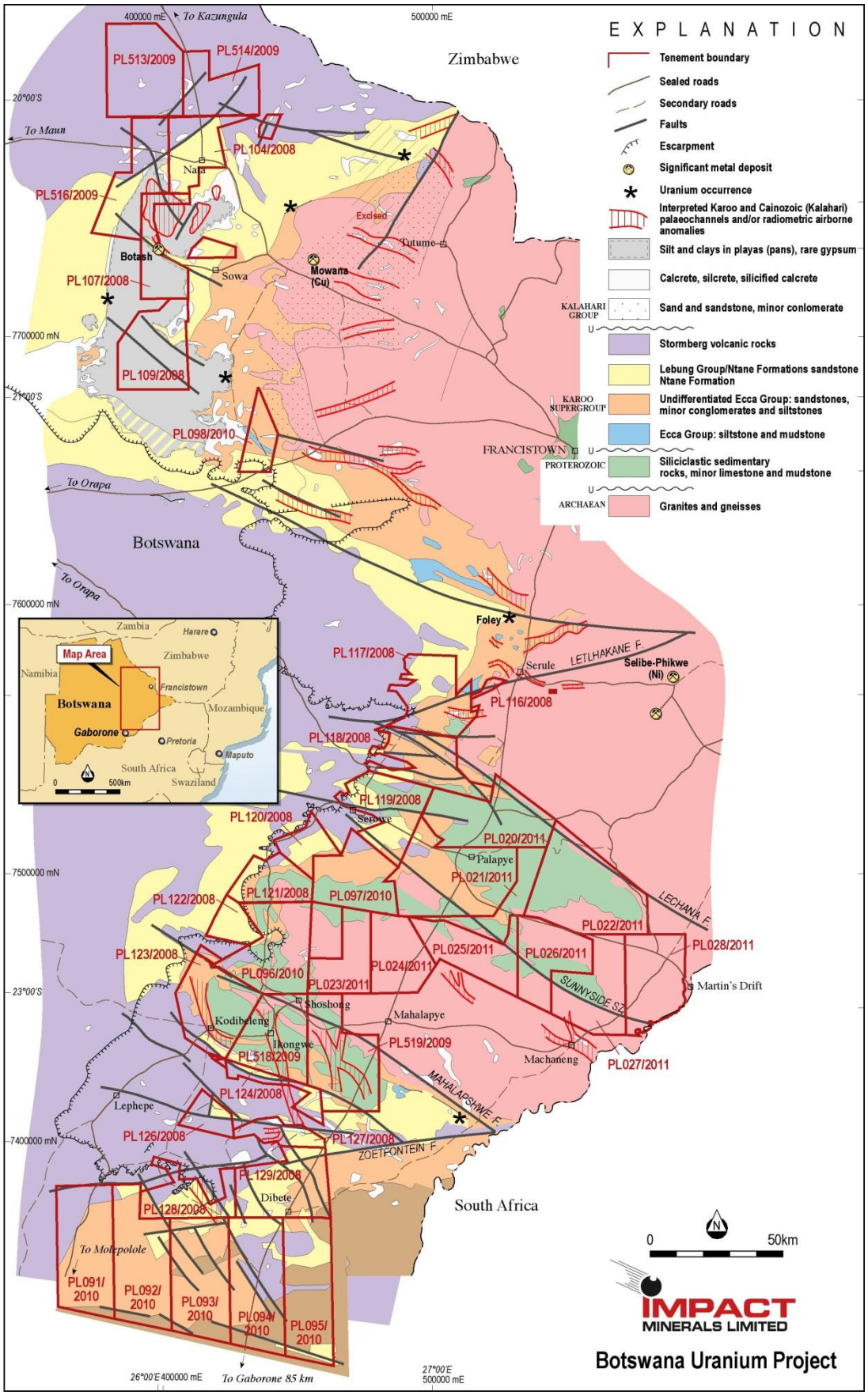

Figure 1. Location of the Botswana Uranium Project and the Red Hills Prospect.

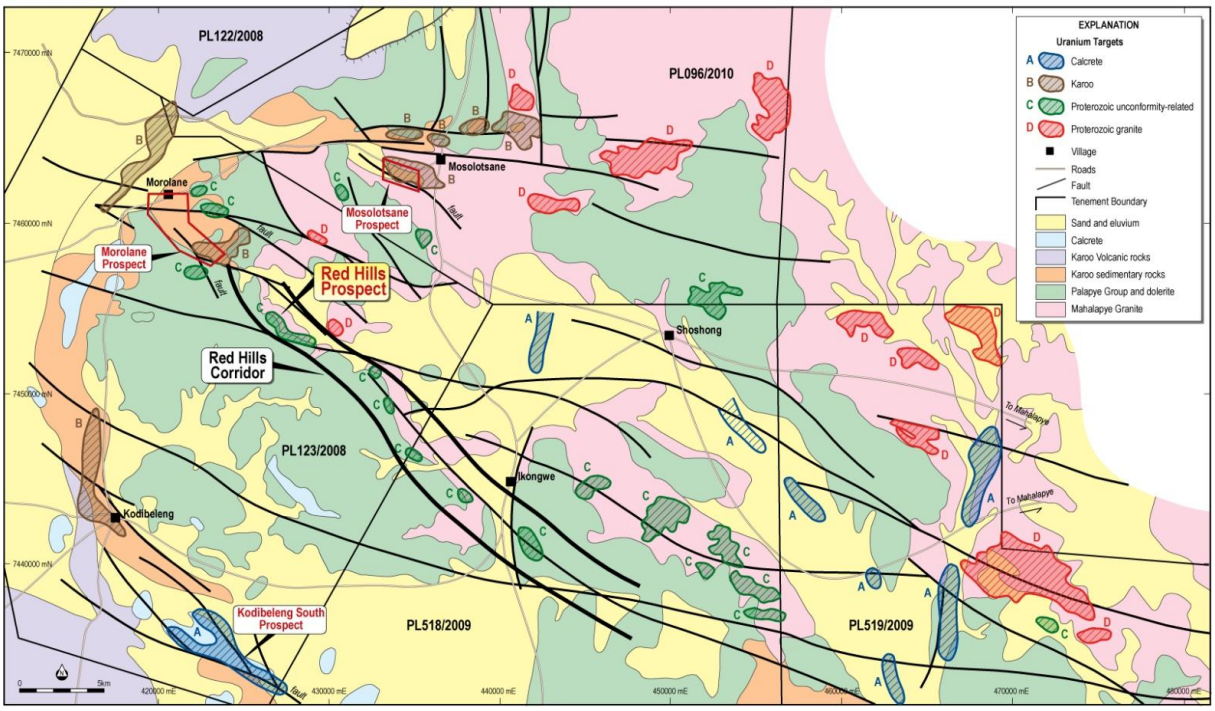

Figure 2. Location of the Red Hills Prospect and the Red Hills Corridor.

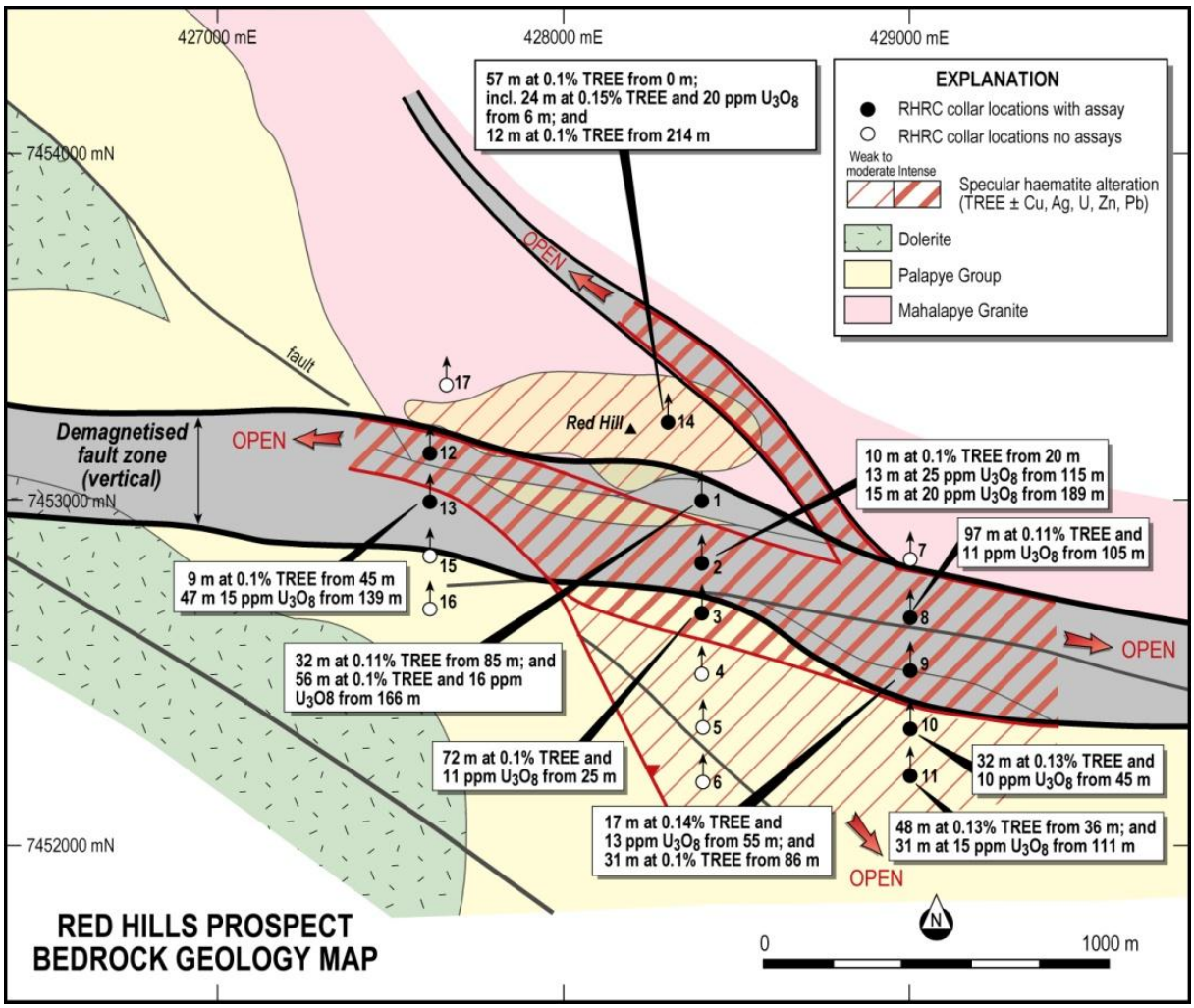

Figure 3. The geology and alteration system at the Red Hills Prospect.

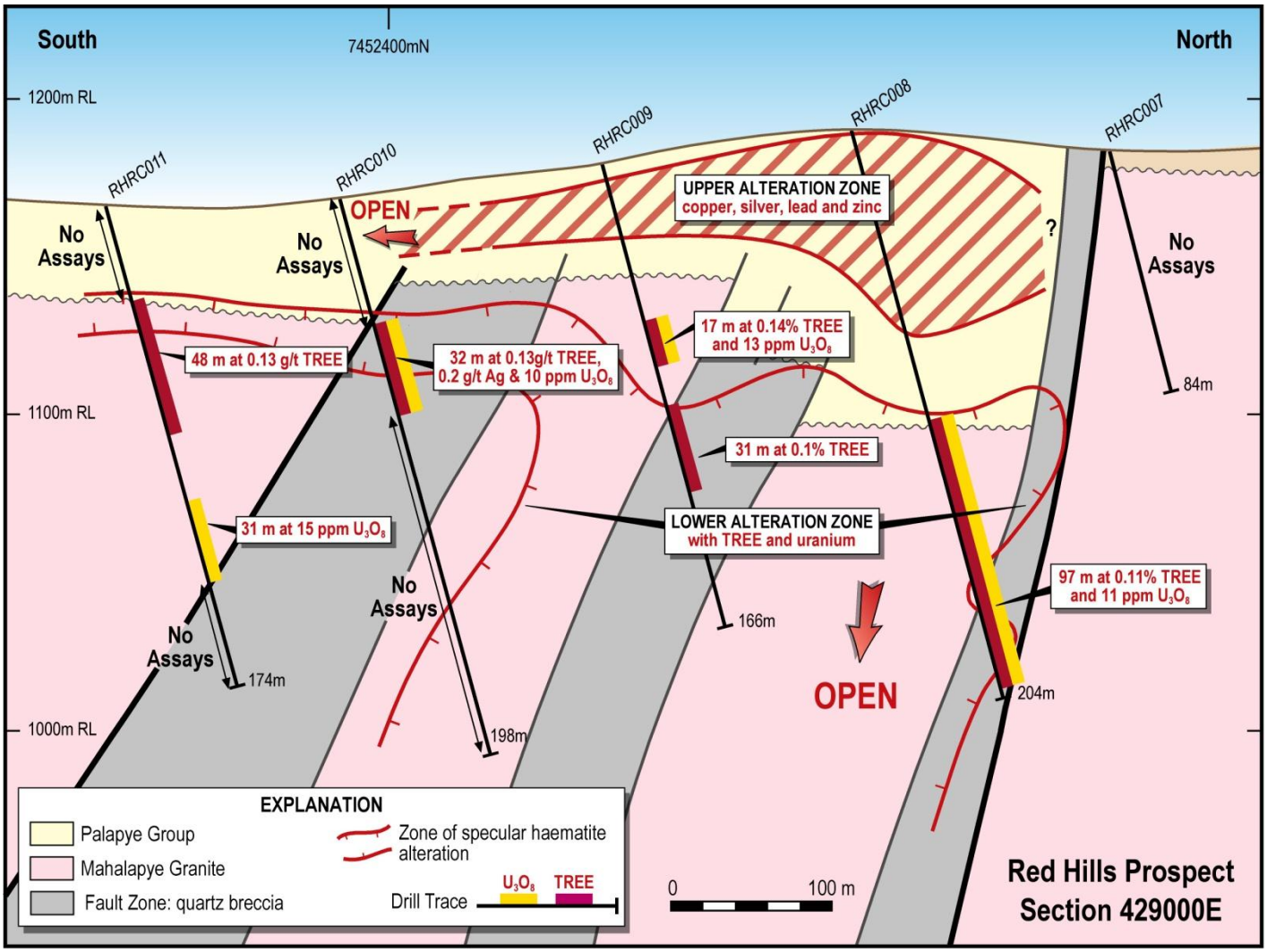

Figure 4. Cross-section through Red Hills along Traverse 429,000 mE. The Upper Zone and Lower Zone of the alteration system.