IMPACT MINERALS LIMITED

ASX ANNOUNCEMENT ASX: IPT

Date: 29th April 2011 Number: 175/290411

MARCH 2011 QUARTERLY REPORT

SUMMARY

1. URANIUM

- **Botswana (Africa, Impact 100%):**
  - An extensive programme of field checking and rock chip sampling completed;
  - Sixteen highly ranked targets identified for further work including extensive drilling to commence in the June Quarter;
  - Drill programmes will target mineralisation hosted by Karoo and Proterozoic sedimentary rocks and granite;
  - Nine further tenements granted (about 9,000 sq km) covering areas of widespread uranium anomalism and associated alteration within Proterozoic sedimentary rocks and granite; and
  - Discussions in progress with a number of parties regarding a potential transaction on the project.
- **Quinns Lake (WA, Impact 100%) and Yarrabubba (Impact 20%) Projects:**

  Discussions continued with several parties who have expressed interest in a joint venture or purchase of the Nowthanna uranium deposit.

2. PGE - NICKEL

- **Xade Ni-Cu-PGE Option Agreement, Botswana**
  - The Xade Project covers 11,000 sq km and is centred on a large gabbro intrusion interpreted to be of a similar age to the Mid-Continent Rift in North America that hosts World Class deposits of nickel, copper and PGE's;
  - Systematic sampling and assaying of diamond drill core (funded by Impala Platinum Limited) from two previous drill holes has been completed and the results, though at trace levels, warrant further exploration;

Market Cap

A$10.5 m (0.09 p/s)

Issued Capital

117,403,328

Directors

Peter Unsworth
Chairman

Dr Mike Jones
Managing Director

Dr Rodney Fripp
Executive Director

Paul Ingram
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- The Agreement with Manica Minerals Limited requires Impact to spend US$1.2 million over two years to earn a 51% interest in the Xade Project; and
- Impala has elected not to proceed with further work on the project because of budget constraints and so Impact has elected to earn a 51% interest in the project in its own right.

- **Strategic Alliance with Impala Platinum Limited:**

  Tenement applications lodged to secure a significant ground position over extensive outcrops of mineralised rock in southern Africa are still being assessed for grant.

- **Yarrabubba Nickel JV Project (WA, Impact 20%):**
  - Assays received from maiden RC drill programme of 10 holes for 2489 m completed at Target NH1;
  - One significant assay returned from Hole YBRC004 of:
    62m at 0.16% nickel from 59 m with traces of copper, cobalt and PGE's;
  - A petrographic study is in progress to determine if the ultramafic and mafic rocks are related to the Yarrabubba impact event;
  - The Statutory approvals process has commenced for a drill programme at Target P1 for porphyry-style copper-molybdenum-gold mineralisation .
  - The Yarrabubba Project covers a large (>50 km) diameter meteorite impact structure that has similar geological features to those at the large Sudbury mining camp in Canada, and that has produced about 20% of the World's nickel.

3. CORPORATE AND BUSINESS DEVELOPMENT

- Impact's Queensland gold assets were divested to Invictus Gold Limited via an Initial Public Offering. Invictus listed on the Australian Stock Exchange on January 27th 2011 having raised $4 million. Impact retains a 41% direct interest in Invictus Gold; and
- $3.5 million cash as at 31st March 2011.

The Japanese Earthquake and Tsunami

The Company's share price, and the entire uranium sector, were adversely affected by the events at the nuclear power plants in Japan following the earthquake and associated tsunami in early March.

The damage to the nuclear power plants, and in particular the radiation leaks at Fukushima, are serious accidents. The Japanese authorities and the International Atomic Energy Association are now beginning to investigate the chain of events that lead to the radiation leaks to further enhance the safety of existing nuclear plants that continue to operate safely around the world and also the safety of new nuclear power plants that are continuing to be built.

It is Impact's view that, whilst serious, the radiation leaks have been over-emphasised by the media and distracted attention away from the human tragedy associated with the tsunami. For a more balanced view of the situation we refer the reader to this article:

http://www.bbc.co.uk/news/world-12860842

Impact is still of the view that nuclear power is one of the principal sources of energy that will be required to supply the world's energy needs over the coming decades and remains committed to its exploration programmes for uranium in Botswana.

1. Botswana Uranium Project (Impact 100%)

Impact's Botswana Uranium Project comprises an extensive area of over 40,000 square kilometres of Prospecting Licences and applications that cover 450 km of the strike extensions of rocks that host many significant uranium deposits throughout southern Africa, including the adjacent uranium deposits owned by A-Cap Resources Limited at the Letlhakane Project near Serule (Figure 1).

Here A-Cap has reported a combined Indicated and Inferred Resource of 158 Mlb of uranium oxide at an average grade of 154 ppm at a cut-off grade of 100 ppm, in deposits hosted both by near-surface calcrete and by Karoo Supergroup sedimentary rocks. A feasibility study on the Letlhakane Project is in progress.

China Growth Minerals Limited, Impact's largest shareholder with 10.1%, also has a 16.1% shareholding in A-Cap.

Uranium Mineralisation in Proterozoic Rocks

Impact has previously announced the discovery of uranium (with elevated and anomalous Rare Earth Elements (REEs) in Proterozoic sedimentary and basement rocks in several places, in particular in drill holes at the **Moiyabana** Prospect (ASX release dated 22nd November 2010; December Quarterly Report: ASX release dated 31st January 2011). This was the fourth uranium discovery made by Impact in its 2010 drill programme and complements the previously announced discoveries at **Lekobolo, Morolane** and **Mosolotsane** (Figure 1).

At Moiyabana grab samples from a 3 km by 1 km airborne uranium anomaly returned assays of up to 630 ppm U_3O_8 and 1,000 ppm (0.1%) total REE (including up to 477 ppm cerium, 168 ppm lanthanum and 147 ppm neodymium) within granitic gneiss and migmatite.

Impact drilled three holes within this anomaly and these returned broad intersects of mineralised granitic gneiss and migmatite including an intercept of 4.2 m at 320 ppm eU_3O_8 from 35 m down-hole in fresh rock. Broader, near-surface intercepts include 16 m at 115 ppm eU_3O_8 from 2 m depth. The mineralisation is hosted by chlorite schist, indicative of a shear zone or fault, and by leucogranites and is open at depth and along strike.

Field checking of a 60 km by 30 km area between Moiyabana and Kodibeleng identified many areas, all within Impact's Licences, with widespread uranium anomalism and associated intense hydrothermal mineral alteration in both the granitic basement and in the unconformably overlying conglomerates and sandstones of the Palapye Group.

Grab samples from these Proterozoic conglomerates with strong haematite and chlorite alteration contain up to 73 ppm uranium and 1% total REE (including up to 0.5% cerium, 0.25% lanthanum, 0.18% neodynium, 0.06% yttrium, 0.05% praesdynium, 0.02% galadinium and 0.02% ppm dysprosium).

The newly discovered uranium mineralisation has geological characteristics similar to those at and around the unconformity and basement-hosted uranium deposits in Proterozoic rocks in the Athabasca Basin (Canada) and the Pine Creek Geosyncline (Australia).

The known deposits of this style are high grade and are attractive exploration targets. The uranium mines of the Athabasca region collectively produce about 20% of the World's uranium. The uranium deposits mined historically, or currently being mined, range in size up to
450 Mlbs U_3O_8 at an average grade of up to 19% eU_3O_8, as at the Cigar Lake Mine.

This type of uranium mineralisation has not been identified previously in Botswana and there are many hundreds of kilometres of this prospective unconformity and related faults in the adjacent basement that are prospective for such deposits (Figure 1).

Impact is the first mover for exploration for this type of deposit in Botswana and applied for a further 9,000 sq km of prospective ground in 2010, some of which is also prospective for Karoo sandstone-hosted uranium deposits. These tenements were granted during the March Quarter.

Exploration During the Quarter

Work during the Quarter focused on a review of the whole of the Botswana Uranium Project in the light of the discovery of Proterozoic-hosted mineralisation. The review identified a large number of areas for further work and a systematic programme of reconnaissance field checking and rock chip sampling was commenced.

The results of this work are still being compiled. Sixteen high priority prospects for further work, including drilling, have been identified. Eight of the prospects are prospective for uranium deposits hosted by Karoo sedimentary rocks, five for uranium hosted by granite rocks and two particularly extensive areas comprising about 70 km of strike extent are prospective for uranium hosted by Proterozoic sedimentary rocks.

During the Quarter Impact announced that it was in discussions with a number of parties that had approached the Company regarding a potential transaction on the Botswana Uranium Project. These discussions are on-going and an update will be provided when appropriate.

Work for the June Quarter

Follow up work is planned on the sixteen priority prospects and will include extensive drill testing. Further details will be released in due course.

2. Xade Nickel-Copper-PGE JV Project: Botswana (Impact earning 51%)

During the December Quarter Impact entered into an option agreement with private company Manica Minerals Limited in relation to the Xade Project in central Botswana, to explore for deposits of platinum group elements (PGE), nickel and copper (Figure 2).

Impact has used funds provided by the Impala PGE-Nickel Alliance to upgrade its knowledge of the project.

The agreement with Manica requires Impact to spend US$1.2 million over two years to earn a 51% interest in the Xade Project. Impact may then elect to earn up to a 75% interest by incurring the necessary expenditures to define an Indicated Mineral Resource.

The Xade Project covers a very large aeromagnetic feature as a large gabbro intrusion with excellent potential to host deposits of PGEs and nickel-copper sulphides.

Manica owns 100% of the Prospecting Licences, with an area of about 11,000 sq km and which cover the entire extent of the ~280 km strike of the Xade Complex. The Project is close to excellent infrastructure and the very large Orapa diamond mine and is poorly explored (Figure 2).

The Xade Complex occurs in the North West Botswana Rift, an igneous province of similar age and geological characteristics to the Mid-Continent Rift region of North America, and which hosts numerous major nickel-copper-PGE deposits, such as:

- the extraordinary Nokomis deposit of disseminated Cu-Ni-PGE mineralisation in the Duluth Complex (Duluth Metals Limited: Indicated Resource of 550 Mt at 0.64% copper, 0.2% nickel and 0.66 g/t total platinum plus palladium plus gold);
- the Eagle nickel-copper massive sulphide deposit of Rio Tinto (3.6 Mt at 3.5% nickel and 2.9% copper); and
- the new PGE-nickel-copper discovery of Magma Metals Limited at the Thunder Bay North Project with an Indicated Resource of 8 Mt at 2.3 g/t platinum equivalent (platinum plus palladium plus copper plus nickel) or 591,000 ounces platinum equivalent.

Results of Impact's Geochemical Study

The results of detailed and systematic geochemical analyses of about 320 metres of Xade diamond core not previously analysed by Manica were received in early April.

The results, together with re-logging of the diamond core, confirm Impact's view that the Xade Complex is very prospective for deposits of nickel, copper and PGE's.

In particular there is chemical evidence that the gabbro magma was contaminated by extensive amounts of granite that may have introduced sulphur into the melt. Such so-called "crustal contamination" is commonly considered to be a pre-requisite for the formation of large nickel-copper-PGE deposits.

In addition there are units with anomalous copper, nickel and PGE values that contain textures indicating they could be distal and lateral equivalents of units that may host massive nickel-copper sulphide deposits, or Bushveld-style PGE deposits.

Work to date at Xade was funded at no cost to Impact by Impala Platinum Limited as part of the Impala-Impact Strategic Alliance. Impala has elected not to proceed with any further work at Xade because of internal budget constraints and Impact can now pursue the project in its own right. Accordingly Impact has recently elected to proceed with the option agreement in its own right.

3. PGE Strategic Alliance with Impala Platinum Limited

In mid-2008 the Company entered into a Strategic Alliance with Impala Platinum Limited, the World's second largest platinum producer, to explore for and develop deposits of Platinum Group Elements (PGE's) in southern Africa.

Under the Alliance Impala Platinum will fund project generation work done by Impact up to US$800,000 and in return will have the first right to earn equity in any projects identified. Projects in which Impala Platinum elects to earn an interest will require a minimum expenditure by Impala of US$1 million before withdrawal, and a further US$1 million expenditure to earn 50%. Any projects which Impala Platinum does not elect to progress with can be retained by Impact.

As part of the Alliance work, tenement applications were lodged in the December Quarter to secure a significant ground position over a prospective gabbro intrusion where a reconnaissance field visit identified extensive outcrops of weathered sulphides host rocks. Further details will be announced when the tenements are granted.

4. Quinns Lake (Impact 100%) and Yarrabubba (Impact 20%) Uranium and Nickel Projects, Western Australia

The Quinns Lake (E51/1075) and Yarrabubba Projects (E51/1072-1073, E20/563-567) are located 70 km south east of Meekatharra in Western Australia and comprise adjacent tenement holdings with different ownership structures and with common exploration potential for deposits of calcrete-hosted uranium oxide and Sudbury-style World Class nickel-copper-PGE deposits. The Nowthanna calcrete-hosted uranium deposit occurs in part in both the Quinns Lake Project and in the Yarrabubba Project which is in Joint Venture with

CITIC Nickel Australia Pty Ltd, part of the CITIC Group (60%), as well as a group of private investors (20%).

Impact Minerals owns approximately 40% of the Inferred Resource of uranium oxide within the Nowthanna deposit (JORC 2004). At a cut-off grade of 200 ppm uranium oxide Impact's ~40% share of the deposit is about 4 Mt at an average grade of 450 ppm, for a contained 1,800 t or 4 million pounds of uranium oxide.

The Quinns Lake-Yarrabubba area has most of the geological characteristics of the World Class Sudbury nickel mining camp in Canada. An extremely large sub-circular magnetic low in regional magnetic data and outcrops with distinctive geological features are the signature of a structure caused by a major meteorite impact. It is generally accepted that such an impact occurred at Sudbury and that this gave rise to the many World Class nickel-copper-PGE deposits in that area.

4.1 Uranium

During the Quarter discussions continued with a number of parties that have expressed interest either in a joint venture or purchase of the Nowthanna uranium deposit.

These negotiations are on-going and two parties have expressed particular interest and are reviewing the data in detail.

4.2 Nickel Exploration on the Yarrabubba Project (Impact 20%)

Assay results from Target NH1

A maiden RC drill programme for nickel-copper-PGE's was completed in the December Quarter to test target area NH1.

A total of 10 holes for 2,489 m to depths of up to 350 m were completed on four traverses up to 400 m apart and intersected multiple layers and lenses of metadolerite (up to 30 m thick), biotite schist (up to several metres thick) and ultramafic units (up to 70 m thick) within granite and granite gneiss. There is no evidence for any impact-related breccia textures nor any significant sulphide minerals. Down hole EM surveys completed on five of the ten drill holes did not identify any conductors.

The drill samples were composited into 2 m intervals and 1260 samples were submitted for assay at SGS Laboratories in Perth as follows:

- Gold (detection limit 1 ppb), palladium (0.5 ppb), platinum (0.5 ppb) by fire assay on a 30 g charge with ICPMS finish; and
- Cobalt (1 ppm), copper (5 ppm), nickel (5 ppm), and sulphur (20 ppm) by a four acid (total) digest with ICPOES finish.

Only one significant assay was returned and that was for nickel in a thick ultramafic unit in Hole YBRC004:
62m at 1,594 ppm nickel from 59 m (with 40 ppm copper, 96 ppm cobalt, 6.5 ppb platinum, 5.2 ppb palladium, 2.2 ppb gold and 482 ppm sulphur).

Although other assay results were not significant the ultramafic, and to a lesser extent the mafic rocks, contain anomalous nickel, palladium and platinum, and variably cobalt, copper, gold and sulphur values. The nickel is likely to be contained in the silicate minerals.

However the correlation between the PGE's and copper, gold and sulphur indicates the ultramafic rocks may be prospective for deposits of these metals along strike or down dip.

Petrographic studies are in progress to determine the nature of the ultramafic rocks and these results will dictate the future work programmes for nickel-copper-PGE's at Yarrabubba. These studies will be completed in May.

Drill Programme at Target P1

The statutory approvals process has commenced for a drill programme to test Target P1, identified by previous soil geochemistry programmes, for porphyry-style copper-molybdenum-zinc mineralisation. This includes the organisation of Heritage Surveys and a Programme of Works approval from the State Government. It is anticipated the approvals will be given towards the end of the June Quarter.

5. Corporate and Business Development

In late 2010 Impact announced that it would spin out its Australian gold assets covering about 6,000 sq km in central and southern Queensland, mainly over the Drummond Basin and prospective for epithermal and porphyry-style deposits of gold, gold-copper, copper-molybdenum and tin, into a new company, Invictus Gold Limited. A prospectus was lodged on December 10th and the Company listed on the Australian Securities Exchange on January 27th 2011 having raised $4 million.

Impact has retained a 41% direct interest in Invictus (16 million shares, as well as a further 12.8 million options).

Impact also continued its on-going work of looking for other opportunities in Africa.

Cash

Impact's cash balance was $3.5 million at the end of the Quarter.

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.

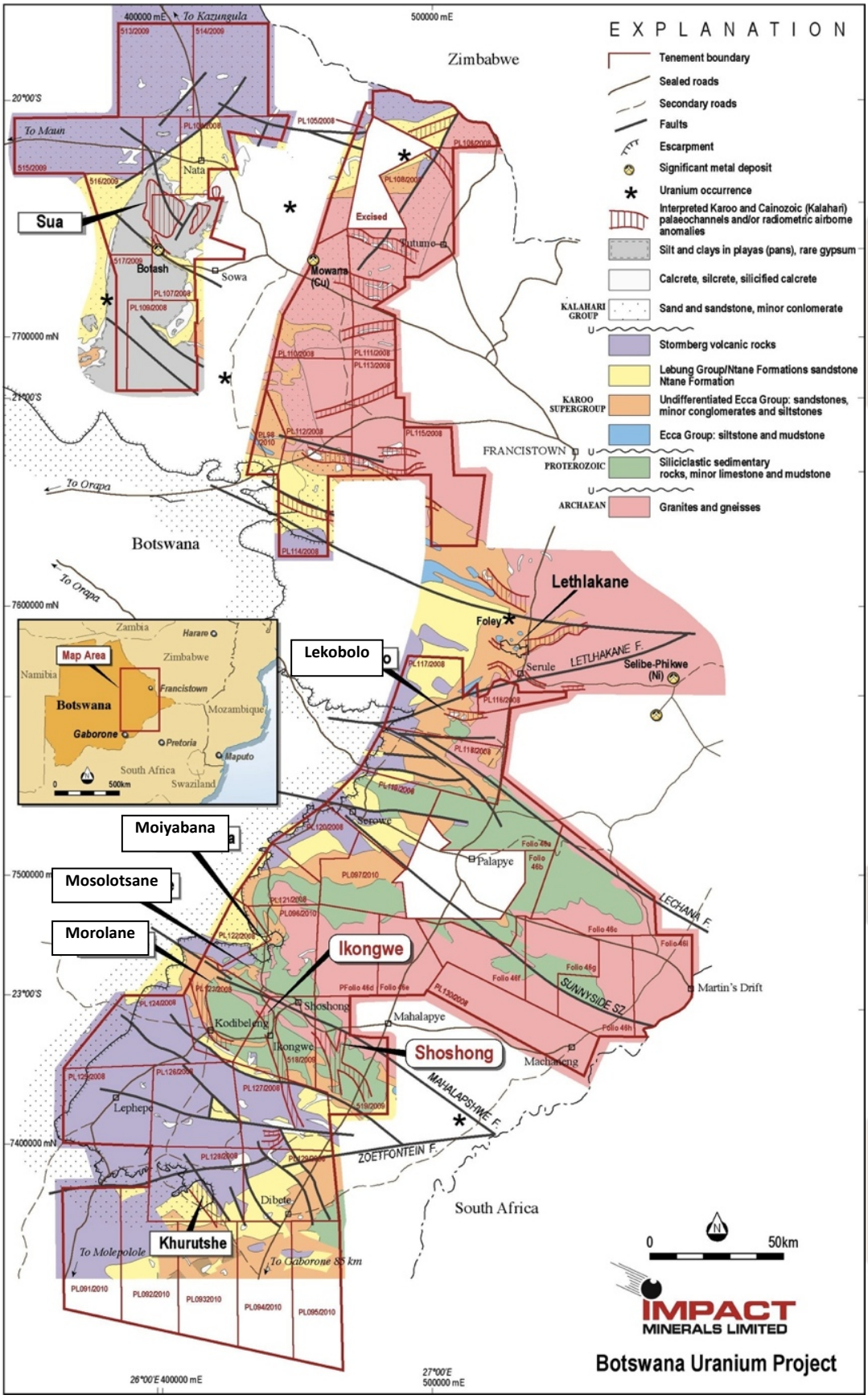

Figure 1. Location of the Botswana Uranium Project.

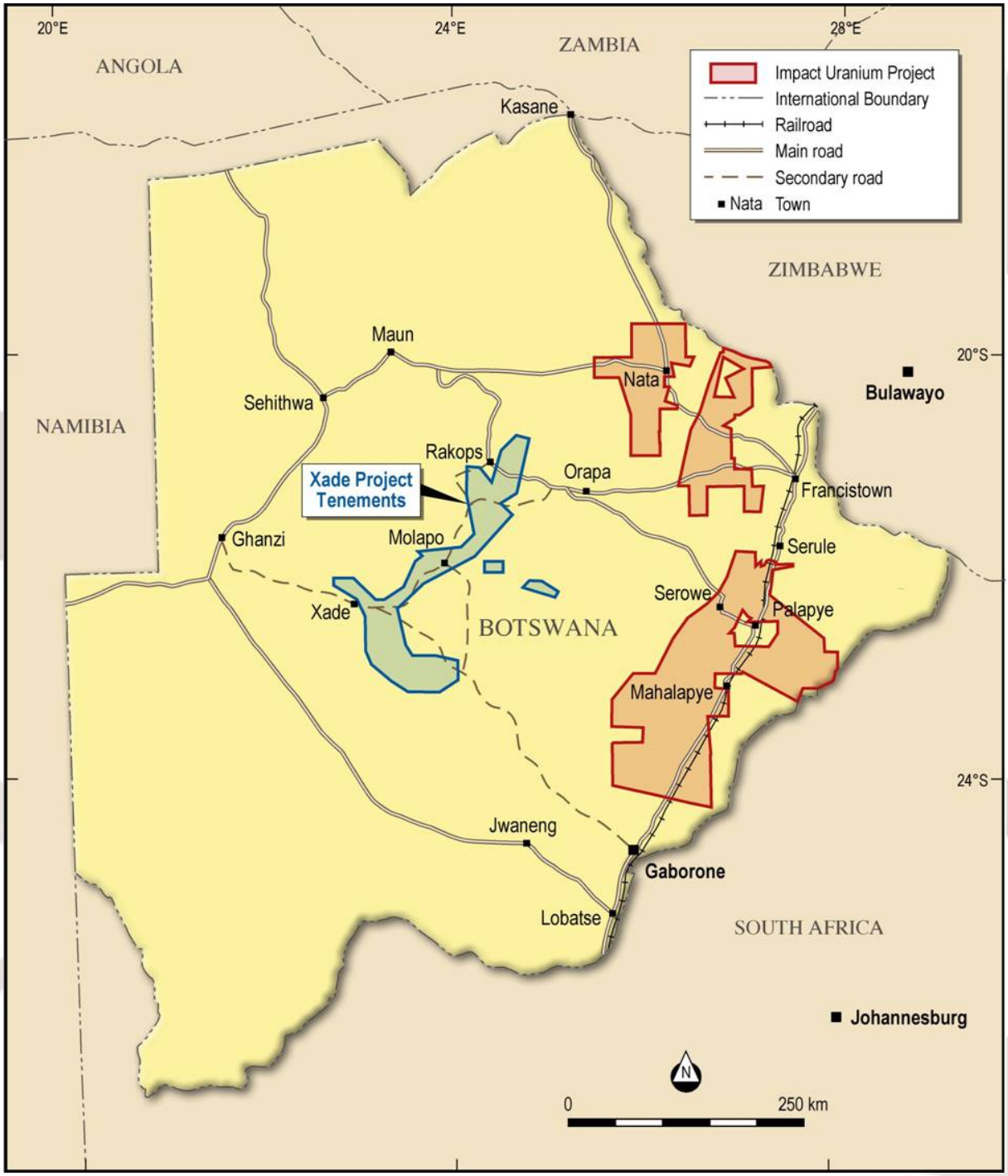

Figure 2. Location of the Xade Nickel-Copper-PGE Project, Botswana.