Impact Minerals Limited

(and Controlled Entities)

(ABN 52 119 062 261)

Half Year Report

31 December 2011

Contents

Impact Minerals Limited ABN 52 119 062 261

DIRECTOR'S REPORT

For the half year ended 31 December 2011

Your directors submit the financial report of the consolidated entity for the half year ended 31 December 2011.

Directors

The names of directors who held office during or since the end of the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Peter Unsworth	Non-Executive Chairman
Michael Jones	Managing Director
Rodney Fripp	Executive Director
Paul Ingram	Non-Executive Director

Review of Operations

Exploration expenditure (before impairment and re-imbursement) of $1,759,400 was capitalised in the half year to 31 December 2011. Director's reviewed carried forward exploration expenditure at 31 December and elected to write off Nil. The balance of deferred exploration expenditure carried forward as at 31 December 2011 is $6,027,076.

The consolidated entity registered a net loss for the half year to 31 December 2011 of $413,153 (2010: $353,317).

The consolidated entity had cash assets of $1,319,142 at 31 December 2011 (30 June 2011: $3,012,898).

Auditor's Declaration

Section 307C of the Corporations Act 2001 requires our auditors, Bentleys, to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 2 and forms part of this directors' report for the half-year ended 31 December 2011.

This report is signed in accordance with a resolution of the Board of Directors.

Michael G Jones
Managing Director

Dated this 14th day of March 2011

Bentleys
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To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

This declaration is made in connection with our review of the financial report of Impact Minerals Limited and Controlled Entities for the half-year ended 31 December 2011 and in accordance with the provisions of the *Corporations Act 2001*.

We declare that, to the best of our knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- no contraventions of the *Code of Professional Conduct* of the Institute of Chartered Accountants in Australia in relation to the review.

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants

RICHARD JOUGHIN CA
Director

DATED at PERTH this 14th day of March 2012

Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2011

	31 Dec 2011 $	31 Dec 2010 $
Revenue	**280,163**	131,907
Employee benefits expenses	**(130,004)**	(215,471)
Corporate and administration expenditure	**(210,539)**	(214,189)
Depreciation and amortisation expense	**(26,545)**	(14,844)
Occupancy	**(38,928)**	(40,719)
Loss on sale of tenement	**(441,419)**	-
Share of associates net loss for period	**(183,930)**	-
Loss before income tax expense	**(751,202)**	(353,317)
Income tax expense	**-**	-
Net loss for the period	**(751,202)**	(353,317)
Other comprehensive income	**338,049**	258,985
Total comprehensive income for the period	**(413,153)**	(94,332)
Basic loss per share (cents per share)	**(0.64)**	(0.30)

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position

For the half year ended 31 December 2011

	31 Dec 2011 $	30 Jun 2011 $
Current Assets		
Cash and cash equivalents	**1,319,142**	3,012,898
Trade and other receivables	**358,256**	229,956
Total Current Assets	**1,677,398**	3,242,854
Non-Current Assets		
Property, plant and equipment	**42,597**	71,254
Deferred exploration expenditure	**6,027,076**	5,781,182
Investments accounted for using the equity method	**4,019,548**	4,203,479
Financial assets	**494,477**	-
Other non-current assets	**12,233**	11,903
Total Non-Current Assets	**10,595,931**	10,067,818
Total Assets	**12,273,329**	13,310,672
Current Liabilities		
Trade and other payables	**102,500**	116,081
Provisions	**39,529**	36,347
Total Current Liabilities	**142,029**	152,428
Total Liabilities	**142,029**	152,428
Net Assets	**12,131,300**	13,158,244
Equity		
Issued capital	**16,504,296**	16,504,296
Option reserve	**133,575**	205,197
Foreign currency translation reserve	**(513,263)**	(190,564)
Asset revaluation reserved	**118,479**	(100)
Accumulated losses	**(4,111,787)**	(3,360,585)
Total Equity	**12,131,300**	13,158,244

The accompanying notes form part of these financial statements

Impact Minerals Limited ABN 52 119 062 261

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2011

	Issued Capital	Option Reserve	Foreign currency translation reserve	Asset revaluation reserve	Accumulated Losses	Total Equity
	$	$		$	$	$
Balance at 1 July 2010	16,504,296	159,103	(36,185)	-	(3,672,827)	12,954,387
Loss for the period	-	-	-	-	(348,305)	(348,305)
Other Comprehensive Income						
Exchange differences on translation of foreign operations	-	-	258,985	-	-	258,985
Total comprehensive income for the half year	-	-	258,985	-	-	258,985
Transactions with owners						
Fair value of options issued	-	48,711	-	-	-	48,711
Balance at 31 December 2010	**16,504,296**	**207,814**	**222,800**	**-**	**(4,021,132)**	**12,913,778**
Balance at 1 July 2011	16,504,296	205,197	(190,564)	(100)	(3,360,585)	13,158,244
Loss for the period	-	-	-	-	(751,202)	(751,202)
Other Comprehensive Income						
Exchange differences on translation of foreign operations	-	-	(322,699)	-	-	(322,699)
Total comprehensive income for the half year	-	-	(322,699)	-	-	(322,699)
Transactions with owners						
Fair value of shares	-	-	-	118,579	-	118,579
Fair value of options issued / (expired)	-	(71,622)	-	-	-	(71,622)
Balance at 31 December 2011	**16,504,296**	**133,575**	**(513,263)**	**118,479**	**(4,111,787)**	**12,131,300**

The accompanying notes form part of these financial statements

Impact Minerals Limited ABN 52 119 062 261

Consolidated Statement of Cash Flow

For the half year ended 31 December 2011

	31 Dec 2011 $	31 Dec 2010 $
Cash flows from operating activities		
Payments to suppliers and employees	(458,927)	(538,380)
Interest received	81,898	125,353
Payments for exploration activities	(1,880,067)	(1,466,170)
Net cash used in operating activities	(2,257,096)	(1,879,197)
Cash flows from investing activities		
Payment for investments	-	(2,000)
Payments for property, plant and equipment	-	(43,951)
Payments for bonds	-	(26,000)
Payments for sale of tenement	563,552	-
Net cash used in investing activities	563,552	(71,951)
Cash flows from financing activities		
Proceeds from issue of shares	-	-
Placement funds received in advance	-	255,460
Costs of issue of shares	-	(152,447)
Repayment of loans made	-	(3,000)
Net cash provided by financing activities	-	100,013
Net increase/(decrease) in cash held	(1,693,543)	(1,851,135)
Cash and cash equivalents at the start of the period	3,017,286	5,951,645
Exchange rate adjustments	(4,600)	(9,685)
Cash and cash equivalents at the end of the period	1,319,142	4,090,825

The accompanying notes form part of these financial statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2011 have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: interim financial reporting.

This interim report is intended to provide users with an update on the latest annual financial statements of Impact Minerals Limited and its controlled entities (the consolidated entity). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the consolidated entity. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the consolidated entity for the year ended 30 June 2011, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. The relevant amendments and their effects on the current period or prior periods are described below.

The accounting policies have been applied consistently throughout the consolidated entity for the purposes of preparation of these interim financial statements.

Amendment to AASB 101 presentation of financial statements

The amendment provides a choice of presenting the reconciliations for each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The consolidated entity has elected to retain reconciliations within the consolidated statement of changes in equity as previously disclosed.

Amendments to AASB 134 interim financial reporting

The amendments clarified certain disclosures relating to events and transactions that are significant to an understanding of changes in the consolidated entity's circumstances since the last annual financial statements. The consolidated entity's interim financial statements as of 31 December 2011 reflect these amended disclosure requirements, where applicable.

Going concern

The accounts have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The ability of the consolidated entity to continue to pay its debts as and when they fall due is dependent upon the consolidated entity successfully raising additional share capital and ultimately developing one of its mineral properties.

The Directors believe it is appropriate to prepare these accounts on a going concern basis because:

- the Directors have an appropriate plan to raise additional funds as and when it is required. In light of the consolidated entity’s current exploration projects, the Directors believe that the additional capital required can be raised in the market; and
- the Directors have an appropriate plan to contain certain operating and exploration expenditure if appropriate funding is unavailable.

Should the consolidated entity not be able to successfully raise capital if required, it may be necessary to sell some of its assets, farm out exploration projects, reduce exploration expenditure by various methods including surrendering less prospective tenements. Although the Directors believe that they will be successful in these measures, if they are not, the consolidated entity may be unable to continue as a going concern and therefore may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

NOTE 2: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

NOTE 3: SEGMENT REPORTING

Segment Information

Identification of reportable segments

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The consolidated entity is managed primarily on the basis of its exploration and corporate activities. Operating segments are therefore determined on the same basis.

i. Segment Performance

	Australia Projects $	Africa Projects $	Corporate / Treasury $	Total $
Six months ended 31.12.2011				
Total segment revenue	568	124	279,471	280,163
Total segment expenses	1,724	60,498	969,143	1,031,365
Segment net profit/(loss) before tax	(1,156)	(60,374)	(689,672)	(751,202)
Reconciliation of segment performance to the consolidated entity performance				-
Net loss before income tax				**(751,202)**

	Australia Projects $	Africa Projects $	Corporate / Treasury $	Total $
Six months ended 31.12.2010				
Total segment revenue	-	269	131,638	131,907
Total segment expenses	922	18,651	465,651	485,224
Segment net profit/(loss) before tax	(922)	(18,382)	(334,013)	(353,317)
Reconciliation of segment performance to the consolidated entity performance				-
Net loss before income tax				**(353,317)**

ii. Segment Assets

	Australia Projects **$**	Africa Projects **$**	Corporate / Treasury **$**	Total **$**
31.12.2011 **Segment Assets**				
Opening balance 30 June 2011	556,043	4,073,709	8,680,920	13,310,672
Additions	57,031	1,921,845	5,418,741	7,397,617
Disposals	91,504	1,096,022	7,247,434	8,434,960
Closing balance 31 December 2011	521,570	4,899,532	6,852,227	12.273,329
Reconciliation of segment assets to group assets				-
Total Group Assets				**12,273,329**

NOTE 4: SALE OF TENEMENTS

During the period the consolidated entity and the Yarrabubba Nickel Joint Venture sold tenements E51/1075 and E51/1075 to Toro Energy Limited ("Toro"). Tenement E51/1075 is owned 100% by the consolidated entity. The consolidated entity held a 20% interest in tenement E51/1072 through the Yarrabubba Nickel Joint Venture.

Total consideration for the sale was $1,300,000 in cash and 10,000,000 Toro shares. The consolidated entity's portion of this consideration was $713,000 in cash and 5,485,299 in Toro shares. Half the shares are escrowed to 5th April, 2012 with the remainder being escrowed until 5th October, 2012.

NOTE 5: EVENTS AFTER BALANCE SHEET DATE

The company has ten low priority Prospecting Licences in the Lepashe area in Botswana which have not been renewed. This will result in a write down of capitalised exploration expenditure in the Consolidated Statement of Financial Position of the consolidated entity of $640,000 in the next financial reporting period.

The Company retains 41 tenements in its Botswana Uranium suite of tenements.

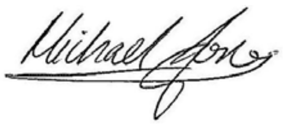
Director's Declaration

For the half year ended 31 December 2011

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 3 to 9
    a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2001; and
    b. give a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year then ended.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors.



Michael G Jones
Managing Director

Dated this 14th day of March 2011

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Independent Auditor's Review Report

To the Members of Impact Minerals Limited

We have reviewed the accompanying half-year financial report of Impact Minerals Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Impact Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Impact Minerals Limited and Controlled Entities is not in accordance with the Corporations Act 2001 including:

a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Bentleys

BENTLEYS
Chartered Accountants

RICHARD JOUGHIN CA
Director

DATED at PERTH this 14th day of March 2012