IMPACT MINERALS LIMITED

ASX ANNOUNCEMENT ASX: IPT

Date: 15 November 2011 Number: 174/150311

HALF YEAR INTERIM FINANICIAL REPORT

Please find attached the Consolidated Half Year Interim Financial Report as at 31 December 2010 for Impact Minerals Limited.

Dr Michael G Jones
Managing Director

Market Cap
A$11.15 m ($0.095 p/s)

Issued Capital
117,403,328

Directors

Peter Unsworth
Chairman

Michael Jones
Managing Director

Rodney Fripp
Executive Director

Paul Ingram
Non-Executive Director

Mark Pitts
(Joint) Company Secretary

James Cooper-Jones
(Joint) Company Secretary

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ASX Code: IPT

ABN 52 119 062 261

Impact Minerals Limited

(and Controlled Entities)

(ABN 52 119 062 261)

Half Year Report

31 December 2010

Contents

DIRECTOR'S REPORT

For the half year ended 31 December 2010

Your directors submit the financial report of the consolidated entity for the half year ended 31 December 2010.

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 $1,758,736 was capitalised in the half year to 31 December 2010. 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 2010 is $8,824,707.

The consolidated entity registered a net loss for the half year to 31 December 2010 of $353,317 (2009: $432,891).

The consolidated entity had cash assets of $4,090,825 at 31 December 2010 (30 June 2010: $5,951,645).

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 2010.

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

Michael G Jones
Managing Director

Dated this 15th day of March 2011

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Thinking ahead

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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 2010 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

RANKO MATIC CA
Director

DATED at PERTH this 15th day of March 2011

Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2010

	Consolidated	
	31 Dec 2010 $	**31 Dec 2009 $**
Revenue	**131,907**	65,789
Employee benefits expenses	**(215,471)**	(200,207)
Corporate and administration expenditure	**(254,909)**	(186,046)
Depreciation and amortisation expense	**(14,844)**	(25,522)
Other expenses	**-**	(86,905)
Loss before income tax expense	**(353,317)**	(432,891)
Income tax expense	**-**	-
Net loss for the period	**(353,317)**	(432,891)
Other comprehensive income	**258,985**	-
Total comprehensive income for the period	**(94,332)**	(432,891)
Net loss attributable to:		
Members of the parent entity	**(348,305)**	(432,891)
Non-controlling interest	**(5,012)**	-
	(353,317)	**(432,891)**
Total comprehensive income attributable to:		
Members of the parent entity	**(89,320)**	(432,891)
Non-controlling interest	**(5,012)**	-
	(94,332)	(432,891)
Basic loss per share (cents per share)	**(0.30)**	(0.46)

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position

For the half year ended 31 December 2010

	Consolidated	
	31 Dec 2010 **$**	30 Jun 2010 $
Current Assets		
Cash and cash equivalents	**4,090,825**	5,951,645
Trade and other receivables	**221,985**	259,979
Total Current Assets	**4,312,810**	6,211,624
Non-Current Assets		
Property, plant and equipment	**50,373**	45,330
Deferred exploration expenditure	**8,824,707**	7,065,971
Other non-current assets	**293,856**	31,842
Total Non-Current Assets	**9,168,936**	7,143,143
Total Assets	**13,481,746**	13,354,767
Current Liabilities		
Trade and other payables	**492,390**	346,386
Provisions	**78,439**	48,813
Financial liabilities	**-**	5,181
Total Current Liabilities	**570,829**	400,380
Total Liabilities	**570,829**	400,380
Net Assets	**12,910,917**	12,954,387
Equity		
Issued capital	**16,504,296**	16,504,296
Option reserve	**207,814**	159,103
Foreign currency translation reserve	**222,800**	(36,185)
Accumulated losses	**(4,021,132)**	(3,672,827)
Parent Interest	**12,913,778**	12,954,387
Non-Controlling interest	**(2,861)**	-
Total Equity	**12,910,917**	12,954,387

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 2010

	Consolidated					
	Issued Capital	Foreign currency translation reserve	Option Reserve	Accumulated Losses	Non-controlling interest	Total Equity
	$		$	$	$	$
Balance at 1 July 2009	10,590,988	-	87,238	(2,751,380)	-	7,926,846
Total comprehensive income for the half year	-	-	-	(432,891)	-	(432,891)
Transactions with owners						
Shares issued	3,801,217	-	-	-	-	3,801,217
Fair value of options issued	-	-	34,210	-	-	34,210
Balance at 31 December 2009	**14,392,205**	**-**	**121,448**	**(3,184,271)**	**-**	**11,329,382**
Balance at 1 July 2010	16,504,296	(36,185)	159,103	(3,672,827)	-	12,954,387
Loss for the period	-	-	-	(348,305)	(5,012)	(353,317)
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
Non controlling interest	-	-	-	-	2,151	2,151
Balance at 31 December 2010	**16,504,296**	**222,800**	**207,814**	**(4,021,132)**	**(2,861)**	**12,910,917**

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flow

For the half year ended 31 December 2010

	Consolidated	
	31 Dec 2010 $	31 Dec 2009 $
Cash flows from operating activities		
Payments to suppliers and employees	**(538,380)**	(402,558)
Interest received	**125,353**	65,789
Payments for exploration activities	**(1,466,170)**	(896,760)
Net cash used in operating activities	**(1,879,197)**	(1,233,529)
Cash flows from investing activities		
Payment for investments	**(2,000)**	-
Payments for property, plant and equipment	**(43,951)**	(24,354)
Payments for bonds	**(26,000)**	(6,271)
Net cash used in investing activities	**(71,951)**	(30,625)
Cash flows from financing activities		
Proceeds from issue of shares	**-**	3,980,185
Placement funds received in advance	**255,460**	408,602
Costs of issue of shares	**(152,447)**	(178,968)
Repayment of loans made	**(3,000)**	(6,760)
Net cash provided by financing activities	**100,013**	4,203,059
Net increase/(decrease) in cash held	**(1,851,135)**	2,938,905
Cash and cash equivalents at the start of the period	**5,951,645**	3,022,653
Exchange rate adjustments	**(9,685)**	-
Cash and cash equivalents at the end of the period	**4,090,825**	5,961,558

The accompanying notes form part of these financial statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The half-year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

It is recommended that these financial statements be read in conjunction with the annual financial statement for the year ended 30 June 2010 and any public announcements made by Impact Minerals Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The half-year statements do not include full disclosures of the type normally included in annual financial statements.

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.

NOTE 2: DIVIDENDS

No dividends were paid or declared during the period.

NOTE 3: SEGMENT REPORTING

Segment Information

Identification of reportable segments

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

Comparative information

AASB 8: Operating Segments have been adopted from 1 January 2009. Comparative information has been stated to conform to the requirements of the Standard.

i. Segment Performance

	Australia Projects	Africa Projects	Corporate / Treasury	Total
	$	$	$	$
Six months ended 31.12.2010				
Revenue				
Interest revenue	-	269	131,638	131,907
Total Segment revenue	-	269	131,638	131,907
Reconciliation of segment revenue to group revenue				
Intersegment elimination				-
Total group revenue				131,907
Reconciliation of segment result to group net loss before tax.	(922)	(18,382)	(334,013)	(353,317)

	Australia Projects	Africa Projects	Corporate / Treasury	Total
	$	$	$	$
Amounts not included in segment results but reviewed by the board				
Impairment				-
Net loss before tax from continuing operations				**(353,317)**
Six months ended 31.12.2009				
Revenue				
Interest revenue	-	-	65,789	65,789
Total Segment revenue	-	-	65,789	65,789
Reconciliation of segment revenue to group revenue				
Intersegment elimination				-
Total group revenue				65,789
Reconciliation of segment result to group net loss before tax.	-	-	(432,891)	(432,891)
Amounts not included in segment results but reviewed by the board				
Exploration Expenditure capitalised	327,740	541,423	-	869,163
Impairment	-	-	-	-
Net loss before tax from continuing operations				**(432,891)**

ii. Segment Assets

31.12.2010				
Segment Assets	4,589,702	4,105,148	4,786,897	13,481,746
Segment asset increases for the period				
Capital expenditure	435,091	772,481	119,992	1,327,564
Included in segment assets are				
Joint Ventures	488,244	-	-	488,244
Reconciliation of segment assets to group assets				
Unallocated assets				-
Total Group Assets				**13,481,746**
30.06.2010				
Segment Assets	4,920,594	1,870,396	6,593,777	13,354,767
Segment asset increases for the period				
Capital expenditure	1,053,821	1,257,995	32,331	2,344,147
Included in segment assets are				
Joint Ventures	262,990	-	-	262,990
Reconciliation of segment assets to group assets				
Unallocated assets				-
Total Group Assets				**13,354,767**

iii. Segment liabilities

	Australia Projects	Africa Projects	Corporate / Treasury	Total
	$	$	$	$
31.12.2010				
Segment liabilities	224,903	(59,371)	405,297	570,829
Inter-segment eliminations				
Unallocated liabilities				-
Total Group Liabilities				**570,829**
30.06.2010				
Segment liabilities	35,650	1,986,391	377,511	2,399,551
Inter-segment eliminations				
Unallocated liabilities				(1,999,171)
Total Group Liabilities				**400,380**

NOTE 4: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company has signed a Joint Venture agreement ("JV agreement") dated the 1st December 2010 with Manica Minerals Limited to explore the Xade Projct in Botswana for deposits of platinum group elements, nickel and copper. The JV agreement requires Impact to spend a minimum of US$50,000 within four months and US$1.2 million over two years to earn a 51% interest in the Xade Project. Impact can then elect to earn up to 75% by incurring the expenditure required to define an Indicated Mineral Resource.

Under the Strategic Alliance Agreement ("the Agreement") dated the 3rd July 2008 between the Company and Impala Platinum Limited ("Impala") Impala has the right to earn up to 50% of Impact's interest in the Xade project by meeting certain criteria set out in the Agreement including contributing $2,000,000 towards Impacts expenditure requirements.

NOTE 5: EVENTS AFTER BALANCE DATE

On the 23rd November 2010 Impact Minerals Limited ('Impact') entered a Share Purchase Agreement ("SPA") with Invictus Gold Limited ("Invictus") whereby Impact Minerals would sell its wholly owned subsidiary Drummond West Pty Ltd ("Drummond") to Invictus for the issue of 16,000,000 Invictus shares and 12,800,000 Invictus Options. Conditions precedent to the sale included Invictus being admitted to the Official list of the Australian Securities Exchange ("ASX").

On the 10th December 2010 Invictus lodged a Prospectus to raise $3,500,000 with a provision to raise up to a further $500,000. This offer was oversubscribed, with Invictus closing the offer having raise $4,000,000. Invictus received admission to the Official List of ASX on the 21st January, 2010 and the shares & options pursuant to the SPA where issued to Impact. Costs associated with the offer were $509,388.

The 12,800,000 Invictus options issued to Impact are valued under the Black and Scholes model at $1,172,287. The 16,000,000 Invictus shares were issued to Impact at a price of 20 cents per share. Invictus shares closed at a price of 14 cents per share on 10th March 2011.

Director’s Declaration

For the half year ended 31 December 2010

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 Regulations; and
    b. give a true and fair view of the consolidated entity’s financial position as at 31 December 2010 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 15th day of March 2011

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Independent Auditor's Review Report

To the Members of Impact Minerals Limited

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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 2010, 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 2010 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 2010 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

RANKO MATIC CA
Director

DATED at PERTH this 15th day of March 2011