

IMPACT MINERALS INTERNATIONAL INC.
Form 51-102F1
Management Discussion and Analysis
For the Period Ended March 31, 2004

The following discussion and analysis should be read in conjunction with the Company's unaudited consolidated interim financial statements and related notes thereto for the three months ended March 31, 2004 and 2003 which have been prepared in accordance with Canadian generally accepted accounting principles. The reader should also refer to the annual audited financial statements for the years ended December 31, 2003 and 2002, and Management's Discussion and Analysis for those years.

Forward Looking Information:

This interim management discussion and analysis ("MD & A") contains certain forward-looking statements and information relating to IMPACT Minerals International Inc. ("IMPACT" or the "Company") that are based on the beliefs of its management as well as assumptions made by and information currently available to IMPACT. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to IMPACT or its management, are intended to identify forward-looking statements. This MD & A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of IMPACT's exploration properties. Such statements reflect the current views of IMPACT with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of IMPACT to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Aside from factors identified in the annual MD & A, additional important factors, if any, are identified here.

Summary:

The Company is pursuing the exploration of its current projects in the Dominican Republic and the acquisition of new projects primarily in Mexico. The current exploration focus is on precious metal and copper projects. It has recently closed a private placement of \$450,000 to finance those ongoing activities.

The Company also announced the addition of Mr. George Gorzynski as Vice President Exploration and as a Director.

Exploration:

The Dominican Republic

The Dominican Republic continues to attract considerable interest from the industry, with the recent announcement of the Goldfields exploration joint venture with MinMet plc. and the ongoing activities of Placer Dome at Pueblo Viejo, and Falconbridge as well as a number of juniors including Unigold, Globestar, Linear, Energold and Everton.

The exploration concessions in the Dominican Republic held by the company constitute a block covering highly favourable stratigraphy in the eastern end of the Los Ranchos formation. The area has been tectonically active in the past with numerous faults and cross-faults which the company believes offers the opportunity for mineralization. The Company holds a block of concessions in the Los Ranchos Formation, some 100 kilometers east of Pueblo Viejo gold deposit hosted in the same rocks, including a number of which are currently under reapplication. The block of concessions includes El Brujo and La Bruja located on a distinctive Northwest trending structure. South of El Brujo, separated by another of the Company's concessions, lies the Baritina concession where previous work identified at least two zones of mineralization.

El Brujo Concession

A preliminary 800m. drill program on the El Brujo concession in the eastern Dominican Republic in March last year confirmed the presence of porphyry style copper-gold mineralization. As reported at that time, the drilling confirmed the presence of porphyry copper-gold mineralization. The drilling intersected mineralization in two of the three potential porphyry centres tested. The levels of copper and gold are in line with alteration and intensity of quartz stockwork veining within the mapped intrusive.

The results are being reviewed in conjunction with the extensive soil geochemistry anomaly and alteration mapped over an area of 6 km by 2 km. Given the early stage of the drilling, the Company feels these results are encouraging and warrant further exploration. The Company also regards the untested Los Cayas zone to the Northwest of the current drilling highly prospective as an epithermal gold prospect.

Los Cayas Zone

Soil sampling completed earlier in the year outlined a series of anomalous zones in the Los Cayas area. Follow-up rock samples returned a number of high values with a maximum of 44.4 g/t Au and 509 g/t Ag.

The highest gold values from the Los Cayas zone are derived from a semi-massive silicified vein structure hosted in sericite schist. The vein displays a continuous strike approximately 350° parallel to the foliation of the schist with a dip 52-85° to the southwest. The vein can be crudely traced for approximately 580 meters before being slightly offset to the east, where it continues for a further 350 meters orientated at 325°. The offset has been attributed to a possible fault structure defined by a well-pronounced stream valley.

The vein structure width is highly variable with a maximum width of three meters. The vein structure is more typically reduced to a series of sub parallel silica-schist horizons, averaging <0.5 meters wide.

Rock samples that returned the highest values often come from veins less than ten centimeters wide and occasionally contain observable very fine-grained sulphide. Sampling confirms the highly erratic nature of the gold distribution within the structure. The Company anticipates a further program of sampling and mapping of this area will be conducted during 2004 and upon the re-granting of the concession it will conduct a further program of surface trenching.

La Bruja Concession

To the southeast on the La Bruja concession in a previous 2,222 m. 10 hole drill program, BHP identified a gold anomaly with the best intersection of 50m. of 0.97 g/t gold including 12m. of 1.42g/t gold in hole DDH-5.

Investor relations:

IMPACT assisted by Energold Mining Ltd. ("Energold") it's parent company, and its personnel has conducted a limited a program to raise the profile of the Company, including attendance at investor conferences and broker presentations. The Company maintains a web site at www.impactmin.com.

Financial discussion:

Risk factors:

Mineral exploration is a speculative venture. There is no certainty that the money spent on exploration and development on the Company's mineral projects will result in any discoveries of commercial bodies of ore. The long-term profitability of IMPACT's operations will in part be related to the success of its exploration programs, which may be affected by a number of factors that are beyond the control of the Company.

IMPACT is also very dependent upon the personnel efforts and commitment of its existing management who devote less than 50% of their time to the Company's affairs. To the extent that management's services would be unavailable for any reason, a disruption to the operations of IMPACT could result, and other persons would be required to manage and operate the Company.

The mineral industry is intensely competitive in all its phases. IMPACT competes with many other mineral exploration companies who have greater financial resources and experience.

The market price of precious metals and other minerals is volatile and cannot be controlled.

IMPACT has no history of profitable operations and its mineral projects are at an early stage. Therefore, it is subject to many risks common to comparable companies, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources as well as a lack of revenues.

The interim consolidated financial statements for the quarter ended March 31, 2004 have been prepared on the basis of accounting principles applicable to a going concern. This assumes that IMPACT will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. IMPACT has incurred operating losses over the last several fiscal years, has limited financial resources, no source of operating cash flow, and no assurance that sufficient funding, including adequate financing, will be available to further explore its mineral projects and to cover the overhead costs necessary to maintain a public company in good standing.

IMPACT's financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate because management believes that actions can be taken or planned that will mitigate the adverse conditions and events that raise doubt about the validity of the going concern assumption used for these financial statements. If the going concern assumption was not appropriate for these financial statements, then adjustments would be necessary in the carrying values of assets, liabilities, the reported income and expenses and the balance sheet classifications used.

Results of Operations:

Summary of Quarterly Results (Canadian \$) (Note 1)

Period	Revenues	Net Income (loss)	Net Income (Loss) per Share	Fully diluted Net Income (Loss) per Share	Total Assets	Total Long-term Liabilities
1 st Quarter 2004	Nil	(61,927)	(0.01)	(0.01)	1,080,269	Nil
4 th Quarter 2003	Nil	(49,272)	(0.01)	(0.01)	942,951	Nil
3 rd Quarter 2003	Nil	(13,819)	0.00	0.00	941,138	Nil
2 nd Quarter 2003	Nil	(32,581)	0.00	0.00	950,907	Nil
1 st Quarter 2003	Nil	(20,637)	0.00	0.00	970,633	Nil
4 th Quarter 2002	Nil	(39,609)	(0.01)	(0.01)	993,416	Nil
3 rd Quarter 2002	Nil	(18,174)	0.00	0.00	1,024,883	Nil
2 nd Quarter 2002	Nil	(29,616)	0.00	0.00	1,082,657	Nil

Note 1: The Company has not paid dividends during the last three fiscal years.

1st Quarter, 2004:

Administrative expenses for the three months were \$56,473 compared to \$20,664 in 2003. Due to recent changes in requirements for reporting the impact of stock options granted, the Company recorded a stock based compensation expense of \$24,614. This resulted in the largest increase in expenses for the year and a corresponding adjustment to shareholders equity for the deemed value of the options granted.

In spite of increased regulatory requirements the Company's managed to maintain most of its administrative expenditures in line with last year with two significant exceptions, both legal and filing fees increased during the period. This was primarily related to the cost of granting of options and the private placement announced during the quarter.

Property expenditures by the Company totalling \$15,518 were limited to filing of work and re-application for certain concessions as well as a reconnaissance program in Mexico.

Liquidity and Capital Resources

Working capital was a deficit of \$110,299 compared to a balance of \$11,289 in the prior year. Over the last 15 months, the company's ongoing requirements have been funded by Energold. Subsequent to the end of the quarter, the Company closed a \$450,000 private placement in order to finance the current deficit and provide working capital. Cash on hand and accounts payable include partial proceeds that relate to this private placement.

Outstanding Share Data

a) Share Capital

	Number		Amount
Authorized:			
100,000,000 common shares without par value			
20,000,000 non-voting preferred shares without par value			
Issued and outstanding:			
Balance – March 31, 2003	10,730,022	\$	5,369,504
Fair value of stock options issued	-		34,246
Balance - December 31, 2003	10,730,022		5,403,750
Fair value of stock options issued	-		24,614
Balance – March 31, 2004	10,730,022	\$	5,428,364

b) On April 16, 2004, the Company announced the closing of a private placement of 3.0 million units at a price of \$0.15 per unit. Each unit consists of one common share and one share purchase warrant. One share purchase warrant entitles the holder to acquire one common share at a price of \$0.165 per share for 2.5 million units and \$0.185 per share for 500,000 units. The proceeds will be used for general corporate purposes. The Company granted a further 214,166 warrants at \$0.165 as a finder's fee. All the warrants expire April 14, 2005.

c) As at March 31, 2004, the Company has 375,000 shares in escrow. These shares may not be released without the consent of the regulatory authorities.

d) Share Purchase Options

The Company has established a share purchase option plan whereby the board of directors may, from time to time, grant options to directors, officers, employees or consultants. Options granted must be exercised no later than five years from date of grant or such lesser period as determined by the Company's board of directors. The exercise price of an option is not less than the closing price on the Exchange on the last trading day preceding the grant. Options vest 25% on the date granted and 12 1/2% every quarter thereafter.

A summary of the Company's options at March 31, 2004 and the changes for the period are as follows:

Number Outstanding March 31 2003	Issued	Exercised	Forfeited	Expired	Number Outstanding March 31 2004	Exercise Price Per Share	Expiry Date
620,000	-	-	-	-	620,000	\$ 0.10	October 20, 2004
-	780,000	-	-	-	780,000	\$0.13	October 20, 2008
620,000	780,000	-	-	-	1,400,000	\$0.10- \$0.13	October 20, 2004- October 20, 2008

e) On May 12, 2004 the Company granted additional incentive stock options under its Stock Option Plan to directors and employees exercisable for up to 475,000 shares of the Company. The options are exercisable on or before May 12, 2009 at an exercise price of \$0.15 per share.

Transactions with Related Parties

As part of the aforementioned private placement Energold Mining Ltd., the controlling shareholder, ("Energold") purchased 393,334 of the above units which resulted in Energold owning or controlling 5,406,667 common shares of the Company, not including any shares issuable upon the exercise of warrants.

Energold provides IMPACT with a furnished office space, in consideration of a monthly fee of \$250. Energold recovers other service costs, like mineral exploration or public relations at specified charge out rates. Energold recovers miscellaneous charges, like postage, on the basis of IMPACT's actual usage. Investor relations' activities are carried out by Energold's staff and consist of dissemination of information to shareholders and prospective investors through brochures, quarterly reports, industry conventions, annual reports and press releases. Fees of \$1,321 (2003 - \$232) were charged by Energold in the first quarter of 2004, for the administration of exploration activities in the Dominican Republic. As at March 31, 2004, the balance owed to Energold was \$97,838 which was non-interest bearing and partially paid in April 2004.

Changes in Accounting Policies

The interim consolidated financial statements for the quarter ended March 31, 2004 followed the same accounting policies and methods of application in the most recent annual financial statements.

Off-balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Financial Instruments and Other Instruments

IMPACT's financial instruments consist of cash and short-term deposits, restricted cash, GST receivable and accounts payable. Unless otherwise noted, it is management's opinion that IMPACT is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

Approval

The Board of Directors of IMPACT has approved the disclosure contained in this interim MD & A. A copy of this interim MD & A will be provided to anyone who requests it.

Additional Information

Additional information relating to IMPACT is on SEDAR at www.sedar.com

On Behalf of the Board of Directors,

"Frederick W. Davidson"
President
May 12, 2004