IMPACT Silver Corp.
Form 51-102F1
Management's Discussion and Analysis
For the Three and Nine Months Ended September 30, 2012

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") is for the three and nine months ended September 30, 2012 of IMPACT Silver Corp. ("IMPACT" or the "Company") prepared as at November 12, 2012 and should be read in conjunction with the Company's quarterly unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2012 and audited consolidated financial statements for the year ended December 31, 2011 and the related notes contained therein. All amounts referred to herein are in Canadian dollars unless otherwise specified. Additional information relating to the Company including material change notices, certifications of annual and interim filings, and press releases are available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

This document contains forward-looking statements. Please refer to "NOTE REGARDING FORWARD-LOOKING STATEMENTS."

Corporate Overview

IMPACT has grown from an exploration company into a significant silver producer with control of nearly two entire mineral districts in central Mexico - the 423 km² **Royal Mines of Zacualpan Silver District** and the 200 km² **Mamatla Mineral District** adjacent to and southwest of Zacualpan. In addition to its 500 tonnes per day ("tpd") processing plant, IMPACT also owns a semi-portable, 200 tpd processing plant which is used as a pilot plant at its Capire Mine in the Mamatla Mineral District. In the first quarter of 2011, the Company purchased a third processing plant, the Santa Gabriela (formerly Veta Grande) plant, with a 200 tpd capacity which was optioned to Defiance Silver Corp. ("Defiance") for cash and a major share position. IMPACT owns approximately 16.5% of the issued and outstanding shares of Defiance.

2012 is a year of transition for the Company. The Company is carrying out a three-part program of exploration, development and mine production at both the Royal Mines of Zacualpan Silver District and Mamatla Mineral District. As part of this process, management has established **three key objectives** for the districts in 2012:

1. Complete the construction of the new Capire Mine and the 200 tpd pilot plant with first concentrate shipments anticipated this winter.
2. Shift production to the high grade Oscar Mine from Chivo Mine while maintaining high-grade silver production at the San Ramon and Noche Buena Mines.
3. Continue aggressive exploration and prepare new sources of mineral feed for mine development to justify expansion of the current facilities or construction of new processing plants, including Valle de Oro.

IMPACT is a reporting issuer in British Columbia and Alberta. The Company's shares trade on the TSX Venture Exchange as a Tier 1 Issuer under the symbol **IPT** and on the Frankfurt Stock Exchange under the symbol **IKL**.

OVERVIEW FOR THE QUARTER ENDED SEPTEMBER 30, 2012

Financial Overview

- Revenues for the third quarter were $3.2 million, a modest decrease from $3.6 million in the second quarter of 2012.

- Mine operating earnings remained positive at $0.7 million for the third quarter, with net earnings before taxes totaling $0.009 million. Net loss after taxes was $0.4 million.

- Cash flows from operations[1] before changes in non-cash working capital were $0.5 million in the third quarter.

- Net working capital for the third quarter remained strong at $26.9 million, after spending $8.6 million on exploration and development of the Company's properties, specifically the exploration and development of the Capire and Oscar Mines.

Production Overview

- Total tonnes milled during the quarter increased 12% to 44,699 from 39,813 in the second quarter of 2012 due in part to improvements to one of the plant's ball mills.

- Silver production dipped slightly for the quarter, from 154,406 ounces in the second quarter of 2012 to 153,018 ounces in the third quarter of 2012.

- Gold production during the third quarter increased to 172 ounces, an 8% increase from the 159 ounces in the second quarter of 2012.

- Direct costs per tonne milled decreased to $61.13 during this quarter from $64.66 in the second quarter, while revenue per tonne sold moved slightly from $95.47 in the second quarter to $92.66 in the third quarter of 2012.

- Average mill throughput in the third quarter was 486 tonnes per day (tpd) compared to 438 tpd in the second quarter of 2012.

- The decreasing silver grades at depth within the Chivo Mine has contributed to lower overall silver production for the year. The Company is fast-tracking the new high grade Oscar Mine into production to replace the Chivo Mine. Production is anticipated early next year pending receipt of the final outstanding permits.

Mines Under Construction

IMPACT is simultaneously constructing two new mines; the Oscar Silver Mine in the Royal Mines of Zacualpan District and the Capire Mine in the Mamatla Mineral District.

- At Capire construction of the 200 tpd pilot plant and pre-stripping for the open pit is advancing with the initial test milling expected this winter.

- Initial work at the high grade Oscar Mine is underway with mining development scheduled to commence upon receipt of the final permits.

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[1] Cash flows from operations before changes in non-cash working capital is a non-IFRS measure which the Company believes provides a better indicator of the Company's ability to generate cash flows from its mining operations. See "NON-IFRS MEASURES."

Exploration Highlights

Carlos Pacheco Gold-Copper Zone

The Carlos Pacheco Zone was the first gold and copper discovery in the Valle de Oro Gold District. During the quarter on July 11, 2012, IMPACT announced further drill results from Carlos Pacheco including 8.47 g/t gold and 1.12% copper across 2.75 meters. The Carlos Pacheco drilling also cut nearby silver veins including 337 g/t silver across 2.00 meters.

The work of IMPACT's exploration team for this portion of the Carlos Pacheco and Intermediate Silver Veins is now complete and the data has been passed to the mine planning group for engineering studies and potential production. Additional drilling to depth by the mining group of Carlos Pacheco from the underground workings of the nearby operating Noche Buena Silver Mine began subsequent to quarter end.

Looking Ahead: Transition to Growth

Going forward, management believes the Company has exceptional growth opportunities both through continued development of the Zacualpan and Mamatla Mineral Districts and through acquisitions. 2012 has been a year of transition as the Company shifts production from the Chivo Mine to the higher grade Oscar Mine and construction of new Capire Mine and mill. These areas of new production are anticipated to form the basis for expanding operations. With a healthy treasury, IMPACT is also investigating potential accretive acquisition opportunities.

PRODUCTION AND SALES

	For the three months ended September 30			For the nine months ended September 30		
	2012	2011	% Change	**2012**	2011	% Change
Total tonnes (t) milled	**44,699**	39,262	+14%	**125,956**	114,913	+10%
Tonnes milled per day	**486**	427	+14%	**463**	422	+10%
Silver production (oz)	**153,018**	178,522	-14%	**472,182**	663,853	-29%
Lead production (t)	**96**	194	-50%	**384**	589	-35%
Zinc production (t)	**146**	314	-53%	**611**	1,000	-39%
Gold production (oz)	**172**	170	1%	**465**	513	-9%
Silver sales (oz)	**129,373**	118,867	9%	**432,401**	625,154	-31%
Lead sales (t)	**86**	123	-30%	**360**	527	-32%
Zinc sales (t)	**128**	333	-62%	**616**	1,003	-39%
Gold sales (oz)	**148**	106	39%	**426**	450	-5%
Average mill head grade –silver g/t	**129**	168	-23%	**140**	209	-33%
Revenue per tonne sold	**$92.66**	$231.99	-60%	**$97.92**	$207.70	-53%
Direct costs per tonne milled	**$61.13**	$77.78	-21%	**$62.69**	$75.52	-17%

Production and Sales Highlights for the Three and Nine Months Ended September 30

As the Company disclosed in its first and second quarter MD&A, mine production in 2012 has been impacted by lower silver grades particularly in Chivo Mine where decreasing silver grades with depth have led to lower overall silver production in the quarter and for the year to date. Chivo had the highest grades of lead and zinc and has provided about 21% and 42% of the Company's mill feed in 2012 and 2011, respectively. Therefore, the phasing down of Chivo reduces the overall lead and zinc production. To offset these production losses, the Company has fast tracked the new high grade Oscar Mine which is near production. In addition, the Company is working to find additional new sources of lead and zinc feed to balance its concentrate production mix.

Silver production in the third quarter was 153,018 ounces, down 14% from 178,522 ounces in the third quarter of 2011. Year to date, silver production in 2012 is 472,182 ounces, down 29% from 663,853 ounces in the comparable period of 2011. However, the mill has improved throughput to mitigate decreased average mill head grade with 44,699 tonnes milled in the third quarter of 2012, an increase of 14% over 39,262 tonnes in the same period of 2011.

Average silver metal prices based upon the LME PM fix have decreased by 30% in the third quarter of 2012 from the same period in 2011. The average LME cash price for lead in US dollars per lbs has decreased by approximately 25% in the third quarter of 2012 compared to the third quarter of 2011. LME zinc reference prices have also decreased by approximately 18% in the third quarter of 2012 compared to 2011.

The Company's lower revenues per production tonne sold year to date in 2012 of $97.92 per tonne, a decrease from $207.70 per tonne year to date in 2011, is a result of the combination of lower payable metal content per production tonne, lower average realized selling prices and slightly higher smelting and refining charges. As indicated, production and revenues in the first nine months of 2011 benefited from significantly higher metal prices and higher grade material from the Company's mines. With production materials being drawn from several mines with different feed grades, mine production can vary from quarter to quarter. For the next few quarters, the Company expects its mill feed to be at the lower end of its expected average grade until Oscar Mine production is brought on stream.

Despite lower revenues per production tonne sold, the Company is pleased to report that it has been able to maintain and lower direct costs per tonne milled by 17% year to date to $62.69 per tonne in 2012 from $75.52 per tonne in 2011.

MINE PRODUCTION

Mine Operations

Royal Mines of Zacualpan Silver Project

IMPACT owns concessions covering most of the Royal Mines of Zacualpan Silver District in central Mexico. Assets include 423 km^2 of mineral concessions, operating mines and a processing plant rated at 500 tpd. The project is located 100 kilometres southwest of Mexico City and 25 km northwest of the well-known Taxco Silver mine. Access is by paved highway through the middle of the district. Infrastructure is good throughout the district with gravel road networks, electric power, ample water supplies and a trained work force.

Background and Overview

The Royal Mines of Zacualpan Silver Project was purchased by the Company on January 16, 2006 and since then an extensive program of upgrading the operations and expanding production has been carried out. Since acquiring the project the Company has expanded and upgraded most of the mining equipment including rebuilding and purchase of a number of scoop-trams and underground trucks. Upgrade expenditures also include new equipment in the processing plant and expansion of the tailings dam (continuing). While plant and facilities may at times limit capacity, sourcing mill feed from the Company's mines remains the critical factor for increasing production further.

Operating results for the quarter were materially impacted in comparison with the third quarter of 2011 by significantly lower realized metal prices and lower grades from the Chivo Mine. As mentioned, the Company is moving to address the issue of mine grade by shifting production from the Chivo Mine to the higher grade Oscar Mine.

San Ramon Mine

During the third quarter of 2012, San Ramon provided 50% (Q3 2011 – 28%) of mill feed. IMPACT recommenced mining at San Ramon in early 2008 on a selective basis with an emphasis on higher grade mineral. Mining continued to expand as underground access to a parallel structure, the Chaparrita Vein, was developed. During the fourth quarter of 2009, a new wide zone of silver-rich stockwork breccia style mineralization was discovered on level 5.5. This zone is now a major contributor to production at San Ramon. During the first quarter of 2012, a second access adit was begun from the valley floor and is anticipated to reach the San Ramon workings at about Level 15 in Q4 2012. This second access will reduce mining and hauling costs at San Ramon.

Noche Buena Mine

During the third quarter of 2012, the Noche Buena Mine provided 27% (Q3 2011 – 31%) of mill feed. The mine is located four kilometres southwest of the Guadalupe Mill and opened in the first quarter of 2010. The mine is contributing a silver-gold feed with low lead and zinc contents to the Guadalupe plant. This feed is being mixed and balanced with the higher grade lead from other mines to optimize the concentrate value.

The Noche Buena Mine is located in the Valle de Oro area where IMPACT has also discovered and drilled several gold and copper rich veins including the Carlos Pacheco Vein which is located only 200 meters east of the Noche Buena Mine workings. With surface exploration drilling on Carlos Pacheco completed during the quarter, IMPACT mine engineers have begun to drive a cross cut from the Noche Buena Mine workings across to the Carlos Pacheco gold zone for additional underground drilling and test mining.

Chivo Mine

During the third quarter of 2012 the Chivo Mine provided 10% (Q3 2011 – 41%) of mill feed. In 2012, silver grades declined as the mine transitioned from higher grade silver to higher grade lead and zinc at depth. The Chivo Mine continued to supply a significant amount of material to the mill in the first half of 2012; however, with lower silver grades it impacted the average mill head grade. Over the next three months, the Company is shifting production from the Chivo Mine initially to the Gallaga Mine and ultimately to the Oscar Mine to take advantage of Oscar's high silver grades.

Gallega and Guadalupe Mines

The Gallega Mine was restarted in late 2011 and during the third quarter of 2012 provided 13% (Q3 2011 – 0%) of mill feed. Gallega will continue to supplement modest silver rich feed to the mill through 2012. There was no mining to September 30, 2012 at the nearby Guadalupe Mine. The Guadalupe Mine remains dewatered and access is maintained for possible future mining. The remaining mineral at Guadalupe is mainly zinc-rich with modest silver values.

Guadalupe Mill

The program of upgrades designed to enhance recoveries and improve processing economics is largely complete at the 500 tpd Guadalupe Mill. In June 2012, the main gear on one of the ball mills broke which reduced tonnage throughput. The shaft was repaired by mid-July and the plant is again operating normally. Expansion of the tailing dam continues in order to provide additional capacity in future years. During the quarter IMPACT completed purchase of land for a new tailings dam to be built in the future when the current dam is full.

DEVELOPMENT

Mines Under Construction

IMPACT is simultaneously constructing two new mines; the Oscar Silver Mine in the Royal Mines of Zacualpan District and the Capire Mine and adjacent processing complex in the Mamatla Mineral District.

Oscar Silver Mine

Work on the high grade Oscar Silver Mine ("Oscar") is underway with underground development waiting for final permits to begin mining operations. Mine access utilizing the historical Cuchara Mine ramp has been dewatered and refurbished, mining infrastructure and services have been installed, and mining equipment committed to Oscar production. Oscar encompasses a corridor of high-grade silver veins located 2.5 km east of IMPACT's Guadalupe Mill. During the second quarter, IMPACT announced final exploration drill results from Oscar including 1,875 g/t silver across 1.00 meter and 115 g/t Silver across 23.39 meters.

Capire Mine

Construction of the Capire mill and initial stripping at the open pit continues on schedule with shipment of first concentrates expected this winter. Production at Capire will begin with a 200 tpd pilot plant to optimize mining and processing parameters toward planning for a larger operation in the future. Capire represents a new silver production centre and the next significant phase of growth for the Company that, upon successful completion of the exploration and development program, could propel IMPACT to become a multimillion ounce silver producer.

The 2011 NI 43-101 compliant measured and indicated mineral resource estimates for the Capire Mine include 7.2 million ounces silver, 95.6 million lbs zinc and 37.2 million lbs lead based on a US$20/tonne in ground metal value envelope (see IMPACT News Release dated February 1, 2011 for details). Subsequent to the mineral resource announcement, IMPACT announced completion of additional drilling to expand the Capire zone to the north, east and south. (See Exploration section below for details.) The zone remains open for expansion and drilling is continuing.

EXPLORATION

IMPACT's exploration continues to be a success story. IMPACT's team has discovered and placed three new mines (Chivo, San Ramon/Chaparrita, and Noche Buena) into production over the past five years along with various satellite deposits. The Capire Mine is scheduled for initial near term production with the Oscar Mine going into production when permits are received.

During the quarter, exploration continued at several locations including the Oscar, Capire, Noche Buena West, San Pablo Norte and Condesa areas. Surface and underground drilling continued without interruption. Field work included extensive mapping, trenching, sampling of old mines and surface rock, and soil sampling.

Carlos Pacheco Gold-Copper Project

The Carlos Pacheco Gold-Copper project is located 6km southwest of the Guadalupe Mill and 200 meters east of IMPACT's producing Noche Buena Mine. Fieldwork in the area began in 2007 with a systematic mapping and rock sampling program followed by an initial drill program that cut high grade gold intersections up to 19.6 g/t gold across 2.9 meters including 49.7 g/t gold across 1.0 meter. During the quarter on July 11, 2012, IMPACT announced final drill results from Carlos Pacheco as follows:

CARLOS PACHECO VEIN DRILL RESULTS - HIGHLIGHTS							
DRILL HOLE	SECTION	FROM (m)	TO (m)	INTERVAL (m)	Au (g/t)	Ag (g/t)	Cu (%)
Z12-13	12+50 N	192.30	199.00	**6.70**	**3.84**	28	**0.54**
Including		192.30	195.05	**2.75**	**8.47**	56	**1.12**
Z12-17	12+75 N	198.25	200.99	**2.74**	1.83	56	**0.54**
Z12-21	12+25 N	190.65	195.3	**4.65**	**0.96**	43	**0.60**
Including		190.65	191	0.35	0.53	**265**	**5.12**
Z12-23	12+25 N	229.85	230.95	1.10	**3.82**	84	**0.54**
Z12-27	13+50 N	156.65	158.6	**1.95**	0.84	88	**1.52**
Including		156.65	157.4	0.75	0.67	204	**3.47**

Both the Noche Buena and Carlos Pacheco Veins have strike lengths in excess of 8km with numerous zones of enriched metal content, as outlined by regional mapping and prospecting. To date, drilling has tested 500 meters of strike length on these veins. This current drill program was focused at depths of 120 to 250 meters, which is below an inclined shaft on the Carlos Pacheco Vein that IMPACT's mining group re-opened and sampled. This work indicated good continuity to the gold-copper grades for the Carlos Pacheco Vein and provided the impetus for this drill program.

Intermediate Veins at Noche Buena

In addition to the gold-copper mineralization in the Carlos Pacheco Vein described above, drill holes in the program intersected silver-lead-zinc mineralization in the Intermediate Veins. The Intermediate Veins are a newly discovered vein cluster located midway between the Carlos Pacheco and Noche Buena Veins, which include numerous wider and lower grade intersections in addition to those reported in the table below.

INTERMEDIATE VEINS DRILL RESULTS - HIGHLIGHTS									
DRILL HOLE	SECTION	FROM (m)	TO (m)	INTERVAL (m)	Ag (g/t)	Au (g/t)	Cu (%)	Pb (%)	Zn (%)
Z12-11	12+50 N	113.65	114.70	**1.05**	159	0.29	0.01	0.15	0.27
Z12-16	12+50 N	100.00	114.30	**14.30**	**82**	0.04	0.01	0.09	0.19
Including		100.00	106.50	**6.50**	**119**	0.06	0.01	0.06	0.14
Including		101.45	101.95	**0.50**	**560**	0.16	0.01	0.03	0.07
Z12-18	12+75 N	57.00	59.00	**2.00**	**337**	0.20	0.01	0.23	0.43
Including		58.45	59.00	**0.55**	**1,010**	0.61	0.02	0.64	1.19
And		205.60	213.60	**8.00**	23	**2.09**	0.25	0.02	0.03
Including		212.15	213.60	**1.45**	29	**9.67**	0.29	0.03	0.03
Z12-19	12+75 N	74.90	75.10	0.20	**858**	0.64	0.05	**7.57**	**10.10**
Z12-20	12+75 N	28.20	63.85	**35.65**	**50**	0.05	0.01	0.13	0.23
And		149.50	152.75	**3.25**	153	0.33	0.01	0.24	0.69
Including		151.30	152.75	**1.45**	**319**	0.69	0.02	0.41	1.32
And		174.00	174.55	**0.55**	97	0.91	0.17	0.36	**16.45**
Z12-23	12+25 N	26.10	28.10	**2.00**	**207**	0.22	0.01	0.10	0.15
And		84.75	90.40	**5.65**	75	0.09	0.01	0.05	0.14

Any anticipated mining operations at Carlos Pacheco will be accessed with a crosscut from the workings of the operating Noche Buena Mine, providing low cost mine access to the Intermediate Veins. Subsequent to quarter end additional drilling of the Carlos Pacheco and Intermediate Veins from the underground workings of the Noche Buena Mine was begun. The work of IMPACT's exploration team for this portion of the Carlos Pacheco and Intermediate Veins is now complete and the data has been passed to the mine planning group for engineering studies, underground drilling and potential production.

Capire Subdistrict Exploration

Capire is located in the Mamatla Mineral District, 16 km southwest of IMPACT's active mining and processing operations at Zacualpan. The Capire area hosts epithermal silver and base metal veins as well as volcanogenic massive sulphide ("VMS") base and precious metal mineralization. The new Capire Mine and mill is now under construction.

VMS mineralization in the Capire VMS Subdistrict is predominantly silver-rich with zinc, lead, copper and gold credits. The subdistrict covers the same stratigraphy as the Campo Morado VMS belt, where Nyrstar NV (formerly Farallon Resources) is in commercial production on the G-9 VMS deposit (5.57 million tonnes grading 7.3% zinc, 1.0% lead, 1.3% copper, 186 g/t silver and 2.8g/t gold). The G-9 VMS deposit is located along trend, 45 km southwest of Capire.

Capire Project

Construction of the Capire Mine and mill continues on schedule with shipment of first concentrates expected this winter. Production at Capire will begin with a 200 tpd pilot plant to optimize mining and processing parameters toward planning for a larger operation in the future. Capire represents a new silver production centre and the next significant phase of growth for the Company that, upon successful completion of the exploration and development program, could propel IMPACT to become a multimillion ounce silver producer.

In February 2011, updated NI 43-101 compliant Measured and Indicated Mineral Resources were announced and totalled 7.2 million ounces silver, 30,446 ounces gold, 95.6 million lbs zinc and 37.2 million lbs lead (see IMPACT News Release dated February 1, 2011 for details).

Recent Capire Drill Results

Subsequent to the mineral resource announcement, IMPACT announced completion of additional drilling to expand the Capire zone to the north, east and south. Recent drill results which extend the zone to the north and south were announced subsequent to quarter end on October 25, 2012 as follows:

CAPIRE DRILL RESULTS								
DRILL HOLE	**FROM (m)**	**TO (m)**	**INTERVAL (m)**	**Ag (g/t)**	**Au (g/t)**	**Pb (%)**	**Zn (%)**	**Cu (%)**
C12-06	**78.25**	**80.30**	**2.05**	**507**	**1.81**	**2.20**	**4.02**	**0.41**
Including	79.30	80.30	1.00	929	3.27	2.77	5.27	0.63
And	**105.70**	**110.80**	**5.10**	**183**	**0.20**	**1.05**	**2.45**	**0.13**
Including	109.80	110.80	1.00	322	0.35	0.44	1.31	0.07
C12-07	39.65	41.15	1.50	238	0.63	0.54	1.12	0.12
C12-08	44.70	45.75	1.05	247	1.63	0.18	0.35	0.11
and	79.30	80.80	1.50	302	0.32	1.20	2.40	0.26
C12-10	62.74	63.34	0.60	218	0.31	1.12	2.64	0.20
C12-21	**83.35**	**100.10**	**16.75**	**153**	**0.40**	**1.14**	**2.71**	**0.21**
Including	**92.40**	**97.00**	**4.60**	**435**	**0.71**	**3.13**	**5.99**	**0.48**
Including	95.00	96.00	1.00	1,390	1.39	1.49	2.82	0.63
C12-25	**13.20**	**23.35**	**10.15**	**107**	**0.58**	**0.90**	**2.43**	**0.10**
Including	13.20	18.30	5.10	150	0.79	1.29	3.54	0.12
Including	13.20	15.25	2.05	315	0.91	2.93	8.19	0.25
C12-31	43.70	44.70	1.00	142	1.41	0.14	0.25	0.05
C12-35	123.00	125.05	2.05	219	0.76	1.09	2.89	0.20

The drill holes listed in the table above were drilled vertically and all intersections are estimated to be close to true width. This drilling defined the extent of the Capire mineralization to the north and south while the zone remains open for further expansion to the east.

Early Stage Exploration

IMPACT employs field crews dedicated to early stage exploration throughout the districts. These crews have been sampling some of the 3,000+ old mine workings and prospects in the project area. They are also trenching areas of mineralization and carrying out extensive soil sampling on 100 meter x 25 meter grids. During the quarter this work included mapping and sampling of soils and rocks mainly in the Noche Buena West and San Pablo Norte areas with the objective of defining additional near-term drill targets.

Veta Grande (Zacatecas) Silver Project, Mexico

In 2010, IMPACT completed the purchase of a 200 tpd processing plant in the Zacatecas Silver District and previously purchased 13 mineral concessions with no underlying royalties. The project is located 500 km northwest of Mexico City. Access is by paved highways which run through the district. Infrastructure is good throughout the district with road networks, electric power and a trained work force. Over the past five years intermittent exploration has focused on several of the 13 mineral concessions located within the district, three of which are in a joint venture.

In 2011, IMPACT optioned its Zacatecas assets to Defiance Silver Corp. (DEF: TSX.V) in return for a major share position (paid) and cash. On February 29, 2012, IMPACT received 2,680,500 shares from Defiance valued at $1.4 million as a first payment under an option agreement for the acquisition of the Company's Zacatecas assets as described in Note 7c of our 2011 annual report financial statements. IMPACT now owns approximately 16.5% of the issued and outstanding shares of Defiance. Defiance Silver plans to refurbish the plant and commence commercial production with mineral feed from the IMPACT concessions and the past producing San Acacio mine, which they optioned from a third party.

Dominican Republic

The Dominican Republic is attracting much interest from the industry with significant new drill discoveries by Goldquest Mining and the ongoing activities of Barrick Gold Corporation ("Barrick") and Xstrata plc. IMPACT's exploration concessions in the Dominican Republic constitute a block covering highly favourable stratigraphy in the eastern part of the Los Ranchos formation. The area has been tectonically active in the past with numerous structures which the Company believes offer the opportunity for mineralization. The Company's block of concessions is located some 100 km east of Barrick's large Pueblo Viejo Gold deposit which contains reported proven and probable gold reserves of over 23.7 million ounces. Pueblo Viejo is hosted in the same rock formation as IMPACT's concessions. No work was carried out by the Company on its concessions during the quarter but a field program of trenching and sampling was begun subsequent to quarter end.

Future Exploration Plans

IMPACT's exploration work in the Zacualpan and Mamatla Districts has resulted in the opening of three new mines—Chivo, San Ramon/Chaparrita and Noche Buena—over the past five years. IMPACT is currently fast tracking two new mines into production at Oscar and Capire.

During the quarter, exploration continued with the objective of generating drilling and production targets. Plans are to continue aggressive exploration with a goal of putting some of the other 3,000+ compiled old mine workings in the Zacualpan and Mamatla Districts on a faster track to potential production and build mineral inventories for mining.

With a track record of successful exploration, rapid mine development and more than 3,000 old mine workings identified to date, IMPACT's long term vision sees potential for establishment of multiple processing plants throughout the two districts each fed by multiple mines. Construction of the Capire Production Centre is the first step in achieving this vision.

George Gorzynski, P. Eng., Vice President and Director of IMPACT Silver Corp., and a Qualified Person under the meaning of Canadian National Instrument 43-101, is responsible for the technical information in this MD&A for the Royal Mines of Zacualpan Silver Project, the Mamatla Mineral District and the Veta Grande (Zacatecas) Silver Project. The Capire mineral resource estimates in this MD&A were taken from a technical report (posted on www.sedar.com) by Claus G. Wiese. P.Eng. of I-Cubed LLC, a Qualified Person under the meaning of Canadian National Instrument 43-101 and an independent professional engineer. Other information on the Company's projects can be found on the Company website at www.IMPACTSilver.com.

Nigel Hulme, P. Geo., a Qualified Person under the meaning of Canadian NI 43-101, is responsible for the technical information described in this MD&A for the Dominican Republic Projects.

Safety, Social and Environmental Policy

Exploration and mining create a physical change within the area of work. The Company believes in its responsibility to ensure that it minimizes the environmental impact of its efforts and effects reclamation on current activities.

Our employees and contract personnel are aware and continually reminded that environmental issues and safety cannot be compromised. The Company has social, environmental and other policies related to its operations. Work being conducted by or on behalf of the Company should be well planned, safe and with a concern for the environment and communities surrounding us. The Company has established a Mine Safety Committee and employs a Safety Officer to implement and supervise our safety program.

We work as part of a community, whose members must be kept informed of our activities and their concerns addressed. The Company retains a Community Relations Officer to ensure open communications. The use of personnel and other workers from the local communities fosters understanding, direct involvement in the Company's operations and financial benefits to the local communities.

Investor Relations

During the quarter, IMPACT continued to generate investor awareness and build shareholder value by marketing to institutional and retail investors in North America and Europe. IMPACT presented in Munich, Zurich, Frankfurt and Geneva in Europe, Vancouver, Toronto and Montreal in Canada and in New York, U.S.A. Plans for the remainder of the year are to continue participating in investor conferences and conduct institutional presentations in the North American and European markets with the intent to increase IMPACT's visibility. Beyond these traditional marketing channels, IMPACT also grew its online presence via social media, video interviews and print magazine articles.

FINANCIAL DISCUSSION

Summary of Quarterly Results

All figures are in thousands of Canadian dollars except earnings per share.

In thousands		Three months ended September 30 2012		2011
Revenue	**$**	**3,194**	$	4,164
Net earnings (loss)	**$**	**(436)**	$	1,994
Earnings (loss) per share – basic ($)	**$**	**(0.01)**	$	0.03
Earnings (loss) per share – diluted ($)	**$**	**(0.01)**	$	0.03
Cash	**$**	**19,563**	$	33,746
Working capital	**$**	**26,917**	$	33,129
Total assets	**$**	**64,972**	$	65,702

Note: The Company has no non-current financial liabilities.

Revenues (net smelter returns) in the third quarter ended September 30, 2012 were $3.2 million, down from $4.2 million in the third quarter of 2011. Revenue per production tonne sold decreased to $92.66 in the third quarter of 2012, down 60% from $231.99 in the third quarter of 2011. Mine operating earnings in the quarter were $0.7 million, a decrease from $2.5 million in the third quarter of 2011. Revenues in the third quarter of 2012 were lower as a result of lower mill feed grades as well as lower realized selling prices for silver, lead and zinc and slightly increased smelter refining charges.

Mine operating expenses during the quarter were $2.2 million, an increase from $1.4 million in the third quarter of 2011. Amortization and depletion in the quarter was $0.3 million, compared to $0.2 million in the third quarter of 2011. Direct costs per tonne milled in the third quarter of 2012 were $61.13, a decrease compared to $77.78 in the third quarter of 2011. Efficiencies gained by mill improvements and upgrades have worked to decrease direct costs per tonne milled in the third quarter.

General and administrative expenses in the third quarter of 2012 were $0.7 million a decrease from $0.9 million in the third quarter of 2011. Investor relations, promotion and travel in the quarter were $0.04 million, a decrease from $0.07 million in the third quarter 2011. Management fees and consulting expense increased to $0.09 million in the third quarter of 2012, up from $0.04 million in the third quarter of 2011. Non-cash share based payments expense was $0.2 million in the third quarter of 2012 compared to $0.4 million in the third quarter of 2011 as a result of the Company's September 27, 2011 grant of stock options. All other categories of general and administrative expenses remained relatively similar between quarters.

The Company incurred a foreign exchange loss of $0.06 million in the third quarter of 2012 compared to a foreign exchange gain of $1.2 million in the same period of 2011. The Company earns revenues in US dollars and incurs costs in Mexican pesos and Canadian dollars. Foreign currency fluctuations create foreign exchange gains and losses as the Company translates its US dollar and Mexican peso assets and liabilities into Canadian dollars for financial reporting purposes. These foreign exchange gains and losses will continue and may have a significant impact on future net earnings.

Summary of Year to Date Results

In thousands	Nine months ended September 30 **2012**		2011	
Revenue	**$**	**11,279**	$	19,419
Net earnings (loss)	**$**	**(306)**	$	6,939
Earnings (loss) per share – basic ($)	**$**	**(0.01)**	$	0.11
Earnings (loss) per share – diluted ($)	**$**	**(0.01)**	$	0.11
Cash	**$**	**19,563**	$	33,746
Working capital	**$**	**26,917**	$	33,129
Total assets	**$**	**64,972**	$	65,702

Note: The Company has no non-current financial liabilities.

For the period ended September 30, 2012, the Company's mine operating earnings were $3.6 million compared to $11.6 million in 2011 on net smelter return revenues of $11.3 million compared to $19.4 million in 2011. The decrease in both operating earnings and net smelter return revenue is due to the aforementioned decrease in average mill head grade during this transitional period between Chivo Mine and Oscar Mine in addition to lower realized metal prices and slightly higher smelting and refining charges. Operating expenses, excluding amortization and depletion, were $6.6 million compared to $7.0 million in 2011. Amortization and depletion expenses increased to $1.1 million in 2012 from $0.8 million in 2011.

Net loss was $0.3 million in 2012 compared to net income of $6.9 million in 2011. General and administrative expenses were $2.4 million in 2012 compared to $1.8 million in 2011. The three largest components of the general and administrative expense increases in 2012 over 2011 was due to an increase of $0.2 million for share based payment expense, an increase of $0.2 million in office salaries and services costs and an increase of $0.1 million management fees and consulting.

There was a 29% reduction in silver production during the first nine months of 2012 from 2011 as a result of mining lower grade feed materials from the Company's mines in 2012. Silver production was decreased from 663,853 ounces to 472,182 ounces. Lead production was reduced by 35% from 589 tonnes to 384 tonnes and zinc production was decreased by 39% from 1,000 tonnes to 611 tonnes.

Silver sales in 2012 were reduced by 31% compared to 2011 from 625,154 ounces to 432,401 ounces due to the aforementioned decrease in average mill head grade. However, mill throughput increased year to date from 2011 to 2012 from 422 tpd to 463 tpd with total tonnes milled increasing from 114,913 to 125,956 respectively.

Silver, lead and zinc metal prices have also declined 14% to 22% in year-to-date in 2012 in comparison to the same period in 2011. Year to date 2012, the average LME PM price fix for silver was $31 US per ounce compared to $36 US per ounce in 2011. Year to date, average LME lead reference prices have decreased about 22%. Average zinc reference prices on the same basis have been reduced by about 14%.

OTHER FINANCIAL INFORMATION

Summary of Quarterly Results

The following table presents our unaudited quarterly results of operations for each of the last eight quarters. All figures are in thousands of Canadian dollars except earnings per share.

	For the three months ended							
	Sept 30 2012	Jun 30 2012	March 31 2012	Dec 31 2011	Sept 30 2011	Jun 30 2011	Mar 31 2011	Dec 31 2010
Revenues	3,194	3,619	4,467	4,848	4,163	7,997	7,258	6,820
Net earnings (loss)	(436)	278	(147)	637	1,994	2,471	2,474	2,087
Earnings (loss) per share - Basic*	(0.01)	0.00	0.00	0.01	0.03	0.04	0.04	0.04
Earnings (loss) per share - Diluted*	(0.01)	0.00	0.00	0.01	0.03	0.04	0.04	0.04
Cash	19,563	23,057	28,065	30,775	33,746	32,633	19,968	18,690
Total assets	64,972	65,476	67,842	64,600	65,702	65,238	51,083	46,939
Total liabilities	6,224	6,896	8,191	6,823	8,302	7,747	6,768	5,643

* *Per share numbers have been rounded to two decimal places*

* *The financial results from January 1, 2010 have been restated in accordance with IFRS.*

<u>Liquidity, Financial Position and Capital Resources</u>

Working Capital and Cash Flow

IMPACT's financial position at September 30, 2012 remained strong with $19.6 million in cash (2011 - $33.7 million) and net working capital of $26.9 million (2011 - $33.1 million). IMPACT generated negative cash flows from operations of $0.8 million in the quarter and $2.8 million for the nine months ended September 30, 2012 compared to positive cash flows from operations of $4.3 million in the third quarter of 2011 and $11.2 million for the first nine months of 2011. The Company had positive cash flows from operations before changes in non-cash working capital of $0.5 million during the third quarter of 2012 and $2.4 million for the year to date. This compares to positive cash flow generated from operations before changes in non-cash working capital of $3.1 million in the third quarter of 2011 and $9.1 million for the first nine months of 2011.

Total investment activities for the nine months ended September 30, 2012 were $8.6 million, which represents a significant increase of approximately $2.2 million in investment activity expenditures in comparison to $6.4 million in expenditures for the first nine months of 2011. The majority of the increase in investment activity was due to $4.0 million of construction and development activity at the Capire Mine as well as certain near term drill targets of interest in the Zacualpan district.

There were no capital market financing activities carried out year to date 2012. In contrast, in the second quarter of 2011, the Company raised $10.4 million through the issuance of 6,088,500 common shares of the Company and through the exercise of share purchase warrants which were exercisable at $1.75 per share.

The Company's financial position as at September 30, 2012 continues to be strong with working capital of $26.9 million compared to working capital of $31.9 million at December 31, 2011. The Company continues to have no bank borrowings or long term debt.

The Company's working capital position is expected to remain sufficiently strong to fund all planned resource property costs, exploration expenditures and acquisition of property, plant and equipment over the coming year.

Resource Property Expenditures and Capire Mine Development

Exploration expenditures related to Zacualpan year to date 2012 were $4.3 million, compared to $3.6 million in the same period of 2011. Expenditures related to the development of the Capire Mine are $4.0 million in year to date 2012 and $1.4 million in the same period of 2011. These expenditures are being capitalized to property, plant and equipment. Development expenditures of the Capire Mine are budgeted to continue to be approximately $2.0 million per quarter.

The Capire Mine project is anticipated to cost approximately $7.0 million. To date approximately $5.6 million has been advanced towards the Capire Mine. The Company will continue to closely monitor its cash balance and will adjust exploration expenditures as required.

Outstanding Share Data

The following common shares and convertible securities were outstanding at November 12, 2012:

	# of Shares	Exercise Price	Expiry Date
Issued and outstanding common	68,128,244		
Stock options	1,310,000	$0.55	January 6, 2014
Stock options	900,000	$1.10	Dec. 6, 2015
Stock options	2,000,000	$1.85	September 26, 2016
Fully diluted at November 12, 2012	72,338,244		

Of the 4,210,000 options outstanding, 3,710,000 have vested at November 12, 2012.

Related Party Transactions

Energold Drilling Corp. ("Energold") owns 6,980,001 shares of the Company and due to management and directors in common, it is considered a related party.

Under a management services agreement, Energold recovers direct labour costs for administrative support and public relations. Investor relations' activities are assisted 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.

During the quarter ended September 30, 2012, fees in the amount of $1.1 million (September 30, 2011 - $0.8 million) were paid to Energold Drilling Corp., a significant shareholder of the Company, for contract drilling services performed in Mexico at the Zacualpan Mines and Concessions. At September 30, 2012, the balance owed to Energold was $0.8 million (September 30, 2011 - $1.2 million).

Tax Reassessment

In 2010, the Company's Mexican subsidiary, MPZ, received a letter from the Mexican federal tax authorities SAT Servicio de Administracio Tributaria (SAT) reassessing MPZ's tax return filings for the 2007 calendar year. This reassessment was based principally on SAT's disallowance of certain expenses charged by IMPACT to MPZ for services rendered by it and reimbursed by MPZ to IMPACT. The total reassessment was for $0.6 million.

On November 30, 2010, MPZ launched an official appeal of this assessment with the Mexican tax authorities. The total assessed funds amount was transferred to SAT pending the outcome of the Company's appeal. As management believed that the Company has a strong case to win this appeal, payments made in respect to this have been presented on the balance sheet as a tax reassessment deposit and no expense was recognized in that year.

In December 2011, the appeal went forward to the Superior Court where a favourable judgement was attained for MPZ. No further appeal was launched by SAT against this judgement, and as of the final court decision on March 1, 2012 MPZ has successfully won its appeal of the reassessment. As a result of this successful appeal, the Company received a full refund of the $0.6 million within the current quarter.

Financial Instruments and Management of Financial Risk

Financial assets and liabilities

The Company's financial instruments consist of cash, trade and other receivables, investments, and trade payables. The Company has designated cash and trade receivables as loans and receivables, which are measured at amortized cost. Investments are designated as available for sale and measured at fair value as determined by reference to quoted market prices. Trade payables are designated as other liabilities which are measured at amortized cost. At September 30, 2012 investments were classified as Level 1 on the fair value hierarchy.

Financial instrument risk exposure

The Company's financial instruments are exposed to a number of financial and market risks including credit, liquidity, currency, interest rate and price risks. The Company may, or may not, establish from time to time active policies to manage these risks. The Company does not currently have in place any active hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size, scale and pattern of cash flow of its operations would warrant such hedging activities.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk include cash, trade and other receivables and investments. The Company deposits its cash with high credit quality financial institutions as determined by ratings agencies, with the majority deposited with a Canadian Tier 1 Bank. As is customary in the mining industry, the Company has entered into two contracts with Mexican refining and smelting companies for the refining and sale of its silver, lead, zinc and gold contained in its lead and zinc concentrates. The contracts are with Met-Mex Penoles, S.A. de C.V. ("Penoles") and Consorcio Minero de Mexico Cormin Mex, S.A de C.V. ("Cormin Mex") with both accounting for 100% of the sales of the Company for the fiscal year. The Company has a significant concentration of credit risk exposure to Penoles and Cormin Mex at any one time but is satisfied that these companies have an adequate credit rating as determined by Standard and Poor's. The Company's maximum exposure to credit risk at the reporting date is the carrying value of its cash ($19.6 million), trade and other receivables ($5.1 million) and investments ($0.8 million).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages liquidity by maintaining cash and cash equivalent balances available to meet its anticipated operational needs. The Company has not been required to establish committed credit facilities but will do so as necessary. Liquidity requirements are managed based on expected cash flow to ensure that there is adequate capital to meet short-term and long-term obligations. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its growth plans. At September 30, 2012 the Company did not have any future debt obligations.

Interest rate risk

The Company is exposed to interest rate risk on its cash. Generally, the Company's interest income will be reduced during sustained periods of lower interest rates as higher yielding cash equivalents and any short term investments mature and the proceeds are invested at lower interest rates.

Currency risk

Foreign exchange rate fluctuations may affect the costs that the Company incurs in its operations. Silver, lead, zinc and gold are sold in US dollars and the Company's costs are principally in Mexican pesos and Canadian dollars. At September 30, 2012 the Company is exposed to currency risk through the cash, trade and other receivables, trade payables and due to related party held in US dollars and Mexican pesos. Based on these foreign currency exposures at September 30, 2012, a 10% depreciation or appreciation of all the above currencies against the Canadian dollar would result in an approximate $0.5 million decrease or increase in the Company's net earnings for the three months ended September 30, 2012.

Commodity price risk

The Company is subject to commodity price risk for all the principal metals that are recovered from the concentrates that it produces. These include silver, lead, zinc, and gold. These metal prices are subject to numerous factors beyond the control of the Company including central bank sales, producer hedging activities, interest rates, exchange rates, inflation and deflation, global and regional supply and demand, and political and economic conditions in major producing countries throughout the world. The Company has elected not to actively manage its exposure to metal prices at this time.

Operational risk

The profitability and operating cash flow of the Company are affected by numerous factors, including but not limited to, the tonnes and grade of material mined and milled, the amount of metal concentrates produced, the level of operating costs, and general and administrative charges. Operating results are also influenced by factors over which the Company has less direct control such as refining and smelting charges and still other factors such as commodity prices and foreign exchange rates which are largely outside the Company's control. The nature of the Company's business is demanding of capital for property acquisition costs, exploration commitments and holding costs. The Company's liquidity is affected by the results of its own acquisition, exploration and development activities. The acquisition or discovery of an economic mineral deposit on one of its mineral properties may have a favourable effect on the Company's liquidity, and conversely, the failure to acquire or find one may have a negative effect. Historically, the major sources of liquidity have been the capital markets and project financing. The Company has been and will continue to be dependent upon adequate financing and investor support to meet its long term growth objectives.

Political, Regulatory and Security Issues

The Company's operations are subject to control and scrutiny by several levels of government, various departments within each level, and corporate, environmental and mining regulations. Permission must also sometimes be secured from local peoples for exploration and drilling permits, water and land surface use rights. Consequently, the Company in carrying out its mining and exploration activities may be exposed to a large array of conditions to satisfy on a daily basis in its activities. Risk exists that the Company might fail to be fully compliant in all respects in this political and regulatory environment or that permits might not be issued on a timely basis to facilitate the Company's planned development activities. In addition, social and political unrest may exist within a region covered by the Company's operations and such events may affect the feeling of safety and security of the local peoples and may affect the operating activities of the Company.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations and may not prevent or detect misstatements. Therefore even those systems determined to be effective can only provide reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management believes that the Company has designed, established and is operating reasonable overall controls and systems to meet the needs of the Company, its shareholders, and other stakeholders who rely on the Company's financial information and reporting systems.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the period ended September 30, 2012 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Approval

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of IMPACT has approved the financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

NON-IFRS MEASURES

The Company uses both IFRS and non-IFRS measures to assess performance and believes the non-IFRS measures provide useful information to investors. Following are the non-IFRS measures the Company uses in assessing performance:

Cash flows from operations before changes in non-cash working capital: Calculated as Cash flows from operations less the changes in non-cash working capital (trade and other receivables, inventories, trade payables, income taxes payable, and due to related party).

The Company's method of calculating these non-IFRS measures may differ from other entities, and accordingly, may not be comparable to measures used by other entities. Investors are cautioned, however, that these measures should not be construed as an alternative to measures determined in accordance with IFRS as an indicator of the Company's performance.

NOTE REGARDING FORWARD–LOOKING STATEMENTS

Except for historical information, this MD&A may contain forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward-looking statements. In certain cases, forward-looking statements can be identified by the use of words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "estimates", "plans", "intends", "anticipates", or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments.

The factors that could cause actual results to differ materially include, but are not limited to, the following: general economic conditions; changes in financial markets; the impact of exchange rates; political conditions and developments in countries in which the Company operates; changes in the supply, demand and pricing of the metal commodities which the Company mines or hopes to find and successfully mine; changes in regulatory requirements impacting the Company's operations; the ability to properly and efficiently staff the Company's operations; the sufficiency of current working capital and the estimated cost and availability of funding for the continued exploration and development of the Company's exploration properties.

The estimates and assumptions of the Company contained or incorporated by reference in this MD&A, which may prove to be incorrect, include but are not limited to, the various assumptions set forth herein and in the MD&A, or as otherwise expressly incorporated herein by reference as well as (1) there being no significant disruptions or adverse conditions; (2) there being no issues with permitting, access, exploration, expansion and acquisition of new and developing projects; (3) the establishment of reserves being consistent with the Company's current expectations; (4) political developments in Mexico being consistent with current expectations; (5) the exchange rate between the Canadian dollar, US Dollar and Mexican Peso being approximately consistent with current levels; (6) certain price assumptions for silver and other metals being consistent with current expectation; (7) prices for and availability of equipment, labour, fuel, oil, electricity and other key supplies remaining consistent with current levels; (8) the results of the Company's exploration programs being consistent with the Company's expectations; (9) labour and materials costs increasing on a basis consistent with the Company's current expectations.

This list is not exhaustive and these and other factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and neither the Company nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.

The forward looking statements contained herein are based on information available as of November 12, 2012.

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

On behalf of the Board of Directors,

"Frederick W. Davidson"

President and Chief Executive Officer

November 12, 2012