

IMPACT Silver Corp.
(formerly IMPACT Minerals International Inc.)
Form 51-102F1
Management Discussion & Analysis
For the Period Ended September 30, 2005

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.

Highlights for the Nine Months

On August 17, 2005, the Company changed its name from IMPACT Minerals International Inc. to IMPACT Silver Corp. The Company’s shares were not consolidated and holders do not need to exchange current certificates in the name of IMPACT Minerals International Inc.

Exploration and engineering studies continued at IMPACT’s Royal Mines of Zacualpan Silver Project in central Mexico during the period with encouraging results. The final conclusions from these activities will form the basis for making a purchase decision for the project’s claims, operating mines and 500-tonne-per-day processing plant lease from the Mexican owners.

In April 2005, IMPACT completed a 1,866 meter 12-hole core drilling program on the property. These holes tested targets in the Compadres and Cometa Navideño Vein systems.

Exploration Highlights for the third quarter 2005:

- In September results from new high grade silver prospects were announced.
- Sampling of the historic Chivo mine workings returned 1,095g/t silver and 0.38g/t gold across 1.25 m. true width. Wall rock beside the vein assayed 463g/t silver and 0.477g/t gold across 2.2 m. true width. A channel sample from a surface exposure above assayed 2,640g/t silver and 1.36g/t gold across 0.85 m.
- Sampling of the historic Santa Isabelle mine workings averaged 830g/t silver and 0.56g/t gold across 0.8 m. true width over a strike length of 50m in nine samples ranging up to 3,020g/t silver and 0.13g/t gold across 0.7 m. true width.
- In September a comprehensive report written to NI43-101 standards and describing in detail the project and results to date was released.
- Mapping and sampling on surface and in old underground workings continued during the quarter with an aim to identify additional drill targets.

Future Goals

IMPACT will continue its due diligence and exploration work on the Royal Mines of Zacualpan Project through 2005.

IMPACT plans to become a silver producer through the purchase of the Zacualpan claims, operating mines and processing plant lease, subject to the satisfactory completion of its due diligence and exploration work program.

IMPACT is evaluating other silver projects as possible acquisitions to continue to build the Company into a premier silver producer.

Royal Mines of Zacualpan Silver Project, Mexico

Due Diligence and Exploration Program:

Introduction

IMPACT holds option agreements covering most key parts of the Royal Mines of Zacualpan Silver District in central Mexico including two operating mines and a leased mill rated at 500 tonnes per day. The project is located 100 km southwest of Mexico City and 25 km northwest of the well-known Taxco Silver Mine. Access is by paved highway that runs 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.

Option Agreements

On June 14, 2004, IMPACT signed two option agreements with two private Mexican companies for two producing silver mines, a processing plant lease and properties covering much of the Royal Mines of Zacualpan Silver Mining District in central Mexico. In total, under terms of the two option agreements, IMPACT may purchase all rights of the Mexican owners for US\$1.6 million plus 300,000 IMPACT shares.

In 2004, IMPACT staked additional concessions for itself that gave it control over a total of 125 km² and a dominant land position in the District.

Production and Development

Under terms of IMPACT's option agreements, the Mexican companies may continue mining and processing material from the properties until IMPACT exercises its purchase options for the operations, contracts and properties. Mining is presently continuing at the Compadres Mine and the Guadalupe Mine. Material is trucked from the operating mines to the central processing plant. IMPACT geologists periodically visit and sample the active areas in the mines to keep directly informed of developments.

During the quarter, mining was completed down to Level 5 at the high grade Compadres Mine and a ramp was being developed to continue mining on Level 6. Levels are about 12 m. apart. Mining at the medium grade Guadalupe Mine was continuing on the 195 m. Level exploiting the Lipton and Lipton del Bajo Veins. A ramp has been started to the 205 m. Level. Material is trucked from the operating mines to the central processing plant.

IMPACT geologists periodically visit and sample the active areas in the mines to keep directly informed of developments.

Field Work

During the quarter, fieldwork continued with mapping and sampling on surface and in historic underground workings. Highlights of this work include identification of high grade zones in the historic Chivo and Santa Isabel mine workings.

Field crews traced the Compadres Vein System a distance of 1300m northwest of the high grade Compadres Mine at which point they uncovered the entrance to the old Chivo mine workings. In the mine workings IMPACT personnel were able to observe two parallel north trending veins. A sample from the western vein assayed 1,095g/t silver and 0.38g/t gold across 1.25m true width. The wall rock beside the vein contained numerous small veinlets and assayed 463g/t silver and 0.477g/t gold across 2.2 m. true width. Crews were unable to further access this area due to collapsed mine workings. From

the eastern vein six channel samples were collected over a strike length of 40 m. and averaged 175g/t silver and 0.92g/t gold across 1.54 m. true width. Host rock between the two veins contains 10-35% small veinlets and assayed 83g/t silver and 0.57g/t gold across 6.35m. A channel sample from one of the veins exposed on surface above the Chivo workings assayed 2,640g/t silver and 1.36g/t gold across 0.85 m.

The Santa Isabel workings are located in the west central part of the large property in an area not previously examined by IMPACT. Field personnel were able to partially sample the remnants of an old 2m wide stope to a point where the underground workings were collapsed. The portion of the stope sampled averaged 830g/t silver and 0.56g/t gold across 0.8 m. true width over a strike length of 50 m. in nine samples ranging up to 3,020g/t silver and 0.13g/t gold across 0.7 m. true width.

Drilling

During the year to date, IMPACT completed a 1,866-meter 12-hole core drilling program on the property. The objective of the drill program was to test extensions of the high grade Compadres Silver Shoot No. 1, the nearby Soledad section of the Compadres Vein System and the early stage Cometa Navideño Vein System.

Four holes tested extensions of Compadres Silver Shoot No. 1 and demonstrated that the Compadres Vein System consists of a series of stacked parallel veins with several high grade sections as listed in the table of drilling highlights below:

Silver Shoot No. 1 Section Of Compadres Vein System						
<i>Vein Name</i> DRILL HOLE No.	TOP OF INTERCEPT (m)	ESTIMATED TRUE WIDTH (m)	SILVER (g/t)	GOLD (g/t)	ZINC (%)	LEAD (%)
<i>AC Vein</i>						
2	58.7	0.6	546	0.15	0.22	0.08
<i>Chaparita Vein</i>						
1	67.9	0.9	259	0.28	0.33	0.09
2	79.2	0.4	434	0.73	2.43	1.30
3	41.4	2.1	229	0.18	0.53	0.12
<i>Concepción Vein</i>						
1	138.8	1.8	293	0.40	1.25	1.40
2	163.5	0.8	6,013	2.31	0.36	0.47
3	127.8	0.4	115	0.29	3.67	1.05
4	153.6	4.4	2,713	0.36	1.01	0.74
	including:	0.4	27,793	3.40	9.47	7.52
<i>San Agustín Vein</i>						
2	174.2	1.6	3,234	0.41	2.67	1.91
	including:	0.7	7,010	0.73	5.87	4.26
3	133.5	1.2	450	0.23	2.30	0.75
4	168.4	0.6	1,140	3.68	0.56	0.23
<i>Footwall Vein</i>						
4	185.0	0.7	202	4.23	0.60	0.42

Drill holes 1 and 2 intersected the Concepción Vein about 70 m. and 115 m., respectively, down dip (downward along the plane of the vein) of the Level 3 mine workings. (Level 3 workings lie about 65 m. below surface and the vein system dips about 50 degrees to the northeast.) Drill holes 3 and 4 were drilled 35 m. northwest of drill holes 1 and 2 and intersected the Concepción Vein 60 m. and 125 m. down dip of Level 3.

The drilling has demonstrated good continuity to the vein system and the deepest intersections in the Concepción and San Agustín Veins are also the highest grade leaving the zones open for expansion along strike and down dip.

The Compadres Vein System has now been mapped over several kilometres with higher grade sections (shoots) occurring in a generally lower grade vein system. Silver Shoot No. 1, as observed on Level 2 of the active mine workings, is a 50 m. x 3 m. section of the vein system with medium to high grade silver values.

The next six holes were drilled 200 meters to the southeast to test another possible shoot in the Soledad section of the Compadres Vein System and returned the following values:

Soledad Section Of Compadres Vein System							
<i>Vein Name</i> DRILL HOLE No.	TOP OF INTERCEPT (m)	ESTIMATED TRUE WIDTH (m)	SILVER (g/t)	SILVER (oz/ton)	GOLD (g/t)	ZINC (%)	LEAD (%)
<i>Upper Vein</i>							
8	57.90	1.35	377	11.0	0.48	0.14	0.06
9	64.00	0.25	666	19.4	0.04	1.11	0.14
10	54.10	0.70	222	6.5	0.02	0.03	0.09
<i>Middle Vein</i>							
6	56.60	0.30	1,060	30.9	0.44	0.40	0.26
	followed by:	1.00	Old open mine working - no samples				
<i>San Agustín Vein</i>							
5	82.60	1.20	635	18.5	0.09	0.05	0.23
7	62.30	0.50	228	6.7	0.22	1.79	1.41
8	127.40	0.60	Old open mine working - no samples				
9	132.60	2.40	225	6.5	0.49	0.07	0.03
10	127.70	0.50	Old open mine working - no samples				

Results of the work carried out to date indicate that these drill holes in the Soledad section of the Compadres Vein System may have intersected the top of another mineralized shoot similar to the nearby high grade Silver Shoot No. 1. The Soledad drill holes were collared on top of a high ridge and the deepest holes in this program only penetrated to the elevation of the top of Silver Shoot No. 1. Plans call for future drilling to test the Soledad system down to greater depths at elevations similar to those that host the high grade portions in Silver Shoot No. 1.

Drill holes 11 and 12 tested the Cometa Navideño Vein System located about one kilometre north of the Compadres area. Earlier sampling of the historic Santiago mine workings by IMPACT returned average values of 235g/t silver and 0.31g/t gold across 0.9 m. (TW) ranging up to a high of 1,320g/t silver and 0.99g/t gold across 0.3 m. (TW). Drill hole 11 tested the veins about 30 m. below the old workings and encountered low grades. Drill hole 12 tested the Cometa Navideño Vein about 120 m. below the old mine workings and returned 7.26% zinc, 7.45% lead, 75g/t silver and 0.59g/t Au across 0.65 m.

Engineering Studies

During the quarter, IMPACT continued preliminary engineering studies to evaluate the active mining and metallurgical operations at Zacualpan. A preliminary engineering study was received assessing sites for expansion of tailings facilities and metallurgical test work continued to optimize metal recoveries.

History

Zacualpan is one of the oldest mining districts in North America with Spanish Colonial mining dating back to at least 1527. In 1531, it was the first mining district in the Americas to be bestowed the title of 'Royal Mines' of Zacualpan by proclamation under the Spanish Crown. Zacualpan is a classic Mexican epithermal silver district with an abundance of veins that have seen historic production. Statistics for the early centuries of production are sporadic, but in modern times recorded production between 1975-2004 was about 17 million ounces of silver (26 million ounces silver equivalent with by-product gold, lead and zinc credits). Veins presently being mined on the property typically vary from 2 to 5 meters in width. Individual production shoots are often 30 to 150 m. long and predominantly steeply dipping.

George Gorzynski, P.Eng., a Qualified Person under the meaning of Canadian National Instrument 43-101, is responsible for the technical information described in this Management Discussion and Analysis for the Royal Mines of Zacualpan Silver Project.

The Dominican Republic

The Dominican Republic continues to attract considerable interest from the industry with the announcement of Placer Dome's decision to proceed with the approximately \$1.4 billion program at the Pueblo Viejo gold mine.

The exploration concessions in the Dominican Republic held by IMPACT 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 faults and cross-faults, which IMPACT believes offers the opportunity for mineralization. IMPACT's block of concessions is located some 100 kilometres east of the Pueblo Viejo gold deposit and hosted in the same rock formation. 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 IMPACT's concessions, lies the Baritina concession where previous work identified at least two zones of gold mineralization.

With the exception of La Bruja, IMPACT is awaiting licence renewals for its Dominican Republic concessions. During the quarter, a small soil sampling, mapping and prospecting program was carried out over the eastern portion of the La Bruja. No significant results were obtained.

Nigel Hulme, P. Geo., a Qualified Person under the meaning of Canadian National Instrument 43-101, is responsible for the technical information described in this Management Discussion and Analysis for the Dominican Republic Projects.

Investor relations

Over the last nine months IMPACT considerably expanded its investor relations activities. The Company launched a new website and has taken a new approach to its investor relations. It engaged service companies – one to focus on Europe/International and one to focus on North America. Fryban Financial S.A. of Switzerland ("Fryban") over a six-month period provided consultation on investor relations and external communications. Fryban received \$4,000 per month for six months and 300,000 options at \$0.20 per share good for two years for its continued support. In the first quarter a local representative was engaged for a limited time to provide investor relations and communication services in the North America market for \$1,500 per month and a two-year stock option for 50,000 shares at \$0.30 per share. That contract has now been cancelled. Other 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 maintenance of web sites and press releases.

The Company's website at www.impactsilver.com has up-to-date and detailed information on IMPACT's projects, as well as corporate and other information.

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 only a portion 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 September 30, 2005 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 \$)

Quarter	Revenues	Net Income (loss)	Net Income (Loss) per Share *	Fully diluted Net Income (Loss) Per Share *	Total Assets	Total Long-term Liabilities
3 rd 2005	Nil	(66,014)	(0.00)	(0.00)	2,349,460	Nil
2 nd 2005	Nil	(182,405)	(0.01)	(0.01)	2,439,406	Nil
1 st 2005	Nil	(106,886)	(0.01)	(0.01)	2,375,121	Nil
4 th 2004	Nil	(124,942)	(0.01)	(0.01)	2,004,431	Nil
3 rd 2004	Nil	(76,494)	(0.01)	(0.01)	1,292,892	Nil
2 nd 2004	Nil	(56,888)	(0.01)	(0.01)	1,282,662	Nil
1 st 2004	Nil	(61,927)	(0.01)	(0.01)	1,080,269	Nil
4 th 2003	Nil	(49,272)	(0.01)	(0.01)	942,951	Nil
3 rd 2003	Nil	(13,819)	0.00	0.00	941,138	Nil

*These numbers have been rounded to two decimal places.

Administrative expenses for the third quarter were \$67,378 significantly less than the prior two quarters this year and similar to \$75,586 for the comparative period in 2004. For the nine months administrative costs were \$361,849 compared to \$188,220 in 2004.

Accounting and audit fees increased by \$1,036 due to increased reporting requirements and increased activities. As described earlier as part of the Company's need to enhance shareholder value, investor relations costs increased to \$66,066 over the comparative cost of \$14,682 in 2004. Legal costs decreased to \$38,245 for the nine months compared to \$44,295 in 2004. This was primarily related to the reclassification of \$24,841 of legal costs to the Zacualpan project administrative expenses for fees related to the acquisition of the Zacualpan concessions in Mexico.

With the increase in activity related to the Zacualpan exploration and regulatory requirements, office and sundry, rent, and office services and salaries were \$34,490 higher than last year and are expected to continue at that level due to the increased activity. Further, administrative related travel costs of \$7,709 (2004- \$0) are also anticipated to continue at the higher level.

Due to requirements for reporting the cost of stock options granted, the Company recorded a stock based compensation expense of \$157,717 for the nine-month period compared to \$72,258 in 2004. This resulted in a significant increase in expenses for the period and a corresponding adjustment to shareholders equity for the deemed value of the options granted. The Company believes that the granting of stock options is an important incentive to its personnel and, in spite of the "deemed cost", intends to keep on with the practice.

The company also recorded a minor foreign exchange gain and \$6,544 in interest income.

Liquidity and Capital Resources

At September 30, 2005, working capital was \$150,769 compared to \$99,612 in the prior year, but declined from December 31, 2004 by \$484,099. Cash and term deposits were \$194,578 up from \$176,327 in September 30, 2004.

During the first nine months the Company raised \$7,750 on the exercise of share purchase options and a further \$513,425 through the exercise of 3,069,166 share purchase warrants.

Exploration expenditures at Zacualpan for the nine months were \$712,497 and property payments were \$98,531 (\$38,500 representing 100,000 treasury shares of the Company) bringing the total capitalized expenditures to date to \$1,134,751. Expenditures included acquisition costs, mapping, surveying and sampling in the district as well as the first phase drill program. The company conducted a further field program on its Proyectos Mineros concession in the Dominican Republic during the second quarter resulting in expenditures of \$19,953 in total for the first nine months of 2005.

Transactions with Related Parties

In April 2004, as part of a previous private placement Energold Drilling Corp. (formerly Energold Mining Ltd.), a related company, ("Energold") purchased 393,334 of the units. Each unit consisted of one common share and one share purchase warrant. In March, 2005, Energold exercised its warrants and acquired a further 393,334 shares of the Company at a price of \$0.185 per share.

In October 2004, as a part of a private placement, the Company sold 405,000 units to Energold at a price of \$0.30 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 \$0.30 per share for the first year and \$0.35 per share in the second year up to December 9, 2006.

Under a management services agreement dated October, 2004 Energold recovers direct labour costs for mineral exploration, public relations and office services at specified daily charge out rates plus 15% overheads. Energold also recovers miscellaneous charges plus 15%, on the basis of IMPACT's actual usage. Administrative services fees of \$6,156 (2004 - \$1,321) were charged by Energold for the period. As at September 30, 2005, the balance owed to Energold was \$346, which was non-interest bearing.

During the nine months ended September 30, 2005, fees in the amount of \$183,020 (2004- \$0) were paid to the parent company for contract drilling services performed in Mexico on the Zacualpan concessions.

During the nine months ended September 30, 2005, fees in the amount of \$71,144 (2004 - \$40,470) were paid or accrued to two directors of the Company, \$28,330 of which is shown in various administrative expenditures on the income statement and \$42,814 is shown in mineral properties.

Changes in Accounting Policies

The consolidated financial statements for the period ended September 30, 2005 followed the same accounting policies and methods of application as in the prior year's annual financial statements.

Off-balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Outstanding Share Data

The following common shares and convertible securities of the Company were outstanding at November 17, 2005:

	# of Shares	Exercise Price	Expiry Date
Issued and outstanding common shares at November 17, 2005	20,359,188		
Employee stock options	780,000	\$ 0.13	October 20, 2008
	300,000	\$0.20	August 31, 2006
	475,000	\$0.15	May 12, 2009
	710,000	\$ 0.42	April 13, 2010
Warrants	2,500,000	\$ 0.30/\$0.35	December 09, 2005/ December 9, 2006
	205,000	\$ 0.30/\$0.35	December 09, 2005/ December 09, 2006
Fully Diluted at November 17, 2005	25,329,188		

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
November 17, 2005