NI 43-101 TECHNICAL REPORT

EXPLORATION PHASES 1 & 2: SURFACE SAMPLING & DIAMOND DRILLING

On The

MINA SAN JOSE & SALVADOR-ZACATECAS PROPERTIES

ZACATECAS, ZACATECAS STATE, MEXICO

For

ENVIRO ENERGY CAPITAL CORP.
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TEKHNE RESEARCH INC.

21 August 2008

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Note: The sections and subsections of this report were written and organized pursuant to the requirements of the Form 43-101F.

Summary

The Mina San Jose and Salvador-Zacatecas Properties form the Zacatecas Joint Venture, between the Issuer, Yale Resources Ltd. and IMPACT Silver Corp., the operating partner during the period of the works. IMPACT Silver Corp. contracted with Tekhne Research Inc. to provide field technical and supervision services related to the activities of the Joint Venture between 22 November 2006 and 23 April 2007 in two phases of work.

After vesting its interest in the properties Yale Resources signed a joint venture with IMPACT Silver dated August 8, 2008. Yale Resources is now the operator for the Zacatecas JV and IMPACT Silver retains a 35% participating interest. Previous to Yale vesting its interest, IMPACT acted as the operator of the projects.

Enviro Energy Capital Corp. has an option on the entire 65% interest owned by Yale Resources, subject to TSX-Venture approval, for cash payments totaling $150,000, the issuance of 500,000 shares in Enviro and expenditures of at least $200,000 within 13 months. Yale has received $25,000 from Enviro Energy and, upon approval of the Exchange, Enviro Energy must pay Yale an additional $25,000 and issue 200,000 shares.

The Mina San Jose property consists of one exploration concession of 40 hectares (ha) owned by Minera Aguila Plateada S.A. de C.V., IMPACT's Mexican subsidiary. The Salvador-Zacatecas property consists of the Salvador exploitation concession is 32 ha, while the adjacent Zacatecas exploration concession has 8.712 ha for a total of 40.712 ha. Together, they form a compact rectangle. Minera Aguila Plateada owns both concessions.

Yale Resources Ltd. entered a joint venture Letter of Intent agreement on 2 October 2006 with IMPACT Silver Corp. to earn 65% interest in the two properties that constitute the joint venture by payments of exploration and acquisition expenses totaling a minimum of us$ 100,00 for each concession. The exploration works were to be principally drilling of a minimum of 500 metres per concession to vest the Issuer's 65%. The works described in this report complete that obligation for investment. IMPACT Silver retains a 35% participating interest and acted as the operator of the projects.

The properties are located about 10-16 km north and northwest of the city of Zacatecas, the capital of Zacatecas State, Mexico. Mina San Jose is located at 22°49"23"N and 102°34'51"W, while Salvador-Zacatecas is centered at 22°48'34"N and 102°32'42"W. The properties are located in the Central Mesa plateau in north-central Mexico, situated in the states of Zacatecas, Aguascalientes, and San Luis Potosi. The topography is flat to undulating plateaus cut by small, frequently dry streams that flow out to broad valleys, which are agriculture centres. Elevations in the immediate area of the property are 2300-2450 m above sea level.

Access to the projects is from paved National and State highways extending from the city of Zacatecas to neighbouring towns, including Vetagrande, Nuevo Hacienda, and Morelos. Gravel roads in good repair access the interiors of the properties.

Since1535, the Zacatecas Silver District has been one of the largest historic silver districts in the world with past production estimated at 1.2 billion ounces. The city of Zacatecas initially developed as a mining camp to service the number of long, wide veins (La Cantera, El Bote) that passed beneath the city. Other vein systems that parallel that group occur to the north. The main ones are the Malanoche Vein and the Vetagrande Vein complex. A number of parallel veins occur between these major veins and have been operated on modest scales over 450 years. Most of the smaller workings have little or no record of product, shaft depth, etc. but they have remained attractive to small-scale miners. Since the Revolution in 1912, little major new work has been conducted on the smaller deposits, such as the subject properties. Since 1950, most work has been in reclaiming old dumps and minor underground extraction.

Although little is documented on the properties, extensive workings and dumps show the past level of activity. One should presume that old dumps have been reclaimed to large degree.
The Mina San Jose property has at least two veins and covers a 500-meter section of the principal vein. There are two open shafts of approximately 50m depth to the water table. In the vicinity of the two primary shafts are a number of mine dumps border narrow open workings.

The Salvador-Zacatecas property has two concessions. The smaller Zacatecas concession covers part of a merging vein system, which extends on to the neighboring Salvador Concession to the east and also continues northwest to the old San Fernando mine workings. Three old shafts at least 40m deep were found on the concession. Beside the shafts is a 2000 tonne mine dump. Selected vein material from the dump assayed up to 660g/t silver.

The properties lie in the large block of Jurassic-Cretaceous Los Chilitos Formation that forms a plateau from Zacatecas city north for approximately 65 km and some 28 km wide. It is the northern most part of the Guerrero Terrane, an intra-oceanic island arc that docked with paleo-Mexico in latest Cretaceous. The block is bounded by a steep fault on the south and probable faults on the east and west sides. Younger platform sediments unconformably overly the northern limit. The regional stratigraphic section around the property is modified from published models to include the writer's field experience in the area. The properties lie within lithologies of the Los Chilitos Formation, an Upper Jurassic to middle Upper Cretaceous assembly of rhyolite cryptodomes and clastics with tuffaceous sediments in the lower informal unit, overlain by basalt-andesite pillow flows, breccias, and associated epiclastics cut by feeder dykes and sills as the middle unit. The upper unit is mainly tuffaceous sediments intruded by basalt-andesite with minor pillow flows and clastics as the upper unit.

Structures that affect the region of the properties occurred as three events:

1. West-pushing compression that folded the Los Chilitos Fm into north-trending open folds associated with the docking of the Guerrero Terrane onto Mexico.
2. North-northeast compression forming gentle folds striking west-northwest associated with early Laramide compression.
3. Post-Laramide extension in the west-northwest direction that controlled the formation of large-scale horst and graben structures that control loci of the vein complexes throughout the volcanic block.

The mineralisation on the properties is the result of veins filling the extensional fractures. Enrichments are locally controlled by vein splits and subtle changes in vein strikes.

On the Mina San Jose property, the host lithology is middle and upper units of the Los Chilitos Fm. A west-trending fault that crosses the middle of the property separates the two distinct lithologic assemblages. The middle unit in the southern block is north-striking and steep-dipping folded basalt-andesite pillow flows and breccias with intercalated banded black chert-tuffs. The northern block of the upper unit consists of a west-northwest striking and gently northeast-dipping sequence of fine mixed tuff-sediments, possibly rhyolitic in part, intruded by basalt-andesite sills, the "sediment-sill complex". The writer has observed this unusual juxtaposition of the two directions of strike and fold styles across the Malanoche Vein some six kilometres southeast of Mina San Jose.

The two principal veins occupy the fault and a subparallel splay over a distance of some 500 metres. Based on drilling, the faults are steeply dipping to the north. One structure that occurs in the southern block is marked by a series of some 12 trenches and small workings in a bleached version of the basalt-andesite. No mineralization was observed, except for pervasive clay alteration; no values were returned from dump samples.

On the Salvador-Zacatecas property, the major host lithology on the two concessions is the fine tuffaceous sediments with a few basalt-andesite sills (sediment-sill complex) of the upper part of the Los Chilitos Fm. A west-northwest striking fault crosses the northeast corner of the Salvador concession with the sediment-sill complex to the southeast and the middle Los Chilitos basalt-

andesite pillow flows to the northeast. The fault appears to be a steep normal fault inclined SW that is likely a post-Laramide extensional feature. One could look at the fault across Mina San Jose and conclude that it was an extensional fault with the north side down-dropped.

With this interpretation, the two properties appear to lie on the opposite margins of a down-dropped graben block with the two basalt-andesite complexes marking flanking horst blocks. The limits of the extensional blocks probably control the formation of extension-related veins.

The deposits are typical extensional low-temperature epithermal veins located in Oligocene-aged extensional fractures. The hydrothermal fluids derived from magmatic intrusions mixed with groundwater. This process formed the Ag-Zn-Pb-(Cu, Au) vein and manto deposits in most of north-central Mexico. Sphalerite and galena are the dominant visual sulphides with occasional Ag-sulphides; pyrite is present in modest quantity as disseminations in veins. Gangue minerals are quartz and minor late calcite. Alteration around the veins is visually very thin with some disseminated pyrite and clay.

The program consisted of Phase 1 for surface sampling and geological sampling. Phase 2 was the drill program based on the Phase 1 results. For Mina San Jose, Phase 1 produced 45 surface dump and rock samples and Phase 2 had four diamond drill holes totaling 501.25 m of NTW (61.2 mm diameter core) and 106 core samples. Salvador-Zacatecas Phase I work resulted in 17 dump and rock samples, while Phase 2 had 12 diamond drill holes (two were lost) totaling 1,314.5 metres of NTW coring with 193 samples. All samples were sent to ALS-Chemex Labs at Guadalajara, Mexico for sample preparation and the pulps were sent for analyses to ALS-Chemex in Vancouver, BC Canada.

The results for Mina San Jose showed Ag at 122 to 525 g/T Ag as average samples and selected dump samples, specifically selected to show the best potential values, of 4,900 g/T Ag with 6% Zn and 1-2% Pb. The drill results encountered the veins as zones to 1,340 g/T Ag, 1.23 % Pb, and 1.18% Zn over 0.65 m true thickness. The drilling was reconnaissance in nature. The works suggests that the vein may be more coherent to the west and perhaps at depth.

The Salvador-Zacatecas dump samples ran 100-288 g/T Ag with selected material typically 3-4 times higher. Drill intersections returned a maximum of 382 g/T Ag over 0.5 m true width on the Salvador Vein and 275 g/T Ag over 0.61 m true width with less than 1% Pb and Zn respectively. The results suggest that the veins may be shallower than the depths tested and may be better towards the northwest as well.

Phase 3 exploration program would include four diamond drill holes on Mina San Jose and three on Salvador-Zacatecas. The program also includes measuring, sampling, and testing of dump material on both properties for processing at IMPACT Silver's custom mill at Vetagrande, near the properties. The estimated program cost is **US$ 275,880.**

I, as Qualified Person, believe that the sampling procedures, sample handling and security, assaying procedures, and quality control checks were done to a standard so that the results adequately represent the material sampled.

4 Introduction and Terms of Reference

The Zacatecas Joint Venture operating partner during the period of the works described herein, IMPACT Silver Corp. of Vancouver, BC, contracted with Tekhne Research Inc. of Victoria, BC, an arms-length company, on 15 November 2006 to assist in the design and execution of the Phase 1 surface evaluation and Phase 2 diamond drilling program on the Mina San Jose and Salvador-Zacatecas Properties under the Joint Venture. I was on site 22 November through 19 December 2006 for Phase 1 and 8 February through 23 April, 2007 for the Phase 2 drilling campaign.

This technical report details the results of the two programs. Besides the fieldwork results, the report cites published geological maps and reports.

I, as principal of Tekhne Research Inc., personally directed both phases of work.

5 Reliance on Other Experts

Information on the registered claims described in *Items 6 (c) and (d)* was derived from Yale Resources Ltd. and IMPACT Silver Corp. management. I believe to the best of my knowledge and experience that these data are correct. However, I disclaim responsibility for such information.

I relied on documents and information by the optionor Yale Resources Ltd.. for the terms and conditions of the property agreement described under *Item 6(g)*. No independent legal opinion was sought to verify the legal status of the claim ownership, status or the underlying option agreement. I disclaim responsibility for the accuracy of such information.

Information on existing environmental liabilities and work permits described under *Items 6 (h) and (I)* respectively was derived from information given to me by IMPACT Silver Corp. management. I believe these to be accurate, based on my experience in the area. However, I disclaim responsibility for such information.

I derived information about historical ownership and work described in *Item 8* from the government archives. However, I disclaim responsibility for the completeness of such information.

6 Property Description and Location

6 (a) Property Area

The Mina San Jose exploration concession covers a total of 40 ha. The two concessions of the Salvador-Zacatecas property totals 40.712 ha.

6 (b) Location (*See fig. 1*)

The Properties are located about 15 kilometres north and northwest of the state capital Zacatecas in eastern Zacatecas State, Mexico and is centered at longitude 68^{o} 34' West and latitude 48^{o} 00' South.

6 (c) Claims Details (*See fig. 2*)

Owners of record are:

Mina San Jose concession	Minera Aguila Plateada, S.A. de C.V.
Salvador concession	Minera Aguila Plateada, S.A. de C.V.
Zacatecas concession	Minera Aguila Plateada, S.A. de C.V.

Table 1 List of Mineral Tenures

Concession	Titulo (title) No.	Claim Type	Area (ha)	Date registered	Date expires
Mina San Jose	T-225854	Exploration	40	28 Oct. 2005	27 Oct 2011
Salvador	T-181880	Exploitation	32	16 Dec. 1987	open
Zacatecas	T-219098	Exploration	8.712	4 Feb. 2003	3 February 2009

Figure 1 Location of Properties

6 (d) Issuers Interest

Yale Resources Ltd. entered a joint venture Letter of Intent agreement on 2 October 2006 with IMPACT Silver Corp. to earn 65% interest in the two properties that constitute the joint venture.

The works described in this report fulfill those terms of the Letter of Intent.

After vesting its interest in the properties, Yale ResourcesLtd.signed a joint venture with IMPACT Silver dated August 8, 2008 that appoints Yale Resources as the operator for the Zacatecas JV and IMPACT Silver retains a 35% participating interest. Previous to Yale vesting its interest, IMPACT acted as the operator of the projects.

6 (e) Legal Survey

There has been no legal survey of the concessions.

6 (f) Location of Mineralisation

The reader is referred to the discussion on Property Geology (*Item 9 (b)*) and Mineralisation *(Item 11)* for details concerning mineralisation on the property. *Fig. 4* shows the claim group with relation to general geology and mineralisation.

6 (g) Property Agreement

Enviro Energy Capital Corp. signed an Option Agreement on August 14, 2008. The Option Agreement grants Enviro Energy the right to acquire 100 % of Yale's undivided interest in the properties. Currently that interest is 65%, but that may increase if the minority interest owner, IMPACT Silver Corp., does not participate in future expenditures and gets diluted down. If this were to happen, Yale may transfer up to 100% of the properties to Enviro while IMPACT would retain an NSR.

In order to earn Yale's undivided interest in the properties Enviro Energy must fulfill the following:

(a) payment of a non-refundable amount of $25,000 (paid);
(b) upon approval of the TSX-Venture Exchange, Enviro will pay to Yale the sum of $25,000 by certified cheque or bank draft, and will issue and deliver to Yale 200,000 common shares in its capital, subject to applicable hold periods; and
(c) on or before the date which is thirteen (13) months after the Effective Date, Enviro will pay to Yale the sum of $100,000 by certified cheque or bank draft, and will issue and deliver to Yale an additional 300,000 common shares in its capital, subject to applicable hold periods.
(d) Enviro must incur an aggregate of $200,000 in Expenditures within the 13 months

Yale Resources Ltd. entered a joint venture Letter of Intent agreement on 2 October 2006 with IMPACT Silver Corp. to earn 65% interest in the two properties that constitute the joint venture. Under terms of the Agreement, for each property, Yale must reimburse IMPACT for the property purchase costs and then spend a minimum of US$ 100,000 on exploration on each property within 18 months in order to earn a 65 % interest in the property. Yale agreed to advance IMPACT US$ 45,000 for acquisition of the three concessions. Another US$ 60,000 was advanced toward the exploration program that is documented in this report. The exploration works, to be conducted by IMPACT's Mexican subsidiary, Minera Aguila Plateada S.A de C.V., will include a minimum 500-m diamond drill program on each concession

The works described in this report fulfill those terms of the Letter of Intent. IMPACT Silver Corp, through its Mexican subsidiary, Minera Aguila Plateada S.A de C.V., retains 35% participating interest.

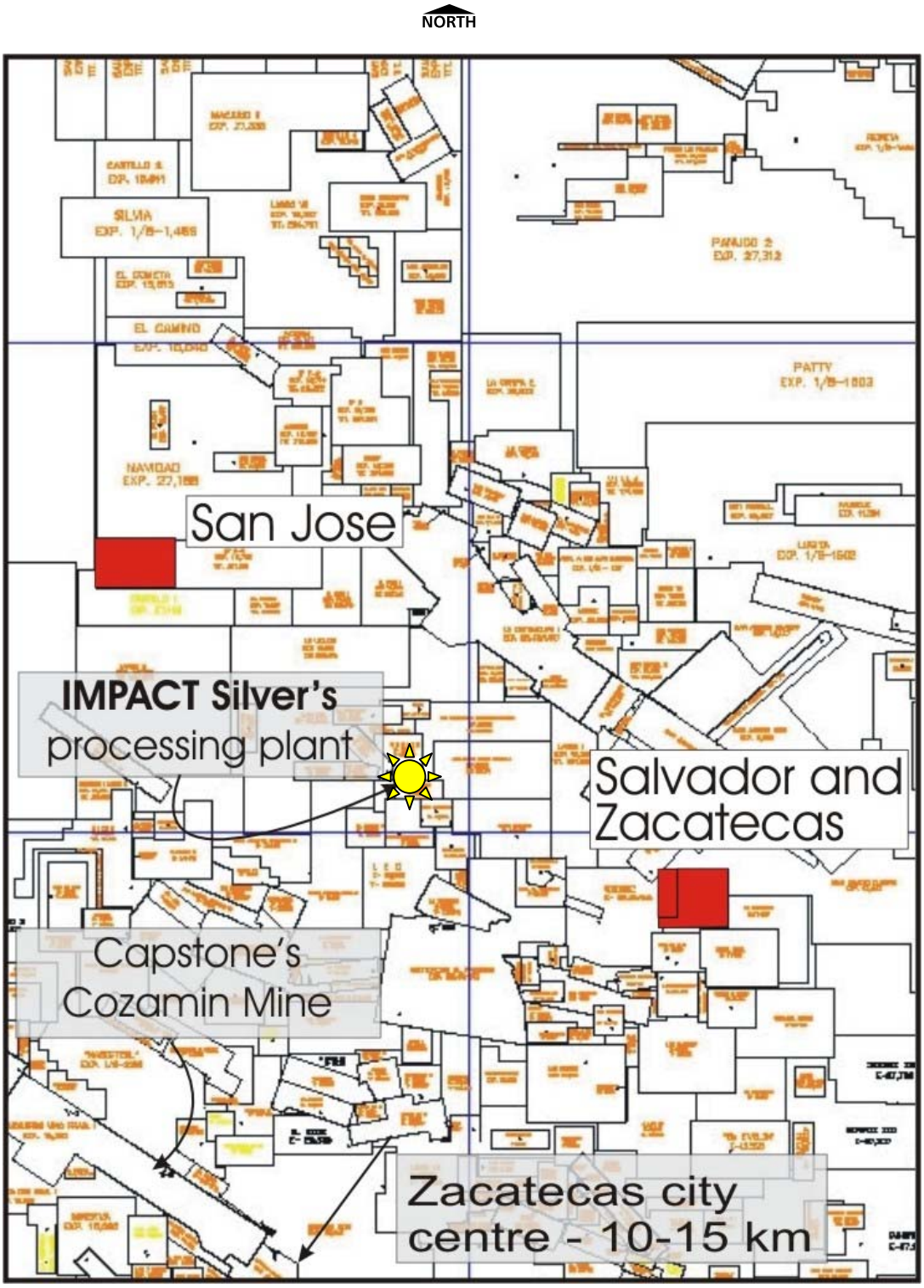

Figure 2. Location of Claims
Mina San Jose & Salvador-Zacatecas Properties

6 (h) Environmental Liabilities

The property is not subject to any known environmental liabilities related to exploration activities to the best of my knowledge. Only small-scale surface mining activity has occurred in this area since 1990, mainly as the reclamation of old dumps for custom mill processing.

6 (i) Work Permits

No work permits were required for the programs in this report.

7 Physiography, Accessibility, Infrastructure, and Climate

7 (a) Physiography

The properties are located in the Central Mesa plateau in north-central Mexico, situated in the states of Zacatecas, Aguascalientes, and San Luis Potosi. Mina San Jose is located at 22°49”23”N and 102°34’51”W, while Salvador-Zacatecas is centered at 22°48’34”N and 102°32’42”W.

The topography is flat to undulating plateaus cut by small, frequently dry streams that flow out to broad valleys which are agriculture centres. Elevations in the immediate area of the property are 2300-2450 m above sea level.

The region is semi-desert with six months of the winter mainly dry and prevalent rain in the other six months, which can be quite variable. Vegetation is typically hardy shrubs, nopale and other cactuses, low trees, and hardy grasses suited for the semi-desert climate. Much of the area is used for pasturage where crop agriculture isn’t active.

7(b) Accessibility

Access to the projects is from paved National and State highways extending from the city of Zacatecas to neighbouring villages, like Vetagrande, Nuevo Hacienda, and Morelos. Gravel roads in good repair access the interiors of the properties.

7(c) Infrastructure

There are several power lines in the Zacatecas-Vetagrande-Morelos area as well as good telecommunication lines. The Ferromex railroad passes 5 km west of the Mina San Jose property. The main economic activity is agriculture in the broad valley northwest of Zacatecas. Tourism is strongly promoted by the City of Zacatecas, which is designated as a UNESCO World Heritage Site.

Silver mining has been the mainstay of Zacatecas since 1535. Capstone Mining of Vancouver operates the Cozamin Zn-Pb-Cu-Ag mine of the Malanoche Vein, four km north of Zacatecas city. The properties lie north of the Malanoche Vein. Peñoles operates the Francisco I. Madera Zn-Pb-Ag mine 21 km northwest of Zacatecas.

7(d) Climate

The typical Mesa Central climate is characterised by the dry season from October to April and the rainy season from May through September. The rain is more variable than the dry times. Locally heavy downpours can suddenly swell watercourses. Temperatures are mild ranging from 27°C in the summer to +1° C in the winter.

8 History

Since1535 the Zacatecas Silver District has been one of the largest historic silver districts in the world with past production estimated at 1.2 billion ounces. The city of Zacatecas initially developed

as a mining camp to service the number of long, wide veins that passed beneath the city. Other vein systems that parallel that group occur to the north. The main ones are the Malanoche Vein and the Vetagrande Vein complex. A number of parallel veins occur between these major veins and have been operated on modest scales over 450 years. Most of the smaller workings have little or no record of product, shaft depth, etc. but they have remained attractive to small-scale miners. Since the Revolution in 1912, little major new work has been conducted on the smaller deposits, such as the subject properties. Since 1950, most work has been in reclaiming old dumps and minor underground extraction.

Although little is documented on the properties, extensive workings and dumps show the past level of activity. One should presume that old dumps have been reclaimed to large degree.

The Mina San Jose property has at least two veins and covers a 500-meter section of the principal vein. There are two open shafts with approximately 50m depth to the water table. In the vicinity of the two primary shafts are a number of runs of mine dumps with narrow open workings.

The Salvador-Zacatecas property has two concessions. The smaller Zacatecas concession covers part of a parallel vein system, which extends on to the neighbouring Salvador Concession to the east and also continues on to the old San Fernando mine workings to the northwest. Three old shafts at least 40m deep were found on the concession. Beside the shafts is a 2000 tonne mine dump. Selected vein material from the dump assayed 660g/t silver.

The Salvador concession hosts vein outcroppings and old workings indicate that the primary vein within the Salvador property can be traced for greater than one km. The central 400m of the open pits trace a very well defined 2-5m wide structure and a secondary vein nearby. These continue across the north part of Zacatecas concession and continue to the San Fernando Mine. There are three main shafts along the length of the vein: one at a presumed vein intersection. An adit north of the presumably accessed the workings for water drainage, ore extraction, access, and services. There are at least two known splays to the principle vein. Along the length of the vein there are old mine dumps of various sizes.

9 *Geological Setting*

9 (a) Regional Geology (*see fig. 3*)

The properties lie in the large block of Jurassic-Cretaceous Los Chilitos Formation that forms a plateau from Zacatecas city north for approximately 65 km and some 28 km wide. The block is bounded by a steep fault on the south and probable faults on the east and west sides. Younger platform sediments unconformably overly the northern limit. The regional stratigraphic section around the property is modified from published models to include the writer’s field experience in the area. The units,(from youngest to oldest) are:

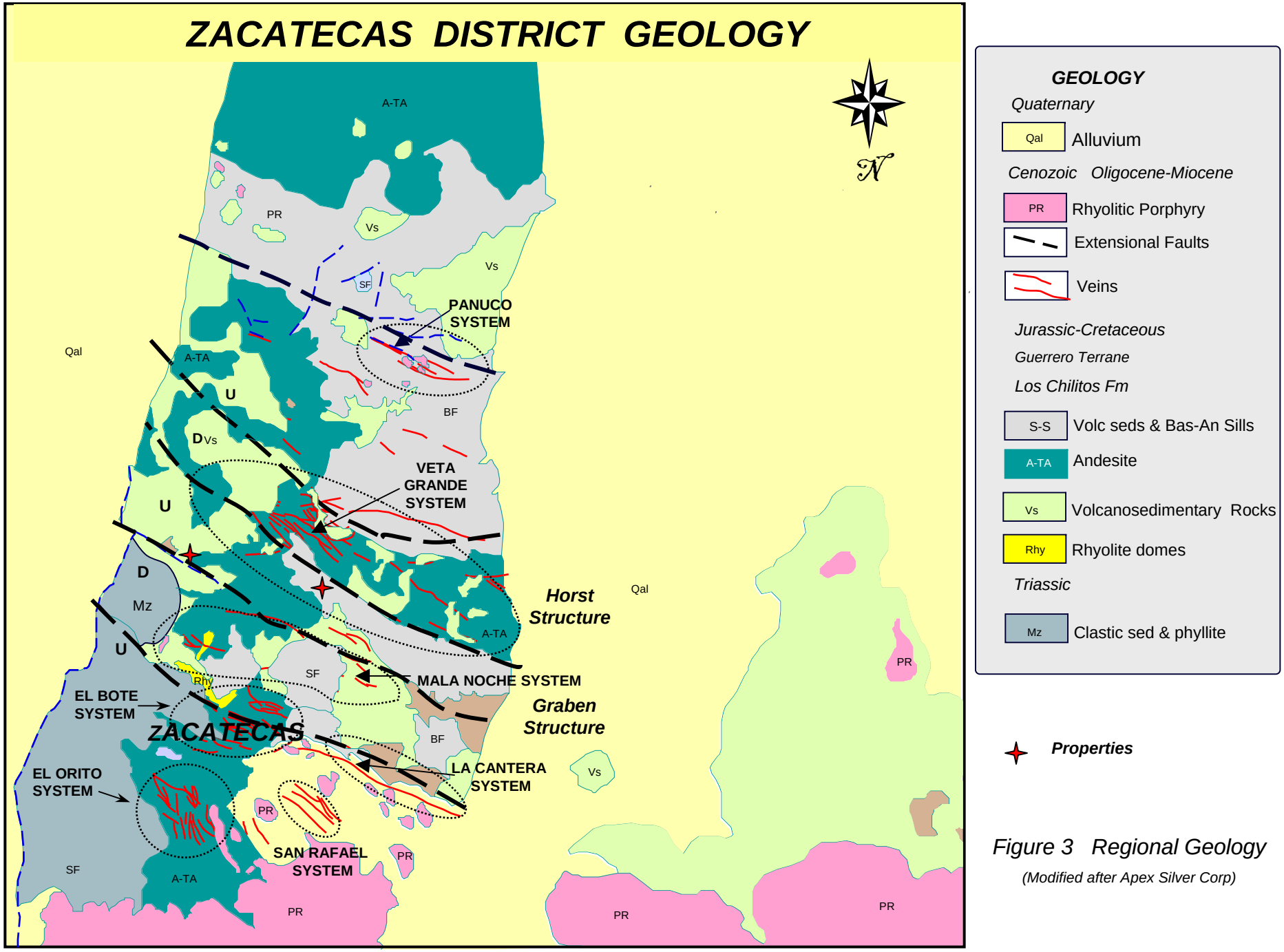

Figure 3 Regional Geology

(Modified after Apex Silver Corp)

Table 2
Regional Stratigraphic Column

SIERRA MADRE OCCIDENTAL TERRANE

OLIGOCENE-MIOCENE		rhyolite ignimbrite, flow domes, breccias
LATE CRETACEOUS Various Fms		marine platform calcareous sediments, reefal carbonates, shales

--------- unconformity ----------

GUERRERO TERRANE

UPPER JURASSIC – MIDDLE UPPER CRETACEOUS
Los Chilitos Fm

(upper)	150+ m	Distal tuff-sediments, chert-sediment banded sediment, tuff-sill complexes, local basalt-andesite flows, pillow flows, breccias, and volcaniclastics.
(middle)	50 – 250 m	Basalt-andesite pillow flows, breccias, tuffs, multiple dykes and sills in tuff-sediment, minor rhyolite flow domes, minor distal tuff-sediments
(lower)	50 – 200 m	Rhyolite intrusive domes and volcaniclastics in basinal tuff-sediment, phyllitic sediments

--------- unconformity ----------

UPPERTRIASSIC *Zacatecas Fm*		Continental sandstone, siltstone and conglomerate, schistose, deformed

The Mesa Central is an uplifted block of the northernmost extension of the Guerrero Terrane, named the Fresnillo-Guanjuato Subterrane (Ruiz, 2000), a complex suite of intra-oceanic bi-modal volcanic arc with associated basinal tuffaceous sediments. It unconformably overlies Triassic continental clastic sediments that have been strongly deformed. The Guerrero Terrane docked with paleo-Mexico in Late Cretaceous (Dickinson and Lawton, 2001) and was overlapped by platform sedimentation starting in Late Cretaceous. In the Zacatecas area, two pulses of Cenozoic rhyolite volcanism form dominant plateaus of ignimbrites and domes south of the city (Nieto-Samaniego et al, 1999). These were formed as part of the post-Laramide extensional vulcanism that dominated western North America.

9 (b) Structure

Structures that affect the region of the properties occurred as three events from oldest to youngest:

1. West-pushing compression that folded the Los Chilitos Fm into north-trending open folds associated with the docking of the Guerrero Terrane onto Mexico.
2. North-northeast compression forming gentle folds striking west-northwest associated with early Laramide compression.
3. Post-Laramide extension in the west-northwest direction that controlled the formation of large-scale horst and graben structures that control the location of the vein complexes throughout the volcanic block.

The mineralisation on the properties is the result of veins filling the extensional fractures and is Miocene age. Enrichments are locally controlled by vein splits and subtle changes in vein strikes.

9 (c) Property Geology

Mina San Jose (see Fig. 4)

The host lithology is the middle and upper units of the Los Chilitos Fm. A west-trending fault that crosses the property separates two distinct lithologic assemblages. The southern block is north-striking and steep-dipping folded basalt-andesite pillow flows and breccias with intercalated banded black chert-tuffs that occurs in the middle of Los Chilitos Fm. The northern block consists of a west-northwest striking and gently northeast-dipping sequence of fine mixed tuff-sediments, possibly rhyolitic in part, intruded by basalt-andesite sills, the “sediment-sill complex” noted in Table 2 (regional stratigraphy). The writer has observed this unusual juxtaposition of the two directions of strike and fold styles across the Malanoche Vein some six kilometres southeast of Mina San Jose.

The two principal veins occupy the fault and a subparallel splay over a distance of some 500 metres. Based on drilling, the faults are steeply dipping to the north. One structure that occurs in the southern block is marked by a series of some 12 trenches and small workings in a bleached version of the basalt-andesite. No mineralization was observed, except for pervasive clay alteration; no values were returned from dump samples.

Salvador-Zacatecas (see Fig. 5)

The major host lithology on the two concessions is the fine tuffaceous sediments with a few basalt-andesite sills of the upper part of the Los Chilitos Fm. A west-northwest striking fault crosses the northeast corner of the Salvador concession with the sediment-sill complex to the southeast and the middle Los Chilitos basalt-andesite pillow flows to the northeast. Originally, the fault appeared to be a steep SW-dipping reverse fault based on the interpretation that the sediment-sill unit was lower in the Los Chilitos package. Based on subsequent work, I now believe that it is a steep normal fault to the SW that is likely a post-Laramide extensional feature. One could look at the fault across Mina San Jose and conclude that it, too was an extensional fault with the north side down-dropped.

The Salvador and San Fernando Veins appear to be splays of each other and parallel the fault. The northwest-trending Zacatecas Vein appears to join the San Fernando Vein at the old San Fernando mine. The eastern extensions of these veins appear weaker.

With this interpretation, the two properties may lie on the opposite margins of a down-dropped graben block with the two basalt-andesite complexes marking flanking horst blocks. The limits of the extensional blocks probably control the formation of extension-related veins.

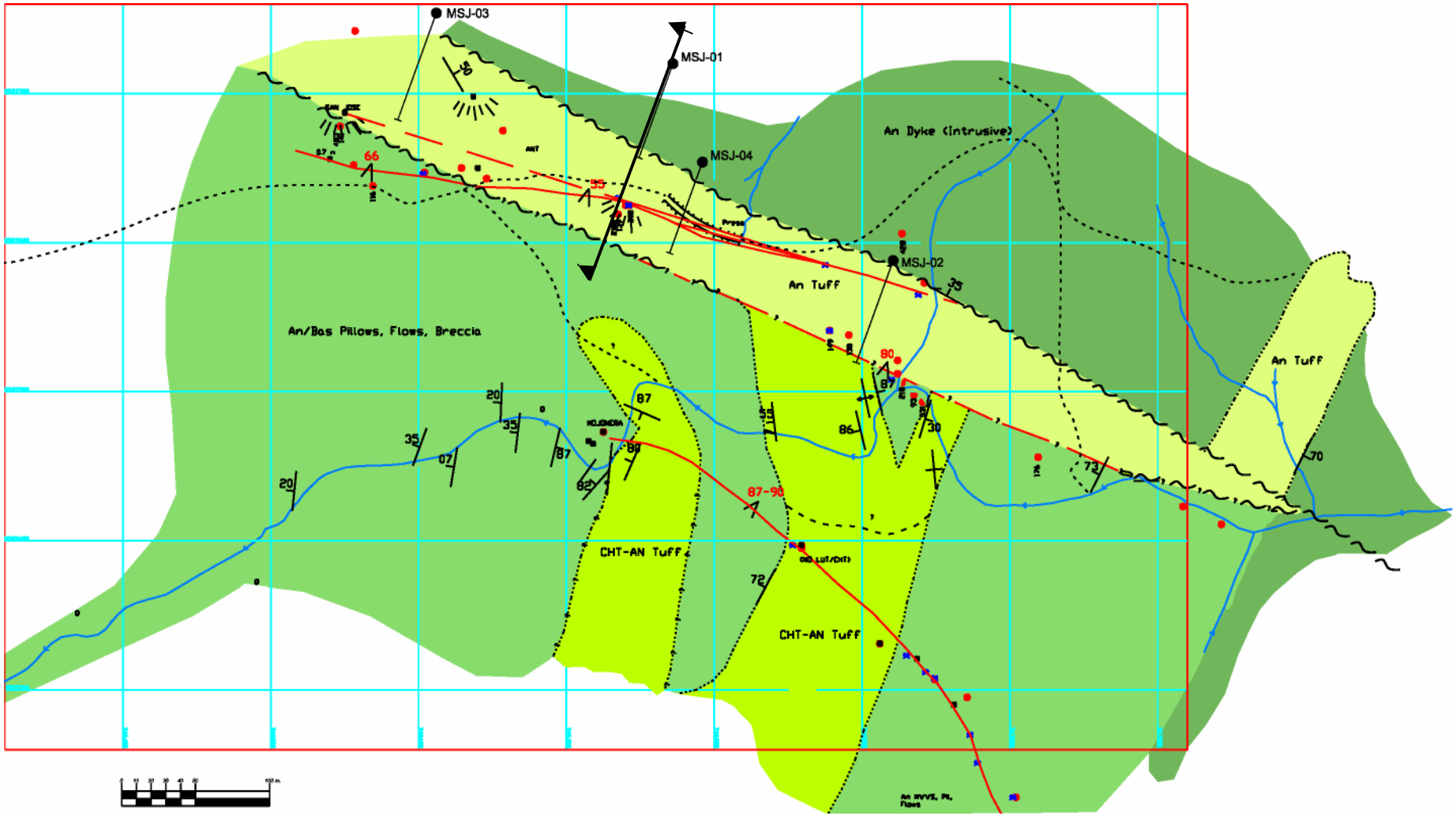

Figure 4 Property Geology -- Mina San Jose

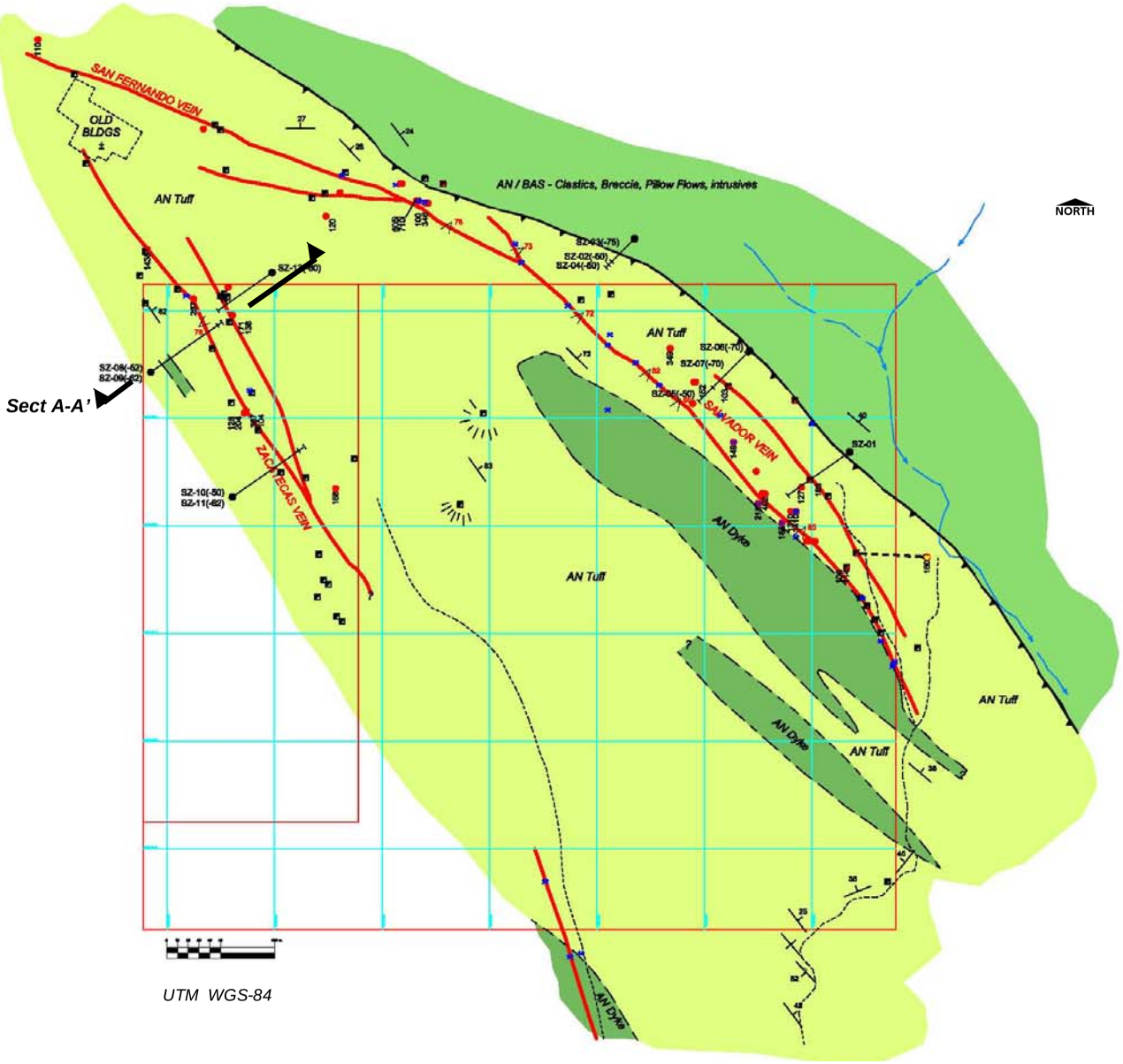

Figure 5 Property Geology – Salvador - Zacatecas

10 Deposit Type

The deposits are typical extensional low-temperature epithermal veins located in Oligocene-aged extensional fractures. The hydrothermal fluids derived from magmatic intrusions mixed with groundwater. This process formed the Ag-Zn-Pb-(Cu, Au) vein and manto deposits in most of north-central Mexico

11 Mineralisation

The economic minerals are principally sphalerite and galena with occasional Ag-sulphides; pyrite is present in modest quantity as disseminations in veins. Gangue minerals are quartz and minor late calcite. Alteration around the veins is visually very thin with some disseminated pyrite and clay.

12 Exploration

12 (a) Exploration Program

Exploration work was completed in two phases. Phase 1 consisted of sampling dumps and the veins where accessible as well as geological mapping. The two properties were worked contiguously. The writer conducted the work 2-15 December 2006. After analysis of the data, Phase 2 drilling started on Mina San Jose on 10-21 March 2007 and on Salvador-Zacatecas 22March – 10 April 2007. Table 3 summarises the exploration statistics.

Table 3
Exploration Statistics

Works	*Phase 1*	*Phase 2*
MINA SAN JOSE		
Dump & vein samples	45 samples	
Diamond drilling (NTW)		501.25 m in 4 holes
No. of Core Samples		106 samples
SALVADOR-ZACATECAS		
Dump & vein samples	71 samples	
Diamond drilling (NTW)		1314.5 m in 12 holes
No. of Core Samples		193 samples

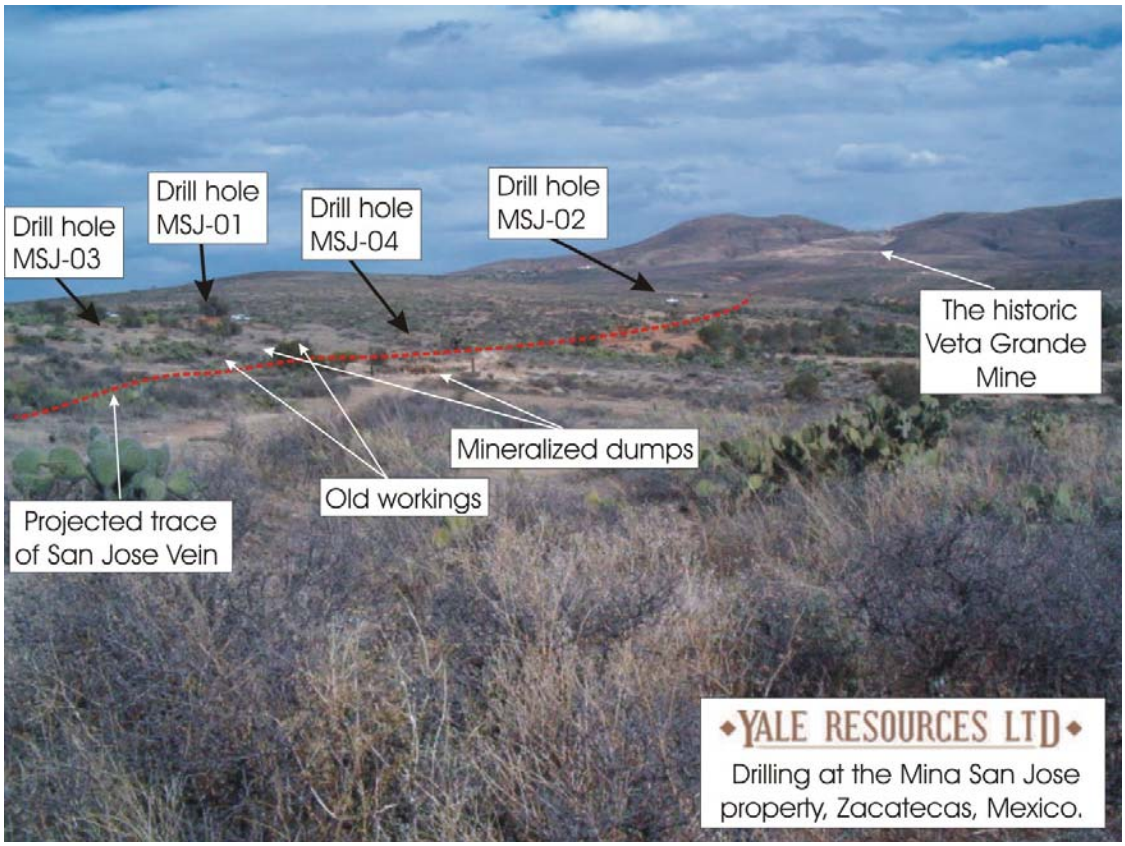

Figure 6

I made the geological mapping on both projects, using UTM reference WGS84, as it is very close to the new UTM system being implemented in Mexico by the government as a standard. I also oversaw the drilling, core logging and sampling of both surface and core materials.

The interpretations are discussed in Item 21.

12 (b) Performance of Works

IMPACT Silver Corp., the project operator, contracted with Tekhne Research Inc. to provide technical services for the Phases 1 & 2. As the principal of Tekhne Research, I provided daily supervision the Phase 1 fieldwork in 2006 as well as the Phase 2 drill program in 2007. This report reflects the results from the two campaigns.

Other contractors contributed to the works described above. They are:

- Minera Monte Plata, S.A. de C.V. of Mexico City conducted the Phase 2 drilling.
- ALS Chemex Analytical Labs did the sample preparation in its Guadalajara, Mexico lab and analyses at ALS-Chemex's labs in Vancouver, BC. for both phases.

12 (c) Reliability of Work

I, as a Qualified Person, was on the project site continuously during the sampling and mapping in Phase 1, and drilling program in Phase 2 . In my opinion, after reviewing the data results, the works were reliably executed and reported.

13 Drilling

Minera Monte Plata, S.A. de C.V. (Mexico) drilled a total of 1815.75 m of NTW core (61.2 mm diameter ~HQ core). The Mina San Jose property had 501.25 m in four inclined holes. The Salvador-Zacatecas concessions had another 1314.5 m on in 12 inclined holes, two of which were lost. The core was placed in full-depth wood trays made locally and metrage blocks inserted at the end of each run. The core was delivered at the end of each shift to the geologist by the drillers at IMPACT's field facility near Vetagrande.

A geologist checked the core for metrage blocks and continuity of core pieces. The core was measured for recovery and rock quality data (RQD). Each tray was marked with the drill hole number, box number and from-to metrage embossed on aluminum tape, which was stapled to each tray.

The geologist logged the core for geology and marked the sample intervals using coloured wax crayons. The sample cut plane was marked as normal to the mineralisation trend.

After logging and sampling, the core was stacked on pallets in an fenced and locked storage facility located at its plant site near Vetagrande, Mexico

The results and interpretations are discussed in Item 21.

Table 4
Drill Hole Data Summary

Hole ID	Zone	Length (m)	Azimuth	Dip	UTM E	UTM N	Elevation
	MINA SAN JOSE						
MSJ-01		134.25	200	-60	746772	2527720	2397
MSJ-02		113.40	200	-50	746921	2527588	2391
MSJ-03		152.60	200	-60	746612	2527754	2395
MSJ-04		101.00	200	-50	746792	2527654	2373
		501.25					
Sector	***SALVADOR***						
SZ-01		109.60	225	-50	752535	2524669	2509
SZ-02		53.10	225	-50	752335	2524867	2550
SZ-03		115.80	225	-75	752335	2524867	2550
SZ-04		75.75	225	-60	752335	2524867	2550
SZ-05		104.00	225	-50	752422	2524763	2539
SZ-06		11.50	225	-70	752422	2524763	2539
SZ-07		141.60	225	-70	752422	2524763	2539
		611.35					
Sector	***ZACATECAS***						
SZ-08		130.20	55	-50	751885	2524743	2551
SZ-09		161.25	55	-70	751885	2524743	2551
SZ-10		127.20	55	-50	751961	2524627	2538
SZ-11		160.10	55	-70	751961	2524627	2538
SZ-12		123.10	235	-60	751997	2524818	2564
		703.15					
	Total	***1815.75***					

Note: UTM reference is WGS-84

14 Sampling Method and Approach

14 (a) Sampling Approach and Methodology

Historical information shows that the mineralisation is generally located in or adjacent to veins and vein breccias. The samples were selected based on geological boundaries, rather than fixed lengths. Sample lengths were less than or equal to 1.0 m in veins or highly altered rock. If the mineralisation was wider, several 1-m (core length) samples were taken. If the mineralisation was just over 1.0 metres, it might be taken as one longer sample, or two smaller ones, depending on the length of the interval and details of the intersection. Core with weak alteration or several thin veins would be sampled at 2.0 m intervals. Samples of host rock were taken to bracket the mineralised intervals. The true thickness of the mineralisation varies from the drillhole axis. All data intervals are reported in sample lengths along the core axis.

14 (b) Sample Quality

Having observed the sampling process both during and after sampling on the project site, I, as Qualified Person, was satisfied that the sampling criteria were consistently met.

14 (c) Sample Descriptions

The reader is referred to *Item 11* for description of the mineralisation. The description of the sampled material is included in the geology logs as well as in the sample books.

14 (d) Sample Composites

Table 5 below summarises the significant composited intervals from all drill holes. The averages are length-weighted and include narrower higher grade intersections. In principal, the interval for compositing must start and end samples containing at least 1 g/t Au OR 100 g/t Ag, internal samples may be less than these criteria. Incremental series of samples must average the criteria to be included in a composite.

Table 5
Significant Composites – Mina San Jose

Phase 1 – Surface Sampling

Sample number	Sample description	Ag g/t	Ag Oz/Ton	Au g/t	Pb %	Zn %
DUMP #1						
400126	selected material	4,970	145	6.74	1.67	2.98
400127	random material	122	4	0.15	-	-
DUMP #2						
400128	Selected material	200	6	0.22	-	1.12
DUMP #3						
400131	selected material	4,200	122	7.73	1.37	1.68
400130	random material	525	15	1.07	1.87	-

Phase 2 – Diamond Drilling

DDH	From (m)	To (m)	Length (true)	Ag (g/t)	Pb (%)	Zn (%)
MSJ-01	101.2	102.0	0.8 m (0.65)	**1, 340**	**1.23**	**1.18**
MSJ-02	98.9	99.6	0. 7 m (0. 66)	52.	**2.00**	**1.06**
MSJ-03	120.45	122.6	2.15 m (1.08)	**65**	0.14	0.12

Table 6
Significant Composites – Salvador-Zacatecas

Phase 1 – Surface Sampling

Sample number	Sample description	Ag g/t	Ag oz/Ton	Au g/t	Pb %	Zn %
DUMP #1						
400198	random material	109.0	**3**	0.14	0.20	0.34
400199	selected material	947.0	**28**	0.73	0.64	1.93
DUMP #2						
400200	random material	288.0	**8**	0.30	0.24	0.36
399701	selected material	265.0	**8**	0.15	0.14	0.13
DUMP #3						
399703	random material	199.0	**6**	0.33	0.19	0.37
399704	selected material	976.0	**28**	0.62	0.52	0.43
DUMP #4						
399705	random material	276.0	**8**	0.10	0.20	0.28
399706	selected material	922.0	**27**	0.14	0.40	0.46
DUMP #5						
399707	random material	82.0	**2**	0.16	1.24	0.42
399708	selected material	159.0	**5**	0.57	1.42	2.95
DUMP #6						
399709	random material	201.0	**6**	0.27	0.35	0.14
399710	selected material	683.0	**20**	0.35	0.33	0.86

Phase 2 – Diamond Drilling

Salvador Concession

DDH	From (m)	To (m)	Length (true)	Ag (g/t)	Pb (%)	Zn (%)
SZ-01	90.85	91.5	0.75 m (0.65)	22	**2.50**	0.19
SZ-03	74.4	75.4	1 .0 m (0.5)	**382**	0.40	0.20

Zacatecas Concession

DDH	From (m)	To (m)	Length (true)	Ag (g/t)	Pb (%)	Zn (%)
SZ-08	102.0	102.7	0.7 m (0.61)	**273**	0.60	0.17
SZ-10	107.1	109.65	2.55 m (1.08)	34	**3.19**	0.50

Note: Zn, Pb, Cu were analysed for samples >10,000 ppm ICP only

15 Sample Preparation, Analyses, and Security

15 (a) Relation of Issuer to Sample Analysis

No one related to the Issuer as an employee, officer, director, or associate was involved with the samples at any time during sampling, transportation, sample preparation, or assaying.

15 (b) Sample Preparation, Assaying, and Analytical Procedures

15 (b1) Site Sample Management

After core logging, the core boxes marked for samples were moved directly to the sample-cutting area. Each sample was cut in half lengthwise with a diamond saw into half-core lengths. The sample for the laboratory was placed in a plastic sac with the sample tag and was allowed to air-dry some of the surface water before closing and packing for shipment.

The foreman and an assistant organised them by series number and checked to see that the bags were in good condition and the identification tags were visible. Samples were stored at the geologist's house. A geologist supervised the sample shipping process and verified the list of sample numbers in each bag. Periodically, they packaged the samples for shipment in rice bags sealed with coloured tamper-proof closure straps. The samples were shipped by bus from Zacatecas to the ALS-Chemex preparation laboratory at Guadalajara, Mexico

15 (b2) Sample Preparation

Upon receipt at the ALS-Chemex Laboratory at Guadalajara, Mexico, the samples were received with the Requisition Form and the lot was assigned a Work Order number. The samples were sorted by company, project, type of sample and sample ID. If any discrepancies with the Requisition Form were detected, they were registered, and the client informed immediately while the samples placed on hold until the discrepancy was resolved. If the samples were received without a Requisition Form they were placed on hold until the form is received.

A quartz portion was crushed (approximately 1 kg) to clean the machine of any possible residue from previously crushed samples. This quartz wash charge was then discarded. A second quartz charge (approximately 1 kg) was crushed next, and used for the granulometric control of the crusher, which is set to 95% passing 2 mm (10# Tyler mesh). The result of this control was recorded in the registry form AR-09-03 PM (crusher granulometric control). This quartz sample was delivered to the lab for analysis together with the rest of the samples to insure that there is no contamination carried over from previous batches. Samples were dried to 60°C.

The entire sample was crushed in an 8" x 12" primary jaw crusher that gave a ¼" product. After this, the sample was passed through a 7.5" x 11.5" Rhino crusher that gave a product of 95% of the sample passing 2 mm (10# Tyler mesh). Pulp splits of 15 and 30 gr. were weighed into beakers.

The crusher product was homogenized in a stainless steel Riffle splitter with 24 ½" channels in three passes and rotating every time. Once homogenized, the sample was split and reduced to obtain an approximately 500 g working sample.

The working sample was pulverized to 150# (106 μm) using LM2 pulverizers and then placed into a closed cabinet for later analysis.

The duplicates used for quality control were obtained by taking a second 500 g split from the corresponding sample, which continued through the same process of preparation and analysis as the other samples. Doing sample duplicates in this way allowed the lab to control not only the analytical portion of the process, but the sample preparation procedure as well.

Each one of the above steps was performed in an independent, separate room.

15 (b3) Analytical Methods

The riffled portion of the sample was mixed with a mixture of fluxes, whose exact composition was determined according to the characteristics of each sample. After the fusion the lead button was fused in a cupel to absorb the lead, leaving the precious metals on the bottom of the cupel. The gold content was then determined by Atomic Absorption Spectrophotometry (AAS), dissolving the bead by using nitric acid first and then adding hydrochloric acid, or by gravimetry after cleaning the bead for silver.

The silver content was determined in two processes: The samples with low Ag levels were determined by an aqua regia digest with AAS finish, while the higher values (Ag>100 ppm) were obtained by fusion together with the gold and determined gravimetrically.

Rejects were combined with the original sample and were stored for three months by the laboratory before disposal.

ALS-Chemex Laboratories is certified under ISO 9001.2001 and is audited on a regular basis. Core samples were analysed at ALS-Chemex Laboratories in Vancouver, BC Canada.

15 (c) Quality Assurance and Quality Control

Quality control was done at two levels. In the field, the Operator inserted blanks and standards. The analytical laboratory used their routine quality control and quality assurance (QA/QC) procedures. The writer verified the consistency of blanks and the replication of results reported by the laboratory

Material for the blanks was collected from an unmineralised basalt and is used by IMPACT for all its sampling in the Zacatecas office. Commercial standards in sealed envelopes were inserted in the sample stream. The sample ID numbers for blanks and standards are part of the same sequence used for samples. The same procedures were used on all sample types.

Each group of 20 samples included either a blank or a standard inserted at random in the sample group. Where the samples included well-developed veins or indications of mineralisation, the blank was inserted as the next sample after the mineralised one to verify that the preparation process was not contaminated. The blanks returned consistent values.

QA/QC controls by ALS-Chemex incorporated a series of checks in the processes. The first sample of each 34-sample batch was a sample preparation blank that was carried through all stages of preparation and analysis. Each batch also included: a pulp duplicate to monitor analytic precision, a –10 mesh rejects duplicate to monitor sub-sample variation, two reagent blanks to measure background, and aliquots of in-house standard reference materials to monitor accuracy.

A British Columbia Certified Assayer verified the raw and reduced data analytical report before signing and releasing the report to the client.

In my opinion, the sampling procedures and handling in the field, sample preparation, sample and data security, and the analytical procedures in both campaigns were sufficient to maintain the integrity of the samples as representative of the material sampled.

16 Data Verification

16 (a) Data Verification

Since all sample types were sampled and analysed with check materials in the same way, the sample data sets for Phase 1 and 2 on both properties are treated as one group for data verification.

In the two phases, 425 samples were analysed, including 18 (4.2%) as blanks, and 20 (4.7%) as standards. I calculated that the difference from the averaged analyses of the blanks for Ag were below 0.6 ppm Ag to the detection limit of <0.2 ppm; Au blanks were at or below detection limits. Five standards showed a range from average of <+/- 6.5% relative to the average at low values and +/- 5.5% at higher values to 61.3 ppm Ag; Au standards were typically more reproducible with +/- 2.3% relative to the average value for each standard.

These data show that the level of reproducibility is high.

16 (b) Verification

I reviewed the procedures and data in discussions with the laboratory. I did not personally attend the analytical process. I calculated the variations cited above.

17 Adjacent Properties

The concession *Mina San Jose* is bordered on the north, northeast and south by concessions held by Apex Silver Mines Ltd. The Castillo I concession that lies east and west of Mina San Jose is owned by a local prospector.

The concessions Salvador and Zacatecas are bordered on the north and northeast by the San Acacio Cuarto concession owned by Sterling Mining de Mexico S.A. de C.V. and may be under option to Source Minerals. The San Fernando concession northwest of Zacatecas concession is owned by MAG Silver Corp. Capstone Mining Inc. holds the Codorniz concession to the west, and Castle Resources Inc. controls to the three concessions south and southeast.

None of these owners have any interest in or agreements with the Issuer.

18 Mineral Processing and Metallurgical Testing

Not applicable.

19 Mineral Resource and Mineral Reserve Estimates

Not applicable

20 Other Relevant Data and Information

Not applicable

21 Interpretation and Conclusions

21 (a) Interpretation (see figs. 7 & 8)

The two properties show mirrored geological features: the steep normal fault contacts between sediment-sill upper Los Chilitos Fm juxtaposed against the basalt-andesite pillow flows and breccias of the middle Los Chilitos Fm. On both properties, the veins lie primarily in the sediment-sill unit and strike parallel to the fault boundaries. At Mina San Jose, one vein appears to lie in the fault between the basalt-andesite and the sediment-sill packages.

At Mina San Jose, the veins are subparallel and strike slightly more westerly than the principal fault. Several splays are in the hangingwall and one cuts into the immediate footwall of the fault. The veins dip 66-55° NNE. The best sample ran 1340 g/t Ag over 0.8 m with 1.23% Pb and 1.19% Zn.

The program was a quick reconnaissance drilling program. The results suggest that potential for encountering ore shoots may lie around the main shaft on the west end of the known veins. The intersection would likely be steeply plunging.

The two vein complexes that cross the Salvador and Zacatecas concessions appear to be conjugate veins that merge to the west-northwest at the old San Fernando mine workings. The Salvador Vein on the north dips steeply northeast with surface widths 0.7 – 4.5 m as narrow veins in bleached grey tuff-sediments. The Zacatecas Vein has several subparallel splays that strike northwest and dip steeply to the southwest. On surface, they show multiple quartz-banded veins.

The potential for the two veins lies in testing at depth on the northwest areas closest to the San Fernando mine. The two veins sets appear to have merged there.

21 (b) Conclusions

Mina San Jose

The vein set associated with the major fault crosses the property but is not exposed west of the westernmost old shaft. Exploration potential appears to lie at western end and possibly at depth in the central and eastern sections. Further drilling should test these areas.

Salvador-Zacatecas

The two vein sets are well-defined and appear to increase their potential towards the northwest where they appear to merge with the San Fernando Vein off of the property. Further drilling should test the veins at depth in order to substantiate the surface results.

22 Recommendations

Phase 3 exploration is warranted based on the results of the first two phases of work. The nature of future work programs will depend on the results of Phase 3,

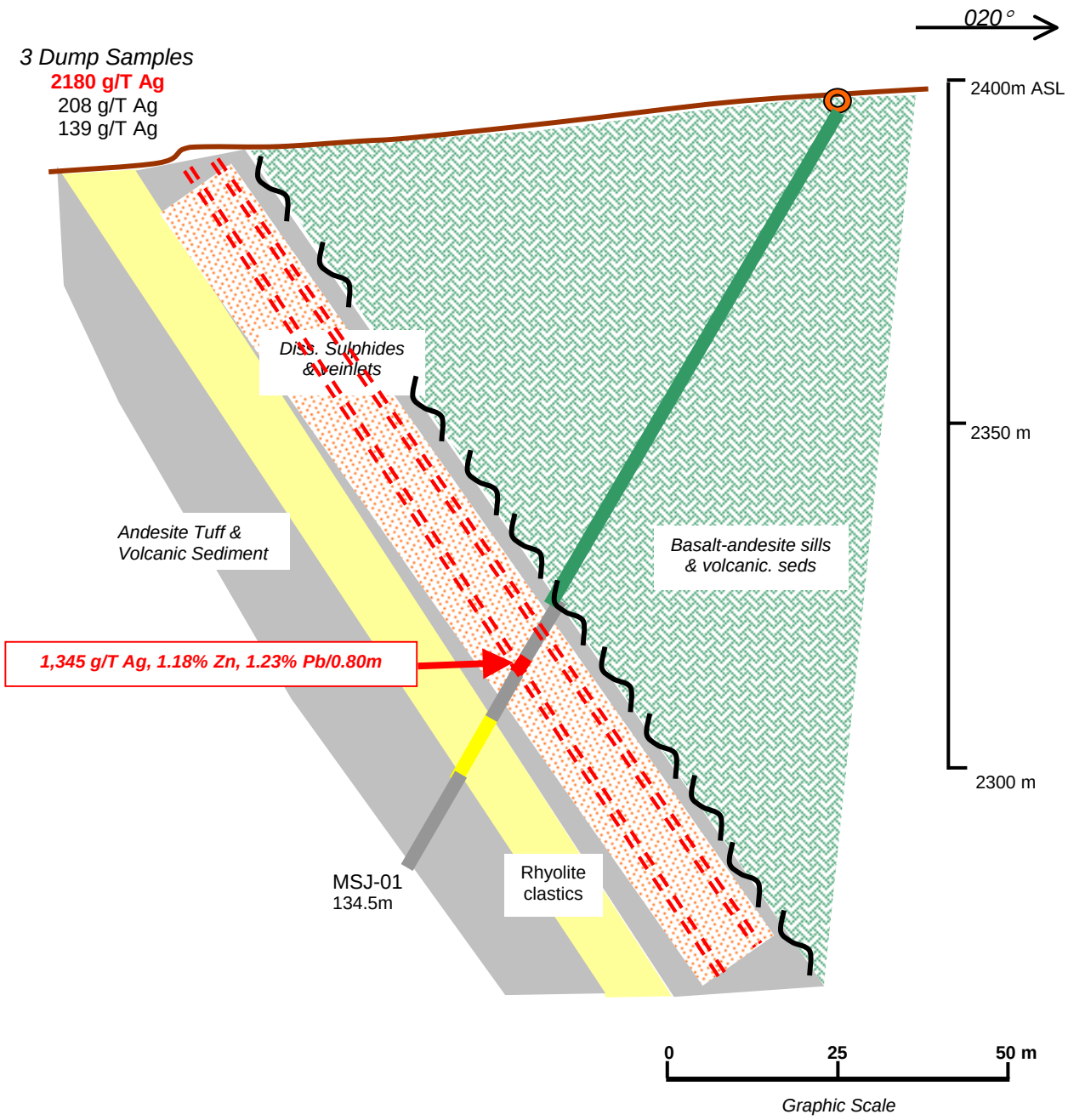

Figure 7 *Section – Mina San Jose*

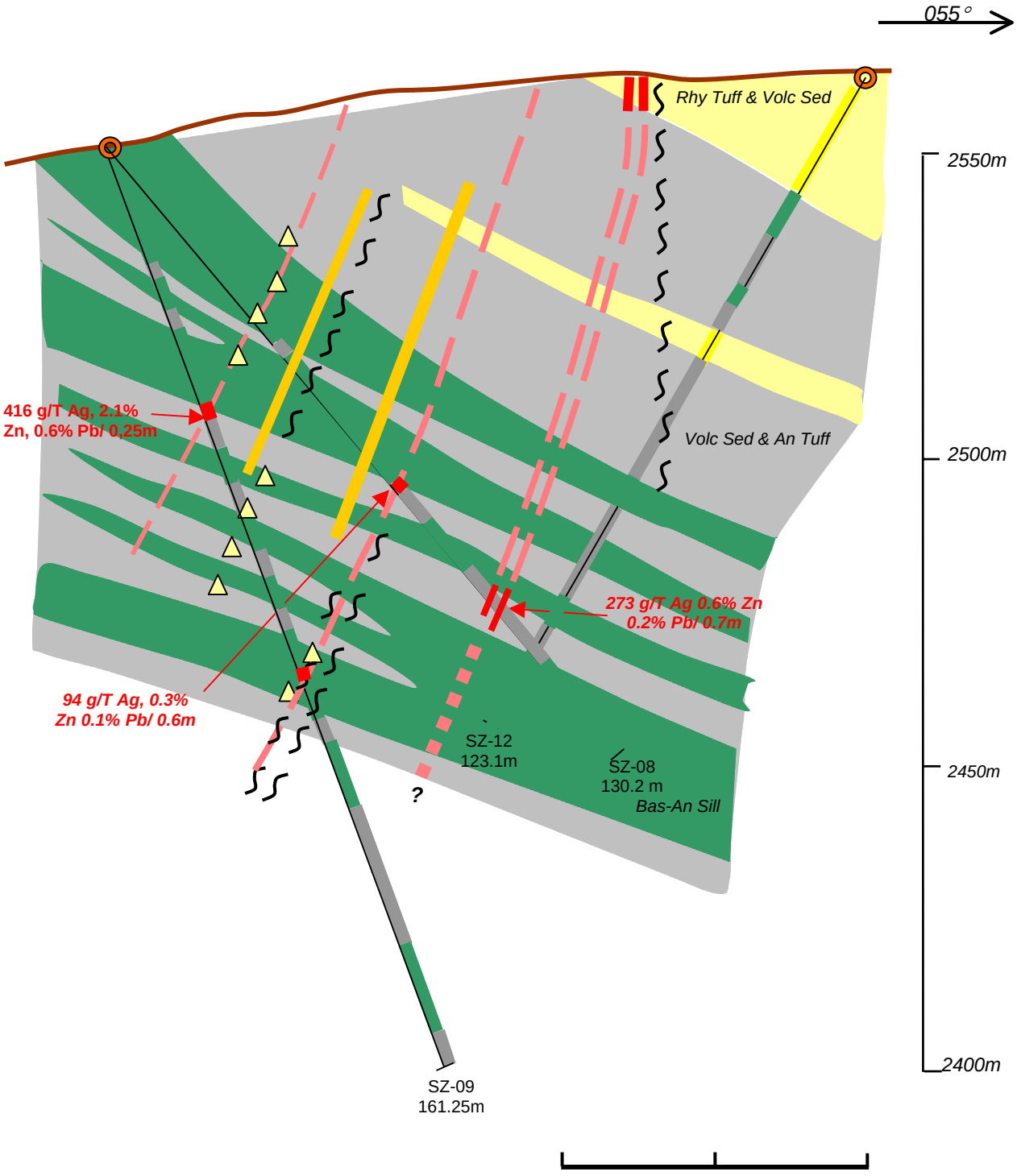

Figure 8 *Section A –A' Salvador -Zacatecas*

The program would include four diamond drill holes on Mina San Jose and three on Salvador-Zacatecas. The existing mine dumps on both properties would be measured in detail and sampled to test the feasibility of processing this material at IMPACT Silver's custom mill near Vetagrande, within 12 km by road from the projects. The other costs are related to support, hand-drill preparation and moves, and report preparation.

I recommend the work program outlined above. The estimated cost for Phase 3 is **US$ 275,880** as detailed below in Table 7**.**

22 (a) Proposed Program Budget

Table 7 Phase 3 Proposed Budget

Item	Time		Total US$
Personnel		*$ 24,100*	
Management	5 days @ $750/day		3,700
Geologist	24 days @ $700/day		16,800
Field labour (Mexican)	6 x 20 days @$30/day		3,600
Contractor		*$ 197,000*	
Drilling	800metres HQ @ $200/m		160,000
Truck dump material			2,000
Custom mill test charges	Processed at IMPACT Silver's Vetagrande custom mill		35,000
Transportation		*$ 6,100*	
Management Travel			2,000
Vehicle rental	1.5 mo @ $2400/mo		3,600
Gas on site (all)			1,000
Field Support Costs		*$ 9,000*	
Camp & Food Costs	1.5 mo @ $3,200/mo		4,800
Assays (include shipping)	120 @ $35 ea		4,200
Supplies/Equip Rentals		*$ 14,600*	
Field Supplies			4,000
Office & Computer GIS			2,600
Report & Drafting			8,000
Subtotal (taxes included)			*250,800*
Contingency (10%)			*25,080*
		TOTAL	**US$ 275,880**

23 References

Dickinson, W.R. and T.F. Lawton, 2001. Carboniferous to Cretaceous assembly and fragmentation of Mexico: GSA Bull. V113, no 7, pp1142-1160.

Nieto-Samaniego, A.F., L. Ferrari, S.A. Alaniz-Alvarez, G. Labarthe-Hernández, and J Rosas-Elguera, 1999. Variation of Cenozoic extension and volcanism across the southern Sierra Madre Occidental volcanic province, Mexico: GSA Bull., v111, no 3, pp 342-363.

Ruiz, J. 2002. The Guerrero Terrance of Western Mexico, (abstract) source unknown, 4 p.

24 Date

This report includes all information received by the author as of 21 August 2008.

25 Additional Requirements for Technical Reports on Development Properties and Production Properties

Not applicable.

Respectfully submitted,

Ed Lyons e-signed & sealed

Edward M. Lyons PGeo. Date: 21 August 2008

CERTIFICATE OF AUTHOR

I, Edward Lyons, PGeo. do hereby certify that:

1. I am currently employed as a Geological Consultant with my office at 1067 Portage Road, Victoria, BC V8Z 1L1.

2. I graduated with a Bachelor of Science degree in Geology from the University of Missouri at Rolla in 1970.

3. I am a member of the Association of Professional Engineers and Geoscientists of British Columbia.

4. I have worked as a geologist for a total of 34 years since my graduation from university.

5. I have read the definition of "qualified person" set out in National Instrument 43-101 ("NI 43-101") and certify that, by reason of my education, affiliation with a professional association as defined in NI 43-101 and past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of NI 43-101.

6. I am responsible for the preparation of all the sections titled "Exploration Phases 1 & 2: Surface sampling and Diamond Drill Program on the Mina San Jose and Salvador-Zacatecas Properties, Zacatecas, Zacatecas State, Mexico" and dated 30 June 2008 (the "Technical Report") relating to the Mina San Jose and Salvador-Zacatecas properties. I visited the Mina San Jose and Salvador-Zacatecas properties on 22 November 2006 for 27 days to initiate and supervised the Phase 1 surface program on site and initiated and supervised the Phase 2 diamond drill program on 8 February 2007 for 74 days on site plus related works.

7. I have not had prior involvement with the property that is the subject of the Technical Report.

8. As of the date of this certificate, to the best of my knowledge, information, and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.

9. I am independent of the issuer applying all the tests in section 1.4 of the National Instrument 43-101.

10. I have read National Instrument 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with that instrument and form.

11. I consent to the public filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them, including electronic publication in the public company files on their websites accessible to the public, of the Technical Report.

Dated this 21st day of August 2008..

Ed Lyons

_____

e-signed & sealed

seal

Edward Lyons PGeo.

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