

IMPACT SILVER CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

September 30, 2023 and 2022

Unaudited

NOTICE OF NO REVIEW BY AUDITOR

In accordance with National Instrument 51 – 102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators **WE HEREBY GIVE NOTICE THAT** the condensed consolidated interim financial statements which follow this notice have not been reviewed by an auditor.

IMPACT Silver Corp.

Condensed Consolidated Interim Statements of Financial Position

(Canadian dollars)

Unaudited

ASSETS	September 30, 2023	December 31, 2022
Current		
Cash	\$ 8,948,841	\$ 15,251,161
Trade and other receivables (Note 4)	3,710,018	1,746,367
Inventories (Note 5)	1,913,838	1,137,682
Investments	80,000	240,000
	14,652,697	18,375,210
Value added taxes	460,585	493,077
Right-of-use assets (Note 6)	117,696	168,468
Property, plant and equipment (Note 8)	35,102,204	23,184,736
Exploration and evaluation assets (Note 9)	34,280,655	26,574,023
Due on acquisition of Minera Latin American Zinc (Note 3)	3,547,232	-
	\$ 88,161,069	\$ 68,795,514
LIABILITIES		
Current		
Trade payables and accrued liabilities	\$ 5,816,497	\$ 1,874,865
Lease liabilities (Note 7)	95,102	80,549
	5,911,599	1,955,414
Lease liabilities (Note 7)	-	67,294
Net profits interest payable (Note 3)	329,888	-
Reclamation provision	1,272,746	732,067
Deferred income tax liabilities	4,948,746	4,207,903
	12,462,979	6,962,678
SHAREHOLDERS' EQUITY		
Share capital	90,750,132	82,241,813
Warrants (Note 12(c))	3,843,042	467,913
Contributed surplus	11,306,243	10,838,330
Accumulated other comprehensive loss	236,873	(3,940,454)
Accumulated deficit	(30,438,200)	(27,774,766)
	75,698,090	61,832,836
	\$ 88,161,069	\$ 68,795,514

Nature of operations (Note 1)

ON BEHALF OF THE BOARD:

"F.W. Davidson", Director

"P. Tredger", Director

-The accompanying notes form an integral part of these consolidated financial statements-

IMPACT Silver Corp.

Condensed Consolidated Interim Statements of Income (Loss)

For the Three and Nine Months Ended September 30

(Canadian dollars)

Unaudited

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Revenues	\$ 4,766,757	\$ 3,793,933	\$ 15,372,609	\$ 11,923,923
Cost of sales				
Operating expenses (Note 11)	4,753,276	3,931,844	13,826,128	10,971,548
Amortization and depletion	552,451	313,153	1,381,907	994,254
	<u>5,305,727</u>	<u>4,244,997</u>	<u>15,208,035</u>	<u>11,965,802</u>
Mine operating (loss) income	<u>(538,970)</u>	<u>(451,064)</u>	<u>164,574</u>	<u>(41,879)</u>
General and administrative expenses				
Accounting, audit and legal	210,534	47,627	630,265	159,910
Amortization	9,115	1,143	17,365	13,945
Investor relations, promotion and travel	94,514	24,811	417,141	87,254
Management fees and consulting	205,676	352,529	490,704	579,162
Office, rent, insurance and sundry	154,671	104,935	421,804	291,014
Office salaries and services	274,005	215,628	935,422	769,435
	<u>948,515</u>	<u>746,673</u>	<u>2,912,701</u>	<u>1,900,720</u>
Operating loss	<u>(1,487,485)</u>	<u>(1,197,737)</u>	<u>(2,748,127)</u>	<u>(1,942,599)</u>
Other income (expenses)				
Finance cost	(21,524)	(16,988)	(64,629)	(51,718)
Finance income	118,682	92,126	413,386	155,714
Foreign exchange gain (loss)	(295,181)	(93,710)	(8,113)	(102,154)
Other income (expense)	2,044	(8,422)	21,451	(11,248)
Gain on disposal of assets	5,164	-	(1,209)	-
	<u>(190,815)</u>	<u>(26,994)</u>	<u>360,886</u>	<u>(9,406)</u>
Loss before taxes	<u>(1,678,300)</u>	<u>(1,224,731)</u>	<u>(2,387,241)</u>	<u>(1,952,005)</u>
Current income tax (recovery) expense	(6,091)	5,544	8,013	17,626
Deferred income tax (recovery) expense	(191,885)	12,494	268,180	128,597
Net loss	<u>\$ (1,480,324)</u>	<u>\$ (1,242,769)</u>	<u>\$ (2,663,434)</u>	<u>\$ (2,098,228)</u>
Loss per share				
Basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding				
Basic and diluted	195,107,191	148,187,710	177,889,446	147,777,909

-The accompanying notes form an integral part of these consolidated financial statements-

IMPACT Silver Corp.

Condensed Consolidated Interim Statements of Comprehensive Income For the Three and Nine Months Ended September 30

(Canadian dollars)

Unaudited

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Net loss	\$ (1,480,324)	\$ (1,242,769)	\$ (2,663,434)	\$ (2,098,228)
Other comprehensive (loss) income				
Items that may be subsequently reclassified to profit or loss				
Cumulative translation adjustment	544,458	2,405,123	4,290,694	3,491,119
Items that will not be subsequently reclassified to profit or loss				
Loss on investments	(30,000)	-	(113,367)	(145,000)
Comprehensive (loss) income	\$ (965,866)	\$ 1,162,354	\$ 1,513,893	\$ 1,247,891

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IMPACT Silver Corp.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the Nine Months Ended September 30

(Canadian dollars)

Unaudited

	Shares Outstanding	Share Capital (\$)	Warrants (\$)	Contributed Surplus (\$)	Accumulated Other Comprehensive Income (\$)	Retained Deficit (\$)	Total Shareholders' Equity (\$)
Balance at January 1, 2022	145,381,485	81,122,078	2,666,279	8,897,500	(8,107,947)	(24,611,979)	59,965,931
Net loss for the period	-	-	-	-	-	(2,098,228)	(2,098,228)
Warrants exercised	2,706,225	1,066,194	(238,995)	-	-	-	827,199
Stock options exercised	100,000	53,541	-	(18,541)	-	-	35,000
Warrants exercised	-	-	(1,959,371)	1,959,371	-	-	-
Cumulative translation adjustments	--	-	-	-	3,491,119	-	3,491,119
Loss on investments	-	-	-	-	(145,000)	-	(145,000)
Balance at September 30, 2022	148,187,710	82,241,813	467,913	10,838,330	(4,761,828)	(26,710,207)	62,076,021
Balance at January 1, 2023	148,187,710	82,241,813	467,913	10,838,330	(3,940,454)	(27,774,766)	61,832,836
Net loss for the period	-	-	-	-	-	(2,663,434)	(2,663,434)
Shares issued for acquisition of Minera Latin American Zinc, net (Note 3)	11,441,647	3,684,468	-	-	-	-	3,684,468
Shares issued in relation to private placement	33,357,104	9,006,418	-	-	-	-	9,006,418
Share issue costs	-	(339,525)	-	-	-	-	(339,525)
Warrants issued in relation to private placement	-	(3,843,042)	3,843,042	-	-	-	-
Warrants expired	-	-	(467,913)	467,913	-	-	-
Cumulative translation adjustments	-	-	-	-	4,290,694	-	4,290,694
Loss on investments	-	-	-	-	(113,367)	-	(113,367)
Balance at September 30, 2023	192,986,461	90,750,132	3,843,042	11,306,243	236,873	(30,438,200)	75,698,090

- The accompanying notes form an integral part of these consolidated financial statements -

IMPACT Silver Corp.

Condensed Consolidated Interim Statements of Cash Flows For the Three and Nine Months Ended September 30

(Canadian dollars)

Unaudited

Cash resources provided by (used in)	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Operating activities				
Net loss	\$ (1,480,324)	\$ (1,242,769)	\$ (2,663,434)	\$ (2,098,228)
Items not affecting cash				
Amortization and depletion	561,566	314,294	1,399,272	1,008,199
Deferred income tax (recovery) expense	(191,885)	12,494	268,180	128,597
Accretion expense	19,560	13,270	56,496	39,077
Loss on disposal of assets	-	-	1,209	-
Unrealized gain (loss) on foreign exchange	328,066	125,452	(163,871)	151,324
Changes in non-cash working capital				
Trade and other receivables	119,674	66,382	(862,976)	(269,370)
Income taxes receivable	(6,573)	(231)	(14,102)	(9,862)
Inventories	(109,248)	(11,918)	(454,000)	(119,730)
Trade payables	(255,766)	432,445	(1,370,755)	(21,698)
Income taxes payable	6,783	5,544	3,996	(5,531)
	(1,008,147)	(285,037)	(3,799,985)	(1,197,222)
Investing activities				
Cash acquired on acquisition (Note 3)	-	-	163,936	-
Acquisition of Minera Latin American Zinc (Note 3)	-	-	(4,031,399)	-
Proceeds on the sale of investments	-	-	46,633	-
Proceeds on sale of long-lived assets	-	-	-	100,000
Acquisition of long-lived assets	(3,754,838)	(1,567,819)	(7,271,578)	(4,269,652)
	(3,754,838)	(1,567,819)	(11,092,408)	(4,169,652)
Financing activities				
Repayment of lease liability	(25,721)	(24,117)	(76,820)	(74,482)
Proceeds from the exercise of stock options	-	-	-	35,000
Proceed from exercise of warrants	-	-	-	827,199
Proceeds from private placement, net	-	-	8,666,893	-
	(25,721)	(24,117)	8,590,073	787,717
Net change in cash	(4,788,706)	(1,876,973)	(6,302,320)	(4,579,157)
Cash - Beginning of period	13,737,547	18,379,391	15,251,161	21,081,575
Cash - End of period	\$ 8,948,841	\$ 16,502,418	\$ 8,948,841	\$ 16,502,418

- The accompanying notes form an integral part of these consolidated financial statements -

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2023

(Canadian dollars)

Unaudited

1. Nature of operations

IMPACT Silver Corp. and its subsidiaries (collectively, “IMPACT” or the “Company”) are engaged in silver, zinc and lead mining and related activities including exploration, development and mineral processing in Mexico. The Company operates a series of mines near Zacualpan in the State of Mexico and in Guerrero State as well as in the State of Chihuahua, and produces silver, lead, zinc and gold sold in the form of lead and zinc concentrates. The registered address of the Company is 303 – 543 Granville Street, Vancouver, British Columbia.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that the current exploration and development programs will result in ongoing profitable mining operations. The investment in and expenditures on exploration and evaluation assets comprise a significant portion of the Company’s assets. The recovery of the Company’s investment in these exploration and evaluation assets and the attainment of profitable operations are dependent upon future commodity prices, the ongoing discovery and development of economic ore on these properties and the ability to arrange sufficient financing to bring the ore estimates into production. The ultimate outcome of these matters cannot presently be determined because they are contingent on future events.

There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include, but are not limited to, the COVID-19 global pandemic, political conflict in other regions, and supply chain disruptions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and its effect on the Company’s business or ability to raise funds.

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business as they come due into the foreseeable future. The Company estimates that it has adequate financial resources for the next twelve months.

2. Basis of Preparation

Statement of compliance

The Company’s consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These unaudited condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. All material intercompany balances have been eliminated. The accounting policies applied in the preparation of these unaudited condensed financial statements are consistent with those applied and disclosed in the Company’s audited consolidated financial statements for the year ended December 31, 2022.

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2023

(Canadian dollars)

Unaudited

2. Basis of Preparation – continued

As all the disclosures required by IFRS are not included, these interim statements should be read in conjunction with the audited financial statements of IMPACT Silver Corp. (“the Company”) for the year ended December 31, 2022.

Except when otherwise stated, all amounts are presented in Canadian (“CDN”) dollars, which is the presentation currency of the Company.

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors on November 20, 2023.

3. Acquisition of Minera Latin American Zinc

On April 3, 2023, the Company completed a Share Purchase Agreement (the “MLAZ” agreement) to purchase all the outstanding shares of Minera Latin American Zinc, S.A.P. I. de CV (“MLAZ”), which holds 100% interest in the Plomosas zinc-lead-silver mine in the state of Chihuahua, northern Mexico.

Under the terms of the MLAZ agreement, the Company paid a total purchase price of US\$6 million of which one-half was in cash and one-half in shares of the Company. Contractual restrictions have been applied to 75% of the shares which will be released in three equal tranches, every six months, over 18 months from closing (October 3, 2023; April 3, 2024; October 3, 2024).

For accounting purposes, the MLAZ acquisition was accounted for as a business combination using the acquisition method of accounting, whereby the purchase price is allocated to the identifiable assets and liabilities on the basis of the fair value at acquisition date.

As part of the MLAZ agreement, the Company agreed to pay the vendors a 12% net profit royalty on production from the Plomosas project. This contingent consideration requires significant estimates by management and includes the evaluation of factors such as revenue, operating costs and capital expenditures to estimate future cashflows. Based on these factors, as well as the mineral resource estimate and historical production information available at the time of acquisition, the Company has estimated the 12% net profit royalty to be US\$244,000. This has been recorded as a non-current liability in the accounts of the Company, and revalued to Canadian dollars at period end rate to \$329,888.

As of the date of these interim consolidated financial statements, the determination of the fair value of assets and liabilities acquired is based on preliminary estimates and has not been finalized. The actual fair values of the assets and liabilities may differ materially from the amounts disclosed in the preliminary fair value below and are subject to change within a period not to exceed twelve months from the acquisition date with retroactive restatement of the impact of adjustment to those provisional fair values effective as at the acquisition date.

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2023

(Canadian dollars)

Unaudited

3. Acquisition of Minera Latin American Zinc - continued

The allocation of the purchase price, based on management's estimates of the fair value of assets acquired and liabilities assumed in Canadian dollars at April 3, 2023 is as follows:

Fair value of consideration:	
Cash payment	\$ 3,052,576
Cash, held in trust	978,824
Fair value of 11,441,647 common shares issued by the Company	4,031,400
Accounting adjustment for share price movement	(777,774)
Working capital adjustment	(3,531,266)
12% net profit royalty	327,887
Total purchase price	<u>\$ 4,081,647</u>
Provisional fair value of assets and liabilities acquired:	
Cash	163,936
Accounts receivable and prepaid expenses	784,698
Inventories	179,437
Property, plant and equipment	5,050,297
Exploration and evaluation assets	1,300,456
Accounts payable and accrued liabilities	(4,957,496)
Provision for site reclamation and closure	(379,751)
Net assets acquired	<u>\$ 2,141,577</u>
Excess purchase price allocated to exploration and evaluation assets	<u>\$ 1,940,070</u>
	<u>\$ 4,081,647</u>

The working capital adjustment of US\$2.6 million (revalued to Canadian dollars at period end rate), is preliminary and is still being assessed as it contains contingent liabilities and other amounts subject to settlement. The vendors have agreed to escrow their net profit royalty as security for part of the contingent liabilities.

The results from operations of MLAZ from April 3, 2023 forward are included in these consolidated financial statements.

4. Trade and other receivables

The following table details the composition of trade and other receivables at:

	September 30, 2023	December 31, 2022
Value added and income taxes receivable – current portion	\$ 1,679,302	\$ 432,004
Trade and other receivables	1,139,566	1,003,621
Prepays	891,150	310,742
	<u>\$ 3,710,018</u>	<u>\$ 1,746,367</u>

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2023

(Canadian dollars)

Unaudited

5. Inventories

The following table details the composition of inventories at:

	September 30, 2023	December 31, 2022
Materials and supplies	\$ 1,542,957	\$ 746,997
Stockpile inventory	87,008	102,207
Concentrate inventory	283,873	288,478
	\$ 1,913,838	\$ 1,137,682

The amount of write-down of inventories to net realizable value during the nine months ended September 30, 2023 was \$122,719 (September 30, 2022 - \$154,559) relating to concentrate inventory.

6. Right-of-use assets

Details are as follows:

	Land
Balance at January 1, 2022	\$ 266,738
Amortization	(102,574)
Foreign exchange movement	4,304
Balance at December 31, 2022	168,468
Additions	23,742
Amortization	(78,171)
Foreign exchange movement	3,657
Balance at September 30, 2023	\$ 117,696

7. Lease Liabilities

Details are as follows:

Balance at January 1, 2022	\$ 243,825
Interest	15,920
Repayments	(113,213)
Foreign exchange movement	1,311
Balance at December 31, 2022	147,843
Additions	23,742
Interest	8,147
Repayments	(84,967)
Foreign exchange movement	337
Balance at September 30, 2023	95,102
Less: current portion	95,102
Non-current lease liabilities	\$ -

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2023

(Canadian dollars)

Unaudited

7. Lease Liabilities - continued

The Company's leased assets are for office leases and land. The lease liabilities were discounted at the Company's incremental borrowing rate. The weighted average rate applied for leases was 8.0%.

The expected timing of undiscounted lease payments is as follows:

	September 30, 2023	December 31, 2022
Less than one year	\$ 94,843	\$ 101,467
One to five years	-	56,745
	\$ 94,843	\$ 158,212

8. Property, plant and equipment

Details are as follows:

	Plant and Mine equipment (\$)	Vehicles (\$)	Office furniture and equipment (\$)	Surface rights (\$)	Mining Assets (\$)	Total (\$)
Cost						
Balance at January 1, 2022	9,471,563	569,664	280,440	1,020,097	29,111,022	40,452,786
Additions	415,636	102,318	20,826	-	1,895,274	2,434,054
Transfer from exploration and evaluation assets	-	-	-	-	163,637	163,637
Change in reclamation estimate	-	-	-	-	(73,891)	(73,891)
Foreign exchange movement	1,137,934	67,894	14,947	121,576	2,935,927	4,278,278
Balance at December 31, 2022	11,025,133	739,876	316,213	1,141,673	34,031,969	47,254,864
Acquisition of Latin American Zinc (Note 3)	3,051,697	37,208	29,644	-	1,931,748	5,050,297
Additions	1,391,950	74,842	81,375	-	4,038,369	5,586,536
Disposals	-	-	(874)	-	-	(874)
Foreign exchange movement	1,308,507	87,094	17,694	134,392	3,479,056	5,026,743
Balance at September 30, 2023	16,777,287	939,020	444,052	1,276,065	43,481,142	62,917,566
Accumulated amortization						
Balance at January 1, 2022	7,029,553	420,543	201,664	-	12,980,626	20,632,386
Amortization for the period	405,324	54,188	27,450	-	907,956	1,394,918
Foreign exchange movement	849,482	50,120	12,657	-	1,130,565	2,042,824
Balance at December 31, 2022	8,284,359	524,851	241,771	-	15,019,147	24,070,128
Amortization for the period	403,255	71,140	31,390	-	832,601	1,338,386
Disposals	-	1,291	(870)	-	-	421
Foreign exchange movement	980,254	61,783	15,070	-	1,349,320	2,406,427
Balance at September 30, 2023	9,667,868	659,065	287,361	-	17,201,068	27,815,362
Net book value						
At December 31, 2022	2,740,774	215,025	74,442	1,141,673	19,012,822	23,184,736
At September 30, 2023	7,109,419	279,955	156,691	1,276,065	26,280,074	35,102,204

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements September 30, 2023

(Canadian dollars)

Unaudited

9. Exploration and evaluation assets

Balance at January 1, 2022	\$	22,481,941
Additions		3,182,804
Recoveries		(340,000)
Transfer to mining assets		(163,637)
Write-down		(222,182)
Foreign exchange		1,635,097
Balance at December 31, 2022		26,574,023
Acquisition of Minera Latin American Zinc (Note 3)		3,298,049
Additions		1,939,361
Foreign exchange		2,469,222
Balance at September 30, 2023	\$	34,280,655

10. Key management personnel compensation

Key management includes the Chief Executive Officer, Chief Financial Officer, Vice-President Exploration and Board of Directors and Audit Committee members. The remuneration of directors and other members of key management personnel for the three and nine months ended September 30 is as follows:

	Three months ended September 30		Six months ended September 30	
	2023	2022	2023	2022
Salaries and fees	\$ 166,250	\$ 154,250	\$ 624,713	\$ 464,350

The amount payable at September 30, 2023 was \$48,640 (September 30, 2022 - \$50,335).

11. Expenses by nature

The following table details the nature of expenses within cost of goods sold for the three and nine months ended September 30:

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Production costs	\$ 2,892,741	\$ 2,398,687	\$ 8,188,685	\$ 6,373,172
Mining royalty	23,961	21,562	70,573	56,614
Transportation	155,420	128,651	456,632	355,966
Wages and salaries	1,681,154	1,382,944	5,110,238	4,185,796
	\$ 4,753,276	\$ 3,931,844	\$ 13,826,128	\$ 10,971,548

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2023

(Canadian dollars)

Unaudited

12. Equity

a) Share capital

Authorised share capital consists of an unlimited number of common shares without par value.

May 3, 2023, the Company closed a non-brokered private placement financing which was completed in 2 tranches:

- On April 19, 2023, a total of 30,903,012 units were issued for aggregate gross proceeds of \$8,343,813. The securities issued were subject to a hold period until August 19, 2023. The Company paid certain registered dealers a cash commission of \$198,305 and granted 734,461 broker warrants. Each broker warrant entitles the holder to purchase one common share at a price of \$0.35 until April 19, 2025.
- On May 3, 2023, a total of 2,454,092 units were issued for aggregate gross proceeds of \$662,605. The securities issued were subject to a hold period until September 4, 2023. The Company paid certain registered dealers a cash commission of \$24,016 and granted 88,950 broker warrants. Each broker warrant entitles the holder to purchase one common share at a price of \$0.35 until May 3, 2025.

Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.35 per warrant share for a period of 24 months from the date of issuance.

b) Stock options

The Company has established a stock option plan whereby the board of directors may, from time to time, grant options to directors, officers, employees or consultants. Under the terms of the Company's fixed stock option plan, the maximum number of shares reserved for issuance is 10% of the issued shares of the Company or 12,936,917 shares. Options granted must be exercised no later than five years from date of grant or extension or such lesser period as determined by the Company's board of directors. The exercise price of an option is not less than the closing price on the TSX Venture Exchange on the last trading day preceding the grant.

The expected volatility is based on the historical and implied volatility of the Company's common share price on the TSX Venture Exchange. The risk-free interest rate assumption is based on the Bank of Canada marketable bonds with a remaining term equal to the stock options' expected life. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

A summary of the Company's stock options as at September 30, 2023 and the changes for the periods ended on these dates is as follows:

	Number	Weighted Average Exercise Price (\$)
At January 1, 2022	7,220,000	0.55
Exercised	(100,000)	0.35
Expired	(1,060,000)	0.35
Forfeited	(50,000)	0.48
At September 30, 2023	6,010,000	0.59

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2023

(Canadian dollars)

Unaudited

12. Equity – continued

b) Stock options – continued

The following table summarizes information about the stock options outstanding at September 30, 2023:

Exercise Price Per Share	Number of Options Outstanding	Weighted Average Remaining Life (Years)	Number of Options Exercisable	Expiry Date
\$0.36	1,750,000	1.07	1,750,000	October 24, 2024
\$0.90	2,010,000	2.30	2,010,000	January 18, 2026
\$0.48	2,250,000	3.02	2,250,000	October 8, 2026
	6,010,000	2.21	6,010,000	

c) Warrants

A summary of the Company's warrants as at September 30, 2023 and the changes for the periods ended on these dates is as follows:

	Number	Weighted Average Exercise Price (\$)
At January 1, 2022	18,561,513	0.63
Exercised	(2,706,225)	0.31
Expired	(10,976,954)	0.82
December 31, 2022	4,878,334	0.39
Expired	(4,878,334)	0.39
Granted	34,180,515	0.35
September 30, 2023	34,180,515	0.35

The fair value of each warrant granted is estimated at the time of grant using the Black-Scholes option pricing model with assumptions as follows:

Date Granted	April 19 2023	May 3 2023
Expiry Date	April 19, 2025	May 3 2025
Number of warrants granted	31,637,473	2,543,042
Risk-free interest rate	3.94%	3.59%
Expected dividend yield	Nil	Nil
Expected share price volatility	72.106%	71.342%
Expected warrant life in years	1.5	1.5

Pricing models require the input of highly subjective assumptions including the expected share price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2023

(Canadian dollars)

Unaudited

13. Segmented information

The Company has one operating segment and two reportable segments based on geographic area:

- i) Mexico – This part of the business includes the Company’s mining operations and exploration properties
- ii) Canada – This part of the business includes head office and group services

The segments are determined based on the reports reviewed by the Chief Executive Officer (who is considered the Chief Operating Decision Maker) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Details are as follows:	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Revenues by geographic area				
Mexico	\$ 4,766,757	\$ 3,793,933	\$ 15,372,609	\$ 11,923,923
Net (loss) income by geographic area				
Mexico	\$ (987,628)	\$ (951,040)	\$ (872,361)	\$ (993,897)
Canada	(492,696)	(291,729)	(1,791,073)	(1,104,331)
	\$ (1,480,324)	\$ (1,242,769)	\$ (2,663,434)	\$ (2,098,228)
Assets by geographical area			September 30, 2023	December 31, 2022
Mexico			\$ 80,331,791	\$ 54,194,954
Canada			7,829,278	14,600,560
			\$ 88,161,069	\$ 68,795,514
Property, plant and equipment by geographical area				
Mexico			\$ 35,060,708	\$ 23,132,579
Canada			41,496	52,157
			\$ 35,102,204	\$ 23,184,736