

IMPACT SILVER CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

September 30, 2024 and 2023

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, 2024	December 31, 2023
Current		
Cash	\$ 6,401,321	\$ 8,279,200
Trade and other receivables (Note 3)	5,146,953	3,854,897
Inventories (Note 5)	1,774,691	2,079,269
Investments	188,123	90,000
	13,511,088	14,303,366
Value added taxes	217,678	332,163
Right-of-use assets (Note 6)	336,865	91,842
Property, plant and equipment (Note 8)	27,655,706	32,569,080
Exploration and evaluation assets (Note 9)	37,942,919	37,811,650
Due on the acquisition of Minera Latin American Zinc (Note 4)	3,541,722	3,470,095
	\$ 83,205,978	\$ 88,578,196
LIABILITIES		
Current		
Trade payables and accrued liabilities	\$ 6,238,056	\$ 6,669,648
Lease liabilities (Note 7)	216,590	68,921
	6,454,646	6,738,569
Lease liabilities (Note 7)	115,478	-
Reclamation provision	948,278	1,008,210
Deferred income tax liabilities	6,875,874	6,698,287
	14,394,276	14,445,066
SHAREHOLDERS' EQUITY		
Share capital	101,375,444	94,947,950
Warrants (Note 12(c))	5,291,969	2,980,914
Contributed surplus	11,306,243	11,306,243
Accumulated other comprehensive loss	(6,812,296)	238,033
Accumulated deficit	(42,349,658)	(35,340,010)
	68,811,702	74,133,130
	\$ 83,205,978	\$ 88,578,196

Nature of operations (Note 1)

ON BEHALF OF THE BOARD:

"F.W. Davidson", Director

"J. Meiklejohn", Director

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

IMPACT Silver Corp.

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

(Canadian dollars)

Unaudited

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Revenues	\$ 8,645,360	\$ 4,766,757	\$ 21,714,223	\$ 15,372,609
Cost of sales				
Operating expenses (Note 11)	7,611,202	4,753,276	22,532,177	13,826,128
Amortization and depletion	874,722	552,451	2,222,405	1,381,907
	8,485,924	5,305,727	24,754,582	15,208,035
Mine operating (loss) income	159,436	(538,970)	(3,040,359)	164,574
General and administrative expenses				
Accounting, audit and legal	258,621	210,534	652,060	630,265
Amortization	7,269	9,115	19,689	17,365
Investor relations, promotion and travel	113,196	94,514	558,069	417,141
Management fees and consulting	285,787	205,676	801,919	490,704
Office, rent, insurance and sundry	131,530	154,671	366,917	421,804
Office salaries and services	236,521	274,005	726,347	935,422
	1,032,924	948,515	3,125,001	2,912,701
Operating loss	(873,488)	(1,487,485)	(6,165,360)	(2,748,127)
Other income (expenses)				
Finance cost	(33,288)	(21,524)	(100,093)	(64,629)
Finance income	50,242	118,682	162,142	413,386
Foreign exchange gain (loss)	71,393	(295,181)	208,424	(8,113)
Other(expense) income	(8,908)	2,044	(24,137)	21,451
Loss on disposal of assets	-	5,164	-	(1,209)
	79,439	(190,815)	246,336	360,886
Loss before taxes	(794,049)	(1,678,300)	(5,919,024)	(2,387,241)
Current income tax expense	-	(6,091)	99,774	8,013
Deferred income tax expense	443,939	(191,885)	990,850	268,180
Net loss	\$ (1,237,988)	\$ (1,480,324)	\$ (7,009,648)	\$ (2,663,434)
Loss per share				
Basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.01)
Weighted average number of shares outstanding				
Basic and diluted	247,428,622	195,107,191	230,024,845	177,889,446

-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	
	2024	2023	2024	2023
Net loss	\$ (1,237,988)	\$ (1,480,324)	\$ (7,009,648)	\$ (2,663,434)
Other comprehensive (loss) income				
Items that may be subsequently reclassified to profit or loss				
Cumulative translation adjustment	(4,765,472)	544,458	(7,147,061)	4,290,694
Items that will not be subsequently reclassified to profit or loss				
Gain (loss) on investments	52,659	(30,000)	96,732	(113,367)
Comprehensive (loss) income	\$ (5,950,801)	\$ (965,866)	\$ (14,059,977)	\$ 1,513,893

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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, 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 4)	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
Balance at January 1, 2024	213,574,696	94,947,950	2,980,914	11,306,243	238,033	(35,340,010)	74,133,130
Net loss for the period	-	-	-	-	-	(7,009,648)	(7,009,648)
Shares issued in relation to private placement	33,234,852	9,087,645	-	-	-	-	9,087,645
Share issue costs	-	(658,907)	-	-	-	-	(658,907)
Warrants issued in relation to private placement	-	(2,184,470)	2,345,855	-	-	-	161,385
Warrants exercised	619,074	183,226	(34,800)	-	-	-	148,426
Cumulative translation adjustments	-	-	-	-	(7,147,061)	-	(7,147,061)
Loss on investments	-	-	-	-	96,732	-	96,732
Balance September 30, 2024	247,428,622	101,375,444	5,291,969	11,306,243	(6,812,296)	(42,349,658)	68,811,702

- 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

	Three months ended September 30		Nine months ended September 30	
Cash resources provided by (used in)	2024	2023	2024	2023
Operating activities				
Net loss	\$ (1,237,988)	\$ (1,480,324)	\$ (7,009,648)	\$ (2,663,434)
Items not affecting cash				
Amortization and depletion	881,991	561,566	2,242,094	1,399,272
Deferred income tax (recovery) expense	443,938	(191,885)	990,849	268,180
Accretion expense	21,893	19,560	70,022	56,496
Loss on disposal of assets	-	-	-	1,209
Unrealized (loss) gain on foreign exchange	692,284	328,066	653,594	(163,871)
Changes in non-cash working capital				
Trade and other receivables	(1,228,853)	119,674	(1,720,953)	(862,976)
Income taxes receivable	(5)	(6,573)	(73,659)	(14,102)
Inventories	(173,392)	(109,248)	74,769	(454,000)
Trade payables	(988,276)	(255,766)	(415,984)	(1,370,755)
Income taxes payable	-	6,783	(1,742)	3,996
	(1,588,408)	(1,008,147)	(5,190,658)	(3,799,985)
Investing activities				
Cash acquired on acquisition (Note 4)	-	-	-	163,936
Acquisition of Minera Latin American Zinc (Note 4)	-	-	-	(4,031,399)
Proceeds on the sale of investments	177,596	-	238,609	46,633
Additions of long-lived assets	(1,863,123)	(3,754,838)	(5,345,999)	(7,271,578)
	(1,685,527)	(3,754,838)	(5,107,390)	(11,092,408)
Financing activities				
Repayment of lease liability	(176,589)	(25,721)	(318,381)	(76,820)
Proceeds from exercise of warrants	-	-	148,426	-
Proceeds from private placement, net	(11,206)	-	8,580,124	8,666,893
	(187,795)	(25,721)	8,420,169	8,590,073
Net change in cash	(3,461,730)	(4,788,706)	(1,877,879)	(6,302,320)
Cash - Beginning of period	9,863,051	13,737,547	8,279,200	15,251,161
Cash - End of period	\$ 6,401,321	\$ 8,948,841	\$ 6,401,321	\$ 8,948,841

- 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, 2024

(Canadian dollars)

Unaudited

1. Nature of operations

IMPACT Silver Corp. and its subsidiaries (collectively, “IMPACT” or the “Company”) are engaged in silver, zinc, gold 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 another mine 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 mineral resources on these properties and the ability to arrange sufficient financing to bring the mineral resources into production.

There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include, but are not limited to, 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 interim 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 interim financial statements have been prepared in accordance with IFRS Accounting 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 interim condensed financial statements are consistent with those applied and disclosed in the Company’s audited consolidated financial statements for the year ended December 31, 2023.

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2024

(Canadian dollars)

Unaudited

2. Basis of Preparation – continued

As all the disclosures required by IFRS are not included, these consolidated interim statements should be read in conjunction with the audited financial statements of IMPACT Silver Corp. (“the Company”) for the year ended December 31, 2023.

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

The condensed interim consolidated interim financial statements were authorised for issue by the Board of Directors on November 25, 2024.

3. Trade and other receivables

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

	September 30, 2024	December 31, 2023
Value added taxes receivable – current portion	\$ 1,894,811	\$ 2,057,743
Trade and other receivables	2,516,117	953,213
Prepays	736,025	843,941
	<u>\$ 5,146,953</u>	<u>\$ 3,854,897</u>

4. 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 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 only the historical indicated mineral resource estimate and historical production information available at the time of acquisition, the Company has estimated the 12% net profit royalty to be CDN\$1,344.

The Company has finalized its full and detailed assessment of the fair value of net assets of MLAZ acquired.

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2024

(Canadian dollars)

Unaudited

4. 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	\$	4,031,400
Fair value of 11,441,647 common shares issued by the Company		4,462,242
Discount for lack of marketability		(777,774)
Working capital adjustment		(3,531,266)
12% net profit royalty		1,344
Total purchase price	\$	<u>4,185,946</u>

Provisional fair value of assets and liabilities acquired:

Cash		163,936
Accounts receivable and prepaid expenses		784,697
Inventories		179,437
Property, plant and equipment		2,593,252
Exploration and evaluation assets		5,810,743
Accounts payable and accrued liabilities		(4,966,368)
Provision for site reclamation and closure		(379,751)
Net assets acquired	\$	<u>4,185,946</u>

The working capital adjustment of US\$2.6 million (revalued to Canadian dollars at period end rate), 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 interim consolidated financial statements.

5. Inventories

The following table details the composition of inventories at:

	September 30, 2024	December 31, 2023
Materials and supplies	\$ 1,259,555	\$ 1,434,238
Stockpile inventory	87,238	27,091
Concentrate inventory	<u>427,898</u>	<u>617,940</u>
	\$ 1,774,691	\$ 2,079,269

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2024

(Canadian dollars)

Unaudited

6. Right-of-use assets

Details are as follows:

	Land and Buildings
Balance at January 1, 2023	\$ 168,468
Additions	23,742
Amortization	(104,303)
Foreign exchange movement	3,935
Balance at December 31, 2023	91,842
Additions	626,784
Amortization	(335,759)
Foreign exchange movement	(46,002)
Balance at September 30, 2024	\$ 336,865

7. Lease Liabilities

Details are as follows:

Balance at January 1, 2023	\$ 147,843
Additions	23,742
Interest	9,876
Repayments	(112,965)
Foreign exchange movement	425
Balance at December 31, 2023	68,921
Additions	626,784
Interest	22,521
Repayments	(340,901)
Foreign exchange movement	(45,257)
Balance at September 30, 2024	332,068
Less: current portion	115,478
Non-current lease liabilities	\$ 216,590

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 10.5%.

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2024

(Canadian dollars)

Unaudited

7. Lease Liabilities - continued

The expected timing of undiscounted lease payments is as follows:

	September 30, 2024
Less than one year	\$ 224,993
One to five years	134,840
	\$ 359,833

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, 2023	11,025,133	739,876	316,213	1,141,673	34,031,969	47,254,864
Acquisition of Minera Latin American Zinc (Note 4)	2,146,649	37,208	29,644	-	379,751	2,593,252
Additions	1,453,842	68,330	80,465	-	4,200,473	5,803,110
Disposals	-	-	(880)	-	-	(880)
Change in reclamation provision	-	-	-	-	(292,339)	(292,339)
Foreign exchange movement	1,535,367	100,561	21,807	142,771	3,833,935	5,634,441
Balance at December 31, 2023	16,160,991	945,975	447,249	1,284,444	42,153,789	60,992,448
Additions	901,187	35,375	5,790	-	150,638	1,092,990
Transfers	-	-	-	-	(252,453)	(252,453)
Foreign exchange movement	(2,055,540)	(129,408)	(37,383)	(155,914)	(4,837,202)	(7,215,447)
Balance at September 30, 2024	15,006,638	851,942	415,656	1,128,530	37,214,772	54,617,538
Accumulated amortization						
Balance at January 1, 2023	8,284,359	524,851	241,771	-	15,019,147	24,070,128
Amortization for the period	599,442	81,355	48,686	-	984,761	1,714,244
Foreign exchange movement	1,076,999	71,770	17,505	-	1,472,722	2,638,996
Balance at December 31, 2023	9,960,800	677,976	307,962	-	17,476,630	28,423,368
Amortization for the period	571,724	68,351	36,826	-	1,061,041	1,737,942
Foreign exchange movement	(1,299,268)	(96,877)	(25,198)	-	(1,778,135)	(3,199,478)
Balance at September 30, 2024	9,233,256	649,450	319,590	-	16,759,536	26,961,832
Net book value						
At December 31, 2023	6,200,191	267,999	139,287	1,284,444	24,677,159	32,569,080
At September 30, 2024	5,773,382	202,492	96,066	1,128,530	20,455,236	27,655,706

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2024

(Canadian dollars)

Unaudited

9. Exploration and evaluation assets

Balance at January 1, 2023	\$	26,574,023
Acquisition of Minera Latin American Zinc (Note 4)		5,877,182
Additions		2,913,207
Foreign exchange		2,447,238
Balance at December 31, 2023		37,811,650
Additions		4,028,646
Recoveries		(240,000)
Transfers		252,453
Foreign exchange		(3,909,830)
Balance at September 30, 2024	\$	37,942,919

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		Nine months ended September 30	
	2024	2023	2024	2023
Salaries and fees	\$ 170,350	\$ 166,250	\$ 598,850	\$ 624,713

The amount payable at September 30, 2024 was \$169,067 (September 30, 2023 - \$48,640)

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	
	2024	2023	2024	2023
Production costs	\$ 3,279,094	\$ 2,292,696	\$ 9,760,022	\$ 6,121,253
Mining royalty	32,257	23,961	80,337	70,573
Transportation	1,362,663	755,465	3,724,371	2,524,064
Wages and salaries	2,937,188	1,681,154	8,967,447	5,110,238
	\$ 7,611,202	\$ 4,753,276	\$ 22,532,177	\$ 13,826,128

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2024

(Canadian dollars)

Unaudited

12. Equity

a) Share capital

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

On June 7, 2024, the Company closed a non-brokered private placement financing which was completed in 2 tranches:

- On May 17, 2024, a total of 26,014,002 units were issued for aggregate gross proceeds of \$7,128,659. The Company paid certain registered dealers a cash commission of \$317,943 and granted 1,158,562 broker warrants. Each broker warrant entitles the holder to purchase one common share at a price of \$0.34 until May 17, 2026.
- On June 7, 2024, a total of 7,220,850 units were issued for aggregate gross proceeds of \$1,958,986. The Company paid certain registered dealers a cash commission of \$46,364 and granted 169,638 broker warrants. Each broker warrant entitles the holder to purchase one common share at a price of \$0.34 until June 7, 2026.

Of the total units issued, 11,423,526 units consist of one common share and one-half warrant, and 21,811,326 units consist of one common share and one warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.34 per warrant share for a period of 24 months from the date of issuance.

On December 22, 2023, the Company closed a non-brokered private placement. A total of 20,588,235 units were issued at a price of \$0.17 per unit for aggregate gross proceeds of \$3,500,000. Each unit consists of one common share and one half of one common share purchase warrant. Each full warrant entitles the holder to purchase one common share at a price of \$0.22 per share for a period of 24 months from the date of issuance. The Company paid certain registered dealers a cash commission of \$58,000 and granted 341,298 broker warrants. Each broker warrant entitles the holder to purchase one common share at a price of \$0.22 until December 22, 2025.

On 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 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 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.

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2024

(Canadian dollars)

Unaudited

12. Equity – continued

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.

c) Warrants

A summary of the Company's warrants as at September 30, 2024 and the changes for the periods ended on these dates is as follows:

	Number	Weighted Average Exercise Price (\$)
At January 1, 2023	4,878,334	0.39
Issued	44,815,930	0.32
Expired	(4,878,334)	0.39
At December 31, 2023	44,815,930	0.32
Issued	28,855,487	0.34
Exercised	(619,074)	0.24
At September 30, 2024	73,052,343	0.33

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	Dec 22 2023	May 17 2024	June 7 2024
Expiry Date	April 19 2025	May 3 2025	Dec 22 2025	May 17 2026	June 7 2026
Number of warrants granted	31,637,473	2,543,042	10,635,415	21,928,657	6,926,830
Risk-free interest rate	3.94%	3.59%	4.02%	4.31%	4.03%
Expected dividend yield	Nil	Nil	Nil	Nil	Nil
Expected share price volatility	72.106%	71.342%	72.756%	75.021%	75.349%
Expected warrant life in years	1.5	1.5	1.5	2.0	2.0

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, 2024

(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	
	2024	2023	2024	2023
Revenues by geographic area				
Mexico	\$ 8,645,360	\$ 4,766,757	\$ 21,714,223	\$ 15,372,609
Net loss by geographic area				
Mexico	\$ (509,406)	\$ (987,628)	\$ (4,836,015)	\$ (872,361)
Canada	(728,582)	(492,696)	(2,173,633)	(1,791,073)
	\$ (1,237,988)	\$ (1,480,324)	\$ (7,009,648)	\$ (2,663,434)
Assets by geographical area				
Mexico	\$ 76,828,026	\$ 81,422,539		
Canada	6,377,952	7,155,657		
	\$ 83,205,978	\$ 88,578,196		
Property, plant and equipment by geographical area				
Mexico	\$ 27,626,503	\$ 32,530,174		
Canada	29,203	38,906		
	\$ 27,655,706	\$ 32,569,080		