

IMPACT SILVER CORP.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2025 and 2024

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.

Consolidated Statements of Financial Position

As at

(Canadian dollars)

Unaudited

	March 31, 2025	December 31, 2024
ASSETS		
Current		
Cash	\$ 6,590,741	\$ 7,062,715
Trade and other receivables (Note 3)	3,762,190	3,448,289
Income taxes receivable	120,530	118,515
Inventories (Note 4)	1,841,840	2,004,245
Investments	918,225	179,009
	13,233,526	12,812,773
Value added taxes receivable (Note 3)	1,546,018	1,586,144
Right of use assets (Note 5)	178,375	248,213
Property, plant and equipment (Note 7)	34,734,787	34,108,064
Deferred income tax assets	2,437,319	2,398,889
	\$ 52,130,025	\$ 51,154,083
LIABILITIES		
Current		
Trade payables and accrued liabilities	\$ 3,389,145	\$ 3,695,960
Lease liabilities (Note 6)	104,442	163,652
	3,493,587	3,859,612
Lease liabilities (Note 6)	59,047	87,481
Reclamation provision (Note 9)	2,070,853	1,986,678
Deferred income tax liabilities	3,392,152	2,890,945
	9,015,639	8,824,716
SHAREHOLDERS' EQUITY		
Share capital	101,375,443	101,375,443
Warrants (Note 10 (c))	5,291,969	5,291,969
Contributed surplus	11,306,243	11,306,243
Accumulated other comprehensive loss	(4,340,090)	(5,220,576)
Accumulated deficit	(70,519,179)	(70,423,712)
	43,114,386	42,329,367
	\$ 52,130,025	\$ 51,154,083

Nature of operations (Note 1)

Subsequent events (Note 19)

Contingency (Note 18)

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.

Consolidated Statements of Income (loss)

For Three Months Ended March 31

(Canadian dollars)

Unaudited

	2025	2024
Revenues (Note 11)	\$ 10,720,026	\$ 5,346,945
Expenses		
Operating expenses (Note 12)	7,956,491	6,996,816
Amortization and depletion	608,904	734,127
	8,565,395	7,730,943
Mine operating income (loss)	2,154,631	(2,383,998)
General and administrative expenses (Note 14)	930,338	980,879
Exploration and project expenses (Note 13)	782,430	1,177,975
Accretion expense (Note 9)	52,267	24,054
Finance expense	5,813	11,384
Finance income	(36,575)	(48,582)
Foreign exchange loss (gain)	48,928	(265,549)
Other income	-	3,886
	1,783,201	1,884,047
Income (loss) before taxes	371,430	(4,268,045)
Current income tax expense	3,430	98,458
Deferred income tax expense	463,467	35,113
Net loss	\$ (95,467)	\$ (4,401,616)
Other comprehensive loss		
Items that may be subsequently reclassified to profit or loss	(95,467)	(4,401,616)
Cumulative translation adjustment	531,441	1,079,439
Items that will not be subsequently reclassified to profit or loss		
Gain on investments	349,045	2,630
Comprehensive loss	785,019	(3,319,547)
Loss per share – basic and diluted	\$ (0.00)	\$ (0.02)
Weighted average number of shares outstanding – basic and diluted	247,428,622	213,574,696

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

IMPACT Silver Corp.

Consolidated Statements of Changes in Shareholders' Equity

For Three Months Ended March 31

(Canadian dollars)

Unaudited

	Shares Outstanding	Share Capital (\$)	Warrants (\$)	Contributed Surplus (\$)	Accumulated Other Comprehensive Income (loss) (\$)	Accumulated Deficit (\$)	Total Shareholders' Equity (\$)
Balance at December 31, 2023	213,574,696	94,947,950	2,980,914	11,306,243	(1,620,242)	(60,648,556)	46,966,309
Net loss for the period	-	-	-	-	-	(4,401,616)	(4,401,616)
Cumulative translation adjustments	-	-	-	-	1,079,439	-	1,079,439
Loss on investments	-	-	-	-	2,630	-	2,630
Balance at March 31, 2024	213,574,696	94,947,950	2,980,914	11,306,243	(538,173)	(65,050,172)	43,646,762
Balance January 1, 2025	247,428,622	101,375,443	5,291,969	11,306,243	(5,220,576)	(70,423,712)	42,329,367
Net loss for the period	-	-	-	-	-	(95,467)	(95,467)
Cumulative translation adjustments	-	-	-	-	531,441	-	531,441
Gain on investments	-	-	-	-	349,045	-	349,045
Balance at March 31, 2025	247,428,622	101,375,443	5,291,969	11,306,243	(4,340,090)	(70,519,179)	43,114,386

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

IMPACT Silver Corp.
Consolidated Statements of Cash Flows
For Three Months Ended March 31
(Canadian dollars)
Unaudited

Cash resources provided by (used in)	2025	2024
Operating activities		
Net loss	\$ (95,467)	\$ (4,401,616)
Items not affecting cash		
Amortization and depletion	642,752	740,237
Deferred income tax (recovery) expense	463,467	35,113
Non-cash option payment received	(460,000)	-
Accretion expense	52,267	24,054
Changes in non-cash working capital		
Trade and other receivables	(378,101)	(194,830)
Income taxes receivable	(116)	(73,664)
Inventories	194,696	541,294
Trade payables and accrued liabilities	(68,247)	(315,164)
Income taxes payable	(107,126)	(1,742)
	244,125	(3,646,318)
Investing activities		
Proceeds on the sale of investments	69,830	12,429
Acquisition of property, plant and equipment	(721,240)	(744,257)
	(651,410)	(731,828)
Financing activities		
Repayment of lease liability	(88,796)	(48,664)
	24,107	(248,312)
Effect of exchange rates on cash		
	(471,974)	(4,675,122)
Net change in cash	7,062,715	8,279,200
Cash at the beginning of the period		
Cash at the end of the period	\$ 6,590,741	\$ 3,604,078

The following table details additional supplementary cash flow information at March 31:

	2025	2024
Cash received for interest income	\$ 36,575	\$ 48,582
Cash paid for income taxes	\$ 3,540	\$ 8,620
Non-cash option payments	\$ 460,000	\$ -

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

IMPACT Silver Corp.

Notes to the Consolidated Financial Statements

March 31, 2025

(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 a mine in the State of Chihuahua. The Company 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. IMPACT's common shares are publicly traded on the TSX Venture Exchange ("TSXV") under the symbol of "IPT", on the Frankfurt Stock Exchange ("FSE") under the symbol "IKL" and on the OTCQB under the symbol "ISVLF".

Going concern

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.

During the three months ended March 31, 2025, the Company had mine operating income of \$2.2 million, a net loss of \$0.1 million, and cash inflows from operating activities of \$0.2 million. At March 31, 2025, IMPACT had unrestricted cash and cash equivalents of \$6.6 million. Internally generated cash flows may not be sufficient to cover the Company's working capital and capital investment needs. These factors give rise to material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. The Company is currently considering and pursuing various alternatives for future financing requirements, including but not limited to equity financing, debt financing or other means depending on market conditions and other relevant factors. This would enable the Company to ensure its ability to fund its committed capital investment, exploration programs and working capital requirements throughout 2025, as well as anticipated growth and development. The Company's ability to continue as a going concern is dependent on its ability to secure additional financing and/or to generate cash flows from operations. While the Company has successfully obtained financing in the past, there is no assurance that it will be able to do so in the future, or that such financing will be on terms acceptable to the Company.

2. Basis of Preparation

a) Statement of compliance

These condensed consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorised for issue by the Board of Directors on May 26, 2025.

b) Basis of measurement

Certain comparative figures used in these financial statements have been reclassified in order to conform with the financial presentation adopted during the period.

IMPACT Silver Corp.

Notes to the Consolidated Financial Statements

March 31, 2025

(Canadian dollars)

Unaudited

3. Trade and other receivables

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

	March 31, 2025	December 31, 2024
Value added taxes receivable – current portion	\$ 640,871	\$ 860,011
Trade and other receivables	2,311,370	2,046,562
Prepays	809,949	541,716
Total trade and other receivables	<u>\$ 3,762,190</u>	<u>\$ 3,448,289</u>
Value added taxes receivable – non-current portion	\$ 1,546,018	\$ 1,586,144

4. Inventories

The following table details the composition of inventories at:

	March 31, 2025	December 31, 2024
Materials and supplies	\$ 1,455,694	\$ 1,399,773
Stockpile inventory	19,463	10,614
Concentrate inventory	366,683	593,858
Total inventories	<u>\$ 1,841,840</u>	<u>\$ 2,004,245</u>

The amount of inventories recognized as an expense during the three months ended March 31, 2025 was \$7,956,491 (March 31, 2024 - \$6,996,816).

5. Right of use assets

Details are as follows:

Balance at December 31, 2023	\$ 91,842
Additions	626,784
Amortization	(425,585)
Foreign exchange movement	(44,828)
Balance December 31, 2024	<u>248,213</u>
Amortization	(70,993)
Foreign exchange movement	1,155
Balance March 31, 2025	<u>\$ 178,375</u>

IMPACT Silver Corp.

Notes to the Consolidated Financial Statements

March 31, 2025

(Canadian dollars)

Unaudited

6. Lease Liabilities

Details are as follows:

Balance at December 31, 2023	\$	68,921
Additions		626,784
Interest		29,912
Repayments		(431,363)
Foreign exchange movement		(43,121)
Balance December 31, 2024		251,133
Interest		5,814
Repayments		(94,610)
Foreign exchange movement		1,152
Balance March 31, 2025		163,489
Less: current portion		(104,442)
Non-current lease liabilities	\$	59,047

The Company's leased assets are for land and buildings. The lease liabilities were discounted at the Company's incremental borrowing rate. The weighted average rate applied for leases was 11%.

The expected timing of undiscounted lease payments at March 31, 2025 is as follows:

Less than one year	\$	127,005
One to five years		50,226
	\$	177,231

IMPACT Silver Corp.

Notes to the Consolidated Financial Statements

March 31, 2025

(Canadian dollars)

Unaudited

7. Property, plant and equipment

Details are as follows:

	Plant and mine equipment (\$)	Office furniture and equipment (\$)	Surface rights (\$)	Mining Assets (\$)	Total (\$)
Cost					
Balance at December 31, 2023	16,160,992	1,393,224	836,660	48,885,052	67,275,928
Additions	1,072,242	174,027	-	789,022	2,035,291
Change in reclamation provision	-	-	-	10,911	10,911
Foreign exchange movement	(2,004,710)	(167,173)	(95,138)	(4,739,262)	(7,006,283)
Balance at December 31, 2024	15,228,524	1,400,078	741,522	44,945,723	62,315,847
Additions	570,153	2,765	-	149,451	722,369
Foreign exchange movement	255,835	22,067	11,878	597,047	886,827
Balance at March 31, 2025	16,054,512	1,424,910	753,400	45,692,221	63,925,043
Accumulated amortization					
Balance at December 31, 2023	9,960,800	985,938	-	17,636,803	28,583,541
Amortization for the year	792,873	141,842	-	1,686,721	2,621,436
Foreign exchange movement	(1,217,123)	(114,358)	-	(1,665,713)	(2,997,194)
Balance at December 31, 2024	9,536,550	1,013,422	-	17,657,811	28,207,783
Amortization for the year	195,782	35,541	-	340,546	571,869
Foreign exchange movement	164,579	16,356	-	229,669	410,604
Balance at March 31, 2025	9,896,911	1,065,319	-	18,228,026	29,190,256
Net book value					
At December 31, 2024	5,691,974	386,656	741,522	27,287,912	34,108,064
At March 31, 2025	6,157,601	359,591	753,400	27,464,195	34,734,787

IMPACT Silver Corp.

Notes to the Consolidated Financial Statements

March 31, 2025

(Canadian dollars)

Unaudited

7. Property, plant and equipment – continued

In 2024, the Kena area, adjacent to the existing Guadalupe mine, was determined to be technically feasible and commercially viable. As it is considered to be a mine under development, \$0.8 million in exploration and evaluation costs and development expenses have been capitalized as a mining asset to March 31, 2025, of which \$0.1 was capitalized in Q1 2025. The Kena Mine is currently a non-depletable asset. Depletion will begin when the mine reaches commercial production.

8. 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 months ended March 31 is as follows:

	2025		2024	
Salaries and fees	\$	220,025	\$	213,125
Total compensation	\$	220,025	\$	213,125
Amounts payable at March 31	\$	146,033	\$	55,833

9. Reclamation provision

The Company's reclamation provision is an estimate of the environmental restoration obligations and closure costs associated with the Company's mines, processing facilities and development sites. The total undiscounted amount of the estimated costs required to settle the provision are \$3,882,645 (Q1 2024 – \$3,174,704). This obligation is updated annually for any changes to the life of mine.

Movements in the reclamation provision were as follows:

	Guadalupe		Plomosas		Capire		Total
Balance, December 31, 2023	\$	1,030,527	\$	202,398	\$	805,812	\$ 2,038,737
Accretion		85,232		18,290		72,820	176,342
Changes in estimate		49,713		204,749		(243,551)	10,911
Foreign exchange movement		(117,550)		(24,444)		(97,318)	(239,312)
Balance, December 31, 2024	\$	1,047,922	\$	400,993	\$	537,763	\$ 1,986,678
Accretion		27,177		10,677		14,413	52,267
Foreign exchange movement		16,829		6,442		8,637	31,908
Balance, March 31, 2025	\$	1,091,928		418,112		560,813	2,070,853

IMPACT Silver Corp.

Notes to the Consolidated Financial Statements

March 31, 2025

(Canadian dollars)

Unaudited

9. Reclamation provision - continued

	Guadalupe	Plomosas	Capire
Anticipated settlement date	2033	2038	2040
Undiscounted value	\$ 1,656,564	\$ 863,122	\$ 1,362,958
Estimated life of mine (years)	8.5	13.5	16.0
Discount rate (%)	9.29	10.50	10.57
Inflation rate (%)	4.40	4.37	4.25

10. 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 two 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 \$47,498 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.

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.

IMPACT Silver Corp.

Notes to the Consolidated Financial Statements

March 31, 2025

(Canadian dollars)

Unaudited

10. Equity – continued

b) Stock options – continued

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 March 31, 2025 and the changes for the periods ended on these dates is as follows:

	Number	Weighted Average Exercise Price (\$)
At January 1, 2024	6,010,000	0.59
Expired	(1,750,000)	0.36
Forfeited	(325,000)	0.67
At March 31, 2025 and December 31, 2024	3,935,000	0.68

The following table summarizes information about the stock options outstanding at March 31, 2025:

Exercise Price Per Share	Number of Options Outstanding	Weighted Average Remaining Life (Years)	Number of Options Exercisable	Expiry Date
\$0.90	1,860,000	0.80	1,860,000	January 18, 2026
\$0.48	2,075,000	1.52	2,075,000	October 8, 2026
	3,935,000	1.18	3,935,000	

c) Warrants

A summary of the Company's warrants as at March 31, 2025 and the changes for the periods ended on these dates is as follows:

	Number	Weighted Average Exercise Price (\$)
At January 1, 2024	44,815,930	0.32
Issued	28,855,487	0.34
Expired	(619,074)	0.24
At March 31, 2025 and December 31, 2024	73,052,343	0.33

IMPACT Silver Corp.

Notes to the Consolidated Financial Statements

March 31, 2025

(Canadian dollars)

Unaudited

10. Equity – continued

c) Warrants - continued

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.

Subsequent to the end of the quarter, the Company extended the expiry date for the April 19, 2023 and the May 3, 2023 warrants (*Note 19*).

11. Revenues

The Company's revenue for the three months ended March 31 is attributable to Zacualpan and Plomosas (*Note 17*).

	2025	2024
Lead-silver concentrate	\$ 7,803,895	\$ 4,560,567
Zinc-silver concentrate	2,916,131	786,378
Total revenue	\$ 10,720,026	\$ 5,346,945

The Company sells 100% of its concentrate to one customer in Mexico.

IMPACT Silver Corp.

Notes to the Consolidated Financial Statements

March 31, 2025

(Canadian dollars)

Unaudited

12. Operating expenses by nature

The Company's operating expenses for the three months ended March 31 are attributable to Zacualpan and Plomosas (Note 17).

	2025	2024
Production costs	\$ 3,774,540	\$ 3,224,281
Environmental tax	41,678	18,052
Transportation	1,599,625	918,119
Wages and salaries	2,540,648	2,836,364
Total operating expenses	\$ 7,956,491	\$ 6,996,816

13. Exploration and project expenses

The following table details the nature of expenses within exploration expenses for the three months ended March 31 :

	2025	2024
Labour	\$ 326,293	\$ 372,694
Permits & Fees	188,448	299,266
Drilling	452,485	331,853
Supplies & Other	275,204	174,162
Option Payments	(460,000)	-
Total exploration expenses	\$ 782,430	\$ 1,177,975

14. General and administrative expenses

The following table details the nature of expenses within general and administrative expenses for the three months ended March 31:

	2025	2024
Accounting, audit & legal	\$ 161,676	\$ 218,408
Amortization	33,848	6,110
Investor relations, promotion & travel	90,248	206,418
Management fees & consulting	290,805	214,193
Office, rent, insurance & sundry	129,851	115,978
Office salaries & services	223,910	219,772
Total general and administrative expenses	\$ 930,338	\$ 980,879

IMPACT Silver Corp.

Notes to the Consolidated Financial Statements

March 31, 2025

(Canadian dollars)

Unaudited

15. Capital management

The Company considers items included in shareholders' equity as capital. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, to continue to explore financing opportunities, to provide an adequate return to shareholders and to support any growth plans.

To effectively manage the entity's capital requirements, the Company has in place a process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company ensures that there is sufficient cash to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

The Company is not subject to externally imposed capital requirements. There was no change in the Company's approach to capital management for the years presented.

16. Financial instruments

Financial instrument risk exposure

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

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk include cash, trade and other receivables, and taxes receivable. The Company deposits its cash with high credit quality financial institutions as determined by ratings agencies, with the majority deposited with a Canadian Tier 1 bank.

As is customary in the mining industry, the Company has entered into contracts with Mexican refining and smelting companies for the refining and sale of its silver, lead, zinc and gold contained in its lead and zinc concentrates. All contracts are currently with Trafigura Mexico, S.A. de C.V. As a result, the Company has a significant concentration of credit risk exposure to this company at any one time, but is satisfied that this company has an adequate credit rating as determined by Standard and Poor's. The Company has not recorded any allowance against its trade receivables because to date all balances owed have been settled in full when due (typically within 60 days of submission), and because of the nature of the counterparty.

The Company's maximum exposure to credit risk at the reporting date is the carrying value of its cash (\$6.6 million) and trade and other receivables (\$3.1 million), VAT and income taxes receivable (\$2.3 million).

Interest rate risk

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

IMPACT Silver Corp.

Notes to the Consolidated Financial Statements

March 31, 2025

(Canadian dollars)

Unaudited

16. Financial instruments - continued

Currency risk

Foreign exchange rate fluctuations may affect the costs that the Company incurs in its operations. Silver, lead, zinc and gold are sold in U.S. dollars and the Company's costs are principally in Mexican pesos and Canadian dollars. At March 31, 2025, the Company is exposed to currency risk through the cash, trade and other receivables, and trade payables held in U.S. dollars and Mexican pesos. Based on these foreign currency exposures at March 31, 2025, a 10% depreciation or appreciation of all the above currencies against the Canadian dollar would result in an approximate \$0.3 million decrease or increase in the Company's net income for the three months ended March 31, 2025.

Commodity price risk

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

The only financial instrument affected by commodity price risk for the Company is trade accounts receivable. Assuming the same rate of production a 10% change in commodity prices would have increased or decreased the Company's trade accounts receivable balance as at March 31, 2025 by \$0.2 million (March 31, 2024 - \$0.1 million).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk through its planning and budgeting process to determine the cash flows required to meet its operating and growth objectives. The Company has cash at March 31, 2025 of \$6.6 million, and current assets exceeded current liabilities by \$9.7 million, in order to meet short-term business requirements. Trade payables have contractual maturities of approximately 30 to 90 days, or are due on demand and are subject to normal trade terms. The current portions of lease obligations are due within 12 months of the consolidated statement of financial position date.

IMPACT Silver Corp.

Notes to the Consolidated Financial Statements

March 31, 2025

(Canadian dollars)

Unaudited

17. Segmented information

The Company has a corporate head office in Canada and two reportable operating segments in Mexico. The operating 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.

The Zacualpan segment includes mines from the Guadalupe and Capire production centres in the State of Mexico and neighbouring Guerrero state, Mexico. The Plomosas segment includes the mine located in the State of Chihuahua, Mexico.

As at and for the three months ended March 31, 2025:

	Zacualpan (Mexico)	Plomosas (Mexico)	Corporate (Canada)	Total
Revenue	\$ 7,218,191	3,501,835	-	\$ 10,720,026
Operating expenses	(4,757,354)	(3,199,137)	-	(7,956,491)
Amortization and depletion	(273,227)	(335,677)	-	(608,904)
Mine operating income (loss)	2,187,610	(32,979)	-	2,154,631
General and administrative expenses	(167,855)	(88,621)	(673,862)	(930,338)
Exploration and project expense	(97,335)	(685,095)	-	(782,430)
Other income (expense)	(80,107)	(19,404)	29,078	(70,433)
Current and deferred income tax expense	(466,897)	-	-	(466,897)
Net income (loss)	\$ 1,375,416	(826,099)	(644,784)	\$ (95,467)
Total Assets	\$ 21,874,396	16,211,104	14,044,525	\$ 52,130,025
Property, plant & equipment	\$ 22,289,459	12,417,343	27,985	\$ 34,734,787

IMPACT Silver Corp.

Notes to the Consolidated Financial Statements

March 31, 2025

(Canadian dollars)

Unaudited

17. Segmented information - continued

As at and for the three months ended March 31, 2024:

	Zacualpan	Plomosas	Corporate	Total
Revenue	\$ 4,336,690	1,010,255	-	\$ 5,346,945
Cost of Sales	(4,216,432)	(2,780,384)	-	(6,996,816)
Amortization	(490,458)	(223,116)	(20,553)	(734,127)
Mine Operating Loss	(370,200)	(1,993,245)	(20,553)	(2,383,998)
General and administrative expenses	(177,175)	(105,407)	(698,297)	(980,879)
Exploration and project expense	(605,241)	(572,734)	-	(1,177,975)
Other income (expense)	43,809	175,424	55,574	274,807
Current and deferred income tax expense	(35,113)	-	(98,458)	(133,571)
Net loss	\$ (1,143,920)	(2,495,962)	(761,734)	\$ (4,401,616)
Total Assets	\$ 29,496,306	15,674,426	5,983,351	\$ 51,154,083
Property, plant & equipment	\$ 22,053,670	12,024,199	30,195	\$ 34,108,064

18. Contingency

A former employee of MLAZ is claiming unjustified dismissal in a legal action against that company. The total amount of the claim is Mexican Pesos 1.4 million of which approximately one-half has been accrued in MLAZ at March 31, 2025.

19. Subsequent events

- Subsequent to the end of the quarter, the Company extended the expiry dates of 30,828,938 share purchase warrants from April 19, 2025 to October 19, 2026, and of 2,454,092 share purchase warrants from May 3, 2025 to November 3, 2026. All the terms of these warrants, including the exercise price of \$0.35 per common share, remain the same.
- Subsequent to the end of the quarter, the Company completed a non-brokered private placement for gross proceeds of \$3.9 million consisting of a LIFE offering for \$1.6 million consisting of 8,290,000 units at a price of \$0.20 per unit, and a standard offering for \$2.3 million consisting of 12,626,177 units at \$0.18 per unit.

Each LIFE unit consists of one common share of the Company and one half common share purchase warrant. Each full warrant, entitles the holder to purchase one full common share at a price of \$0.26 per share for 24 months.

Each standard unit consists of one common share of the Company and one full warrant, entitling the holder to purchase one full common share at a price of \$0.24 per share for 36 months.