

IMPACT Silver Corp.
Form 51-102F1
Management's Discussion and Analysis
For the Three Months Ended March 31, 2025

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") is for the three months ended March 31, 2025 of IMPACT Silver Corp. ("IMPACT" or the "Company") prepared as at May 26, 2025 and should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended December 31, 2024 and the related notes contained therein. All amounts referred to herein are in Canadian dollars unless otherwise specified. Additional information relating to the Company including material change notices, certifications of annual and interim filings and press releases are available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedarplus.ca.

This document contains forward-looking statements. Please refer to "NOTE REGARDING FORWARD-LOOKING STATEMENTS."

CORPORATE OVERVIEW

IMPACT Silver Corp. is recognized as an intermediate miner with strength across the value chain including production, growth and exploration activities. The Company has an extensive land position in Mexico with production and tremendous exploration potential both at the legacy, silver-rich Royal Mines of Zacualpan assets as well as the high-grade Plomosas zinc-lead-silver property. The Company maintains aggressive exploration programs using its own diamond drills to continue to feed and expand its operations while providing shareholders with meaningful upside potential across the Company. The Company has operated in Mexico for nearly 20 years, and while mining legislation changes from time to time, the country remains a highly sought-after jurisdiction in which to operate. However, the industry remains uncertain as to the impact of recently proposed Mexican legislation related to mining.

IMPACT controls the majority of three extensive mineral districts in Mexico. The Company's legacy producing assets, known as the Royal Mines of Zacualpan Silver-Gold District, are located southwest of Mexico City where the Company has been in production for more than 18 years. Nearby, the Company owns the Capire Mineral District adjacent to and south of the Zacualpan district, which together total 211 km². In 2023, the Company added a third mining district known as Plomosas, located in northern Mexico, just 150 km northeast of the city of Chihuahua. Plomosas, described as a Carbonate Replacement Deposit ("CRD"), is a producing, high-grade zinc (lead-silver) mine. In April 2023, the Company commenced significant upgrades to the mill, mobile equipment and associated infrastructure. The Company restarted intermittent production on a test basis at the mine late 2023. During Q1 2025, the mine was producing at approximately 75% of the mill's design capacity.

In Q1 2025, the Company continued optimizing the ramp-up of the Plomosas mine following nearly 18 months of intensive rehabilitation efforts. Notably, the Company continued to operate profitably following a strong end to 2024 with Q1 2025 consolidated revenue doubling while EBITDA¹ turned positive at \$1.0 million, including \$0.8 million having been spent on exploration during the period. Specifically, the Company maintained an aggressive exploration program with over 6,000 metres ("m") of drilling across both assets, resulting in the discovery and potential expansion of significant mineralized zones to support future production.

¹EBITDA is a non-IFRS measures which the Company believes provides useful information on the Company's financial performance.. See "NON-IFRS MEASURES".

With both primary assets, Zacualpan and Plomosas now online and operating close to full production capacity, the Company is dedicating more resources to expanding production and sustaining exploration. In 2024, the Company revised its accounting policies for early-stage exploration. This change has been applied retrospectively, resulting in \$0.8 million in exploration costs being expensed in Q1 2025 and \$1.2 million in Q1 2024.

IMPACT has traditionally been regarded as a near-pure play on silver, with ongoing production and exploration across the Zacualpan mining district. Currently, silver remains the company's primary production metal by both volume and revenue, making it highly leveraged to silver prices. However, gold production in the Zacualpan District is expected to become increasingly significant for exploration and development in the future. Meanwhile, with the Plomosas mine nearing full design capacity, zinc is becoming a substantial part of IMPACT's overall revenue mix. As a result, the Company is now primarily focused on two key metals: silver and zinc. In both cases, prices are expected to remain strong due to their position as both defensive, and critical, amidst ongoing geopolitical uncertainty and their roles within in the green energy economy.

Since 2006, the Company has conducted aggressive exploration programs that have led to meaningful development and production activities, with more than ten sites in the Zacualpan District having been developed into mining operations since inception. Over that period, Zacualpan has produced 13 million ounces of silver, generated more than \$284 million in revenues and contributed to the funding of capital expenditures, including property, plant and equipment, and mining assets and as well as exploration on both the Zacualpan and Plomosas properties. Drilling is carried out primarily with the Company's own drills, allowing for a cost-effective approach to exploration and mine development.

The Company maintains strict cost controls and is focused on its production efficiencies. Management regularly considers potential adjustments in mining processes and new technologies to improve margins and offset higher supplier and labour costs.

IMPACT continues to operate with the objective of maximizing earnings while maintaining leading Environmental, Social and Governance ("ESG") programs and standards. Management is evaluating various options to increase efficiencies that could materially lead the way towards further improving ESG within the Company, as well as a more profitable operating cost profile.

IMPACT is a reporting issuer in British Columbia, Ontario and Alberta. The Company's shares trade on the TSX Venture Exchange as a Tier 1 Issuer under the symbol IPT, in the U.S. on the OTCQB as ISVLF, and on the Frankfurt Stock Exchange under the symbol IKL.

Plomosas High-Grade Zinc Mine

On April 3, 2023, the Company closed a Share Purchase and Sale Agreement with Yari Minerals Ltd., ("Yari") of Australia, previously Consolidated Zinc Limited, to purchase all of the outstanding shares of their Mexican subsidiary, Minera Latin American Zinc S.A.P.I. de C.V. ("MLAZ") which holds a 100% interest in the Plomosas zinc-lead-silver mine in the state of Chihuahua, northern Mexico. The mine is subject to a 1% net smelter royalty and a 12% net profit interest royalty

The acquisition has provided the Company with additional resources and potential as it expanded IMPACT's production profile from one, to two producing operations. Plomosas adds significant metal diversification through its high-grade zinc (lead-silver) deposit as well as exciting exploration potential across the property's largely under explored terrain.

We believe that our multi-decade experience building mines in Mexico, combined with our strong balance sheet, will allow IMPACT to capture significant upside from this acquisition and become a leading high-grade zinc producer in an established mining region in northern Mexico.

For Q1 2025 Achievements Include:

- The Plomosas mine in Chihuahua was operating at 75% capacity, milling a total of 14,265 tonnes ("t"), representing a 297% increase from Q1 2024's startup production level of 3,594 t
- Completed over 6,000 metres of infill and exploratory diamond drilling across both properties during the quarter
- Successfully executed exploration and development work at the historic Mina Juárez asset, adjacent to the Plomosas mine, including drill discoveries of high-grade zinc intercepts in line with historical values
- Continued exploration of Zacualpan's high-grade Kena silver vein, initiating early-stage mine development on the structure late in the quarter
- Continued a comprehensive infrastructure upgrade program at the Guadalupe Mine in Zacualpan to improve production efficiency and costs
- Subsequent to quarter-end, on April 18, 2025, the Company announced an equity financing of up to \$5.0 million. The financing is expected to close in Q2 2025

The Company has successfully addressed many of the inflationary pressures experienced over the past three years, with operating and administrative costs now under control. While some cost pressures remain as well as foreign exchange volatility, the Company anticipates continued cost stabilization throughout 2025.

Financial Highlights

- Consolidated revenue for Q1 2025 was \$10.7 million, representing a 100% increase compared to revenue of \$5.3 million in Q1 2024
- EBITDA² for Q1 2025 was \$1.0 million, compared to negative \$3.6 million in Q1 2024
- Mine operating income for the quarter was \$2.2 million, reversing a loss of \$2.4 million in 2024. Before amortization and depletion, mine operating income was \$2.8 million³ in Q1 2025, compared to a loss of \$1.6 million in Q1 2024
- In Q1 2025, the Company spent \$0.8 million on exploration, split between both Zacualpan and Plomosas. These costs were expensed during the quarter.
- Revenue from Plomosas was \$3.5 million in Q1 2025, compared to \$1.0 million in Q1 2024 at which time there was limited production associated with the start up of the mine

²EBITDA is a non-IFRS measures which the Company believes provides useful information on the Company's financial performance. See "NON-IFRS MEASURES".

³ Mine operating earnings before amortization and depletion is a non-IFRS measure which the company believes provides meaningful information about the Company's financial performance. See "Non-IFRS MEASURES".

- Zacualpan revenue was \$7.2 million in Q1 2025, compared to \$4.3 million in Q1 2024
- The Company ended Q1 2025 with \$6.6 million in cash and \$9.7 million in working capital. During the period, the Company invested \$0.7 million in property, plant and equipment, including mining assets
- The net loss was a nominal \$0.1 million in Q1 2025, representing a significant turnaround from the \$4.4 million loss in Q1 2024, driven mostly by start-up costs associated with the commencement of operations at Plomosas

OPERATING REPORT

IMPACT operates in two mining districts in Mexico. The Company has been operating the Royal Mines of Zacualpan Silver-Gold District since 2006, and at Plomosas since late 2023.

Zacualpan Silver Operation

During Q1 2025, the Guadalupe mill processed 35,012 t of mill feed at the Zacualpan/Guadalupe complex, up 10% from 31,735 t in Q1 2024. Throughput recovered following an extreme weather event in September, which caused power outages from the Mexican grid and washouts along key haul roads.

Silver production from the Guadalupe complex in Q1 2025 was 149,449 ounces ("oz"), a 9% increase from 137,291 oz in Q1 2024, while sales increased by 10% in the same period. The average mill head grade for silver in Q1 2025 fell by 2% to 157 grams per tonne ("g/t") from 161 g/t in Q1 2024. Meanwhile, revenue per tonne sold in Q1 2025 increased by 50% to \$202.37 from \$134.59 in Q1 2024 while direct costs per tonne remained mostly stable, having increased by just 3% on a year over year basis to \$132.32 from \$128.12 in Q1 2024.

Zacualpan - Guadalupe Production Complex

The Company remains committed to its strategy of increasing grade, optimizing production, and controlling costs at the Guadalupe processing plant. While higher costs have impacted the industry, there are signs of stabilization as reflected in our year over year costs at the complex.

Looking ahead, mine management plans to shift the production mix toward higher-grade silver vein systems, including the recently discovered Kena vein, announced in 2024. Additionally, a focused program of definition and step-out drilling is expected to provide additional feed from the San Ramón, Cuchara, and Veta Negra mines.

PRODUCTION AND SALES: ZACUALPAN - GUADALUPE MILL

	For the Three Months Ended		
	March 31		
	2025	2024	% Change
Total tonnes milled	35,012	31,735	+10%
Tonnes produced per day (“tpd”)	389	353	+10%
Silver production (oz)	149,449	137,291	+9%
Lead production (t)	58	46	+26%
Gold production (oz)	129	52	+148%
Silver sales (oz)	156,123	141,887	+10%
Lead sales (t)	60	49	+21%
Gold sales (oz)	121	55	+120%
Average mill head grade –silver g/t	157	161	-2%
Revenue per tonne sold ⁴	\$202.37	\$134.59	+50%
Direct costs per production tonne ⁴	\$132.32	\$128.12	+3%

ROYAL MINES OF ZACUALPAN DISTRICT

At the Royal Mines of Zacualpan Silver-Gold District in central Mexico, several underground mines and an open pit mine on epithermal silver-gold (zinc-lead) veins feed the central Guadalupe processing plant which has a rated capacity of 500 tonnes per day. Upgrading operations, enhancing production and expanding the tailings capacity is an ongoing process. Work continues on a third tailings dam which will have a provisional life of nine years of operations at the Guadalupe mill complex.

Guadalupe Silver Mine

The Guadalupe Mine, located adjacent to the Guadalupe mill, resumed commercial production in 2018 after a five-year hiatus and is now the largest producing mine on the property. Production comes from multiple veins at various levels within the largest known vein cluster on the site. In Q1 2025, the Guadalupe Mine supplied 47% of the mill feed compared to 56% in Q1 2024. Monthly average mining grades during the quarter ranged from 161 to 168 g/t silver. Production during the quarter was primarily sourced from the Santa Rosa, Rata, Dolores, and Kena area veins on Levels 140, 175 and 215. With its cost-efficient infrastructure and the discovery of the new Kena Vein South, the Company is upgrading infrastructure within the mine for more efficient production.

⁴ Revenue per tonne sold and direct costs per production tonne are non-IFRS measures which the Company believes provides useful information on revenue and direct costs. See “NON-IFRS MEASURES”.

San Ramon Silver Mine

The San Ramón mine, located five kilometres southeast of the Guadalupe mill, has been a key production source since 2008. In September 2021, the Company completed mining of the San Ramón Deep zone and shifted focus to the San Ramón South zone, which was discovered in early 2021. During Q1 2025, the San Ramón South zone contributed 19% of the feed to the Guadalupe mill compared to 19% in Q1 2024. Monthly average mining grades at San Ramón during the quarter ranged from 163 to 164 g/t silver. Production in Q1 2025 came from Levels 7, 8, and 9 in the San Ramón South zone.

Veta Negra Silver Mine

The Veta Negra Mine is a small open-pit operation that began production in 2019. Located four kilometres northwest of the Guadalupe mill, it contributes a silver-rich feed to the mill from a near-surface bulk tonnage zone. In Q1 2025, the Veta Negra Mine supplied 13% of the feed to the Guadalupe mill compared to 9% in Q1 2024. Monthly average mining grades during the quarter ranged from 160 to 170 g/t silver.

Cuchara Silver Mine

The Cuchara Mine, located 2.5 kilometres east of the Guadalupe mill, began production in Q2 2013. In Q1 2025, the Cuchara Mine supplied 15% of the feed to the Guadalupe mill compared to 16% in Q1 2024. The mine provides a silver-lead-zinc feed to the mill, with current production coming from the Milmaravillas and La Blanca veins. Monthly average mining grades during the quarter ranged from 157 to 162 g/t silver.

Alacran Gold-Silver Mine

The Alacrán Gold-Silver Mine, located three kilometres south of the Guadalupe mill, began production in March 2023. Production was temporarily suspended in late October 2023 for metallurgical studies aimed at improving gold recoveries, and restarted in Q2 2024. In Q1 2025, the Alacrán Mine contributed 6% of the feed to the Guadalupe mill compared to 0% in Q1 2024. The mine provides a gold-silver feed to the mill. Monthly average mining grades during the quarter ranged from 2.60 to 2.98 g/t gold and 44 to 53 g/t silver. Production during the quarter came from the San Margarito Vein on Levels 1 and 6.

Zacualpan Exploration

Mines on epithermal veins that were drilled and built by the IMPACT team on the Zacualpan property include the Cuchara Silver Mine (currently in operation), San Ramon Mine (currently in operation), the Veta Negra open pit mine (currently in operation), Alacran Gold-Silver Mine (currently in operation), San Patricio (Chivo) Silver Mine (operated 2017-2018), Carlos Pacheco Gold-Copper Mine (on care and maintenance), Chivo Silver Mine (operated 2007-2012), the Noche Buena Silver Mine (operated 2010-2014) and the Mirasol Silver Mine (operated 2014-2017), as well as the Capire VMS open pit silver mine (being assessed for restart of operations). Exploration is continuing with the goal of finding and developing new mines for the Company. Recent exploration highlights were as follows:

Drilling

In Q1 2025, IMPACT reported additional drill results from Kena Vein South, including 597 g/t silver over 2.77 metres and 1,460 g/t silver over 0.55 metres (see IMPACT news release dated February 11, 2025).

Exploration Field Work

IMPACT crews continue to explore over 5,000 old mine workings and prospects across the Zacualpan and Capire districts, while also investigating new areas to define drill targets. Exploration targets are identified and prioritized using an extensive computer database, compiled over many years from historical maps and other technical data related to the project. Surface drilling is planned for several new targets over the next year.

Mining Plans:

At Zacualpan, the Company has commenced production on the new Kena Vein South in the Guadalupe Mine, while optimizing silver and gold production. In the interim with changing metal prices the Company continues evaluation of the potential restart of the Capire open pit silver mine.

CAPIRE PROCESSING PLANT AND MINE

The Capire Production Centre is located 16 kilometres southwest of the Guadalupe Production Centre. It is a volcanogenic (“VMS”) base and precious metal deposit. VMS mineralization in the Capire district is predominantly silver-rich with zinc and lead credits occurring in small massive sulphide lenses enveloped in disseminated mineralization.

In Q2 2013, IMPACT announced the commissioning of the Capire test open pit mine and completion of construction of the 200-tpd pilot plant but in February 2014 suspended operations mainly due to low silver prices and low silver grades. The Capire plant is currently on care and maintenance. Company engineers are reviewing Capire for potential restart of operations. The Company is also assessing the potential of an ore sorting system to upgrade the mineral feed at low cost to the Capire mill. The objectives of these studies at Capire are to improve the possible operating margins through reduced processing costs to minimize sensitivity of operations to metal price fluctuations.

Capire Mineral Resource

On January 18, 2016, IMPACT announced NI43-101 mineral resources for the Capire Zone as follows and then filed a supporting technical report on www.sedarplus.ca on March 3, 2016.

Total Resource at US Dollar per Tonne Cutoffs - Inferred and Unoxidized								
Cutoff	Inferred Mineral Resources							
US\$/t	Tonnes	US\$/t	g Ag/t	%Zn	%Pb	Oz Ag	lbs Zn	lbs Pb
10	4,465,000	36.20	44.21	0.72	0.31	6,346,000	71,183,000	30,212,000
15	3,450,000	43.24	53.03	0.85	0.37	5,881,000	64,914,000	28,072,000
20	2,707,000	50.37	62.22	0.98	0.43	5,414,000	58,444,000	25,755,000
25	2,177,000	57.19	71.06	1.10	0.49	4,974,000	52,766,000	23,522,000
30	1,786,000	63.74	79.49	1.22	0.54	4,563,000	47,975,000	21,423,000
35	1,490,000	69.96	87.65	1.33	0.59	4,199,000	43,692,000	19,504,000
40	1,242,000	76.47	96.20	1.45	0.65	3,842,000	39,596,000	17,666,000
45	1,035,000	83.30	105.37	1.56	0.70	3,507,000	35,693,000	15,905,000
50	859,000	90.69	115.49	1.69	0.75	3,189,000	31,983,000	14,203,000
60	636,000	103.31	133.60	1.88	0.84	2,732,000	26,339,000	11,793,000
70	489,000	114.89	150.72	2.04	0.92	2,370,000	22,034,000	9,909,000
80	381,000	126.33	167.97	2.20	0.99	2,057,000	18,455,000	8,338,000
90	294,000	138.53	187.15	2.34	1.07	1,772,000	15,194,000	6,966,000

The reported resource (“Base Case”) cutoff grade is US\$30/tonne in the table. The mineral resources in this disclosure were estimated by Mine Development Associates (“MDA”) of Reno, Nevada. The resources were estimated using Canadian Institute of Mining, Metallurgy and Petroleum (“CIM”) standards, definitions and guidelines. The resources were estimated diluted resources and are displayed at multiple cutoffs, but the resource is reported at a cutoff of US\$30/t lying within a pit optimized using \$31/oz silver, \$1.51/lb zinc, and \$1.69/lb lead. MDA considered a US\$30/t cutoff to be appropriate at the time for production using IMPACT’s 200 t/d mill and recoveries around 80%, 50%, and 65% for silver, zinc and lead, respectively. The resources were generated within an optimized pit shell on the Capire zone that best conveyed “reasonable prospects for eventual economic extraction” at the time which is a requirement of the 2014 CIM Definition Standards, incorporated into Canadian National Instrument 43-101. There is additional mineralization too deep to fulfill the criteria of “reasonable prospects for eventual economic extraction” within an open pit, but that may be available for potential underground development. For further details on the Capire mineral resource see IMPACT’s news release dated January 18, 2016.

IMPACT has a track record of successful exploration and rapid mine development. The Company’s long-term vision sees potential for establishing multiple mills throughout the districts, each fed by multiple mines producing silver-lead-zinc as well as gold.

PLOMOSAS PROJECT

On April 3, 2023, IMPACT announced completion of its acquisition of the Plomosas Zinc-Lead-Silver Mine located 150 km northeast of Chihuahua City, northern Mexico. On October 23, 2023, after carrying out a program of extensive upgrading to mining equipment, and processing facilities as well as hiring of new technical and supervisory staff, IMPACT announced a limited restart of operations for testing purposes and shipped the first concentrate. Work continued to ramp up production to the plant design capacity, having successfully reached 75% by the end of 2024. Management is anticipating that the operation will reach full design capacity in 2025.

The district was discovered in 1832 and in recent years has seen small scale mining. Historical mining is reported in the global upper quartile for zinc grade with approximately 2.5 million tonnes mined between 1943-2022 grading 15-25% zinc, 2-7% lead and 40-60 g/t silver with low deleterious elements (*Footnote 1*).

The mine and mill were previously in production from September 2018 until late 2022. In 2021, the previous owner processed 31,695 tonnes producing 2,442 tonnes of zinc concentrate and 599 tonnes of lead concentrate (*Footnote 1*). Mine access is by a ramp reaching a depth of 250m below surface and old shafts that potentially could be refurbished. Mine development is continuing as the underground is opened, expanded and upgraded. Mineral is fed to a refurbished 200 tonne per day conventional flotation plant.

Following the acquisition of the Plomosas high grade zinc (lead-silver) mine in 2023, the Company commenced a substantial drill program both on surface and underground and remains committed to further exploration across the under explored, 3,019 hectare property.

Plomosas Zinc Operation

Although the Company resumed limited test production at Plomosas in October 2023, as part of a comprehensive rehabilitation program, meaningful production did not occur until Q4 2024, when the mill processed 13,633 tons. In Q1 2025, the mill processed 14,265 tonnes, up from 3,594 tonnes in Q1 2024. The average grades for Q1 2025 were 11.1% zinc, 7.7% lead, and 48 g/t silver. Plomosas sales for the quarter included 213 tonnes of lead, 1,008 tonnes of zinc, and over 12,000 ounces of silver.

As the operation approaches full design capacity, regular pauses in production provide management an opportunity to review and optimize processes. Continued improvements are underway, including mine development, expansion of the tailings pond, and the acquisition and rehabilitation of mobile equipment.

After nearly 18 months of rehabilitating mobile equipment, plant facilities, infrastructure, and the underground mine, production has significantly expanded.

While initial exploration and development focus on immediately accessible mineralization, longer-term projects are underway to assess the remaining property which has been under explored. This includes the re-interpretation of Induced Polarization, Magnetic, and Gravitational surveys, as well as a reconnaissance exploration program. As a result of recent exploration success, the Plomosas team is now mining the “Mina Juárez” area, where the extension of a previous operator’s efforts has been successfully defined.

The production ramp-up has been both successful and consistent. In Q1 2024, production was averaging approximately 39 tpd, having increased to 159 tpd in Q1 2025. The goal is to reach design capacity of 200 tpd in 2025.

PRODUCTION AND SALES: PLOMOSAS

	For the Three Months Ended March 31		
	2025	2024	% Change
Total tonnes milled	14,265	3,594	+297%
Tonnes produced per day	159	39	+308%
Average mill head grade			
Zinc (%)	11.0	15.3	-28%
Lead (%)	7.7	10.5	-26%
Silver (g/t)	48.4	44.3	+9%
Zinc production (t) - concentrate	2,008	585	+244%
Lead production (t) - concentrate	405	76	+437%
Zinc sales (t) – contained metal	1,008	263	+283%
Lead sales (t) – contained metal	213	69	+206%
Silver sales (oz) – contained metal	12,087	5,121	+136%
Revenue per tonne sold ⁵	\$244.35	\$263.70	-7%
Direct costs per production tonne ⁵	\$217.07	\$702.36	-69%

PLOMOSAS PROJECT

Plomosas Exploration

The 3,019-hectare property encompasses extensive carbonate replacement deposit-type (CRD) zinc-lead-silver mantos (beds). The previous operator reported an historic JORC-compliant mineral resource of 215,000 tonnes grading 13.5% zinc, 6.3% lead, and 34.0 g/t silver (indicated), and 772,000 tonnes grading 13.1% zinc, 3.0% lead, and 19.0 g/t silver (inferred) as at December 31, 2021 (*Footnote 2*). The exploration upside potential is exceptional.

⁵ Revenue per tonne sold and direct costs per production tonne are non-IFRS measures which the Company believes provides useful information on revenue and direct costs. See “NON-IFRS MEASURES”.

Before and during the quarter, the Company continued to compile and reinterpret a series of historical geophysical studies, identifying several high-priority drill targets. A robust drilling program is continuing aimed at defining and expanding the historical resource and exploring potential new discovery targets. Mapping and sampling programs are also continuing to assess the exploration potential of the property.

Drilling

In the Q1 2025, IMPACT announced additional drill results from the Juarez Mine area at Plomosas, including 14.13% zinc, 1.59% lead, and 12 g/t silver over 2.2 metres (true width), with a high-grade interval of 26.06% zinc, 3.02% lead, and 23 g/t silver over 0.9 metres (see IMPACT news release dated January 16, 2025). The Juarez zone remains open for further exploration. Drilling is continuing in both the Juarez and Santo Domingo areas of the mine workings, as well as on other exploration targets across the property.

Exploration potential is exceptional along a 6 kilometre CRD structure with a number of historic mines and mineral prospects plus other exploration targets including untested copper-gold targets to the northwest. Regionally Plomosas lies in the same mineral belt as some of the largest CRD deposits in the world. (Reference to these nearby projects is for information purposes only and there are no assurances that Plomosas will achieve similar results.)

Footnotes:

1. Reference: Alexandri, A. Gonzalez, H., & Salas, H. (2022). *Plomosas Project (CZL), Field Visit Report*. IMPACT Silver Corp. private report on field visits and compilation of historic and recent data, 56 pages.

2. Plomosas mineral resources were reported by Consolidated Zinc Ltd. (CZL) (now Yari Minerals Ltd. (YAR:ASX)) on their website (<https://www.yariminerals.com.au>) under the Australian JORC (2012) Code as mineral resources “depleted as at December 2021” based on an independent report in compliance with JORC (2012) by Shaun Searle of Ashmore Advisory Pty Ltd. (Australia). IMPACT’s Qualified Person has reviewed but not verified in detail these current reported mineral resources and is only reporting them as material recent mineral resources reported by CZL and available in the public record. IMPACT believes the estimates are relevant given they are reported to Australian JORC standards; however, IMPACT’s Qualified Person has not done sufficient work to classify them as current Canadian NI 43-101 mineral resources.

QP Statements: George Gorzynski, P. Eng., Vice President and Director of IMPACT Silver Corp., and a Qualified Person as defined under Canadian National Instrument 43-101, approved the technical information in this MD&A for the Royal Mines of Zacualpan Project, the Capire Mineral District (except information related to the Capire mineral resources), and the Plomosas project. Steven Ristorcelli, C.P.G. (U.S.A.), Principal Geologist for Mine Development Associates and a Qualified Person under the meaning of Canadian National Instrument 43-101, approved the Capire mineral resource estimate and directly related information cited in this MD&A. Details of the technical information in this MD&A are available in Company news releases posted on the Company website at www.IMPACTSilver.com and on www.sedarplus.ca.

Cautionary Statement: The Company’s decision to place a mine into production, expand a mine, make other production related decisions or otherwise carry out mining and processing operations, is largely based on internal non-public Company data and reports based on exploration, development and mining work by the Company’s geologists and engineers. The results of this work are evident in the discovery and building of multiple mines for the Company, and in the track record of mineral production and financial returns of the Company since 2006. Under NI43-101 the Company is required to disclose that it has not based its production decisions on NI43-101-compliant mineral resource or reserve estimates, preliminary economic assessments or feasibility studies, and historically such projects have increased uncertainty and risk of failure.

SAFETY, SOCIAL AND ENVIRONMENTAL POLICY

IMPACT recognizes that exploration and mining create a physical change within the area of work. The Company believes in its responsibility to ensure that it minimizes the environmental impact of its efforts and conducts reclamation on sites disturbed by its activities. As a primarily underground mining operator, surface disturbances from mining activity have been minimal.

While IMPACT has always considered its responsibility to the community and the environment, it initiated its first report on those activities which is now available on the Company's website.

The Company has social, environmental, and other policies related to its operations and promotes a culture for working safely. It has established an effective relationship with the mine's workers, as well as local contractors and personnel. Work conducted by or on behalf of the Company is planned with a focus on safety and concern for the environment and the effect on local communities. The mining operations employ safety officers to implement and supervise the safety programs and first aid and emergency facilities at the mines.

The exploration surface drills used and owned by IMPACT are modular diamond drill rigs which minimize the area of disturbance due to their small size and mobility. These drills rigs require little in the way of drill pads or access trails, which minimizes surface disturbances, and the Company engages the local community for logistical support and assistance as part of the drill crews. All drill sites are reclaimed after use. Besides increasing our flexibility while keeping environmental disturbances to a minimum, the drill programs, utilizing Company-owned drills have proved to be very cost effective and have contributed to ensuring the Company's exploration dollars are being spent in the most efficient manner.

Zacualpan Environmental and Social

Tailings dams are engineered to stringent standards. The tailings themselves are benign and 100% of mine water is either recycled or lost to evaporation. Recently, as part of a periodic review, the Company engaged independent engineers to conduct a study on the status of the Guadalupe (Zacualpan) tailings impoundment and are continuing to follow their recommendations.

Work on tailings pond facility #3 is continuing, which is projected to accommodate approximately nine years of production tailings from the Guadalupe mill complex in the future. The site has now been fully permitted and cleared.

From 2022 onward, trees were planted as part of permitting for the new tailing's facility #3, and as part of a larger program to improve areas of historical mining activity. In conjunction with the municipality and the Technological Baccalaureate Center, the Company has planted more than 15,000 trees of various indigenous species to date. A further 10,000 trees are expected to be planted over the next few years.

In areas surrounding the mine's property, tailings facilities and the complex's support facilities, the Company, collaborating with local farmers, have planted approximately 2,900 agave plants. The Company maintains a greenhouse for nurturing the initial plants before being transferred to the field. Plans are in place for a further 3,000 agave plants to be planted over the next two years. According to the Company's consultants, agave plants can reduce and isolate large quantities of atmospheric CO₂. They produce more biomass above and below ground than most other plant species. Estimates are they can absorb and store the dry weight equivalent of 30 to 60 tons of CO₂ per hectare per year. Once established, they do not require regular irrigation and are relatively insensitive to rising global temperatures and drought. From an economic standpoint, these agave plants have helped provide a source of income for local farmers and have contributed towards small business development in the area in terms of distillation activities and livestock feed.

The Company keeps community members informed of its activities and collaborates with the communities to address local concerns. The employment of most workers from local communities helps to foster understanding, cooperation and direct involvement in the Company's operations. Over the last several years, the Company has focused on investments to improve area infrastructure which may have been neglected by government in the past. Meanwhile, the Company continues to provide tools, materials and supplies while

the communities provide labour for various community projects. Specifically, the Company regularly upgrades roads and has also built a new school and a modern health clinic. Regular investments in modern social facilities are made by the Company including soccer fields, basketball courts and other facilities for local communities as well as the building of water tanks and providing plastic pipes for water storage and distribution to the local residents and farmers.

On an ongoing basis, the Company takes on geology and engineering students for co-op semesters to provide them, under supervision, with essential work experience that is integral to their studies. In many cases, these students form the basis of the Company's future employment base.

Plomosas Environmental and Social

The Company educates its new employees and contract personnel as to its high standards related to environmental and safety issues which are reinforced on a regular basis to ensure compliance. The mine is located in a desert environment that is sparsely occupied and will require a sensitive program to enhance the environmental and social situation.

While operating in a relatively remote location, the Company uses the closest town approximately 25 minutes drive away to accommodate its workers, providing an opportunity for the community to generate employment. Discussions are ongoing as to opportunities to improve the local communities' infrastructure.

INVESTOR RELATIONS

The Company builds investor awareness and shareholder value by conducting institutional presentations and attends investment and mining related conferences. With dynamic changes occurring in the marketplace and the economy, the Company continues to also strengthen its presence via social media and other online marketing.

The Company is in the process of revising its website to assist stakeholders in understanding its activities and the potential of the entire Royal Mines of Zacualpan and Plomosas districts. The Company has a variety of investor resources available for viewing on its website www.IMPACTSilver.com. Investors are also encouraged to reach out to management using the contact info located on its website.

METALS MARKET OVERVIEW

Silver

According to *The Silver Institute*, global silver demand in 2025 is projected to remain stable at approximately 1.2 billion ounces. This stability is attributed to a 3% growth in industrial applications, particularly in green technologies like photovoltaics and electric vehicles, which is expected to push industrial demand beyond 700 million ounces for the first time. Factors include:

- **Industrial Demand:** Silver's unique properties, including excellent electrical conductivity, make it a critical component in electronics, semiconductors, and medical devices.
- **Automotive Industry:** The rise of electric vehicles (EVs) is contributing to higher silver usage, especially in electronic components and connectors.
- **Investment:** Silver remains a preferred choice for investors during economic uncertainties, especially during unpredictable geopolitical and economic environments that many believe will persist over the next several years.

Straits Research anticipates the market will grow from US\$95.20 billion in 2025 to US\$202.07 billion by 2033, reflecting a CAGR of 9.86% during the period 2025-2033.

Zinc

Global refined zinc demand is projected to grow by approximately 1.7% year-on-year in 2025, primarily driven by increased consumption in China's construction sector and enhanced public infrastructure spending in India (*Source: Mining Weekly*).

Zinc's prominence is expanding in renewable and green technology sectors, driven by its critical applications in energy and construction:

- **Energy Storage:** Zinc is a key component in zinc-air batteries, known for high energy density, commonly used in devices like hearing aids and emerging as a significant player in renewable energy storage systems.
- **Sustainable Energy:** Zinc is essential in manufacturing wind turbine components and solar panels, enhancing their durability and performance, making it a vital material in the transition to sustainable energy solutions.
- **Infrastructure Growth:** Global infrastructure projects increasingly rely on galvanized steel, which uses zinc for corrosion resistance, supporting extensive demand in the construction sector.
- **Automotive Sector:** The shift towards EVs has driven higher demand for zinc alloys due to their strength and lightweight properties.

The global zinc market is expected to grow at a CAGR of 5.4%, potentially reaching a valuation of \$78.2 billion by 2028, as industries focus on sustainability and technological advancements. (*Source: Lucintel Market Research*)

FINANCIAL DISCUSSION

Summary of Quarterly Results

In thousands except for earnings per share	Three months ended March 31	
	2025	2024
Revenue	\$ 10,720,026	\$ 5,346,945
Net loss	\$ (95,467)	\$ (4,401,616)
Loss per share – basic and diluted	\$ (0.00)	\$ (0.02)

Net loss for the first quarter of 2025 was impacted by the following factors:

- Consolidated revenue for Q1 2025 was \$10.7 million, up 100% from \$5.3 million in Q1 2024, on increased production from Plomosas and higher commodity prices. In Q1 2024, Plomosas was in start-up mode and had limited production.
- Consolidated mine operating income was \$2.2 million in Q1 2025, an improvement of \$4.6 million from the loss of \$2.4 million in Q1 2024.
- In Q1 2025, consolidated operating expenses were \$8.0 in Q1 2025 up 14% from Q1 2024 as production at Plomosas ramped up towards design levels.
- Net loss for Q1 2025 was \$0.1 million compared to a loss of \$4.4 million in Q1 2024.
- In Q1 2025, production from Plomosas increased to 14,265 tonnes, up from 3,594 tonnes in Q1 2024, on grades of 11% zinc, 7.7% lead and 48.3 g/t silver. As a result of this increased throughput, as well

as 16% higher zinc prices, revenue from Plomosas reached \$3.5 million (244.35/t sold), up from \$1.0 million (\$263.70/t sold) in Q1 2024.

- In Q1 2025, operating costs at Plomosas were \$3.2 million up from \$2.8 million in Q1 2024 as production levels increased to 159 tpd in Q1 2025 compared to 39 tpd in Q1 2024. Direct cost per tonne was lower at \$217.07 compared to \$702.36 in Q1 2024 on higher throughput.
- Revenue from the Zacualpan increased to \$7.2 million (\$202.37/t sold) in Q1 2025 from \$4.3 million in Q1 2024 (\$134.59/t sold), attributable to a 9% increase in silver production and 37% higher silver prices. Silver grades decreased 2% to 157 g/t from 161 g/t in the comparative period in Q1 2024.
- Operating costs at Zacualpan were \$4.8 million in Q1 2025 compared to \$4.2 million in Q1 2025 as the mine increased production by 10% during the period. Direct cost per tonne milled increased 3% to \$132.32 from \$128.12 in Q1 2024.
- In Q1 2025 the Company incurred \$0.8 million in exploration costs (Q1 2024 - \$1.2 million) which were expensed during the quarter. Prior to the change in accounting policy implemented retrospectively in 2024, exploration and evaluation expenditures were capitalized.
- General and administrative costs in Q1 2025 were comparable to Q1 2024 at \$1.0 million.
- The Company recorded a provision for deferred income tax expense of \$0.5 million in Q1 2025 (Q1 2024 - \$nil). This was due to the increased income generated from Guadalupe during the quarter.
- In Q1 2024 there was a foreign exchange loss of \$0.3 million compared to a small gain in Q1 2025.

OTHER FINANCIAL INFORMATION

Summary of Quarterly Results

The following table presents our unaudited quarterly results of operations for each of the last eight quarters.

For the Three Months Ended (\$ in thousands except for earnings per share)

	Mar 31 2025	Dec 31 2024	Sept 30 2024	Jun 30 2024	Mar 31 2024	Dec 31 2023	Sept 30 2023	June 30 2023
Revenue	10,720	10,187	8,645	7,722	5,347	5,389	4,767	5,492
Net (loss) income	(95)	1,587	(3,101)	(3,860)	(4,402)	(9,563)	(1,548)	(921)
(Loss)earnings per share – Basic and Diluted*	(0.00)	0.01	(0.01)	(0.02)	(0.02)	(0.05)	(0.01)	(0.00)
Total assets	52,130	51,154	51,189	57,158	53,927	56,890	62,001	63,895
Total liabilities	9,016	8,825	10,518	10,806	10,279	9,924	6,829	6,892

Liquidity, Financial Position and Capital Resources

Working Capital and Cash Flow

At March 31, 2025 the Company had cash of \$6.6 million compared to \$7.1 million at December 31, 2024. Working capital was \$9.7 million compared to \$9.0 million at December 31, 2024.

During the three months ended March 31, 2025:

- During the three months ended March 31, 2025, the Company had cash flows from operating activities of \$0.2 million compared to cash outflows of \$3.6 million in the comparative period in 2024. This increase in cash flows was due higher commodity prices and increased production from Plomosas compared to Q1 2024.
- In Q1 2025, the Company invested \$0.7 million (Q1 2024 - \$0.7 million) in property, plant and equipment.
- The Company realized \$0.1 million on the sale of investments in Q1 2025 and paid \$0.1 million for leases.
- 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.

Outstanding Share Data

The following common shares and convertible securities were outstanding at May 26, 2025:

	# of Shares	Exercise Price	Expiry Date
Issued and outstanding common shares	268,344,766		
Stock options	1,860,000	\$0.90	January 18, 2026
Stock options	2,075,000	\$0.48	October 8, 2026
Warrants	30,828,938	\$0.35	October 19, 2026
Warrants	2,454,092	\$0.35	November 3, 2026
Warrants	10,110,415	\$0.22	December 22, 2025
Warrants	21,928,657	\$0.34	May 17, 2026
Warrants	6,926,830	\$0.34	June 7, 2026
Warrants	4,145,000	\$0.26	May 20, 2027
Warrants	12,626,177	\$0.24	May 20, 2028
Fully diluted	361,299,875		

All of the 3,935,000 stock options outstanding have vested.

FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISK

Financial assets and liabilities

The Company's financial instruments consist of cash, trade receivables, other receivables, investments, trade payables, and lease obligations. Cash and other receivables are measured at amortized cost. Trade receivables are measured at fair value through profit or loss. Investments are designated as fair value through other comprehensive income and measured at fair value as determined by reference to quoted market prices. Trade payables and lease obligations are measured at amortized cost.

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 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.

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 US dollars and the Company's costs are principally in Mexican pesos and Canadian dollars. The Company is exposed to currency risk through the cash, trade and other receivables, and trade payables held in US 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 period 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 from actual realized prices would have increased or decreased the Company's trade accounts receivable balance 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.

The profitability and operating cash flow of the Company are affected by numerous factors, including but not limited to, the tonnes and grade of material mined and milled, the amount of metal concentrates produced, the level of operating costs, exploration expenses, and general and administrative charges. Operating results are also influenced by factors over which the Company has less direct control, such as refining and smelting charges and other factors such as commodity prices and foreign exchange rates, which are largely outside the Company's control. The nature of the Company's business is demanding of capital for property acquisition costs, exploration commitments and holding costs. The Company's liquidity is affected by the results of its own acquisition, exploration and development activities. The acquisition or discovery of an economic mineral deposit on one of its mineral properties may have a favourable effect on the Company's liquidity. Conversely, the failure to acquire or find one may have a negative effect. Historically, the major sources of liquidity have been mine revenues, the capital markets and project financing. The Company has been and will continue to be dependent upon adequate financing and investor support to meet its long-term growth objectives.

POLITICAL, REGULATORY AND SECURITY ISSUES

The Company's operations are subject to control and scrutiny by several levels of government, and various departments within each level. The Company must also comply with corporate, environmental and mining legislation and regulations which are subject to change by governments and beyond the control of the Company. Permission must also be secured from local peoples for exploration and drilling permits, water and land surface use rights. Consequently, in carrying out its mining and exploration activities, the Company may be exposed to a large array of conditions to satisfy its activities on a daily basis. Risk exists that the Company might fail to be fully compliant in all respects in this political and regulatory environment, or that permits might not be issued on a timely basis to facilitate the Company's planned development activities. Furthermore, social, criminal, and political unrest may exist within a region covered by the Company's operations and such events may affect the feeling of safety and security of the local peoples and may affect the operating activities of the Company. From time-to-time, government regulatory agencies may review the books and records of the Company, which may result in changes in the Company's operating results.

APPROVAL

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually

with the independent auditors to review the scope and results of the annual audit and to review the financial statements before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of IMPACT have approved the financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

SUPPLEMENTARY INFORMATION

NON-IFRS MEASURES

The non-IFRS measures presented do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be directly comparable to similar measures presented by other issuers. The data presented is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The Company uses both IFRS and non-IFRS measures to assess performance and believes the non-IFRS measures provide useful information to investors to help in evaluating the Company's performance. Following are the non-IFRS measures the Company uses in assessing performance:

EBITDA is defined as net income (loss) before interest, taxes, depreciation, depletion and amortization. The Company considers this measure to be a meaningful supplement to net income (loss) as a performance measurement. The measure is calculated as follows:

	For the Three Months Ended March 31			
		2025		2024
Net loss	\$	(95,467)	\$	(4,401,616)
Add:				
Finance cost		5,813		11,384
Current income tax expense		3,430		98,458
Deferred income tax expense		463,467		35,113
Depreciation and amortization		642,752		740,237
Less:				
Finance income		(36,575)		(48,582)
Earnings (loss) before interest, taxes, depreciation and amortization	\$	983,420	\$	(3,565,006)

Mine operating earnings before amortization and depletion is a measure that the Company believes provides additional information regarding how the Company's operations are performing. This measure is calculated as revenues less operating expenses, excluding amortization and depletion.

These measures are calculated as follows for Zacualpan:

	For the Three Months Ended March 31			
		2025		2024
Revenue	\$	7,218,191	\$	4,336,690
Operating expenses		4,757,354		4,216,432
Mine operating earnings before amortization and depletion	\$	2,460,837	\$	120,258

These measures are calculated as follows for Plomosas:

For the Three Months Ended March 31			
	2025		2024
Revenue	\$	3,501,835	\$ 1,010,255
Operating expenses		3,199,137	2,780,384
Mine operating earnings (loss) before amortization and depletion	\$	302,698	\$ (1,770,129)

Revenue per tonne sold and direct costs per tonne produced are measures that the Company believes are key indicators of performance and allow for more direct comparison of revenues and costs than comparing gross amounts.

These measures are calculated as follows for Zacualpan:

For the Three Months Ended March 31			
	2025		2024
Operating expenses	\$	4,757,354	\$ 4,183,457
Less : inventory		(124,555)	(117,698)
Direct costs	\$	4,632,799	\$ 4,065,759
Tonnes milled		35,012	31,735
Direct costs per tonne	\$	132.32	\$ 128.12
Revenue	\$	7,218,191	\$ 4,336,690
Tonnes sold		35,668	32,219
Revenue per tonne sold	\$	202.37	\$ 134.59

These measures are calculated as follows for Plomosas:

For the Three Months Ended March 31			
	2025		2024
Operating expenses	\$	3,199,137	\$ 2,783,300
Less : inventory		(102,620)	(259,013)
Direct costs	\$	3,096,517	\$ 2,524,287
Tonnes milled		14,265	3,594
Direct costs per tonne	\$	217.07	\$ 702.36
Revenue	\$	3,501,835	\$ 1,010,255
Tonnes sold		14,331	3,831
Revenue per tonne sold	\$	244.35	\$ 263.70

The Company's method of calculating these non-IFRS measures may differ from other entities, and accordingly, may not be comparable to measures used by other entities. Investors are cautioned, however, that these measures should not be construed as an alternative to measures determined in accordance with IFRS as an indicator of the Company's performance.

NOTE REGARDING FORWARD-LOOKING AND CAUTIONARY STATEMENTS

Except for historical information, this MD&A may contain forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward-looking statements.

The factors that could cause actual results to differ materially include, but are not limited to, the following: general economic conditions; changes in financial markets; the impact of exchange rates; political conditions and developments in countries in which the Company operates; community relations, criminal activity, changes in the supply, demand and pricing of the metal commodities which the Company mines or hopes to find and successfully mine; changes in regulatory requirements impacting the Company's operations; pandemics; the ability to properly and efficiently staff the Company's operations; the sufficiency of current working capital and the estimated cost and availability of funding for the continued exploration and development of the Company's exploration properties. This list is not exhaustive and these and other factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and neither the Company nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. The Company does not undertake to update forward-looking statements or forward-looking information, except as required by law. Additional information relating to IMPACT is on the Company website at www.IMPACTSilver.com and on SEDAR at www.sedarplus.com.

The Company's decision to place a mine into production, expand a mine, make other production related decisions or otherwise carry out mining and processing operations, is largely based on internal non-public Company data and reports based on exploration, development and mining work by the Company's geologists and engineers. The results of this work are evident in the discovery and building of multiple mines for the Company and in the track record of mineral production and financial returns of the Company since 2006. Under NI 43-101 the Company is required to disclose that it has not based its production decisions on NI 43-101 compliant mineral resource or reserve estimates, preliminary economic assessments or feasibility studies, and historically such projects have increased uncertainty and risk of failure.

On behalf of the Board of Directors,

“Frederick W. Davidson”

President and Chief Executive Officer

May 26, 2025