

**IMPACT Silver Corp.**  
**Form 51-102F1**  
**Management's Discussion and Analysis**  
**For the Three and Six Months Ended June 30, 2025**

**INTRODUCTION**

*This Management's Discussion and Analysis ("MD&A") is for the three and six months ended June 30, 2025 of IMPACT Silver Corp. ("IMPACT" or the "Company") prepared as at August 21, 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. During the year ended December 31, 2024, the Company amended and restated certain of its financial information (see audited consolidated financial statements for the year ended December 31, 2024 posted on SEDAR+ for details). As a result, certain comparative quarterly amounts below have been restated to take these amendments and restatements into account. 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](http://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 district located southwest of Mexico City which includes the nearby Capire mineral district, as well as the high-grade Plomosas zinc-lead-silver property, located in northern Mexico, just 150 kilometres northeast of the city of Chihuahua. Plomosas is described as a Carbonate Replacement Deposit ("CRD"), and 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. In the last half of 2024, the mine reached production levels of approximately 75% of the mill's design capacity. The Company continued the ramp-up and optimization of the Plomosas mine in 2025 following nearly two years of intensive rehabilitation efforts. 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 more than 19 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 proposed Mexican legislation related to mining.

During the six months ended June 30, 2025, the Company continued an aggressive exploration program with over 9,000 metres of drilling across both Zacualpan and Plomosas, resulting in the discovery and potential expansion of significant mineralized zones to support future production.

The Company's year to date 2025 mine operating income continued to be positive at \$3.2 million, of which \$1.0 million was recorded in Q2 2025. The consolidated revenue for the six months ended June 30, 2025 was \$20.5 million, up 57% from year to date 2024, while Q2 2025 revenue was \$9.8 million up 27% from the comparative period in 2024.

With both Zacualpan and Plomosas now contributing to the Company's overall revenue profile, management 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 \$1.1 million in exploration costs being expensed in Q2 2025 as well as in Q2 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, zinc is also becoming a substantial part of IMPACT's overall revenue mix with production from the Plomosas mine. 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 13.5 million ounces of silver, generated more than \$298 million in revenues and contributed to the funding of capital expenditures, including property, plant and equipment, and mining assets 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.

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., 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. 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) deposits as well as significant 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.

### **Operating Highlights:**

- The Plomosas mine in Chihuahua operated at approximately 75% capacity, milling a total of 27,747 tonnes ("t") in the first half of 2025, representing a 116% increase from 2024's start-up production level of 12,850 t.
- The Company completed over 9,000 metres of infill and exploratory diamond drilling across both properties during the six months 2025, of which 4,300 metres was in Q2 2025.

- Intersected 534.8 grams per tonne (“g/t”) silver over 8.50 metres including 2,320 g/t silver over 1.07 metres on the new Kena Vein South at the Guadalupe mine, and continued early-stage mine development on the structure.
- Successfully executed exploration and development at the historic Mina Juarez property, adjacent to the Plomosas mine, including discoveries of high-grade zinc intercepts in line with historic values.
- Continued a comprehensive infrastructure upgrade program at the Guadalupe mine to improve production efficiency and costs.
- The Company has successfully addressed many of the inflationary pressures experienced over the past three and half years, with lower operating costs per tonne in 2025. While some cost pressures remain as well as foreign exchange volatility, the Company anticipates continued cost stabilization throughout the second half of 2025 and into 2026.

### **Financial Highlights**

- Consolidated revenue for Q2 2025 was \$9.8 million, representing a 27% increase compared to revenue of \$7.7 million in Q2 2024.
- Mine operating income for the second quarter in 2025 was \$1.0 million, compared to a loss of \$1.0 million in Q2 2024. Before amortization and depletion, mine operating income<sup>1</sup> was \$1.6 million in Q2 2025, compared to a loss of \$0.2 million in Q2 2024.
- In Q2 2025, the Company spent \$1.1 million on exploration, split between both Zacualpan and Plomosas. These costs were expensed during the quarter.
- Revenue from Plomosas was \$2.4 million in Q2 2025, compared to \$1.8 million in Q2 2024 at which time there was reduced production associated with the start up of the mine.
- Zacualpan revenue was \$7.4 million in Q2 2025, compared to \$5.9 million in Q2 2024.
- In Q2 2025, the Company closed a \$5.2 million private placement financing, including participation from Trafigura Pte Ltd.
- The Company ended Q2 2025 with \$10.3 million in cash and \$13.3 million in working capital, up from \$7.1 million in cash and \$9.0 million in working capital at December 31, 2024.
- During the three months ended June 30, 2025, the Company invested \$0.3 million in property, plant and equipment, including mining assets.
- The net loss was \$2.0 million in Q2 2025, compared to a net loss of \$3.9 million in Q2 2024, which was driven mostly by start-up costs associated with the commencement of operations at Plomosas.

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<sup>1</sup> 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”.

## OPERATING REPORT

### Zacualpan Silver Operation

During Q2 2025, the Guadalupe mill processed 34,173 t of mill feed at the Zacualpan/Guadalupe complex, slightly down from 35,062 t in Q2 2024. During the quarter, an extreme weather caused power outages from the Mexican grid and washouts along key haul roads, but throughput has recovered since that event.

As a result, silver production from the Guadalupe complex in Q2 2025 was 145,682 ounces ("oz"), a 4% decrease from 152,152 oz in Q2 2024, while sales decreased by 5% in the same period. The average mill head grade for silver in Q2 2025 fell by 2% to 158 grams per tonne from 161 g/t in Q2 2024. However, revenue per tonne sold in Q2 2025 increased by 29% to \$217.71 from \$168.16 in Q2 2024 while direct costs per tonne decreased by 5% on a year over year basis to \$145.21 from \$152.72 in Q2 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 Ramon, Cuchara, and Guadalupe mines.

### PRODUCTION AND SALES: ZACUALPAN - GUADALUPE MILL

	For the Three Months Ended			For the Six Months Ended		
	June 30			June 30		
	2025	2024	% Change	2025	2024	% Change
Total tonnes milled	<b>34,173</b>	35,062	-3%	<b>69,185</b>	66,797	+4%
Tonnes produced per day ("tpd")	<b>376</b>	385	-2%	<b>382</b>	367	+4%
Silver production (oz)	<b>145,682</b>	152,152	-4%	<b>295,131</b>	289,443	+2%
Lead production (t)	<b>58</b>	55	+5%	<b>116</b>	102	+15%
Gold production (oz)	<b>108</b>	98	+10%	<b>237</b>	150	+58%
Silver sales (oz)	<b>143,517</b>	151,199	-5%	<b>299,640</b>	293,086	+2%
Lead sales (t)	<b>58</b>	54	+8%	<b>118</b>	103	+14%
Gold sales (oz)	<b>113</b>	92	+23%	<b>234</b>	147	+59%
Average mill head grade –silver g/t	<b>158</b>	161	-2%	<b>158</b>	161	-2%
Revenue per tonne sold <sup>2</sup>	<b>\$217.71</b>	\$168.16	+29%	<b>\$209.84</b>	\$152.09	+38%
Direct costs per production tonne <sup>2</sup>	<b>\$145.21</b>	\$152.72	-5%	<b>\$138.69</b>	\$141.53	-2%

<sup>2</sup> 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".

## **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 add 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 Q2 2025, the Guadalupe Mine supplied 50% of the mill feed, of which 6% came from the Kena mine, compared to 49% in Q2 2024. Monthly average mining grades during the quarter ranged from 162 to 172 g/t silver. Production during the quarter was primarily sourced from the Kena, Delores, Santa Rosa, Rata, Carolina and Caballo 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.

### **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 Ramon Deeps zone and shifted focus to the San Ramon South zone, which was discovered in early 2021. During Q2 2025, the San Ramon South zone contributed 17% of the feed to the Guadalupe mill compared to 17% in Q2 2024. Monthly average mining grades at San Ramon during the quarter ranged from 158 to 166 g/t silver. Production in Q2 2025 came from Levels 2, 7, and 9 in the San Ramon 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 Q2 2025, the Veta Negra Mine supplied 13% of the feed to the Guadalupe mill compared to 14% in Q2 2024. Monthly average mining grades during the quarter ranged from 165 to 175 g/t silver.

### **Cuchara Silver Mine**

The Cuchara Mine, located 2.5 kilometres east of the Guadalupe mill, began production in 2013. In Q2 2025, the Cuchara Mine supplied 15% of the feed to the Guadalupe mill compared to 15% in Q2 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 150 to 159 g/t silver.

### **Alacran Gold-Silver Mine**

The Alacran 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 Q2 2025, the Alacran Mine contributed 5% of the feed to the Guadalupe mill compared to 5% in Q2 2024. The mine provides a gold-silver feed to the mill. Monthly average mining grades during the quarter ranged from 2.44 to 2.82 g/t gold and 32 to 55 g/t silver. Production during the quarter came from the San Margarito Vein on Level 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), Veta Negra open pit mine (currently in operation), Alacran Gold-Silver Mine (currently in operation), Carlos Pacheco Gold Mine (planned restart of operations), the Noche Buena Silver Mine (operated 2010-2014; planned restart of operations), Chivo Silver Mine (operated 2007-2012), San Patricio (Chivo) Silver Mine (operated 2017-2018), 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).

In Q2 2025, IMPACT reported more drill results from Kena Vein South, including 534 g/t silver over 8.50 metres including 2,320 g/t silver over 1.07 metres (see IMPACT news release dated June 9, 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 as well as other veins in the Pachuqueno area, while optimizing silver production. In the interim, with changing metal prices, the Company is planning the restart of the Carlos Pacheco gold mine and Veta Negra 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](http://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
<b>30</b>	<b>1,786,000</b>	<b>63.74</b>	<b>79.49</b>	<b>1.22</b>	<b>0.54</b>	<b>4,563,000</b>	<b>47,975,000</b>	<b>21,423,000</b>
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/t 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 tonne per day (“tpd”) 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 reached approximately 75% by the end of 2024 and continued in the first half of 2025. The goal is to ultimately reach design capacity of 200 tpd.

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 250 m 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 t. In Q2 2025, the mill processed 13,482 tonnes, up from 9,256 tonnes in Q2 2024. The average grades for Q2 2025 were 6.8% zinc, 2.9% lead, and 19.9 g/t silver. Plomosas sales for the quarter included 184 tonnes of lead, 735 tonnes of zinc, and over 5,500 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. In parallel, we successfully commissioned a new lead oxide recovery circuit following extensive metallurgical testing. This new system has been performing well, recovering up to 60% of lead oxide material which occurs locally in the mine that was previously unrecoverable by the prior operator.

After nearly two years of rehabilitating mobile equipment, plant facilities, infrastructure, and the underground mine, production has significantly expanded. With the investment of improved equipment and facilities, year to date direct costs fell to \$230.14/t in 2025 from \$400.70/t in 2024. Development and drilling costs per tonne continue to resist further cost reductions until larger mineral stopes can be established.

In the second quarter, unfavourable ground conditions required driving a second access to level 8 where the majority of the higher grade mill feed is located. As a result, production was sourced from two lower grade stopes plus development muck. The resulting lower grades combined with lower metal prices during the quarter reduced the revenue to \$185.23/t from \$197.95/t in Q2 2024. The new development through more favourable ground is expected to access to these higher-grade areas, supporting stronger improved going forward.

While initial exploration and development focus on immediately accessible mineralization, longer-term projects are underway to assess the remaining property area which is 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 Q2 2024, production was averaging approximately 102 tpd, having increased to 148 tpd in Q2 2025. The goal is to reach design capacity of 200 tpd.

Subsequent to the end of June, extraordinary rains flooded certain areas of the mine and damaged a number of the access roads at Plomosas. No equipment was lost and all personnel were safe but production was interrupted for approximately 3 days.



## PRODUCTION AND SALES: PLOMOSAS

	For the Three Months ended June 30			For the Six Months ended June 30		
	2025	2024	% Change	2025	2024	% Change
Total tonnes milled	<b>13,482</b>	9,256	+46%	<b>27,747</b>	12,850	+116%
Tonnes produced per day	<b>148</b>	102	+45%	<b>153</b>	71	+115%
Average mill head grade						
Zinc (%)	<b>6.8</b>	13.2	-48%	<b>8.4</b>	13.9	-40%
Lead (%)	<b>2.9</b>	7.5	-61%	<b>4.6</b>	8.5	-47%
Silver (g/t)	<b>19.9</b>	43.3	-54%	<b>30.0</b>	43.7	-31%
Zinc production (t) - concentrate	<b>1,505</b>	1,122	+34%	<b>3,513</b>	1,707	+106%
Lead production (t) - concentrate	<b>393</b>	226	+74%	<b>798</b>	302	+165%
Zinc sales (t) – contained metal	<b>735</b>	573	+28%	<b>1,744</b>	836	+108%
Lead sales (t) – contained metal	<b>184</b>	116	+59%	<b>397</b>	185	+114%
Silver sales (oz) – contained metal	<b>5,576</b>	6,766	-18%	<b>17,663</b>	11,887	+49%
Revenue per tonne sold <sup>3</sup>	<b>\$185.23</b>	\$197.95	-6%	<b>\$216.04</b>	<b>\$217.26</b>	<b>-1%</b>
Direct costs per production tonne <sup>3</sup>	<b>\$243.98</b>	\$283.88	-14%	<b>\$230.14</b>	<b>\$400.70</b>	<b>-43%</b>

### 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.

Before and during the first half of 2025, the Company continued to compile and reinterpret historical geophysical studies, identifying several high-priority drill targets on the property. A robust drilling program is continuing aimed at expanding the known mineralization and testing 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).

Subsequent to the second quarter, IMPACT announced more drill results from the Juarez Mine area at Plomosas, including 10.38% zinc, 0.32% lead, and 7.5 g/t silver over 3.9 metres (true width), with a high-grade interval of 20.95% zinc, 0.15% lead, and 10.8 g/t silver over 1.7 metres (see IMPACT news release dated July 7, 2025).

<sup>3</sup> 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”.

Subsequent to the second quarter, IMPACT announced first drill results from the Santo Domingo Mine area at Plomosas, including 18.03% zinc equivalent (11.08% zinc, 9.24% lead, and 30 g/t silver) over 2.6 metres (true width), with a high-grade interval of 23.70% zinc equivalent (12.50% zinc, 15.55% lead, and 37 g/t silver) over 0.7 metres (see IMPACT news release dated July 29, 2025).

The Juarez and Santo Domingo zones remain open for further exploration. Drilling is continuing and planned in both areas 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 reported mineral resources and is only reporting them as material 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](http://www.IMPACTSilver.com) and on [www.sedarplus.ca](http://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 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 relatively benign and 100% of tailings 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 structural 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 18,800 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 3,700 agave plants. The Company maintains a greenhouse for nurturing the initial plants before being transferred to the field. Plans are in place for further agave plants to be planted over the next few years. According to the Company's consultants, agave plants can reduce and isolate large quantities of atmospheric CO<sub>2</sub>. 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 CO<sub>2</sub> 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 requires 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 continually in the process of enhancing 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](http://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 June 30	
	2025	2024
Revenue	\$ 9,799	\$ 7,722
Net loss	\$ (2,013)	\$ (3,860)
Loss per share – basic and diluted	\$ (0.01)	\$ (0.02)

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

- Consolidated revenue for Q2 2025 was \$9.8 million, up from \$7.7 million in Q2 2024, on increased production from Plomosas and higher silver prices impacting revenue from Zacualpan.
- Consolidated mine operating income was \$1.0 million in Q2 2025, an improvement of \$2.0 million from the loss of \$1.0 million in Q2 2024.
- In Q2 2025, consolidated operating expenses were \$8.2 million up from \$7.9 in Q2 2024 on increased tonnes milled at Plomosas.
- Net loss for Q2 2025 was \$2.0 million compared to a loss of \$3.9 million in Q2 2024.
- Plomosas revenue in Q2 2025 reached \$2.4 million, up from \$1.8 million in Q2 2024. During the quarter, challenging ground conditions temporarily limited access to the higher grade stopes so production was sourced from lower grade stopes and stockpiles while the mine drove a second access to higher grade ore. As a result, revenue per tonne in Q2 2025 decreased to \$185.23/t sold from \$197.95/t sold in Q2 2024, on grades of 6.8% zinc, 2.9% lead and 19.9 g/t silver.
- In Q2 2025, production from Plomosas increased to 13,482 tonnes, up 46% from 9,256 tonnes in Q2 2024. Operating costs at Plomosas were \$3.3 million up from \$1.8 million in Q2 2024 as production levels increased to 148 tpd in Q2 2025 compared to 102 tpd in Q2 2024. Direct cost per tonne was lower at \$243.98 compared to \$283.88 in Q2 2024 on higher throughput.

- Revenue from the Zacualpan increased to \$7.4 million (\$217.71/t sold) in Q2 2025 from \$5.9 million in Q2 2024 (\$168.16/t sold), on 3% lower throughput but 17% higher silver prices. Silver grades decreased 2% to 158 g/t from 161 g/t in the comparative period in Q2 2024.
- Operating costs at Zacualpan were \$4.9 million in Q2 2025 compared to \$5.3 million in Q2 2024 on a 3% reduction of tonnes milled during the period. Direct cost per tonne milled decreased 5% to \$145.21 from \$152.72 in Q2 2024.
- In Q2 2025 the Company incurred \$1.1 million in exploration costs (Q2 2024 - \$1.1 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 Q2 2025 were slightly higher than Q2 2024 at \$1.2 million.
- The Company recorded a provision for deferred income tax expense of \$0.5 million in Q2 2025 (Q2 2024 - \$0.5 million) on income generated from Zacualpan during the quarter.
- In Q2 2025 there was a foreign exchange loss of \$0.1 million (Q2 2024 - \$0.1 million).

### Summary of Year to Date Results

All figures are in thousands of Canadian dollars except earnings per share.

In thousands except for earnings per share	Six months ended June 30			
	2025		2024	
Revenue	\$	<b>20,519</b>	\$	13,069
Net loss	\$	<b>(2,109)</b>	\$	(8,262)
Loss per share – basic and diluted	\$	<b>(0.01)</b>	\$	(0.04)

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

- Consolidated revenue for the six months ended June 30, 2025 was \$20.5 million, up from \$13.1 million in 2024 on increased production from Plomosas, and higher silver prices which increased revenue from Zacualpan.
- Consolidated mine operating income was \$3.2 million in 2025, an improvement of \$6.5 million from the loss of \$3.3 million in 2024.
- Year to date 2025, consolidated operating expenses were \$16.1 million up from \$14.9 in 2024 as tonnes milled from Plomosas increased.
- Net loss for 2025 was \$2.1 million compared to a loss of \$8.3 million in 2024 when production from Plomosas was limited.
- Revenue from Plomosas was \$5.9 million compared to \$2.8 million in 2024 on grades of 8.4% zinc, 4.6% lead and 30.0 g/t silver. During the second quarter of 2025, production was sourced from lower grade ore due to challenging ground conditions that limited access to higher grade stopes as the mine developed a second access to higher grade ore. Consequently, revenue per tonne for the six months ended June 30, 2025 decreased marginally to \$216.04/t sold in 2025 from \$217.26/t sold in 2024.
- In 2025, production from Plomosas increased 116% to 27,747 tonnes, up from 12,850 tonnes in 2024 as the mine continues to work towards full capacity. Operating costs at Plomosas were \$6.5 million up from \$5.4 million in 2024 as production levels increased to 153 tpd in 2025 compared to 71 tpd in

2024. Direct cost per tonne was lower at \$230.14 compared to \$400.70 in 2024 on higher throughput.

- Revenue from the Zacualpan increased to \$14.6 million (\$209.84/t sold) in 2025 from \$10.2 million in 2024 (\$152.09/t sold), on 26% higher silver prices. Silver grades decreased 2% to 158 g/t from 161 g/t in the comparative period in 2024.
- Operating costs at Zacualpan were \$9.6 million in 2025 compared to \$9.5 million in Q2 2024 on 4% higher production during the period. Direct costs per tonne milled decreased 2% to \$138.69 from \$141.53 in 2024 as costs stabilized during the period.
- In 2025 the Company incurred \$1.9 million in exploration costs, (2024 - \$2.3 million), net of an option payment received of \$460,000 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 2025 were marginally higher than in 2024 at \$2.2 million.
- The Company recorded a provision for deferred income tax expense of \$1.0 million in 2025 (2024 - \$0.5 million) on income generated from Zacualpan during the quarter.
- In 2025 there was a foreign exchange loss of \$0.2 million compared to a gain of \$0.1 million in 2024.

## 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)

	June 30 2025	Mar 31 2025	Dec 31 2024	Sept 30 2024	Jun 30 2024	Mar 31 2024	Dec 31 2023	Sept 30 2023
Revenue	9,799	10,720	10,187	8,645	7,722	5,347	5,389	4,767
Net (loss) income	(2,013)	(95)	1,587	(3,101)	(3,860)	(4,402)	(9,563)	(1,548)
(Loss)earnings per share – Basic and Diluted*	(0.01)	(0.00)	0.01	(0.01)	(0.02)	(0.02)	(0.05)	(0.01)
Total assets	54,718	52,130	51,154	51,189	57,158	53,927	56,890	62,001
Total liabilities	7,478	9,016	8,825	10,518	10,806	10,279	9,924	6,829

## **Liquidity, Financial Position and Capital Resources**

### **Working Capital and Cash Flow**

At June 30, 2025 the Company had cash of \$10.3 million compared to \$7.1 million at December 31, 2024. Working capital was \$13.3 million up from \$9.0 million at December 31, 2024.

During the three months ended June 30, 2025:

- During the three months ended June 30, 2025, the Company had cash outflows from operating activities of \$0.8 million compared to cash outflows of \$2.2 million in the comparative period in 2024, on higher silver prices and increased revenue from Plomosas.
- In Q2 2025, the Company invested \$0.3 million (Q2 2024 - \$0.4 million) in property, plant and equipment.
- The Company realized \$0.1 million on the sale of investments in Q2 2025 and paid \$0.1 million for leases.
- In Q2 2025, Company completed a non-brokered private placement for gross proceeds of \$5.2 million consisting of a LIFE offering for \$1.8 million consisting of 8,750,000 units at a price of \$0.20 per unit, and a standard offering for \$3.4 million consisting of 19,200,177 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.

- In connection with the offering, the Company paid an aggregate of \$112,595 in finder's fees and issued 708,863 finder's warrants. Each finder's warrant entitles the holder to purchase one common share at a price of \$0.24 per share for 36 months.

During the six months ended June 30, 2025:

- During the six months ended June 30, 2025, the Company had cash outflows from operating activities of \$0.5 million compared to cash outflows of \$5.9 million in the comparative period in 2024 due to improved production from Plomosas as well as higher silver prices.
- In the six months ended June 30, 2025, the Company invested \$1.0 million (2024 - \$1.2 million) in property, plant and equipment.
- The Company realized \$0.2 million on the sale of investments to June 30, 2025 and paid \$0.2 million for leases.
- The Company completed a non-brokered private placement for gross proceeds of \$5.2 million in the six months ended June 30, 2025. In the comparative period in 2024 the Company received net proceeds of \$8.6 million on the completion of a private placement.



## Outstanding Share Data

The following common shares and convertible securities were outstanding at August 21, 2025:

	# of Shares	Exercise Price	Expiry Date
Issued and outstanding common shares	277,343,956		
Stock options	1,860,000	\$0.90	January 18, 2026
Stock options	2,075,000	\$0.48	October 8, 2026
Warrants	30,717,826	\$0.35	October 19, 2026
Warrants	2,454,092	\$0.35	November 3, 2026
Warrants	8,263,090	\$0.22	December 22, 2025
Warrants	21,928,657	\$0.34	May 17, 2026
Warrants	6,920,110	\$0.34	June 7, 2026
Warrants	4,145,000	\$0.26	May 20, 2027
Warrants	12,985,600	\$0.24	May 20, 2028
Warrants	230,000	\$0.26	June 4, 2027
Warrants	6,923,440	\$0.24	June 4, 2028
Fully diluted	<u>375,846,771</u>		

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 (\$10.3 million) and trade and receivables (\$2.9 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 June 30, 2025, a 10% depreciation or appreciation of all the above currencies against the Canadian dollar would result in an approximate \$0.4 million decrease or increase in the Company's net income for the six months ended June 30, 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 June 30, 2025 by \$0.2 million (June 30, 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 June 30, 2025 of \$10.3 million, and current assets exceeded current liabilities by \$13.3 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:

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 the Three Months Ended June 30		For the Six Months ended June 30	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Revenue	\$ <b>9,799,370</b>	\$ 7,721,918	\$ <b>20,519,396</b>	\$ 13,068,863
Operating expenses	<b>8,167,531</b>	7,930,777	<b>16,124,022</b>	14,927,593
Mine operating earnings (loss) before amortization and depletion	\$ <b>1,631,839</b>	\$ (208,859)	\$ <b>4,395,374</b>	\$ (1,858,730)

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 June 30		For the Six Months ended June 30	
	2025	2024	2025	2024
Operating expenses	\$ 4,881,728	\$ 5,310,411	\$ 9,639,082	\$ 9,526,843
Add (deduct) inventory	80,403	44,307	(44,152)	(73,391)
Direct costs	\$ 4,962,131	\$ 5,354,718	\$ 9,594,930	\$ 9,453,452
Tonnes milled	34,173	35,062	69,185	66,797
Direct costs per tonne	\$ 145.21	\$ 152.72	\$ 138.69	\$ 141.53
Revenue	\$ 7,359,956	\$ 5,897,091	\$ 14,578,147	\$ 10,233,781
Tonnes sold	33,804	35,067	69,472	67,286
Revenue per tonne sold	\$ 217.71	\$ 168.16	\$ 209.84	\$ 152.09

These measures are calculated as follows for Plomosas:

	For the Three Months ended June 30		For the Six Months ended June 30	
	2025	2024	2025	2024
Operating expenses	\$ 3,285,803	\$ 2,620,366	\$ 6,484,940	\$ 5,400,749
Add (deduct): inventory	3,482	7,234	(99,139)	(251,779)
Direct costs	\$ 3,289,285	\$ 2,627,600	\$ 6,385,801	\$ 5,148,970
Tonnes milled	13,482	9,256	27,747	12,850
Direct costs per tonne	\$ 243.98	\$ 283.88	\$ 230.14	\$ 400.70
Revenue	\$ 2,439,414	\$ 1,824,827	\$ 5,941,249	\$ 2,835,082
Tonnes sold	13,170	9,218	27,501	13,049
Revenue per tonne sold	\$ 185.23	\$ 197.95	\$ 216.04	\$ 217.26

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](http://www.IMPACTSilver.com) and on SEDAR at [www.sedarplus.com](http://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

August 21, 2025