

IMPACT Silver Corp.
Form 51-102F1
Management's Discussion and Analysis
For the Three Months Ended March 31, 2026

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") is for the three months ended March 31, 2026 of IMPACT Silver Corp. ("IMPACT" or the "Company") prepared as at May 19, 2026 and should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended December 31, 2025 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 is recognized as an intermediate miner with strength across the value chain including production, growth and exploration activities. The Company has extensive land positions in Mexico with production and exploration potential at its flagship Royal Mines of Zacualpan Silver District located southwest of Mexico City which includes the nearby Capire zinc-lead-silver mineral district. The Company also owns the Plomosas Zinc Mine, located in northern Mexico, 150 kilometres northeast of the city of Chihuahua.

Impact's performance is highly leveraged to silver prices and grades. Q1 2026 reflected a positive combination of these two factors, most notably with increased production on the high-grade Kena vein in the Guadalupe mine.

Consolidated revenue for the quarter ended March 31, 2026 was \$31.2 million, up 192% from Q1 2025 of \$10.7 million, while net income for Q1 2026 was \$11.3 million (Q1 2025 - net loss of \$0.1 million). Earnings per share for Q1 2026 was \$0.03.

The Company has been producing silver from epithermal veins at Zacualpan since 2006 with five mines feeding a central processing plant. As part of an overall growth strategy the Company has been increasing mill throughput from 353 tonnes per day ("tpd") in Q1 2024, to 389 tpd in Q1 2025, to 421 tpd in Q1 2026. With higher grades and increased tonnage in Q1 2026, silver production rose to 268,470 oz, an increase of 80 % over Q1 2025's 149,449 oz. Silver currently comprises 97% of the production value at Zacualpan.

Since production start up in 2006, Zacualpan has produced over 14.0 million oz of silver. The Zacualpan district covers over 200 sq kilometres with numerous exploration targets which remain the focus of a long-term exploration program.

In late Q4 2025, the Company determined that the underground performance at the Plomosas Zinc Mine did not consistently meet internally established operating thresholds required for sustainable results. During Q1 2026, the Company elected to temporarily suspend underground mining effective at the end of March 2026, while it works toward a more efficient and sustainable operating plan.

At end of the quarter, the Company was in advanced-stage discussions with nearby third-party mining companies to utilize the Plomosas processing plant during the suspension period to generate cash flows. Initial throughput on a test basis is expected to commence in Q2 this year.

In a highly volatile commodity market, the recent financings and substantial working capital provide the opportunity to expand exploration programs, optimize production at the Zacualpan Mine, advance development at Plomosas and to actively look for new opportunities, primarily in the Mexican market.

The Company maintains active 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's projects. The Company has operated in Mexico for more than 20 years, and while mining legislation changes from time to time, the country remains a highly sought-after jurisdiction in which to operate.

Since 2006, the Company has conducted ongoing exploration programs that have led to meaningful development and production activities, with more than ten sites in the Zacualpan District having been developed into new mining operations since inception. Over that period, Zacualpan has produced over 14 million ounces of silver, generated more than \$352 million in revenue, 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 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, and to test the potential of its current projects 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 Over-The-Counter Quality Best Market as ISVLF, and on the Frankfurt Stock Exchange under the symbol IKL.

We believe that our multi-decade experience building mines in Mexico, combined with our strong balance sheet, will allow IMPACT to continue significant growth in Mexico.

Operating Highlights:

- Zacualpan processed 37,922 tonnes ("t") for the quarter up 8% from Q1 2025.
- Average silver grades for the Q1 2026 were 251 grams per tonne ("g/t"), or 60% higher than 157 g/t in Q1 2025.
- Development continued as commercial mining was initiated at the new high grade Kena Vein South in the Guadalupe mine.
- Silver equivalent ounces ("AgEq")¹ production for Q1 at Zacualpan was 276,057 EqOzs as additional high-grade feed from Kena arrived at the mill.

Subsequent to Q1 quarter end, IMPACT reported initial drill results from the north extension of the Carlos Pacheco Vein, including 114.5 g/t gold, 1,295 g/t silver and 1.10% copper over 0.61 metres within 9.79 g/t gold, 212 g/t silver and 0.29% copper over 9.49 metres (see IMPACT news release dated April 21, 2026).

At the end of the quarter, the underground mining at Plomosas was temporarily suspended. However, the underground exploration is ongoing and the Company has acquired a second underground drill rig required for the program.

¹ Throughout this MD&A, silver equivalents production was calculated for the respective period based on metals production at average provisional silver, gold and lead prices before final price adjustments, treatment and refining charges.

Financial Highlights

- Net income in Q1 2026 improved to \$11.3 million compared to net loss of \$0.1 million in Q1 2025 on higher revenue and gross profit from Zacualpan. Net income from Zacualpan was \$14.5 million after a provision for income taxes of \$7.5 million. Plomosas recorded a loss of \$2.6 million for the quarter with a loss of \$0.6 million for corporate.
- At March 31, 2026, the Company had cash of \$45.3 million, and \$4.0 million invested in guaranteed investment certificates (“GICs”) with a major Canadian bank, compared to \$23.7 million in cash and \$4.0 million invested in GICs at December 31, 2025. Working capital was \$48.0 million up from \$31.7 million at December 31, 2025, and the Company has no long-term debt at March 31, 2026.
- Consolidated revenue for Q1 2026 was \$31.2 million, representing a 192% increase compared to revenue of \$10.7 million Q1 2025.
- Gross profit for the quarter in 2026 was \$20.3 million, compared to \$2.2 million in Q1 2025, due to higher grades of and prices for silver along with increased tonnage throughput.
- In Q1 2026, the Company spent \$1.0 million on exploration at Zacualpan and Plomosas (Q1 2025 - \$0.8 million).

Zacualpan Silver Operation

During Q1 2026, the Guadalupe mill processed 37,922 t of mill feed at the Zacualpan/Guadalupe complex, up from 35,012 t in Q1 2025.

Silver production from the Guadalupe complex in Q1 2026 was 268,470 oz, an 80% increase from 149,449 oz in Q1 2025. Silver sales increased by 74% over the same period in 2025 primarily owing to higher grades and mill throughput. The average mill head grade for silver in Q1 2026 was up by 60% to 251 grams per tonne from 157 g/t in Q1 2025, mainly on high grades mined on the Kena vein in the Guadalupe mine.

The realized price of silver per ounce in Q1 2026 increased by 147% to \$77.91 from \$31.51 in Q1 2025. Operating expenses increased to \$6.7 million from \$4.8 million in Q1 2025. This was due to inflationary factors and ongoing development costs as the Company continued to optimize production and feed blend. Operating expenses per AgEq oz however decreased 16% over Q1 2025 due to higher silver prices.

Zacualpan - Guadalupe Production Complex

The Company remains committed to its strategy of increasing grade, optimizing production, and controlling costs at the Guadalupe processing plant. During the last several months it has been undertaking extensive rehabilitation of the Guadalupe mine shaft and track system, as well as conducting development and exploration programs at the recently discovered Kena Vein to outline the structure. In Q2 2025, the Company commenced delivering development “muck” from Kena to the mill.

The Company restarted and began developing the Noche Buena/Carlos Pacheco mine with limited production in the H2 2025. The development was complemented by a surface drill program which extended the Carlos Pacheco veins by 150m to the north (see IMPACT news release dated April 21, 2026) and is continuing.

At San Ramon, development is moving forward to test the San Ramon SE Deeps area with underground drilling which is a potential fourth stope in the mine.

Looking ahead, mine management is planning to shift the production mix toward higher-grade silver vein systems, including the new Kena vein complemented by gold veins at Carlos Pacheco. With the recent increase in the price of silver, the Company is also reviewing areas of slightly lower grades to incrementally add to production. Additionally, a focused program of definition and step-out drilling is expected to provide additional feed from the San Ramon, Carlos Pacheco, Noche Buena and Guadalupe mines.

PRODUCTION AND SALES: ZACUALPAN - GUADALUPE MILL

	For the Three Months Ended		
		March 31	
	2026	2025	Change
Total tonnes milled	37,922	35,012	+8%
Tonnes produced per day (“tpd”)	421	389	+8%
Average mill head grade –silver g/t	251	157	+60%
Silver produced (oz)	268,470	149,449	+80%
Lead produced (t)	69	58	+19%
Gold produced (oz)	96	129	-26%
AgEq produced (oz) ¹	276,057	164,887	+67%
Silver sold (oz)	271,531	156,123	+74%
Lead sold (t)	71	60	+18%
Gold sold (oz)	89	121	-26%
AgEq sold(oz)	278,767	170,705	+63%
Realized silver price per oz ²	\$77.91	\$31.51	+147%
Realized gold price per oz ²	\$4,789.55	\$2,897.55	+65%
Realized lead price per pound ²	\$0.86	\$0.88	-2%
Operating expenses per AgEq oz ³	\$24.17	\$28.85	-16%

1. Silver equivalents are calculated using a 61.82:1(Ag/Au), and a 0.01:1(Ag/Pb) ratio for Q1 2026, and for Q1 2025 using a 92.13:1 (Ag/Au), and a 0.028:1 (Ag/Pb) ratio.

2. Based on provisional sales before final price adjustment, treatment and refining charges

3. Operating costs include mining, processing and direct overhead costs.

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. Additional work on a third tailings dam continues; it 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 Q1 2026, the Guadalupe Mine supplied 51% of the mill feed, of which 23% came from the new Kena Vein, compared to 47% in Q1 2025. Monthly average mining grades during the quarter ranged from 163 to 176 g/t silver, augmented by higher monthly grades of 190 to 375 g/t silver from the Kena Vein. Production during the quarter was primarily sourced from the Kena, Rata, Carolina and Delores veins on Levels 140, 165, 170, 175, 195 and 215. With its cost-efficient infrastructure and the discovery of the new Kena Vein, the Company is upgrading infrastructure within the mine for more efficient production going forward.

San Ramon Silver Mine

The San Ramon 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. In Q1 2026, the San Ramon South zone contributed 18% of the feed to the Guadalupe mill, compared to 19% in Q1 2025. Monthly average mining grades at San Ramon during the quarter ranged from 163 to 176 g/t silver. Production in Q1 2026 came from Levels 2 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 Q1 2026, the Veta Negra Mine supplied 9% of the feed to the Guadalupe mill compared to 13% in Q1 2025. Monthly average mining grades during the quarter ranged from 172 to 192 g/t silver.

Cuchara Silver Mine

The Cuchara Mine, located 2.5 kilometres east of the Guadalupe mill, began production in 2013. In Q1 2026, the Cuchara Mine supplied 18% of the feed to the Guadalupe mill compared to 15% in Q1 2025. 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 156 to 163 g/t silver.

Noche Buena-Carlos Pacheco Gold-Silver Mine

The Noche Buena-Carlos Pacheco Mine is located four kilometres southwest of the Guadalupe mill. The mine last produced between 2010-2014 and in August 2025 production restarted. Previous mine production came from three different sets of veins – the silver rich Noche Buena and San Juan Veins, and the gold-silver rich Carlos Pacheco Vein. In Q1 2026, the Noche Buena-Carlos Pacheco Mine contributed 4% of the feed to the Guadalupe mill in its second full operating quarter. Monthly average mining grades during the quarter ranged from 2.0 to 2.2 g/t gold and 58 to 78 g/t silver from the Carlos Pacheco Vein and averaged 192 g/t silver from the Noche Buena Vein.

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), the Noche Buena-Carlos Pacheco Mine (currently in operation), Alacran Gold-Silver Mine (operated March 2023-July 2025), 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. Exploration highlights were as follows:

Drilling

Subsequent to Q1 quarter end, IMPACT reported initial drill results from the north extension of the Carlos Pacheco Vein, including 114.5 g/t gold, 1,295 g/t silver and 1.10% copper over 0.61 metres within 9.79 g/t gold, 212 g/t silver and 0.29% copper over 9.49 metres (see IMPACT news release dated April 21, 2026).

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 greenfields areas to define drill targets. Exploration targets are identified and prioritized using an extensive computer database, compiled over many years from historical maps, current exploration, and other technical data related to the project. Surface drilling is currently continuing to test the northwest extension of the Carlos Pacheco Vein to define additional mineral for that mine, and is planned for several other targets over the next year.

Mining Plans

At Zacualpan, the Company has commenced production on the new high-grade Kena Vein in the Guadalupe Mine as well as other veins in the Pachuqueno area, while optimizing silver production. In August 2025, the Company restarted the Noche Buena-Carlos Pacheco gold-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/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 at Zacualpan. The Company’s long-term vision sees potential for establishing multiple mills throughout the districts, each fed by multiple mines producing silver, lead and zinc, as well as gold.

PLOMOSAS PROJECT

On April 3, 2023, IMPACT completed its acquisition of the Plomosas Zinc-(Lead-Silver) Mine located 150 kilometres northeast of Chihuahua City, northern Mexico. On October 23, 2023, after carrying out part of 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 then continued to ramp up production toward plant design capacity. On March 20, 2026, the Company announced temporary suspension of mining at Plomosas while it works toward a more efficient and sustainable operating plan.

The district was discovered in 1832 and over the years has seen intermittent 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. Mineral is fed to a refurbished 200 tonne per day conventional flotation plant.

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

Plomosas Zinc Operation

In the first half of 2025, the Plomosas mine reached production levels of approximately 75% of the mill's design capacity. However, by the second half of 2025 production fallen to approximately 53% of capacity. With no significant improvement subsequent to the year end, the Company decided to suspend mining at Plomosas until mine development could effectively access an adequate underground resource that could maintain production at acceptable levels on a continuing basis.

In the first quarter of 2026, the Company entered into discussions with other mining companies where their mill feed could be processed in the Plomosas mill to generate cash flows. During the suspension period, the Company will focus on updating its geological model, as well as optimizing and redesigning the mine plan and development, and will continue exploration underground, as well as surface exploration on the balance of its property, pursuing a number of targets including Mina Juarez, Mine Mexico, Alfoncitos and the La Chona Au-Cu target.

In 2025, the mine successfully commissioned a new lead oxide recovery circuit following extensive metallurgical testing. This new system performed well, recovering up to 60% of lead oxide ("PbO") material which occurs locally in the mine that was previously unrecoverable by the prior operator. In 2026, the system was adapted to recover PbO from the tailings pond that was previously lost by the Company. The Company feels that the property itself and the underlying geology remain the prime asset. In addition to extending the exploration underground, 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.

At end of the quarter, the Company was in advanced-stage discussions with nearby third-party mining companies to utilize the Plomosas processing plant during the suspension period to generate cash flows. Initial throughput on a test basis is expected to commence in Q2 2026.

PRODUCTION AND SALES: PLOMOSAS

	For the Three Months ended		
		March 31	
	2026	2025	Change
Total tonnes milled	10,692	14,265	-25%
Tonnes produced per day	119	159	-25%
Average mill head grade			
Zinc (%)	7.6	9.9	-23%
Lead (%)	6.0	6.1	-2%
Silver (g/t)	52.1	39.8	31%
Zinc concentrate production (t)	550	983	-44%
Lead concentrate production (t)	183	211	-13%
Zinc sales (t)	500	1,008	-50%
Lead sales (t)	157	213	-26%
Silver sales (oz)	7,020	12,087	-42%

Plomosas Exploration

The Plomosas property encompasses extensive carbonate replacement deposit-type (CRD) zinc (-lead-silver) mantos (beds) and chimneys with exploration upside along a prospective 6-kilometre structure. During 2025, the Company compiled and reinterpreted historical geophysical studies, identifying several drill targets on the property. A surface and underground drilling program is continuing aimed at extensions of the known mineralization including historic mine sites, and testing potential new discovery targets. Mapping and sampling programs are also continuing to assess the exploration potential of the property with the aim of identifying new greenfields drill 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.

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 formal reporting on those activities in 2022 and the report is available on the Company's website.

The Company has social, environmental, and other policies related to its operations and promotes a culture of 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 drill 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 proven to be very cost effective and flexible, 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 is continuing to follow their recommendations.

Further work on tailings pond facility #3 was initiated late in 2025 anticipating a need for extra tailings capacity in 2027. This facility 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 and construction of water diversion channels has commenced.

From 2022 onward, trees have been planted as part of permitting for the new tailings 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 23,671 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 over 4,000 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 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 in conjunction with the respective communities, new schools and modern health clinics. 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.

The Company employs a medical team to administer vaccines and conduct weekly health inspections of all its employees. The fully equipped ambulance on site, services the mine and the local communities when required.

The mine has a dedicated mine rescue team, who regularly trains for emergencies both underground and for local disasters.

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. Distribution of water from the mine is carefully monitored and located where local ranchers can potentially source it for their animals etc. Water in the tailings pond remaining after evaporation is recycled. The Company continues to conduct studies for reducing fuel used in power generation.

While operating in a relatively remote location, the Company uses the closest town approximately 25 minutes drive away to accommodate its workers. In addition to engaging local suppliers, local personnel are hired and trained whenever possible, providing an opportunity for the community to generate employment. Discussions are ongoing as to opportunities to help improve the local communities' infrastructure.

INVESTOR RELATIONS

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

The Company is continually enhancing its website and investor materials to assist stakeholders in understanding its activities and the potential of the entire Royal Mines of Zacualpan and Plomosas districts, as well as ongoing communication of exploration and production plans. 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 information located on its website or press releases.

METALS MARKET OVERVIEW

Silver

According to *The Silver Institute*, global silver demand in 2026 is expected to remain near 1.2 billion ounces, supported by sustained strength in industrial applications. Industrial demand is projected to remain close to 650–680 million ounces, continuing to represent the largest segment of silver consumption. Factors include:

- Rapid growth in solar photovoltaic installations, where silver is a critical component in conductive pastes used in solar cells.
- Rising electric vehicle production and electrification trends, which require significantly higher silver content for advanced electronics and power systems.
- Expanding global electrification and grid infrastructure, increasing demand for silver's superior electrical conductivity.
- Constrained mine supply growth, as a large portion of global silver production is derived as a by-product of lead, zinc, and copper mining.

Long-term industry forecasts indicate that the silver market is expected to continue expanding through the next decade, with global market growth projected at approximately 4–5% annually through 2034, reflecting the metal's increasing role in global electrification and energy transition technologies.

Zinc

According to the *International Lead and Zinc Study Group*, global refined zinc demand has increased by approximately 1.1% in 2025 to 13.71 million tonnes and a further 1.0% in 2026 to about 13.86 million tonnes.

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 electric vehicles has driven higher demand for zinc alloys due to their strength and lightweight properties.

The global zinc market is expected to grow at a compound annual growth rate of 5.0%, potentially reaching a valuation of \$90.0 billion by 2030, 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			
	2026		2025	
Revenue	\$	31,154	\$	10,720
Net income (loss)	\$	11,285	\$	(95)
Income (loss) per share – basic and diluted	\$	0.03	\$	(0.00)

Net income for the first quarter of 2026 was impacted by the following factors:

- The net income in Q1 2026 improved to \$11.3 million from a net loss of \$0.1 million in Q1 2025 on higher revenue.
- There was a significant improvement in the consolidated gross profit in Q1 2026 to \$20.3 million from \$2.2 million in Q1 2025. This was primarily due to revenue increasing by \$20.4 million in Q1 2026 over the comparable period in 2025. Cost of sales increased by \$2.3 million over Q1 2025 on higher production at Zacualpan, as well as operating costs at both mines due to inflationary pressures and underground development.
- Revenue from Zacualpan increased to \$29.3 million in Q1 2026 from \$7.2 million in Q1 2025 as the price of silver sold increased 147% to \$77.91 and silver grades improved 60% over the comparative period in 2025.

Operating expenses at Zacualpan were \$6.7 million in Q1 2026 up from \$4.8 million in Q1 2025. The increase in operating costs was due to inflationary factors along with the impact of a higher Mexican peso to Canadian dollar exchange rate. However, the cost per AgEq oz decreased 16% to \$24.17 from \$28.85 in Q1 2025 based on higher commodity prices during the quarter.

The gross profit (revenue less cost of sales) from Zacualpan in Q1 2026 increased to \$22.3 million from \$2.2 million in Q1 2025.

- On March 20, 2026, the Company announced a temporary suspension of underground mining at Plomosas following a review of recent operating performance and cost structure, including a detailed assessment of underground operations, production rates, grade and cost performance. The review identified that development intensity and variability in grade and tonnage impacted cost efficiency and operational consistency. Continued mining was not expected to deliver sustainable economic results without ongoing development capital.

Plomosas revenue in Q1 2026 decreased to \$1.8 million, down from \$3.5 million in Q1 2025. During the quarter, challenging ground conditions continued to limit access to the higher-grade stopes. As a result, production was reduced to 10,692 tonnes, down 25% from 14,265 tonnes in Q1 2025, with grades of 7.6% zinc, 6.0% lead and 52.1 g/t silver.

Operating expenses at Plomosas were \$3.6 million up from \$3.2 million in Q1 2025 and production levels decreased to 119 tpd in Q1 2026 compared to 159 tpd in Q1 2025. In Q1 2026 the mine continued to require additional development to access additional stopes which resulted in elevated unit costs, and production tonnage and grade variability reduced operational predictability.

The gross loss (revenue less cost of sales) from Plomosas in Q1 2026 was \$2.0 million compared to \$0.03 million in Q1 2025.

- General and administrative costs in Q1 2026 were \$1.4 million compared to \$0.9 million in Q1 2025. Accounting, audit and legal fees increased by \$0.2 million, and office salaries and services increased by \$0.2 million over the same quarter in 2025.
- In Q1 2026, the Company expensed \$1.0 million in exploration costs (Q1 2025 - \$0.8 million).
- The Company recorded \$0.2 million in interest income in Q1 2026 (Q1 2025 - \$0.04 million), and interest expense and accretion of \$0.1 million (Q1 2025 - \$0.1 million).
- In Q1 2026, the Company recorded a provision for deferred income tax expense of \$0.7 million (Q1 2025 - \$0.5 million) and income tax expense of \$6.8 million (Q1 2025 - \$nil).
- There was a foreign exchange gain of \$0.7 million in Q1 2026 (Q1 2025 - loss of \$0.05 million).

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 2026	Dec 31 2025	Sep 30 2025	June 30 2025	Mar 31 2025	Dec 31 2024	Sept 30 2024	Jun 30 2024
Revenue	31,154	17,318	10,681	9,799	10,720	10,187	8,645	7,722
Net income (loss)	11,285	(7,546)	(604)	(2,013)	(95)	1,587	(3,101)	(3,860)
Earnings (loss) per share – Basic and Diluted	0.03	(0.02)	(0.00)	(0.01)	(0.00)	0.01	(0.01)	(0.02)
Total assets	95,122	71,362	72,303	54,718	52,130	51,154	51,189	57,158
Total liabilities	19,268	11,953	8,781	7,478	9,016	8,825	10,518	10,806

Liquidity, Financial Position and Capital Resources

Working Capital and Cash Flow

The Company's objective when managing capital is to maintain adequate levels of funding to support the acquisition, exploration and development of resource properties and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing and funds generated from operations. Future financings are dependent on market conditions and there can be no assurance the Corporation will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in interest bearing accounts in USD or CAD based on future spending requirements and consensus foreign exchange estimates.

At March 31, 2026, the Company had cash of \$45.3 million (December 31, 2025 - \$23.7 million), and \$4.0 million invested in GICs (December 31, 2025 - \$4.0 million). Working capital was \$48.0 million, up from \$31.7 million at December 31, 2025. The Company had no long-term debt at March 31, 2026.

During the three months ended March 31, 2026:

- In Q1 2026, cash increased \$21.6 million compared to a decrease of \$0.5 million in Q1 2025. Cash flows from operating activities in 2026 were \$17.4 million up from \$0.2 million in the comparative period in 2025 on improved operating results.
- During the three months ended March 31, 2026, 15.3 million share purchase warrants were exercised for proceeds of \$4.9 million.
- In Q1 2026, the Company invested \$0.7 million (Q1 2025 - \$0.7 million) in property, plant and equipment, of which \$0.1 million was invested at Plomosas and \$0.6 million invested at Zacualpan.
- The Company realized \$0.2 million on the sale of investments in Q1 2026 (Q1 2025 - \$0.1 million).

Outstanding Share Data

The following common shares and convertible securities were outstanding at May 19, 2026:

	# of Shares	Exercise Price	Expiry Date
Issued and outstanding common shares	345,506,524		
Stock options	1,965,000	\$0.48	October 2, 2026
Stock options	4,795,000	\$0.41	December 24, 2030
Warrants	26,224,765	\$0.35	October 19, 2026
Warrants	1,898,092	\$0.35	November 3, 2026
Warrants	3,540,110	\$0.34	June 7, 2026
Warrants	12,030,167	\$0.24	May 20, 2028
Warrants	230,000	\$0.26	June 4, 2027
Warrants	6,923,440	\$0.24	June 4, 2028
Warrants	<u>46,338,834</u>	\$0.45	September 17, 2027
Fully diluted	<u>449,451,932</u>		

All of the 6,760,000 stock options outstanding have vested.

OFF BALANCE SHEET ARRANGEMENTS

At the date of this document, the Company had no off balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES AND CHANGE IN ACCOUNTING POLICIES

The preparation of the consolidated financial statements requires the Company's management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Judgment is used mainly in determining whether a balance or transaction should be recognized in the consolidated financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. However, judgments and estimates are often interrelated. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected. Information about critical judgments in applying accounting policies that have the most significant

effect on the amounts recognized in the financial statements, as well as estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed in Note 4 of the Company's consolidated financial statements for the year ended December 31, 2025, which are available on the Corporation's website and www.sedarplus.ca.

FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISK

Financial assets and liabilities

The Company's financial instruments consist of cash, trade and other receivables, investments, and trade payables and accrued liabilities. Cash and other receivables are measured at amortized cost. Trade receivables are measured at fair value through profit or loss. Investments are comprised of guaranteed investments certificates and marketable securities. GICs are classified as financial assets measured at amortized cost, as they are held to collect contractual cash flows that represent payments of principal and interest. Marketable securities are designated at fair value through other comprehensive income (loss) ("FVOCI") and measured at fair value as determined by reference to quoted market prices. Trade payables and accrued liabilities 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.

The Company is exposed to a number of risks and uncertainties that are common to other mineral exploration and development companies. The mining industry is capital intensive at all stages and is subject to variations in commodity prices, market sentiment, exchange rates for currency, inflation and other risks.

Details of the Company's financial risks and financial instruments are detailed in Note 18 of the Company's condensed consolidated financial statements for the three months ended March 31, 2026, which are available on the Company's website and www.sedarplus.ca

Credit risk

As at March 31, 2026, the Company's maximum exposure to credit risk at the reporting date is the carrying value of its cash, trade and other receivables. 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.

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. Management monitors and assesses the credit risk resulting from its concentrate sales, and believe it is not exposed to any significant credit risk.

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, 2026 of \$45.3 million, guaranteed investment certificates maturing within three months from March 31, 2026 of \$4.0 million, and current assets exceeded current liabilities by \$48.0 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.

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. The Company performs sensitivity tests each year on the interest rate and a 10% change had no material impact to the Company's net income for the period ended March 31, 2026.

Market risk

Market risk includes currency, price and commodity risk.

The Company's operations in foreign countries are subject to currency fluctuations and such fluctuations may materially affect the Company's financial position and results. Silver, lead, zinc and gold are sold in U.S. dollars and the Company's costs are principally in Mexican pesos and Canadian dollars. At March 31, 2026, the Company is exposed to currency risk through the cash, trade and other receivables, and trade payables held in currencies other than the functional currencies of the Company and its subsidiaries. Based on these foreign currency exposures at March 31, 2026, a 10% depreciation or appreciation of these currencies against the Canadian dollar would result in an approximate \$3.0 million decrease or increase in the Company's net income for the three months ended March 31, 2026.

The Company has shares in a publicly traded company that are measured at FVOCI which are exposed to price risk.

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

The only financial instrument affected by commodity price risk for the Company is trade accounts receivable. Assuming the same rate of production a 10% change in commodity prices would have increased or decreased the Company's trade accounts receivable balance as at March 31, 2026 by \$0.5 million (December 31, 2025 - \$0.6 million).

POLITICAL, REGULATORY, SECURITY AND OTHER 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.

Changes in climate conditions, such as increased temperatures, shifting precipitation patterns, and more frequent extreme weather events (e.g., hurricanes, floods, wildfires) pose potential operational and financial risks. These events may disrupt supply chains, damage facilities, and increase costs related to repairs, insurance, and business continuity planning. In addition, changes in regulatory requirements regarding climate impacts could result in additional compliance costs and potential penalties.

The Company's operations rely on natural resources, including water, energy, and raw materials. Resource scarcity, resulting from overuse, pollution, or environmental degradation, could increase procurement costs, constrain production, or reduce the Company's competitive advantage. Additionally, any inability to secure sustainable resource sources could impact our long-term business sustainability.

The Company has identified a variety of additional risks and uncertainties including, but not limited to, (i) mineral resources and reserves estimates and replacement of depleted reserves, (ii) production estimates, (iii) development, capital projects and operations of mines, (iv) competition, (v) acquisitions and divestitures, (vi) title matters, (vii) water supply, (viii) regulatory and other risks, (ix) permits, (x) environmental, health and safety regulations, (xi) political and related risks, (xii) insurance, (xiii) reliance on key personnel and labour relations, (xiv) community relations and license to operate, (xv) litigation, (xvi) conflicts of interest, (xvii) controlling shareholder, and (xviii) share trading volatility.

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.

DISCLOSURE CONTROLS AND PROCEDURES

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting ("ICFR") and disclosure controls and procedures ("DC&P") in accordance with the requirements of National Instrument 52-109. ICFR is a framework designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards. DC&P are designed to provide reasonable assurance that material information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the applicable time periods and to ensure that required information is gathered and communicated to the Company's management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) as is appropriate to permit timely decisions regarding public disclosure. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

There have been no significant changes in the Company's internal controls over financial reporting in the period ended March 31, 2026, that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

SUPPLEMENTARY INFORMATION

NON-IFRS MEASURES

The non-IFRS Accounting Standards measures presented do not have any standardized meaning prescribed by IFRS Accounting Standards 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 Accounting Standards. The Company uses both IFRS Accounting Standards and non-IFRS Accounting Standards measures to assess performance and believes the non-IFRS Accounting Standards measures provide useful information to investors to help in evaluating the Company's performance. Following are the non-IFRS Accounting Standards measures the Company uses in assessing performance:

Operating expenses per AgEq oz produced is a measure that the Company believes is a key indicator of performance at Zacualpan and allows for more direct comparison of operating costs than comparing gross amounts.

This measure is calculated as follows for Zacualpan:

	For the Three Months ended March 31	
	2025	2024
Cost of sales	\$ 7,047,225	\$ 5,030,581
Less: amortization and depletion	(375,023)	(273,227)
Operating expenses	\$ 6,672,202	\$ 4,757,354
Divided by silver equivalent produced (oz)	276,057	164,887
Operating expenses/AgEq oz produced	\$ 24.17	\$ 28.85

The Company's method of calculating these non-IFRS ACCOUNTING STANDARDS 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 ACCOUNTING STANDARDS as an indicator of the Company's performance.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements or forward-looking information relating to IMPACT (collectively, "forward-looking information"). Forward-looking information is often, but not always, identified by the use of words such as "plan", "expect", "project", "predict", "potential", "targeting", "intend", "believe", "potential", and similar expressions, or describes a "goal", or variation of such words and phrases or state that certain actions, events or results "may", "should", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information in this MD&A includes information concerning, among other things, strategies, plans and expectations concerning the Company's, business and operations, including those in respect of the Zacualpan, Plomosas, Capire and other projects, and the anticipated outcomes thereof; the status and potential outcomes of discussions with third parties regarding potential operational arrangements on nearby mining projects and the Company's outlook in respect of the metals market, including the demand for silver and zinc. 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 forward-looking information in this MD&A is based on the beliefs and assumptions of IMPACT management considered reasonable as of the date hereof, including but not limited to the assumption that the temporary suspension and continued exploration work at Plomosas will produce the expected results; that the Company's development, exploration and other business activities will not be adversely disrupted or impeded by regulatory, political, community, economic, environmental and/or health and safety risks; that management's projections will be validated over time; and general business and economic conditions will not change in a materially adverse manner. Should any one or more risks or uncertainties materialize or change, or should any underlying assumptions prove incorrect, actual results and forward-looking statements may vary materially from those described herein.

Factors that could cause actual results to differ materially include, but are not limited to, the following: unfavorable economic conditions; changes in financial markets; the impact of exchange rate fluctuations; unstable 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 and epidemics; the ability to properly and efficiently staff the Company's operations; the sufficiency of current working capital; the estimated cost and availability of funding for the continued exploration and development of the Company's exploration properties; and other risks and

uncertainties involved in the mineral exploration and development industry. 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.

APPROVAL

The Board of Directors of IMPACT have approved the disclosure contained in this MD&A.

On behalf of the Board of Directors,

“Frederick W. Davidson” - President and Chief Executive Officer

May 19, 2026