IMPACT SILVER CORP

Transcript

Attendance
Jerry Huang - VP Finance | Investor Relations
Fred Davidson - CEO and Director

Jerry Huang

Good day, ladies and gentlemen, welcome to impact. Silver's Q42025, full year 2025 period ending December 31st 2025 financial and production results conference call before we begin. We would like to go over our disclosure statement, followed by Mr. Fred Davison's comments on the quarter's results and a Q&A period certain statements in the following conference call regarding impact silver's core business operations may constitute the 4 looking statements. Such statements are not historical facts, but are predictions about the future. Which inherently involves risk uncertainties and could cause actual results to differ materially from those in the 4 looking statements.

I would like to now turn over to president and CEO of IMPACT Silver, Mr. Fred Davison.

Fred Davidson

Thanks, Jerry. Needless to say, it's an interesting year end and I think Actually going forward is very positive. We're looking at strong metal prices for silver.

We're looking at enhanced grades. We recorded $48.5 million in the year and was 152 % increase over the prior year. And the gross profit was basically $10.4 million for the year, compared to basically a loss of $2.2 million in 2024 in revenue so things are growing - fourth quarter was almost $15 million. And that's a 129% increase over Q4 last year. Basically, on higher metal prices and improving grades. And the gross profit went up to $8.6 million for the quarter.
And again $1.1 million that the end of the year, the company had an incredibly good balance sheet with Roughly $23 million in cash, another 4 million term deposits GIC etc.
This is and working capital of $31.7 million And of course, and we have no long-term debt.

Let's also address the elephant in the room. We've had continuing problems at the Plomosas - in spite of some really good drill results and part of it is explained in that we were following a mine plan from the predecessors owners that didn't make sense.

And some of the ore that was supposed to be, they weren't there. And some of the ore was less than it has expected, but we did have success in our exploration and addits. The problem was you had to get to it.

And that meant doing development and In between the sort of defining it and then accessing it and then mining. It was quite a bit higher osts, probably a good 6 months and the in result we were going to sustain losses in that period of time of 6-9 months.

So the whole strategy was it's a temporary suspension of the mining, and that is, until we can actually get the development up the expiration and development up to expand that resource, to the point, where we can mine consistently with great Grades and good tonnage, and yeah it compounded that within a third and fourth quarter 2025 of course we had the ground movement there which caused us to have to relocate or decline. And we incurred more costs and had to access lower grade resources. While we did that And then we had some flooding from the big storms that hit everybody in the West Coast.

And that was another three or 4 days. Those were all just part of being in mining - the unpredictability. So it culminated in the reason we made the decision.

The decision was fundamentally, we weren't going to be able to put enough ore through the mill with t. Resources that had been indicated previously. But we did indicate there were resources that we could access. Unfortunately, this is something you can't do in a month or a week or even 3 months. So that's why we did it. And in between, we haven't stopped on the property explorations.
We've only actively mined and explored roughly 10% of the property and we're continuing on. I think we're going to have continued results coming out. That would be good.

And ultimately, we'll package those together and present something that we can then go ahead on with decent grades and on a continuing basis, a sustainable basis for operations. In between, we have been in discussion with 2 other mines in the general district, and they're in need of a mill. So we're going to be processing ore hopefully fairly shortly.

Once all the contracts get signed from a couple places and that's going to probably more than sustain us. It may even generate a small profit which be kind of nice. So I think we've cleaned up the we've addressed the issue.
I think we're going to be able to cleanup the issue, we're reducing cost at plomosa. Now that once you cut off and we'll be laying off. Probably about 75% of the team there.

And for 6-9 months and what will be maintaining the lab and the management etc because we do intend to put it back into production, but this time with a more defined mine plan and a resource ahead of us that we know we can mine, so that's where we are with Plomosa.

On the other side Zacualpan is just going forward we'll be. We'll get into more discussions on that. But we've had some One underground successes I think we mentioned what we have.

We talked about the Kena mine area but that was probably months ago, and we continued to have some really good results. But in all the fact is, it does take time to develop, but we're just starting to see towards the end of the year. We're starting to see good results coming out and through that we're seeing the grades start to rise with the tonnage. The rise is going to be constrained a bit while we do the shaft. We're still working on the shaft.

It's, you know, it was built-in 1950s so it needed major work and we had a second ball mill. Need some major work. So what 1 ball mill went down in the quarter too but we are fixing that. .
But overall tonage is still up, and once we get the shaft ready. We develop the Kena a little Further, and we get the both mills both up and running.
I think we're going to see an increase in tonnage and in grade going forward for this year. Overall, we're well positioned, we've got lots of money in the bank. And that was a deliberate intention.

Recognizing that the market would be unstable, we're in a position to do something we wouldn't have been able to do last year. And that includes being able to take on some targets that merit, potentially can put back into production. We're looking at Capire as we go forward.

And that'll be another one we're going to work on. So it's been a very busy year, and I think other than the loss, which if you deduct the non-cash item Was actually positive November, about $4 million, even with the loss of the sustained at Plomosas.

Going forward, we've got cash in the bank, no debt, and we're going to see growth at Zacualpan delivering on a continuing basis for the near future which all depends obviously on the price of silver. We've also improved our management team - brought a specialist who works on CRD (Carbonate Replacement Deposits), and he's now taking over as an advisor on Plomosas and we've got another specialist for bringing in who's going to help us with our overall strategy. Going forward for possible acquisitions and doing the due diligence on them. But that's what it in, what else can I say is things are not looking bad at all.

Jerry Huang

That's great. Good to hear Fred. So thank you for that overview.

Here are some of the questions we compiled from investors this quarter again in the future. Please feel free to send questions to inquiries@impactsilver.com or calls direct at 778-877-7909 question one is a two part question.

A great quarter Fred and team are investors right to expect an even better Q 1 20 26 since silver, near a $120 us an ounce in January and second part of that discounting the one time shutdown costs of 8.7 million on Plomosa. There's almost a net income. Can investors expect that at 80/oz plus silver things will be profitable for IMPACT.

Fred Davidson

Well, we're certainly looking at that. The only thing is, the write down, and impairment. What it means under IFRS is that you cannot demonstrate that an 18% discount, by the way, you cannot guarantee Prove that you are going to be generating a profit So the impairment itself was calculated on the basis that at 18% was what we had in front of us.

We couldn't generate a profit now. We are going to incur obviously a few additional costs be laid out. But once that's gone by, we're going to see that.

Yes, Zacualpan is gonna be very strong, The 120/oz silver price was a blip. Because remember, when we ship ore, it's the pricing is generally a month to 2 months after we've shipped it or concentrate. But we 're going to show a very substantial Here, for given the price of metal stays up where it is from Sequoia panel loan.

Jerry Huang

Get great question. 2 again on Plomosas. It's unfortunate timing of a bit of a lack of news through the first 4 months and the Plomosas shut down was the only news.

Can you explain explain how the shutdown will help IMPACT going forward? Aside from stopping the losses, and what does operation arrangement with nearby projects mean? How can the team get best value for plomosa, and what's the strategy here Post suspension?

Fred Davidson

Well, you know, Plomosas itself was the first 2 things That's where we could see that we're starting to get the costs. And the revenue? What happened?

And what appears to have happened quite frankly, is that, as I said before, we got Into the fact that some of the resources were not as big as anticipated and are others required more development. And that development has to be written off against what we're going When you did accelerate the underground drilling But his additional cost as well, but it did identify. You saw the results, we did identify some things that are pretty attractive.

Unfortunately, you've got to develop them and very much like the Kena. And as the quote patent, it takes a good 6 months to 9 months, to be able to open these areas up for mining on a sustainable basis. But if you look at last year, I mean the gross profit for Zacualpan and was about $15 million, whereas we lost 4.6 million from Plomosas, and that's without the $8 million write off the impairment.

It's called an impairment actually, under IFRS. So yeah, we're going to see is that if Plomosas cost gets reduced substantially. We're going to see a much better, bottom line all the way around.
We do want to take it back into production. And not only when we're happy this time, that what we're going to be processing or what we're going to be developing is actually there.

Jerry Huang

Okay, great question. 3 you mentioned that on earlier, Fred cash on hand is very good. It's almost a third or a 1 its market cap depending on the day.
What other catalyst are IMPACT planning with this cash balance and hopefully cash flow?

Fred Davidson

Yeah, well, first of all, as I mentioned before, Plomosas you'll see some news. Zacualpan is doing quite well and there's even more cashflow there no doubted this quarter.
Excuse me. We are talking to say, processing some more. From some people we're hoping that we'll actually generate some profits. We are going to be doing an aggressive exploration program and at the same time we are looking at a couple of potential acquisitions. There are an earlier stage and others. In both cases, actually we're looking at 3, they've been taken to a certain point by sort of locals, some of them, they're mining some of their got. And the idea is that we're going to get an option. Growing up and be able to explore them and see if they're worthwhile, taking into production.

The problem with the clean acquisitions right now in this market is Obviously our stock is really underpriced. There's a lot of promoted stocks out there that might have a project But you know, a single drillhole assets does not make a mine, but it may make the stock.

So we have to be careful in what we do. Plomosas for us was a bit of a punch in the nose. Quite frankly, I think we can bring it back in time.
So Yeah, we're going to be very scrupulous on it. Other opportunities out there that we have the cash for And so I think we might be a little aggressive in chasing some of these smaller ones that can become bigger ones like Zacualpan.

Jerry Huang

Great timine for next question - For almost 14,000 m drilled in infills and development at Guadalupe and plamosa. Why does this seem that impact doesn't report these results as other companies?

Fred Davidson

Yeah, yeah, that's that's part of the problem is we don't report the stuff that is the underground mining, mainly because it's not processed where it can be reported under 43-101, so we can only report really the work. That's being said, that would be gotten some eyeballs, especially surface and on new projects on new areas, like at Kena.
Yes, we reported it when we first got it. It was done with 43-101. But you know, we haven't been reporting any sort of several dozen drills we put in it.

Some drilling updates are coming from that very shortly. It's very, very short, like as for the other drilling, there is we generally do it by campaign. You know, people that produce one drill hole and second drill hole.

That's all very nice, but it means nothing. We have to provide something that can be interpreted as In an indication of something of substance and You know, we're, we're not AI, we're not a junior explorer in that sense in that we are running a company and operations.

We're running roughly $45-50 million dollars in annual revenue. We've got money in the bank. We're not trying to promote things on a one drill hole basis.
We will, however, report it on a campaign basis. And I think in a very, very near future, we're going to have a release on that.

Jerry Huang

Okay, excellent question next - At Guadalupe last quarter impact reached about a 190,000 oz of silver produced. Is that a safe run rate to use of nearly 800,000 oz a year equivalent, mostly silver. Even without Plomosas?

Fred Davidson

But you know, I hate using the word equivalence anyhow, but I think what we saw for the fourth quarter is probably representative of what we're going to do for the balance of the year. So let's face it, whereas the price is silver, going to be tomorrow. But Yep, yep, the we're seeing the tonnage.

Come, we're seeing the grid, come, we're hoping, get the tonnage up a little more as I say, we're working on the shaft, which is slowest down. We dedicate a whole shift to rebuilding the shaft as we go It's a 190 m of it, and virtually all the steel has to be replaced. And then, of course, the ball mills, same problem.

We had one ball mill go down in the last quarter. Is it going to impact significantly? The revenue for the next month's 2 not really.
These things are just part of our operations. I think the run rate we had in the fourth quarter is going to be very representative of what full year will be at.

Jerry Huang

---

ext question has to do with revenue and cost per ton the revenue of $391 per ton Vs direct cost of a $156/oz - great margins. I know we've seen this in the past like 2012, this time will IMPACT hedge any silver at above $80 an ounce

Fred Davidson

I know, I'm going to be cursed for this, but The people who play our shares by are buying Silver. And if silver was up more? You're going to see it if silver goes down more, you're going to see However, there are occasions where if we take on a project which is price sensitive, then we may look at that as hedging, that specific project.

Jerry Huang

Okay, next question production tonnage at the Guadalupe went up to 419 tpd (tonnes per day) in previous calls. We noted the aim was to increase it further. The maxim case is currently noted at 500+ per day.
Will we see higher next few quarters for Guadalupe/Zacualpan?

Fred Davidson

Yes, simple enough. Given a mode all signals are working and the shaft is not getting interfered with. There's no reason to believe that we will not be able to get to that limit at that point at this point in time.

Jerry Huang

Last question at these crazy, silver prices Capire seems to make sense even with the previous grades and operations and sunk cost. The MD&A noted, a potential restart with the press release. What's the expected here?

Fred Davidson

We're actually pricing out the necessary CAPEX right now. Um, so the intention would be, it is subject to, and I think we've talked about this before the ordering of a xrt unit. And the take delivery time, it's longer.

It's probably the only thing that'll last going ahead. We've had to metallurgical work being done because the group that we were dealing with negotiating with it on a possible acquisition of it Um, it's they've come up with a new model that's more efficient and And I see, I understand a little cheaper. So we sent over a bulk sample and have a tested. The results came back as expected better than expected. So yeah, we're now looking as we price out everything looking at an order.

Jerry Huang

Okay, perfect. Take, that's all the question we have for this quarter. Thank you for all the investors that submitted and called in for questions and your continued interest in IMPACT Silver, please submit questions to us or at inquiries@impactsilver.com. We look forward to hearing from you on our next quarterly call which is probably mid may on Q12026. For more information, please visit

IMPACT SILVER CORP

www.impactsilver.com or follow us on Twitter and vote various social channels and LinkedIn and Twitter @impact_silver.