

IMPACT SILVER CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

June 30, 2021 and 2020

Unaudited

NOTICE OF NO REVIEW BY AUDITOR

In accordance with National Instrument 51 – 102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators **WE HEREBY GIVE NOTICE THAT** the condensed consolidated interim financial statements which follow this notice have not been reviewed by an auditor.

IMPACT Silver Corp.

Condensed Consolidated Interim Statements of Financial Position

(Canadian dollars)

Unaudited

ASSETS	June 30, 2021	December 31, 2020
Current		
Cash	\$ 22,404,969	\$ 20,385,551
Trade and other receivables (Note 3)	1,657,506	1,379,217
Inventories (Note 4)	946,946	1,213,996
Investments	85,000	-
	25,094,421	22,978,764
Value added and other taxes receivable	176,655	575,192
Right-of-use assets (Note 5)	65,791	103,475
Property, plant and equipment (Note 7)	19,152,199	19,302,596
Exploration and evaluation assets (Note 8)	22,057,344	21,871,603
	\$ 66,546,410	\$ 64,831,630
LIABILITIES		
Current		
Trade payables and accrued liabilities	\$ 2,290,303	\$ 2,589,464
Lease liabilities (Note 6)	32,662	61,672
	2,322,965	2,651,136
Lease liabilities (Note 6)	9,263	16,997
Reclamation provision	761,924	761,228
Deferred income tax liabilities	3,410,572	2,713,220
	6,504,724	6,142,581
SHAREHOLDERS' EQUITY		
Share capital	81,087,110	79,325,168
Warrants (Note 11(c))	2,674,695	2,954,251
Contributed surplus	8,369,286	7,523,552
Accumulated other comprehensive loss	(7,983,859)	(7,047,278)
Accumulated deficit	(24,105,546)	(24,066,644)
	60,041,686	58,689,049
	\$ 66,546,410	\$ 64,831,630

Nature of operations (Note 1)

ON BEHALF OF THE BOARD:

“F.W. Davidson” _____, Director

“P. Tredger” _____, Director

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

IMPACT Silver Corp.

Condensed Consolidated Interim Statements of Income (Loss) For the Three and Six Months Ended June 30

Canadian dollars

Unaudited

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Revenues	\$ 4,215,562	\$ 2,842,355	\$ 9,591,422	\$ 6,256,063
Cost of sales				
Operating expenses (Note 10)	2,895,618	1,865,913	6,326,712	4,981,060
Amortization and depletion	311,290	327,964	589,453	743,264
	3,206,908	2,193,877	6,916,165	5,724,324
Mine operating income	1,008,654	648,478	2,675,257	531,739
General and administrative expenses				
Accounting, audit and legal	53,351	52,171	105,754	98,800
Amortization	11,537	6,720	22,325	10,582
Investor relations, promotion and travel	13,282	203,727	28,385	281,513
Management fees and consulting	44,240	75,720	122,450	157,853
Office, rent, insurance and sundry	74,134	90,445	195,712	143,323
Office salaries and services	180,395	130,140	362,832	255,193
Share-based payments (Note 11(b))	-	-	943,511	-
	376,939	558,923	1,780,969	947,264
Operating income (loss)	631,715	89,555	894,288	(415,525)
Other income (expenses)				
Finance cost	(11,573)	(8,955)	(23,592)	(19,327)
Finance income	29,994	5,041	63,786	18,960
Foreign exchange (loss) gain	(113,792)	(321,470)	(30,794)	239,556
Other income (expense)	(6,993)	56,001	(15,118)	55,967
Write-down of exploration and evaluation assets	(33,451)	-	(33,451)	-
	(135,815)	(269,383)	(39,169)	295,156
Income (loss) before taxes	495,900	(178,828)	855,119	(120,369)
Current income tax expense (recovery)	36,353	28,248	128,334	150,842
Deferred income tax expense (recovery)	241,108	(13,057)	765,687	13,982
Net income (loss)	\$ 218,439	\$ (195,019)	\$ (38,902)	\$ (285,193)
Income (loss) per share – (Note 11(d))				
Basic	\$ -	\$ -	\$ -	\$ -
Diluted	\$ -	\$ -	\$ -	\$ -
Weighted average number of shares outstanding				
Basic	144,441,166	116,926,932	146,308,767	113,637,562
Diluted	152,628,856	116,926,932	146,308,767	113,637,562

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

IMPACT Silver Corp.

Condensed Consolidated Interim Statements of Comprehensive Income For the Three and Six Months Ended June 30

(Canadian dollars)

Unaudited

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Net income (loss)	\$ 218,439	\$ (195,019)	\$ (38,902)	\$ (285,193)
Other comprehensive loss				
Items that may be subsequently reclassified to profit or loss				
Cumulative translation adjustment	463,562	(471,910)	(936,581)	(4,690,205)
Items that will not be subsequently reclassified to profit or loss				
Gain (loss) on investments	10,000	(1,250)	-	(2,500)
Comprehensive income (loss)	\$ 692,001	\$ (668,179)	\$ (975,483)	\$ (4,977,898)

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IMPACT Silver Corp.

Condensed Consolidated Interim Statements of Cash Flows For the Three and Six Months Ended June 30

(Canadian dollars)
Unaudited

Cash resources provided by (used in)	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Operating activities				
Net income (loss)	\$ 218,439	\$ (195,019)	\$ (38,902)	\$ (285,193)
Items not affecting cash				
Amortization and depletion	322,827	334,684	611,778	753,846
Share-based payments	-	-	943,511	-
Deferred income tax (recovery) expense	241,108	(13,057)	765,687	13,982
Accretion expense	10,651	7,025	21,449	14,989
Write-down of exploration and evaluation assets	33,451	-	33,451	-
Unrealized gain on foreign exchange	54,353	(14,435)	(57,889)	(103,360)
Changes in non-cash working capital				
Trade and other receivables	428,763	249,490	56,538	677,672
Income taxes receivable	-	(2,715)	(1,387)	(3,157)
Inventories	(239,492)	(89,650)	235,446	(35,106)
Trade payables	(26,672)	(133,332)	(249,846)	(352,120)
Income taxes payable	11,928	28,248	15,308	145,330
	1,055,356	171,239	2,335,144	826,883
Investing activities				
Proceeds on sale of long-lived assets	-	-	50,000	-
Acquisition of long-lived assets	(877,358)	(225,934)	(1,707,292)	(759,919)
	(877,358)	(225,934)	(1,657,292)	(759,919)
Financing activities				
Repayment of lease liability	(20,519)	(24,086)	(43,043)	(50,743)
Proceeds from private placement, net	-	1,992,727	-	1,992,727
Proceeds from the exercise of stock options	-	-	135,350	-
Proceeds from exercise of warrants	498,489	500,117	1,249,259	519,667
	477,970	2,468,758	1,341,566	2,461,651
Net change in cash	655,968	2,414,063	2,019,418	2,528,615
Cash - Beginning of period	21,749,001	3,887,614	20,385,551	3,773,062
Cash - End of period	\$ 22,404,969	\$ 6,301,677	\$ 22,404,969	\$ 6,301,677

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

IMPACT Silver Corp.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the Three Months Ended June 30

(Canadian dollars)

Unaudited

	Shares Outstanding	Share Capital (\$)	Warrants (\$)	Contributed Surplus (\$)	Accumulated Other Comprehensive Income (\$)	Retained Deficit (\$)	Total Shareholders' Equity (\$)
Balance at January 1, 2020	110,262,345	63,923,949	2,193,199	7,628,059	(4,899,146)	(26,367,656)	42,478,405
Net loss for the period	-	-	-	-	-	(285,193)	(285,193)
Shares issued in relation to private placement	6,666,634	1,999,990	-	-	-	-	1,999,990
Share issue costs	-	(7,263)	-	-	-	-	(7,263)
Warrants issued in relation to private placement	-	(639,439)	639,439	-	-	-	-
Warrants exercised	1,402,856	662,293	(142,626)	-	-	-	519,667
Cumulative translation adjustments	-	-	-	-	(4,690,205)	-	(4,690,205)
Loss on investments	-	-	-	-	(2,500)	-	(2,500)
Balance at June 30, 2020	118,331,835	65,939,530	2,690,012	7,628,059	(9,591,851)	(26,652,849)	40,012,901
Balance at January 1, 2021	141,410,247	79,325,168	2,954,251	7,523,552	(7,047,278)	(24,066,644)	58,689,049
Net loss for the period	-	-	-	-	-	(38,902)	(38,902)
Share-based compensation expense	-	-	-	943,511	-	-	943,511
Warrants exercised	6,672,272	1,528,815	(279,556)	-	-	-	1,249,259
Stock options exercised	230,000	233,127	-	(97,777)	-	-	135,350
Cumulative translation adjustments	-	-	-	-	(936,581)	-	(936,581)
Balance at June 30, 2021	145,312,519	81,087,110	2,674,695	8,369,286	(7,983,859)	(24,105,546)	60,041,686

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

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2021

(Canadian dollars)

Unaudited

1. Nature of operations

IMPACT Silver Corp. and its subsidiaries (collectively, “IMPACT” or the “Company”) are engaged in silver mining and related activities including exploration, development and mineral processing in Mexico. The Company operates a series of mines near Zacualpan in the State of Mexico and in Guerrero State and produces silver, lead, zinc and gold sold in the form of lead and zinc concentrates. The registered address of the Company is 705 – 543 Granville Street, Vancouver, British Columbia.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that the current exploration and development programs will result in ongoing profitable mining operations. The investment in and expenditures on exploration and evaluation assets comprise a significant portion of the Company’s assets. The recovery of the Company’s investment in these exploration and evaluation assets and the attainment of profitable operations are dependent upon future commodity prices, the ongoing discovery and development of economic ore on these properties and the ability to arrange sufficient financing to bring the ore estimates into production. The ultimate outcome of these matters cannot presently be determined because they are contingent on future events.

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business as they come due into the foreseeable future. The Company estimates that it has adequate financial resources for the next twelve months.

2. Basis of Preparation

Statement of compliance

The Company’s consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These unaudited condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. All material intercompany balances have been eliminated. The accounting policies applied in the preparation of these unaudited condensed financial statements are consistent with those applied and disclosed in the Company’s audited consolidated financial statements for the year ended December 31, 2020.

As all the disclosures required by IFRS are not included, these interim statements should be read in conjunction with the audited financial statements of IMPACT Silver Corp. for the year ended December 31, 2020.

Except when otherwise stated, all amounts are presented in Canadian (“CDN”) dollars, which is the presentation currency of the Company.

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors on August 17, 2021.

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2021

(Canadian dollars)

Unaudited

3. Trade and other receivables

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

	June 30, 2021	December 31, 2020
Value added taxes receivable – current portion	\$ 690,146	\$ 320,613
Trade and other receivables	632,819	898,327
Prepays	334,541	160,277
	\$ 1,657,506	\$ 1,379,217

4. Inventories

The following table details the composition of inventories at:

	June 30, 2021	December 31, 2020
Materials and supplies	\$ 570,945	\$ 410,100
Stockpile inventory	52,509	42,616
Concentrate inventory	323,492	761,280
	\$ 946,946	\$ 1,213,996

The amount of inventories recognized as an expense during the period ended June 30, 2021 was \$6,326,712 (June 30, 2020 - \$4,981,060).

5. Right-of-use assets

Details are as follows:

	Land
Balance at January 1, 2020	\$ 155,856
Additions	59,874
Amortization	(107,891)
Foreign exchange movement	(4,364)
Balance at December 31, 2020	103,475
Additions	7,290
Amortization	(43,196)
Foreign exchange movement	(1,778)
Balance at June 30, 2021	\$ 65,791

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2021

(Canadian dollars)

Unaudited

6. Lease Liabilities

Details are as follows:

Balance at January 1, 2020	\$ 156,604
Interest	7,573
Repayments	(140,893)
Additions	59,874
Foreign exchange movement	(4,489)
Balance at December 31, 2020	78,669
Interest	2,143
Repayments	(45,186)
Additions	7,290
Foreign exchange movement	(991)
Balance at June 30, 2021	41,925
Less: current portion	(32,662)
Non-current lease liabilities	\$ 9,263

The Company's leased assets are for office leases and land. The lease liabilities were discounted at the Company's incremental borrowing rate. The weighted average rate applied at January 1, 2019 was 8.0%. Operating lease expenses relating to short-term and low-value leases not included in the measurement of lease obligations for the six months ended June 30, 2021 was \$43,802.

The expected timing of undiscounted lease payments is as follows:

	June 30,	December 31,
	2021	2020
Less than one year	\$ 38,814	\$ 65,496
One to five years	12,446	16,937
	\$ 51,260	\$ 82,433

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2021

(Canadian dollars)

Unaudited

7. Property, plant and equipment

Details are as follows:

	Plant and mine equipment (\$)	Vehicles (\$)	Office furniture and equipment (\$)	Surface rights (\$)	Mining Assets (\$)	Total (\$)
Cost						
Balance at January 1, 2020	9,799,315	488,225	207,749	1,130,664	29,034,828	40,660,781
Additions	163,750	59,226	32,959	-	592,103	848,038
Disposals	-	(15,524)	-	-	-	(15,524)
Change in reclamation estimate	-	-	-	-	295,628	295,628
Foreign exchange movement	(675,961)	(33,910)	(8,462)	(78,531)	(1,805,844)	(2,602,708)
Balance at December 31, 2020	9,287,104	498,017	232,246	1,052,133	28,116,715	39,186,215
Additions	231,987	87,078	17,748	-	585,279	922,092
Foreign exchange movement	(257,749)	(13,686)	(3,295)	(28,915)	(649,687)	(953,332)
Balance at June 30, 2021	9,261,342	571,409	246,699	1,023,218	28,052,307	39,154,975
Accumulated amortization						
Balance at January 1, 2020	6,971,583	423,609	154,503	-	12,207,380	19,757,075
Amortization for the period	389,971	20,218	27,497	-	916,729	1,354,415
Disposals	-	(13,649)	-	-	-	(13,649)
Foreign exchange movement	(474,048)	(29,053)	(7,163)	-	(703,958)	(1,214,222)
Balance at December 31, 2020	6,887,506	401,125	174,837	-	12,420,151	19,883,619
Amortization for the period	159,815	13,132	16,543	-	381,784	571,274
Foreign exchange movement	(191,098)	(10,447)	(2,811)	-	(247,761)	(452,117)
Balance at June 30, 2021	6,856,223	403,810	188,569	-	12,554,174	20,002,776
Net book value						
At December 31, 2020	2,399,598	96,892	57,409	1,052,133	15,696,564	19,302,596
At June 30, 2021	2,405,119	167,599	58,130	1,023,218	15,498,133	19,152,199

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2021

(Canadian dollars)

Unaudited

8. Exploration and evaluation assets

Balance at January 1, 2020	\$	22,071,788
Additions		953,751
Foreign exchange		(1,153,936)
Balance at December 31, 2020		21,871,603
Additions		797,593
Recoveries		(135,000)
Write-down		(33,947)
Foreign exchange		(442,905)
Balance at June 30, 2021	\$	22,057,344

9. Key management personnel compensation

Key management includes the Chief Executive Officer, Chief Financial Officer, Vice-President Exploration and Board of Directors and Audit Committee members. The remuneration of directors and other members of key management personnel for the three months ended June 30 is as follows:

	2021		2020	
Salaries and fees	\$	235,712	\$	246,400
Share based compensation		581,310		-
	\$	817,022	\$	246,400

10. Expenses by nature

The following table details the nature of expenses within cost of goods sold for:

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Production costs	\$ 1,452,882	\$ 820,440	\$ 3,470,304	\$ 2,575,706
Administration	247,931	38,085	411,827	144,104
Transportation	60,128	88,318	209,973	214,408
Wages and salaries	1,134,677	919,070	2,234,608	2,046,842
	\$ 2,895,618	\$ 1,865,913	\$ 6,326,712	\$ 4,981,060

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2021

(Canadian dollars)

Unaudited

11. Equity

a) Share capital

Authorised share capital consists of an unlimited number of common shares without par value.

On August 20, 2020, the Company completed a brokered private placement for aggregate gross proceeds of \$9.5 million from the issuance of 10,049,096 units of the Company at \$0.95 per unit. Each unit consists of one common share and one-half share purchase warrant, each whole purchase warrant exercisable into one common share at a price of \$1.30 for a period of 24 months from the date of issuance. The Company paid cash commissions of 6% of the gross proceeds from certain subscribers in the private placement and the agents were granted, and subscribed for, an aggregate of 598,089 broker warrants entitling the holder to acquire one unit at a price of \$0.95 per unit.

On April 16, 2020, the Company closed a non-brokered private placement for 6,666,634 units of the Company at a price of \$0.30 per unit for gross proceeds of \$2.0 million. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.385 for a period of 36 months from the date of issuance.

On August 12, 2019, the Company closed a non-brokered private placement which was completed in four tranches. The private placement raised aggregate gross proceeds of \$4.9 million by issue of 7,500,000 series 1 units at a price of \$0.26 per unit and 10,344,827 series 2 units at a price of \$0.29 per unit. Each series 1 unit consists of one common share and one warrant. Each series 1 warrant entitles the holder to purchase one common share at a price of \$0.30 per common share for a period of 36 months from the date of issuance. Each series 2 unit consists of one common share and one warrant. Each series 2 warrant entitles the holder to purchase one common share at a price of \$0.385 per common share for a period of 36 months from the date of issuance.

- On July 5, 2019, a total of 4,752,770 series 1 units were issued for aggregate gross proceeds of \$1.2 million.
- On July 24, 2019, a total of 2,747,230 series 1 units were issued for aggregate gross proceeds of \$0.7 million.
- On August 2, 2019, a total of 8,433,759 series 2 units were issued for aggregate gross proceed of \$2.4 million.
- On August 12, 2019, a total of 1,911,068 series 2 units were issues for aggregate gross proceeds of \$0.6 million.

On January 18, 2019, the Company closed the second tranche of a non-brokered private placement which commenced in 2018. The private placement raised aggregate gross proceeds of \$1.7 million by issue of 6,453,253 units at a price of \$0.27 per unit. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.35 per common share for a period of 24 months from the date of issuance.

- On November 30, 2018, a total of 2,031,500 units were issued for aggregate gross proceeds of \$0.5 million.
- On January 18, 2019, a total of 4,421,753 units were issued for aggregate gross proceeds of \$1.2 million

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2021

(Canadian dollars)

Unaudited

11. Equity – continued

b) Stock options

The Company has established a stock option plan whereby the board of directors may, from time to time, grant options to directors, officers, employees or consultants. Under the terms of the Company's fixed stock option plan, the maximum number of shares reserved for issuance is 10% of the issued shares of the Company or 12,936,917 shares. Options granted must be exercised no later than five years from date of grant or extension or such lesser period as determined by the Company's board of directors. The exercise price of an option is not less than the closing price on the TSX Venture Exchange on the last trading day preceding the grant.

On January 18, 2021 the Company granted stock options under its Stock Option Plan to directors, officers, employees and consultants exercisable for 2,110,000 shares of the Company. The options are exercisable on or before January 18, 2026 at a price of \$0.90 per share. Options vested 100% on the date granted.

The Black Scholes Option Pricing Model was used to estimate the fair value of stock options for calculating stock-based compensation expense. The Company recognized a stock-based compensation expense and an increase to contributed surplus based on a grading vesting schedule using the following assumptions:

Date Granted	January 18, 2021
Number of options granted	2,110,000
Risk-free interest rate	0.14%
Expected dividend yield	Nil
Expected share price volatility	84.516%
Expected option life in years	2.5

The expected volatility is based on the historical and implied volatility of the Company's common share price on the TSX Venture Exchange. The risk-free interest rate assumption is based on the Bank of Canada marketable bonds with a remaining term equal to the stock options' expected life. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

The total fair value of share-based payment expense on stock options granted to employees and consultants of the Company for the year ended June 30, 2021 is \$943,511 (June 30, 2020 – \$nil).

A summary of the Company's stock options as at June 30, 2021 and the changes for the periods ended on these dates is as follows:

	Number	Weighted Average Exercise Price (\$)
At January 1, 2020	5,185,000	0.55
Exercised	(545,000)	0.40
Forfeited	(30,000)	0.98
At December 31, 2020	4,610,000	0.57
Granted	2,110,000	0.90
Exercised	(230,000)	0.59
At June 30, 2021	6,490,000	0.67

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2021

(Canadian dollars)

Unaudited

11. Equity – continued

b) Stock options – continued

The following table summarizes information about the stock options outstanding at June 30, 2021:

Exercise Price Per Share	Number of Options Outstanding	Weighted Average Remaining Life (Years)	Number of Options Exercisable	Expiry Date
\$0.98	1,470,000	0.07	1,470,000	July 27, 2021
\$0.35	1,160,000	1.22	1,160,000	September 20, 2022
\$0.36	1,750,000	3.32	1,750,000	October 24, 2024
\$0.90	2,110,000	4.56	2,110,000	January 18, 2026
	6,490,000	2.61	6,490,000	

c) Warrants

A summary of the Company's warrants as at June 30, 2021 and the changes for the periods ended on these dates is as follows:

	Number	Weighted Average Exercise Price (\$)
At January 1, 2020	23,900,655	0.35
Issued	12,289,268	0.79
Exercised	(13,887,172)	0.36
At December 31, 2020	22,302,751	0.58
Exercised	(3,672,272)	0.34
At June 30, 2021	18,630,479	0.63

The fair value of each warrant granted is estimated at the time of grant using the Black-Scholes option pricing model with assumptions as follows:

Date Granted	July 5 2019	July 24 2019	Aug 2 2019	Aug 12 2019
Expiry Date	July 5 2022	July 24 2022	Aug 2 2022	Aug 12 2022
Number of warrants granted	4,752,770	2,747,230	8,433,759	1,911,068
Risk-free interest rate	1.69%	1.51%	1.41%	1.39%
Expected dividend yield	Nil	Nil	Nil	Nil
Expected share price volatility	72.93%	74.32%	75.39%	75.81%
Expected warrant life in years	1.5	1.5	1.5	1.5

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2021

(Canadian dollars)

Unaudited

11. Equity – continued

c) Warrants – continued

Date Granted	April 16 2020	Aug 20 2020	Aug 20 2020
Expiry Date	April 16 2023	Aug 20 2022	Aug 20 2022
Number of warrants granted	6,666,634	5,024,545	598,089
Risk-free interest rate	0.34%	0.26%	0.26%
Expected dividend yield	Nil	Nil	Nil
Expected share price volatility	79.48%	89.00%	89.00%
Expected warrant life in years	1.5	1.5	1.5

Pricing models require the input of highly subjective assumptions including the expected share price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

d) Income (loss) per share

Details of the calculation of loss per share are set out below for:

	Three months ended June 30		Nine months ended June 30	
	2021	2020	2021	2020
Net income (loss) attributable to shareholders	\$ 218,439	\$ (195,019)	\$ (38,902)	\$ (285,193)
Weighted average number of shares outstanding - Basic	144,441,166	116,926,932	146,308,767	113,637,562
Warrants	6,694,364	-	-	-
Stock options	1,493,326	-	-	-
Weighted average number of shares outstanding - Diluted	152,628,856	116,926,932	146,308,767	113,637,562
Income (loss) per share - basic				
Basic	\$ -	\$ -	\$ -	\$ -
Diluted	\$ -	\$ -	\$ -	\$ -

IMPACT Silver Corp.

Notes to the Consolidated Financial Statements

June 30, 2021

(Canadian dollars)

Unaudited

12. Segmented information

The Company has one operating segment and two reportable segments based on geographic area:

- i) Mexico – This part of the business includes the Company’s mining operations and exploration properties
- ii) Canada – This part of the business includes head office and group services

The segments are determined based on the reports reviewed by the Chief Executive Officer (who is considered the Chief Operating Decision Maker) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Details are as follows:	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Revenues by geographic area				
Mexico	\$ 4,215,562	\$ 2,842,355	\$ 9,591,422	\$ 6,256,063
Net income (loss) by geographic area				
Mexico	\$ 530,095	\$ 373,539	\$ 1,572,326	\$ 551,912
Canada	(311,656)	(568,558)	(1,611,227)	(837,105)
	\$ 218,439	\$ (195,019)	\$ (38,902)	\$ (285,193)
Assets by geographical area			June 30, 2021	December 31, 2020
Mexico			\$ 48,137,507	\$ 47,186,039
Canada			18,408,903	17,645,591
			\$ 66,546,410	\$ 64,831,630
Property, plant and equipment by geographical area				
Mexico			\$ 19,115,365	\$ 19,261,918
Canada			36,834	40,678
			\$ 19,152,199	\$ 19,302,596