

# **IMPACT SILVER CORP.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**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

<b>ASSETS</b>	<b>June 30, 2024</b>	December 31, 2023
<b>Current</b>		
Cash	\$ 9,863,051	\$ 8,279,200
Trade and other receivables (Note 3)	4,249,927	3,854,897
Inventories (Note 5)	1,756,330	2,079,269
Investments	73,060	90,000
	<b>15,942,368</b>	<b>14,303,366</b>
<b>Value added taxes</b>	<b>294,469</b>	<b>332,163</b>
<b>Right-of-use assets (Note 6)</b>	<b>221,729</b>	<b>91,842</b>
<b>Property, plant and equipment (Note 8)</b>	<b>31,069,507</b>	<b>32,569,080</b>
<b>Exploration and evaluation assets (Note 9)</b>	<b>38,760,500</b>	<b>37,811,650</b>
<b>Due on the acquisition of Minera Latin American Zinc (Note 4)</b>	<b>3,591,047</b>	<b>3,470,095</b>
	<b>\$ 89,879,620</b>	<b>\$ 88,578,196</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Trade payables and accrued liabilities	\$ 6,937,040	\$ 6,669,648
Lease liabilities (Note 7)	199,401	68,921
	<b>7,136,441</b>	<b>6,738,569</b>
<b>Reclamation provision</b>	<b>1,010,499</b>	<b>1,008,210</b>
<b>Deferred income tax liabilities</b>	<b>6,958,970</b>	<b>6,698,287</b>
	<b>15,105,910</b>	<b>14,445,066</b>
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share capital</b>	<b>101,222,939</b>	<b>94,947,950</b>
<b>Warrants (Note 12(c))</b>	<b>5,455,681</b>	<b>2,980,914</b>
<b>Contributed surplus</b>	<b>11,306,243</b>	<b>11,306,243</b>
<b>Accumulated other comprehensive loss</b>	<b>(2,099,483)</b>	<b>238,033</b>
<b>Accumulated deficit</b>	<b>(41,111,670)</b>	<b>(35,340,010)</b>
	<b>74,773,710</b>	<b>74,133,130</b>
	<b>\$ 89,879,620</b>	<b>\$ 88,578,196</b>

**Nature of operations (Note 1)**

ON BEHALF OF THE BOARD:

“F.W. Davidson” \_\_\_\_\_, Director

“J. Meiklejohn” \_\_\_\_\_, Director

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

# IMPACT Silver Corp.

## Condensed Consolidated Interim Statements of Loss For the Three and Six Months Ended June 30

(Canadian dollars)

Unaudited

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
<b>Revenues</b>	\$ 7,721,918	\$ 5,491,898	\$ 13,068,863	\$ 10,605,852
<b>Cost of sales</b>				
Operating expenses (Note 11)	7,924,159	4,593,843	14,920,975	9,072,852
Amortization and depletion	701,767	454,981	1,347,683	829,456
	<b>8,625,926</b>	<b>5,048,824</b>	<b>16,268,658</b>	<b>9,902,308</b>
<b>Mine operating (loss) income</b>	<b>(904,008)</b>	<b>443,074</b>	<b>(3,199,795)</b>	<b>703,544</b>
<b>General and administrative expenses</b>				
Accounting, audit and legal	175,031	342,859	393,439	419,731
Amortization	6,310	4,304	12,420	8,250
Investor relations, promotion and travel	238,455	224,687	444,873	322,627
Management fees and consulting	301,939	107,280	516,132	285,028
Office, rent, insurance and sundry	119,409	166,418	235,387	267,133
Office salaries and services	270,054	398,905	489,826	661,417
	<b>1,111,198</b>	<b>1,244,453</b>	<b>2,092,077</b>	<b>1,964,186</b>
<b>Operating loss</b>	<b>(2,015,206)</b>	<b>(801,379)</b>	<b>(5,291,872)</b>	<b>(1,260,642)</b>
<b>Other income (expenses)</b>				
Finance cost	(31,367)	(22,272)	(66,805)	(43,105)
Finance income	63,318	154,394	111,900	294,704
Foreign exchange gain (loss)	(128,518)	177,570	137,031	287,068
Other income (expense)	(11,342)	24,268	(15,229)	19,407
Loss on disposal of assets	-	(5,164)	-	(6,373)
	<b>(107,909)</b>	<b>328,796</b>	<b>166,897</b>	<b>551,701</b>
<b>Loss before taxes</b>	<b>(2,123,115)</b>	<b>(472,583)</b>	<b>(5,124,975)</b>	<b>(708,941)</b>
Current income tax expense	1,316	13,921	99,774	14,104
Deferred income tax expense	511,798	366,655	546,911	460,065
<b>Net loss</b>	<b>\$ (2,636,229)</b>	<b>\$ (853,159)</b>	<b>\$ (5,771,660)</b>	<b>\$ (1,183,110)</b>
<b>Loss per share</b>				
Basic and diluted	\$ (0.01)	\$ (0.00)	\$ (0.03)	\$ (0.01)
<b>Weighted average number of shares outstanding</b>				
Basic and diluted	<b>228,713,604</b>	<b>192,001,873</b>	<b>221,227,331</b>	<b>170,215,825</b>

-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	
	2024	2023	2024	2023
<b>Net loss</b>	\$ (2,636,229)	\$ (853,159)	\$ (5,771,660)	\$ (1,183,110)
<b>Other comprehensive (loss) income</b>				
<b>Items that may be subsequently reclassified to profit or loss</b>				
Cumulative translation adjustment	(4,456,334)	699,105	(2,381,589)	3,746,236
<b>Items that will not be subsequently reclassified to profit or loss</b>				
Gain (loss) on investments	41,443	32,613	44,073	(83,367)
<b>Comprehensive (loss) income</b>	\$ (7,051,120)	\$ (121,441)	\$ (8,109,176)	\$ 2,479,759

-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, 2023	148,187,710	82,241,813	467,913	10,838,330	(3,940,454)	(27,774,766)	61,832,836
Net loss for the period	-	-	-	-	-	(1,183,110)	(1,183,110)
Shares issued for acquisition of Minera Latin American Zinc, net (Note 4)	11,441,647	3,684,641	-	-	-	-	3,684,641
Shares issued in relation to private placement	33,357,104	9,006,418	-	-	-	-	9,006,418
Share issue costs	-	(339,525)	-	-	-	-	(339,525)
Warrants issued in relation to private placement	-	(3,843,042)	3,843,042	-	-	-	-
Warrants expired	-	-	(467,913)	467,913	-	-	-
Cumulative translation adjustments	-	-	-	-	3,746,236	-	3,746,236
Loss on investments	-	-	-	-	(83,367)	-	(83,367)
<b>Balance at June 30, 2023</b>	<b>192,986,461</b>	<b>90,750,305</b>	<b>3,843,042</b>	<b>11,306,243</b>	<b>(277,585)</b>	<b>(28,957,876)</b>	<b>76,664,129</b>
Balance at January 1, 2024	213,574,696	94,947,950	2,980,914	11,306,243	238,033	(35,340,010)	74,133,130
Net loss for the period	-	-	-	-	-	(5,771,660)	(5,771,660)
Shares issued in relation to private placement	33,234,852	9,087,645	-	-	-	-	9,087,645
Share issue costs	-	(647,700)	-	-	-	-	(647,700)
Warrants issued in relation to private placement	-	(2,348,182)	2,509,567	-	-	-	161,385
Warrants exercised	619,074	183,226	(34,800)	-	-	-	148,426
Cumulative translation adjustments	-	-	-	-	(2,381,589)	-	(2,381,589)
Loss on investments	-	-	-	-	44,073	-	44,073
<b>Balance June 30, 2024</b>	<b>247,428,622</b>	<b>101,222,939</b>	<b>5,455,681</b>	<b>11,306,243</b>	<b>(2,099,483)</b>	<b>(41,111,670)</b>	<b>74,773,710</b>

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

# 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)	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
<b>Operating activities</b>				
Net loss	\$ (2,636,229)	\$ (853,159)	\$ (5,771,660)	\$ (1,183,110)
Items not affecting cash				
Amortization and depletion	708,077	459,285	1,360,103	837,706
Deferred income tax (recovery) expense	511,798	366,655	546,911	460,065
Accretion expense	24,075	18,908	48,129	36,936
Loss on disposal of assets	-	-	-	1,209
Unrealized (loss) gain on foreign exchange	209,620	(323,464)	(38,690)	(491,937)
Changes in non-cash working capital				
Trade and other receivables	(297,270)	(728,600)	(492,100)	(982,650)
Income taxes receivable	10	(3,961)	(73,654)	(7,529)
Inventories	(293,133)	(481,244)	248,161	(344,752)
Trade payables	887,456	(627,278)	572,292	(1,114,989)
Income taxes payable	-	354	(1,742)	(2,787)
	<b>(885,596)</b>	<b>(2,172,504)</b>	<b>(3,602,250)</b>	<b>(2,791,838)</b>
<b>Investing activities</b>				
Cash acquired on acquisition (Note 4)	-	163,936	-	163,936
Acquisition of Minera Latin American Zinc (Note 4)	-	(4,031,399)	-	(4,031,399)
Proceeds on the sale of investments	48,584	34,213	61,013	46,633
Acquisition of long-lived assets	(1,560,643)	(2,741,614)	(3,482,876)	(3,516,740)
	<b>(1,512,059)</b>	<b>(6,574,864)</b>	<b>(3,421,863)</b>	<b>(7,337,570)</b>
<b>Financing activities</b>				
Repayment of lease liability	(93,128)	(27,715)	(141,792)	(51,099)
Proceed from exercise of warrants	148,426	-	148,426	-
Proceeds from private placement, net	8,601,330	8,198,473	8,601,330	8,666,893
	<b>8,656,628</b>	<b>8,170,758</b>	<b>8,607,964</b>	<b>8,615,794</b>
<b>Net change in cash</b>	<b>6,258,973</b>	<b>(576,610)</b>	<b>1,583,851</b>	<b>(1,513,614)</b>
Cash - Beginning of period	<b>3,604,078</b>	14,314,157	<b>8,279,200</b>	15,251,161
<b>Cash - End of period</b>	<b>\$ 9,863,051</b>	\$ 13,737,547	<b>\$ 9,863,051</b>	\$ 13,737,547

- 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, 2024

(Canadian dollars)

Unaudited

---

### 1. Nature of operations

IMPACT Silver Corp. and its subsidiaries (collectively, “IMPACT” or the “Company”) are engaged in silver, zinc and lead 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, as well as another mine in the State of Chihuahua, and produces silver, lead, zinc and gold sold in the form of lead and zinc concentrates. The registered address of the Company is 303 – 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 mineral resources on these properties and the ability to arrange sufficient financing to bring the mineral resources into production.

There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include, but are not limited to, political conflict in other regions, and supply chain disruptions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and its effect on the Company’s business or ability to raise funds.

The consolidated interim 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 interim financial statements have been prepared in accordance with IFRS Accounting 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 interim condensed financial statements are consistent with those applied and disclosed in the Company’s audited consolidated financial statements for the year ended December 31, 2023.



# IMPACT Silver Corp.

## Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2024

(Canadian dollars)

Unaudited

---

### 2. Basis of Preparation – continued

As all the disclosures required by IFRS are not included, these consolidated interim statements should be read in conjunction with the audited financial statements of IMPACT Silver Corp. (“the Company”) for the year ended December 31, 2023.

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

The condensed interim consolidated interim financial statements were authorised for issue by the Board of Directors on August 19, 2024.

---

### 3. Trade and other receivables

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

	<b>June 30, 2024</b>	December 31, 2023
Value added taxes receivable – current portion	\$ 1,517,115	\$ 2,057,743
Trade and other receivables	2,495,970	953,213
Prepays	236,842	843,941
	<b>\$ 4,249,927</b>	<b>\$ 3,854,897</b>

---

### 4. Acquisition of Minera Latin American Zinc

On April 3, 2023, the Company completed a Share Purchase Agreement (the “MLAZ” agreement) to purchase all the outstanding shares of Minera Latin American Zinc, S.A.P. I. de CV (“MLAZ”), which holds 100% interest in the Plomosas zinc-lead-silver mine in the state of Chihuahua, northern Mexico.

Under the terms of the MLAZ agreement, the Company paid a total purchase price of US\$6 million of which one-half was in cash and one-half in shares of the Company. Contractual restrictions have been applied to 75% of the shares released in three equal tranches, every six months, over 18 months from closing (October 3, 2023; April 3, 2024; October 3, 2024).

For accounting purposes, the MLAZ acquisition was accounted for as a business combination using the acquisition method of accounting, whereby the purchase price is allocated to the identifiable assets and liabilities on the basis of the fair value at acquisition date.

As part of the MLAZ agreement, the Company agreed to pay the vendors a 12% net profit royalty on production from the Plomosas project. This contingent consideration requires significant estimates by management and includes the evaluation of factors such as revenue, operating costs and capital expenditures to estimate future cashflows. Based on these factors, as well as only the historical indicated mineral resource estimate and historical production information available at the time of acquisition, the Company has estimated the 12% net profit royalty to be CDN\$1,344.

The Company has finalized its full and detailed assessment of the fair value of net assets of MLAZ acquired.

# IMPACT Silver Corp.

## Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2024

(Canadian dollars)

Unaudited

### 4. Acquisition of Minera Latin American Zinc - continued

The allocation of the purchase price, based on management's estimates of the fair value of assets acquired and liabilities assumed in Canadian dollars at April 3, 2023 is as follows:

<b>Fair value of consideration:</b>	
Cash payment	\$ 4,031,400
Fair value of 11,441,647 common shares issued by the Company	4,462,242
Discount for lack of marketability	(777,774)
Working capital adjustment	(3,531,266)
12% net profit royalty	1,344
Total purchase price	<u>\$ 4,185,946</u>
<b>Provisional fair value of assets and liabilities acquired:</b>	
Cash	163,936
Accounts receivable and prepaid expenses	784,697
Inventories	179,437
Property, plant and equipment	2,593,252
Exploration and evaluation assets	5,810,743
Accounts payable and accrued liabilities	(4,966,368)
Provision for site reclamation and closure	(379,751)
Net assets acquired	<u>\$ 4,185,946</u>

The working capital adjustment of US\$2.6 million (revalued to Canadian dollars at period end rate), contains contingent liabilities and other amounts subject to settlement. The vendors have agreed to escrow their net profit royalty as security for part of the contingent liabilities.

The results from operations of MLAZ from April 3, 2023 forward are included in these interim consolidated financial statements.

### 5. Inventories

The following table details the composition of inventories at:

	<b>June 30, 2024</b>	December 31, 2023
Materials and supplies	\$ 1,349,590	\$ 1,434,238
Stockpile inventory	113,970	27,091
Concentrate inventory	292,770	617,940
	<u>\$ 1,756,330</u>	<u>\$ 2,079,269</u>

# IMPACT Silver Corp.

## Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2024

(Canadian dollars)

Unaudited

### 6. Right-of-use assets

Details are as follows:

	<b>Land and Buildings</b>
<b>Balance at January 1, 2023</b>	\$ 168,468
Additions	23,742
Amortization	(104,303)
Foreign exchange movement	3,935
<b>Balance at December 31, 2023</b>	91,842
Additions	281,873
Amortization	(143,297)
Foreign exchange movement	(8,689)
<b>Balance at June 30, 2024</b>	<b>\$ 221,729</b>

### 7. Lease Liabilities

Details are as follows:

<b>Balance at January 1, 2023</b>	\$ 147,843
Additions	23,742
Interest	9,876
Repayments	(112,965)
Foreign exchange movement	425
<b>Balance at December 31, 2023</b>	68,921
Additions	281,873
Interest	11,047
Repayments	(152,041)
Foreign exchange movement	(10,399)
<b>Balance at June 30, 2024</b>	<b>199,401</b>
Less: current portion	(199,401)
Non-current lease liabilities	<b>\$ -</b>

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 for leases was 11.0%.

# IMPACT Silver Corp.

## Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2024

(Canadian dollars)

Unaudited

### 7. Lease Liabilities - continued

The expected timing of undiscounted lease payments is as follows:

	June 30, 2024	December 31, 2023
Less than one year	\$ 207,581	\$ 70,936

### 8. Property, plant and equipment

Details are as follows:

	Plant and Mine equipment (\$)	Vehicles (\$)	Office furniture and equipment (\$)	Surface rights (\$)	Mining Assets (\$)	Total (\$)
<b>Cost</b>						
Balance at January 1, 2023	11,025,133	739,876	316,213	1,141,673	34,031,969	47,254,864
Acquisition of Minera Latin American Zinc (Note 4)	2,146,649	37,208	29,644	-	379,751	2,593,252
Additions	1,453,842	68,330	80,465	-	4,200,473	5,803,110
Disposals	-	-	(880)	-	-	(880)
Change in reclamation provision	-	-	-	-	(292,339)	(292,339)
Foreign exchange movement	1,535,367	100,561	21,807	142,771	3,833,935	5,634,441
Balance at December 31, 2023	16,160,991	945,975	447,249	1,284,444	42,153,789	60,992,448
Additions	518,858	-	3,083	-	560,418	1,082,359
Foreign exchange movement	(724,489)	(45,546)	(13,157)	(54,874)	(1,689,989)	(2,528,055)
<b>Balance at June 30, 2024</b>	<b>15,955,360</b>	<b>900,429</b>	<b>437,175</b>	<b>1,229,570</b>	<b>41,024,218</b>	<b>59,546,752</b>
<b>Accumulated amortization</b>						
Balance at January 1, 2023	8,284,359	524,851	241,771	-	15,019,147	24,070,128
Amortization for the period	599,442	81,355	48,686	-	984,761	1,714,244
Foreign exchange movement	1,076,999	71,770	17,505	-	1,472,722	2,638,996
Balance at December 31, 2023	9,960,800	677,976	307,962	-	17,476,630	28,423,368
Amortization for the period	409,333	50,177	26,010	-	694,412	1,179,932
Foreign exchange movement	(457,276)	(34,095)	(8,869)	-	(625,815)	(1,126,055)
<b>Balance at June 30, 2024</b>	<b>9,912,857</b>	<b>694,058</b>	<b>325,103</b>	<b>-</b>	<b>17,545,227</b>	<b>28,477,245</b>
<b>Net book value</b>						
At December 31, 2023	6,200,191	267,999	139,287	1,284,444	24,677,159	32,569,080
<b>At June 30, 2024</b>	<b>6,042,503</b>	<b>206,371</b>	<b>112,072</b>	<b>1,229,570</b>	<b>23,478,991</b>	<b>31,069,507</b>

# IMPACT Silver Corp.

## Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2024

(Canadian dollars)

Unaudited

### 9. Exploration and evaluation assets

Balance at January 1, 2023	\$	26,574,023
Acquisition of Minera Latin American Zinc (Note 4)		5,877,182
Additions		2,913,207
Foreign exchange		2,447,238
Balance at December 31, 2023		37,811,650
Additions		2,198,630
Foreign exchange		(1,249,780)
<b>Balance at June 30, 2024</b>	<b>\$</b>	<b>38,760,500</b>

### 10. 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 and six months ended June 30 is as follows:

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Salaries and fees	\$ 262,250	\$ 302,113	\$ 428,500	\$ 458,463

The amount payable at June 30, 2024 were \$178,233 (June 30, 2023 - \$75,417)

### 11. Expenses by nature

The following table details the nature of expenses within cost of goods sold for the three and six months ended June 30:

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Production costs	\$ 3,256,647	\$ 1,931,218	\$ 6,480,928	\$ 3,828,557
Mining royalty	30,028	27,359	48,080	46,612
Transportation	1,443,589	727,695	2,361,708	1,768,599
Wages and salaries	3,193,895	1,907,571	6,030,259	3,429,084
	\$ 7,924,159	\$ 4,593,843	\$ 14,920,975	\$ 9,072,852

# IMPACT Silver Corp.

## Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2024

(Canadian dollars)

Unaudited

---

### 12. Equity

#### a) Share capital

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

On June 7, 2024, the Company closed a non-brokered private placement financing which was completed in 2 tranches:

- On May 17, 2024, a total of 26,014,002 units were issued for aggregate gross proceeds of \$7,128,659. The Company paid certain registered dealers a cash commission of \$317,943 and granted 1,158,562 broker warrants. Each broker warrant entitles the holder to purchase one common share at a price of \$0.34 until May 17, 2026.
- On June 7, 2024, a total of 7,220,850 units were issued for aggregate gross proceeds of \$1,958,986. The Company paid certain registered dealers a cash commission of \$46,364 and granted 169,638 broker warrants. Each broker warrant entitles the holder to purchase one common share at a price of \$0.34 until June 7, 2026.

Of the total units issued, 11,423,526 units consist of one common share and one-half warrant, and 21,811,326 units consist of one common share and one warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.34 per warrant share for a period of 24 months from the date of issuance.

On December 22, 2023, the Company closed a non-brokered private placement. A total of 20,588,235 units were issued at a price of \$0.17 per unit for aggregate gross proceeds of \$3,500,000. Each unit consists of one common share and one half of one common share purchase warrant. Each full warrants entitles the holder to purchase one common share at a price of \$0.22 per share for a period of 24 months form the date of issuance. The Company paid certain registered dealers a cash commission of \$58,000 and granted 341,298 broker warrants. Each broker warrant entitles the holder to purchase one common share at a price of \$0.22 until December 22, 2025.

On May 3, 2023, the Company closed a non-brokered private placement financing which was completed in 2 tranches:

- On April 19, 2023, a total of 30,903,012 units were issued for aggregate gross proceeds of \$8,343,813. The Company paid certain registered dealers a cash commission of \$198,305 and granted 734,461 broker warrants. Each broker warrant entitles the holder to purchase one common share at a price of \$0.35 until April 19, 2025.
- On May 3, 2023, a total of 2,454,092 units were issued for aggregate gross proceeds of \$662,605. The Company paid certain registered dealers a cash commission of \$24,016 and granted 88,950 broker warrants. Each broker warrant entitles the holder to purchase one common share at a price of \$0.35 until May 3, 2025.

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 warrant share for a period of 24 months from the date of issuance.

# IMPACT Silver Corp.

## Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2024

(Canadian dollars)

Unaudited

### 12. 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.

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.

#### c) Warrants

A summary of the Company's warrants as at March 31, 2024 and the changes for the periods ended on these dates is as follows:

	Number	Weighted Average Exercise Price (\$)
At January 1, 2023	4,878,334	0.39
Issued	44,815,930	0.32
Expired	(4,878,334)	0.39
At December 31, 2023	44,815,930	0.32
Issued	28,855,487	0.34
Exercised	(619,074)	0.24
<b>At June 30, 2024</b>	<b>73,052,343</b>	<b>0.33</b>

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	April 19 2023	May 3 2023	Dec 22 2023	May 17 2024	June 7 2024
Expiry Date	April 19 2025	May 3 2025	Dec 22 2025	May 17 2026	June 7 2026
Number of warrants granted	31,637,473	2,543,042	10,635,415	21,928,657	6,926,830
Risk-free interest rate	3.94%	3.59%	4.02%	4.31%	4.03%
Expected dividend yield	Nil	Nil	Nil	Nil	Nil
Expected share price volatility	72.106%	71.342%	72.756%	75.021%	75.349%
Expected warrant life in years	1.5	1.5	1.5	2.0	2.0

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.

# IMPACT Silver Corp.

## Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2024

(Canadian dollars)

Unaudited

### 13. 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	
	2024	2023	2024	2023
Revenues by geographic area				
Mexico	\$ 7,721,918	\$ 5,491,898	\$ 13,068,863	\$ 10,605,852
Net (loss) income by geographic area				
Mexico	\$ (1,960,175)	\$ 20,189	\$ (4,326,609)	\$ 115,446
Canada	(676,054)	(873,348)	(1,445,051)	(1,298,556)
	\$ (2,636,229)	\$ (853,159)	\$ (5,771,660)	\$ (1,183,110)
Assets by geographical area			June 30, 2024	December 31, 2023
Mexico			\$ 80,716,306	\$ 81,422,539
Canada			9,163,314	7,155,657
			\$ 89,879,620	\$ 88,578,196
Property, plant and equipment by geographical area				
Mexico			\$ 31,036,327	\$ 32,530,174
Canada			33,180	38,906
			\$ 31,069,507	\$ 32,569,080