

IMPACT SILVER CORP.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2025 and 2024

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 Statements of Financial Position

(Canadian dollars)

Unaudited

| ASSETS | September 30, 2025 | December 31, 2024 |
|--|-----------------------|----------------------|
| Current | | |
| Cash | \$ 25,193,646 | \$ 7,062,715 |
| Trade and other receivables (Note 3) | 3,185,632 | 2,906,573 |
| Income taxes receivable | 129,958 | 118,515 |
| Inventories (Note 4) | 2,631,190 | 2,004,245 |
| Investments | 1,033,060 | 179,009 |
| Prepaid expenses and deposits | 800,622 | 541,716 |
| | 32,974,108 | 12,812,773 |
| Value added taxes receivable (Note 3) | 2,365,283 | 1,586,144 |
| Right of use assets (Note 5) | 226,059 | 248,213 |
| Property, plant and equipment (Note 7) | 36,737,397 | 34,108,064 |
| Deferred income tax assets | - | 2,398,889 |
| | \$ 72,302,847 | \$ 51,154,083 |
| LIABILITIES | | |
| Current | | |
| Trade payables and accrued liabilities | \$ 5,569,971 | \$ 3,695,960 |
| Lease liabilities (Note 6) | 112,563 | 163,652 |
| | 5,682,534 | 3,859,612 |
| Lease liabilities (Note 6) | 107,536 | 87,481 |
| Reclamation provision (Note 8) | 2,345,825 | 1,986,678 |
| Deferred income tax liabilities | 644,954 | 2,890,945 |
| | 8,780,849 | 8,824,716 |
| SHAREHOLDERS' EQUITY | | |
| Share capital (Note 9 (a)) | 117,111,843 | 101,375,443 |
| Warrants (Note 9 (c)) | 10,000,230 | 5,291,969 |
| Contributed surplus | 11,396,524 | 11,306,243 |
| Accumulated other comprehensive loss | (1,849,634) | (5,220,576) |
| Accumulated deficit | (73,136,965) | (70,423,712) |
| | 63,521,998 | 42,329,367 |
| | \$ 72,302,847 | \$ 51,154,083 |

Nature of operations (Note 1)

Contingency (Note 18)

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 Statements of Loss and Comprehensive Loss

(Canadian dollars)

Unaudited

| | Three months ended | | Nine Months ended | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2025 | September 30, 2024 | September 30, 2025 | September 30, 2024 |
| Revenues (Note 10) | \$ 10,680,755 | \$ 8,645,360 | \$ 31,200,151 | \$ 21,714,223 |
| Expenses | | | | |
| Operating expenses (Note 11) | 9,427,104 | 7,614,212 | 25,551,126 | 22,541,805 |
| Amortization and depletion | 715,592 | 937,654 | 1,934,211 | 2,414,315 |
| | 10,142,696 | 8,551,866 | 27,485,337 | 24,956,120 |
| Mine operating income (loss) | 538,059 | 93,494 | 3,714,814 | (3,241,897) |
| General and administrative expenses (Note 13) | 984,509 | 1,055,193 | 3,146,716 | 3,188,097 |
| Exploration and project expenses (Note 12) | 1,324,540 | 1,774,338 | 3,235,384 | 4,088,161 |
| Accretion expense (Note 8) | 54,974 | 21,893 | 160,022 | 70,021 |
| Finance expense | 8,559 | 11,385 | 42,630 | 30,072 |
| Finance income | (70,721) | (50,242) | (163,163) | (162,142) |
| Foreign exchange gain | (319,850) | (71,393) | (154,193) | (208,425) |
| Other expense | - | 8,908 | - | 24,137 |
| Loss on disposal | 7,759 | - | 7,759 | - |
| | 1,989,770 | 2,750,082 | 6,275,155 | 7,029,921 |
| Loss before taxes | (1,451,711) | (2,656,588) | (2,560,341) | (10,271,818) |
| Current income tax expense | 1,118 | - | 4,548 | 99,774 |
| Deferred income tax (recovery) expense | (848,521) | 443,939 | 148,364 | 990,850 |
| Net loss | \$ (604,308) | \$ (3,100,527) | \$ (2,713,253) | \$ (11,362,442) |
| Other comprehensive loss | | | | |
| Items that may be subsequently reclassified to profit or loss | | | | |
| Cumulative translation adjustment | 1,391,689 | (2,678,491) | 2,643,791 | (3,941,964) |
| Items that will not be subsequently reclassified to profit or loss | | | | |
| Gain on investments | (15,854) | 52,659 | 727,151 | 96,732 |
| Comprehensive income (loss) | 771,527 | (5,726,359) | 657,689 | (15,207,674) |
| Loss per share – basic and diluted | \$ (0.00) | \$ (0.01) | \$ (0.01) | \$ (0.05) |
| Weighted average number of shares outstanding | | | | |
| - Basic and diluted | 284,153,282 | 247,428,622 | 263,721,374 | 230,024,845 |

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

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IMPACT Silver Corp.

Condensed Consolidated Statements of Changes in Shareholders' Equity

(Canadian dollars)

Unaudited

| | Shares Outstanding | Share Capital (\$) | Warrants (\$) | Contributed Surplus (\$) | Accumulated Other Comprehensive Income (loss) (\$) | Accumulated Deficit (\$) | Total Shareholders' Equity (\$) |
|--|-----------------------|--------------------------|-------------------|--------------------------------|--|--------------------------------|--|
| Balance at December 31, 2023 | 213,574,696 | 94,947,950 | 2,980,914 | 11,306,243 | (1,620,242) | (60,648,556) | 46,966,309 |
| Net loss for the period | - | - | - | - | - | (11,362,442) | (11,362,442) |
| Shares issued in relation to private placement | 33,234,852 | 9,087,645 | - | - | - | - | 9,087,645 |
| Share issue costs | - | (658,908) | - | - | - | - | (658,908) |
| Warrants issued in relation to private placement | - | (2,184,470) | 2,345,855 | - | - | - | 161,385 |
| Warrants exercised | 619,074 | 183,226 | (34,800) | - | - | - | 148,426 |
| Cumulative translation adjustments | - | - | - | - | (3,941,964) | - | (3,941,964) |
| Loss on investments | - | - | - | - | 96,732 | - | 96,732 |
| Balance at September 30, 2024 | 247,428,622 | 101,375,443 | 5,291,969 | 11,306,243 | (5,465,474) | (72,010,998) | 40,497,183 |
| Balance January 1, 2025 | 247,428,622 | 101,375,443 | 5,291,969 | 11,306,243 | (5,220,576) | (70,423,712) | 42,329,367 |
| Net loss for the period | - | - | - | - | - | (2,713,253) | (2,713,253) |
| Shares issued in relation to private placement | 72,394,623 | 21,206,032 | - | - | - | - | 21,206,032 |
| Share issue costs | - | (1,390,131) | (437,040) | - | - | - | (1,827,171) |
| Warrants issued in relation to private placement | - | (5,111,817) | 5,432,705 | - | - | - | 320,888 |
| Warrants exercised | 3,727,007 | 1,032,316 | (197,123) | - | - | - | 835,193 |
| Warrants expired | - | - | (90,281) | 90,281 | - | - | - |
| Cumulative translation adjustments | - | - | - | - | 2,643,791 | - | 2,643,791 |
| Gain on investments | - | - | - | - | 727,151 | - | 727,151 |
| Balance at September 30, 2025 | 323,550,252 | 117,111,843 | 10,000,230 | 11,396,524 | (1,849,634) | (73,136,965) | 63,521,998 |

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

IMPACT Silver Corp.

Condensed Consolidated Statements of Cash Flows

(Canadian dollars)

Unaudited

| Cash resources provided by (used in) | Three Months ended | | Nine Months ended | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2025 | September 30, 2024 | September 30, 2025 | September 30, 2024 |
| Operating activities | | | | |
| Net loss | \$ (604,308) | \$ (3,100,527) | \$ (2,713,253) | \$ (11,362,442) |
| Items not affecting cash | | | | |
| Amortization and depletion | 752,674 | 970,203 | 2,039,684 | 2,506,729 |
| Deferred income tax (recovery) expense | (848,521) | 443,938 | 148,364 | 990,849 |
| Non-cash option payment received | - | - | (460,000) | - |
| Accretion expense | 54,974 | 21,893 | 160,022 | 70,022 |
| Loss on disposal of assets | 7,759 | - | 7,759 | - |
| Changes in non-cash working capital | | | | |
| Trade and other receivables | (1,003,710) | (719,458) | (775,205) | (1,803,996) |
| Income taxes receivable | 8 | (5) | (109) | (73,659) |
| Inventories | (238,899) | (173,392) | (416,562) | 74,769 |
| Prepaid expenses and deposits | 23,252 | (509,395) | (243,446) | 83,043 |
| Trade payables and accrued liabilities | 1,619,112 | (988,276) | 1,603,362 | (415,984) |
| Income taxes payable | 222,527 | - | 115,401 | (1,742) |
| | (15,132) | (4,055,019) | (533,983) | (9,932,411) |
| Investing activities | | | | |
| Proceeds on the sale of investments | 170,527 | 177,596 | 333,101 | 238,609 |
| Acquisition of property, plant and equipment | (573,365) | (88,785) | (1,605,745) | (1,257,838) |
| | (402,838) | 88,811 | (1,272,644) | (1,019,229) |
| Financing activities | | | | |
| Repayment of lease liability | (57,877) | (176,589) | (257,380) | (318,381) |
| Proceeds from exercise of warrants | 820,585 | - | 835,193 | 148,426 |
| Proceeds from private placement, net | 14,689,916 | (11,206) | 19,699,749 | 8,590,122 |
| | 15,452,624 | (187,795) | 20,277,562 | 8,420,167 |
| Effect of exchange rates on cash | (142,290) | 692,273 | (340,004) | 653,594 |
| Net change in cash | 14,892,364 | (3,461,730) | 18,130,931 | (1,877,879) |
| Cash at the beginning of the period | 10,301,282 | 9,863,051 | 7,062,715 | 8,279,200 |
| Cash at the end of the period | \$ 25,193,646 | \$ 6,401,321 | \$ 25,193,646 | \$ 6,401,321 |

The significant non-cash financing and investing transactions during the three and nine months ended September 30 are as follows:

| | Three Months ended | | Nine Months ended | |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2025 | September 30, 2024 | September 30, 2025 | September 30, 2024 |
| Warrants issued for finders' fees | \$ 250,108 | \$ - | \$ 320,888 | \$ 161,385 |
| Fair value of shares received | \$ - | \$ - | \$ 460,000 | \$ - |

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

IMPACT Silver Corp.

Notes to the Condensed Consolidated Financial Statements

(Canadian dollars)

Unaudited

1. Nature of operations

IMPACT Silver Corp. and its subsidiaries (collectively, “IMPACT” or the “Company”) are engaged in silver, gold, 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 a mine in the State of Chihuahua. The Company 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. IMPACT’s common shares are publicly traded on the TSX Venture Exchange (“TSXV”) under the symbol of “IPT”, on the Frankfurt Stock Exchange (“FSE”) under the symbol “IKL” and on the OTCQB under the symbol “ISVLF”.

2. Basis of Preparation

a) Statement of compliance

These condensed consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting. These unaudited condensed interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2024, which have been prepared in accordance with IFRS Accounting Standards.

The material accounting policies and basis of presentation applied in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company’s audited annual consolidated financial statements for the year ended December 31, 2024, unless otherwise noted.

During the year ended December 31, 2024, the Company amended and restated certain of its financial information (see audited consolidated financial statements for the year ended December 31, 2024 posted on SEDAR+ for details). As a result, certain comparative quarterly amounts below have been restated to take these amendments and restatements into account.

The unaudited consolidated financial statements were authorised for issue by the Board of Directors on November 26, 2025.

b) Basis of measurement

Certain comparative figures used in these financial statements have been reclassified in order to conform with the financial presentation adopted during the period.

IMPACT Silver Corp.

Notes to the Condensed Consolidated Financial Statements

(Canadian dollars)

Unaudited

3. Trade and other receivables

| | September 30, 2025 | December 31, 2024 |
|--|-----------------------|----------------------|
| Value added taxes receivable – current portion | \$ 17,663 | \$ 860,011 |
| Trade and other receivables | 3,167,969 | 2,046,562 |
| Total trade and other receivables | \$ 3,185,632 | \$ 2,906,573 |
| Value added taxes receivable – non-current portion | \$ 2,365,283 | \$ 1,586,144 |

4. Inventories

| | September 30, 2025 | December 31, 2024 |
|------------------------|-----------------------|----------------------|
| Materials and supplies | \$ 1,580,374 | \$ 1,399,773 |
| Stockpile inventory | 357,080 | 10,614 |
| Concentrate inventory | 693,736 | 593,858 |
| Total inventories | \$ 2,631,190 | \$ 2,004,245 |

The amount of inventories recognized as an expense during the nine months ended September 30, 2025 was \$25,551,126 (September 30, 2024 - \$22,541,805).

5. Right of use assets

| | |
|------------------------------|------------|
| Balance at December 31, 2023 | \$ 91,842 |
| Additions | 626,784 |
| Amortization | (425,585) |
| Foreign exchange movement | (44,828) |
| Balance December 31, 2024 | 248,213 |
| Additions | 214,741 |
| Amortization | (249,428) |
| Foreign exchange movement | 12,533 |
| Balance September 30, 2025 | \$ 226,059 |

IMPACT Silver Corp.

Notes to the Condensed Consolidated Financial Statements

(Canadian dollars)

Unaudited

6. Lease Liabilities

Details are as follows:

| | | |
|-----------------------------------|----|----------------|
| Balance at December 31, 2023 | \$ | 68,921 |
| Additions | | 626,784 |
| Interest | | 29,912 |
| Repayments | | (431,363) |
| Foreign exchange movement | | (43,121) |
| Balance December 31, 2024 | | 251,133 |
| Interest | | 42,630 |
| Additions | | 214,741 |
| Repayments | | (300,010) |
| Foreign exchange movement | | 11,605 |
| Balance September 30, 2025 | | 220,099 |
| Less: current portion | | 112,563 |
| Non-current lease liabilities | \$ | 107,536 |

The Company's leased assets are for land and buildings. The lease liabilities were discounted at the Company's incremental borrowing rate. The weighted average rate applied for leases was 13% (2024 – 11%).

The expected timing of undiscounted lease payments at September 30, 2025 is as follows:

| | | |
|--------------------|----|----------------|
| Less than one year | \$ | 136,253 |
| One to five years | | 185,220 |
| | \$ | 321,473 |

IMPACT Silver Corp.

Notes to the Condensed Consolidated Financial Statements

(Canadian dollars)

Unaudited

7. Property, plant and equipment

| | Plant and mine equipment (\$) | Office furniture and mobile equipment (\$) | Surface rights (\$) | Mining Assets (\$) | Total (\$) |
|--|-------------------------------------|--|---------------------------|--------------------------|-----------------------|
| Cost | | | | | |
| Balance at December 31, 2023 | 16,160,992 | 1,393,224 | 836,660 | 48,885,052 | 67,275,928 |
| Additions | 1,072,242 | 174,027 | - | 789,022 | 2,035,291 |
| Change in reclamation provision | - | - | - | 10,911 | 10,911 |
| Foreign exchange movement | (2,004,710) | (167,173) | (95,138) | (4,739,262) | (7,006,283) |
| Balance at December 31, 2024 | 15,228,524 | 1,400,078 | 741,522 | 44,945,723 | 62,315,847 |
| Additions | 1,431,277 | 94,340 | - | 80,129 | 1,605,746 |
| Disposals | - | (199,595) | - | - | (199,595) |
| Foreign exchange movement | 1,609,997 | 132,198 | 70,845 | 3,553,710 | 5,366,750 |
| Balance at September 30, 2025 | 18,269,798 | 1,427,021 | 812,367 | 48,579,562 | 69,088,748 |
| Accumulated amortization | | | | | |
| Balance at December 31, 2023 | 9,960,800 | 985,938 | - | 17,636,803 | 28,583,541 |
| Amortization for the year | 792,873 | 141,842 | - | 1,686,721 | 2,621,436 |
| Foreign exchange movement | (1,217,123) | (114,358) | - | (1,665,713) | (2,997,194) |
| Balance at December 31, 2024 | 9,536,550 | 1,013,422 | - | 17,657,811 | 28,207,783 |
| Amortization for the year | 628,977 | 110,952 | - | 1,037,924 | 1,777,853 |
| Disposals | - | (191,835) | - | - | (191,835) |
| Foreign exchange movement | 1,032,335 | 101,011 | - | 1,424,204 | 2,557,550 |
| Balance at September 30, 2025 | 11,197,862 | 1,033,550 | - | 20,119,939 | 32,351,351 |
| Net book value | | | | | |
| At December 31, 2024 | 5,691,974 | 386,656 | 741,522 | 27,287,912 | 34,108,064 |
| At September 30, 2025 | 7,071,936 | 393,471 | 812,367 | 28,459,623 | 36,737,397 |

IMPACT Silver Corp.

Notes to the Condensed Consolidated Financial Statements

(Canadian dollars)

Unaudited

8. Reclamation provision

The Company's reclamation provision is an estimate of the environmental restoration obligations and closure costs associated with the Company's mines, processing facilities and development sites. The total undiscounted amount of the estimated costs required to settle the provision is \$3,882,701. This obligation is updated annually unless changes to the life of the mine are indicated at the end of a reporting period.

Movements in the reclamation provision were as follows:

| | Guadalupe | | Plomosas | | Capire | | Total |
|------------------------------------|-----------|------------------|-----------|----------------|-----------|----------------|---------------------|
| Balance, December 31, 2023 | \$ | 1,030,527 | \$ | 202,398 | \$ | 805,812 | \$ 2,038,737 |
| Accretion | | 85,232 | | 18,290 | | 72,820 | 176,342 |
| Changes in estimate | | 49,713 | | 204,749 | | (243,551) | 10,911 |
| Foreign exchange movement | | (117,550) | | (24,444) | | (97,318) | (239,312) |
| Balance, December 31, 2024 | \$ | 1,047,922 | \$ | 400,993 | \$ | 537,763 | \$ 1,986,678 |
| Accretion | | 83,204 | | 32,692 | | 44,126 | 160,022 |
| Foreign exchange movement | | 104,962 | | 40,215 | | 53,948 | 199,125 |
| Balance, September 30, 2025 | \$ | 1,236,088 | \$ | 473,900 | \$ | 635,837 | \$ 2,345,825 |
| | Guadalupe | | Plomosas | | Capire | | |
| Anticipated settlement date | | 2033 | | 2038 | | 2040 | |
| Undiscounted value | \$ | 1,656,564 | \$ | 863,122 | \$ | 1,363,015 | |
| Estimated life of mine (years) | | 8.5 | | 13.5 | | 15.0 | |
| Discount rate (%) | | 9.29 | | 10.50 | | 10.57 | |
| Inflation rate (%) | | 4.40 | | 4.37 | | 4.25 | |

IMPACT Silver Corp.

Notes to the Condensed Consolidated Financial Statements

(Canadian dollars)

Unaudited

9. Equity

a) Share capital

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

During the period ended September 30 2025:

On September 17, 2025, the Company closed a private placement financing and issued 44,444,446 units at a price of \$0.36 per unit for aggregate gross proceeds of \$16,000,000. The Company paid certain registered dealers a cash commission of \$1,130,880 and granted 2,888,888 brokers warrants valued at \$250,108. Each unit issued consists of one common share and one warrant and entitles the holder to purchase one common share at a price of \$0.45 for a period of 24 months from the date of issuance. Each brokers warrant entitles the holder to purchase one common share at \$0.45 for a period of 24 months from the date of issuance.

On June 4, 2025, the Company closed a non-brokered private placement financing which was completed in two tranches:

- On May 20, 2025, a total of 20,916,177 units were issued for aggregate gross proceeds of \$3,930,712. The Company paid certain registered dealers a cash commission of \$49,696 and granted 359,423 broker warrants valued at \$28,064. Each broker warrant entitles the holder to purchase one common share at a price of \$0.24 until May 20, 2028.
- On June 4, 2025, a total of 7,034,000 units were issued for aggregate gross proceeds of \$1,275,320. The Company paid certain registered dealers a cash commission of \$62,899 and granted 349,440 broker warrants valued at \$42,716. Each broker warrant entitles the holder to purchase one common share at a price of \$0.24 until June 4, 2028.

Of the total units issued:

- 8,750,000 units consist of one common share and one-half warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.26 per warrant share for a period of 24 months from the date of issuance.
- 19,200,177 units consist of one common share and one warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.24 per warrant share for a period of 36 months from the date of issuance.

During the period ended December 31, 2024:

On June 7, 2024, the Company closed a non-brokered private placement financing which was completed in two 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 \$47,498 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.

b) Stock options

The Company has a stock option plan whereby the board of directors may, from time to time, grant options of up to 10% of the Company's total number of issued and outstanding shares. The stock option plan provides for the granting

IMPACT Silver Corp.

Notes to the Condensed Consolidated Financial Statements

(Canadian dollars)

Unaudited

9. Equity – continued

b) Stock options – continued

of options to directors, officers, employees or consultants, the limits being based on the Company's total number of issued and outstanding shares per year.

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 following summarizes the continuity of the stock options:

| | Number | Weighted Average Exercise Price (\$) |
|---|------------------|---|
| Balance December 31, 2023 | 6,010,000 | 0.59 |
| Expired | (1,750,000) | 0.36 |
| Forfeited | (325,000) | 0.67 |
| Balance September 30, 2025 and December 31, 2024 | 3,935,000 | 0.68 |

At September 30, 2025 the following stock options were outstanding:

| Expiry Date | Exercise Price | Number of Options Outstanding | Weighted Average Remaining Life (Years) | Number of Options Exercisable |
|------------------|-------------------|-------------------------------------|---|-------------------------------------|
| January 18, 2026 | \$0.90 | 1,860,000 | 0.30 | 1,860,000 |
| October 8, 2026 | \$0.48 | 2,075,000 | 1.02 | 2,075,000 |
| | | 3,935,000 | 0.68 | 3,935,000 |

c) Warrants

The following summarizes the continuity of share purchase warrants:

| | Number | Weighted Average Exercise Price (\$) |
|-----------------------------------|--------------------|---|
| Balance December 31, 2023 | 44,815,930 | 0.32 |
| Issued | 28,855,487 | 0.34 |
| Expired | (619,074) | 0.24 |
| Balance December 31, 2024 | 73,052,343 | 0.33 |
| Issued | 71,617,374 | 0.38 |
| Exercised | (3,727,007) | 0.22 |
| Expired | (803,411) | 0.35 |
| Balance September 30, 2025 | 140,139,299 | 0.36 |

IMPACT Silver Corp.

Notes to the Condensed Consolidated Financial Statements

(Canadian dollars)

Unaudited

9. Equity – continued

c) Warrants - continued

As at September 30, 2025 the following share purchase warrants were outstanding:

| Expiry Date | Weighted Average Exercise Price | Warrants Outstanding | Remaining Outstanding Life (Years) |
|-------------------------------|------------------------------------|-------------------------|--|
| December 22, 2025 | 0.22 | 6,501,240 | 0.23 |
| May 17, 2026 | 0.34 | 21,928,657 | 0.63 |
| June 7, 2026 | 0.34 | 6,920,110 | 0.68 |
| October 19, 2026 ¹ | 0.35 | 30,717,826 | 1.05 |
| November 3, 2026 ² | 0.35 | 2,454,092 | 1.09 |
| May 20, 2027 | 0.26 | 4,145,000 | 1.64 |
| June 4, 2027 | 0.26 | 230,000 | 1.68 |
| September 17, 2027 | 0.45 | 47,333,334 | 1.96 |
| May 20, 2028 | 0.24 | 12,985,600 | 2.64 |
| June 4, 2028 | 0.24 | 6,923,440 | 2.68 |
| | 0.36 | 140,139,299 | 1.48 |

Footnotes:

1. 30,828,938 share purchase warrants with an original expiry date of April 19, 2025 were extended to October 19, 2026.

2. 2,454,092 share purchase warrants with an original expiry date of May 3, 2025 were extended to November 3, 2026.

In determining the fair value of the warrants issued, the Company used the Black-Scholes option pricing model to establish the fair value of warrants granted by applying the following assumptions:

| | Nine months ended September 30, 2025 | Year ended Dec 31, 2024 |
|---------------------------------|--|-------------------------------|
| Issued: | | |
| Risk-free interest rate | 2.49-2.66% | 4.03-4.31% |
| Expected dividend yield | Nil | Nil |
| Expected share price volatility | 75.59-79.79% | 75.02-75.35% |
| Expected warrant life | 2-3 years | 2 years |

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 Financial Statements

(Canadian dollars)

Unaudited

10. Revenues

The disaggregated revenue information is as follows:

| | Three Months ended | | Nine Months ended | |
|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2025 | September 30, 2024 | September 30, 2025 | September 30, 2024 |
| Lead-silver concentrate | \$ 9,218,139 | \$ 6,496,487 | \$ 24,848,560 | \$ 17,312,768 |
| Zinc-silver concentrate | 1,462,616 | 2,148,873 | 6,351,591 | 4,401,455 |
| | \$ 10,680,755 | \$ 8,645,360 | \$ 31,200,151 | \$ 21,714,223 |

The Company sells 100% of its concentrate to one customer in Mexico.

11. Operating expenses by nature

| | Three Months ended | | Nine Months ended | |
|--------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2025 | September 30, 2024 | September 30, 2025 | September 30, 2024 |
| Production costs | \$ 3,760,300 | \$ 3,282,104 | \$ 11,281,008 | \$ 9,769,650 |
| Environmental tax | 83,495 | 32,257 | 240,592 | 80,337 |
| Transportation | 1,306,325 | 1,362,663 | 4,400,070 | 3,724,371 |
| Wages and salaries | 4,276,984 | 2,937,188 | 9,629,456 | 8,967,447 |
| | \$ 9,427,104 | \$ 7,614,212 | \$ 25,551,126 | \$ 22,541,805 |

12. Exploration and project expenses

| | Three Months ended | | Nine Months ended | |
|------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2025 | September 30, 2024 | September 30, 2025 | September 30, 2024 |
| Labour | \$ 552,093 | \$ 704,711 | \$ 1,205,918 | \$ 1,458,755 |
| Permits & Fees | 205,099 | 202,012 | 566,744 | 501,758 |
| Drilling | 314,212 | 779,752 | 1,175,017 | 1,656,639 |
| Supplies & Other | 253,136 | 327,863 | 747,705 | 711,009 |
| Option Payments | - | (240,000) | (460,000) | (240,000) |
| | \$ 1,324,540 | \$ 1,774,338 | \$ 3,235,384 | \$ 4,088,161 |

IMPACT Silver Corp.

Notes to the Condensed Consolidated Financial Statements

(Canadian dollars)

Unaudited

13. General and administrative expenses

| | Three Months ended | | Nine Months ended | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2025 | September 30, 2024 | September 30, 2025 | September 30, 2024 |
| Accounting, audit & legal | \$ 214,691 | \$ 258,621 | \$ 588,730 | \$ 652,060 |
| Amortization | 37,082 | 32,548 | 105,473 | 92,413 |
| Investor relations, promotion & travel | 107,350 | 113,196 | 293,229 | 558,069 |
| Management fees & consulting | 234,454 | 285,787 | 762,321 | 801,919 |
| Office, rent, insurance & sundry | 162,028 | 138,148 | 444,444 | 366,917 |
| Office salaries & services | 228,904 | 226,893 | 952,519 | 716,719 |
| | <u>\$ 984,509</u> | <u>\$ 1,055,193</u> | <u>\$ 3,146,716</u> | <u>\$ 3,188,097</u> |

14. 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 is as follows:

| | Three Months ended | | Nine Months ended | |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2025 | September 30, 2024 | September 30, 2025 | September 30, 2024 |
| Salaries, bonus and consulting fees | \$ 237,450 | \$ 739,475 | \$ 659,050 | \$ 217,225 |
| Amounts payable at September 30, 2025 | | | <u>\$ 37,600</u> | <u>\$ 169,069</u> |

15. Capital management

The Company considers items included in shareholders' equity as capital. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, to continue to explore financing opportunities, to provide an adequate return to shareholders and to support any growth plans.

To effectively manage the entity's capital requirements, the Company has in place a process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company ensures that there is sufficient cash to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

The Company is not subject to externally imposed capital requirements. There was no change in the Company's approach to capital management for the periods presented.

IMPACT Silver Corp.

Notes to the Condensed Consolidated Financial Statements

(Canadian dollars)

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16. Financial instruments and risk management

| | Amortized cost | FVTPL | FVOCI | Total |
|--|-------------------|-----------|-----------|------------|
| September 30, 2025 | \$ | \$ | | \$ |
| Financial assets | | | | |
| Cash and cash equivalents | 25,193,646 | - | - | 25,193,646 |
| Investments | - | - | 1,033,060 | 1,033,060 |
| Trade and other receivables | 272,324 | 2,913,308 | - | 3,185,632 |
| | 25,465,970 | 2,913,308 | 1,033,060 | 29,412,338 |
| Financial liabilities | | | | |
| Trade payables and accrued liabilities | 5,569,971 | - | - | 5,569,971 |
| December 31, 2024 | | | | |
| Financial assets | | | | |
| Cash and cash equivalents | 7,062,715 | - | - | 7,062,715 |
| Investments | - | - | 179,009 | 179,009 |
| Trade and other receivables | 905,100 | 2,001,473 | - | 2,906,573 |
| | 7,967,815 | 2,001,473 | 179,009 | 10,148,297 |
| Financial liabilities | | | | |
| Trade payables and accrued liabilities | 3,695,960 | - | - | 3,695,960 |

The categories of the fair value hierarchy that reflect the inputs to valuation techniques used to measure fair value are as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices include in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – inputs for the asset or liability that are not based on observable market data

As at September 30, 2025, investments are measured as fair value using Level 1 inputs. The fair value of marketable securities is measured based on the quoted market price of the related common shares at each reporting date, and changes in fair value are recognized in accumulated other comprehensive income or loss.

Trade receivables are measured at fair value using Level 1 inputs. The fair value of trade receivables is measured based on inputs other than quoted prices for the underlying commodity prices (silver, gold, lease zinc) to which the receivable relates as the trade receivables are provisionally priced at the time of sale. The majority of the Company's trade receivables arose from provisional concentrate sales and are valued using quoted market prices based on the forward London Metal Exchange for silver, gold, lead and zinc.

The carrying value of cash, other receivables, and trade payables and accrued liabilities approximate their fair values because of their short-term nature.

The levels in the fair value hierarchy into which the Company's financial assets and liabilities that are measured and recognized on the consolidated financial position at fair value on a recurring basis were categorized as Level 1.

The methodology and assessment of inputs for determining the fair value of financial assets and liabilities as well as the hierarchy for the Company's financial assets and liabilities measured at fair value remains unchanged from that at December 31, 2024.

IMPACT Silver Corp.

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16. Financial instruments and risk management - continued

Credit risk

As at September 30, 2025, 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 September 30, 2025 of \$25.2 million, and current assets exceeded current liabilities by \$27.3 million, in order to meet short-term business requirements. Trade payables have contractual maturities of approximately 30 to 90 days, or are due on demand and are subject to normal trade terms.

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.

Market risk

Market risk includes currency and price 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 September 30, 2025, 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 September 30, 2025, a 10% depreciation or appreciation of these currencies against the Canadian dollar would result in an approximate \$0.6 million decrease or increase in the Company's net income for the nine months ended September 30, 2025.

The Company has shares in a publicly traded company that are measured at FVOCI.

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.

IMPACT Silver Corp.

Notes to the Condensed Consolidated Financial Statements

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16. Financial instruments and risk management - continued

Market risk – continued

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 September 30, 2025 by \$0.3 million (September 30, 2024 - \$0.2 million).

17. Segmented information

The Company has a corporate head office in Canada and two reportable operating segments in Mexico. The operating 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.

The Zacualpan segment includes mines from the Guadalupe and Capire production centres in the State of Mexico and neighbouring Guerrero state, Mexico. The Plomosas segment includes the mine located in the State of Chihuahua, Mexico.

As at September 30, 2025:

| | Total Assets | Property, plant & equipment |
|--------------------|----------------------|-----------------------------|
| Zacualpan (Mexico) | \$ 31,740,719 | \$ 23,647,113 |
| Plomosas (Mexico) | 16,948,809 | 13,068,560 |
| Corporate (Canada) | 23,613,319 | 21,724 |
| Total | \$ 72,302,847 | \$ 36,737,397 |

As at December 31, 2024:

| | Total Assets | Property, plant & equipment |
|--------------------|----------------------|-----------------------------|
| Zacualpan (Mexico) | \$ 29,496,306 | \$ 22,053,670 |
| Plomosas (Mexico) | 15,674,426 | 12,024,199 |
| Corporate (Canada) | 5,983,351 | 30,195 |
| Total | \$ 51,154,083 | \$ 34,108,064 |

For the three months ended September 30, 2025:

| | Zacualpan (Mexico) | Plomosas (Mexico) | Corporate (Canada) | Total |
|--|---------------------|-----------------------|---------------------|---------------------|
| Revenue | \$ 8,745,117 | \$ 1,935,638 | \$ - | \$ 10,680,755 |
| Operating expenses | 6,150,360 | 3,276,744 | - | 9,427,104 |
| Amortization and depletion | 426,303 | 289,289 | - | 715,592 |
| Mine operating income (loss) | 2,168,454 | (1,630,395) | - | 538,059 |
| General and administrative expenses | 127,686 | 129,676 | 727,147 | 984,509 |
| Exploration and project expense | 818,144 | 506,396 | - | 1,324,540 |
| Foreign exchange (gain) loss | (39,368) | (267,421) | (13,061) | (319,850) |
| Other (income) expense | 36,876 | 11,231 | (47,536) | 571 |
| Current and deferred income tax (recovery) | (847,403) | - | - | (847,403) |
| Net income (loss) | \$ 2,072,519 | \$ (2,010,277) | \$ (666,550) | \$ (604,308) |

IMPACT Silver Corp.

Notes to the Condensed Consolidated Financial Statements

(Canadian dollars)

Unaudited

17. Segmented information - continued

For the nine months ended September 30, 2025:

| | Zacualpan (Mexico) | Plomosas (Mexico) | Corporate (Canada) | Total |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Revenue | \$ 23,323,263 | \$ 7,876,888 | \$ - | \$ 31,200,151 |
| Operating expenses | 15,789,442 | 9,761,684 | - | 25,551,126 |
| Amortization and depletion | 1,140,196 | 794,015 | - | 1,934,211 |
| Mine operating income (loss) | 6,393,625 | (2,678,811) | - | 3,714,814 |
| General and administrative expenses | 509,993 | 349,752 | 2,286,971 | 3,146,716 |
| Exploration and project expense | 1,664,583 | 1,570,801 | - | 3,235,384 |
| Foreign exchange (gain) loss | 259,152 | (451,054) | 37,709 | (154,193) |
| Other (income) expense | 138,571 | 33,347 | (124,670) | 47,248 |
| Current and deferred income tax expense | 152,912 | - | - | 152,912 |
| Net income (loss) | \$ 3,668,414 | \$ (4,181,657) | \$ (2,200,010) | \$ (2,713,253) |

For the three months ended September 30, 2024:

| | Zacualpan (Mexico) | Plomosas (Mexico) | Corporate (Canada) | Total |
|---|-----------------------|----------------------|-----------------------|-----------------------|
| Revenue | \$ 6,088,998 | \$ 2,556,362 | \$ - | \$ 8,645,360 |
| Operating expenses | 4,955,778 | 2,658,434 | - | 7,614,212 |
| Amortization and depletion | 652,529 | 285,125 | - | 937,654 |
| Mine operating income (loss) | 480,691 | (387,197) | - | 93,494 |
| General and administrative expenses | 191,489 | 123,186 | 740,518 | 1,055,193 |
| Exploration and project expense | 1,544,825 | 229,513 | - | 1,774,338 |
| Foreign exchange (gain) loss | (103,594) | 15,305 | 16,896 | (71,393) |
| Other income (expense) | 28,968 | 8,179 | (45,203) | (8,056) |
| Current and deferred income tax expense | 443,939 | - | - | 443,939 |
| Net loss | \$ (1,624,936) | \$ (763,380) | \$ (712,211) | \$ (3,100,527) |

IMPACT Silver Corp.

Notes to the Condensed Consolidated Financial Statements

(Canadian dollars)

Unaudited

17. Segmented information - continued

For the nine months ended September 30, 2024:

| | Zacualpan (Mexico) | Plomosas (Mexico) | Corporate (Canada) | Total |
|---|-----------------------|----------------------|-----------------------|-----------------|
| Revenue | \$ 16,322,779 | \$ 5,391,444 | \$ - | \$ 21,714,223 |
| Operating expenses | 14,482,622 | 8,059,183 | - | 22,541,805 |
| Amortization and depletion | 1,634,587 | 779,728 | - | 2,414,315 |
| Mine operating income (loss) | 205,570 | (3,447,467) | - | (3,241,897) |
| General and administrative expenses | 596,929 | 399,218 | 2,191,950 | 3,188,097 |
| Exploration and project expense | 2,500,959 | 1,587,202 | - | 4,088,161 |
| Foreign exchange (gain) loss | (271,615) | 58,538 | 4,652 | (208,425) |
| Other (income) expense | 80,420 | 34,108 | (152,440) | (37,912) |
| Current and deferred income tax expense | 992,166 | - | 98,458 | 1,090,624 |
| Net loss | \$ (3,693,289) | \$ (5,526,533) | \$ (2,142,620) | \$ (11,362,442) |

18. Contingency

A former employee of the Company's Mexican subsidiary Minera Latin American Zinc, S.A.P.I. de C.V. is claiming unjustified dismissal in a legal action against that company. The total amount of the claim is Mexican Pesos 1.4 million of which approximately one-half has been accrued in MLAZ at September 30, 2025.