IMPACT Silver Corp.
Form 51-102F1
Management's Discussion and Analysis
For the Three and Nine Months Ended September 30, 2026

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") is for the three and nine months ended September 30, 2026 of IMPACT Silver Corp. ("IMPACT" or the "Company") prepared as at November 25, 2026 and should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended December 31, 2025 and the related notes contained therein. All amounts referred to herein are in Canadian dollars unless otherwise specified.

Additional information relating to the Company including material change notices, certifications of annual and interim filings and press releases are available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedarplus.ca.

This document contains forward-looking statements. Please refer to "NOTE REGARDING FORWARD-LOOKING STATEMENTS."

CORPORATE OVERVIEW

IMPACT is recognized as an intermediate miner with strength across the value chain including production, growth and exploration activities. The Company has extensive land positions in Mexico with production and exploration potential at its flagship Royal Mines of Zacualpan Silver Gold District located southwest of Mexico City, which includes the nearby Capire zinc-lead-silver mineral district. The Company also owns the Plomosas Zinc Mine, located in northern Mexico, 150 kilometres northeast of the city of Chihuahua.

The Company has been producing silver from epithermal veins at Zacualpan since 2006 with five mines feeding a central processing plant. Since production started, Zacualpan has produced approximately 14.5 million oz of silver. The Zacualpan district covers over 200 sq kilometres with numerous exploration targets which remain the focus of a long-term exploration program.

On October 13, 2026, the Company announced the planned upgrade and re-start of its 200 tpd Capire mill located 16 kilometres southwest of its current Guadalupe complex operations at Zacualpan. The mill will process mill feed from the Noche Buena Mine Complex, including the Carlos Pacheco, San Francisco and Noche Buena veins. Due to the better grades of the mill feed from the Noche Buena Complex, this program is being given priority over the potential re-start of mining in the open pit adjacent to the Capire mill. This represents a significant growth initiative which is expected to potentially increase the Company's overall mill capacity to almost 700 tpd (tonnes per day), including the nearby legacy Zacualpan Guadalupe mill (500 tpd) that has been in operation for over 20 years, and would complement the existing Zacualpan milling activities. Management's plan is to maintain Zacualpan's current operating profitability while directing suitable gold and copper-bearing material to Capire for treatment through a dedicated circuit. The upgraded circuit will recover gold into precious-metal-rich separate concentrates of copper, lead and zinc. When in operation, Capire would provide an incremental source of revenue and enhance overall Company viability. Completion is anticipated by the end of the second quarter 2027 at a cost of approximately US$5.0 million.

On March 20, 2026, a temporary suspension of underground mining operations at Plomosas was announced. During the suspension it was anticipated that the processing plant and surface infrastructure would continue to operate and generate cash flows by processing mineral from third parties. However, as of September 30, 2026, the anticipated feed from third parties had not come to fruition and therefore the plant had no economic source of production. As a result, the Company determined that the carrying amount of the Plomosas cash generating unit ("CGU") exceeded its recoverable amount and an impairment loss of CAD $4.3 million was recognized in the Q3 2026 consolidated statements of comprehensive loss.

The Company maintains active exploration programs using its own diamond drills to continue to feed and expand its operations allowing for a cost-effective approach to exploration and mine development. Since 2006, the Company has conducted ongoing exploration programs that have led to meaningful development and production activities, with more than ten sites in the Zacualpan District having been developed into new mining operations since inception. Over that period, Zacualpan has generated more than $387 million in revenue, and contributed to the funding of capital expenditures, including property, plant and equipment, and mining assets, as well as exploration on both the Zacualpan and Plomosas properties.

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

FINANCIAL HIGHLIGHTS

Year-to-Date 2026

- Consolidated revenue for the first nine months of 2026 was $71.6 million up from $31.2 million in 2025, of which $65.2 million was from Zacualpan.

- Gross profit year-to-date 2026 was $36.9 million compared to $3.7 million in the comparative period in 2025, on higher prices for silver, along with increased silver grades and tonnage throughput at Zacualpan. Silver equivalent ounces("AgEq")[1] sales at Zacualpan increased 48% to 719,397 oz compared to in 484,711 oz in 2025.

- Year-to-date net income 2026, after recording a non-cash impairment loss of $4.3 million from Plomosas, was $10.9 million compared to a loss of $2.7 million in the comparative period. Earnings per share to September 30, 2026 were $0.03 (2025- ($0.01)).

- The Company recorded provisions for current income tax expense for the nine months ended September 30, 2026 of $15.9 million, and deferred income tax recovery of $1.2 million, on higher taxable income generated at Zacualpan.

- During the nine months ended September 30, 2026, 19.3 million warrants were exercised for proceeds of $6.3 million.

- Year-to-date 2026, the Company invested $5.1 million in exploration (2025 - $3.2 million).

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

- Subsequent to September 30, 2026, the Company announced the granting of 7,990,000 stock options at a price of $0.23 per common share to directors, officers, consultants and employees of the Company. The options are exercisable for a period of 5 years.

At September 30, 2026, the Company had cash of $53.3 million, compared to $23.7 million in cash and $4.0 million invested in GICs at December 31, 2025. Working capital [2] was $50.0 million up from $31.7 million at December 31, 2025. The Company had no long-term debt at September 30, 2026.

Q3 2026

- Consolidated revenue for Q3 2026 was $18.5 million, representing a 73% increase compared to revenue of $10.7 million in Q3 2025. Zacualpan generated $17.3 million of the Q3 2026 revenue.

- Gross profit for the Q3 2026 was $7.8 million, compared to $0.5 million in Q3 2025 on higher revenue and gross profit from Zacualpan.

- Consolidated net loss in Q3 2026, after recording a non-cash Plomosas impairment loss of $4.3 million, was $3.3 million compared to net loss of $0.6 million in Q3 2025.

- In Q3 2026, the Company invested $2.5 million on exploration at Zacualpan and Plomosas (Q3 2025 - $1.3 million).

With the current fluctuating commodity markets and economic conditions, the prior year's financings and current substantial working capital provide the opportunity to:

- Upgrade and restart the Capire production centre.
- Continue the rehabilitation of the Guadalupe mine shaft and track system.
- Continue the active drill program at the Noche Buena Complex and underground at the Guadalupe and San Ramon mines.
- Increase tailings capacity with the development of tailings pond #3 at Zacualpan.
- Continue exploration programs on the Company's properties including Plomosas.
- Continue to actively look for new opportunities, primarily in the Mexican market.

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

The Company maintains strict cost controls and is focused on production efficiencies. Management regularly considers potential adjustments in mining processes and new technologies to improve margins and offset higher supplier and labour costs. IMPACT continues to operate with the objective of maximizing earnings, and to test the potential of its current projects while maintaining leading Environmental, Social and Governance ("ESG") programs and standards.

IMPACT is a reporting issuer in British Columbia, Ontario and Alberta. The Company's shares trade on the TSX Venture Exchange as a Tier 1 Issuer under the symbol IPT, in the U.S. on the Over-The-Counter Quality Best Market as ISVLF, and on the Frankfurt Stock Exchange under the symbol IKL.

[2] Working capital is a non-IFRS measure which the Company believes provides meaningful information about the Company's financial performance. See "Non-IFRS-MEASURES".

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

ZACUALPAN SILVER OPERATION

- During Q3 2026, the Guadalupe mill processed 38,116 tonnes ("t") of mill feed at the Zacualpan/Guadalupe complex, up 8% from 35,437 t in Q3 2025.

- AgEq production from the Guadalupe complex in Q3 2026 was 217,558 oz, a 35% increase from 160,743 oz in Q3 2025. AgEq silver sales increased by 38% over the same period in 2025, due to higher commodity prices, grades and mill throughput. The average mill head grade for silver in Q3 2026 was up 25% to 197 g/t from 157 g/t in Q3 2025. Silver currently comprises approximately 97% of the production value at Zacualpan.

- The realized price of silver per ounce in Q3 2026 increased by 49% to $63.53 from $42.65 in Q3 2025. Operating expenses rose to $7.1 million from $6.2 million in Q3 2025, but decreased 15% per AgEq oz over Q3 2025. This was despite ongoing inflationary factors, and development costs which were expensed during the period, as the Company continued to optimize production and feed blend.

- During Q2 2026, IMPACT reported initial drill results from the north extension of the Carlos Pacheco Vein, including 114.5 g/t gold, 1,295 g/t silver and 1.10% copper over 0.61 metres within 9.79 g/t gold, 212 g/t silver and 0.29% copper over 9.49 metres (see IMPACT news release dated April 21, 2026). In June, IMPACT reported additional drill results including 1,333 g/t Silver over 5.72 m on the Carlos Pacheco Vein (see IMPACT news release dated June 15, 2026).

Zacualpan - Guadalupe Production Complex

The Company remains committed to its strategy of increasing grade, optimizing production, and controlling costs at the Guadalupe processing plant. During the last several months it has been undertaking extensive rehabilitation of the Guadalupe mine shaft and track system, as well as conducting development and exploration programs at the recently discovered Kena Vein to further outline the structure. In Q2 2025, the Company commenced delivering development "muck" from Kena to the mill. The Kena vein is being explored and developed and mined on multiple levels. Over the last year, as the percentage of processed mineral from Kena rises, it has contributed to a significant increase in overall mill feed grade.

The Company restarted and began developing the Noche Buena/Carlos Pacheco mine with limited production in 2025. The development was complemented by a surface drill program which extended the Carlos Pacheco veins by 150m to the north (see IMPACT news release dated April 21, 2026 and IMPACT news release dated June 15, 2026) and is continuing.

Looking ahead, mine management is planning to shift the production mix toward higher-grade silver vein systems, including the new Kena and Noche Buena veins. With the recent increase in the price of silver, the Company is also reviewing areas of slightly lower silver grades to incrementally add to production and a focused program of definition and step-out drilling is ongoing with the goal expected to outline additional silver feed from the San Ramon, Carlos Pacheco, Noche Buena and Guadalupe mines. Additionally, the Company is planning to upgrade the Capire mill to process gold, silver and copper mineral from the Carlos Pacheco vein where a program of definition and step-out drilling is ongoing with the goal of outlining additional feed for Capire.

At San Ramon, development is moving forward to test the new San Ramon South Deeps area with underground drilling which is a potential fourth stope in the mine. A second underground drill continues to further expand the Kena and other veins at the Guadalupe mine, and a second surface drill owned by the Company is continuing to test additional targets in the Zacualpan District.

PRODUCTION AND SALES: ZACUALPAN - GUADALUPE MILL

	Three Months Ended			Nine Months Ended		
	Sept 30, 2026	Sept 30, 2025	Change	**Sept 30, 2026**	Sept 30, 2025	Change
Total tonnes milled	**38,116**	**35,437**	**+8%**	**112,946**	**104,622**	**+8%**
Tonnes produced per day ("tpd")	**414**	**385**	**+8%**	**414**	**383**	**+8%**
Average mill head grade – silver g/t	**197**	**157**	**+25%**	**219**	**157**	**+39%**
Silver produced (oz)	**210,691**	**150,399**	**+40%**	**693,889**	**445,530**	**+56%**
Lead produced (t)	**65**	**48**	**+37%**	**198**	**164**	**+21%**
Gold produced (oz)	**74**	**94**	**-21%**	**245**	**331**	**-26%**
AgEq produced (oz) [1.]	**217,558**	**160,743**	**+35%**	**715,052**	**484,534**	**+48%**
Silver sold (oz)	**208,146**	**145,894**	**+43%**	**698,064**	**445,534**	**+57%**
Lead sold (t)	**64**	**48**	**+33%**	**198**	**166**	**+19%**
Gold sold (oz)	**81**	**96**	**-16%**	**247**	**330**	**-25%**
AgEq sold(oz)	**215,486**	**156,539**	**+38%**	**719,397**	**484,711**	**+48%**
Realized silver price per oz	**$63.53**	**$42.65**	**+49%**	**$70.60**	**$36.55**	**+93%**
Realized gold price per oz [2.]	**$4,300.89**	**$3,613.20**	**+19%**	**$4,496.03**	**$3,256.20**	**+38%**
Realized lead price per pound [2.]	**$0.84**	**$0.88**	**-5%**	**$0.86**	**$0.89**	**-3%**
Revenue per AgEq oz sold [3]	**$80.39**	**$55.87**	**+48%**	**$90.63**	**$48.12**	**+88%**
Operating expenses per AgEq oz produced [4.]	**$32.61**	**$38.26**	**-15%**	**$29.57**	**$32.59**	**-9%**

1. Silver equivalents are calculated using a 64.25:1(Ag/Au), and a 0.0125:1(Ag/Pb) ratio for Q3 2026, and for Q3 2025 using a 86.88:1 (Ag/Au), and a 0.021:1 (Ag/Pb) ratio. Silver equivalents to September 30 are calculated using a 90.749:1(Ag/Au), and a 0.0248:1(Ag/Pb) ratio for 2026, and for 2025 using a 64.254:1 (Ag/Au), and a 0.0125 (Ag/Pb) ratio. Ratios are based on average silver, gold and lead prices during the respective period.
2. Based on realized sales prices and provisional sales prices before final adjustment and settlement, excluding treatment and refining charges.
3. Revenue includes realized and provisional revenue before final adjustment and settlement.
4. Operating costs include mining, processing and direct overhead costs.

ROYAL MINES OF ZACUALPAN DISTRICT

At the Royal Mines of Zacualpan Silver-Gold District in central Mexico, several underground mines and an open pit mine on epithermal silver-gold (zinc-lead) veins feed the central Guadalupe processing plant which has a rated capacity of 500+ tonnes per day. Upgrading operations, enhancing production and expanding the

tailings capacity is an ongoing process. Work on a third tailings dam continues with a plan to begin using it in 2027; it will add a provisional life of six years of operations at the Guadalupe mill complex.

Guadalupe Silver Mine

The Guadalupe Mine, located adjacent to the Guadalupe mill, is the largest producing mine on the property. Production comes from multiple veins at various levels within the largest known vein cluster on the property. In Q3 2026, the Guadalupe Mine supplied 54% of the mill feed, of which 29% came from the new Kena Vein, compared to 53% in Q3 2025. Monthly average mining grades during the quarter ranged from 168 to 178 g/t silver, augmented by higher monthly grades of 208 to 232 g/t silver from the Kena Vein. Production during the quarter was primarily sourced from the Kena and Rata veins on Levels 165, 170 and 175. With its cost-efficient infrastructure and the discovery of the new Kena Vein, the Company is upgrading infrastructure within the mine for more efficient production going forward.

San Ramon Silver Mine

The San Ramon Mine, located five kilometres southeast of the Guadalupe mill, has been a key production source since 2008. In September 2021, the Company completed mining of the San Ramon Deeps zone and shifted focus to the San Ramon South zone, which was discovered in early 2021. In Q3 2026, the San Ramon South zone contributed 19% of the feed to the Guadalupe mill, compared to 21% in Q3 2025. Monthly average mining grades at San Ramon during the quarter ranged from 169 to 182 g/t silver. Production in Q3 2026 came from Levels 2, 9 and 10 in the San Ramon South zone.

Veta Negra Silver Mine

The Veta Negra Mine is a small open-pit operation that began production in 2019. Located four kilometres northwest of the Guadalupe mill, it contributes a silver-rich feed to the mill from a near-surface bulk tonnage zone. In Q3 2026, the Veta Negra Mine supplied 7% of the feed to the Guadalupe mill compared to 8% in Q3 2025. Monthly average mining grades during the quarter ranged from 170 to 171 g/t silver.

Cuchara Silver Mine

The Cuchara Mine, located 2.5 kilometres east of the Guadalupe mill, began production in 2013. In Q3 2026, the Cuchara Mine supplied 14% of the feed to the Guadalupe mill compared to 14% in Q3 2025. The mine provides a silver-lead-zinc feed to the mill, with current production coming from the Milmaravillas and La Blanca veins. Monthly average mining grades during the quarter ranged from 156 to 164 g/t silver.

Noche Buena Complex Gold-Silver Mines

The Noche Buena Complex Mines are located four kilometres southwest of the Guadalupe mill. The mines previously produced between 2010-2014 and in August 2025 production restarted. In Q3 2026, the Noche Buena Complex Mines contributed 6% of the feed to the Guadalupe mill compared to 8% in Q3 2025. The mine provides a silver-gold-lead-zinc feed to the mill, with current production coming from the Noche Buena and Santa Maria veins. Monthly average mining grades during the quarter ranged from 0.48 to 0.66 g/t gold and 177 to 201 g/t silver. Current plans are to redirect gold-rich feed from the Noche Buena complex to the Capire mill when it has been refurbished and upgraded.

Zacualpan Exploration

Mines on epithermal veins that were drilled and built by the IMPACT team on the Zacualpan property include the Cuchara Silver Mine (currently in operation), San Ramon Mine (currently in operation), Veta Negra open pit mine (currently in operation), the Noche Buena Complex Mines (currently in operation), Alacran Gold-Silver Mine (operated March 2023-July 2025), Chivo Silver Mine (operated 2007-2012), San Patricio (Chivo) Silver Mine (operated 2017-2018), and the Mirasol Silver Mine (operated 2014-2017), as well as the Capire VMS open pit silver mine (operated 2013-2014). Exploration is continuing with the goal of finding and developing new mines for the Company. Exploration highlights were as follows:

Drilling

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

Later in the second quarter, IMPACT reported additional drill results from the north extension of the Carlos Pacheco Vein, including 1,333 g/t silver over 5.72 metres (see IMPACT news release dated June 15, 2026).

Surface drilling is currently ongoing with two surface drills testing the new Fali Vein target west of the Noche Buena Mines and the San Francisco Vein east of the Noche Buena Mines. Underground drilling is currently testing the updip extension of the Kena Vein in the Guadalupe Mine and a new underground drill station is being excavated in the San Ramon Mine to test the new San Ramon South Deeps area below current mine workings.

Exploration Field Work

IMPACT crews continue to explore over 5,000 old mine workings and prospects across the Zacualpan and Capire districts, while also investigating new greenfields areas to define drill targets. Exploration targets are identified and prioritized using an extensive computer database, compiled over many years from historical maps, Company exploration, and other technical data related to the project. Current surface mapping is focused on the Noche Norte area, north of Noche Buena Mines operations with the goal to define new drill targets.

Mining Plans

At Zacualpan, the Company has commenced production on the new high-grade Kena Vein in the Guadalupe Mine as well as other veins in the Pachuqueno area, while optimizing silver production. In August 2025, the Company restarted the Noche Buena gold and silver mines.

CAPIRE PROCESSING PLANT AND MINE

The Capire Production Centre is located 16 kilometres southwest of the Guadalupe Production Centre. Mining and processing operations at Capire have been on care and maintenance since 2014 but subsequent to the quarter on October 13, 2026, the Company announced plans to upgrade and restart the Capire mill which is expected to be completed in H2 2027 to process gold-silver-copper mineral from the Noche Buena Complex Mines. Due to the better grades of feed from the Noche Buena Mines, this program is being given priority over potential restart of the open pit adjacent to the Capire mill. The upgraded Capire circuit, at an estimated tonnage throughput of up to 200 tpd, would recover gold and silver in precious-metal-rich separate concentrates of copper, lead and zinc providing a treatment routine better suited to this mineralization than

processing in the Guadalupe mill. This Capire operation would augment the existing main production at the Guadalupe mill.

Capire Mineral Resource

The Capire open pit remains on care and maintenance as Company engineers continue to review potential for future restart of mining. It is a silver-rich volcanogenic ("VMS") base and precious metal deposit with zinc and lead credits occurring in small massive sulphide lenses enveloped in disseminated mineralization.

On January 18, 2016, IMPACT announced NI43-101 mineral resources for the Capire Zone as follows and then filed a supporting technical report on www.sedarplus.ca on March 3, 2016.

Total Resource at US Dollar per Tonne Cutoffs - Inferred and Unoxidized								
Cutoff	Inferred Mineral Resources							
US$/t	Tonnes	US$/t	g Ag/t	%Zn	%Pb	Oz Ag	lbs Zn	lbs Pb
10	4,465,000	36.20	44.21	0.72	0.31	6,346,000	71,183,000	30,212,000
15	3,450,000	43.24	53.03	0.85	0.37	5,881,000	64,914,000	28,072,000
20	2,707,000	50.37	62.22	0.98	0.43	5,414,000	58,444,000	25,755,000
25	2,177,000	57.19	71.06	1.10	0.49	4,974,000	52,766,000	23,522,000
30	**1,786,000**	**63.74**	**79.49**	**1.22**	**0.54**	**4,563,000**	**47,975,000**	**21,423,000**
35	1,490,000	69.96	87.65	1.33	0.59	4,199,000	43,692,000	19,504,000
40	1,242,000	76.47	96.20	1.45	0.65	3,842,000	39,596,000	17,666,000
45	1,035,000	83.30	105.37	1.56	0.70	3,507,000	35,693,000	15,905,000
50	859,000	90.69	115.49	1.69	0.75	3,189,000	31,983,000	14,203,000
60	636,000	103.31	133.60	1.88	0.84	2,732,000	26,339,000	11,793,000
70	489,000	114.89	150.72	2.04	0.92	2,370,000	22,034,000	9,909,000
80	381,000	126.33	167.97	2.20	0.99	2,057,000	18,455,000	8,338,000
90	294,000	138.53	187.15	2.34	1.07	1,772,000	15,194,000	6,966,000

The reported resource ("Base Case") cutoff grade is US$30/t in the table. The mineral resources in this disclosure were estimated by Mine Development Associates ("MDA") of Reno, Nevada. The resources were estimated using Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") standards, definitions and guidelines. The resources were estimated diluted resources and are displayed at multiple cutoffs, but the resource is reported at a cutoff of US$30/t lying within a pit optimized using $31/oz silver, $1.51/lb zinc, and $1.69/lb lead. MDA considered a US$30/t cutoff to be appropriate at the time for production using IMPACT's 200 tonne per day ("tpd") mill and recoveries around 80%, 50%, and 65% for silver, zinc and lead, respectively. The resources were generated within an optimized pit shell on the Capire zone that best conveyed "reasonable prospects for eventual economic extraction" at the time which is a requirement of the 2014 CIM Definition Standards, incorporated into Canadian National Instrument 43-101. There is additional mineralization too deep to fulfill the criteria of "reasonable prospects for eventual economic extraction" within an open pit, but that may be available for potential underground development. For further details on the Capire mineral resource see IMPACT's news release dated January 18, 2016.

IMPACT has a track record of successful exploration and rapid mine development at Zacualpan. The Company's long-term vision sees potential for expanding its mills throughout the districts, each fed by multiple mines producing silver, gold, lead, zinc and copper.

PLOMOSAS ZINC OPERATION

The temporary suspension of mining operations at Plomosas announced on March 20, 2026 was implemented progressively through the second quarter rather than as an immediate stoppage. Mineral already broken and stockpiled continued to be processed early in the period, so the operation recorded a reduced level of zinc, lead and silver production during Q2 2026. The underground workforce was reduced in stages, while plant and administrative personnel were largely retained in order to wind down mining in an orderly manner, close out outstanding matters, and keep the asset and its permits in good standing.

During the suspension, and in order to keep the processing plant and surface infrastructure productive, the Company continued its discussions with a nearby third-party operator regarding the processing of external feed through the Plomosas plant. To advance these discussions and give both parties greater confidence in the arrangement under negotiation, the parties agreed to carry out industrial tests on limited tonnage through the Company's flotation circuit, on a basis substantially similar to the counterparty's existing operation. It was anticipated that the processing plant and surface infrastructure would continue to operate and generate cash flows by processing ore from third parties. However, as of September 30, 2026, the Company was unable to negotiate a satisfactory arrangement for additional feed from this third party and therefore the plant had no economic source of production.

Throughout 2026, the Company has maintained Plomosas in good operating and regulatory standing, and preserved the mill and surface infrastructure so that Plomosas can operate as a flexible processing centre capable of handling multiple feed sources under a future restart.

On October 13, 2026, the Company announced that the Plomosas facility was being transitioned to care and maintenance status, with activities directed toward maintaining permits and environmental authorizations, safeguarding the tailings facility and preserving the processing infrastructure. While the plant is on care and maintenance the Company will continue its exploration program at Plomosas, as well as continue discussions with potential third-party mill feed suppliers.

Plomosas Exploration

Exploration at Plomosas continues with the goal of finding sufficient economic mineralization to restart the recently suspended mining and milling operations (see IMPACT news releases dated March 20, 2026 and October 13, 2026). Current surface mapping and sampling is focussed on four areas being developed for drill testing. This work is based on a revised structural interpretation in which high-grade mineralization is understood to be controlled by a reactivated fault corridor and associated brecciation and dilation, rather than by the previously interpreted lithological contacts. The objective is to better delineate the known deposits and to identify additional mineralized zones along the six-kilometre trend on both zinc-silver targets as well as copper-gold targets in support of more robust and better-defined mineralization to support restart of mining. Regionally, Plomosas lies in the same mineral belt as some of the largest Carbonate Replacement deposits in the world. (Reference to these nearby projects is for information purposes only and there are no assurances that Plomosas will achieve similar results.)

QP Statements: George Gorzynski, P. Eng., Vice President and Director of IMPACT Silver Corp., and a Qualified Person as defined under Canadian National Instrument 43-101, approved the technical information in this MD&A for the Royal Mines of Zacualpan Project, the Capire Mineral District (except information related to the Capire mineral resources), and the Plomosas project. Steven Ristorcelli, C.P.G.

(U.S.A.), Principal Geologist for Mine Development Associates and a Qualified Person under the meaning of Canadian National Instrument 43-101, approved the Capire mineral resource estimate and directly related information cited in this MD&A. Details of the technical information in this MD&A are available in Company news releases posted on the Company website at www.IMPACTSilver.com and on www.sedarplus.ca.

Cautionary Statement: The Company's decision to place a mine into production, expand a mine, make other production related decisions or otherwise carry out mining and processing operations, is largely based on internal non-public Company data and reports based on exploration, development and mining work by the Company's geologists and engineers. The results of this work are evident in the discovery and building of multiple mines for the Company, and in the track record of mineral production and financial returns of the Company since 2006. Under NI43-101 the Company is required to disclose that it has not based its production decisions on NI43-101-compliant mineral resource or reserve estimates, preliminary economic assessments or feasibility studies, and historically such projects have increased uncertainty and risk of failure.

ENVIRONMENTAL POLICY

IMPACT recognizes that exploration and mining create a physical change within the area of work. The Company believes in its responsibility to ensure that it minimizes the environmental impact of its efforts and conducts reclamation on sites disturbed by its activities. As a primarily underground mining operator, surface disturbances from mining activity have been minimal.

While IMPACT has always considered its responsibility to the community and the environment, it initiated formal reporting on those activities in 2022 with reports available on the Company's website.

The Company has social, environmental, and other policies related to its operations and promotes a culture of working safely. It has established an effective relationship with the mine's workers, as well as local contractors and personnel. Work conducted by or on behalf of the Company is planned with a focus on safety and concern for the environment and the effect on local communities. The mining operations employ safety officers to implement and supervise the safety programs and first aid and emergency facilities at the mines.

The exploration surface drills used and owned by IMPACT are modular diamond drill rigs which minimize the area of disturbance due to their small size and mobility. These drill rigs require little in the way of drill pads or access trails, which minimizes surface disturbances, and the Company engages the local community for logistical support and assistance as part of the drill crews. All drill sites are reclaimed after use. Besides increasing our flexibility while keeping environmental disturbances to a minimum, the drill programs, utilizing Company-owned drills, have proven to be very cost effective and flexible, and have contributed to ensuring the Company's exploration dollars are being spent in the most efficient manner.

Zacualpan Environmental and Social

Tailings dams are engineered to stringent standards. The tailings themselves are relatively benign and 100% of tailings water is either recycled or lost to evaporation. As part of a regular process of periodic reviews, independent engineers conduct studies on operations and management regularly follows their recommendations.

Further work on tailings pond facility #3 was initiated late in 2025 anticipating a need for extra tailings capacity in 2027. This facility as currently designed is projected to accommodate approximately six years of production tailings from the Guadalupe mill complex in the future with construction having commenced.

Over the course of the last five years, trees have been planted as part of the permitting process for the new tailings facility #3, and as part of a larger program to improve areas of historical mining activity. In conjunction with the municipality and the Technological Baccalaureate Center, the Company has planted nearly 24,000 trees of various indigenous species to date. A further 10,000 trees are expected to be planted over the next few years.

In areas surrounding the mine's property, tailings facilities and the complex's support facilities, the Company, collaborating with local farmers, have planted over 4,000 agave plants. The Company maintains a greenhouse for nurturing the initial plants before being transferred to the field. Plans are in place for further agave plants to be planted over the next few years. According to the Company's consultants, agave plants can reduce and isolate large quantities of atmospheric CO2. They produce more biomass above and below ground than most other plant species. Estimates are they can absorb and store the dry weight equivalent of 30 to 60 tons of CO2 per hectare per year. Once established, they do not require regular irrigation and are relatively insensitive to rising global temperatures and drought. From an economic standpoint, these agave plants have helped provide a source of income for local farmers and have contributed towards small business development in the area in terms of distillation activities and livestock feed.

The Company keeps community members informed of its activities and collaborates with the communities to address local concerns. The employment of most workers from local communities helps to foster understanding, cooperation and direct involvement in the Company's operations. Over the last several years, the Company has focused on investments to improve area infrastructure which may have been neglected by government in the past. Meanwhile, the Company continues to provide tools, materials and supplies while the communities provide labour for various community projects. Specifically, the Company regularly upgrades roads and has also built in conjunction with the respective communities, new schools and modern health clinics. Regular investments in modern social facilities are made by the Company including soccer fields, basketball courts and other facilities for local communities as well as the building of water tanks and providing plastic pipes for water storage and distribution to the local residents and farmers.

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

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

On an ongoing basis, the Company takes on geology and engineering students for co-op semesters to provide them, under supervision, with essential work experience that is integral to their studies. In many cases, these students form the basis of the Company's future employment base.

Plomosas Environmental and Social

The Company educates its new employees and contract personnel as to its high standards related to environmental and safety issues which are reinforced on a regular basis to ensure compliance. The mine is located in a desert environment that is sparsely occupied and requires a sensitive program to enhance the environmental and social situation. Distribution of water from the mine is carefully monitored and located where local ranchers can potentially source it for their animals and other needs. Water in the tailings pond remaining after evaporation is recycled. The Company continues to conduct studies for reducing fuel used in power generation.

While operating in a relatively remote location, the Company uses the closest town located approximately 25 minutes drive away in order to accommodate its workers. In addition to engaging local suppliers, local personnel are hired and trained whenever possible, providing an opportunity for the community to generate

employment. Discussions are ongoing as to opportunities to help improve the local communities' infrastructure.

INVESTOR RELATIONS

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

The Company is continually enhancing its website and investor materials to assist stakeholders in understanding its activities and the potential of the entire Royal Mines of Zacualpan and Plomosas districts, as well as ongoing communication of exploration and production plans. The Company has a variety of investor resources available for viewing on its website www.IMPACTSilver.com. Investors are also encouraged to reach out to management using the contact information located on its website and press releases.

METALS MARKET OVERVIEW

Silver

According to *The Silver Institute*, global silver demand in 2026 is expected to remain near 1.1 billion ounces, supported by sustained strength in industrial applications. Industrial demand is projected to reach 640 million ounces, continuing to represent the largest segment of silver consumption. Factors include:

- Rapid growth in solar photovoltaic installations, where silver is a critical component in conductive pastes used in solar cells.
- AI and data centres: Expanding computing infrastructure supports demand for silver in electronics, connectors, chip packaging and power systems.
- Rising electric vehicle production and electrification trends, which require significantly higher silver content for advanced electronics and power systems.
- Expanding global electrification and grid infrastructure, increasing demand for silver's superior electrical conductivity.

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

Zinc

According to the International Lead and Zinc Study Group (ILZSG), global refined zinc demand increased by approximately 1.9% in 2025 to 13.86 million tonnes. Demand is forecast to rise a further 1.4% in 2026 to 14.02 million tonnes and 1.2% in 2027 to 14.19 million tonnes.

Zinc's prominence is expanding in renewable and green technology sectors, driven by its critical applications in energy and construction:

- **Energy Storage:** Zinc is a key component in zinc-air batteries, known for high energy density, commonly used in devices like hearing aids and emerging as a significant player in renewable energy storage systems.

- **Sustainable Energy:** Zinc is essential in manufacturing wind turbine components and solar panels, enhancing their durability and performance, making it a vital material in the transition to sustainable energy solutions.

- **Infrastructure Growth:** Global infrastructure projects increasingly rely on galvanized steel, which uses zinc for corrosion resistance, supporting extensive demand in the construction sector.

- **Automotive Sector:** The shift towards electric vehicles has driven higher demand for zinc alloys due to their strength and lightweight properties.

The global zinc market is expected to grow at a compound annual growth rate of 3.2% from 2026-2034, potentially reaching a valuation of $93.1 billion by 2035, as industries focus on sustainability and technological advancements. *(Source: Lucintel Market Research).*

FINANCIAL DISCUSSION

Summary of Q3 Results

In thousands except for earnings per share		Three months ended **Sept 30, 2026**		Sept 30, 2025
Revenue	**$**	**18,450**	$	10,681
Net loss	**$**	**3,258**	$	604
Loss per share	**$**	**(0.01)**	$	(0.00)

Net loss for the third quarter of 2026 was impacted by the following factors:

- Revenue increased by $7.8 million in Q3 2026 over the comparable period in 2025 on higher production and silver grades from Zacualpan as well as higher commodity prices.

- Consolidated gross profit in Q3 2026 was $7.8 million up from $0.5 million in Q3 2025. The improvement was primarily due to higher revenue of $18.5 million, compared to $10.7 million in Q3 2025. Cost of sales increased $0.5 million over Q3 2025 to $10.6 million.

- After recording an impairment loss for Plomosas of $4.3 million, the net loss in Q3 2026 was $3.3 million compared to a net loss of $0.6 million in Q3 2025.

- Revenue from Zacualpan increased to $17.3 million in Q3 2026 from $8.7 million in Q3 2025 as the price of silver realized increased 49% to $63.53, from $42.65 in the same period 2025. Silver grades improved 25% from 157 g/t in Q3 2025. The total AgEq sold in Q3 2026 increased 38% to 215,486 oz over the comparative period in 2025.

- Operating expenses at Zacualpan were $7.1 million in Q3 2026 up from $6.2 million in Q3 2025, due to continued inflationary and foreign exchange pressures combined with ongoing underground development which was expensed. However, the cost per AgEq oz produced decreased 15% to $32.61 from $38.26 in Q3 2025.

- The gross profit (revenue less cost of sales) from Zacualpan in Q3 2026 increased $7.6 million from $2.2 million in Q3 2025.

- On March 20, 2026, a temporary suspension of underground mining operations at Plomosas was announced. During the suspension it was anticipated that the processing plant and surface infrastructure would continue to operate and generate cash flows by processing mineral from third parties. However, as of September 30, 2026, the anticipated feed from third parties had not come to fruition and therefore the plant had no economic source of production. As a result, the Company determined that the carrying amount of the Plomosas cash generating unit ("CGU") exceeded its recoverable amount and an impairment loss of CAD $4.3 million, was recognized in the Q3 2026 consolidated statements of comprehensive loss.

- Plomosas revenue in Q3 2026 was $1.1 million compared to $1.9 million in Q3 2025. The revenue was generated primarily from gold-bearing mineral provided by a third party mine.

- Operating expenses at Plomosas were $2.9 million in Q3 2026, down from $3.3 million in Q3 2025 as costs from mining operations had been suspended earlier in the year, and correspondingly there was a reduction in mining and other operating costs. The Q3 2026 operating expenses included the purchase of third party mineral for $0.9 million (Q3 2025 - nil) which was processed and sold during the quarter.

- The gross loss (revenue less cost of sales) from Plomosas in Q3 2026 was $2.0 million compared to $1.6 million in Q3 2025.

- General and administrative costs in Q3 2026 were marginally higher at $1.1 million compared to $1.0 million in Q3 2025.

- In Q3 2026, the Company spent $2.5 million in exploration costs (Q3 2025 - $1.3 million), of which $1.3 million was at Zacualpan and $1.2 million at Plomosas.

- The Company recorded $0.4 million in interest income in Q3 2026 (Q3 2025 - $0.01 million) on higher cash balances, and interest expense and accretion of $0.1 million (Q3 2025 - $0.2 million).

- In Q3 2026, the Company recorded a recovery for deferred income tax expense of $1.2 million (Q3 2025 –$0.8 million recovery) and income tax expense of $5.9 million (Q3 2025 - $0.001 million).

- There was a foreign exchange gain of $0.7 million in Q3 2026 (Q3 2025 –$0.3 million), and in Q3 2026 there was a gain on derecognition of financial liabilities of $0.3 million.

Summary of Year-to-Date Results

In thousands except for earnings per share		Nine months ended Sept 30, 2026		Sept 30, 2025
Revenue	**$**	**71,560**	$	31,200
Net income (loss)	**$**	**10,871**	$	(2,713)
Earnings (loss) per share – basic and diluted	**$**	**0.03**	$	(0.01)

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

- Revenue increased to $71.6 million in the nine months ended September 30, 2026 from $31.2 million in the comparative period 2025, on higher commodity prices as well as higher production and silver grades from Zacualpan.

- There was improvement in the consolidated gross profit in 2026 to $36.9 million from $3.7 million in 2025, as revenue increased by $40.4 million in 2026 over the comparable period in 2025. Cost of sales increased to $34.7 million from $27.5 million in 2025.

- The net income for the nine months ended September 30, 2026 improved to $10.9 million from a net loss of $2.7 million in 2025.

- Revenue from Zacualpan was $65.2 million in the nine months ended September 30, 2026 ($90.63 AgEq oz), compared to $23.3 million in 2025 ($48.12 AgEq oz), as the price of silver realized increased 93% to $70.60, and silver grades improved 39% over the comparative period in 2025. The total AgEq sold during the period increased 48% to 719,397 from 484,711 in 2025.

- Operating expenses at Zacualpan were $21.1 million in 2026, up from $16.9 million in 2025. The increase in operating costs was due to inflationary factors and a higher Mexican peso to Canadian dollar exchange rate during the period, combined with additional salary payments to union employees, as well as increased production throughput and underground development costs that were expensed. However, the cost per AgEq oz produced decreased 9% to $29.57 in 2026 from $32.59 in 2025 on higher AgEq production and commodity prices.

- The gross profit (revenue less cost of sales) from Zacualpan in 2026 increased to $42.8 million from $6.4 million in 2025.

- On March 20, 2026, a temporary suspension of underground mining operations at Plomosas was announced. During the suspension it was anticipated that the processing plant and surface infrastructure would continue to operate and generate cash flows by processing mineral from third parties. However, as of September 30, 2026, the anticipated feed from third parties had not come to fruition and therefore the plant had no economic source of production. As a result, the Company determined that the carrying amount of the Plomosas cash generating unit ("CGU") exceeded its recoverable amount, and an impairment loss of CAD $4.3 million was recognized in the Q3 2026 consolidated statements of comprehensive loss.

- On October 13, 2026, subsequent to the quarter, the Company announced that the Plomosas facility was being transitioned to care and maintenance status, with activities directed toward maintaining permits and environmental authorizations, safeguarding the tailings facility and preserving the processing infrastructure. While the plant is on care and maintenance, the Company will continue its exploration program at Plomosas, as well as continue discussions with potential third-party mill feed suppliers.

- Plomosas revenue in 2026 decreased to $6.4 million, from $7.9 million in 2025. During Q1 2026, revenue of $1.8 million was sourced from processing and selling Plomosas mineral. However, in Q2 2026, the Company implemented a temporary suspension of underground mining operations at Plomosas based on a review of operating performance and costs. As a result, revenue in Q2 and Q3 2026 of $4.5 million was generated from several sources including $3.2 million from gold-bearing ore from a third party mine, as well as 2,670 tonnes of Plomosas mineral stockpiled prior to the suspension, and lead oxide recovered from the tailings pond.

- Operating expenses to September 30, 2026 at Plomosas were $11.7 million up from $9.8 million in 2025, and included additional costs for severance and other closure expenses, as well as the purchase of third party mineral for $2.7 million in 2026.

- The gross loss (revenue less cost of sales) from Plomosas in 2026 was $6.0 million compared to $2.7 million in 2025. The net loss of $13.1 million (2025 - $4.2 million) includes the $4.3 million impairment loss.

- General and administrative costs in 2026 were $3.8 million compared to $3.1 million in 2025. Both management fees and consulting, and accounting, audit and legal fees increased by $0.4 million on additional regulatory requirements. Office salaries and services decreased by $0.2 million over the same period in 2025.

- Year-to-date 2026, the Company spent $5.1 million in exploration costs (2025 - $3.2 million), of which $3.0 million was at Zacualpan and $2.1 million was at Plomosas.

- The Company recorded $1.0 million in interest income in 2026 (2025 - $0.2 million), and interest expense and accretion of $0.2 million (2025 - $0.2 million). There was a gain on derecognition of financial liabilities and provisions of $0.3 million in 2026.

- In 2026, the Company recorded provisions for deferred income and current income tax expense of $14.7 million based on the estimated taxable income from Zacualpan (2025 - $0.1 million).

OTHER FINANCIAL INFORMATION

Summary of Quarterly Results

The following table presents our unaudited quarterly results of operations for each of the last eight quarters.

For the Three Months Ended
($ in thousands except for earnings per share)

	Sept 30 2026	June 30 2026	Mar 31 2026	Dec 31 2025	Sep 30 2025	June 30 2025	Mar 31 2025	Dec 31 2024
Revenue	18,450	21,956	31,154	17,318	10,681	9,799	10,720	10,187
Net (loss) income	(3,258)	2,844	11,285	(7,546)	(604)	(2,013)	(95)	1,587
(Loss) earnings per share – Basic and Diluted	(0.01)	0.01	0.03	(0.02)	(0.00)	(0.01)	(0.00)	0.01
Total assets	93,469	104,324	95,122	71,362	72,303	54,718	52,130	51,154
Total liabilities	12,204	21,683	19,268	11,953	8,781	7,478	9,016	8,825

* *(Loss) earnings per share numbers have been rounded to two decimal places*

Liquidity, Financial Position and Capital Resources

Working Capital and Cash Flow

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

At September 30, 2026, the Company had cash of $53.3 million (December 31, 2025 - $23.7 million, plus $4.0 million in GICs). Working capital was $50.0 million, up from $31.7 million at December 31, 2025. The Company had no long-term debt at September 30, 2026.

The Company’s current cash and working capital are sufficient to fund the foreseeable requirements for operating, capital, exploration and development programs, as well as possible business opportunities. These include:

- The upgrade and restart the Capire production centre.
- Continuing the rehabilitation of the Guadalupe mine shaft and track system.
- Continuing the active drill program at the Noche Buena Complex and underground at the Guadalupe and San Ramon mines.
- Increasing tailings capacity with the development of tailings pond #3 at Zacualpan.
- Continuing exploration programs on the Company’s properties including Plomosas.

- To actively look for new opportunities, primarily in the Mexican market.

During the three months ended September 30, 2026:

- In Q3 2026, cash increased $1.1 million compared to $14.9 million in Q3 2025. In Q3 2025, the Company closed a private placement for net proceeds of $14.7 million.

- Cash flows provided by operating activities in Q3 2026 were $2.8 million, up from $0.3 million used in operating activities in the comparative period in 2025. During the quarter, the Company paid $3.1 million (Q3 2025 – nil) in income tax installments for 2026.

- In Q3 2026, the Company invested $0.9 million (Q3 2025 - $0.6 million) in property, plant and equipment at Zacualpan.

During the nine months ended September 30, 2026:

- For the nine months ended September 30, 2026, cash increased $29.6 million compared to an increase of $18.1 million in 2025. Of the increase in 2026, $4.0 million was from the redemption of GICs.

- Cash flows provided by operating activities improved to $21.3 million from $1.1 million used in operating activities in 2025, on net income of $10.9 million compared to a net loss of $2.7 million in 2025. During the period, the Company paid $12.3 million in income taxes (2025 – nil).

- In the nine months ended September 30, 2026, the Company received proceeds on the sale of investments of $0.2 million (2025 - $0.3 million), and paid $0.1 million (2025 - $0.3 million) for leases.

- During the nine months ended September 30, 2026, 19.3 million share purchase warrants were exercised for proceeds of $6.3 million. In 2025, the Company received net proceeds of $19.7 million from private placements, and $0.8 million on the exercise of warrants.

- In 2026, the Company invested $2.3 million (2025 - $1.6 million) in property, plant and equipment, of which $2.0 million was invested at Zacualpan and $0.3 million invested at Plomosas.

Subsequent to September 30, 2026, the Company announced the granting of 7,990,000 stock options at a price of $0.23 per common share to directors, officers, consultants and employees of the Company. The options vested immediately upon grant and are exercisable for a period of 5 years.

Outstanding Share Data

The following common shares and convertible securities were outstanding at November 25, 2026:

	# of Shares	Exercise Price	Expiry Date
Issued and outstanding common shares	349,531,098		
Stock options	4,795,000	$0.41	December 24, 2030
Stock options	7,990,000	$0.23	October 28, 2031
Warrants	12,030,167	$0.24	May 20, 2028
Warrants	230,000	$0.26	June 4, 2027
Warrants	6,923,440	$0.24	June 4, 2028
Warrants	46,338,834	$0.45	September 17, 2027
Fully diluted	427,838,539		

All of the 12,785,000 stock options outstanding have vested.

OFF BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

Compensation of key management personnel

Key management include persons having the authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors. Compensation provided to key management personnel is as follows:

	Three Months ended		**Nine Months ended**	
	September 30, 2026	September 30, 2025	**September 30, 2026**	September 30, 2025
Salaries, bonus and benefits	**$ 216,625**	$ 183,750	**$ 649,875**	$ 737,000
Consulting fees [1]	**165,750**	130,513	**576,561**	350,692
	$ 382,375	$ 314,263	**$ 1,226,436**	$ 1,087,692

[1] Consulting fees were paid to VSBL Consulting, a company controlled by Jerry Huang, the VP Finance and former CFO of the Company, to George Gorzynski VP Exploration, to Armando Alexandri COO, and to DPEK Consulting, a company controlled by Fernando Montoya, CFO of the Company since December 12, 2025.

CRITICAL ACCOUNTING ESTIMATES AND CHANGE IN ACCOUNTING POLICIES

The accounting policies applied in the Company's interim financial statements for the three and nine months ended September 30, 2026, are the same as those applied in the Company's annual audited consolidated financial statements as at and for the year ended December 31, 2025, except as described below.

A number of new standards and amendments to standards are effective for annual periods beginning on or after January 1, 2027 and earlier application is permitted; however, the Company has not early adopted and

continue to evaluate the impact of the forthcoming or amended standards in preparing our interim and annual financial statements, including the impact of IFRS 18, Presentation and Disclosure in Financial Statements.

In the current year, the Company has adopted the amendments to IFRS Standards and Interpretations issued by the IASB that became effective for annual periods starting on or after January 1, 2026. These include amendments to IFRS 7 and IFRS 9, Classification and Measurement of Financial Instruments. The application of these changes did not have a material impact on the Company's financial statements, including reported amounts or disclosures.

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements, as well as estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed in Note 4 of the Company's consolidated financial statements for the year ended December 31, 2025, which are available on the Corporation's website and www.sedarplus.ca.

FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISK

Financial assets and liabilities

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

Financial instrument risk exposure

The Company's financial instruments are exposed to a number of financial and market risks including credit, liquidity, currency, interest rate and price risks. The Company may, or may not, establish from time to time active policies to manage these risks. The Company does not currently have in place any active hedging or derivative trading policies to manage these risks, since the Company's management does not believe that the current size, scale and pattern of cash flow of its operations would warrant such hedging activities.

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

Details of the Company's financial risks and financial instruments are detailed in Note 19 of the Company's condensed consolidated financial statements for the nine months ended September 30, 2026, which are available on the Company's website and www.sedarplus.ca.

Credit risk

As at September 30, 2026, the Company's maximum exposure to credit risk at the reporting date is the carrying value of its cash, trade and other receivables. The Company deposits its cash with high credit quality financial institutions as determined by ratings agencies, with the majority deposited with a Canadian Tier 1 bank.

The Company has entered into contracts with Mexican refining and smelting companies for the refining and sale of its silver, lead, zinc and gold contained in its lead and zinc concentrates. All contracts are currently with Trafigura Mexico, S.A. de C.V. As a result, the Company has a significant concentration of credit risk exposure to this company at any one time, but is satisfied that this company has an adequate credit rating as determined by Standard and Poor's. Management monitors and assesses the credit risk resulting from its concentrate sales, and believe it is not exposed to any significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk through its planning and budgeting process to determine the cash flows required to meet its operating and growth objectives. The Company has cash at September 30, 2026 of $53.3 million, and current assets exceeded current liabilities by $50.0 million, in order to meet short-term business requirements. Trade payables have contractual maturities of approximately 30 to 90 days, or are due on demand and are subject to normal trade terms.

Interest rate risk

The Company is exposed to interest rate risk on its cash. Generally, the Company's interest income will be reduced during sustained periods of lower interest rates as higher yielding cash equivalents and any short-term investments mature and the proceeds are invested at lower interest rates. The Company performs sensitivity tests each reporting period on the interest rate. A 10% change in the interest rates would result in an approximate $0.2 million increase or decrease in the Company's net income.

Market risk

Market risk includes currency, price and commodity risk.

The Company's operations in foreign countries are subject to currency fluctuations and such fluctuations may materially affect the Company's financial position and results. Silver, lead, zinc and gold are sold in U.S. dollars and the Company's costs are principally in Mexican pesos and Canadian dollars. At September 30, 2026, the Company is exposed to currency risk through the cash, trade and other receivables, and trade payables held in currencies other than the functional currencies of the Company and its subsidiaries. Based on these foreign currency exposures at September 30, 2026, a 10% depreciation or appreciation of these currencies against the Canadian dollar would result in an approximate $3.0 million decrease or increase in the Company's net income.

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

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

The only financial instrument affected by commodity price risk for the Company is trade accounts receivable. Assuming the same rate of production a 10% change in commodity prices would have increased or decreased the Company's trade accounts receivable balance as at September 30, 2026 by $0.3 million (December 31, 2025 - $0.6 million).

POLITICAL, REGULATORY, SECURITY AND OTHER ISSUES

The Company's operations are subject to control and scrutiny by several levels of government, and various departments within each level. The Company must also comply with corporate, environmental and mining legislation and regulations which are subject to change by governments and beyond the control of the Company. Permission must also be secured from local peoples for exploration and drilling permits, water and land surface use rights. Consequently, in carrying out its mining and exploration activities, the Company may be exposed to a large array of conditions to satisfy its activities on a daily basis. Risk exists that the Company might fail to be fully compliant in all respects in this political and regulatory environment, or that permits might not be issued on a timely basis to facilitate the Company's planned development activities.

Furthermore, social, criminal, and political unrest may exist within a region covered by the Company's operations and such events may affect the feeling of safety and security of the local peoples and may affect the operating activities of the Company.

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

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

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

From time-to-time, government regulatory agencies may review the books and records of the Company, which may result in changes in the Company's operating results.

DISCLOSURE CONTROLS AND PROCEDURES

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

There have been no significant changes in the Company's internal controls over financial reporting in the period ended September 30, 2026, that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

SUPPLEMENTARY INFORMATION

NON-IFRS ACCOUNTING STANDARDS MEASURES

The non-IFRS Accounting Standards measures presented do not have any standardized meaning prescribed by IFRS Accounting Standards and are therefore unlikely to be directly comparable to similar measures presented by other issuers. The data presented is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS Accounting Standards. The Company uses both IFRS Accounting Standards and non-IFRS Accounting Standards measures to assess performance and believes the non-IFRS Accounting Standards measures provide useful information to investors to help in evaluating the Company's performance. Following are the non-IFRS Accounting Standards measures the Company uses in assessing performance:

Working capital

Working capital is a non-IFRS measure that is a common measure of liquidity but does not have any standardized meaning. Working capital is calculated by deducting current liabilities from current assets as follows:

		September 30, 2026		December 31, 2025
Current assets	**$**	**62,242,824**	$	38,607,872
Current liabilities		**12,203,872**		6,957,268
Working capital	**$**	**50,038,952**	$	31,650,604

Revenue and operating cost per AgEq

Commencing Q1 2026, the Company improved its production disclosure by reporting silver equivalent ("AgEq") for production, sales, revenue and operating costs per AgEq produced. The Company considers AgEq ounces to be a useful supplemental production metric which is commonly used in the mining industry as a reference metric to facilitate period over-period comparisons. This should be viewed as supplemental to, and not a substitute for, the actual metal production volumes disclosed on a metal-by-metal basis.

AgEq ounces is calculated by applying conversion factors that normalizes the value of each non-reference metal to the selected reference metal. For AgEq ounces, the values of gold and lead are converted into silver equivalent ounces. Each conversion factor is derived from the ratio of the in-situ metal value of the contained fine metal to the price of the reference metal used in the equivalency calculation. The denominator used to calculate AgEq ounces is the silver price. This methodology expresses multi-metal production in a common unit of measure. Since the silver price is the denominator in each metric, price variations can significantly affect the result, especially when one metal price changes significantly relative to the other metal prices.

These measures are calculated as follows for Zacualpan:

	Three Months Ended		**Nine Months Ended**	
	September 30, 2026	September 30, 2025	**September 30, 2026**	September 30, 2025
Revenue	**$ 17,323,349**	$ 8,745,117	**$ 65,201,163**	$ 23,323,263
Divided by silver equivalent sold (oz)	**215,486**	156,539	**719,397**	484,711
Revenue/AgEq oz sold	**$ 80.39**	$ 55.87	**$ 90.63**	$ 48.12

	Three Months Ended		**Nine Months Ended**	
	September 30, 2026	September 30, 2025	**September 30, 2026**	September 30, 2025
Cost of sales	**$ 7,525,504**	$ 6,576,663	**$ 22,356,989**	$ 16,929,638
Less: amortization and depletion	**(430,890)**	(426,303)	**(1,209,408)**	(1,140,196)
Operating expenses	**$ 7,094,614**	$ 6,150,360	**$ 21,147,581**	$ 15,789,442
Divided by silver equivalent produced (oz)	**217,558**	160,743	**715,052**	484,534
Operating expenses/AgEq oz produced	**$ 32.61**	$ 38.26	**$ 29.57**	$ 32.59

The Company's method of calculating these non-IFRS accounting standards measures may differ from other entities, and accordingly, may not be comparable to measures used by other entities. Investors are cautioned, however, that these measures should not be construed as an alternative to measures determined in accordance with IFRS ACCOUNTING STANDARDS as an indicator of the Company's performance.

CAUTIONARY NOTE REGARDING FORWARD–LOOKING STATEMENTS

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

Factors that could cause actual results to differ materially include, but are not limited to, the following: unfavorable economic conditions; changes in financial markets; the impact of exchange rate fluctuations; unstable political conditions and developments in countries in which the Company operates; community relations; criminal activity; changes in the supply, demand and pricing of the metal commodities which the Company mines or hopes to find and successfully mine; changes in regulatory requirements impacting the Company's operations; pandemics and epidemics; the ability to properly and efficiently staff the Company's operations; the sufficiency of current working capital; the estimated cost and availability of funding for the continued exploration and development of the Company's exploration properties; and other risks and uncertainties involved in the mineral exploration and development industry. This list is not exhaustive and these and other factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and neither the Company nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. The Company does not undertake to update forward-looking statements or forward-looking information, except as required by law. Additional information relating to IMPACT is on the Company website at www.IMPACTSilver.com and on SEDAR at www.sedarplus.com.

The Company's decision to place a mine into production, expand a mine, make other production related decisions or otherwise carry out mining and processing operations, is largely based on internal non-public Company data and reports based on exploration, development and mining work by the Company's geologists and engineers. The results of this work are evident in the discovery and building of multiple mines for the Company and in the track record of mineral production and financial returns of the Company since 2006. Under NI 43-101 the Company is required to disclose that it has not based its production decisions on NI 43-101 compliant mineral resource or reserve estimates, preliminary economic assessments or feasibility studies, and historically such projects have increased uncertainty and risk of failure.

APPROVAL

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

On behalf of the Board of Directors,

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

November 25, 2026