

IMPACT SILVER CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

June 30, 2019 and 2018

Unaudited

NOTICE OF NO REVIEW BY AUDITOR

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

IMPACT Silver Corp.

Condensed Consolidated Interim Statements of Financial Position

(Canadian dollars)

Unaudited

ASSETS	June 30, 2019	December 31, 2018
Current		
Cash	\$ 810,030	\$ 1,234,427
Trade and other receivables (Note 4)	1,283,144	1,117,763
Inventories (Note 5)	554,667	748,364
Investments	3,250	4,000
	2,651,091	3,104,554
Value added and other taxes receivable	663,785	667,373
Right-of-use assets (Note 6)	42,107	-
Property, plant and equipment (Note 8)	21,212,773	21,987,256
Exploration and evaluation assets (Note 9)	22,399,512	23,605,588
	\$ 46,969,268	\$ 49,364,771
LIABILITIES		
Current		
Trade payables and accrued liabilities	\$ 3,055,742	\$ 2,813,404
Lease liabilities (Note 7)	25,234	-
	3,080,976	2,813,404
Lease liabilities (Note 7)	22,374	-
Reclamation provision	348,348	339,700
Deferred income tax liabilities	4,844,621	4,876,984
	8,296,319	8,030,088
SHAREHOLDERS' EQUITY		
Share capital	61,408,866	60,082,587
Warrants (Note 12(c))	390,176	1,061,916
Contributed surplus	7,213,998	6,240,620
Accumulated other comprehensive loss	(5,180,094)	(4,626,026)
Accumulated deficit	(25,159,997)	(21,424,414)
	38,672,949	41,334,683
	\$ 46,969,268	\$ 49,364,771

Nature of operations and going concern (Note 1)

ON BEHALF OF THE BOARD:

"F.W. Davidson" _____, Director

"P. Tredger" _____, Director

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

IMPACT Silver Corp.

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

Canadian dollars

Unaudited

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Revenues	\$ 2,767,003	\$ 3,108,724	\$ 5,748,358	\$ 6,984,840
Cost of sales				
Operating expenses (Note 11)	3,012,842	3,786,516	5,991,700	7,347,029
Amortization and depletion	420,025	405,430	802,595	796,792
	3,432,867	4,191,946	6,794,295	8,143,821
Mine operating loss	(665,864)	(1,083,222)	(1,045,937)	(1,158,981)
General and administrative expenses				
Accounting, audit and legal	46,661	43,420	86,447	81,841
Amortization	3,574	4,400	7,146	8,782
Investor relations, promotion and travel	60,610	24,197	117,320	45,540
Management fees and consulting	50,854	46,796	112,404	102,455
Office, rent, insurance and sundry	60,986	77,098	132,517	141,951
Office salaries and services	182,047	178,969	333,452	331,004
Share-based payments (Note 12(b))	-	-	-	(18,459)
	404,732	374,880	789,286	693,114
Operating loss	(1,070,596)	(1,458,102)	(1,835,223)	(1,852,095)
Other income (expenses)				
Finance cost	(8,310)	(7,443)	(16,773)	(14,987)
Finance income	1,368	10,447	5,899	21,280
Foreign exchange (loss) gain	(35,097)	111,147	(106,199)	(46,487)
Other expense	(7,708)	(15,857)	(21,590)	(13,627)
Write-down of exploration and evaluation assets	(1,709,443)	-	(1,709,443)	-
	(1,759,190)	98,294	(1,848,106)	(53,821)
Loss before taxes	(2,829,786)	(1,359,808)	(3,683,329)	(1,905,916)
Current income tax (recovery) expense	(3,339)	13,474	-	20,170
Deferred income tax (recovery) expense	(207)	(357,090)	48,434	(399,745)
Net loss	(2,826,240)	(1,016,192)	(3,731,763)	(1,526,341)
Loss per share – Basic and Diluted (Note 12(d))	\$ (0.03)	\$ (0.01)	\$ (0.04)	\$ (0.02)
Weighted average number of shares outstanding – Basic and Diluted	92,020,093	85,566,840	91,604,790	85,566,840

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

IMPACT Silver Corp.

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

(Canadian dollars)

Unaudited

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Net loss	\$ (2,826,240)	\$ (1,016,192)	\$ (3,731,763)	\$ (1,526,341)
Other comprehensive (loss) income				
Items that may be subsequently reclassified to profit or loss				
Cumulative translation adjustment	(349,027)	(2,099,366)	(553,318)	1,454,661
Items that will not be subsequently reclassified to profit or loss				
Gain (loss) on investments	250	47,565	(750)	56,253
Comprehensive loss	\$ (3,175,017)	\$ (3,067,993)	\$ (4,285,831)	\$ (15,427)

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

IMPACT Silver Corp.

Condensed Consolidated Interim Statements of Changes in Equity

For the Six Months Ended June 30

(Canadian dollars)

Unaudited

	Shares Outstanding	Share Capital (\$)	Warrants (\$)	Contributed Surplus (\$)	Accumulated Other Comprehensive Income (\$)	Retained Deficit (\$)	Total Shareholders' Equity (\$)
Balance at January 1, 2018	85,566,840	59,651,422	973,378	6,259,079	(7,538,763)	(16,361,482)	42,983,634
Net loss for the period	-	-	-	-	-	(1,526,341)	(1,526,341)
Share-based compensation recovery	-	-	-	(18,459)	-	-	(18,459)
Cumulative translation adjustments	-	-	-	-	1,454,661	-	1,454,661
Gain on investments	-	-	-	-	56,253	-	56,253
Balance at June 30, 2018	85,566,840	59,651,422	973,378	6,240,620	(6,027,849)	(17,887,823)	42,949,748
Balance at January 1, 2019	87,598,340	60,082,587	1,061,916	6,240,620	(4,626,026)	(21,424,414)	41,334,683
Net loss for the period	-	-	-	-	-	(3,731,763)	(3,731,763)
Impact of adopting IFRS 16	-	-	-	-	-	(3,820)	(3,820)
Shares issued in relation to private placement	4,421,753	1,193,873	-	-	-	-	1,193,873
Share issue costs	-	(61,688)	-	-	-	-	(61,688)
Shares to be issued	-	495,732	-	-	-	-	495,732
Warrants issued in relation to private placement	-	(301,638)	301,638	-	-	-	-
Warrants expired	-	-	(973,378)	973,378	-	-	-
Cumulative translation adjustments	-	-	-	-	(553,318)	-	(553,318)
Loss on investments	-	-	-	-	(750)	-	(750)
Balance at June 30, 2019	92,020,093	61,408,866	390,176	7,213,998	(5,180,094)	(25,159,997)	38,672,949

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

IMPACT Silver Corp.

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

(Canadian dollars)
Unaudited

Cash resources provided by (used in)	For the three months ended June 30		For the six months ended June 30	
	2019	2018	2019	2018
Operating activities				
Net loss	\$ (2,826,240)	\$ (1,016,192)	\$ (3,731,763)	\$ (1,526,341)
Items not affecting cash				
Amortization and depletion	423,599	409,830	809,741	805,574
Share-based payments recovery	-	-	-	(18,459)
Deferred income tax (recovery) expense	(207)	(357,090)	48,434	(399,745)
Accretion expense	7,474	7,443	14,870	14,987
Write-down of inventory	-	121,437	-	121,437
Write-down of exploration and evaluation assets	1,709,443	-	1,709,443	-
Unrealized gain on foreign exchange	(5,053)	(10,317)	(7,339)	(10,773)
Changes in non-cash working capital				
Trade and other receivables	409,177	252,838	(197,878)	607,403
Income taxes receivable	-	(32,769)	(37)	(27,921)
Inventories	254,156	(158,668)	178,391	(210,445)
Trade payables	342,439	695,788	471,481	13,337
Income taxes payable	(3,339)	9,971	-	37,464
	311,449	(77,729)	(704,657)	(593,482)
Investing activities				
Proceeds on sale of investments	-	96,494	-	401,957
Acquisition of property, plant and equipment	(68,853)	(496,520)	(363,955)	(755,040)
Exploration and evaluation asset expenditures	(284,915)	(341,107)	(481,736)	(835,047)
	(353,768)	(741,133)	(845,691)	(1,188,130)
Financing activities				
Repayment of lease liability	(2,794)	-	(10,116)	-
Proceeds from private placement, net	495,732	-	1,136,067	-
	492,938	-	1,125,951	-
Net change in cash	450,619	(818,862)	(424,397)	(1,781,612)
Cash - Beginning of period	359,411	3,750,830	1,234,427	4,713,580
Cash - End of period	\$ 810,030	\$ 2,931,968	\$ 810,030	\$ 2,931,968

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

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2019

(Canadian dollars)

Unaudited

1. Nature of operations and going concern

IMPACT Silver Corp. and its subsidiaries (collectively, "IMPACT" or the "Company") are engaged in silver mining and related activities including exploration, development and mineral processing in Mexico. The Company operates a series of mines near Zacualpan in the State of Mexico and in Guerrero State and produces silver, lead, zinc and gold sold in the form of lead and zinc concentrates. The registered address of the Company is 1100 – 543 Granville Street, Vancouver, British Columbia.

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

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

During the six months ended June 30, 2019, the Company incurred a net loss of \$3.7 million and cash outflows from operating activities of \$0.7 million. At June 30, 2019, the Company had unrestricted cash of \$0.8 million, current assets of \$2.7 million and working capital deficiency of \$0.4 million. As IMPACT is a producing silver mining company, its performance is heavily impacted by the price of silver; therefore, it is possible that internally generated cash flows may not be sufficient beyond 2019 and may affect the Company's ability to cover its working capital and capital investments.

The Company's management is currently considering and pursuing various alternatives for future financing requirements, within the context of existing market conditions. These alternatives could include, but are not limited to equity financing, debt financing or other means depending on market conditions and other relevant factors at the time. Although the Company has been successful in closing a private placement subsequent to the period end (see Note 14), there can be no assurance that management will continue to be successful in its efforts to finance all the activities of the Company, as there is still volatility in debt and equity capital markets and other factors which may adversely affect the Company's ability to implement a financing plan.

The risks surrounding the Company's ability to secure a source of funding together with the uncertainties over variability in commodity prices on operating cash flows cast significant doubt about the Company's ability to continue as a going concern. The Company's consolidated financial statements do not include the adjustments that would result if the Company is unable to continue as a going concern. These adjustments could be material.

2. Basis of Preparation

Statement of compliance

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. All material intercompany balances have been eliminated. The accounting policies applied in the preparation of these unaudited condensed financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2018, except as described in Note 3.

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2019

(Canadian dollars)

Unaudited

2. Basis of Preparation – continued

As all the disclosures required by IFRS are not included, these interim statements should be read in conjunction with the audited financial statements of IMPACT Silver Corp. (“the Company”) for the year ended December 31, 2018.

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

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors on August 13, 2019.

3. Significant accounting policies

Change in accounting policies

IFRS 16 - Leases

In January 2016, the IASB issued IFRS 16 which sets out the principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 replaces IAS 17 – Leases and its associated interpretative guidance. The new standard applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces a single, on-balance sheet accounting model with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 and must be applied retrospectively.

The Company has applied IFRS 16 using the modified retrospective approach with the cumulative impact of application recognized as at January 1, 2019. The Company has elected to measure right-of-use assets at an amount equal to their carrying amount from commencement date discounted by the incremental borrowing rate at the date of initial application. Certain practical expedients were applied allowing for the exclusion of leases with a term of less than one year remaining at the transition date and using a single discount rate for a portfolio of leases with similar characteristics.

Policy applicable from January 1, 2019

At inception of a contract, the Company assesses whether a contract is or contains a lease. A contract is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is measured at cost, which is comprised of:

- The initial measurement of the lease liability
- Lease payments made at or before the commencement date less lease incentives
- Initial direct costs incurred
- Decommissioning costs

The right-of-use asset is depreciated using the straight-line method over the earlier of the term of the lease or the useful life of the asset determined on the same basis as the Company’s property, plant and equipment.

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2019

(Canadian dollars)

Unaudited

3. Significant accounting policies - continued

The lease liability is initially measured at the present value of lease payments remaining at the lease commencement date, discounted using either the implicit rate of the lease or the Company's incremental borrowing rate when the implicit rate cannot readily be determined. Lease payments included in the measurement of the lease liability are comprised of:

- Fixed payments
- Variable payments linked to an index or rate
- Expected payments for residual value guarantee
- Purchase option, extension option or termination option when the Company is reasonably certain to exercise

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less and leases of low-value assets. The lease payments associated with these leases are expensed on a straight-line basis over the term of the lease.

4. Trade and other receivables

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

	June 30, 2019	December 31, 2018
Value added taxes receivable – current portion	\$ 383,528	\$ 356,579
Trade and other receivables	677,668	501,819
Prepays	221,948	259,365
	\$ 1,283,144	\$ 1,117,763

5. Inventories

The following table details the composition of inventories at:

	June 30, 2019	December 31, 2018
Materials and supplies	\$ 291,725	\$ 415,118
Stockpile inventory	33,337	14,024
Concentrate inventory	229,605	319,222
	\$ 554,667	\$ 748,364

The amount of inventories recognized as an expense during the period ended June 30, 2019 was \$6.0 million (June 30, 2018 - \$7.3 million).

The amount of write-down of inventories to net realizable value during the period ended June 30, 2019 was \$0.04 million (June 30, 2018 - \$0.1 million) relating to concentrate inventory.

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2019

(Canadian dollars)

Unaudited

6. Right-of-use assets

Details are as follows:

	<u>Land</u>
Balance at December 31, 2018	\$ -
Initial adoption of IFRS 16	63,600
Additions	2,800
Remeasurements	(6,069)
Amortization	(17,644)
Foreign exchange movement	(580)
Balance at June 30, 2019	\$ 42,107

7. Lease Liabilities

Details are as follows:

Balance at December 31, 2018	\$ -
Initial adoption of IFRS 16	
Future aggregate minimum lease payments of operating leases	70,012
Discounted using the incremental borrowing rate	(8,292)
Lease liabilities on initial application of IFRS 16	61,720
Interest	1,903
Repayments	(12,019)
Additions	2,800
Remeasurements	(6,069)
Foreign exchange movement	(727)
Balance at June 30, 2019	47,608
Less: current portion	25,234
Non-current lease liabilities	\$ 22,374

The Company's leased assets are for land. The lease liabilities were discounted at the Company's incremental borrowing rate. The weighted average rate applied at January 1, 2019 was 8.0%. Operating lease expense relating to short-term and low-value leases not included in the measurement of lease obligations for the six months ended June 30, 2019 was \$45,618.

The expected timing of undiscounted lease payments at June 30, 2019 is as follows:

	<u>June 30, 2019</u>
Less than one year	27,403
One to five years	25,511
	\$ 52,914

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2019

(Canadian dollars)

Unaudited

8. Property, plant and equipment

Details are as follows:

	Plant and mine equipment (\$)	Vehicles (\$)	Office furniture and equipment (\$)	Surface rights (\$)	Mining Assets (\$)	Total (\$)
Cost						
Balance at January 1, 2018	9,079,150	452,611	214,850	1,048,190	26,735,744	37,530,545
Additions	11,168	-	4,669	-	1,279,380	1,295,217
Change in reclamation estimate	-	-	-	-	(93,159)	(93,159)
Foreign exchange movement	793,846	39,870	9,480	92,332	2,094,282	3,029,810
Balance at December 31, 2018	9,884,164	492,481	228,999	1,140,522	30,016,247	41,762,413
Additions	-	-	-	-	357,910	357,910
Foreign exchange movement	(171,112)	(8,584)	(2,123)	(19,879)	(470,716)	(672,414)
Balance at June 30, 2019	9,713,052	483,897	226,876	1,120,643	29,903,441	41,447,909
Accumulated amortization						
Balance at January 1, 2018	5,310,718	356,512	174,384	-	10,737,830	16,579,444
Amortization for the period	667,015	20,885	11,864	-	1,151,652	1,851,416
Foreign exchange movement	484,191	32,068	7,700	-	820,338	1,344,297
Balance at December 31, 2018	6,461,924	409,465	193,948	-	12,709,820	19,775,157
Amortization for the period	293,123	8,947	4,772	-	477,344	784,186
Foreign exchange movement	(117,844)	(7,327)	(1,801)	-	(197,235)	(324,207)
Balance at June 30, 2019	6,637,203	411,085	196,919	-	12,989,929	20,235,136
Net book value						
At December 31, 2018	3,422,240	83,016	35,051	1,140,522	17,306,427	21,987,256
At June 30, 2019	3,075,849	72,812	29,957	1,120,643	16,913,512	21,212,773

9. Exploration and evaluation assets

Balance at January 1, 2018	\$ 20,722,197
Additions	1,479,732
Foreign exchange	1,403,659
Balance at December 31, 2018	\$ 23,605,588
Additions	782,014
Write-down	(1,709,443)
Foreign exchange	(278,647)
Balance at June 30, 2019	\$ 22,399,512

The amount of write-down of exploration and evaluation assets during the six months ended June 30, 2019 was \$1,709,443 (June 30, 2018 - \$nil), which relates to concessions that were abandoned.

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2019

(Canadian dollars)

Unaudited

10. Key management personnel compensation

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

	2019		2018	
Salaries and fees	\$	218,100	\$	181,375
Share-based compensation		-		(10,917)
	\$	218,100	\$	170,458

11. Expenses by nature

The following table details the nature of expenses within operating expenses as at:

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Production costs	\$ 1,602,883	\$ 2,069,668	\$ 3,106,307	\$ 3,944,025
Administration	104,863	171,180	183,441	327,648
Transportation	107,908	156,429	225,693	302,499
Wages and salaries	1,197,188	1,389,239	2,476,259	2,772,857
	\$ 3,012,842	\$ 3,786,516	\$ 5,991,700	\$ 7,347,029

12. Equity

a) Share capital

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

On January 18, 2019, the Company closed a non-brokered private placement which was completed in two tranches. The private placement raised aggregate gross proceeds of \$1,742,378 by issue of 6,453,253 units at a price of \$0.27 per unit. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.35 per common share for a period of 24 months from the date of issuance.

- On November 30, 2018, a total of 2,031,500 units were issued for aggregate gross proceeds of \$548,505.
- On January 18, 2019, a total of 4,421,753 units were issued for aggregate gross proceeds of \$1,193,873.

b) Stock options

The Company has established a stock option plan whereby the board of directors may, from time to time, grant options to directors, officers, employees or consultants. Under the terms of the Company's stock option plan, the maximum number of shares reserved for issuance is 10% of the issued shares of the Company on a rolling basis. 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 Exchange on the last trading day preceding the grant.

The total fair value of share-based payment expense on stock options granted to employees and consultants of the Company for the six months ended June 30, 2019 is \$nil (June 30, 2018 – recovery of \$18,459).

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2019

(Canadian dollars)

Unaudited

12. Equity - continued

b) Stock options - continued

A summary of the Company's stock options as at June 30, 2019 and the changes for the periods ended on these dates is as follows:

	Number	Weighted Average Exercise Price (\$)
At January 1, 2018	6,745,000	0.80
Expired	(1,935,000)	1.20
Forfeited	(100,000)	0.67
At December 31, 2018	4,710,000	0.64
Expired	(1,210,000)	0.55
Forfeited	(100,000)	0.67
At June 30, 2019	3,400,000	0.67

The following table summarizes information about the stock options outstanding at June 30, 2019:

Exercise Price Per Share	Number of Options Outstanding	Weighted Average Remaining Life (Years)	Number of Options Exercisable	Expiry Date
\$0.98	1,730,000	2.08	1,730,000	July 27, 2021
\$0.35	1,670,000	3.23	1,670,000	September 20, 2022
	3,400,000	2.64	3,400,000	

c) Warrants

A summary of the Company's warrants as at June 30, 2019 and the changes for the periods ended on these dates is as follows:

	Number	Weighted Average Exercise Price (\$)
At January 1, 2018	4,385,965	0.90
Issued	2,031,500	0.35
At December 31, 2018	6,417,465	0.73
Issued	4,421,753	0.35
Expired	(4,385,965)	0.90
At June 30, 2019	6,453,253	0.35

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

Date Granted	Nov 30, 2018	Jan 18, 2019
Expiry Date	Nov 29, 2020	Jan 17, 2021
Number of warrants granted	2,031,500	4,421,753
Risk-free interest rate	2.14%	1.93%
Expected dividend yield	Nil	Nil
Expected share price volatility	82.37%	82.07%
Expected warrant life in years	1.5	1.5

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

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2019

(Canadian dollars)

Unaudited

12. Equity – continued

d) Loss per share

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

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Net loss attributable to shareholders	\$ (2,826,240)	\$ (1,016,192)	\$ (3,731,763)	\$ (1,526,341)
Weighted average number of shares outstanding - Basic and diluted	92,020,093	85,566,840	91,604,790	85,566,840
Loss per share – Basic and diluted	(0.03)	(0.01)	(0.04)	(0.02)

13. Segmented information

The Company has one operating segment and three reportable segments based on geographic area: Mexico, the Caribbean, and Canada (Corporate). The segments are determined based on the reports reviewed by the Chief Executive Officer (who is considered the Chief Operating Decision Maker) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Details are as follows:

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Revenues by geographic area				
Mexico	\$ 2,767,003	\$ 3,108,724	\$ 5,748,358	\$ 6,984,840
Net loss by geographic area				
Mexico	\$ (2,450,377)	\$ (713,561)	\$ (3,045,657)	\$ (986,038)
Canada	(375,863)	(302,631)	(686,106)	(540,303)
	\$ (2,826,240)	\$ (1,016,192)	\$ (3,731,763)	\$ (1,526,341)
Assets by geographical area			June 30, 2019	December 31, 2018
Mexico			\$ 46,093,475	\$ 48,449,366
Canada			875,793	915,405
			\$ 46,969,268	\$ 49,364,771
Property, plant and equipment by geographical area				
Mexico			\$ 21,201,428	\$ 21,974,167
Canada			11,345	13,089
			\$ 21,212,773	\$ 21,987,256

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2019

(Canadian dollars)

Unaudited

14. Subsequent event

On August 12, 2019, the Company closed a non-brokered private placement which was completed in four tranches. The private placement raised aggregate gross proceeds of \$4,950,000 by issue of 7,500,000 series 1 units at a price of \$0.26 per unit and 10,344,827 series 2 units at a price of \$0.29 per unit. Each series 1 unit consists of one common share and one warrant. Each series 1 warrant entitles the holder to purchase one common share at a price of \$0.30 per common share for a period of 36 months from the date of issuance. Each series 2 unit consists of one common share and one warrant. Each series 2 warrant entitles the holder to purchase one common share at a price of \$0.385 per common share for a period of 36 months from the date of issuance.

- On July 8, 2019, a total of 4,752,770 series 1 units were issued for aggregate gross proceeds of \$1,235,720.
 - On July 25, 2019, a total of 2,747,230 series 1 units were issued for aggregate gross proceeds of \$714,280.
 - On August 6, 2019, a total of 8,433,759 series 2 units were issued for aggregate gross proceeds of \$2,445,790.
 - On August 12, 2019, a total of 1,911,068 series 2 units were issues for aggregate gross proceeds of \$554,210.
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