

IMPACT SILVER CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

June 30, 2020 and 2019

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, 2020	December 31, 2019
Current		
Cash	\$ 6,301,677	\$ 3,773,062
Trade and other receivables (Note 3)	945,121	1,783,571
Inventories (Note 4)	505,832	539,041
Investments	-	2,500
	7,752,630	6,098,174
Value added and other taxes receivable	580,982	725,369
Right-of-use assets (Note 5)	108,439	155,856
Property, plant and equipment (Note 7)	17,955,364	20,903,706
Exploration and evaluation assets (Note 8)	19,921,231	22,071,788
	\$ 46,318,646	\$ 49,954,893
LIABILITIES		
Current		
Trade payables and accrued liabilities	\$ 1,936,452	\$ 2,434,623
Lease liabilities (Note 6)	78,890	89,506
	2,015,342	2,524,129
Lease liabilities (Note 6)	35,359	67,098
Reclamation provision	415,372	467,839
Deferred income tax liabilities	3,839,672	4,417,422
	6,305,745	7,476,488
SHAREHOLDERS' EQUITY		
Share capital	65,939,530	63,923,949
Warrants (Note 11(c))	2,690,012	2,193,199
Contributed surplus	7,628,059	7,628,059
Accumulated other comprehensive loss	(9,591,851)	(4,899,146)
Accumulated deficit	(26,652,849)	(26,367,656)
	40,012,901	42,478,405
	\$ 46,318,646	\$ 49,954,893

Nature of operations and going concern (Note 1)

Subsequent event (Note 13)

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	
	2020	2019	2020	2019
Revenues	\$ 2,842,355	\$ 2,767,003	\$ 6,256,063	\$ 5,748,358
Cost of sales				
Operating expenses (Note 10)	1,865,913	3,012,842	4,981,060	5,991,700
Amortization and depletion	327,964	420,025	743,264	802,595
	<u>2,193,877</u>	<u>3,432,867</u>	<u>5,724,324</u>	<u>6,794,295</u>
Mine operating earnings (loss)	<u>648,478</u>	<u>(665,864)</u>	<u>531,739</u>	<u>(1,045,937)</u>
General and administrative expenses				
Accounting, audit and legal	52,171	46,661	98,800	86,447
Amortization	6,720	3,574	10,582	7,146
Investor relations, promotion and travel	203,727	60,610	281,513	117,320
Management fees and consulting	75,720	50,854	157,853	112,404
Office, rent, insurance and sundry	90,445	60,986	143,323	132,517
Office salaries and services	130,140	182,047	255,193	333,452
	<u>558,923</u>	<u>404,732</u>	<u>947,264</u>	<u>789,286</u>
Operating income (loss)	<u>89,555</u>	<u>(1,070,596)</u>	<u>(415,525)</u>	<u>(1,835,223)</u>
Other income (expenses)				
Finance cost	(8,955)	(8,310)	(19,327)	(16,773)
Finance income	5,041	1,368	18,960	5,899
Foreign exchange (loss) gain	(321,470)	(35,097)	239,556	(106,199)
Other income (expense)	56,001	(7,708)	55,967	(21,590)
Write-down of exploration and evaluation assets	-	(1,709,443)	-	(1,709,443)
	<u>(269,383)</u>	<u>(1,759,190)</u>	<u>295,156</u>	<u>(1,848,106)</u>
Loss before taxes	<u>(179,828)</u>	<u>(2,829,786)</u>	<u>(120,369)</u>	<u>(3,683,329)</u>
Current income tax expense (recovery)	28,248	(3,339)	150,842	-
Deferred income tax expense (recovery)	(13,057)	(207)	13,982	48,434
Net loss	<u>(195,019)</u>	<u>(2,826,240)</u>	<u>(285,193)</u>	<u>(3,731,763)</u>
Loss per share – Basic and Diluted (Note 11(d))	\$ 0.00	\$ (0.03)	\$ 0.00	\$ (0.04)
Weighted average number of shares outstanding – Basic and Diluted	116,926,932	92,020,093	113,637,562	91,604,790

-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	
	2020	2019	2020	2019
Net loss	\$ (195,019)	\$ (2,826,240)	\$ (285,193)	\$ (3,731,763)
Other comprehensive loss				
Items that may be subsequently reclassified to profit or loss				
Cumulative translation adjustment	(471,910)	(349,027)	(4,690,205)	(553,318)
Items that will not be subsequently reclassified to profit or loss				
Loss on investments	(1,250)	250	(2,500)	(750)
Comprehensive loss	\$ (668,179)	\$ (3,175,017)	\$ (4,977,898)	\$ (4,285,831)

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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, 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
Balance at January 1, 2020	110,262,345	63,923,949	2,193,199	7,628,059	(4,899,146)	(26,367,656)	42,478,405
Net loss for the period	-	-	-	-	-	(285,193)	(285,193)
Shares issued in relation to private placement	6,666,634	1,999,990	-	-	-	-	1,999,990
Share issue costs	-	(7,263)	-	-	-	-	(7,263)
Warrants issued in relation to private placement	-	(639,439)	639,439	-	-	-	-
Warrants exercised	1,402,856	662,293	(142,626)	-	-	-	519,667
Cumulative translation adjustments	-	-	-	-	(4,690,205)	-	(4,690,205)
Loss on investments	-	-	-	-	(2,500)	-	(2,500)
Balance at June 30, 2020	118,331,835	65,939,530	2,690,012	7,628,059	(9,591,851)	(26,652,849)	40,012,901

- 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	
	2020	2019	2020	2019
Operating activities				
Net loss	\$ (195,019)	\$ (2,826,240)	\$ (285,193)	\$ (3,731,763)
Items not affecting cash				
Amortization and depletion	334,684	423,599	753,846	809,741
Deferred income tax (recovery) expense	(13,057)	(207)	13,982	48,434
Accretion expense	7,025	7,474	14,989	14,870
Write-down of exploration and evaluation assets	-	1,709,443	-	1,709,443
Unrealized gain on foreign exchange	(14,435)	(5,053)	(103,360)	(7,339)
Changes in non-cash working capital				
Trade and other receivables	249,490	409,177	677,672	(197,878)
Income taxes receivable	(2,715)	-	(3,157)	(37)
Inventories	(89,650)	254,156	(35,106)	178,391
Trade payables	(133,332)	342,439	(352,120)	471,481
Income taxes payable	28,248	(3,339)	145,330	-
	171,239	311,449	826,883	(704,657)
Investing activities				
Acquisition of long-lived assets	(225,934)	(353,768)	(759,919)	(845,691)
Financing activities				
Repayment of lease liability	(24,086)	(2,794)	(50,743)	(10,116)
Proceeds from private placement, net	1,992,727	495,732	1,992,727	1,136,067
Proceeds from exercise of warrants	500,117	-	519,667	-
	2,468,758	492,938	2,461,651	1,125,951
Net change in cash	2,414,063	450,619	2,528,615	(424,397)
Cash - Beginning of period	3,887,614	359,411	3,773,062	1,234,427
Cash - End of period	\$ 6,301,677	\$ 810,030	\$ 6,301,677	\$ 810,030

-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, 2020

(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 705 – 543 Granville Street, Vancouver, British Columbia.

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

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

During the six months ended June 30, 2020, the Company incurred a net loss of \$0.3 million and generated cash flows from operating activities of \$0.8 million. At June 30, 2020 the Company had unrestricted cash of \$6.3 million, current assets of \$7.8 million and working capital of \$5.7 million. Subsequent to the end of the quarter (*Note 13*), the Company completed a brokered private placement for gross proceeds of \$9.5 million. The Company believes this will provide sufficient working capital for the next year. However, 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 and may affect the Company’s ability to cover its working capital and capital investments.

The Company’s management will continue to consider 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 recent private placements, 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, 2019.

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2020

(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, 2019.

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 26, 2020.

3. Trade and other receivables

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

	June 30, 2020	December 31, 2019
Value added taxes receivable – current portion	\$ 216,997	\$ 316,753
Trade and other receivables	581,958	1,131,119
Prepays	146,166	335,699
	\$ 945,121	\$ 1,783,571

4. Inventories

The following table details the composition of inventories at:

	June 30, 2020	December 31, 2019
Materials and supplies	\$ 227,457	\$ 297,934
Stockpile inventory	33,439	7,507
Concentrate inventory	244,936	233,600
	\$ 505,832	\$ 539,041

The amount of inventories recognized as an expense during the period ended June 30, 2020 was \$5.0 million (June 30, 2019 - \$6.0 million).

The amount of write-down of inventories to net realizable value during the six months ended June 30, 2020 was \$nil (June 30, 2019 - \$0.04 million) relating to concentrate inventory.

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2020

(Canadian dollars)

Unaudited

5. Right-of-use assets

Details are as follows:

	<u>Land</u>
Balance at January 1, 2019	\$ -
Initial adoption of IFRS 16	63,600
Additions	161,008
Remeasurements	(10,428)
Amortization	(58,131)
Foreign exchange movement	(193)
Balance at December 31, 2019	<u>155,856</u>
Additions	16,187
Amortization	(56,052)
Foreign exchange movement	(7,552)
Balance at June 30, 2020	<u>\$ 108,439</u>

6. Lease Liabilities

Details are as follows:

Balance at January 1, 2019	\$ -
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	<u>61,720</u>
Interest	5,895
Repayments	(61,256)
Additions	161,008
Remeasurements	(10,428)
Foreign exchange movement	(335)
Balance at December 31, 2019	<u>156,604</u>
Interest	4,313
Repayments	(55,091)
Additions	16,187
Foreign exchange movement	(7,764)
Balance at June 30, 2020	<u>114,249</u>
Less: current portion	<u>78,890</u>
Non-current lease liabilities	<u>\$ 35,359</u>

The Company's leased assets are for office leases and land. The lease liabilities were discounted at the Company's incremental borrowing rate. The weighted average rate applied at January 1, 2019 was 8.0%. Operating lease expenses relating to short-term and low-value leases not included in the measurement of lease obligations for the six months ended June 30, 2020 was \$42,892.

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2020

(Canadian dollars)

Unaudited

6. Lease Liabilities - continued

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

	2020	2019
Less than one year	\$ 88,458	\$ 27,403
One to five years	31,745	25,511
	\$ 120,203	\$ 52,914

7. Property, plant and equipment

Details are as follows:

	Plant and mine equipment (\$)	Vehicles (\$)	Office furniture and equipment (\$)	Surface rights (\$)	Mining Assets (\$)	Total (\$)
Cost						
Balance at January 1, 2019	9,884,164	492,481	228,999	1,140,522	30,016,247	41,762,413
Additions	-	-	37,118	-	661,205	698,323
Transfers	-	-	-	-	315,996	315,996
Disposals	-	-	(57,315)	-	(1,826,883)	(1,884,198)
Change in reclamation estimate	-	-	-	-	101,675	101,675
Foreign exchange movement	(84,849)	(4,256)	(1,053)	(9,858)	(233,412)	(333,428)
Balance at December 31, 2019	9,799,315	488,225	207,749	1,130,664	29,034,828	40,660,781
Additions	-	-	26,435	-	468,961	495,396
Foreign exchange movement	(1,381,619)	(69,310)	(17,295)	(160,514)	(3,691,025)	(5,319,763)
Balance at June 30, 2020	8,417,696	418,915	216,889	970,150	25,812,764	35,836,414
Accumulated amortization						
Balance at January 1, 2019	6,461,924	409,465	193,948	-	12,709,820	19,775,157
Amortization for the period	566,258	17,718	14,225	-	895,953	1,494,154
Disposals	-	-	(52,797)	-	(1,298,424)	(1,351,221)
Foreign exchange movement	(56,599)	(3,574)	(873)	-	(99,969)	(161,015)
Balance at December 31, 2019	6,971,583	423,609	154,503	-	12,207,380	19,757,075
Amortization for the period	212,339	7,668	10,315	-	467,473	697,795
Foreign exchange movement	(999,385)	(60,778)	(15,072)	-	(1,498,585)	(2,573,820)
Balance at June 30, 2020	6,184,537	370,499	149,746	-	11,176,268	17,881,050
Net book value						
At December 31, 2019	2,827,732	64,616	53,246	1,130,664	16,827,448	20,903,706
At June 30, 2020	2,233,159	48,416	67,143	970,150	14,636,496	17,955,364

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2020

(Canadian dollars)

Unaudited

8. Exploration and evaluation assets

Balance at January 1, 2019	\$	23,605,588
Additions		1,237,512
Transfers to mining assets		(315,996)
Write-down		(2,321,340)
Foreign exchange		(133,976)
Balance at December 31, 2019		22,071,788
Additions		208,010
Foreign exchange		(2,358,567)
Balance at June 30, 2020	\$	19,921,231

9. Key management personnel compensation

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

	2020		2019	
Salaries and fees	\$	246,400	\$	218,100

10. Expenses by nature

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

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Production costs	\$ 820,440	\$ 1,602,883	\$ 2,575,706	\$ 3,106,307
Administration	38,085	104,863	144,104	183,441
Transportation	88,318	107,908	214,408	225,693
Wages and salaries	919,070	1,197,188	2,046,842	2,476,259
	\$ 1,865,913	\$ 3,012,842	\$ 4,981,060	\$ 5,991,700

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2020

(Canadian dollars)

Unaudited

11. Equity

a) Share capital

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

On April 16, 2020, the Company closed a non-brokered private placement for 6,666,634 units of the Company at a price of \$0.30 per unit for gross proceeds of \$1,999,990. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.385 until April 16, 2023.

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 5, 2019, a total of 4,752,770 series 1 units were issued for aggregate gross proceeds of \$1,235,720.
- On July 24, 2019, a total of 2,747,230 series 1 units were issued for aggregate gross proceeds of \$714,280.
- On August 2, 2019, a total of 8,433,759 series 2 units were issued for aggregate gross proceed 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.

On January 18, 2019, the Company closed the second tranche of a non-brokered private placement which commenced in 2018. The private placement raised aggregate gross proceeds of \$1,742,378 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.

A summary of the Company's stock options as at June 30, 2020 and the changes for the periods ended on these dates is as follows:

	Number	Weighted Average Exercise Price (\$)
At January 1, 2019	4,710,000	0.64
Granted	2,000,000	0.36
Expired	(1,210,000)	0.55
Forfeited	(315,000)	0.66
At June 30, 2020 and December 31, 2019	5,185,000	0.55

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2020

(Canadian dollars)

Unaudited

11. Equity – continued

b) Stock Options - continued

The following table summarizes information about the stock options outstanding at June 30, 2020:

Exercise Price Per Share	Number of Options Outstanding	Weighted Average Remaining Life (Years)	Number of Options Exercisable	Expiry Date
\$0.98	1,625,000	1.07	1,625,000	July 27, 2021
\$0.35	1,560,000	2.22	1,560,000	September 20, 2022
\$0.36	2,000,000	4.32	2,000,000	October 24, 2024
	5,185,000	2.67	5,185,000	

c) Warrants

A summary of the Company's warrants as at June 30, 2020 and the changes for the periods ended on these dates is as follows:

	Number	Weighted Average Exercise Price (\$)
At January 1, 2019	6,417,465	0.73
Issued	22,266,580	0.35
Exercised	(397,425)	0.35
Expired	(4,385,965)	0.90
At December 31, 2019	23,900,655	0.35
Issued	6,666,634	0.385
Exercised	(1,402,856)	0.37
At June 30, 2020	29,164,433	0.36

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	July 5 2019	July 24 2019	Aug 2 2019	Aug 12 2019	April 16 2020
Expiry Date	Nov 30 2020	Jan 18 2021	July 5 2022	July 24 2022	Aug 2 2022	Aug 12 2022	April 16 2023
Number of warrants granted	2,031,500	4,421,753	4,752,770	2,747,230	8,433,759	1,911,068	6,666,634
Risk-free interest rate	2.14%	1.93%	1.69%	1.51%	1.41%	1.39%	0.34%
Expected dividend yield	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expected share price volatility	82.37%	82.07%	72.93%	74.32%	75.39%	75.81%	79.479%
Expected warrant life in years	1.5	1.5	1.5	1.5	1.5	1.5	1.5

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

IMPACT Silver Corp.

Notes to the Consolidated Financial Statements

June 30, 2020

(Canadian dollars)

Unaudited

11. Equity – continued

d) Loss per share

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

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Net loss attributable to shareholders	\$ (195,019)	\$ (2,826,240)	\$ (285,193)	\$ (3,731,763)
Weighted average number of shares outstanding - Basic and diluted	116,927,932	92,020,093	113,637,562	91,604,790
Loss per share – Basic and diluted	(0.00)	(0.03)	(0.00)	(0.04)

12. Segmented information

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

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

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

Details are as follows:

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Revenues by geographic area				
Mexico	\$ 2,842,355	\$ 2,767,003	\$ 6,256,063	\$ 5,748,358
Net loss by geographic area				
Mexico	\$ 373,539	\$ (2,450,377)	\$ 551,912	\$ (3,045,657)
Canada	(568,558)	(375,863)	(837,105)	(686,106)
	\$ (195,019)	\$ (2,826,240)	\$ (285,193)	\$ (3,731,763)
Assets by geographical area			June 30, 2020	December 31, 2019
Mexico			\$ 41,208,025	\$ 46,313,778
Canada			5,110,621	3,641,114
			\$ 46,318,646	\$ 49,954,893
Property, plant and equipment by geographical area				
Mexico			\$ 17,900,496	\$ 20,867,360
Canada			54,868	36,346
			\$ 17,955,364	\$ 20,903,706

IMPACT Silver Corp.

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2020

(Canadian dollars)

Unaudited

13. Subsequent Event

On August 20, 2020, the Company completed a brokered private placement for aggregate gross proceeds of \$9.5 million from the issuance of 10,049,096 units of the Company at \$0.95 per unit. Each unit consists of one common share and one half share purchase warrant exercisable into one common share at a price of \$1.30 for a period of 24 months from the closing. The shares and warrants are subject to a hold period of four months expiring on December 21, 2020. The Company paid cash commissions of 6% of the gross proceeds from certain subscribers in the private placement and granted the agents an aggregate of 598,089 broker warrants entitling the holder to acquire one unit at a price of \$0.95 per unit until August 20, 2022. The Company intends to use the net proceeds from this financing for exploration, development and general corporate purposes.
