

IMPACT Silver Corp.

Interim Consolidated Financial Statements

March 31, 2009

Unaudited

IMPACT Silver Corp.

Consolidated Balance Sheets

Canadian Dollars

Unaudited

Statement 1

ASSETS	March 31 2009	December 31 2008
Current		
Cash and cash equivalents	\$ 5,357,480	\$ 5,433,480
Accounts receivable and prepaid expenses	1,062,498	2,235,097
Inventories – (Note 3)	1,868,223	650,778
Investments	30,000	20,000
Future income tax asset	356,537	356,537
	8,674,738	8,695,892
Property, Plant and Equipment – (Note 4)	3,088,534	3,164,473
Resource Properties – (Schedule and Note 5)	18,301,369	17,413,919
	\$ 30,064,641	\$ 29,274,284
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 712,666	\$ 654,595
Due to related party – (Note 6)	995,020	760,054
	1,707,686	1,414,649
Future Income Tax Liability	3,751,838	3,542,888
	5,459,524	4,957,537
SHAREHOLDERS' EQUITY		
Share Capital - (Note 8a)	27,436,653	27,436,653
Contributed Surplus - (Note 8b)	1,005,507	794,992
Accumulated Other Comprehensive Loss – (Note 8c)	(20,000)	(30,000)
Deficit - Statement 2	(3,817,043)	(3,884,898)
	24,605,117	24,316,747
	\$ 30,064,641	\$ 29,274,284

ON BEHALF OF THE BOARD:

“F.W. Davidson” _____, Director

“G. Gorzynski” _____, Director

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

IMPACT Silver Corp.

Statement 2

Consolidated Statements of Income and Deficit For the Three Months Ended March 31

Canadian Dollars

Unaudited

	2009	2008
Revenues	\$ 1,456,788	\$ 2,686,721
Expenses		
Operating expenses	609,588	1,227,648
Amortization and depletion	97,525	185,250
	<u>707,113</u>	<u>1,412,898</u>
Mine operating earnings	<u>749,675</u>	<u>1,273,823</u>
General and Administrative Expenses		
Accounting, audit and legal	38,323	37,200
Amortization	7,140	4,312
Investor relations, promotion and travel	22,611	42,958
Management fees and consulting	11,666	6,956
Office, rent, insurance and sundry	56,095	68,879
Office salaries and services	101,020	106,052
Stock-based compensation expense (Note 8d)	210,515	79,093
	<u>447,370</u>	<u>345,450</u>
Income before the following	<u>302,305</u>	<u>928,373</u>
Other income (expenses)		
Foreign exchange (loss) gain	(110,418)	151,504
Gain on resource property	1,074	-
Interest income	2,801	68,161
	<u>(106,543)</u>	<u>219,665</u>
Income Before Taxes	195,762	1,148,038
Current income tax expense	-	302,581
Future income tax expense	127,907	-
	<u>67,855</u>	<u>845,457</u>
Net Income	67,855	845,457
Deficit – Beginning of period	(3,884,898)	(4,546,998)
Deficit – End of period	\$ (3,817,043)	\$ (3,701,541)
Earnings per share - Basic	\$ 0.00	\$ 0.02
- Diluted	\$ 0.00	\$ 0.02
Weighted Average Number of Shares Outstanding – Basic	48,000,210	47,270,858
Weighted Average Number of Shares Outstanding - Diluted	48,257,719	48,502,055

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

IMPACT Silver Corp.

Statement 3

Consolidated Statements of Comprehensive Income For the Three Months Ended March 31

Canadian Dollars
Unaudited

	2009	2008
Net Income for the Period	\$ 67,855	\$ 845,457
Other Comprehensive Income		
Unrealized gain on available-for-sale short-term investments	<u>10,000</u>	-
Total Comprehensive Income	\$ 77,855	\$ 845,457

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

IMPACT Silver Corp.

Statement 4

Consolidated Statements of Cash Flows For the Three Months Ended March 31

Canadian Dollars
Unaudited

Cash Resources Provided By (Used In)	2009	2008
Operating Activities		
Net income for the year	\$ 67,855	\$ 845,457
Items not affecting cash		
Amortization and depletion	104,665	189,562
Stock-based compensation expense	210,515	79,093
Future Income taxes	127,907	-
Gain on resource property	(1,074)	-
Unrealized loss (gain) on foreign exchange	13,290	(6,240)
Changes in non-cash working capital		
Accounts receivable and prepaid expenses	1,178,479	(59,915)
Inventories	(917,898)	10,317
Accounts payable and accrued liabilities	54,115	(238,210)
Income tax payable	-	306,794
Due to related party	210,524	(103,995)
	<u>1,048,378</u>	<u>1,022,863</u>
Investing Activities		
Acquisition of property, plant and equipment	-	(922,685)
Resource property costs	(1,133,606)	(1,435,687)
	<u>(1,133,606)</u>	<u>(2,358,372)</u>
Financing Activities		
Share capital issued	-	21,629
	<u>-</u>	<u>21,629</u>
Effect of exchange rate changes on cash and cash equivalents	<u>9,228</u>	<u>20,373</u>
Net decrease in cash and cash equivalents	(76,000)	(1,293,507)
Cash and cash equivalents - Beginning of period	<u>5,433,480</u>	<u>10,144,831</u>
Cash and cash equivalents – End of period	\$ 5,357,480	\$ 8,851,324

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IMPACT Silver Corp.

Schedule

Consolidated Schedules of Resource Properties For the Three Months Ended March 31

Canadian Dollars

Unaudited

	2009	2008
Zacualpan Mine and Concessions, Mexico – (Note 5b)		
Acquisition costs	\$ -	\$ 123,336
Deferred exploration costs		
Assaying	51,681	70,935
Drilling	596,080	579,520
Field administration and legal	65,157	151,236
Future income taxes	75,226	129,132
Travel and accommodation	36,842	56,716
Vehicles	15,215	20,549
Wages and consulting	243,916	275,876
	1,084,117	1,283,964
Amortization and depletion	(328,273)	(134,525)
	755,844	1,272,775
Zacatecas Properties, Mexico – (Note 5c)		
Acquisition costs	100,906	40,040
Deferred exploration costs		
Assaying	4,994	-
Field administration	8,621	-
Future income taxes	5,818	788
Travel and accommodation	1,544	-
Vehicles	1,107	-
Wages and consulting	11,090	3,288
	33,174	4,076
Recoveries	(2,474)	105,189
	131,606	149,305
Other Properties, Dominican Republic – (Notes 5d & 5e)		
Deferred exploration costs		
Wages and consulting	-	50,000
	-	50,000
Costs for the Period	887,450	1,472,080
Balance - Beginning of period	17,413,919	12,574,547
Balance - End of Period	\$ 18,301,369	\$ 14,046,627

IMPACT Silver Corp.

Notes to Consolidated Financial Statements

March 31, 2009

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1. Basis of Presentation

These unaudited interim consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles "GAAP" and follow the same accounting policies and methods of their application as the most recent audited annual consolidated financial statements, except as described in Note 2. The accompanying unaudited interim consolidated financial statements should be read in conjunction with the Company's audited annual consolidated financial statements as at December 31, 2008, as they do not contain all disclosures required by GAAP for annual financial statements. Certain comparative figures have been reclassified to conform to the presentation adopted for the current period.

2. Changes in Accounting Policies

Adoption of New Accounting Policies

Effective January 1, 2009, the Company adopted the new Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, *Goodwill and Intangible Assets*. This section replaces CICA Handbook Section 3062, *Goodwill and Intangible Assets*, and establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of various pre-production and start-up costs and requires that these costs be expensed as incurred, with the concurrent withdrawal of CICA Emerging Issues Committee Abstract 27. The adoption of Section 3064 did not result in a material impact on the Company's consolidated financial statements.

In March 2009, the CICA issued EIC-174, "Mining Exploration Costs." The EIC provides guidance on the accounting and the impairment review of exploration costs. This standard is effective for our fiscal year beginning January 1, 2009. The adoption of EIC-174 did not result in a material impact on the Company's consolidated financial statements.

Recent Accounting Pronouncements Issued But Not Yet Implemented

In January 2009, the CICA issued Sections 1582 – *Business Combinations*, 1601 – *Consolidated Financial Statements* and 1602 – *Non-controlling Interests* which replace CICA Sections 1581 – *Business Combinations* and 1600 – *Consolidated Financial Statements*. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards ("IFRS"). Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of this Section is permitted. If the Company chooses to early adopt any one of these Sections, the other two Sections must also be adopted at the same time.

3. Inventories

The following table details the composition of inventories as at:

	March 31		December 31
	2009		2008
Materials and supplies	\$ 416,194	\$	416,406
Finished goods – lead and zinc concentrates	1,452,029		234,372
Total inventories	\$ 1,868,223	\$	650,778

The amount of inventories recognized as an expense during the three months ended March 31, 2009 is \$707,113 (2008 - \$1,412,898) which is equal to the full amount of operating expenses and amortization and depletion recorded during the period.

IMPACT Silver Corp.

Notes to Consolidated Financial Statements

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4. Property, Plant and Equipment

	March 31, 2009			December 31, 2008		
	Cost \$	Accumulated amortization \$	Net Book Value \$	Cost \$	Accumulated amortization \$	Net Book Value \$
Mine equipment	1,287,128	228,294	1,058,834	1,287,128	200,864	1,086,264
Mobile equipment	532,913	454,737	78,176	532,913	442,817	90,096
Office furniture and equipment	96,870	66,382	30,488	96,870	64,293	32,577
Plant equipment	1,145,289	144,131	1,001,158	1,145,289	120,876	1,024,413
Surface rights	734,128	-	734,128	734,128	-	734,128
Vehicles	331,698	145,948	185,750	331,698	134,703	196,995
	4,128,026	1,039,492	3,088,534	4,128,026	963,553	3,164,473

5. Resource Properties

a) Details are as follows:

	March 31 2009	December 31 2008
Zacualpan Mines and Concessions - Mexico		
Acquisition costs	\$ 5,961,074	\$ 5,961,074
Exploration	10,608,598	9,599,708
Future income taxes	1,336,536	1,261,310
Amortization and depletion	(2,501,231)	(2,172,958)
Recoveries	(67,990)	(67,990)
	15,336,987	14,581,144
Zacatecas Properties - Mexico		
Acquisition costs	1,551,852	1,450,945
Exploration	780,838	753,482
Future income taxes	49,492	43,674
Recoveries	(523,581)	(521,107)
	1,858,601	1,726,994
PMSA Concessions – Dominican Republic		
Acquisition	497,000	497,000
Exploration and development	493,773	493,773
	990,773	990,773
MMP Concessions – Dominican Republic		
Acquisition costs	85,000	85,000
Exploration	30,008	30,008
	115,008	115,008
Other Properties		
Exploration	22,464	22,464
Accumulated write-off	(22,464)	(22,464)
	-	-
	\$ 18,301,369	\$ 17,413,919

IMPACT Silver Corp.

Notes to Consolidated Financial Statements

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5. Resource Properties - *continued*

b) Zacualpan Agreements

On June 14, 2004, the Company signed two option agreements with third parties in the Zacualpan Silver Mining District in Central Mexico.

The first option agreement was a three-year lease with an option to purchase mining leases and concessions, called the Royal Mines of Zacualpan Silver Project ("Royal Mines"), which included San Ramon (Compadres) Mine which later went into production. Under terms of this agreement, the Company was required to make payments of US\$3,000 per month for three years and to issue 100,000 shares per year to the third party, as well as incur work commitments totalling US\$1,000,000 over three years. The Company was to have the option at any time before the end of the third year to purchase 100% interest in the mining leases and concessions for US\$1,000,000.

In December 2005, the Company amended the terms of the agreements for the purchase of the Royal Mines from an asset purchase to a share purchase. Under the amending agreement, the Company, through its 100% subsidiary MAP, was to purchase all the issued and outstanding shares of Minera El Porvenir de Zacualpan, S.A. de C.V. (MPZ), which owns the Royal Mines, including the Capela Assets of Zacualpan Mines (mining concessions and surface rights). On January 16, 2006, this transaction was completed.

The second option agreement entered into in June 2004 was a three-year agreement for mining leases and concessions, which included the producing Guadalupe Mine and a 500-tonne-per-day processing plant with associated facilities. The assets in this second agreement were under lease by a third party, and the Company had an option to purchase all the lease rights to the assets for US\$1,140,000. In February 2006, the Company, through its wholly owned subsidiary MAP, entered into an amended agreement giving it an exclusive option to purchase these same leased assets including the 500-tonne-per-day processing plant, certain mineral concessions and surface rights located in Zacualpan District for US\$1,140,000 and 100,000 shares of the Company at any time before December 2, 2006. An initial option payment of US\$2,000 was made just after signing of the agreement, and thereafter the Company paid US\$4,000 monthly to the vendor. In July 2006, the Company exercised its option under this agreement and as a result owns all the equipment and surface rights related to its Royal Mines operations, and has a 100% interest with no underlying royalties on its mineral concessions.

In February 2007, the Company acquired the right to purchase a concession known as the Mamatla Mining District adjacent to the Company's Royal Mines of Zacualpan Silver Project in Central Mexico. The purchase price for the Mamatla Mining District was approximately \$215,700 (2,211,990 Pesos), of which \$91,690 (884,796 Pesos) was paid in 2007 and the balance of \$124,010 (1,327,194 Pesos) was paid in February 2008. The Mamatla concession is subject to a 1% NSR.

In February 2008, the Company acquired six concessions directly from the Mexican government through normal staking procedures. These concessions, named the Zacualpan Northwest concessions, cover 140 square kilometers. In June 2008, the Company acquired the 112 hectare Cadena concession and the 161 hectare Zapote concession from private Mexican vendors. The Company spent \$307,236 in concession acquisition costs in the Zacualpan Silver Mining District in the year ended December 31, 2008.

c) Zacatecas Agreements

Under an agreement dated July 10, 2006, the Company through its wholly owned subsidiary MAP acquired a four-year option from a third party to purchase a 200-tonne-per-day processing plant and associated surface rights in the Zacatecas Mining District of Mexico. Under the agreement, MAP may purchase the assets for US\$1,110,000 (US\$733,450 paid) and 500,000 shares (300,000 issued to March 31, 2009) in stages, plus commit to US\$700,000 in work expenditures (US\$350,000 in each of the first two years).

Under separate purchase agreements, the Company acquired eleven mineral concessions in the Zacatecas area during 2006 and two concessions in 2007. The Company now holds a total of sixteen concessions, three of which are under an option agreement with a third party who has now earned a 65% interest in these three concessions. No further payments or commitments exist for these concessions.

IMPACT Silver Corp.

Notes to Consolidated Financial Statements

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Canadian Dollars

Unaudited

5. Resource Properties – *continued*

c) Zacatecas Agreements - *continued*

During 2006, the Company entered into an option agreement with a third party in which the third party was given the right to earn a 65% interest in four concessions at Zacatecas. To earn its interest the third party was required to reimburse the Company US\$15,000 per concession, pay for all acquisition costs and incur a minimum expenditure of US\$100,000 in exploration per concession. In May 2008 the third party fulfilled its obligations to earn its 65% interest in the four concessions. In June 2008, the Company sold its remaining 35% interest in one of the concessions for US\$325,000 plus a 1% NSR Royalty interest. The Company realized a gain of \$328,249 on the sale of this concession. The Company retained its 35% interest in the other three concessions. In August 2008 the Company entered into a formal joint venture agreement with respect to these property concessions.

d) PMSA Agreement

By various agreements dated October 22, 1996 to July 15, 1999 and effective August 20, 1999, the Company acquired 100% of the shares of the Dominican Republic registered company PMSA. PMSA has exploration concessions located in various parts of the Cordillera Oriental in the Dominican Republic, including the El Brujo concession. The concessions are subject to a 1% NSR to a maximum of US \$1,000,000.

e) MMP Agreement

By agreement dated July 15, 1999, the Company acquired 100% of the shares of the Canadian company, "Jade", which owns 100% of the shares of the Dominican Republic registered company, Minera Monte Plata, S.A. ("MMP"). MMP holds the Baritina exploration concession located in the Cordillera Oriental in the Dominican Republic. The concessions are subject to a 1% NSR to a maximum of US\$1,000,000.

6. Due to Related Party

As at March 31, 2009, an amount of \$995,020 (December 31, 2008 - \$760,054) was due to Energold Drilling Corp., a significant shareholder of the Company. Monies owed to Energold Drilling Corp. are unsecured, non-interest bearing and without specific repayment terms. Management anticipates that the amount will be repaid within one year and accordingly it has been classified as current.

7. Related Party Transactions

Except as disclosed elsewhere in these financial statements, related party transactions are recorded at the exchange amount which is the amount of consideration paid or received as agreed by the parties. Related party transactions are as follows:

- a) During the three months ended March 31, 2009 fees in the amount of \$42,400 (March 31, 2008 - \$33,206) were paid or accrued to directors and officers of the Company, of which \$28,750 is recorded in various administrative expenditures on the income statement, and \$13,650 is recorded in resource properties.
 - b) During the three months ended March 31, 2009 fees in the amount of \$591,546 (March 31, 2008 - \$579,520) were paid to Energold Drilling Corp., a significant shareholder of the Company, for contract drilling services performed in Mexico at the Zacualpan Mines and Concessions.
 - c) On December 1, 2008, the Company entered into a management agreement with one director for fees of \$6,000 per month for a period of 36 months.
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IMPACT Silver Corp.
Notes to Consolidated Financial Statements
March 31, 2009
Canadian Dollars
Unaudited

8. Share Capital

a) Details are as follows:

	Number		Amount
Authorized:			
Unlimited common shares without par value			
Issued and outstanding:			
Balance – December 31, 2007	47,258,710	\$	27,134,387
Shares issued for resource properties	125,000		120,000
Stock options exercised	616,500		99,080
Value assigned to options exercised	-		83,186
Balance – December 31, 2008 and March 31, 2009	48,000,210	\$	27,436,653

b) **Contributed Surplus**

Balance – December 31, 2006	\$	314,845
Fair value of stock options granted		218,161
Value assigned to stock options exercised		(19,077)
Value assigned to expired warrants		54,541
Balance - December 31, 2007		568,470
Fair value of stock options granted		309,708
Value assigned to options exercised		(83,186)
Balance – December 31, 2008	\$	794,992
Fair value of stock options granted		210,515
Balance – March 31, 2009	\$	1,005,507

c) **Accumulated Other Comprehensive Income (Loss)**

Balance - December 31, 2007	\$	-
Unrealized loss on available-for-sale short-term investments		(30,000)
Balance – December 31, 2008	\$	(30,000)
Unrealized gain on available-for-sale short-term investments		10,000
Balance – March 31, 2009	\$	(20,000)

IMPACT Silver Corp.

Notes to Consolidated Financial Statements

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8. Share Capital – continued

d) 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 stock option plan 9,467,042 options have been authorized for issuance, of which 4,126,000 have been allocated as at March 31, 2009. Options granted must be exercised no later than five years from the date of grant 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. Options vest 25% on the date granted and 12.5% every quarter thereafter.

A summary of the Company's stock options as at March 31, 2009 and the changes for the periods ended on these dates is as follows:

	Number	Weighted Average Exercise Price
At December 31, 2007	2,507,500	0.80
Granted	35,000	1.44
Exercised	(616,500)	0.16
Expired	(35,000)	1.45
At December 31, 2008	1,891,000	1.01
Granted	2,235,000	0.55
At March 31, 2009	4,126,000	0.76

The following table summarizes information about the stock options outstanding at March 31, 2009:

Exercise Price Per Share	Expiry Date	Options Outstanding	Options Exercisable
\$0.15	May 12, 2009	175,000	175,000
\$0.42	April 13, 2010	551,000	551,000
\$1.40	September 5, 2012	1,055,000	1,055,000
\$1.44	February 6, 2010	35,000	26,250
\$1.67	October 22, 2012	75,000	65,625
\$0.55	January 6, 2014	2,235,000	558,750
		4,126,000	2,431,625

On January 6, 2009, the Company granted stock options under its Stock Option Plan to directors, officers, employees and consultants exercisable for up to 2,235,000 shares of the Company, with an estimated value of \$534,573 on the grant date. The options are exercisable on or before January 6, 2014 at a price of \$0.55 per share.

The Black Scholes Option Pricing Model is used to estimate the fair value of stock options for calculating stock-based compensation expense. The Company recognized a stock-based compensation expense and an increase to contributed surplus based on a graded vesting schedule using the assumptions as follows:

Date Granted	October 22, 2007	February 6, 2008	January 6, 2009
Number of options granted	75,000	35,000	2,235,000
Risk-free interest rate	4.17%	3.05%	2.03%
Expected dividend yield	NIL	NIL	NIL
Expected stock price volatility	62.67%	60.71%	63.43%
Expected option life in years	2	2	3

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

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9. Capital Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, to provide an adequate return to shareholders, to meet external capital requirements on credit facilities and to support any growth plans.

The capital of the Company consists of the items included in shareholders' equity and cash and cash equivalents net of debt obligations. The Company monitors capital based on the debt to debt-plus-equity ratio. Debt is total debt shown on the balance sheet, less cash and cash equivalents. Debt-plus-equity is calculated as debt shown on the balance sheet, plus total shareholders' equity which includes accumulated other comprehensive income (loss), share capital, contributed surplus and deficit.

The Company's policy is to keep its debt to debt-plus-equity ratio at a manageable level consistent with the current business cycle and the business opportunities outlook foreseen by the Company. As a general guideline, the Company's policy will be to keep its debt to debt-plus-equity ratio to a minimal level, except in unusual circumstances such as a major acquisition. Currently the Company has no debt and is in full compliance with its capital risk management policies. The Company's Board of Directors approves management's annual capital expenditures plans and reviews and approves any material debt borrowing plans proposed by the Company's management.

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

10. Financial Instruments

Financial Assets and Liabilities

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities, and due to related parties. For cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and due to related parties, carrying value is considered to be fair value due to the short-term nature of these instruments. The fair value of investments represents the market value of quoted investments.

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.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk include cash and cash equivalents, accounts receivable and investments. The Company deposits its cash and cash equivalents with high credit quality financial institutions as determined by ratings agencies, with the majority deposited with a Canadian Tier 1 Bank. As is typical within the mining industry the Company relies on sales to two refiners for the processing of all of its mineral concentrates. The Company may have a significant concentration of credit risk exposure to the refining and smelting companies Met-Mex Penoles, S.A. de C.V. and Glencore International AG at any one time but is satisfied that these companies have adequate credit ratings as determined by Standard and Poor's. The Company's maximum exposure to credit risk at the reporting date is the carrying value of its cash and cash equivalents, accounts receivable and investments.

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10. Financial Instruments - continued

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages liquidity by maintaining cash and cash equivalent balances available to meet its anticipated operational needs. The Company has not been required to establish committed credit facilities but will do so as necessary. Liquidity requirements are managed based on expected cash flow to ensure that there is adequate capital to meet short-term and long-term obligations. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its growth plans. As at March 31, 2009 the Company did not have any significant future debt obligations.

Interest Rate Risk

The Company is exposed to interest rate risk on its cash and cash equivalents. 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.

Currency risk

Foreign exchange rate fluctuations may affect the costs that the Company incurs in its operations. 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 March 31, 2009 the Company is exposed to currency risk through the cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and due to related party held in U.S. dollars and Mexican pesos. Based on these foreign currency exposures at March 31, 2009, a 10% depreciation or appreciation of all the above currencies against the Canadian dollar would result in an approximate \$9,000 decrease or increase in the Company's net income for the three months ended March 31, 2009.

Commodity 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.

Assuming the same physical sales volume, a 10% change in commodity prices from actual realized prices would have increased or decreased the Company's net income for the three months ended March 31, 2009 as follows:

Silver price	\$105,000
Lead price	\$9,000
Gold price	\$5,000

IMPACT Silver Corp.

Notes to Consolidated Financial Statements

March 31, 2009

Canadian Dollars

Unaudited

11. Segmented Information

The Company has three reportable segments based on geographic area: Mexico, Caribbean, and Canada (Corporate).

Details are as follows:

	Three months ended	
	March 31 2009	March 31 2008
Revenue by geographic area		
Mexico	\$ 1,456,788	\$ 2,686,721
Net income (loss) by geographic area		
Mexico	\$ 185,357	\$ 918,009
Canada	(117,502)	(72,552)
	\$ 67,855	\$ 845,457
	March 31 2009	December 31 2008
Assets by geographic area		
Mexico	\$ 24,070,048	\$ 22,814,089
Canada	4,888,812	5,354,414
Caribbean	1,105,781	1,105,781
	\$ 30,064,641	\$ 29,274,284
Property, plant and equipment by geographic area		
Mexico	\$ 3,075,796	\$ 3,150,843
Canada	12,738	13,630
	\$ 3,088,534	\$ 3,164,473

12. Economic Dependence

As is customary in the mining industry, the Company had entered into a single contract with a Mexican refining and smelting company, for the refining and sale of its silver, gold, zinc and lead contained in its lead and zinc concentrates. This contract with Met-Mex Penoles, S.A. de C.V. ("Penoles") accounted for 100% of the sales of the Company until February 8, 2009 when employees at the Penoles refinery went on strike. The Company then entered into a short term contract for the sale of its lead and zinc concentrates with Glencore International AG in March 2009. Subsequent to March 31, 2009 sales of the Company's lead and zinc concentrates commenced with Glencore and recommenced with Penoles.
