

# IMPACT Silver Announces Q2 Financial & Production Results; Adjusted EBITDA of \$0.48 Million on \$2.84 Million Revenue Despite COVID-19 Related Shutdown

Vancouver, British Columbia--(Newsfile Corp. - August 27, 2020) - IMPACT Silver Corp. (OTC Pink: ISVLF) (FSE: IKL) (TSXV: IPT) ("IMPACT" or the "Company") is pleased to announce its financial and operating results for the year ended June 30, 2020.

The Company reported \$2.84 million in revenue for the first quarter of 2020 compared to Q2 2019 at \$2.76 million with improved grades and higher silver prices realized during the quarter. This is impressive considering half the quarter was formally shut down due to the official Mexican decree to suspend operation to limit potential spread of COVID-19 pandemic.

Mine operating earnings before amortization and depletion improves significantly year over year by \$1.2 million to positive \$0.65 million as high silver prices and continued cost monitoring proved effective. Operating activities this quarter generated over \$0.17 million positive cashflow, impressive especially in light of operations losing nearly half the quarter due to COVID19 shutdown. Adjusted EBITDA of \$0.48 million (Earnings Before Interest, Taxes, Depreciation, and Amortization) comprises of EBITDA of \$0.16 million and non-cash loss on foreign exchange loss \$0.32 million. EBITDA for six months of 2020 totalled \$0.63 million, a 120% improvement compared to a loss of \$2.86 million.

Fred Davidson, President & CEO of IMPACT, stated, "At the outset of the COVID19 pandemic we were all faced with an uncertainty and potential prolonged catastrophic shutdown if the virus spread. I would like to commend our operation staff on an effective social distancing practice in limiting COVID19 to zero cases Zacualpan mining district and contributed significantly in being able to recommence operations in a timely manner.

Despite losing nearly half the quarter (April to June) due to mandatory shutdown, high grade, a sharp rally in silver prices, and an ability to sell some stockpile allowed IMPACT to mitigate a large drop in revenue. In fact, the Company actually turned operation profit and positive EBITDA for the sixth quarter since January 2019. With silver reaching higher prices in Q3 2020 and beyond, IMPACT's profitability as pure silver producer will only be further magnified.

With additional capital coming in the market and rapid increase in silver prices in recent months, IMPACT is well positioned to be able to fast track additional targets and rationalize further expansion possibilities on both exploration and production fronts."

In Q2 2020, IMPACT's geological team has focused on desktop studies in preparation of the 2020 exploration season. Targets within 2020 include further exploration of the in-production Veta Negra open pit area and Chapanial area.

## Production Overview

- Mill was shut down mid April to beginning of June. As a result, silver production decreased to 129,570 ounces in Q2 2020 compared to 145,658 ounces in Q2 2019, a decrease due to mandatory shutdown from COVID19 Mexican protocols.
- Q2 2020 production at the Guadalupe mill came from the Guadalupe Mine (37% of mill feed), the San Ramon Mine (23% of mill feed), the Cuchara Mine (23% of mill feed), and the Veta Negra Mine (17% of mill feed)
- Average mill feed grade for silver was 187 grams per tonne (g/t) in Q2 2020, an increase of 17%

from 160 g/t in Q2 2019.

- Throughput at the mill in Q2 2020 was 25,602 tonnes compared to 33,616 in Q2 2019.

## Financial Overview

- Mine operating earnings<sup>2</sup> for Q2 2020 were \$0.6 million an improvement of \$1.3 million over Q2 2019.
- Net loss for the quarter was \$0.2 million, a \$3.0 net increase from loss of \$2.8 million in Q2 2019. We note Q2 2019 there was a one-time write down of \$1.7 million based on reduction of property size to lower property taxes.
- EBITDA Q2 2020 at \_\_\_\_, a \$2.6 million increase from Q2 2019.
- In April 2020 the Company closed a private placement for \$2.0 million. Warrants in the amount of \$0.5 million were exercised during the quarter.
- At June 30, 2020, cash position was at \$6.3 million with working capital at \$5.3 million compared to \$3.8 million and \$3.6 million working capital at Dec 31, 2019.

Revenue per tonne sold in Q2 2020 rose sharply by 54% year over year to over \$117.8/tonne from \$76.7/tonne in Q2 2019, attributable to higher silver prices. Direct cost continues to drop 7% to \$76.7/tonne down from \$82/tonne in the comparable quarter, further expanding profit margins. This regimented cost control has been a priority for IMPACT since the leaner market years and will continue to balance efficiency and grade at operations.

Despite a drop of 24% this quarter in tonnage processed and sold, IMPACT has largely mitigated processing.

## Exploration Sampling Result at Chapaniel Gold

During the quarter, IMPACT announced results from rock sampling in the Chapaniel area which included 97.5g/t gold and 97.9g/t silver over a true width of 0.80 meters and 18.25g/t gold and 75.4g/t silver over a true width of 0.20 meters. Work is continuing to outline the potential size of this area.

## Exploration Field Work

In early June the Mexican government lifted the COVID-19 decree suspending work and the Company re-started exploration work. Work first re-started with sampling and trenching on the north extensions of the Veta Negra Mine and then in the Chapaniel area. In addition, compilation of historical maps and other technical data from the districts into a large computer database continued and is being used to plan future exploration programs.

A recorded conference call reviewing the financial and production results of the year ended June 30, 2020 will be available on the Company website on August 30, 2020 at [www.impactsilver.com/s/ConferenceCalls.asp](http://www.impactsilver.com/s/ConferenceCalls.asp).

George Gorzynski, P.Eng., a Qualified Person under the meaning of Canadian National Instrument 43-101, approved the technical content regarding exploration work in this news release.

The information in this news release should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and Management's Discussion and Analysis, available on the Company website at [www.impactsilver.com](http://www.impactsilver.com) and on SEDAR at [www.sedar.com](http://www.sedar.com). All amounts are stated in Canadian dollars unless otherwise specified.

## About IMPACT Silver

IMPACT Silver Corp. is a successful silver-gold explorer-producer with two processing plants on adjacent districts within its 100% owned mineral concessions covering 357km<sup>2</sup> in central Mexico with excellent infrastructure and labor force. Over the past thirteen years, IMPACT has produced over 10.0 million ounces of silver, generating revenues over \$180 million, with no long-term debt. At the Royal

Mines of Zacualpan Silver District several underground silver mines feed the central Guadalupe processing plant. To the south, in the Mamatla District the Capire processing pilot plant is currently rated at 200 tpd but is expandable. It is adjacent to an open pit silver mine with a National Instrument 43-101 ("NI 43-101") compliant resource of over 4.5 million oz silver, 48 million lbs zinc and 21 million lbs lead (see IMPACT news release dated January 18, 2016) that is awaiting higher silver prices to be restarted. Given the challenging markets the last few years, IMPACT has focused its exploration efforts on high probability gold and silver targets, with potentially rapid timelines to production and proximity to the Guadalupe processing plant. Following a decade of exploration successes leading to production cash flows, IMPACT has shown the Zacualpan District to be endowed with many high grade epithermal silver-gold zones. With markets more receptive to early exploration results, in 2019 IMPACT continues to add emphasis to exploration work.

Additional information about IMPACT and its operations can be found on the Company website at [www.IMPACTSilver.com](http://www.IMPACTSilver.com).

On behalf of IMPACT Silver Corp.

*"Frederick W. Davidson"*

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