

IMPACT Silver Announces First Quarter 2021 Results 57% Increase in Revenue Year over Year to \$5.4 Million

Vancouver, British Columbia--(Newsfile Corp. - May 25, 2021) - IMPACT Silver Corp. (TSXV: IPT) ("IMPACT" or the "Company") announces its financial and operating results for the first quarter ended March 30, 2021.

The Company reported \$5.4 million in revenue for the first quarter of 2021, a 57% improvement year over year from Q1 2020's revenue of \$3.4 million. Cash provided by operating activities improved to \$1.3 million from \$0.7 million in Q1 2020. Adjusted EBITDA (earnings before interest, taxes, depreciation, amortization, & share-based payments) increased 220% from \$0.5 million in Q1 2020 to \$1.6 million.

Mine operating earnings before amortization and depletion in Q1 2021 improved to \$1.9 million from \$0.3 million in 2020. Operating activities in Q1 2021 generated cash flows of \$1.3 million compared to \$0.7 million in 2020. The net loss for quarter was \$0.3 million compared to Q1 2020 of \$0.1 million, after a \$0.9 million non-cash accounting provision for share-based payments to employees and consultants of IMPACT.

Fred Davidson, President & CEO of IMPACT, stated, "In Q1 2021, we witnessed a rush to silver from retail investors due to online message board rallies and zero commission platforms. The resulting silver squeeze took silver to recent highs which has benefited our bottom-line and also brought in attention to a sector that has been under-allocated by retail investors since 2011.

"While we cannot plan our business around online fueled rallies and short-term blips, IMPACT continues to be one of the purest silver miners with a 90%+ revenue leverage to silver prices. It is our plan in 2021 that with ongoing production efficiency improvements and exploration plans, we will continue to shape IMPACT into the premier silver exploration and production play for investors. Now that cash flow is positive and metal prices relatively stabilized, we aim to explore and unlock further value from our land package in 2021."

Q1 2021 Financial Overview

- Revenue for Q1 2021 was \$5.4 million, an increase of 57% from 2020 of \$3.4 million.
- Adjusted EBITDA was \$1.6 million for quarter, another large increase over \$0.5 million for comparable period in 2020.
- Mine operating earnings before amortization and depletion for Q1 2021 were \$1.9 million, improving from \$0.3 million in 2020.
- Net loss for the quarter was \$0.3 million after a \$0.9 million non-cash provision for share-based payments, compared to Q1 2020 net loss of \$0.1 million.
- Net working capital for the Company at March 31, 2021 was \$21.9 compared to of \$3.4 million in 2020, a stark improvement year over year.
- The Company has no long-term debt.

Q1 2021 Production Overview

- Throughput at the mill was 36,413 tonnes milled in Q1 2021 compared to 39,537 tonnes in 2020 as the focus on underground development resulted in fewer tonnes mined, and the capacity at the plant was reduced for improvements to the flotation circuit.
- Average mill feed grade for silver was 162 grams per tonne (g/t) in Q1 2021, a decrease of 5% from 170 g/t in Q1 2020 due to the mining of lower grade but higher margin material.
- Q1 2021 silver production was 156,889 ounces (2020 - 178,994 ounces).

The rise in silver prices largely offset slightly lower tonnage and grade in 2021, and as a result has generated strong cash flow for the Company. Revenue per tonne sold was \$124.17 in Q1 2021, an increase of over 46% from same period 2020 at \$84.92.

Direct costs per production tonne were \$75.45 in Q1 2021, no significant change from 2020's comparative period of \$75.16, affirming that cost controls and efficiency implementation remain strong. During the quarter, a substantial underground development program at the Guadalupe mine continued adding track at the 195 level, which will help improve long-term efficiencies from that mine. The near-term cost per tonne is anticipated to increase in Q2 2021 as exploration and development at Guadalupe picks up.

Exploration And Development Plans

In the first three months of 2021, IMPACT announced the purchase of a surface and an underground drill with plans to drill 10,000 metres on both near mine and other exploration targets (see IMPACT news release dated [February 1, 2021](#)).

On further exploration news, fieldwork was highlighted by continued exploration on the north and south extensions of the Veta Negra Mine, trenching on the bulk tonnage gold target at Manto America in the central part of the district and exploration on the northwest (Pachuqueno) extensions of the Guadalupe Mine. The Company also commissioned Condor Consulting, Inc. to review and carry out a modern interpretation of a large geophysical database collected in the 1990's over the Mamatla-Capire Mine area to identify exploration targets. (see IMPACT news dated [May 12, 2021](#)).

A recorded conference call reviewing the financial and production results of the quarter ended March 30, 2021 will be available on the Company website on May 26, 2021 at www.impactsilver.com/s/ConferenceCalls.asp.

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 and on SEDAR at 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 211km² in central Mexico with excellent infrastructure and labor force. Over the past 15 years, IMPACT has produced over 10.9 million ounces of silver, generating revenues over \$212 million, with no long-term debt. At the Royal Mines of Zacualpan Silver District, three underground silver mines and one open pit mine feed the central Guadalupe processing plant. To the south, in the Mamatla District, the Capire Project includes a 200 tpd processing pilot plant adjacent to an open pit silver mine with a mineral 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 for details); Company engineers are reviewing Capire for potential restart of operations in light of current elevated silver prices. With 15 years of exploration successes leading to production cash flows, IMPACT has shown the Zacualpan Silver-Gold District to be endowed with many high-grade silver-gold zones and has placed multiple zones into commercial production.

Additional information about IMPACT and its operations can be found on the Company website at www.impactsilver.com. Follow us on Twitter [@IMPACT_Silver](#) and LinkedIn at <https://www.linkedin.com/company/impactsilver>.

Qualified Person and NI 43-101 Disclosure

George Gorzynski, P. Eng., Vice President and Director of IMPACT Silver Corp., and a Qualified Person as defined under Canadian National Instrument 43-101, approved the technical information in this news release.

On behalf of IMPACT Silver Corp.

"Frederick W. Davidson"
President & CEO

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Forward-Looking and Cautionary Statements

This IMPACT News Release may contain certain "forward-looking" statements and information relating to IMPACT that is based on the beliefs of IMPACT management, as well as assumptions made by and information currently available to IMPACT management. Such statements reflect the current risks, uncertainties and assumptions related to certain factors but not limited to, without limitations, exploration and development risks, expenditure and financing requirements, title matters, operating hazards, metal prices, political and economic factors, competitive factors, general economic conditions, relationship with vendors and strategic partners, government regulation and supervision, seasonality, technological change, industry practices, and one-time events. Should any one or more

risks or uncertainties materialize or change, or should any underlying assumptions prove incorrect, actual results and forward-looking statements may vary materially from those described herein. IMPACT does not assume the obligation to update any forward-looking statement, except as required by law.

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

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