

IMPACT Silver Announces Q2 2022 Results Revenue of \$3.5 Million, Net Loss of \$0.79 Million

Vancouver, British Columbia--(Newsfile Corp. - August 29, 2022) - IMPACT Silver Corp. (**TSXV: IPT**) (**OTC Pink: ISVLF**) (**FSE: IKL**) ("IMPACT" or the "Company") announces its financial and operating results for the second quarter ended June 30, 2022.

The Company recorded \$3.5 million in revenue for the second quarter of 2022 on significantly lower silver prices. Silver production and grade were higher in Q2 2022 compared to Q1 2021. After non-cash costs the Company incurred a net loss of \$0.79 million.

Fred Davidson, President & CEO of IMPACT, stated, "The combination of dramatically lower silver prices this quarter due to inflation-induced rate hikes worldwide, and our higher development expenditures at the San Ramon and the Guadalupe mines, resulted in a tough quarter financially. We are tightening our operations further to help improve operating margins to weather the turbulent market, while continuing to invest in underground development which can lower costs in near future. Grade at the Guadalupe mill has been improving, and we should see the benefit of this in coming quarters.

"IMPACT continued to focus on exploration and development having completed almost 12,000 meters ("m") of drilling during the first half of the year. The cash position remains strong at \$18.4 million with working capital of \$19.9 million (cash of \$22.4 million and working capital of \$22.8 million at June 30, 2021.)

"IMPACT is a primary silver producer and is highly leveraged to silver prices. It is our plan in 2022 that with ongoing production efficiency improvements and exploration, we will continue to improve and develop IMPACT for the future. With a strong pipeline of project exploration programs underway, strong working capital, no long-term debt, and an efficient and nimble operation, IMPACT is well positioned to weather the short-term volatilities."

Q2 2022 Financial Overview

- Revenue for Q2 2022 was \$3.5 million, down from \$4.2 million in the same quarter 2021 due to lower silver prices.
- The Company invested \$1.4 million in exploration and mining assets during the quarter (\$2.7 million year to date 2022).
- Mine operating earnings before amortization and depletion for Q2 2022 were \$0.03 million compared to \$1.3 million in Q2 2021, due to lower silver prices and increased mine development costs.
- Net loss for the quarter was \$0.8 million compared to \$0.2 net income Q2 2021.
- Net working capital for the Company at June 30, 2022 was \$19.9 million with cash on hand of \$18.4 million.
- The Company continues to have no long-term debt.

Q2 2022 Production Overview

- Throughput at the mill was 37,183 tonnes in Q2 2022 compared to 37,833 tonnes in Q2 2021.
- Q2 2022 silver sales were 151,353 ounces (2021 - 140,513 ounces), an increase of 8%.
- Revenue per tonne sold was \$95.44 in Q2 2022, a drop of 20% from same period 2021 on lower silver prices.
- Average mill head grade improved 9% to 159g/t Silver Q2 2022 (147 g/t Q2-2021).
- Direct costs per production tonne were \$94.86 in Q2 2022, an increase of 16% from 2021's comparative period of \$81.41 largely due to extensive underground drilling and development during the quarter.

Exploration and Development Plans

The 2022 exploration program of up to 20,000m of drilling is continuing across the Company's extensive land package utilizing four Company owned drills (2 surface rigs, 2 underground rigs) to define additional feed for mining.

Exploration targets are defined and prioritized using a very large computer database compiled over many years from historical maps, Company exploration results, and other technical data on the project. During the quarter, drilling was focused on a number of near term production and exploration targets, while fieldwork was highlighted by continued exploration on the north extensions of the Veta Negra Mine, the new San Jorge area north of Capire, and the Noche Norte area southwest of Veta Negra.

With the increase in exploration activities, IMPACT is still considering possible joint ventures and option agreements with third parties on more remote tracts of the property similar to the Pantera Silver Corp. option agreement for the Pregones district.

In Q1 2022, Pantera made a payment of \$100,000 in cash, and issued the Company 1 million treasury shares valued at \$240,000. Pantera is required to make option payments totaling \$300,000 in cash, issue the Company 3.5 million in shares and complete a minimum of \$1.4 million in work on the project over the next three years, to acquire 100% of the project, subject to a 1% NSR.

Subject to prevailing market conditions and current technical studies including ore sorting, expanding the current pilot plant and infrastructure, IMPACT is looking to potentially restart production at the Capire open pit mine in 2023.

A recorded conference call reviewing the financial and production results of the quarter ended June 30, 2022 will be available on the Company website on August 29, 2022 at www.impactsilver.com/media/conference-calls/.

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 16 years, IMPACT has produced over 11 million ounces of silver, generating revenues over \$230 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. 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](https://twitter.com/IMPACT_Silver) and LinkedIn at <https://www.linkedin.com/company/impactsilver>.

Qualified Person and NI 43-101 Disclosure

George Gorzynski, P.Eng., is a "qualified person" within the meaning of NI 43-101 and has approved the technical information contained in this news release.

On behalf of IMPACT Silver Corp.
"Frederick W. Davidson"
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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. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "planned", "expect", "project", "predict", "potential", "targeting", "intends", "believe", "potential", and similar expressions, or describes a "goal", or variation of such words and

phrases or state that certain actions, events or results "may", "should", "could", "would", "might" or "will" be taken, occur or be achieved. Such statements include, but are not limited to, statements with respect to the expected use of proceeds of the Private Placement.

Such forward-looking information involves known and unknown risks and assumptions, including with respect 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, relationships with vendors and strategic partners, governmental 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.

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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