

IMPACT Silver Announces Full Year 2023 Results

Revenue Increased 27% to \$20.7 Million

Vancouver, British Columbia--(Newsfile Corp. - April 16, 2024) - **IMPACT Silver Corp.** (TSXV: IPT) (OTCQB: ISVLF) (FSE: IKL) ("IMPACT" or the "Company") announces its financial and operating results for the year ended December 31, 2023. The Company is recognized as an intermediate miner with strength across the value chain including production, growth and exploration potential. The Company is evolving from being a near pure play on silver with ongoing production across an extensive mining district at its Royal Mines of Zacualpan Silver district in central Mexico. In 2023, the Company acquired Mineral Latin America Zinc ("MLAZ"), a Mexican entity which owns and operates the Plomosas high grade zinc-lead-silver mine in northern Mexico; IMPACT brought limited production back online in late 2023 with the goal of reaching full design capacity in late 2024, leading to meaningful high-grade zinc production going forward.

The Company reported \$20.8 million in revenue in FY 2023, an increase of 27% compared to revenues of \$16.3 million in revenue in 2022, primarily due to a 178% increase in gold sales and a 22% increase in lead sales over 2022. Most of the revenue was generated from the Company's silver producing assets at the Royal Mines of Zacualpan. The mine's operating loss before amortization and depletion^[1] in 2023 was (\$0.6 million) compared to mine operating earnings of \$1.2 million in 2022, and was negatively impacted due to strong inflationary cost pressures across the operation in 2023, as well as a strong Mexican Peso. This included operating costs of \$2.1 million related to the rehabilitation of the Plomosas mine which impacted profitability, as those costs were required to be treated as expenses on the income statement rather than capitalized on the balance sheet. At December 31, 2023, the Company had cash of \$8.3 million, working capital of \$7.6 million and no debt.

Fred Davidson, President & CEO of IMPACT, stated, *"In 2023, we were able to leverage our silver producing assets and add meaningful new gold production resulting in strong revenue growth on a year over year basis. We integrated the acquisition of the Plomosas mine and are in the process of bringing it back online and expect this high-grade zinc operation to meaningfully add to the Company's financial results going forward. Notwithstanding, inflationary pressures across the operation and throughout the supply chain, continued to negatively impact profitability. Nonetheless, the Company was able to maintain a strong balance sheet with over \$8 million in cash and no debt at year-end. Our dual-pronged strategy focussing on maintaining production grade from existing and new development sites while simultaneously improving efficiencies at our mill, allowed for an overall successful year in 2023 despite the challenging operating environment."*

In 2023, IMPACT carried out greenfield and brownfield exploration programs at Zacualpan where the Company holds a large 211km² package. As well, we initiated drilling activity at Plomosas where management expects to ramp up to full design capacity in late 2024. Ongoing exploration at Zacualpan is expected to result in improved feed for the nearby Guadalupe processing facility while drilling at Plomosas includes development drilling and brownfield activity to expand the resource size over time.

With nearly 13 million ounces of silver produced since 2006, generating over \$261 million in revenue and investing over \$82 million in CAPEX to date, we are proud of our 2023 achievements amidst a challenging cost environment and look forward to returning to profitability and production growth in 2024.

2023 FINANCIAL OVERVIEW

- Revenue in 2023 was \$20.8 million, a 27% increase from \$16.3 million in 2022
- After investing \$8.5 million in exploration expenditures and mining assets during the year, the cash

position remained strong at year-end at \$8.3 million with working capital of \$7.6 million.

- Net loss in 2023 was \$7.6 million (which included \$2.3 million incurred by MLAZ to bring operations online, as well as deferred income tax expenses of \$2.0 million), compared to \$3.2 million in 2022.
- The Company has no long-term debt.

2023 PRODUCTION OVERVIEW - ZACUALPAN

- 2023 full year silver production was 637,514 ounces (2022 - 632,862 ounces).
- Silver sales of 636,655 compared to 644,843 ounces in 2022. Gold sales of 780 ounces in 2023 increased 178% compared to 281 ounces in 2022.
- Average mill silver feed grade was 160 grams per tonne (g/t) for 2023 which was comparable to 2022.
- Throughput at the mill was 147,444 tonnes milled in 2023, down 4% from 152,862 tonnes in 2022, for an average of 404 tonnes per day for the year.

Given the evolving cost profile and fluctuating commodity prices during the year, the goal at the Guadalupe silver processing plant at Zacualpan in 2023 was to focus on lower cost, higher grade production. Lower but steady production tonnes allowed the Company to focus on mining higher margin areas in lower cost situations. Revenue per tonne sold improved by 30% to \$136.62 in 2023 from \$105.39 in 2022 due in part to the substantial increase in gold production.

Direct costs per production tonne were \$130.58 in 2023, an increase of 34% from \$97.49 during the same period in 2022, due to inflationary pressures, and a strong Mexican peso which increased 18% over the Canadian dollar. Management expects costs to stabilize in 2024 but with less volatility in Mexican peso.

PLOMOSAS

Following the acquisition of the Plomosas high grade zinc-lead-silver mine in April 2023, the Company embarked on an aggressive rehabilitation and upgrading program to bring the mine back online, which is expected to be completed in late 2024. During Q4 2023, there was limited production of 3,774 tonnes milled with an average mill head grade of 13.8% for zinc, with revenue per tonne of \$141.51 milled

IFRS accounting rules stipulate that costs related to the start-up period of bringing the mine and plant back online be expensed on the income statement, rather than capitalized on the balance sheet and as a result, costs are not representative of a more normalized operating environment. As the Company reaches design capacity in 2024, costs per tonne are expected to decrease.

Historical mining makes Plomosas one of the highest grading zinc mines with approximately 2.5MT mined since 1943 grading 15-25% zinc, 2-7% lead and 40-60 g/t silver with low deleterious elements^[2]. The 3,019-hectare property covers extensive carbonate replacement deposit-type ("CRD") zinc-lead-silver mantos (beds) mainly hosted in carbonates (limestones, marbles). The previous operator reported an historic Australian JORC compliant mineral resources^[3] of 215,000 tonnes grading 13.5% zinc, 6.3% lead and 34.0 g/t silver (indicated), and 772,000 tonnes grading 13.1% zinc, 3.0% lead and 19.0 g/t silver (inferred), at a 3% zinc cutoff at December 2021.

GOING FORWARD

Going forward, the company intends to continue to invest resources in exploration and development at both of its mine sites. At the Zacualpan project, the Company is optimizing silver and gold production and continues to evaluate the restart of its Capire open pit silver mine to take advantage of strong silver pricing.

IMPACT crews are continuing to explore some of the 5,000+ old mine workings and prospects in the Zacualpan and Capire districts as well as exploring new areas to define drill targets. Exploration targets

are defined and prioritized using a very large computer database compiled over many years from historical maps and other technical data on the project.

At Plomosas, exploration activity is planned across the property with a target of expanding the size of the resource. Field work to date suggests that the high-grade portion of the known deposit extends and is open in all directions. On January 17, 2024, subsequent to 2023 year-end, IMPACT announced first drill results from surface exploration drilling at Plomosas including 6.9 metres (true width) of 10.22% Zinc, 5.43% Lead and 27.7g/t Silver on the south extension of the Tres Amigos Zone. Drilling is continuing to explore the Tres Amigos Zone with plans for initial drill programs on other explorations targets on the property in 2024.

CAPIRE VMS OPEN PIT MINE

The Capire open pit silver mine and 200 tonne per day processing plant is a separate operating unit located 16 kilometers south of the Guadalupe processing plant. The Capire unit is currently on care and maintenance but the Company is carrying out studies toward bringing it back into production. Previous 43-101 mineral resource studies on the Capire deposit have been evaluated with an inhouse review using the experience of a small test mining open pit operation in 2014. Other studies are being conducted with regard to critical infrastructure to determine optimum plant size for Capire operations and a 1,400 kilogram sample from the Capire open pit was tested using state of the art X-Ray transmission ("XRT") pre-concentration processing technology with encouraging results. XRT technology is a process that recognizes and sorts rocks based on the specific atomic density of the material. XRT sorts economic grade material, from waste reducing the amount of material to be processed during the milling process as well as tailings. The Company is currently evaluating the potential impact of XRT pre-concentration upon capital and operating costs, recoveries and the ultimate mineable size of the deposit and the current pilot plant.

A recorded conference call reviewing the financial and production results of the year ended December 31, 2023 will be available on the Company website on April 17th, 2023 at www.impactsilver.com/s/ConferenceCalls.asp.

The information in this news release should be read in conjunction with the Company's audited condensed consolidated 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.

Qualified Person and NI 43-101 Disclosure

George Gorzynski, P.Eng., VP Exploration and a Director of IMPACT Silver Corp., is a "Qualified Person" within the meaning of NI 43-101 and has approved the technical information contained in this news release.

ABOUT IMPACT SILVER

IMPACT Silver Corp. (TSXV: IPT) is a successful producer-explorer with two mining projects in Mexico.

- **Royal Mines of Zacualpan Silver-Gold District:** IMPACT owns 100% of the 211 km² Zacualpan project in central Mexico where three underground silver mines and one open pit mine feed the central 500 tpd Guadalupe processing plant. To the south, the Capire Project includes a 200 tpd processing pilot plant adjacent to an open pit silver mine with an NI 43-101 inferred 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 and QP statement). Company engineers are reviewing Capire for a potential restart of operations. Over the past 18 years, IMPACT has placed multiple zones into commercial production and produced over 13 million ounces of silver, generating revenues over \$261million, with no long-term debt.

- **Plomosas Zinc-Lead-Silver District:** IMPACT has begun preliminary mining and processing operations at its 100% owned Plomosas high-grade zinc mine in northern Mexico. Exploration upside potential is exceptional where only 600m of the 6 km-long structure have seen modern exploration to date. This is in addition to other exploration targets on the 3,019-hectare property including untested copper-gold targets with indications of high-grade material from surface. Regionally, Plomosas lies in the same mineral belt as some of the largest carbonate replacement deposits in the world.

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 regarding interpretation of drill results, activity at the projects and estimated timing thereof, the potential for defining and extending the known mineralization, exploration potential on the properties, and plans for drilling and future operations at the Company's projects or plans for financing.

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, criminal activity, 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.

[1] Mine operating earnings before amortization and depletion is a measure that the Company believes provides additional information regarding how the Company's operations are performing. This measure is calculated as revenues less operating expenses, excluding amortization and depletion. The Company's method of calculating these non-IFRS measures may differ from other entities, and accordingly, may not be comparable to measures used by other entities. Investors are cautioned, however, that these measures should not be construed as an alternative to measures determined in accordance with IFRS as an indicator of the Company's performance.

[2] Reference: Alexandri, A. Gonzalez, H., & Salas, H. (2022). Plomosas Project (CZL), Field Visit Report. IMPACT Silver Corp. private report on field visits and compilation of historic and recent data, 56 pages.

[3] Plomosas mineral resources were reported by Consolidated Zinc Ltd. (CZL:ASX) on their website (<https://www.consolidatedzinc.com.au>) under the Australian JORC (2012) Code as mineral resources "depleted as at December 2021". IMPACT's Qualified Person has reviewed but not verified in detail these current reported mineral resources and is only reporting them as material recent mineral resources reported by CZL and available in the public record. IMPACT believes the estimates are relevant and reliable, given they are reported to Australian JORC standards; however, IMPACT's Qualified Person has not done sufficient work to classify them as current Canadian NI 43-101 mineral resources.

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