

IMPACT Silver Announces Q1 2024 Financial Results with Improved Revenue and Investment

Vancouver, British Columbia--(Newsfile Corp. - May 28, 2024) - **IMPACT Silver Corp. (TSXV: IPT) (OTCQB: ISVLF) (FSE: IKL) ("IMPACT" or the "Company")** announces its financial and operating results for the first quarter ended March 31, 2024. The Company reports revenue of \$5.3 million in Q1 2024, of which \$4.3 million was from Guadalupe Mining Centre with \$1.0 million from the start-up operations at the Plomosas mine which was acquired in April 2023 . There was a net loss during the period of \$3.1 million, primarily from MLAZ (Plomosas zinc mine) as that company incurred \$2.8 million in operating costs expensed during the quarter to upgrade the facilities.

Subsequent to quarter-end, the Company announced a non-brokered private placement financing of up to \$10.2 million, and closed the first tranche for aggregate gross proceeds of \$7.1 million. The second tranche is anticipated to close on or before the week of June 3, 2024. During the quarter, the Company continued to focus on exploration and development of its mining districts and spent \$1.9 million on these programs.

The price of silver and zinc started to improve towards the end of the quarter as a more dovish policy from the U.S. Federal Reserve led to speculation of interest rate cuts in 2024. These gains were reinforced as it became clearer that inflation was trending towards the central bank's target of 2%.

Major Investment in Rehabilitation Setting Stage for Growing 2024 Production

Throughout the first quarter, management sought to accelerate maintenance, rehabilitation and underground development efforts at both mines including upgrading the underground railway track system and shaft at Zacualpan while redesigning the Plomosas mine plan and planning a low-cost solar and battery power solution at Plomosas. The second quarter has already seen significant upward price movement in commodity prices, namely for silver and zinc which are the Company's two main revenue sources. Additionally, the Company successfully negotiated a new labour agreement with the primary union at the Zacualpan silver operation, allowing for added cost certainty and more efficient production going forward.

Fred Davidson, President & CEO of IMPACT, stated, *"We spent the first quarter positioning the Company for the future. Major rehabilitation efforts at the Zacualpan operation and the development at Plomosas mine, coupled with added visibility for a significant portion of our cost structure such as labour at Zacualpan and the potential lowcost sustainable power at Plomosas, have positioned the Company to benefit from the current increase in commodity prices. Management expects operating profit to improve throughout the year as both operations ramp up to full design capacity and investments made over the last 12 months begin to bear fruit for investors."*

Q1 2024 Review

Zacualpan Silver Operation

During the quarter, the Company milled a total of 31,735 tonnes of mill feed at the Zacualpan/Guadalupe complex, down from 35,825 tonnes in Q4 2023. The decline was due to maintenance at the mine including rebuilding the underground railway track system and shaft which resulted in production stops during the quarter. The Company returned to normal capacity levels by the end of the period.

As a result, silver production from the Guadalupe complex during the period was 137,291 oz compared to 156,430 oz in Q4 2023. The average mill head grade on a silver-equivalent basis in Q1 2024 was 161

g/t compared to 160 g/t in Q4 2023. Lower gold production was due to reduced recoveries as well as a temporary stop in production at the gold-rich Alacran mine while conducting metallurgical studies. Alacran is the principal source of gold production and with improved recoveries is expected to return to production in the second half of 2024. Notwithstanding, revenue per tonne sold in the period was comparable at \$134.59 to \$135.80 in Q4 2023, while direct costs per tonne decreased to \$128.12 from \$152.38.

Plomosas Zinc Operation

At the Plomosas mine, the Company recommenced limited test production in October 2023, after a substantial stage one rehabilitation program following the acquisition of the mine in April 2023. In Q1 2024, the Plomosas mine continued the gradual start-up of operations processing 3,594 tonnes with a grade of 15.3% zinc. Typical start-up pauses are ongoing to review and optimize processes. Continued improvements are taking place, and the mine is expected to reach design capacity of 200 tpd later in 2024.

Outlook

Management believes the Company is well-positioned as an intermediate miner offering investors exposure to three distinct verticals across the mining sector, including exploration, production, and growth.

IMPACT continues to be one of the purest intermediate silver miners with nearly all the Company's revenue coming from silver-focused operations during the quarter. Later in 2024, the Company's high-grade Plomosas zinc mine is anticipated to meaningfully contribute to the overall revenue mix, especially as zinc has been one of the top base metal performers this year, with pricing up nearly 30% from 2024 lows in Q1. Meanwhile, the Company continues to seek increased gold production and aims to aggressively expand exploration activity at both mines to drive higher grade and profitability.

A recorded conference call reviewing the financial and production results of the quarter ended March 31, 2024 will be available on the Company website on May 30, 2024 at <http://www.impactsilver.com/s/ConferenceCalls.asp>.

The information in this news release should be read in conjunction with the Company's unaudited Q1-24 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.sedarplus.ca. All amounts are stated in Canadian dollars unless otherwise specified.

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 four 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 NI43-101 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 to leverage improving commodity prices. Over the past 18 years, IMPACT has developed multiple exploration zones into commercial production and has produced over 12 million ounces of silver, generating revenue more than \$265 million, with no long-term debt.

Plomosas Zinc-Lead-Silver District: Plomosas is a high-grade zinc producer in northern Mexico with exceptional exploration upside potential. The Company recently began preliminary mining and processing operations where upgrades to facilities and equipment continue. Exploration potential at Plomosas is exceptional with only 600m of the 6 km-long structure have seen modern exploration. 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.

Additional information about IMPACT and its operations can be found on the Company website at www.impactsilver.com. Follow us on X (Twitter) http://www.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 continued start-up and ramp-up of operations, and improved operating profits.

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, community relations, criminal activity, 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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