

# IMPACT Silver Announces Q2 2024 Results with Strong Revenue Growth of 40% on Increasing Plomosas Production

Vancouver, British Columbia--(Newsfile Corp. - August 20, 2024) - **IMPACT Silver Corp. (TSXV: IPT) (OTCQB: ISVLF) (FSE: IKL) ("IMPACT" or the "Company")** announces its financial and operating results for the second quarter ended June 30, 2024.

Overall revenue in Q2 2024 was \$7.7 million, representing a significant 40% increase over Q2 2023 revenue of \$5.5 million. Revenue in Q2 2024 includes \$1.8 million from the Plomosas high-grade zinc mine up from \$1.0 million in Q1 2024. The Plomosas high-grade zinc mine (acquired in April 2023) was brought online in late 2023 and therefore, year-over-year comparisons do not include any revenue or operating costs recorded in Q2 2023. Meanwhile, revenue at the Zacualpan silver-lead-zinc project increased to \$5.9 million in Q2 2024 from \$5.4 in Q2 2023 despite lower production on a year-over-year basis, owing mostly to stronger silver prices.

The mine operating loss (before amortization and depletion) in Q2 2024 was \$0.2 million compared to income of \$0.9 million Q2 2023 which did not include any start-up and operating costs from Plomosas. The Company continued to experience cost pressures at its mine sites, certain one-time costs associated with bringing the Plomosas mine online, and the negative effects of a strong Mexican Peso. The net loss in Q2 2024 was \$2.6 million compared to a net loss of \$0.9 million in Q2 2023.

## Q2 2024 Consolidated Financial Overview

- Revenue in Q2 2024 was \$7.7 million, up from \$5.5 million in Q2 2023.
- Mine operating loss before amortization and depletion<sup>[1]</sup> in Q2 2024 was \$0.22 million, compared to income of \$0.9 million in Q2 2023.
- The net loss in Q2 2024 was \$2.6 million after foreign exchange expense and deferred income taxes totalling \$0.6 million compared to net loss of \$0.9 million in Q2 2023.
- After investing \$1.6 million in exploration expenditures and mining assets during the quarter, the cash position remained strong at quarter-end with \$9.9 million and working capital of \$8.8 million.
- During the quarter, the Company closed a non-brokered "LIFE" and private placement of \$8.6 million.
- The Company has no long-term debt.

## Q2 2024 Zacualpan Mine Production Overview

- Mill throughput in Q2 2024 was 35,062 tonnes compared to 35,753 tonnes in Q2 2023.
- Silver production during the period decreased by 2% to 152,152 oz compared to 155,744 oz in Q2 2023 while lead and gold production decreased on a year-over-year basis by 36% and 69%, respectively.
- Revenue per tonne sold was \$168.17 in Q2 2024, representing an increase of 8% compared to \$155.67 in the same period of 2023.
- Direct costs per production tonne were \$153.26 in Q2 2024, representing an increase of 17% over Q2 2023 costs of \$130.67 per tonne. Much of this increase is due to foreign exchange, a retroactive union labour settlement including associated bonuses, with the balance coming from inflation-related pressures in Mexico. On a Mexican Peso basis, costs for the first six months of 2024 were the same as the first six months of 2023.

## Zacualpan Silver District Review

The Company's overall average mill head grade of 161 g/t during the period was down 1% year-over-

year from 163 g/t in Q2 2023. Gold production during the period was temporarily reduced compared to the same period in 2023 as the Company adjusted mining efficiencies and improved recoveries from its gold-rich Alacran mine. The Company is continuing to focus on exploration and development of the mining district in Q2 2024, having drilled 5,243 meters over the last six months.

Stronger metal prices on a year-over-year basis are due to increased confidence of pending looser monetary policy in 2024 as well as geopolitical uncertainties emanating from Eastern Europe and the Middle East. A flight to safety has increased the flow of funds into commodities in general, and the mining sector in particular as investors seek protection from ongoing inflationary pressures. Notwithstanding, ongoing cost inflation continues to impact costs throughout the supply chain and labour network, despite a softening of these trends since late 2023. Moreover, the overall negative effect of a strong Mexican Peso continues to hamper the Company's profit margins. The rate of cost increases at Zacualpan may start to subside further in 2H 2024 as new labour contracts have provided some cost certainty while the Company works to improve throughput grade.

## **Q2 2024 Plomosas Mine Production Overview**

- The Plomosas high-grade zinc mine (acquired in April 2023) was brought online in late 2023 and production continues to ramp up
- Mill throughput in Q2 2024 was 9,256 tonnes, up 157% from 3,594 tonnes in Q1 2024.
- Since the start of 2024, the average zinc grade was 14%, lead was 8.7% and silver was 43.7 g/t.
- Over the last six months, the Company drilled 14,377 meters to support ongoing and future production.
- Production at the start of Q2 2024 was approximately 100 tpd (tonnes per day), compared to no production in the same period last year.
- Costs at Plomosas stabilized over the first six months of 2024 despite ongoing costs related to site improvements and mine development, resulting in a \$0.2 million cost decrease in Q2 2024 compared to Q1 2024.

## **Plomosas High-Grade Zinc Mine Review**

Following the acquisition of the Plomosas high grade zinc (lead-silver) mine in April 2023, the Company was focused on rehabilitating the mine, plant and equipment, and commenced limited start-up operations in late 2023 while initiating an extensive exploration program. During Q2 2024, the Company accelerated the production ramp-up at Plomosas and expects continued growth in production levels, reaching 150-170 tpd by the end of Q3 2024 and eventually design capacity levels by late 2024/early 2025 of 225 tpd.

This production ramp up is reflected in the current financial results and should continue to play a larger role over the balance of 2024 and into 2025. As the operation reaches design capacity, investors should anticipate higher overall revenue from the project and an ongoing decrease in per tonne operating costs, as was the case in Q2 2024 compared to Q1 2024.

*Fred Davidson, President & CEO of IMPACT, stated, "During the second quarter, our team at Plomosas successfully met its objective of increasing production throughput following a substantive but continuing mine rehabilitation program. As we approach design capacity levels over the coming quarters, we expect to expand the mine's development and increase high-grade production activity at site. Meanwhile, our silver operations at Zacualpan are adapting to higher cost profiles by improving efficiencies in terms of grade and recoveries, which we expect to bear fruit in 2025. Our new discovery of the Keno vein is exciting and potentially the start of a trend of new higher grade production results beginning later this year."*

## **Outlook - Grade Improvement at Zacualpan & Production Increasing at Plomosas**

The Company's strong balance sheet provides it with a solid footing to continue to improve efficiencies at the Zacualpan silver-lead-zinc operation while allowing for ongoing production increases at the

Plomosas high-grade zinc mine.

Through year-end 2024, management expects the production mix at Zacualpan to reflect higher grade mine development on the back of recently encouraging exploration results. The operation can be nimble as it seeks higher grade production mixes from its various legacy mines and new discoveries. Meanwhile at Plomosas, exploration activity is ongoing with up to two drill rigs working to develop the resource. These efforts should lead to ongoing improvement in Company-wide overall revenues while management expects cost pressures to continue to abate heading into 2025.

The Company's recent exploration success at Zacualpan and production increases at Plomosas reflects its position as one of just a handful of intermediate miners offering investors exposure to three distinct verticals within the mining sector, including exploration, production, and overall growth.

A recorded conference call reviewing the financial and production results of the quarter ended June 30, 2024 will be available on the Company website on August 21<sup>st</sup>, 2024 at <https://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](http://www.impactsilver.com) and on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca). All amounts are stated in Canadian dollars unless otherwise specified.

## **ABOUT IMPACT SILVER**

IMPACT Silver Corp. (TSXV: IPT) is a successful intermediate mineral producer and explorer with three mining projects in Mexico.

**Royal Mines of Zacualpan Silver-Gold District:** IMPACT owns 100% of the 211 km<sup>2</sup> 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 \$271 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 restarted mining operations and is expected to reach design capacity production levels over the next six months. Exploration potential at Plomosas is exceptional where 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](http://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., VP Exploration and a Director of IMPACT, 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 ramp-up of operations, and improved operating revenues and decreasing costs.

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, pandemics, 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 statements, 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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[1] Mine operating earnings before amortization and depletion is a non-IFRS measure which the Company believes provides meaningful information about the Company's financial performance. See "Non-IFRS MEASURES".



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<https://www.newsfilecorp.com/release/220576>