IMPACT Silver Reports Q2 2026 Results: Revenue Increased by 124%, Gross Profit up 756% on Silver Leverage, Higher Grades

Vancouver, British Columbia--(Newsfile Corp. - August 20, 2026) - **IMPACT Silver Corp. (TSXV: IPT) (OTCQB: ISVLF) (FSE: IKL) ("IMPACT" or the "Company")** announces its financial and operating results for the second quarter and six-month period ended June 30, 2026. The Company is pleased to report Q2 2026 revenue of $22.0 million, representing a 124% increase over $9.8 million in Q2 2025, driven by higher realized silver prices and increased grades and production at the Zacualpan silver-focused operation. For the first six months of 2026, consolidated revenue grew to $53.1 million up from $20.5 million in the prior-year period. Q2 2026 gross profit reached $8.7 million compared to $1.0 million in Q2 2025, bringing six-month gross profit to $29.1 million compared to $3.2 million a year earlier.

Net income for Q2 2026 improved to $2.8 million, or $0.01 per share, compared to a net loss of $2.0 million, or $(0.01) per share in Q2 2025. For the six-month period ending June 30, 2026, net income reached $14.1 million, or $0.04 per share, compared to a net loss of $2.1 million, or $(0.01) per share, in 2025.

At quarter-end, the Company had $52.2 million in cash, $52.2 million in working capital, and no long-term debt. During the quarter, 4.0 million share purchase warrants were exercised for proceeds of $1.4 million.

Fred Davidson, President & CEO of IMPACT, stated, *"Our second quarter results reflect the benefit of higher silver prices combined with improved grades from the Kena vein at Zacualpan, which together drove a substantial increase in revenue and a second consecutive quarter of significant net income. At Plomosas, we took decisive action in the previous quarter to temporarily suspend underground mining while we reassess the operation's cost structure and evaluate options for its longer-term future, including the processing of third-party feed through our plant. With $52.2 million in cash, no long-term debt, and strong cash flowfrom Zacualpan, we are well positioned to continue optimizing our flagship operation, advance exploration at both Zacualpan and Plomosas, and evaluate the potential rehabilitation of the Capire mill, all while we look for opportunities to further build shareholder value."*

Operations Review

Zacualpan Silver-Gold-Lead Operation

Zacualpan continued to benefit from ongoing mine and mill improvements, with Q2 2026 production at the Zacualpan-Guadalupe mill increasing 8% to 36,908 tonnes from 34,173 tonnes in Q2 2025. More importantly, silver equivalent production[1] from the Guadalupe Complex increased 39% to 221,385 ounces, compared with 159,298 ounces a year earlier.

The increase was driven in part by a significant improvement in mill feed grades, with average silver head grades rising 31% to 207 g/t from 158 g/t in Q2 2025. Silver now represents approximately 97% of the production value at Zacualpan, highlighting the strong leverage the operation provides to silver prices.

Zacualpan delivered a strong quarter, with revenue more than doubling to $18.5 million in Q2 2026 from $7.4 million in Q2 2025. Gross profit increased more than five-fold to $10.8 million, compared with $2.0 million a year earlier.

Cost of sales at Zacualpan was $7.8 million in Q2 2026, compared with $5.3 million in Q2 2025.

Operating expenses increased to $7.4 million from $4.9 million, reflecting inflationary and foreign exchange pressures, additional salary payments to union employees and increased underground development. This resulted in a 9% increase in operating expenses per silver equivalent ounce produced (*refer to non-IFRS measures and ratios*) to $33.34, compared with $30.65 in Q2 2025.

Exploration at Zacualpan continued to deliver high-grade results during the quarter, with drilling extending the Carlos Pacheco Vein at the Noche Buena Mine. On April 21, 2026, IMPACT reported an intersection of 114.5 g/t gold, 1,295 g/t silver and 1.10% copper over 0.61 metres within a broader interval of 9.79 g/t gold, 212 g/t silver and 0.29% copper over 9.49 metres. Follow-up drilling announced on June 15, 2026 returned 1,333 g/t silver over 5.72 metres, further extending the mineralized Carlos Pacheco Vein system to the north.

Plomosas Zinc-Lead-Silver Operation

Following the March 20, 2026 announcement of a temporary suspension of underground mining at Plomosas, the underground workforce was reduced in stages during Q2, while plant and administrative personnel were largely retained to maintain permits, complete an orderly wind-down and support ongoing exploration. Plomosas generated $3.4 million of revenue in Q2 2026, compared with $2.4 million in Q2 2025, from stockpiled mineral, third-party gold-bearing mineral processed under an industrial test agreement, and lead oxide recovered from the tailings pond.

Operating expenses increased to $5.2 million from $3.3 million, including $1.8 million for third-party mineral processed and sold during the quarter, as well as severance and other closure-related costs. As a result, Plomosas recorded a gross loss of $2.0 million, compared with a loss of $1.0 million in Q2 2025.

Exploration continued, with $0.7 million invested in approximately 2,986 metres of surface drilling and 1,907 metres of underground drilling. The program is testing a revised structural interpretation that links high-grade mineralization to a reactivated fault corridor, while advancing targets including Mina Juárez, Alfoncitos, Dipolo and La Chona. The Company also continued discussions with a nearby operator regarding processing third-party mineral through the Plomosas plant, supporting potential options for a future restart.

Non-IFRS Measures and Ratios

The Company reports operating expenses per silver equivalent ounce produced, a non-IFRS ratio used in the mining industry to assess unit cost performance. Its component, operating expenses, is a non-IFRS financial measure calculated for the Zacualpan segment cost of sales less amortization and depletion, and comprises mining, processing and direct overhead costs. These measures do not have any standardized meaning under IFRS Accounting Standards, may not be comparable to similar measures presented by other issuers, and should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS Accounting Standards. The most directly comparable IFRS measure is cost of sales.

For an explanation of the composition of these measures and a reconciliation to cost of sales, refer to "Non-IFRS Measures" in the Company's Management's Discussion and Analysis for the three and six months ended June 30, 2026 dated August 20, 2026, filed on SEDAR+ at www.sedarplus.ca.

Outlook

Elevated commodity prices, particularly silver, provide IMPACT with significant flexibility to enhance shareholder value. With $52.2 million in cash and no long-term debt, the Company is well positioned to continue investing in exploration and development at its flagship Zacualpan Silver-Gold Operation, where work on higher-grade zones including the Kena, Carlos Pacheco and Noche Buena veins is being carried out to support further improvements in mill head grades and recoveries, production and margins.

At Capire, IMPACT is reassessing the potential restart of silver production and rehabilitation of the mill, including the economics of the existing inferred resource and opportunities to process higher-grade material from nearby veins. At Plomosas, the Company continues exploration along the prospective 6-kilometre structure and is pursuing offtake and third-party processing opportunities using existing plant infrastructure.

With a strong balance sheet, disciplined cost control and continued investment in exploration, particularly at Zacualpan, IMPACT believes it is well positioned to capitalize on current high metal prices while continuing to evaluate new opportunities across Mexico.

A recorded conference call reviewing the financial and production results of the quarter ended June 30, 2026 will be available on the Company website on August 21, 2026 at https://impactsilver.com/media/conference-calls/.

The information in this news release should be read in conjunction with the Company's Q2/2026 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.sedarplus.ca. All amounts are stated in Canadian dollars unless otherwise specified.

ABOUT IMPACT SILVER

- **Royal Mines of Zacualpan Silver-Gold-Lead-Zinc Mine**: IMPACT owns 100% of over 200 km^2 of highly prospective ground at Zacualpan in central Mexico where four producing underground silver-gold 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 ounces silver, 48 million lbs zinc and 21 million lbs lead in 1,786,000 tonnes grading 79g/t Ag, 1.22% Zn and 0.54% Pb (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 20 years, IMPACT has developed multiple exploration zones into commercial production and has produced approximately 14 million ounces of silver, generating revenue of more than $370 million, with no long-term debt.
- **Plomosas Zinc-Lead-Silver Project**: Plomosas is a high-grade zinc project in northern Mexico with exploration upside potential. In March 2026, the Company temporarily suspended mining operations at Plomosas while it works toward a more efficient and sustainable operating plan. Exploration potential at Plomosas lies along a long 6 km structure. 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 at surface. Regionally, Plomosas lies in the same mineral belt as some of the largest carbonate replacement deposits in the world.

Qualified Person and NI 43-101 Disclosure

George Gorzynski, P.Eng., Director and Vice President, Exploration 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.

On behalf of IMPACT Silver Corp.

"Frederick W. Davidson"
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Forward-Looking and Cautionary Statements

This News Release contains forward-looking statements or forward-looking information relating to IMPACT (collectively, "forward-looking information"). Forward-looking information is often, but not always, identified by the use of words such as "plan", "expect", "project", "predict", "potential", "targeting", "intend", "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. Forward-looking information in this News Release includes information concerning, among other things, strategies, plans and expectations concerning the Company's, business and operations, including those in respect of the Zacualpan, Plomosas, Capire and other projects, and the anticipated outcomes thereof; the status and potential outcomes of discussions with third parties regarding potential operational arrangements on nearby mining projects and the Company's outlook in respect of the metals market, including the demand for silver and zinc. These statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward-looking statements. The forward-looking information in this News Release is based on the beliefs and assumptions of IMPACT management considered reasonable as of the date hereof, including but not limited to the assumption that the temporary suspension and continued exploration work at Plomosas will produce the expected results; that the Company's development, exploration and other business activities will not be adversely disrupted or impeded by regulatory, political, community, economic, environmental and/or health and safety risks; that management's projections will be validated over time; and general business and economic conditions will not change in a materially adverse manner. 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.

Factors that could cause actual results to differ materially include, but are not limited to, the following: unfavorable economic conditions; changes in financial markets; the impact of exchange rate fluctuations; unstable political conditions and developments in countries in which the Company operates; community relations; criminal activity; changes in the supply, demand and pricing of the metal commodities which the Company mines or hopes to find and successfully mine; changes in regulatory requirements impacting the Company's operations; pandemics and epidemics; the ability to properly and efficiently staff the Company's operations; the sufficiency of current working capital; the estimated cost and availability of funding for the continued exploration and development of the Company's exploration properties; and other risks and uncertainties involved in the mineral exploration and development industry. This list is not exhaustive and these and other factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and neither the Company nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. The Company does not undertake to update forward-looking statements or forward-looking information, 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] *Silver equivalent ounces ("AgEq oz") are calculated by converting gold and lead production into a silver equivalent using average realized and provisional metal prices for the period, before final price adjustments, treatment and refining charges. For Q2 2026 the resulting conversion ratios were 63.56 ounces of silver per ounce of gold and 0.013 ounces of silver per pound of lead; for Q2 2025 the ratios were 95.29 and 0.026 respectively. Silver equivalent figures do not take metallurgical recoveries into account and, because the conversion ratios move with realized prices, are not directly comparable between periods. Silver equivalent production increased 39% in the quarter while silver production increased 47%, reflecting a 31% decrease in gold production together with the lower gold to silver conversion ratio.*

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