

IMPACT Silver Announces Q1 2023 Results Including Improved Revenue of \$5.1 Million from Increased Mill Throughput and Gold Production

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Vancouver, May 23, 2023 - [Impact Silver Corp.](#) (TSXV: IPT) (OTC Pink: ISVLF) (FSE: IKL) ("IMPACT" or the "Company") announces its financial and operating results for the first quarter ended March 31, 2023 from its Royal Mines of Zacualpan mine operations in central Mexico. The Company reports revenue of \$5.1 million in Q1 2023, representing a 10.4% improvement over revenue of \$4.6 million in Q1 2022. Mine operating earnings (before amortization and depletion) in Q1 2023 was \$0.6 million. The net loss during the period was \$0.3 million compared to a net loss of \$0.06 million in the same period of 2022.

While the average silver grade in Q1 2023 was flat on a year-over-year basis at 162 g/t, a combination of higher overall production levels and additional gold production helped contribute to a 7% increase in revenue per tonne sold of \$126.96 in the period compared to \$118.34 in the same period of 2022.

Economic headwinds and global growth concerns have helped silver prices benefit recently from a flight to safety standpoint and as a hedge against inflation, however there is a growing consensus that the world's leading economies may escape a deep recession, thereby improving the industrial outlook for silver as well. The combination of all these factors have provided cautious optimism vis-à-vis silver pricing going forward. However, inflation across the value chain remains rampant, and while there is some indication that this trend is slowing, the quarterly direct costs per tonne increased to \$111.79 in Q1 2023 compared to \$90.01 in Q1 2022. Of this increase, 6% was due to inflation in Mexico and a further 18% was due to foreign exchange. Costs may continue to increase in 2023, albeit at a potentially slower rate.

During the quarter, the Company continued to focus on exploration and development of its mining district and spent \$0.8 million on these programs. Working capital at March 31, 2023 was strong at \$15.7 million while the Company continues to remain well funded with a cash position of \$14.3 million at March 31, 2023. Subsequent to quarter-end, the Company closed an oversubscribed, non-brokered private placement for an additional \$9.0 million. The Company has no long-term debt.

Fred Davidson, President & CEO of IMPACT, stated, "During the first quarter, we continued to deal with industry-wide inflation pressures within the supply chain as well as through our labour and support networks. Notwithstanding, our operations ran smoothly, and our team executed on improving production levels while also processing higher grade material which we expect will continue going forward. Our well-capitalized balance sheet will allow us to invest across the board, including in exploration, mine development and into our new high-grade Plomosas zinc-lead-silver mine, which we expect could potentially add significantly to revenue and earnings once up and running later this year and into 2024."

IMPACT continues to be one of the purest intermediate silver miners with more than 90%+ of Company revenue coming from silver. In the medium term, the Company's recent Plomosas acquisition should begin to provide it with commodity diversification, primarily from zinc and lead, as well as the potential for gold production down the road.

Q1 2023 Financial Overview

- Revenue in Q1 2023 was \$5.1 million, up from \$4.6 million in Q1 2022 due to higher production levels and gold production.
- Mine operating earnings before amortization and depletion in Q1 2023 was \$0.6 million, compared to \$1.1 million in Q1 2022.
- Cash used in operations for the quarter was \$0.6 million compared to \$0.9 million in Q1 2022.

- The net loss in Q1 2023 was \$0.3 million compared to net loss of \$0.06 million in Q1 2022.
- After investing \$0.8 million in exploration expenditures and mining assets during the quarter, the cash position remained strong at quarter-end with \$14.3 million with working capital of \$15.7 million.
- Subsequent to quarter-end, the Company closed an oversubscribed, non-brokered private placement for an additional \$9.0 million.
- The Company has no long-term debt.

Q1 2023 Production Overview

- Mill throughput in Q1 2023 was 38,688 tonnes compared to 36,143 tonnes in Q1 2022.
- Silver production during the period increased by 10% to 167,050 oz compared to 151,645 oz in Q1 2022 while contributions from lead and gold saw production increases on a year-over-year basis of 19% and 154%, respectively.
- Revenue per tonne sold was \$126.96 in Q1 2023, representing an increase of 7% over the same period in 2022.
- Direct costs per production tonne were \$111.79 in Q1 2023, representing an increase of 24% over Q1 2022 costs of \$90.01 per tonne. Most of this increase (18%) is due to foreign exchange, with the balance coming from inflation-related pressures in Mexico.

Exploration Review

Management has been running a focused drill program with success at the San Ramon silver vein system allowing for higher-grade silver feed while the Lipton silver vein systems at the Guadalupe Mine could provide for even further grade improvement at the processing level. The benefits of this exploration success are apparent in the most recent quarter. Notably, the Alacran mine appears to contain levels of gold mineralisation that could help improve the overall grade for the operation as the exploration team works through older workings at that location.

During the quarter, IMPACT announced greenfield drilling results from the San Antonio Zinc vein system including 2.30% Zn over 3.85 metres as well as 1.59 g/t Au and 1.04% Zn over 3.5 metres (see IMPACT news release dated January 4, 2023 for details).

The Company also drilled at the Aurora 2 zone, located 1.3 km northeast of the Capire processing plant and 16 km south of IMPACT's Guadalupe operations. Previous drilling at Aurora 2 included intersections of 625 g/t Ag over 1.88 metres and 420 g/t Ag over 2.50 metres (see IMPACT news release dated December 9, 2013). Recent step-out drilling included 128 g/t silver, 0.42 g/t gold, 0.76% lead and 1.84% zinc over 7.5 metres (see IMPACT news release dated February 16, 2023 for details). These results extend the Aurora 2 zone to the west. The zone has historically been grid drilled with 72 drill holes and remains open to the west and northeast.

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 stands to benefit from several positive trends playing out within the Company and across the industry. Internally, the Company's production at its mill in Zacualpan is operating efficiently while grade is improving thanks to added gold production from the Alacran Mine. This trend is expected to continue throughout 2023 and into 2024.

Growth at Plomosas

Subsequent to the end of Q1 2023, the Company closed on the acquisition of a third mining district known as Plomosas. Plomosas is a high-grade zinc mine located in northern Mexico, just 150 km north of the city of Chihuahua. In April, the Company stopped milling operations temporarily to complete certain necessary upgrades with the objective of restarting production by late summer. Meanwhile, management sees considerable upside from exploration as it begins planned drilling at Plomosas in the coming weeks. The addition of production from Plomosas should impact the Company's financial profile in 2H 2023 and increase

into 2024 as improvements are made to the mill and production is brought up to initial capacity levels.

A recorded conference call reviewing the financial and production results of the quarter ended March 31, 2023 will be available on the Company website on May 24, 2023 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.](#) (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 km² Zacualpan project 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 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, and Footnote 1 below for report reference) Company engineers are reviewing Capire for a potential restart of operations to leverage improving commodity prices. Over the past 17 years, IMPACT has developed multiple exploration zones into commercial production and has produced over 12 million ounces of silver, generating revenue more than \$241 million.

Plomosas Zinc-Lead-Silver District: Plomosas is a high-grade zinc-lead-silver producer with exceptional exploration upside potential. The Company aims to recommence operations in the near term followed by plans for expanding operations through the balance of 2023 and into 2024. Exploration potential at Plomosas is exceptional with only 600m of the 6 km-long structure having been explored 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.

Additional information about IMPACT and its operations can be found on the Company website at www.impactsilver.com. Follow us on Twitter @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 in this news release.

On behalf of [Impact Silver Corp.](#)
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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, future production potential of the Plomosas, Zacualpan and Capire projects.

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 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.

Footnote:

1. Reference: Ristorcelli, S.J. & Gorzynski, G. (2016). Technical Report on Mineral Resources for the Capire Silver-Lead-Zinc Project, Pedro Ascencio Alquisiras Municipality, Guerrero, Mexico. Prepared for [Impact Silver Corp.](#) by Mine Development Associates, Reno, Nevada. 82 pages. Available on www.sedar.com.

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