

IMPACT Silver Announces 2022 Financial Results Including Positive Mine-Level Operating Earnings

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Vancouver, March 24, 2023 - [Impact Silver Corp.](#) (TSXV: IPT) (OTC Pink: ISVLF) (FSE: IKL) ("IMPACT" or the "Company") is pleased to announce its financial and operating results for the year ended December 31, 2022. The Company is one of the most focused silver-dominated companies at the centuries-old "Royal Mines of Zacualpan Silver District" in central Mexico. IMPACT is in the process of finalizing the transformative acquisition of the Plomosas zinc-lead-silver mine in northern Mexico, which is expected to add meaningful revenue, commodity diversification and financial growth driven by exceptionally high grade zinc production.

The Company reported \$16.3 million in revenue in 2022 compared to \$17.7 million in revenue in 2021. Despite operational improvements and cost saving initiatives, the decline in revenue owes to a 13.6% decline in silver prices. Mine operating earnings before amortization and depletion in 2022 were \$1.2 million (compared to \$4.7 million in 2021) owing to lower silver prices and increased inflationary pressures on costs, wages, a stronger Mexican Peso, as well as additional exploration and drilling costs. Management believes cost controls implemented throughout 2022 as well as recovering silver prices as of late, will result in improving margins throughout 2023.

Fred Davidson, President & CEO of IMPACT, stated, "2022 was one of the most difficult years for global equities and hard assets, with several notable black swan events including the war in Ukraine, unprecedented global inflation and tight supply chains. The resulting increases in interest rates by central banks worldwide resulted in an unprecedented rate hike cycle that started from near zero percent, to over 5% through year-end and into 2023. Despite this, IMPACT managed to minimize losses and position the Company on a trajectory of improved margins and growth in 2023. The Company maintains an enviable, cash-rich balance sheet with no debt, as well as controls on cost inflation at the consumables and labour levels.

"Our dual-pronged strategy focuses on improving metal grade from existing and new development sites while exploiting added efficiencies at the Company's primary production mill. Meanwhile, shareholders can look forward to increased production, commodity diversification, exploration upside and top quartile zinc grades from the recently announced acquisition of the Plomosas high-grade zinc-lead-silver mine. This transformative acquisition should help significantly improve revenue, margins and deliver shareholder value as we deploy our 17 years of Mexican production experience to bring that operation online and deliver growth both at the production and exploration levels.

"Backstopping this growth is the Company's Guadalupe mining complex, which is one of the most efficient and productive mining complexes in the region, and our nearby Capire production centre which represents capacity to rapidly expand production as silver prices increase."

In 2022, IMPACT carried out greenfield and brownfield exploration programs toward growing high-grade feed inventory for the Company's milling operations. In addition to its 211km² of exploration potential from its legacy Zacualpan-area land package, IMPACT is on the cusp of a new chapter to create shareholder value, as it completes and integrates its recently-announced acquisition of the high-grade zinc-lead-silver Plomosas asset. Plomosas will bring top quartile zinc grades and the potential for high-grade gold and copper mineralization as management seeks to expand the asset's value through aggressive exploration going forward.

"As a legacy producer with demonstrated strength in adapting to evolving market conditions including maintaining a cash-rich balance sheet, our experience speaks for itself with our 12+ million ounces of silver produced since 2006, as well as the associated, combined revenue of nearly \$241 million over that time.

Meanwhile, our management team remains focused on growth as it deploys capital above and beyond the \$71+ million in CAPEX spent to date. Including our transformative Plomosas acquisition, our 2022 accomplishment of delivering mine-level profitability and cost controls have build the Company to a point where investors are offered each of production, exploration upside and growth potential in the months and years to come," said Fred Davidson.

2022 FINANCIAL OVERVIEW

- Revenue in 2022 was \$16.3 million compared to \$17.7 million in 2021, due to lower average silver prices throughout year.
- Mine operating earnings before amortization and depletion was \$1.2 million in 2022 compared to \$4.7 million in 2021, due to industry-wide inflationary pressures impacting operating costs across the system.
- Cash flow loss from operations in 2022 was \$1.8 million, compared to \$3.0 million generated in 2021, due to lower silver prices and increased costs.
- Industry-leading balance sheet including \$15.3 million in cash and working capital of \$16.4 million at December 31, 2022.
- Total assets increased to \$68.8 million from \$66.5 million.
- The Company has no long-term debt.

2022 PRODUCTION OVERVIEW

- In 2022, the Company produced 632,862 ounces of silver, compared to 2021 production of 617,686 ounces, representing an increase of 2% on a year-over-year basis. Meanwhile, silver sales also increased by 2% to 644,843 ounces in 2022 compared to 2021, owing to efficiencies in milling operations.
- Average silver grade at the mill level was 159 grams per tonne g/t in 2022 and was unchanged on a year-over-year basis.
- In 2022, mill throughput was 152,862 tonnes compared to 145,458 tonnes in 2021 - averaging 419 tonnes per day.

Notwithstanding fluctuating silver prices throughout 2022, management was successfully able to drive efficiencies at the Company's Guadalupe processing plant where it focused on mining higher-grade and higher margin material. To this end, revenue per tonne in 2022 was an \$105.39, representing a decrease of 11% compared to \$119.04 in 2021 due to lower silver prices.

Direct production costs in 2022 were \$97.49 per tonne, representing an increase of 13% from \$86.44 in 2021 due to inflationary pressures and resulting cost increases. Management believes the majority of the Company's cost increases have either been addressed or absorbed, and expects a more stable operating environment in 2023.

2022 CAPEX & EXPLORATION ACTIVITY

In 2022, the Company initiated a substantial underground refurbishment program at Guadalupe, having rebuilt the main production shaft while rebuilding the extensive underground railway system, allowing access to the high-value "Pachuqueno section". These improvements will contribute towards ongoing margin improvement within the Company throughout 2023, and beyond. As an example, Guadalupe provided 55% of mill feed in Q4-2022 with its improved cost structure. Management is continuously upgrading other infrastructure at the mine level including adding improved access to additional high-grade veins for future mill production.

San Ramon South, a new zone discovered in 2021, provided 12% of mill feed in 2022 compared to 15% in 2021. At Veta Negra, where drilling and development have helped provide meaningful growth in 2022, provided 11% of mill feed in Q4-2022. The Company is excited to see results of ongoing exploration at Veta Negra as it determines its full potential and size.

Exploration drilling in 2022 returned significant results in several areas:

- In the Veta Negra Mine area, results included 257 g/t silver over 19.8 metres and 487 g/t silver over 12.97 metres (see IMPACT news release dated February 7, 2022 for details).

- At the prospective San Antonio zinc-rich target, drill results included 2.3% zinc over 3.85 metres (see IMPACT news release dated January 4, 2023 for details).
- At Aurora 2, north of the Capire open pit mine, drill results 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).

Exploration plans for 2023 include brownfield and greenfield targets on the extensive Zacualpan land position as well as at the recently announced acquisition of the Plomosas project (primarily brownfield).

THE NEXT CHAPTER: GROWTH - PLOMOSAS ACQUISITION

The Company aims to assume operations at the recently announced Plomosas mine in northern Mexico in Q2-2023 (see IMPACT news release dated February 9, 2023 for details). This acquisition is a transformative one for the Company and is expected to deliver a meaningful growth profile, including high-grade zinc production and exciting exploration potential in 2023 and beyond.

The Plomosas project is located 110 km east of the city of Chihuahua, Mexico. With 17 years of Mexican production and exploration experience, management anticipates the project will deliver significant shareholder value as the acquisition is integrated into the Company's ongoing production and exploration profiles.

The district was discovered in 1832 and has seen small scale mining since 1868. Historical mining indicates that Plomosas is a top quartile zinc grade mine globally. Since 1943, approximately 2.5 metric tonnes of zinc have been mined at exceptional grades of 15-25%, as well as 2-7% lead and 40-60 g/t silver¹. In addition, the project hosts significant gold and copper exploration targets that will be explored later in 2023. The project's current mine and mill are both fully permitted and come with an existing offtake smelter contract, having been in production since September 2018.

The 3,019 Ha property covers extensive carbonate replacement deposit-type zinc-lead-silver mantos (beds), mainly hosted in carbonates (limestones, marbles). The previous operator reported JORC-compliant mineral resources² 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). To date, just 600m of the 6km strike length has been explored, thereby offering meaningful exploration potential and upside.

UNLOCKING SHAREHOLDER VALUE AT ZACUALPAN

Management is focused on delivering and unlocking shareholder value for its shareholders, including selectively working with other high quality junior explorers to exploit its large-scale, 211 km² Zacualpan land package. In Q1-2021, the Company optioned approximately 1,100 hectares of its Zacualpan concession to [Pantera Silver Corp.](#) Pantera made a payment of \$100,000 in cash, and issued 1.0 million Pantera shares to IMPACT, valued at \$240,000. Pantera is required to make option payments totaling \$300,000 in cash, issue the Company 3.5 million in shares and complete a minimum of \$1.4 million worth of work at the project over the subsequent three years, in order to acquire 100% of the project. Negotiations are in place to extend or alter the agreement to accommodate market volatility. The agreement is subject to a 1% net smelter return in favour of IMPACT.

PRODUCTION GROWTH - CAPIRE VMS OPEN PIT MINE

The Company has positioned itself to capitalize on improving market conditions. The "Capire Open Pit" silver mine and the associated 200 tonne per day processing plant is a separate operating unit located 16 km south of the Guadalupe processing plant. The Capire unit is currently on care and maintenance, but the Company is able to rapidly bring the plant online as silver prices and market conditions improve.

Studies are being conducted with regard to critical infrastructure to determine an optimum plant size at Capire in the future, while a 1,400 kg 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 as well as sorts ore grade material from waste inventories. The Company is currently evaluating the potential

impact of XRT on its capital, operating costs, recoveries and the ultimate mineable size of the deposit and current pilot plant. The successful implementation of this technology and re-design of the mine could have a material and positive impact on the Company's future production and profitability.

A recorded conference call reviewing the financial and production results of the year ended December 31, 2022 will be available on the Company website on March 27, 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., 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 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 footnote⁴ for report reference); Company engineers are reviewing Capire for a potential restart of operations. Over the past 17 years, IMPACT has placed multiple zones into commercial production and produced over 12 million ounces of silver, generating revenues over \$241 million.

Plomosas Zinc-Lead-Silver District: IMPACT signed a purchase / sale agreement with [Consolidated Zinc Ltd.](#) of Australia to purchase the Plomosas property and mining operations for US\$6 million (cash and shares) plus a 12% NPI (net profit interest) and a third party 1% NSR royalty. Plomosas is a high-grade zinc-lead-silver producer with exceptional exploration potential. Upon closing of the transaction, IMPACT plans to upgrade the mill and mine with the aim to recommence operations in the near term followed by plans for expanding operations. Exploration potential at Plomosas is exceptional with only 600m of the 6 kilometre long structure assessed plus other exploration targets including untested copper-gold targets. 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.](#)

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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. All statements, other than statements of historical facts, included herein, including, without limitation, statements relating to future silver prices, interpretation of

drill results, future work plans, the use of funds, the potential of the Company's projects, and potential and plans for the Plomosas project, are forward looking statements. 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.

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. There are no assurances the Company will close the acquisition of the Plomosas project. 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.

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¹ 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.

² Plomosas mineral resources are reported by [Consolidated Zinc Ltd.](#) 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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