

# IMPACT Silver Announces Q2 2023 Results with Revenue up 57% and Strong Operating Income

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Vancouver, August 28, 2023 - [Impact Silver Corp.](#) (TSXV: IPT) (OTC Pink: ISVLF) (FSE: IKL) ("IMPACT" or the "Company") announces its financial and operating results for the second quarter ended June 30, 2023. The Company reports revenue of \$5.5 million in Q2 2023, representing a 57% increase over revenue of \$3.5 million in Q2 2022. Mine operating income (before amortization and depletion) in Q2 2023 was \$0.90 million compared to \$0.03 million Q2 2022. The overall improvement in revenue is due in part to increased gold and silver sales. The net loss in Q2 2023 was \$0.9 million compared to a net loss of \$0.8 million in Q2 2022. The net loss in the period includes \$0.5 million for G&A costs related to the new Plomosas acquisition as well as one-time costs related to the marketing of the Company's recent non-brokered private placement.

The Company maintains a strong balance sheet with \$13.7 million in cash and no long-term debt. During the period, the Company completed a \$9.0 million, non-brokered private placement and ended the quarter with working capital of \$13.3 million.

On April 3, 2023, the Company closed the acquisition of the Plomosas zinc-lead-silver mine for a total purchase price of US\$6.0 million, consisting of US\$3.0 million in cash and the balance in the form of IMPACT shares (a total of 11,441,647 shares were issued and are subject to certain restrictions). Post closing adjustments are being made based on changes in working capital.

## Zacualpan Silver District

The Company's average mill head grade of 163 g/t during the period was up 2% on a year over year basis, with increased gold production and sales in Q2 2023 from the new Alacran Mine. Higher overall production levels across the Company including silver, lead and gold helped contribute to a 63% increase in revenue per tonne of \$155.67 in Q2 2023 compared to \$95.44 in Q2 2022.

The Company continued to focus on exploration and development of the Royal Mines of Zacualpan and the Plomosas mining districts in Q2 2023 and spent \$2.8 million on these programs.

Uncertainty revolving around the state of global economies have contributed to continued demand for precious and base metals during the period as investors continued their flight to safety to combat inflation. Moreover, there are strong signs that softer monetary policy is on the horizon as the rate of interest rate increases has started to slow, adding further support to silver and gold prices during the period. While cost inflation pressures continue to persist throughout the supply chain and labour network, much of the year over year cost increases are owed to negative foreign exchange pressures from the strengthening Mexican peso. This contributed to an increase in direct costs per production tonne in Q2 2023 of \$130.67 compared to \$94.86 in Q2 2022. Costs may continue to increase in 2023, albeit there is evidence of a slowing trend in this regard.

## Plomosas High-Grade Zinc Mine

During the second quarter, the Company closed on its transformative acquisition of the Plomosas high-grade zinc mine in northern Mexico. The acquisition provides the Company with a meaningful new chapter as it expands IMPACT's production profile from one to two producing operations. Plomosas adds significant and high-grade metal diversification through its high-grade zinc deposit as well as exciting exploration potential across the property's largely unexplored property area.

During the quarter, the Company began a major rehabilitation program at the mine to bring the asset back

into production following a near one-year hiatus. As of June 30, 2023, the Company was approaching the later stages of its planned rehabilitation at Plomosas both on time and on budget, including improvements and upgrades at the mine, mill, plant and surrounding infrastructure.

Fred Davidson, President & CEO of IMPACT, stated, "During the second quarter, our team at Zacualpan continued to execute on a grade-improvement and cost reduction plan which began in 2022. These efforts have started to bear fruit as seen with the increase in average grade milled and specifically, the impressive increase in gold production on a year over year basis. While cost pressures continue to persist, improvements and efficiencies across the system have started to offset these trends. Meanwhile, our transformative new Plomosas mine is on the doorstep to restarting production. This top-quartile in zinc grade mine is in an established mining region and will soon start to generate significant revenue diversification for the Company as we consider further potential expansion of this new producer in 2024."

#### Q2 2023 Financial Overview

- On April 3, 2023, the Company paid a total of US\$6.0 million to acquire the Plomosas zinc-lead-silver mine, consisting of US\$3.0 million in cash and the balance in the form of IMPACT shares (a total of 11,441,647 shares were issued and are subject to certain restrictions). Post closing adjustments are being made based on changes in working capital, as agreed to between the two parties.
- Revenue in Q2 2023 was \$5.5 million, up from \$3.5 million in Q2 2022. No revenue in Q2 2023 is attributed to the new Plomosas mine acquisition.
- Mine operating earnings before amortization and depletion in Q2 2023 was \$0.90 million, compared to \$0.03 million in Q2 2022.
- The net loss in Q2 2023 was \$0.9 million compared to net loss of \$0.8 million in Q2 2022. The net loss in the period includes \$0.5 million for G&A costs related to the new Plomosas acquisition as well as one-time costs related to the marketing of the Company's recent non-brokered private placement.
- After investing \$2.8 million in exploration expenditures and mining assets during the quarter, the cash position remained strong at quarter-end with \$13.7 million with working capital of \$13.3 million.
- During the quarter, the Company closed an oversubscribed, non-brokered private placement for an additional \$9.0 million.
- The Company has no long-term debt.

#### Q2 2023 Production Overview

- Mill throughput in Q2 2023 was 35,753 tonnes compared to 37,183 tonnes in Q2 2022.
- Silver production during the period increased by 1% to 155,744 oz compared to 154,001 oz in Q2 2022 while contributions from lead and gold saw production increases on a year-over-year basis of 49% and 383%, respectively.
- Revenue per tonne sold was \$155.67 in Q2 2023, representing an increase of 63% over the same period in 2022 of \$95.44.
- Direct costs per production tonne were \$130.67 in Q2 2023, representing an increase of 38% over Q2 2022 costs of \$94.86 per tonne. Much of this increase is due to foreign exchange, with the balance coming from inflation-related pressures in Mexico.

#### Exploration Review

At the Royal Mines of Zacualpan, management continues to focus its drill program in areas where it has seen ongoing success, such as the San Ramon and the Guadalupe Mine. Meanwhile, management is especially encouraged with developments at the Alacran mine as its elevated gold values could continue to improve the overall grade for the Zacualpan district operations and as a result, revenue per tonne.

#### Outlook

With a strong balance sheet, exploration potential at both of the mining districts, encouraging gold potential as well as the upcoming start-up of the Plomosas high-grade zinc acquisition, management believes the next 18 months will be transformative for the Company and its investors. These factors should lead to ongoing improvement in revenues while management expects cost pressures to continue to slow heading into 2024.

The Company's growth is expected to reflect its strong position as one of just a handful of intermediate miners offering investors exposure to three distinct verticals across the mining sector, including exploration, production, and growth.

A recorded conference call reviewing the financial and production results of the quarter ended June 30, 2023 will be available on the Company website on August 28, 2023 at <https://impactsilver.com/media/conference-calls/>.

The information in this news release should be read in conjunction with the Company's Q2 2023 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 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 technical report reference) Company engineers are reviewing Capire for a potential restart of operations to leverage improved commodity prices. Over the past 17 years, IMPACT has developed multiple exploration zones into commercial production and have 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 in 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](http://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 contained in this news release.

On behalf of [Impact Silver Corp.](#)

"Frederick W. Davidson"  
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Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Footnotes:

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.sedarplus.ca](http://www.sedarplus.ca).

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 regarding the potential for defining and extending the known mineralization at Plomosas, and plans for drilling and future operations at the Company's 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.

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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