
NEWS RELEASE

IMPACT Silver Corp.

For Release: May 30, 2016

Trading Symbol: "IPT: TSX.V"

IMPACT Silver Announces First Quarter 2016 Financial and Production Results

IMPACT Silver Corp. ("IMPACT" or the "Company") is pleased to announce its financial results for the three months ended March 31, 2016.

Fred Davidson, President and CEO, stated, "Despite lower average silver prices in Q1 2016 compared to Q1 2015, the Company managed to increase production by 9% and reduce its operating expenses by 6% or \$0.2 million over the same period last year. The Company's strategy of focusing on higher grade mineral on both the exploration and production fronts is proving effective. Our production performance during the first quarter 2016 continues to demonstrate IMPACT Silver's success and viability as a proven explorer and producer. In combination with stringent cost controls and improving grades, we achieved positive operational cash flow and positive EBITDA of \$0.2 million this quarter. Despite lower silver prices persisting in 2016, our focus on profitability and higher grade zones of silver at San Ramon continues to keep IMPACT as a self-sufficient and enviable producer in the Mexican silver space."

Financial Overview for the Quarter Ended March 31, 2016

- Earnings before interest, taxes, depreciation and amortization (EBITDA¹) were \$0.2 million for the first quarter of 2016 unchanged from 2015.
- Mine operating earnings before amortization and depletion² improved to \$0.8 million in Q1 2016 from \$0.7 million in Q1 2015.
- Revenue for the current quarter was \$3.8 million compared to \$3.9 million in 2015, a 4% decrease due to the lower silver prices and sales.
- Net loss for Q1 2016 unchanged from 2015 at \$0.3 million for the quarter, of which non-cash items included \$0.5 million in amortization and depletion in both years. Had the Company not incurred any foreign exchange expenses, IMPACT would have made a profit in Q1 2016.
- Cash flows generated from operations were \$0.7 million for the first quarter of 2016 (2015 - \$0.4 million). Cash flows generated from operations before changes in non-cash working capital³ were \$0.2 million during the first quarter of 2016 (2015 - \$0.4 million).
- Capital expenditures during the quarter included mineral property expenditures of \$0.7 million. At March 31, 2016, cash was \$1.0 million and net working capital was \$2.0 million. The Company continues to be free of long term debt.

¹ EBITDA is a non-IFRS measure which the Company believes provides meaningful information about the Company's financial performance.

² Mine operating earnings before amortization and depletion is a non-IFRS measure which the Company believes provides a useful indicator of how the Company's operations are performing.

³ Cash flows from operations before changes in non-cash working capital is a non-IFRS measure which the Company believes provides a useful indicator of the Company's ability to generate cash flows from its mining operations.

See "NON-IFRS MEASURES" for additional information.

Production Overview

- Silver production increased to 240,414 ounces for the first quarter of 2016, up 9% from 220,961 ounces in the same period of 2015 and up 3% from 233,740 ounces in the fourth quarter of 2015.
- Total tonnes milled during the first quarter of 2016 increased 10% to 45,094 from 41,046 in the comparable quarter of 2015, raising production to 496 tonnes per day.
- Average mill feed grade for silver in the first quarter of 2016 was 185 grams per tonne (g/t) compared to 189 g/t in the first quarter of 2015.

Silver sales were 229,792 ounces in the first quarter of 2016 compared to 240,535 ounces sold in the same period in 2015. The Company's revenue stayed steady at \$88.14 per tonne in the first quarter of 2016, from \$88.53 in the first quarter of 2015. In 2016, IMPACT's objective is to expand, upgrade and optimize production with a focus on higher grade zones to optimize cash flows.

Exploration goals continue to focus on developing the 4,500+ compiled old mine workings in the Zacualpan and Capire districts toward potential production and build mineral inventories for mining. Currently, the team is exploring larger and higher grade targets close to current production areas at Alacran North and El Angel.

With a track record of successful exploration, rapid mine development and numerous old mine workings identified to date as exploration targets, the Company's long term vision sees potential for the establishment of multiple mills throughout the two districts, each fed by multiple mines producing silver-lead-zinc as well as gold and copper.

Subsequent to the quarter, in April 2016, the Company completed two private placements. In the first placement, a total of 6,666,666 shares were issued to an accredited investor at a price of \$0.30 per share for aggregate gross proceeds of \$2,000,000. In the second placement, a total of 2,000,000 shares were issued to accredited investors at a price of \$0.31 per share for aggregate gross proceeds of \$620,000. 1,000,000 of these shares were acquired by Energold Drilling Corp., which is considered a related party.

A recorded conference call reviewing the financial and production results of the three months ended March 31, 2016, will be available on the Company website on May 31, 2016, at www.impactsilver.com/s/ConferenceCalls.asp.

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.

IMPACT has control of the majority of two entire mineral districts in central Mexico: the Royal Mines of Zacualpan Silver District and the Capire-Mamatla Mineral District adjacent to and southwest of Zacualpan. The Company produces silver with lead, zinc and gold byproducts at its 500 tonne per day Guadalupe processing plant in the Royal Mines of Zacualpan District. Additional information about the Company and its operations can be found on the website, www.impactsilver.com.

On behalf of the Directors of IMPACT Silver Corp.,

“Frederick W. Davidson”
President & CEO

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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. Such statements reflect the current risks, uncertainties and assumptions related to certain factors including but not limited 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.

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