

## IMPACT Silver Announces Second Quarter 2016 Financial and Production Results

Trading Symbol: "IPT: TSX.V"

VANCOUVER, Aug. 23, 2016 /CNW/ - IMPACT Silver Corp. ("IMPACT" or the "Company") is pleased to announce its financial results for the six months ended June 30, 2016.

Fred Davidson, President and CEO, stated, "The increase in silver prices has had a positive impact on the Company's financial performance. For the fourth consecutive quarter the Company's EBITDA<sup>1</sup> is positive at \$0.6 million for Q2 2016 compared to a negative EBITDA of \$0.8 million in Q2 2015. Revenues in Q2 2016 increased by 61% over Q2 2015 to \$4.4 million. Operationally, the Company is continuing to improve its mine operating income, achieving income of \$0.7 million in Q2 2016 compared to a loss of \$0.8 million in Q2 2015.

The upward trend in silver prices which started at the beginning of 2016 has continued through August, with prices rising from \$14 to over \$20. A combination of positive cash flows from operations and aggregate gross proceeds of \$7.6 million raised during Q2 2016 will enable IMPACT to refocus its efforts on a more aggressive exploration program which will include drilling a number of key targets. The Company will also continue with its strategy of focusing on higher grade mineral on both the exploration and production fronts as it has proved effective through the last few years of difficult mining markets allowing us to keep our operations lean. With IMPACT's persistent emphasis on profitability for every ounce produced, combined with the exploration potential of higher grade zones of silver at San Ramon and balance sheet strength, IMPACT is a self-sufficient and growing explorer-producer in the Mexican silver space."

### Financial Overview

- Revenues for the second quarter were \$4.4 million, a significant increase from \$2.7 million in 2015. The 61% increase was due to higher silver prices, and greater production tonnage.
- EBITDA improved to \$0.6 million for the second quarter of 2016 compared to a negative EBITDA of \$0.8 million for the same period of 2015.
- Mine operating earnings before amortization and depletion<sup>2</sup> improved significantly by \$1.5 million to \$1.3 million in Q2 2016 from a loss of \$0.2 million in Q2 2015.
- Net loss was \$0.1 million for the quarter, of which non-cash items included \$0.6 million in amortization and depletion, compared to a \$1.0 million net loss in the same quarter last year, of which non-cash items included \$0.5 million in amortization and depletion.
- Due to the private placements and cash controls in Q2 2016, the Company's cash position at June 30, 2016 improved substantially to \$7.7 million compared to \$0.7 million at December 31, 2015. Net working capital correspondingly improved to \$11.5 million at June 30, 2016 from \$2.9 million at December 31, 2015.
- Capital expenditures during the quarter included exploration & evaluation asset expenditures of \$0.4 million (2015 - \$0.4 million) and \$0.1 million in property, plant & equipment expenditures (2015 - \$nil).

### Production Overview

- Silver production was 235,990 ounces for the second quarter of 2016, up 8% from 218,380 ounces in the same period of 2015.
- Average mill feed grade for silver was comparable at 180 grams per tonne (g/t) and 181 g/t in the second quarters of 2016 and 2015 respectively.
- Total tonnes milled during the second quarter of 2016 increased 7% to 45,099 from 42,300 in the comparable quarter of 2015.

Silver sales increased 12% in the second quarter of 2016 to 235,531 ounces from the 209,832 ounces sold in the same period in 2015 as a result of increased tonnage throughput and increased metallurgical silver recoveries. Silver prices have begun to rally with the average for the second quarter of 2016 up 2% from the same period last year, and up 13% over the first quarter of this year. As a result of the increased silver prices and sales, the Company's revenues increased significantly to \$98.32 per tonne in the second quarter of 2016, from \$66.37 in the second quarter of 2015. For the first six months of 2016 the revenue per tonne improved by 20% to \$93.35, compared to \$77.84 in the same period of 2015.

### Health and Safety Awards

IMPACT's mining team recently received recognition awards for excellence in health and safety standards by the Secretary of Labour and Social Welfare in Mexico. This recognition acknowledges the Company's effective working environment, strong relationships with its employees and reduced workplace accidents, illnesses and absenteeism.

### Exploration

The Company is continuing exploration with the goal of putting some of the 4,500+ compiled old mine workings in the Zacualpan and Capire districts on a faster track to potential production and build mineral inventories for mining. With the proceeds from the Q2 2016 financing, the Company will begin surface and underground drilling programs in the fourth quarter. In May 2016, the Company announced some of the best drilling intersections ever reported in the district at San Ramon Deeps, including 14.82 meters of 481g/t silver. The fall program will include expanded programs at San Ramon and San Patricio where the Company's next mine is being developed. Recently exploration work focused on large and high grade targets at Alacran North, El Zapote and El Angel.

With a track record of successful exploration, rapid mine development to production and thousands of old mine workings identified to date as exploration targets, IMPACT is well positioned as the metal markets continue to improve. The Company remains dedicated to its long term vision as there is potential for establishing multiple mills throughout the two districts it operates in, each fed by multiple mines producing silver-lead-zinc as well as gold and copper.

A recorded conference call reviewing the financial and production results of the six months ended June 30, 2016, will be available on the Company website on August 24, 2016, at [www.impactsilver.com/s/ConferenceCalls.asp](http://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](http://www.impactsilver.com) and on SEDAR at [www.sedar.com](http://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 and gold byproducts at its 550 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](http://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 43101 the Company is required to disclose that it has not based its production decisions on NI 43101 compliant mineral resource or reserve estimates, preliminary economic assessments or feasibility studies, and historically such projects have increased uncertainty.

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<sup>1</sup> Earnings before interest, taxes, depreciation and amortization (EBITDA) is a non-IFRS measure which the Company believes provides meaningful information about the Company's financial performance.

<sup>2</sup> 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.

SOURCE IMPACT Silver

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