
NEWS RELEASE

IMPACT Silver Corp.

For Release: August 22, 2017

Trading Symbol: “IPT: TSX.V”

IMPACT Silver Announces Second Quarter 2017 Financial and Production Results

IMPACT Silver Corp. (“IMPACT” or the “Company”) announces its financial and production results for the second quarter of 2017.

Fred Davidson, President and CEO, stated, “We started 2017 with a clean balance sheet and no debt along with news that IMPACT was named to the 2017 TSX Venture 50. During the first half of the year, IMPACT invested heavily in upgrading and repairing its capital equipment while also trying to improve its throughput to partially compensate for weaker silver prices. IMPACT is also actively expanding its in-mine exploration and development to provide additional tonnage throughput at the mill. We hope that these efforts will translate into better financial and operating performance in the latter half of the year. We look forward to our ongoing exploration plans at high potential targets and continue to evaluate strategic transactions to continue growing value for our shareholders.”

Financial Overview

- Revenues remained the same at \$8.2 million for the six months ended June 30, 2017 compared to last year mainly due to higher tonnage throughput offset by a drop-in silver prices throughout the year.
- Mine operating loss for the six months ended June 30, 2017 was \$0.3 million compared to operating earnings of \$1.0 million in the comparable period of 2016. Mine operating earnings before amortization and depletion¹ was \$0.8 million for the six months ended June 30, 2017 compared to \$2.1 million in the same period of last year.
- Net loss for the six months ended June 30, 2017 was \$1.4 million which included \$1.9 million of foreign exchange loss and non-cash items of amortization, depletion and share based compensation. This compared to a \$0.5 million net loss for the first six months of 2016, which included \$1.7 million of foreign exchange loss and non-cash items in amortization and depletion. Excluding foreign exchange and non-cash items, adjusted net earnings for the six months ended June 30, 2017 were \$0.5 million compared to \$1.2 million in the same period of 2016.
- Earnings before interest, taxes, depreciation and amortization² (EBITDA) decreased to a loss of \$0.4 million for the first half of 2017 compared to earnings of \$0.9 million in the same period of 2016.
- The Company’s cash position at June 30, 2017 remains strong at \$6.8 million, with net working capital of \$8.6 million (2016 - \$11.5 million).

¹ Mine operating earnings before amortization and depletion is a non-IFRS measure which the Company believes provides additional information regarding how the Company’s operations are performing.

² 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.
See “NON-IFRS MEASURES”.

- During the quarter, the Company completed the sale of its non-active Zacatecas assets (200 tpd mill, 14 hectares surface rights and 10 mineral concessions) to Endeavour Silver Corp. (TSX:EDR, NYSE:EXK) for 154,321 common shares valued at CDN\$0.6 million. The Company recorded a gain of \$0.3 million on the transaction.

Production Overview

- Production at the Guadalupe mill during the second quarter of 2017 came primarily from the San Ramon Deeps Mine (41% of total mill feed), the Cuchara Mine (36% of mill feed), the Mirasol Mine (10% of mill feed), and the San Patricio (Chivo) Mine (13% of mill feed). The grade at San Ramon is highly variable and the production at Mirasol ended during the quarter as it reached the end of its mine life and had declining grades. The mining at the San Patricio (Chivo) Mine had lower grades as some of the material was development muck. These factors contributed to a lower grade mill feed in the second quarter of 2017 compared to 2016.
- Average mill feed grade for silver was 173 grams per tonne (g/t) in the second quarter of 2017, down from 180 g/t in the same period of 2016.
- Silver production decreased to 227,503 ounces in the second quarter of 2017 from 235,990 ounces in comparable period of 2016 due to lower grade feed and temporarily lower silver recovery during the quarter.

Health and Safety Awards

IMPACT's mining team recently received recognition The Award 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.

This award and others like it are testaments to IMPACT's dedication to an industry leading standard in health and safety of our staff and contractors.

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. The Company has initiated surface and underground drilling programs to expand resources. Currently, exploration work is focused on larger and higher-grade targets at Alacran and Alacran North. Surface drilling is currently in progress at the San Felipe prospect located near the Guadalupe plant access road.

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.

IMPACT has a track record of successful exploration and rapid mine development. The Company's long-term vision sees potential for establishing mills throughout the two districts, each fed by multiple mines producing silver-lead-zinc as well as gold and copper.

The Company continues to look for expansion either through ongoing exploration programs and/or strategic acquisitions and transactions.

A recorded conference call reviewing the financial and production results of the second quarter of 2017 will be available on the Company website on August 23, 2017, 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.

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

For more information, please contact:

Frederick Davidson – President & Chief Executive Officer
(604) 681-0172 or inquiries@impactsilver.com

Or

Jerry Huang, Investor Relations Manager
(604) 681-0172 or inquiries@impactsilver.com

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.

Forward-Looking and Cautionary Statements

This IMPACT News Release contains certain "forward-looking" statements and information relating to IMPACT that are based on the beliefs of, and assumptions made by, IMPACT management, following consideration of the information currently available to IMPACT management. Such statements include statements regarding the discovery and commercialization of commercial quantities of minerals, improvements in profitability, increases to processing capacity, expansion of resource quality and quantity, exploration goals, future results, the operational goals and outcomes in the Zacualpan and Capire districts and generally, and future production as a result, expected 2017 drilling and testing operations, IMPACT's exploration program for 2017, the completion and effectiveness of the mining database project and other statements that are not historical facts. Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These assumptions, risks and uncertainties include, without limitation, 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 any obligation to update any forward-looking statement contained herein other than in accordance with applicable 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 National Instrument 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.

1100-543 Granville Street
Vancouver, BC, Canada V6C 1X8

Telephone (604) 681-0172
Facsimile (604) 681-6813