
NEWS RELEASE
IMPACT Silver Corp.

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IMPACT Silver Announces Q1 2019 Financial and Production Results

IMPACT Silver Corp. (“IMPACT” or the “Company”) announces its financial and operating results for the quarter ending March 31, 2019.

The Company reported \$3.0 million in revenue for the first quarter of 2019 compared to Q1 2018 at \$3.9 million with improved grades helping to offset lower tonnage and silver prices. Mine operating earnings before amortization and depletion were breakeven for the first time since Q1 2018 as cost reductions and grade improvements are having a positive impact.

Fred Davidson, President & CEO of IMPACT, stated, “In Q1 2019, silver prices continued to be challenging with prices below \$16 USD/ounce. In reaction to these persistent low metal prices, IMPACT has reduced tonnage and focused on higher grades which resulted in a 16% reduction in cost and a 23% decline in revenue during the quarter. Going forward given the current silver price environment, we aim to break even on existing production levels while metal prices remain depressed and explore selective high-grade targets which IMPACT may fast track to higher grade production.”

IMPACT is increasingly shifting production to the Guadalupe Silver Mine located adjacent to the Guadalupe mill which saves significant hauling costs. Historic production from the Guadalupe Mine was first recorded in 1529 and more recently between 1967-1982 produced an estimated 9,000,000 ounces of silver. Benefiting from better silver grades, proximity to the mill, and existing low-cost shaft infrastructure (which was updated in 2019), in Q1 2019 the Guadalupe mine accounted for 27% of the total production feed and management expects this to continue to increase.

Production Overview

- Silver production decreased to 163,575 ounces in Q1 2019 from 203,199 ounces in Q1 2018 due to planned lower tonnages produced.
- Average mill feed grade for silver in the quarter increased to 167 g/t silver in Q1 2019, a 4% increase from Q1 2018 at 160 g/t silver.
- Throughput at the mill decreased 23% to 35,788 tonnes milled in Q1 2019 from 46,602 in Q1 2018.

Financial Overview

- Revenue for Q1 2019 was comparable to Q4 2018 at \$3.0 million. However, revenue per tonne increased to \$84.98 from Q4 2018 (\$79.55) as the Company focused on improving head grade at the mill to combat lower silver prices.
- Mine operating earnings before amortization and depletion were breakeven (\$0.0) compared to \$0.3 million in Q1 2018 as cost reductions and grade improvements started materializing.
- Mine operating loss was \$0.4 million for Q1 2019 compared to \$0.1 million in Q1 2018.
- Net loss for quarter was \$0.9 million which includes \$0.1 million of foreign exchange loss and non-cash expenses of \$0.4 million for amortization, depletion, and deferred income taxes.
- The Company had cash of \$0.4 million and trade and other receivables of \$1.6 million at March 31, 2019.
- The Company has no long-term debt.

Silver prices for the first quarter of 2019 were range bound to \$15 to \$16 USD per ounce though some experts have forecasted higher prices on upcoming geopolitical uncertainties in the world, the historic high gold to silver ratio, and 2% decrease in worldwide silver production while investment demand has surged 20% year over year.

Cost control remains a high priority for IMPACT. In addition to increasing efficiency and grade at operations, cost reduction initiatives are well under way to ensure IMPACT can weather the markets. Direct cost per tonne at the mill was \$82.47 in Q1 2019 compared to Q4 2018 of \$91.50, a 10% reduction and showing progress on the Company's continued push on cost reductions. On the positive side, revenue per tonne sold for Q4 increased to \$84.98 versus \$79.55 in Q4 2018, a 7% increase from the previous quarter. IMPACT continues to focus on cost reductions and maximizing revenue per ounce sold.

Dense Media Separation Study at Capire

Subsequent to quarter end, IMPACT announced commissioning of an engineering study to test the viability of Dense Media Separation (DMS) processing at its Capire Production Centre. DMS is a low-cost method of pre-concentrating minerals to increase the grade of mineral feed into the processing plant and improve processing economics. Results of the DMS test are pending.

New Concentrate Sales Partnership

In late Q1 2019, IMPACT Silver entered into a new concentrate sales and refining partnership with Samsung C&T Corp. The Company believes the pricing is competitive with this new contract albeit with longer payment terms.

George Gorzynski, P.Eng., a Qualified Person under the meaning of Canadian National Instrument 43-101, approved the technical content regarding exploration work in this news release.

A recorded conference call reviewing the financial and production results for the first three months ending March 31, 2019 will be available on the Company website on May 27, 2019 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.

About IMPACT Silver:

IMPACT Silver Corp. is a successful silver-gold explorer-producer with two processing plants on adjacent districts within its 100% owned mineral concessions covering 357 km² in central Mexico with excellent infrastructure and labor force. Over the past twelve years IMPACT has produced over 9.4 million ounces of silver, generating revenues over \$175 million, with no long-term debt. At the Royal Mines of Zacualpan Silver District several underground silver mines feed the central Guadalupe processing plant. To the south, in the Mamatla District the Capire processing pilot plant is an expandable 200 tpd with a NI-43-101 compliant resource of silver-lead-zinc (see IMPACT news release dated [January 18, 2016](#) for details) awaiting higher metal prices to be restarted. Given the challenging markets the last few years, IMPACT has focused its exploration efforts on gold and silver targets with quick to production profiles and proximity to the Guadalupe processing plant. Following a successful decade of exploration success to production cash flows, IMPACT has shown the Zacualpan District to be prolific in generating high grade epithermal silver-gold production feeds. With markets more perceptive to exploration results and the requirement for additional production feed, IMPACT continues to add emphasis to exploration work.

Additional information about IMPACT and its operations can be found on the Company website at www.IMPACTSilver.com.

On behalf 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 NI43-101 the Company is required to disclose that it has not based its production decisions on NI43-101-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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