



IMPACT SILVER CORP

NEWS RELEASE

IMPACT Silver Corp.

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IMPACT SILVER ANNOUNCES THIRD QUARTER 2021 RESULTS
Q3 NET INCOME POSITIVE, WITH YEAR TO DATE CASH FLOW FROM OPERATIONS
OF \$2.8 MILLION

IMPACT Silver Corp. ("IMPACT" or the "Company") announces its financial and operating results for the third quarter ended September 30, 2021.

The Company reported \$13.7 million in revenue for the first three quarters of 2021, a 24% improvement year over year compared to revenue of \$11.0 from the first three quarter of 2020. Year to date cash provided by operating activities improved to \$2.8 million, EBITDA (earnings before interest, taxes, depreciation, and amortization) remained strong at \$1.9 million.

After investing \$3.0 million in exploration expenditures and mining assets during the year to date, the cash position remained strong at \$21.5 million with working capital of \$22.1 million, up from cash of \$17.4 million and working capital of \$16.8 million at September 30, 2020. The Company has drilled over 10,000 metres on the property in 2021.

Mine operating income before amortization and depletion for the current year improved 45% to \$3.2 million from \$2.2 million in 2020. Cost of sales rose over the quarter to \$3.6 million compared to \$3.1 million as the company's increased exploration and development at the Guadalupe mine, which should have a positive impact on grade and tonnage by the first quarter of 2022.

Q3 2021 Financial Overview

- Revenue for Q3 2021 was \$4.1 million down from \$4.8 million in 2020 due to lower silver grades and tonnage this quarter as the Company focused on developmental work rather than production tonnage.
- Net income for the quarter was \$0.03 million, down from Q3 2020 as silver grades fell due to due to increased processing of development muck, and declining grades in older sections of the Guadalupe mine.
- Net working capital for the Company at September 30, 2021 was \$22.1 million compared to of \$16.8 million, a 31.5% increase over same period.
- After investing \$1.3 million in exploration and other capital assets during the quarter, cash remained strong at \$21.5 million.
- The Company has no long-term debt.



Q3 2021 Production Overview

- Throughput at the mill was 34,587 tonnes in Q3 2021 as small increase over Q3 2020.
- Average mill feed grade for silver was 156 grams per tonne (g/t) in Q3 2021, a decrease of 6% from 166 g/t in Q3 2020. Management expects grades to improve as newly defined high grade areas start feeding the mill in 2022. Q3 2021 saw heavy rains which resulted in higher hauling and mining costs. Mining at the high grade Veta Negra open pit was halted during the quarter due to heavy rains.
- Direct costs per production tonne were \$91.31 in Q3 2021, as the Company stepped up exploration and development at the Guadalupe mine. YTD costs per tonne were \$82.60
- Q3 2021 silver production was 152,026 ounces (2020 – 158,992 ounces).

EXPLORATION & DEVELOPMENT PLANS

At Guadalupe work is underway to ramp production capacity back up to pre-pandemic levels as supply chain and pandemic protocols wind down. A substantial underground development program at Guadalupe is continuing which includes a two-stage refurbishment of the mineshaft at the Guadalupe mine, and rebuilding and extending the extensive underground railroad system on the 195 Level to access the Pachuqueno section of the mine which recently reported high grade drill intersections. This will provide for considerably higher capacity with lower associated hauling costs. As development advances, the Company anticipates a gradual increase in production late in the year from the Guadalupe complex.

On further exploration news, a fourth drill rig has been added to the Company-owned fleet and drilling plans have been expanded to 20,000 meters through 2022. This will include follow up on recent drilling successes at Guadalupe and Pachuqueno which included 2,186g/t silver over 3.38 metres. Drilling will also be ongoing this year at the San Ramon Mine for additional zones beyond previous production areas.

CAPIRE – POTENTIAL RESTART OF OPEN PIT PRODUCTION

Company engineers are reviewing the Capire open pit and processing plant for potential restart of operations. Previous 43-101 studies on the Capire deposit have been recalculated and confirmed with a review using the experience of previous test mining. Other studies are being conducted with regard to critical infrastructure to determine optimum plant size for Capire operations. Also, as the result of successful laboratory scale studies, a bulk sample of 1,400 kilograms of material selected by the Company's consultant from the Capire open pit was shipped for testing to a Canadian laboratory using state of the art X-Ray Transmission ("XRT") pre-concentration processing technology. XRT technology is a process that recognizes and sorts rocks based on the specific atomic density of the material. XRT rapidly sorts ore grade material from waste reducing the amount of material to be processed during the milling process resulting in cost savings. Preliminary results have been positive and further commercial scale testing is planned. The Company will be evaluating the impact of XRT technology upon both capital and operating costs, recoveries and ultimate mining and processing rate.

A recorded conference call reviewing the financial and production results of the quarter ended September 30, 2021 will be available on the Company website on November 23, 2021

www.impactsilver.com/s/ConferenceCalls.asp.



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The information in this news release should be read in conjunction with the Company's unaudited condensed consolidated interim Q3/2021 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 explorer-producer with over 90% of its revenue from silver resulting in a share price that is highly leveraged to the silver price. The Company has two processing plants on adjacent districts within its 100% owned mineral concessions covering 211km² in central Mexico with excellent infrastructure and labor force. Over the past 15 years, IMPACT has produced over 11.2 million ounces of silver, generating revenues of over \$220 million, with no long-term debt. At the Royal Mines of Zacualpan Silver District, three underground silver mines and one open pit mine feed the central Guadalupe processing plant. To the south, in the Mamatla District, the Capire Project includes a 200 tpd processing pilot plant adjacent to an open pit silver mine with a 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). Company engineers are reviewing Capire for potential restart of operations in light of current elevated silver prices. With 15 years of exploration successes leading to production cash flows, IMPACT has shown the Zacualpan Silver District to be endowed with many high-grade silver-gold zones and has placed multiple zones into commercial production.

Additional information about IMPACT and its operations can be found on the Company website at www.impactsilver.com Follow us on Twitter [@IMPACT_Silver](https://twitter.com/IMPACT_Silver) and LinkedIn at <https://www.linkedin.com/company/impactsilver>

Qualified Person and NI 43-101 Disclosure

George Gorzynski, P. Eng., Vice President and Director of IMPACT Silver Corp., and a Qualified Person as defined under Canadian National Instrument 43-101, approved the technical information in this news release.

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 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, relationship with vendors and strategic partners, government 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, except as required by 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 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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