

NEWS RELEASE
IMPACT Silver Corp.

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IMPACT Silver Announces Q2 Financial & Production Results
Adjusted EBITDA of \$0.48 Million on \$2.84 Million Revenue
Despite COVID-19 Related Shutdown

IMPACT Silver Corp. ("IMPACT" or the "Company") is pleased to announce its financial and operating results for the three and six months ended June 30, 2020.

Revenues for the first half of 2020 were \$6.3 million up from \$5.7 million in the first half of 2019. Mine operating earnings improved significantly for the six months up \$1.8 million over the comparative period in 2019 on higher silver prices, improved grade and ongoing cost controls. This improvement is more significant in light of operations being suspended during the quarter due to the shut down decreed by the Mexican government in response to the COVID-19 pandemic.

Mine operating earnings for Q2 2020 were \$0.6 million, an improvement of \$1.3 million over Q2 2019 with revenues of \$2.8 million, similar to Q2 2019. Operating activities this quarter generated over \$0.2 million positive cashflow. Adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation, Amortization and foreign exchange loss) was \$0.5 million for the quarter. At June 30, 2020 working capital was \$5.7 million and cash was \$6.3 million.

Fred Davidson, President & CEO of IMPACT, stated, "At the outset of the COVID19 pandemic we were all faced with an uncertainty and potential prolonged shutdown if the virus spread. I would like to commend our operational staff on effective protocols including social distancing practices in limiting COVID19 to zero cases at the Zacualpan mine and contributed significantly in being able to recommence operations in a timely manner.

With silver reaching higher prices in Q3 2020, IMPACT's profitability as a pure silver producer is highly leveraged. Combined with additional capital coming into the market and a rapid increase in silver prices in recent months, IMPACT is well positioned to be able to fast track additional targets and rationalize further expansion possibilities on both exploration and production fronts."

In Q2 2020, IMPACT's geological team has focused on field and desktop studies in preparation of the 2020/2021 exploration season. Drill targets include further exploration of the in-production Veta Negra, Guadalupe and San Ramon mines and the new target at Chapanial for gold.

The Company is pleased to report that on August 20, 2020, it completed a brokered private placement for aggregate gross proceeds of \$9.5 million from the issuance of 10,049,096 units of the Company at \$0.95 per unit. Each unit consists of one common share and one half share purchase warrant exercisable into one common share at a price of \$1.30 for a period of 24 months from the closing. The Company intends to use the net proceeds from this financing for exploration, development and general corporate purposes.

Production Overview

- The mill was shut down in April to early June due to the COVID-19 pandemic. As a result, silver production decreased to 129,570 ounces in Q2 2020 compared to 145,658 ounces in Q2 2019.
- Q2 2020 production at the Guadalupe mill came from the Guadalupe Mine (37% of mill feed), the San Ramon Mine (23% of mill feed), the Cuchara Mine (23% of mill feed), and the Veta Negra Mine (17% of mill feed)
- Average mill feed grade for silver was 187 grams per tonne (g/t) in Q2 2020, an increase of 17% from 160 g/t in Q2 2019.
- Throughput at the mill in Q2 2020 was 25,602 tonnes compared to 33,616 in Q2 2019.

Financial Overview

- Mine operating earnings for Q2 2020 were \$0.6 million, an improvement of \$1.3 million over Q2 2019.
- Net loss for the quarter was \$0.2 million, a \$2.6 improvement from a loss of \$2.8 million in Q2 2019. In Q2 2019 there was a one-time write down of \$1.7 million based on reduction of property size for property tax purposes.
- Positive EBITDA for Q2 2020 of \$0.2 million, a \$2.6 million improvement from Q2 2019.
- In April 2020 the Company closed a private placement for \$2.0 million. Warrants in the amount of \$0.5 million were exercised during the quarter.
- At June 30, 2020, cash position was at \$6.3 million with working capital at \$5.7 million compared to cash of \$3.8 million and \$3.6 million working capital at December 31, 2019.

Revenue per tonne sold in Q2 2020 rose sharply by 54% year over year to \$117.80/tonne from \$76.74/tonne in Q2 2019, attributable to higher grade and silver prices. Direct costs decreased 7% to \$76.77/tonne down from \$82.82/tonne in the comparable quarter, further expanding profit margins. This regimented cost control has been a priority for IMPACT during the leaner market years and the Company will continue to balance efficiency and grade at operations.

Exploration Sampling Result at Chapanial Gold

During the quarter, IMPACT announced results from rock sampling in the Chapanial area which included 97.5g/t gold and 97.9g/t silver over a true width of 0.80 meters and 18.25g/t gold and 75.4g/t silver over a true width of 0.20 meters (see IMPACT news release dated February 26, 2020 for details). Work is continuing to outline the potential size of this area.

Exploration Field Work

In early June the Mexican government lifted the COVID-19 decree suspending work and the Company re-started exploration work. Work first re-started with sampling and trenching on the north extensions of the Veta Negra Mine and then in the Chapanial area. In addition, compilation of historical maps and other technical data from the districts into a large computer database continued and is being used to plan future exploration programs.

A recorded conference call reviewing the financial and production results of the year ended June 30, 2020 will be available on the Company website on August 30, 2020 at:
www.impactsilver.com/s/ConferenceCalls.asp.

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.

The information in this news release should be read in conjunction with the Company's Q2 2020 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 211km² in central Mexico with excellent infrastructure and labor force. Over the past 15 years, IMPACT has produced over 10 million ounces of silver, generating revenues over \$194 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 processing pilot plant is 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) that is subject to metallurgical studies and sustainable silver prices to be restarted. With 15 years of exploration successes leading to production cash flows, IMPACT has shown the Zacualpan District to be endowed with many high grade epithermal silver-gold zones

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”

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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, 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 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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