



IMPACT SILVER CORP

NEWS RELEASE

IMPACT Silver Corp.

For Release: March 23, 2022

Trading Symbol: "IPT: TSX-V"
"ISVLF:US" "X9X:FR"

**IMPACT Silver Announces Full Year 2021 Results
Revenue Increased 13% to \$17.7 Million, EBITDA \$1.5 Million**

IMPACT Silver Corp. ("IMPACT" or the "Company") announces its financial and operating results for the year ended December 31, 2021. The Company operates one of the purest silver producers at its Royal Mines of Zacualpan Silver District in Mexico.

The Company reported \$17.7 million in revenue for full year 2021, a 13% increase year over year compared to revenues of \$15.6 million in revenue in 2020. The better results were primarily due to increased silver prices during the year despite increases on direct costs due to inflation, development costs designed to increase tonnage long term, and exploration program. Mine operating earnings before amortization and depletion were \$3.4 million for the year ended December 31, 2021 compared to \$3.3 million in 2020 in spite of higher development costs and lower silver grades both of which continued to impact the operating results.

Fred Davidson, President & CEO of IMPACT, stated, "With the euphoric start of 2021 and retail shareholder interest in silver thanks to meme-stock mania, IMPACT demonstrated what a efficient miner can do when silver prices start to run. The world has seen unforeseen turmoil in recent days and once again gold and silver rose as safe haven for sovereign and investors globally. As one of the purest silver producers, we believe IMPACT is uniquely positioned as the silver metal attracts investor interest. Underpinned with global currency tightening and true inflationary pressure, we see precious metals catching up with most industrial metals and energy prices.

In 2021, IMPACT capitalized on its operational successes and carried out the Company's largest exploration program in years. In addition to ongoing advancements on various mine sites, unlocking the value of our land package, and ongoing evaluation of a near-term restart of our Capire VMS mine using XRT technology, 2021 was a busy year for the team, ultimately setting up for exciting catalysts for growth in 2022.

With over 11 million ounces of silver (no equivalents) produced since 2006 by IMPACT, generating over \$225 million in revenue and investing over \$65 million in CAPEX to date, we are proud of our 2021 achievements and look forward to an even better 2022 with potential growth catalysts such as restart of mining at Capire, drilling of high priority targets, and high silver prices."



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2021 FINANCIAL OVERVIEW

- Revenue was \$17.7 million compared to \$15.6 million in 2020, due to higher average silver prices.
- Earnings before interest, taxes, depreciation, amortization² (“EBITDA”) was \$1.5 million in 2021 (2020 - \$2.5 million).
- Cash flow from operations was \$3.0 million up from \$2.5 million in 2020.
- Mine operating earnings before amortization and depletion¹ YTD 2021 was \$4.7 million (2020 \$4.7 million).
- After investing \$3.6 million in exploration expenditures and mining assets during the year, the cash position remained strong at \$21.1 million with working capital of \$21.5 million, up from cash of \$20.4 million and working capital of \$20.3 million at December 31, 2020.
- The Company has no long-term debt.

2021 PRODUCTION OVERVIEW

- 2021 full year silver production was 617,686 ounces (2020 – 646,534 ounces) dropping 4.6% year over year. Silver sales were largely flat at 633,952 ounces full year 2021 compared to 2020.
- Average mill feed grade for silver was 172 grams per tonne (g/t) in Q4 2021 comparable to 166 in Q4 2020, an increase of 4%.
- Throughput at the mill was 145,458 tonnes milled in 2021 compared to 140,069 tonnes in 2020 for an average of 399 tonnes per day for the year.

The goal at Guadalupe processing plant was to focus on lower cost, higher grade production. The lower but steady production tonnes allowed the Company to focus on mining higher margin areas in lower cost situations. Revenue per tonne sold was \$119.04 in 2021 an increase of 3% from 2020 at \$116.09.

Direct costs per production tonne were \$97.79 in Q4 2021 an increase of 6% from \$92.91 during the same period in 2020 due to inflationary pressures and cost increases as the Company stepped up exploration and development at the Guadalupe mine.

The mining activity is becoming more focused on the Guadalupe mine and areas accessed from that shaft, with tonnage reaching approximately 50% of total mill feed. A substantial underground development program at Guadalupe is largely complete which included refurbishment of the main production shaft, and rebuilding the extensive track system on the 195 level to access the Pachuqueno section of the mine. This will provide for higher capacity with lower associated hauling costs.

¹ Mine operating earnings before amortization and depletion is a non-IFRS measure which the Company believes provides meaningful information about the Company’s financial performance.

² EBITDA - Earnings before interest, taxes, depreciation, amortization and stock-based payments - is a non-IFRS measure which the Company believes provides meaningful information about the Company’s financial performance.



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There were one time weather related costs in Q3 2021 which resulted in excessive haul costs and the mining at the Veta Negra open-pit halted; production at this mine recommenced in the fourth quarter providing 8% of the mill feed.

Work continued on a third tailings facility with a provisional life of nine years of operations at the Guadalupe mill complex.

EXPLORATION

During 2021, IMPACT has conducted an aggressive exploration program, including a diamond drill program that was in excess of 17,000 metres utilizing the Company-owned four surface and underground drill rigs. The program was focused on discovery and definition of additional high-grade silver and gold zones for near- and longer-term mining. With the current success combined with the operational efficiencies of owning its own drills, the Company plans a number of additional programs during 2022 that could approach 20,000 metres of drilling across the Company's extensive land package.

Select highlights from 2021 news releases:

- Discovers new San Ramon South Zone including intersections of 1.93 meters of 1,443 g/t Silver and 3.65 meters of 568 g/t Silver ([December 14, 2021](#)).
- 691 g/t Silver Over 1.29 meters At Guadalupe Mine ([Oct 5, 2021](#)).
- 3.38 meters of 2,186 g/t Silver and 6.04 meters of 464 g/t Silver At Guadalupe Mine – Pachuqueno ([Oct 19, 2021](#)).

JOINT VENTURE ON PROPERTY

As an ongoing strategy to unlock value for IMPACT shareholders, management is selectively working with high quality junior explorers to assist with unlocking value in the large 211 km² district owned by IMPACT. During Q4 2020, the Company optioned approximately 1,100 hectares of its Zacualpan S.E. concession to Pantera Silver Corp.

In Q1 2021, Pantera made a payment of \$50,000 in cash, and issued the Company 200,000 treasury shares valued at \$85,000. Pantera is required to make option payments of \$300,000 in cash, issue the Company 3.5 million shares and complete a minimum of \$1.4 million in work on the project over the next three years, to acquire 100% of the project. This agreement is subject to a 1% net smelter return in favour of IMPACT.



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CAPIRE VMS OPEN PIT MINE

The Capire open pit silver mine and 200 tonne per day processing plant is a separate operating unit located 16 kilometers south of the Guadalupe processing plant. The Capire unit is currently on care and maintenance but the Company is carrying out studies toward bringing it back into production. Previous 43-101 mineral resource studies on the Capire deposit have been evaluated with an inhouse review using the experience of a small test mining open pit operation in 2014. Other studies are being conducted with regard to critical infrastructure to determine optimum plant size for Capire operations and a 1,400 kilogram sample from the Capire open pit was tested using state of the art X-Ray transmission (“XRT”) pre-concentration processing technology with encouraging results. XRT technology is a process that recognizes and sorts rocks based on the specific atomic density of the material. XRT sorts ore grade material from waste reducing the amount of material to be processed during the milling process as well as tailings. The Company is currently evaluating the potential impact of XRT pre-concentration upon capital and operating costs, recoveries and the ultimate mineable size of the deposit and the current pilot plant.

A recorded conference call reviewing the financial and production results of the year ended December 31, 2021 will be available on the Company website on March 25, 2022 at www.impactsilver.com/s/ConferenceCalls.asp.

The information in this news release should be read in conjunction with the Company's audited condensed consolidated 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.

Qualified Person and NI 43-101 Disclosure

George Gorzynski, P.Eng., is a “qualified person” within the meaning of NI 43-101 and has approved the technical information contained in this news release.

ABOUT IMPACT SILVER CORP.

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 16 years, IMPACT has produced over 11 million ounces of silver, generating revenues over \$225 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); Company engineers are reviewing Capire for restart of operations in light of current elevated silver prices. With 16 years of exploration successes leading to production cash flows, IMPACT has shown the districts to be endowed with many high grade epithermal silver-gold zones and has placed multiple zones into commercial production.



IMPACT SILVER CORP

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. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "planned", "expect", "project", "predict", "potential", "targeting", "intends", "believe", "potential", and similar expressions, or describes a "goal", or variation of such words and phrases or state that certain actions, events or results "may", "should", "could", "would", "might" or "will" be taken, occur or be achieved. Such statements include, but are not limited to, statements with respect to the expected use of proceeds of the Private Placement.

Such forward-looking information involves known and unknown risks and assumptions, including with respect 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 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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