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## NEWS RELEASE

### IMPACT Silver Corp.

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**For Release:** May 28, 2018

**Trading Symbol: "IPT: TSX.V"**

#### **IMPACT Silver Announces First Quarter 2018 Financial and Production Results**

IMPACT Silver Corp. ("IMPACT" or the "Company") is pleased to announce its financial results for the three months ending March 31, 2018.

Fred Davidson, President and CEO, stated, "Silver prices reached its recent high in January 2018 at USD \$17.54 an ounce but fell as the quarter progressed as the US dollar and interest rate started increasing. Nonetheless in Q1 our shares outperformed sector peers largely due to our exploration success at our sizable 357km<sup>2</sup> land package, 5,000+ underground workings, and high potential exploration targets. The Company continues to believe its market capitalization remains undervalued given our production and exploration potential."

Operationally, the Company is continuing to improve its mine operating income despite lower silver prices and variably lower grades at the mill. In Q1 2018, IMPACT incurred a net loss of \$0.5 million compared to \$0.4 million in Q1 2017. The Company has implemented cost controls which have enabled operations to remain near EBITDA breakeven despite lower silver prices, operational delays and lower grades this quarter. These changes will assist IMPACT with better profitability as silver prices continue to show signs of improvement against a turbulent political and global economics backdrop.

#### **Financial Overview**

- Revenues for the first quarter were \$3.9 million, an improvement from \$3.1 million in Q4 2017. Operating expenses of \$3.5 million increased slightly from Q1 2017's \$3.6 million, but a strong 10% improvement from Q4 2017.
- Mine operating earnings before amortization and depletion was \$0.3 million.
- Net loss for the quarter was \$0.5 million which included \$0.2 million of foreign exchange loss and non-cash expenses of \$0.3 million for amortization, depletion, share based compensation, and deferred income taxes. This compares to a \$0.4 million net loss for the same period in 2017, which included \$0.3 million of foreign exchange loss and non-cash expenses of \$0.8 million for amortization, depletion, share based compensation and deferred income taxes.
- Cash position remains strong at \$3.8 million at end of March 31, 2018, with net working capital of \$4.8 million.
- Capital expenditures during the quarter included exploration & evaluation asset expenditures of \$0.5 million (2017 - \$0.9 million) and \$0.3 million in property, plant & equipment expenditures (2017 - \$0.3 million).

## Production Overview

- Silver production was 203,199 ounces for the first quarter of 2018, down 12% from 230,299 ounces in the same period of 2017.
- Average mill feed grade for silver was lower at 160 grams per tonne (g/t) compared to 177 g/t in the first quarters of 2018 and 2017 respectively.
- Total tonnes milled during the first quarter of 2018 decreased 4% to 46,602 from 48,743 in the comparable quarter of 2017.

Silver sales decreased 13% in the first quarter to 201,075 ounces from 232,358 ounces sold in the same period in 2017 due to lower grades and tonnes produced. Silver prices dropped 6% throughout the quarter from a high of USD \$17.54 to the current USD \$16.50 levels. Despite these market and operational setbacks, revenue per tonne only dropped 8% to \$86.73 in Q1 2018 versus \$94.13 in Q1 2017. This is largely due to a more favourable refining contract offsetting many of these factors.

The Company will continue exploration with the goal of putting some of the 5,000 + compiled old mine workings in the Zacualpan and Capire districts on a faster track to potential production and build mineral inventories for mining. Exploration is continuing at San Ramon Deeps in 2018 with ongoing progress at a potential northern extension of similar San Ramon deposits beyond quartz block underground.

Starting in 2017, IMPACT has made a commitment to realize further value on our large land package and targets, including divesting Zacatecas assets and greenfield exploration work at Santa Teresa. Earlier in terms of exploration progress, IMPACT had greenfield success at Santa Teresa and continued to delineate targets with more geological work. Previous results included 197 channel and rock chip samples over 1g/t Au and several over 114.5g/t Au.

In light of higher base metals prices, specifically zinc which has increased from USD \$1,500/tonne in 2016 to over USD \$3,000/tonne in 2018, IMPACT is pursuing the re-opening of its zinc concentrate circuit for potential zinc concentrate sales later in the year. As a reference in 2011, IMPACT produced over 1,200 tonne zinc per annum.

With a track record of successful exploration, rapid mine development to production and thousands of old mine workings identified to date as exploration targets from a systemically compiled GIS database with over 75,000 soil samples and 48,500 rock samples since 2005, IMPACT is well positioned as metal markets continues to improve. The Company remains dedicated to our long-term vision and sees potential for the establishment of multiple mills throughout the two districts, each fed by multiple mines producing silver-lead-zinc as well as gold and copper.

A recorded conference call reviewing the financial and production results of the three months ended March 31, 2018, will be available on the Company website on May 29, 2018, at [www.impactsilver.com/s/ConferenceCalls.asp](http://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](http://www.impactsilver.com) and on SEDAR at [www.sedar.com](http://www.sedar.com). **All amounts are stated in Canadian dollars unless otherwise specified.**

IMPACT Silver Corp. is successful silver-gold explorer-producer with two processing plants on adjacent districts within its 100% owned mineral concessions covering 357km<sup>2</sup> in central Mexico's most prolific silver district in an area that has produced over 250 million ounces with well-known mines such as Taxco.

Over the past twelve years IMPACT has produced over eight million ounces of silver, generating revenues over \$160 million, with no long-term debt. At the Royal Mines of Zacualpan Silver District several underground silver mines feed the central 550 tonnes per day (TPD) 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 awaiting higher metal prices to be restarted. Given the challenging markets the last few years, IMPACT has focused its exploration efforts on high success rate silver targets, with quick production profiles and proximity to the Guadalupe processing plant. Following a successful decade plus of exploration success to production cash flows, IMPACT has proven the Zacualpan District to be prolific in generating high grade epithermal silver-gold production feeds. With markets more perceptive to early exploration results, in 2018 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](http://www.IMPACTSilver.com).

On behalf of the Directors of IMPACT Silver Corp.,

*“Frederick W. Davidson”*  
President & CEO

For more information, please contact:  
Jerry Huang, Chief Financial Officer  
(604) 681-0172 or [inquiries@impactsilver.com](mailto:inquiries@impactsilver.com)

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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 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.

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

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