

IMPACT Silver Announces Q2 2019 Financial & Production Results

Trading Symbol: "IPT: TSX.V"

VANCOUVER, Aug. 14, 2019 /CNW/ - IMPACT Silver Corp. ("IMPACT" or the "Company") announces its financial results for the six months ending June 30, 2019.

The Company reported revenues of \$2.8 million, a decrease of 11% from same period in 2018, with weak metal prices and lower production offset by improved grades. Net loss was \$2.8 million which includes a one-time write-down of \$1.7 million of exploration and evaluation assets as the Company reduced its land package size to save on biannual concession taxes. IMPACT continues to have no long-term debt and a strong balance sheet.

Fred Davidson, President & CEO of IMPACT stated, "Nearly seven years into this mineral downturn, silver had a challenging first half of 2019. Continuing the cost reduction efforts implemented from September 2018, operating expenses in Q2 2019 dropped to just \$3.0 million from \$3.8 million, a sharp 20% decrease despite only a 10% drop in silver ounces sold. The decrease in land package size, keeping the high potential packages with the possibility to quickly re-acquire, showcases the flexibility and nimbleness of our operations. Being the largest employer in Zacualpan for the last 14 years, IMPACT has built up trust and rapport with mining government contacts and local staff.

IMPACT is well positioned as precious metal prices start to recover. We aim to continue to mine profitable ounces and manage our production costs while selectively exploring for high potential targets to showcase the high success rate of our exploration efforts. With higher precious metal prices due to geopolitical turmoil and uncertainty in late 2019, our investors and the Company can expect higher revenue per ounce of silver to flow right to profit."

Financial Overview

- Revenue for Q2 2019 was \$2.8 million compared to \$3.1 million in Q2 2018, an 11% drop year over year with improvement in silver head grade offset by lower silver prices and fewer ounces produced.
- Operating expenses for Q2 2019 were \$3.0 million, a substantial decrease from Q2 2018 at \$3.8 million.
- Mine operating loss before amortization and depletion improved to \$0.2 million in Q2 2019 compared to \$0.7 million in the same period of 2018 as cost reduction and improving head grade at the mill continue to help combat lower silver prices.
- Net loss for the quarter was \$2.8 million, largely due to \$2.1 million of non-cash expenses including a reduction of mineral concession holdings from 357 km² to 167 km², resulting in a one-time write-down of \$1.7 million. All active mines, facilities, and most of the 5,000 identified historic mine workings and high potential prospect targets have been retained.
- The Company's cash position at June 30, 2019 was \$0.8 million.
- Subsequent to the quarter, the Company closed a non-brokered private placement for aggregate gross proceeds of \$4.95 million.
- The Company has no long-term debt.

Production Overview

- Silver production decreased to 145,658 ounces in Q2 2019 from 194,223 ounces in Q2 2018 due to fewer tonnes processed.
- Average mill feed grade for silver was 160 grams per tonne (g/t) in Q2 2019, a 10% increase from 146 g/t in Q2 2018.

- Throughput at the mill in Q2 2019 was 33,616 tonnes, a decrease from 48,009 tonnes in Q2 2018 due to production refocusing on higher grade ore and breakeven ounces.

Silver sales decreased 10% in the second quarter of 2019 to 156,242 ounces compared to 2018 same period figures of 172,701 as lower silver prices forced the Company to prioritize breakeven ounces. A challenging quarter commenced for metals with trade wars, geopolitical uncertainties, and investor's reversion to safety in US dollars and treasuries.

Revenue per tonne sold for Q2 2019 was \$76.74 from \$66.46 in Q2 2018, a substantial 15% increase as efforts to increase grade and breakeven ounces is showing dividends. Cost continues to be a focal point with direct cost per tonne rising slightly in Q2 2019 to \$82.82 from \$77.91 with a moderate cost per tonne increase expected while production levels are reduced.

In June, IMPACT announced a successful sampling program by its Exploration team at Manto America. Manto America hosts the strongest gold soil geochemical anomaly on IMPACT's claims and extends over an area 3.5 km east-west and 900 m north-south. It is located 10 km south of the operating Guadalupe processing plant and 7 km north-northeast of the Capire processing plant. The area is being mapped and sampled by IMPACT crews and to date 33 rock samples returned greater than 2.0 g/t Au from historic artisanal underground workings and surface with values up to 19.5 g/t gold over a true width of 1.2 m. With the proceeds of the recent financings, IMPACT plans to continue working this area with a more systematic exploration effort.

IMPACT has also engaged an engineering group to review the possibility of Dense Media Separation (DMS) in an effort to enhance economics of mining at the Capire open pit and 200 tonnes per day (TPD) production centre. The Capire plant has been on care and maintenance since July 2013 and the latest NI 43-101 resource figures can be found in IMPACT's [March 2016 news release](#).

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 of the six months ended June 30, 2019 will be available on the Company website on August 15, 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 167 km² in central Mexico with excellent infrastructure and labor force. Over the past fourteen years IMPACT has produced over 9.4 million ounces of silver, generating revenues of 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 currently rated at 200 tpd but is expandable. It is adjacent to an open pit silver mine with a National Instrument 43-101 ("NI 43-101") compliant 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](#)) that is awaiting higher silver prices to be restarted. Given the challenging markets the last few years, IMPACT has focused its exploration efforts on high probability gold and silver targets, with potentially rapid timelines to production and proximity to the Guadalupe processing plant. Following a decade 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. With markets more receptive to early exploration results, in 2019 IMPACT continues to add emphasis to exploration work to further realize value on this prolific land package.

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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