

FORM 51-102F3

Material Change Report

ITEM 1. NAME AND ADDRESS OF COMPANY

IMPACT Silver Corp.
900-543 Granville Street
Vancouver, British Columbia
V6C 1X8

ITEM 2. DATE OF MATERIAL CHANGE

May 29, 2017

ITEM 3. NEWS RELEASE

Issued May 29, 2017 and distributed through the facilities of Stockwatch, Northern Miner and Market News.

ITEM 4. SUMMARY OF MATERIAL CHANGE

The Company announces First Quarter 2017 Financial and Production Results.

ITEM 5. FULL DESCRIPTION OF MATERIAL CHANGE

IMPACT Silver Corp. (“IMPACT” or the “Company”) is pleased to announce its financial and production results for the first quarter of 2017.

Fred Davidson, President and CEO, stated, “We started 2017 with a clean balance sheet and no debt along with news that IMPACT was named to the 2017 TSX Venture 50. Operationally, revenues increased by 22% to \$4.6 million in Q1-2017 from \$3.8 million. The Company continues to improve its mine operating earnings, achieving income of \$0.5 million in Q1-2017 compared to \$0.3 million in Q1-2016. Earnings before interest, taxes, depreciation and amortization (EBITDA)¹ improved to \$0.3 million in Q1-2017 from \$0.2 million in Q1-2016. While we cannot control the price of silver, we are committed to maximizing efficiencies and cost control through managing our operations in a disciplined manner. Building on a successful 2016, we have ongoing exploration plans at high potential targets and continue to evaluate strategic transactions to continue growing value for our shareholders.”

Financial Overview

- Mine operating earnings increased to \$0.5 million in Q1-2017 from \$0.3 million in Q1-2016.
- Revenues increased 22% to \$4.6 million in the first quarter of 2017 from \$3.8 million in the same period in 2016, due mainly to higher silver prices throughout the quarter.
- Net loss for the quarter was \$0.4 million which included \$0.7 million of non-cash items in amortization, depletion and share based compensation. This compared to a \$0.3 million net loss in the first quarter of 2016, which included \$0.5 million of non-cash items in amortization and depletion. Excluding non-cash items, adjusted net earnings in Q1-2017 were \$0.3 million compared to \$0.2 million in Q1-2016.

¹ Earnings before interest, taxes, depreciation and amortization (EBITDA) is a non-IFRS measure which the Company believes provides meaningful information about the Company’s financial performance.

- EBITDA improved 44% to \$0.3 million for the first three months of 2017 from \$0.2 million in the same period of 2016.
- The Company's cash position at March 31, 2017 remains strong at \$7.6 million, with net working capital of \$9.8 million (Q1-2016 - \$2.0 million).

Production Overview

- Production at the Guadalupe mill during the first quarter of 2017 came primarily from the San Ramon Deeps Mine (40% of the mill feed), the Cuchara Mine (39% of the mill feed), and the Mirasol Mine (17% of the total mill feed). The grade at San Ramon is highly variable and Mirasol is experiencing declining grade as it is reaching the end of its mine life. Both of these factors contributed to a lower grade mill feed in Q1-2017 compared to Q1-2016.
- Average mill feed grade for silver was 177 grams per tonne (g/t) in the first three months of 2017, down from 185 g/t in the same period of 2016.
- Silver production decreased slightly to 230,299 ounces in first quarter of 2017 from 240,414 ounces in first quarter of 2016 due to lower grade coming from the Cuchara and Mirasol Mines, and temporarily lower silver recovery during the quarter.
- The ongoing upgrades at Guadalupe production center has increased throughput to 542 tonnes per day (TPD) from 496 TPD a year ago.

Revenues in 2017 were positively impacted by stronger silver prices, which resulted in revenue per tonne of \$94.13 in the first quarter of 2017, a 7% increase from \$88.14 in the first quarter of 2016.

Health and Safety Awards

IMPACT's mining team recently received recognition The Award for Excellence in health and safety standards by the Secretary of Labour and Social Welfare in Mexico. This recognition acknowledges the Company's effective working environment, strong relationships with its employees, and reduced workplace accidents, illnesses and absenteeism.

This award and others like it are testaments to IMPACT's dedication to an industry leading standard in health and safety of our staff and contractors.

Exploration

The Company will continue exploration with the goal of putting some of the 4,800+ compiled old mine workings in the Zacualpan and Capire districts on a faster track to potential production and build mineral inventories for mining. Fieldwork in the form of detailed geological mapping and rock sampling in old mine workings was mainly focused on larger and higher grade target areas at Guadalupe South, Alacran North and San Felipe. Utilizing new funds received in Q2-2016, the Company has initiated surface and underground drilling programs to expand resources. Surface drilling is currently in progress at the Cuchara Mine extensions. Drilling will also commence later this year at the San Felipe vein and other prospects, located near the Guadalupe plant access road.

IMPACT has control of the majority of two entire mineral districts in central Mexico: the Royal Mines of Zacualpan Silver District and the Capire-Mamatla Mineral District adjacent to and southwest of Zacualpan.

IMPACT has a track record of successful exploration and rapid mine development. The Company's long term vision sees potential for establishing mills throughout the two districts, each fed by multiple mines producing silver-lead-zinc as well as gold and copper.

The Company continues to look for expansion either through ongoing exploration programs and/or strategic acquisitions and transactions.

A recorded conference call reviewing the financial and production results of the first quarter of 2017, will be available on the Company website on May 29, 2017, 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.

Additional information about the Company and its operations can be found on the website, www.impactsilver.com.

Forward-Looking and Cautionary Statements

This IMPACT News Release contains certain "forward-looking" statements and information relating to IMPACT that are based on the beliefs of, and assumptions made by, IMPACT management, following consideration of the information currently available to IMPACT management. Such statements include statements regarding the discovery and commercialization of commercial quantities of minerals, improvements in profitability, increases to processing capacity, expansion of resource quality and quantity, exploration goals, future results, the operational goals and outcomes in the Zacualpan and Capire districts and generally, and future production as a result, expected 2017 drilling and testing operations, IMPACT's exploration program for 2017, the completion and effectiveness of the mining database project and other statements that are not historical facts. Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These assumptions, risks and uncertainties include, without limitation, 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 any obligation to update any forward-looking statement contained herein other than in accordance with applicable 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 National Instrument 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.

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ITEM 6. RELIANCE ON SUBSECTION 7.1(3) OF NATIONAL INSTRUMENT 51-102

Not applicable.

ITEM 7. OMITTED INFORMATION

No information has been omitted on the basis that it is confidential information.

ITEM 8. EXECUTIVE OFFICER

Contact: Frederick W. Davidson, President, CEO, Director
Telephone: 604 681 9501

ITEM 9. DATE OF REPORT

DATED at Vancouver, BC, this 30th day of May, 2017.

NEWS RELEASE

IMPACT Silver Corp.

For Release: May 29, 2017

Trading Symbol: “IPT: TSX.V”

IMPACT Silver Announces First Quarter 2017 Financial and Production Results

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On behalf of the Directors of IMPACT Silver Corp.,

"Frederick W. Davidson"
President & CEO

For more information, please contact:

Frederick Davidson – President & Chief Executive Officer
(604) 681-0172 or inquiries@impactsilver.com

Or

Jerry Huang, Investor Relations Manager
(604) 681-0172 or inquiries@impactsilver.com

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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