
News Release
IMPACT Silver Corp.

For Release: May 29, 2012

Trading Symbol: "IPT: TSX.V"

IMPACT Silver Announces First Quarter 2012 Financial and Production Results

IMPACT Silver Corp. ("IMPACT" or "The Company") reports financial and production results for the first quarter 2012, ended March 31. The first quarter results were lower compared to the same period in 2011 due to unfavorable foreign exchange fluctuations relative to the Canadian and U.S. dollars and the Mexican peso, and the decreasing silver grades at depth in the Chivo Mine, which is currently being addressed by accelerating plans to bring the high-grade Oscar Mine into production before year-end.

President and CEO, Fred Davidson, comments, "The value of the mineralization at the depths we are reaching now at the Chivo Mine is becoming increasingly lead and zinc rich with decreasing silver. We will be shifting production from the Chivo Mine to the new high-grade Oscar Mine, putting the Chivo Mine on care and maintenance until the markets show more economically favorable lead and zinc prices. We are confident that with the recent successful completion of the drill program at the Oscar Mine, coupled with the low capital expenditure required to move the Oscar Mine into production, IMPACT will be experiencing record production levels in the near future". The Oscar Mine will be the newest mine the IMPACT team has moved from exploration into production, with first concentrate shipments planned for late 2012.

First Quarter 2012 Financial and Production Summary

- Revenues for the quarter were \$4.5 million, compared to \$7.3 million in the first quarter of 2011.
- Net loss for the quarter was \$0.1 million, compared to \$2.5 million net earnings in the first quarter of 2011, with earnings per share of \$0.00 compared to \$0.04 in the first quarter of 2011.
- Mine operating earnings for the quarter were \$1.6 million, compared to \$4.6 million in the comparable period of 2011.
- Cash flow from operations before changes in non-cash working capital in the first quarter was \$0.7 million, compared to \$3.1 million in the first quarter of 2011.
- Net working capital increased 47% to \$32.1 million for the quarter, compared to \$21.9 million in the comparable period in 2011.
- Silver production for the quarter was 164,758 ounces, down from 260,970 ounces in the comparable period in 2011.
- Lead production for the quarter was 149 tonnes, compared to 193 tonnes in the first quarter of 2011.
- Zinc production for the quarter was 260 tonnes, compared to 370 tonnes in the comparable period of 2011.
- Average mill throughput for the quarter was 455 tonnes per day ("tpd"), compared to 419 tpd in the first quarter of 2011.
- Cash and cash equivalents increased 41% to \$28.1 million in the first quarter, compared to \$20.0 million in the comparable period of 2011. During the first quarter of 2012, the Company spent \$2.2 million on the development of the Oscar Mine and construction of the Capire Mine.

Preparation of the high-grade Oscar Mine is currently underway, with mill feed from the Oscar Mine to the nearby Guadalupe Processing Plant in Zacualpan. For the balance of 2012, IMPACT will increase the tonnage mined from the San Ramon and Noche Buena Mines to compensate for the decreasing silver grades at the Chivo Mine.

First Quarter 2012 Operational Highlights

With plans to significantly expand production over the next three years, IMPACT is currently constructing two new mines: the aforementioned Oscar Mine and the open-pit Capire Mine. The construction of the Capire Mine is on schedule with the goal of the first concentrate shipments in late 2012. An upcoming review of the development of the Capire Mine and production centre will detail the progress of the construction, while photographs chronicling the development of the Capire Mine are available on the Company's website at www.impactsilver.com.

One focus of the Company's exploration activities in 2012 is in the Valle de Oro area (formerly the Huatecosco Gold Project), located in a large valley southwest of the Guadalupe Processing Plant. Valle de Oro is emerging as a potential new gold horizon with initial drill results on two zones, the Huatecosco vein and the Carlos Pacheco vein, both returning high-grade gold values which may indicate a gold horizon beneath the Zacualpan silver mineralization at depths of 300 meters (see IMPACT Silver News Release dated [October 12, 2011](#)). IMPACT has been aggressively drilling on multiple targets in the Valle de Oro area, testing the potential of this zone as a new emerging gold horizon and production centre.

George Gorzynski, P. Eng., a Qualified Person under the meaning of Canadian National Instrument 43101, is responsible for the technical content of this news release.

A recorded conference call reviewing the First Quarter 2012 results will be available on May 30, 2012, on the Company's website: www.IMPACTSilver.com/s/conferencecalls.asp

IMPACT Silver Corp. is a silver-focused mining and exploration company operating in Mexico. With 100% ownership of the producing operations in the 423-square-kilometer Royal Mines of Zacualpan Silver District and the 200-square-kilometer Mamatla Silver District, IMPACT is well positioned to grow into a mid-tier, multi-million-ounce silver producer. IMPACT has a 16.5% shareholder position in Defiance Silver Corp., a silver exploration company that is advancing IMPACT's 200-tpd mill and mineral concessions in the Zacatecas Silver District. Additional information can be found on the Company website at www.IMPACTSilver.com. The full version of the Company's financial statements and MD&A can be viewed on the Company's website or on SEDAR at www.sedar.com.

On behalf of the Board of Directors of IMPACT Silver Corp.,

“Frederick W. Davidson”
President & CEO

For further information, please contact Meghan Brush, Investor Relations at (604) 681 0172 or inquiries@impactsilver.com

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