
News Release
IMPACT Silver Corp.

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IMPACT Silver Announces Third Quarter 2012 Financial and Production Results

IMPACT Silver Corp. ("IMPACT" or "The Company") announces the financial and production results for the third quarter ended September 30, 2012. IMPACT currently operates three underground silver mines within the Royal Mines of Zacualpan Silver District in Mexico. Throughout 2012, IMPACT has also been constructing two new mines; the Oscar Mine in the Royal Mines of Zacualpan District and the Capire Mine in the Mamatla Mineral District. Upon beginning pilot production at the Capire Mine in mid winter, IMPACT will have successfully entered its next phase of significant growth potential. Additionally, with the future commencement of production at the Oscar Mine, IMPACT anticipates higher silver production. IMPACT continues to maintain a strong positive net working capital balance, a robust cash position of approximately \$20 million in the treasury and no debt. All amounts presented are in Canadian dollars.

Third Quarter 2012 Financial and Production Highlights

- Revenues for the quarter were \$3.2 million, a modest decrease from \$3.6 million in the second quarter of 2012.
- Mine operating earnings remained positive at \$0.7 million for the third quarter, with net earnings before taxes for the quarter at \$0.009 million. Net loss after taxes was \$0.4 million.
- Cash flows from operations before changes in non-cash working capital was \$0.5 million in the third quarter.
- Net working capital for the third quarter remained strong at \$26.9 million, after spending \$8.6 million on exploration and development, specifically the construction of the Capire and Oscar Mines.
- Total tonnes produced increased 12% to 44,699 from 39,813 in the second quarter of 2012.
- Silver production dipped slightly for the quarter, from 154,406 ounces in the second quarter of 2012 to 153,018 ounces in the third quarter of 2012.
- Gold production during the quarter increased to 172 ounces, an 8% increase from the 159 ounces in the second quarter of 2012.

Third Quarter 2012 Operational Highlights

Production for the quarter totaled 44,699 tonnes milled and 153,018 ounces of silver and 172 ounces of gold produced. Direct cost per tonne milled decreased to \$61.13, a 5% decrease from the second quarter of 2012. Revenue per tonne sold moved modestly from \$95.47 in the second quarter of 2012 to \$92.66 in the third quarter of 2012, contributing to profitable mine operating earnings of \$0.7 million for the quarter.

Improvements to one of the plant's ball mills during the third quarter contributed to more efficient production, resulting in a 12% increase in throughput over the second quarter of 2012. Average mill throughput in the third quarter was 486 tonnes per day (tpd) compared to 438 tpd in the second quarter of 2012.

The Capire Mine and Processing Centre

The construction of the new Capire Mine is well advanced in the third quarter of 2012, with first concentrate shipments anticipated this winter. Capire represents a new production centre located in the Mamatla Mineral District. Initial production from a 200 tpd pilot plant will be used to optimize the metallurgy and mining methods, with future plans to construct a larger plant. Subsequent to the end of the third quarter, IMPACT announced additional drill results from the open pit Capire Mine with intersections including 435 grams per tonne silver across 4.6 meters and 507 grams per tonne silver across 2.05 meters (see IMPACT Silver News Release dated [October 25, 2012](#)). Photographs chronicling the development of the Capire Mine and Plant are available on the Company's website at www.impactsilver.com.

The Oscar Mine

The Oscar Mine, the fourth underground mine that IMPACT has moved into production within 24 months of drilling the first exploration hole, is anticipated to commence production by the end of 2012. Oscar encompasses a corridor of high grade silver veins located 2.5 kilometers east of the Guadalupe Processing Plant. In April 2012, IMPACT announced further drill results from Oscar including 1,875 g/t silver across 1.00 meter and 115 g/t Silver across 23.39 meters (see IMPACT Silver News Release dated [April 2, 2012](#)). With successful completion of this second phase drill program, the IMPACT mine development team has begun the process of fast tracking Oscar into production by the end of the year to take advantage of its high grade silver zones, while utilizing the existing mining infrastructure at the adjacent historic Cuchara mine.

The Valle de Oro Gold District

During the quarter, IMPACT announced high grade gold and silver values from the 2012 drill program at the Carlos Pacheco Gold-Silver Project. The project is located in the Valle de Oro area, six kilometers southwest of the Guadalupe Processing Plant. The Carlos Pacheco zone was the first gold and copper discovery in the Valle de Oro Gold District. On [July 11, 2012](#), IMPACT announced further drill results from Carlos Pacheco including 8.47 g/t gold and 1.12% copper across 2.75 meters. Exploration by IMPACT for gold and copper will continue here and elsewhere in the district to complement the silver exploration, and may expand IMPACT's future production profile with the addition of gold and copper.

Going forward, management believes IMPACT has exceptional growth opportunities both through continued development of the Zacualpan and Mamatla Mineral Districts and through accretive acquisitions. 2012 has been a year of transition as the Company shifts production from the Chivo mine to the higher grade Oscar mine and construction of the initial phase of the new Capire Production Center is being completed and put into pilot plant production.

George Gorzynski, P.Eng., a Qualified Person under the meaning of Canadian National Instrument 43-101, is responsible for the technical content of this news release. 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. A recorded conference call reviewing the third quarter 2012 results will be available on the Company's website on Thursday, November 15, 2012: 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 which includes Capire, IMPACT is well positioned to grow into a multimillion ounce silver producer. IMPACT also 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 toward production in the Zacatecas Silver District. Additional information including photos of construction activity at Capire can be found on the Company website at www.IMPACTSilver.com.

On behalf of the Directors of IMPACT Silver Corp.,

"Frederick W. Davidson"
President & CEO

For further information, please contact:

Meghan Brush, Investor Relations

(604) 681 0172 or via email at inquiries@impactsilver.com

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1100-543 Granville Street
Vancouver, BC, Canada V6C 1X8
www.IMPACTSilver.com

Telephone 604 681-0172
Facsimile 604 681-6813
inquiries@IMPACTSilver.com