
NEWS RELEASE
IMPACT Silver Corp.

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**IMPACT Silver Corp. Announces Financial and Production
Results for Fourth Quarter and Year End 2012**

IMPACT Silver Corp. (“IMPACT” or the “Company”) announces the audited financial and production results for the fourth quarter and year ended December 31, 2012.

2012 Summary

- At the end of 2012, the Capire Mine and Processing Plant, a new integrated Production Centre and catalyst for growth, was nearing completion (initial operations officially began in March 2013).
- Construction of the Cuchara-Oscar Mine was 90% completed by year end 2012 (and is now complete), which is anticipated to raise overall silver production grades at the Guadalupe Processing Plant.
- Strong financial position at year end 2012: Positive cash flow from operations before changes in non-cash working capital of \$3.3 million, a strong net working capital balance of \$21.4 million, \$16.0 million in cash and no long term debt.
- Substantial increase in exploration drilling success by discovering and defining new silver and gold zones.

During 2012, IMPACT was simultaneously developing two new silver mines both of which began initial production in the first quarter of 2013.

The Capire open-pit mine and 200 tonne-per-day (“tpd”) pilot plant (“Capire”) is the Company’s second operating production center, with plant expansion plans to drive future growth. Initial material being fed to the Capire Plant is an average of 149 grams per tonne (“g/t”) silver, with lower grade material being stockpiled for future processing.

The new underground Cuchara-Oscar Mine, which commenced initial production in February 2013, is projected to provide higher grade silver feed and increase the overall silver grades entering the existing 500 tpd Guadalupe Production Centre. Frederick Davidson, President and CEO, stated, “2012 was a significant year for the Company as we moved two new mines toward production. Despite the challenge of declining silver prices and grades as production shifted from the Chivo Mine to the new Cuchara-Oscar Mine, we anticipate that our two new mines will form the basis of the next level of growth in IMPACT’s silver production.”

Fourth Quarter 2012 Highlights

- Revenues for the fourth quarter remain nearly unchanged at \$4.7 million, compared to \$4.8 million in the fourth quarter of 2011.
- A net loss of \$0.8 million (\$0.01 per share) in the fourth quarter, due to the decrease in silver prices and grades compared to the fourth quarter of 2011. Further, a \$750,000 non-cash partial write-down has been recorded on the Company's holding of Defiance Silver Corp. ("Defiance"), attributable to current market conditions.
- Mine operating earnings for the quarter were \$0.5 million and cash flow from operations before changes in non-cash working capital for the quarter remained positive at \$0.9 million.
- Silver production totaled 148,333 ounces in the fourth quarter of 2012, compared to 169,755 ounces in the comparable period in 2011.
- The average silver grade fell to 131 g/t silver during the fourth quarter of 2012, compared to 158 g/t silver in the fourth quarter 2011.
- Gold production totaled 164 ounces in the fourth quarter of 2012 compared to 163 ounces in the comparable period of 2011.
- Total tonnes milled for the fourth quarter was 42,870, an average of 466 tpd.

2012 Year End Highlights

- Revenue for the year was \$15.9 million, a 35% decrease from \$24.3 million in 2011.
- Net loss of \$1.1 million (\$0.02 per share) compared to net earnings in 2011 of \$7.6 million, due to lower silver prices and decreasing silver grade as production transitioned over the year from the Chivo Mine to the new Cuchara-Oscar Mine, a deferred income tax expense of \$1.1 million and the aforementioned \$750,000 non-cash partial write-down on Defiance.
- Mine operating earnings for the year remain positive at \$4.0 million.
- Operating costs in 2012 totaled \$10.3 million, a slight increase from \$10.1 million in 2011.
- Despite constructing two new mining operations, cash in the treasury at year end 2012 remains strong at \$16.0 million with no debt.
- Cash flow from operations before changes in non-cash working capital for 2012 was \$3.3 million, with a net working capital balance of \$21.4 million.
- Silver production for the year totaled 620,515 ounces compared to 833,607 ounces in 2011.
- Total tonnes produced increased to 168,826 in 2012, up slightly from 154,289 in 2011.
- Mill throughput for the year averaged 463 tpd.
- Revenue per tonne sold averaged \$94.32 and direct cost per tonne milled decreased slightly to \$64.55 in 2012.

Exploration Update

In addition to simultaneously constructing two mines, 2012 proved to be a very successful year for IMPACT's mineral exploration programs. "IMPACT will continue to ambitiously invest in the exploration and development of our 623 square kilometer land package in Mexico, as we see substantial exploration upside evident in the cataloguing of over 3,000 old mine workings on the property to date," stated George Gorzynski, Vice President, Exploration. IMPACT has begun a 30,000-meter surface and underground drill program for 2013, with a minimum of 10,000 meters designated to expand the Capire deposit and to test its nearby satellite silver prospects. Management intends to increase production steadily by advancing mines from discovery into production by using internally generated cash flow and developing additional new production centres within the Zacualpan and Capire districts.

IMPACT is a producing silver mining company with two production centres in south-central Mexico: Guadalupe, located in Mexico State, and Capire, located in Guerrero State. At Guadalupe, the Company's 100% owned and operated underground silver mines feed a central 500 tpd processing plant located within the historic Royal Mines of Zacualpan Silver District. At Capire, the Company's first open-pit silver mine commenced initial production in early 2013. IMPACT also holds a 15.2% shareholding in Defiance, which has plans to advance the Company's processing plant and mineral concessions to production in the Zacatecas Silver District in Mexico. The full version of the financial statements and the management discussion and analysis can be viewed on the Company's website at www.IMPACTSilver.com or on SEDAR at www.sedar.com.

On behalf of the directors of IMPACT Silver Corp.

"Frederick W. Davidson"

President & CEO

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