
NEWS RELEASE
IMPACT Silver Corp.

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**IMPACT Silver Corp. Announces Financial and Production
Results for the Second Quarter and Half Year 2013**

IMPACT Silver Corp. ("IMPACT" or the "Company") announces the unaudited financial and production results for the second quarter and half year ended June 30, 2013.

Fred Davidson, President and CEO, stated, "At the six month mark in 2013, our tonnage, silver production and grades have increased considerably compared to this time last year. We have achieved advancing two mines into initial production this year, which are now beginning to feed higher grade silver to both of our production centres, and we did that with internal cash flow and capital. For the balance of 2013, we will focus exploration on our known higher grade zones and improving the optimization of the Capire pilot plant towards the potential expansion of the open pit mine and production centre."

Half Year 2013 Summary

- Revenues for the first half of the year totaled \$8.0 million, a slight decrease from \$8.1 million in the first half of 2012.
- Operating expenses increased by 32% to \$5.8 million, compared to \$4.4 million in the comparable period of 2012.
- Mine operating earnings amounted to \$1.2 million in the first half of the year, compared to \$2.9 million in the comparable period of 2012.
- Losses for the first half of 2013 were \$2.6 million, largely attributable to increased operating costs, increased non-cash share-based payments expense and a non-cash write-down of \$0.6 million in the carrying value of an investment in the shares of Defiance Silver Corp.
- Cash and cash equivalents totaled \$10.0 million at June 30, 2013, compared to \$16.0 million at December 31, 2012. Cash was reduced as a result of investments made to complete the Capire Production Centre and to further the Company's active drilling exploration program.
- Cash flows from operations before changes in non-cash working capital were \$0.6 million, compared to \$1.9 million in the comparable period in 2012.

Second Quarter 2013 Highlights

- Revenues totaled \$3.8 million, a 4% increase from \$3.6 million in the comparable period in 2012.
- Mine operating earnings were \$0.1 million, compared to \$1.3 million in the second quarter of 2012.
- Net loss after taxes amounted to \$1.9 million, attributable to an increase in operating costs due to retroactive payments to union workers and higher mining costs as initial production began at the Cuchara-Oscar and Capire Mines.

- Cash flows from operations before changes in non-cash working capital were \$(0.2) million and net working capital remained strong at \$12.7 million, subsequent to spending \$1.4 million on exploration and development of the Company's properties and \$2.2 million on property, plant and equipment.
- Silver production increased to 185,998 ounces, a 20% increase from 154,406 ounces in the comparable quarter in 2012.
- Average mill feed grade for silver increased by 12% to 163 grams per tonne (g/t) compared to 145 g/t in the second quarter of 2012.
- Gold production totaled 360 ounces, a 126% increase from 159 ounces in the second quarter of 2012.
- Total tonnes milled during the quarter increased by 6% to 42,086 from 39,813 in the comparable period in 2012.

Refocusing in Times of Lower Metal Prices

On January 2, 2013, the first day of trading for the year, the London Fix silver price was US\$30.87. On June 30, 2013 the silver price was US\$18.86, a 39% decrease, and has since rebounded slightly to average US\$20 per ounce. In response to this significant drop in silver price, the Company is refocusing its mining and exploration work. Mining is now targeting the higher grade silver zones at the operating San Ramon, Noche Buena and Cuchara-Oscar Mines. At the Capire Mine, higher grade material from the open pit is currently being processed while lower grade material is stockpiled for future processing. At the Mirasol Prospect, engineering studies for potential development of the project toward production have been accelerated.

IMPACT is fortunate that its producing mines contain higher grade zones capable of generating positive cash flow in these times of lower metal prices. Exploration for the second half of 2013 will be largely focused on drilling high grade targets that can be quickly put into production through proximal, low cost and rapid expansion of the current producing mines. These initiatives began during the first half of 2013 to achieve positive cash flow in response to lower metal prices while keeping lower grade zones accessible for when metal prices recover. IMPACT's ability to react quickly to changing economics while maintaining a healthy treasury ensures that the Company will weather the downturn in the markets and lower metal prices, and will be ready to benefit from and grow in the coming recovery.

IMPACT Silver operates two silver production centres within its 100%-owned 623 km² land package in south-central Mexico: the Guadalupe Production Centre and the new Capire Production Centre. At Guadalupe, three underground silver mines feed the 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 19.9% shareholding in Defiance Silver Corp., who plans to advance IMPACT's processing plant and mineral concessions into 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. A recorded conference call reviewing the second quarter and half year 2013 results will be available on the Company's website on Tuesday, August 27, 2013 at www.IMPACTsilver.com/s/ConferenceCalls.asp.

On behalf of the Directors of IMPACT Silver Corp.

"Frederick W. Davidson"
President & CEO

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