
NEWS RELEASE

IMPACT Silver Corp.

For release: August 29, 2011

TRADING SYMBOL: "IPT: TSX.V"

**IMPACT SILVER ANNOUNCES
NET EARNINGS AND RECORD REVENUES
IN SECOND QUARTER 2011**

IMPACT Silver Corp. ("the Company" or "IMPACT") is pleased to announce the results for the second quarter ending June 30, 2011.

SECOND QUARTER 2011 HIGHLIGHTS

- Revenues for the quarter reached a new company record of \$8.0 million, significantly up from \$2.9 million in the second quarter of 2010.
- Net earnings for the quarter reached \$2.5 million, up 718% from \$0.3 million in second quarter 2010.
- Earnings per share (EPS) reached \$0.04 for the quarter, up from \$0.01 in the second quarter 2010 and \$0.08 for the first half of 2011.
- Silver production for the quarter reached 224,361 oz., up 20% from 186,890 oz. in the second quarter of 2010 and 485,331 oz. for the first half of 2011.
- Silver sales for the quarter reached 249,851 oz., up 45% from 172,039 oz. in second quarter 2010.
- Mine throughput for the quarter was near full capacity at 416 tpd ("tonnes-per-day"), up from 363 tpd in second quarter 2010.
- Cash flow from operations was \$2.9 million, up from 0.9 million from the second quarter of 2010.
- Cash and cash equivalents stand at \$32.6 million with working capital at \$33.2 million, and no long term debt.

PRODUCTION

Three months ended	June 30 2011	June 30 2010	% Change
Total tonnes (t) produced	37,899	33,033	+15
Tonnes produced per day (tpd)	416	363	+15
Revenue per production tonne sold (\$CDN)	\$195.77	\$96.21	+103
Direct costs per production tonne (\$CDN)	\$79.97	\$53.60	+49
Silver production (oz)	224,361	186,890	+20
Lead production (t)	201	173	+17
Zinc production (t)	316	249	+27
Silver sales (oz)	249,851	172,039	+45
Lead sales (t)	215	164	+31
Zinc sales (t)	353	265	+33

In addition to the successful second quarter, the Company achieved record revenues and silver production for the first half of 2011 due to increased throughput from the Noche Buena Mine and improving grades at the San Ramon mine resulting in higher grade mill feed, as well as completing numerous upgrades to the 500-tpd ("tonnes-per-day") Guadalupe processing plant. Due to higher

silver prices, the Company continued to revise cut-off grades which marginally increased the cost per ounce but contributed to increased silver sales for the first half of 2011 producing a record \$12.7 million in positive cash flow, and an exceptional \$4.9 million in net earnings (\$0.08 EPS), compared to \$0.9 million (\$0.02 EPS) in the comparable period in 2010. The installation of new and more efficient float cells and silver-lead concentrate dryer in the first quarter improved throughput and recoveries, and contributed to silver production of 224,361 oz., up 20% from 186,890 oz. in the second quarter 2010 and marginally down from 260,970 oz. in the prior quarter due to the mill being shut down for four days.

The Company's financial position remained strong with \$32.6 million in cash and cash equivalents and net working capital of \$33.2 million. The Company completed a \$15 million private placement in December 2010 (see [IMPACT news release dated December 15 2010](#)) of which subsequently the warrants attached to the placement were accelerated in June 2011 (see [IMPACT news release June 15 2011](#)) adding \$10.5 million to the Company's cash balance. The Company's working capital is expected to remain very healthy throughout 2011 as cash flow from mining operations is planned to be sufficient to fund the Company's planned 2011 operating costs, exploration expenditures and equipment purchases.

In the Mamatla Mineral District, the Company focused on expediting the new open pit Capire Mine Development Project scheduled for first production in the near term subject to timely receipt of permits. Production plans at Capire are to first install a 200-tpd pilot plant (already purchased) to optimize mining and processing parameters toward planning for a larger operation in the future. Surface rights for all mining areas, tailings dam and the processing plant have been acquired. Condemnation drilling under the plant site, tailings dam and rock waste piles has been completed in preparation for mine and plant construction. When in production, Capire will be the Company's fourth active mining operation and represents a new production district. The orientation and shallow depth from surface of the mineralization will allow for open pit mining of a portion of the zone.

EXPLORATION

IMPACT continues to execute its aggressive 20,000 meters surface and underground 2011 drill program split between the 423-square-kilometer Zacualpan Silver District and the 200-square-kilometer Mamatla Mineral District, while building its GIS database now with over 2,000 old mine workings catalogued. The Company has defined numerous priority drill targets and will likely exceed its target of 20,000 meters of drilling in 2011.

The exploration team assigned to the Capire Subdistrict has been working to expand the Capire Zone. Recent expansion drilling began to outline additional mineralization to the north and southeast beyond the limits of the previously defined Measured and Indicated Mineral Resources (see [IMPACT news release dated February 1, 2011](#)). Highlights include **304g/t silver, 4.51g/t gold, 1.52% lead, 3.05% zinc and 0.49% copper across 5.0m** (see [IMPACT News Release dated August 17, 2011](#)). IMPACT engineers are now studying the possibility of expanding the open pit plan to incorporate these new drill results. The deposit remains open and drilling to expand these resources is continuing. The drill is also testing other nearby zones of mineralization.

During the quarter IMPACT announced initial first phase drill results from the Huatecosco Gold-Silver Camp located south of IMPACT's Noche Buena Mine. Like other prospects in this area, recent drill results included gold rich intersections such as **6.96 g/t gold, 84 g/t silver, 2.89% lead and 5.11% zinc across a true width of 4.24m** (see [IMPACT news release dated June 02, 2011](#)). Drilling is continuing on this and other targets along the 16km long Huatecosco trend.

IMPACT Silver Corp. is a silver focused mining and exploration company operating in Mexico with a producing silver operation at the 423-square-kilometer Royal Mines of Zacualpan Silver District, the 200-square-kilometer advanced Mamatla Silver District including the Capire Mine Development

Project, and an option agreement for a major share position in Defiance Silver Corp. in return for IMPACT's 200tpd mill and mineral concessions in the Zacatecas Silver District (See [IMPACT news release dated August 25, 2011](#) for more details).

A recorded conference call can be accessed at our website: www.IMPACTSilver.com

On behalf of the Directors of IMPACT Silver Corp.,

"Frederick W. Davidson"
President & CEO

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