
NEWS RELEASE
IMPACT Silver Corp.

For Release: August 26, 2014

Trading Symbol: “IPT: TSX.V”

IMPACT Silver Announces Second Quarter 2014 Financial and Production Results

IMPACT Silver Corp. (“IMPACT” or the “Company”) announced today its financial results for the three months ended June 30, 2014. The information in this news release should be read in conjunction with the Company’s unaudited condensed consolidated interim Financial Statements and Management’s Discussion and Analysis, available on the Company website at www.impactsilver.com and on SEDAR at www.sedar.com. All amounts are stated in Canadian dollars, unless otherwise specified.

Fred Davidson, President and CEO, stated, “Our production performance during the second quarter was lower compared to Q1, mainly due to production feed drawn from several mines with different feed grades. We continue our focus to shift silver production to mines with higher grades and to control costs. We will continue to employ a disciplined and prudent approach to our mining and exploration work to position IMPACT to benefit and grow as the market continues to recover.”

Overview for the Quarter Ended June 30, 2014

Financial Overview

- Revenues for the second quarter of 2014 were \$2.6 million, an approximately 32% decrease from \$3.8 million in the second quarter of 2013, resulting primarily from a decline in the silver grade and price.
- Net loss of \$1.0 million for the quarter, an improvement from net loss of \$1.3 million in Q1, of which non-cash items included \$0.7 million in depreciation and amortization and \$0.05 million in share based payments (stock option grants).
- Mine operating loss before amortization and depreciation of \$0.4 million compared to \$0.6 million in earnings in the comparative period.
- A sale of 3,600,000 Defiance shares at \$0.09 per share resulted in net proceeds of \$321,550 and a gain of \$213,550.
- Capital expenditures during the quarter included mineral property expenditures of \$0.7 million which reduced cash to \$1.7 million. The Company continues to be free of long term debt.
- Net working capital decreased to \$4.3 million on June 30, 2014, compared to \$6.9 million on December 31, 2013.

Production Overview

- Silver production decreased 18% to 152,595 ounces for the second quarter of 2014, down from 185,998 ounces in the same period of 2013 but up 3% from the first quarter of 2014.
- Average mill feed grade for silver in the second quarter of 2014 decreased to 142 grams per tonne (g/t) compared to 163 g/t in the second quarter of 2013, but up slightly from 137 g/t in the first quarter of 2014.

- Total tonnes milled during the second quarter of 2014 decreased to 39,015 from 42,086 in the second quarter of 2013.

The Company increased tonnes produced for the first half of 2014 to 78,790 over the last half of 2013 of 75,175. This increase has been a result of additional feed from the Cuchara-Oscar mine as it becomes the Company's principal producer, as well as strong contributions from the San Ramon and Noche Buena Mines. Silver grades were lower in the first half at 139 g/t compared with 155 g/t for the same period in 2013. With production materials being drawn from several mines with different feed grades, mine production can vary from quarter to quarter. However, with the San Ramon and Mirasol mines developing into higher grade mineral, the Company expects an increase in average grades going forward in 2014.

In light of lower silver prices, recent Mexican mining tax changes, increased hauling costs and low overall silver grade being mined at Capire, the Company recognized that the open pit test mining operation was not economic at its present small scale. Thus open pit operations were suspended in February 2014. The Capire plant was being reconfigured to process the gold-copper mineralization at Carlos Pacheco. However, the plant will not be reactivated at current metal prices and further work has been deferred.

A recorded conference call reviewing the financial and production results of the three months ended June 30, 2014 will be available on the Company website on Tuesday, August 26, 2014, at www.impactsilver.com/s/ConferenceCalls.asp.

IMPACT has control of nearly two entire mineral districts in central Mexico: the **Royal Mines of Zacualpan Silver District** and the **Capire-Mamatla Mineral District** adjacent to and southwest of Zacualpan. The Company currently produces silver with lead, zinc and gold at its 500-tpd ("tonne-per-day") Guadalupe processing plant in the Royal Mines of Zacualpan District. Additional information can be found on the Company website, www.IMPACTSilver.com.

On behalf of the directors of IMPACT Silver Corp.,

"Frederick W. Davidson"
President & CEO

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Forward-Looking Statements

This IMPACT News Release may contain certain "forward-looking" statements and information relating to IMPACT that is based on the beliefs of IMPACT management, as well as assumptions made by and information currently available to IMPACT management. Such statements reflect the current risks,

uncertainties and assumptions related to certain factors including but not limited to, without limitations, exploration and development risks, expenditure and financing requirements, title matters, operating hazards, metal prices, political and economic factors, competitive factors, general economic conditions, relationships with vendors and strategic partners, governmental regulation and supervision, seasonality, technological change, industry practices, and one-time events. Should any one or more risks or uncertainties materialize or change, or should any underlying assumptions prove incorrect, actual results and forward-looking statements may vary materially from those described herein. IMPACT does not assume the obligation to update any forward-looking statement.

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