

Arian Silver Raises \$32 Million for San Jose

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LONDON, ENGLAND--(Marketwired - Oct 15, 2014) - [Arian Silver Corp.](#) (the "**Company**" or "**Arian Silver**") (TSX VENTURE:AGQ)(AIM:AGQ)(FRANKFURT:ISA) announces the execution of a \$32 million joint financing package with Quintana AGQ Holding Co. LLC ("**Quintana**") and Quintana San Jose Streaming Co. LLC ("**Quintana Streaming**"). The new financing arrangements should complete the Company's funding requirements for the project and take the company to full-scale commercial production.

Investment Agreement

Arian Silver has entered into an investment agreement (the "**Investment Agreement**") following which Quintana will acquire the US\$15,585,000 principal amount senior secured convertible note (the "**Note**") held by Platinum Long Term Growth VIII ("**Platinum**"), which matures at a 5% premium, and Quintana have extended the term of the Note to March 31, 2015. The Note is convertible, in whole or in part, at the option of Quintana into common shares in the capital of the Company (each, a "**Common Share**") at a price of C\$0.76 per Common Share. The Company will seek approval from the TSX Venture Exchange ("**TSXV**") to restructure the Note with Quintana (the "**New Note**"), and to seek approval from its shareholders for the creation of a new "Control Person" for purposes of TSXV rules. Until such shareholder approval is obtained, Quintana's conversion rights under the Note and exercise rights over any warrants will be limited so as to restrict it from acquiring in excess of 19.9% of the outstanding Common Shares. Arian will be posting a Circular to shareholders with details of a General Meeting as soon as practicable. As part of the restructure of the Note, Quintana shall receive one-half of one warrant for each one Arian Share that Quintana would be entitled to receive in the event that Quintana fully exercised its right to convert all of the principal amount of the Note into Arian Shares pursuant to its rights of conversion on the day following the amendment of the Note (the "**Warrants**"). Each whole warrant would entitle Quintana to acquire one Common Share of the Company at a price of C\$1.00 per Common Share and have a term of 36 months from the Closing Date.

The New Note, if approved, would bear interest at a rate of 8% per annum, be convertible into Common Shares at a price of C\$0.7567 converted into US\$ per Common Share, and will mature 36 months from the date of issuance (the "**Closing Date**"). The principal of the New Note would be amortised over 18 months commencing 18 months after the effective date of the agreement.

The Investment Agreement grants to Quintana: certain anti-dilution rights, and scalable rights to nominate directors to Arian Silver's board of directors based upon the percentage of the total number of outstanding Common Shares and securities convertible into Common Shares ("**Convertible Securities**") on an as converted basis held by Quintana and its affiliates; such rights to take effect from the Closing Date.

Base Metal Purchase Agreement

Arian Silver further announces that a subsidiary of Arian Silver, Arian Silver (Barbados) Corporation, (the "**Seller**") has entered into a **US\$15,635,750** base metal purchase agreement ("**BMPA**") with an affiliate of Quintana, Quintana Streaming, as detailed below, to advance the San José Project to full-scale commercial production.

Under the BMPA, the Seller has agreed to sell Quintana Streaming a proportion of the lead and zinc finished metal ("**Finished Metal**") produced from the San José Project as follows:

- In the case of zinc, 78.2% of the zinc produced from the San José Project until 32,057,308 pounds of zinc are delivered to Quintana Streaming as Finished Metal in accordance with the terms of the BMPA (the "**Zinc Delivery Hurdle**"), and 27.4% thereafter; and
- In the case of lead, 78.2% of the lead produced from the San José Project until 37,783,112 pounds of lead are delivered to Quintana Streaming as Finished Metal in accordance with the terms of the BMPA (the "**Lead Delivery Hurdle**"), and 27.4% thereafter.

Pursuant to the BMPA, the Seller will receive an upfront deposit payment of US\$15,635,750 against the purchase price for the Finished Metals (the "**Upfront Payment**"), payable in instalments in accordance with the terms of the BMPA. The initial portion of the Upfront Payment which is equal to US\$3,360,000 will be payable to the Seller on the effective date of the BMPA. The remainder of the Upfront Payment will be payable by Quintana Streaming to the Seller in five instalments, payable on the achievement of specific milestones relating to the development of the San José Project and subject to the satisfaction of three separate completion tests during the period from May 1, 2015 to March 1, 2016 pertaining to the levels of production, processing and grade at the San José Project. Further announcements relating to the achievement of each milestone will be made in due course.

Quintana Streaming will pay to the Seller a purchase price for the Finished Metal sold and delivered under the BMPA, calculated as follows and subject to adjustment in accordance with the terms of the BMPA:

- In the case of zinc, the lesser of market price and the fixed price of US\$0.25 per pound until the Zinc Delivery Hurdle is met, and then US\$0.375 per pound thereafter; and
- In the case of lead, the lesser of market price and the fixed price of US\$0.25 per pound until the Lead Delivery Hurdle is met, and then US\$0.375 per pound thereafter.

Once the Upfront Payment has been fully reimbursed through the delivery and sale of Finished Metal to Quintana Streaming, the purchase price for both zinc and lead will be the sum of (A) the lesser of the foregoing fixed price and the market price, plus (B) 45% of the amount, if any, by which the market price exceeds US\$1.10 per pound.

The term of the BMPA will be for 50 years with additional ten-year extensions available at the discretion of Quintana Streaming. Pursuant to the BMPA, until such time as the Upfront Payment has been fully offset, Quintana Streaming will have a right of first refusal with respect to any future streaming or similar transactions relating to the San José Project. During the first three years from the effective date of the BMPA, the Seller shall have the right to purchase 50% of Quintana Streaming's rights under the BMPA for US\$10,554,130.

The Seller's obligations to Quintana Streaming under the BMPA will be secured with first ranking charges and security interests over all of the assets of the Seller, Arian Silver, [Arian Silver Corp.](#) UK Ltd. ("**Arian UK**") and Arian Silver de Mexico S.A. de C.V. ("**Arian Mexico**") and with guarantees from, among others, Arian UK and Arian Mexico, the registered holder of the San José Project.

Copies of the Investment Agreement and the BMPA will be made available under the Company's profile on SEDAR at www.sedar.com.

Jim Williams, Chief Executive Officer of Arian Silver commented: "**Today's announcement of the wide ranging financing agreements with Quintana marks a pivotal moment in the short history of Arian. Not only will the substantial funds provided allow Arian to complete plant construction at the San José mine as previously outlined in detail but also now enable accelerated mine development towards achieving the stated aim of a producing silver and lead/zinc operation at up to 1,500 tonnes per day. It is important to note that the base metal streaming agreement with Quintana only relates to by product lead and zinc leaving Arian completely unhedged in relation to silver.**"

Quintana represents a long standing and financially strong group of companies with considerable expertise in many aspects of the natural resource sector. We anticipate developing a mutually beneficial relationship with Quintana and look forward to welcoming their nominees, Oliver Rodz and David Laing, to the Arian Board. Further announcements relating to their proposed appointment will be made in due course.

I would like to thank all our shareholders for their support during this extended re-financing period and I believe these comprehensive financing arrangements are in their best interests.

Finally I must take this opportunity to thank all our directors, staff and advisors in achieving such an all embracing re-financing package in a very challenging macro-economic period for commodities in general and the junior mining sector in particular and we can all now move on to unlocking the

undoubted shareholder value at San José".

Oliver Rodz, President of Quintana Resources Holdings LP, the parent company of the Quintana entities entering into the transactions added, **"We are excited about supporting the Arian management team in making the San José project a successful operating mine in the near term, as well as establishing the Company as a significant player in the mid-tier space".**

Forward Looking Information:

This press release contains certain "forward-looking statements". All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements relating to approval by the Company's shareholders and by the TSX-V regarding the New Note) are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking statements are subject to a number of significant risks and uncertainties and other factors that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company. Factors that could cause actual results or events to differ materially from current expectations include, but are not limited to the failure to replace the Note with the New Note.

Forward-looking statements involve known and unknown risks, uncertainties, assumptions of management and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statement, including but not limited to: (a) the conditions to closing of the acquisition of the Note not being met; (b) the company being unable to obtain exchange or shareholder approval as required pursuant to the Investment Agreement, (c) the Company being unable to achieve the milestones relating to the instalment payments under the BMPA or the Company being unable to satisfy the completion tests under the BMPA; (d) risks associated with the development and advancement to production of the Company's San José Project, and (e) such other risks detailed from time-to-time in the Company's quarterly and annual filings with securities regulators and available under the Company's profile on SEDAR at www.sedar.com.

Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guaranteed of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

Neither the TSXV nor its Regulation Services Provider (as that term is defined in policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

Notes to editors

About Arian Silver Corporation

Arian Silver is a silver exploration, development and production company with a focus on projects in Zacatecas, within the silver belt of Mexico, the world's most productive silver district.

Arian Silver's flagship San José silver project comprises the San José underground mine (Ag, Pb, Zn) and a newly refurbished custom beneficiation plant that is in the late stages of development. The project is expected to begin commissioning by the end of 2014.

Full details of the Company's NI 43-101 compliant mineral resource estimate are available from www.ariansilver.com/s/SanJose.asp.

About Quintana Minerals Corporation Group

Quintana San José Streaming Co. LLC and Quintana AGQ Holding Co. LLC are subsidiaries of Quintana Resources Holdings LP, a metals and mining holding company managed by Quintana Resources Capital ULC (QRC). QRC is a Vancouver-based natural resources-focused management company with a mandate to identify, evaluate, finance and manage high quality metals and mining companies and assets. These companies are all members of the Houston-based Quintana Minerals Corporation (QMC) group of companies, which have been in existence for close to 100 years.

QMC was originally formed as the mining division of Quintana Petroleum Corp in 1963, and is today the management company for a portfolio of energy and natural resources-based private and publicly-traded companies and private equity firms controlled and/or operated by the Corbin J. Robertson Jr. family.

The following are examples of some the group's other ongoing ventures: Great Northern Properties L.P., a private company that holds over 20 billion tons of coal reserves; [Corsa Coal Corp.](#), a publicly traded junior mining company leading a consolidation strategy (CSO.V); Quintana Energy Partners, L.P., energy-focused private equity funds; LKCM Headwater Investments, a generalist private equity firm focusing on lower middle-market opportunities; and Quintana Shipping Ltd., the group's 2nd dry bulk shipping venture.

For more information please visit www.quintanaresources.com and/or contact Oliver Rodz, Managing Director of QMC, 601 Jefferson Street, Suite 3600, Houston, Texas 77002 (tel: +1 713-751-7500).

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