Arian Silver's MD&A and Results for the Three and Nine Months Ended 30 September 2014

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LONDON, ENGLAND -- (Marketwired - Nov. 26, 2014) - Arian Silver Corporation ("Arian Silver" or the "Company") (AIM:AGQ) (TSX VENTURE:AGQ) (FRANKFURT:I3A), a silver exploration, development and production company with a focus on projects in the silver belt of Zacatecas, Mexico, announces today the release of its Management's Discussion and Analysis ("MD&A") and unaudited Financial Statements ("Financials") for the three and nine months ended 30 September 2014.

The MD&A and audited Financials will be available at SEDAR at www.sedar.com and on the Company's website at www.ariansilver.com. These documents can also be obtained on application to the Company. The following information has been extracted from the MD&A and Financials. The financial information in this announcement does not constitute full statutory accounts.

Arian Silver's Chief Executive Officer, Jim Williams, commented today, "We are at a truly exciting phase of Arian Silver's development as we enter the final stages of the installation of our refurbished processing plant. We expect commissioning to commence in the coming weeks as we prepare for commercial silver production.

The necessary mine development is ahead of schedule, and with our recently agreed financing package with Quintana coupled with the new board appointments, we have a solid foundation from which operations will commence."

THE STRATEGY

The Company's strategy is to:

- establish a silver mining business capable of sustaining more than two million ounces per annum, and

- build shareholder value by expanding silver resources on the Company's mining concessions in Zacatecas, Mexico.

OVERVIEW OF THIRD QUARTER 2014

The Company continued to progress the transportation, reassembly and installation of the Plant during the third quarter of 2014, and moved towards the final stages of negotiations to strengthen its financial position for the future.

Highlights

- Plant commissioning remains on track for commissioning by the end of 2014;
- Foundations laid for the crushing, milling, flotation and conveyor circuits;
- Crushing, milling and lead flotation circuits mounted;
- Installation of conveyor circuit commenced; and
- Financing activities progressed to final stages.

Overview of financial performance

	Three months ended 30 Sept 2014	Three months ended 30 Sept 2013	Change	Nine months ended 30 Sept 2014	Nine months ended 30 Sept 2013	Change
	$000s	$000s	$000s	$000s	$000s	
Revenue	-	-	-	-	129	
Gross loss	(223)	(25)	(198)	(376)	(515)	139
Net profit/(loss) for the period	(1,211)	875	(2,086)	(2,963)	(1,029)	

	As at 30 Sept 2014	As at 31 Dec 2013	Change
	$000s	$000s	$000s
Cash and cash equivalents	738	7,241	(6,503)
Total assets	30,352	28,366	1,986

Total assets have increased since 31 December 2013 as a result of the continued investment in the mine and Plant and the capitalisation of interest for the period. The movement in the Company's cash balance reflects the continued investment in the mine and Plant together with general corporate and administrative expenditure.

The increased net loss is primarily due to the fair value adjustment relating to the derivative liability (this is explained further in note 7 to the Q3 Financial Statements).

In September 2014, the Company made a £107,000 draw down under its Standby Equity Distribution Agreement ("SEDA") with YA Global Master SPV Ltd ("YA").

On 30 September 2014, the Company extended its US$15,585,000 principal amount senior secured note held by Platinum Long Term Growth VIII, LLC ("Platinum"), which was convertible into Common shares at C$1.10 per share (the "Platinum Note") until 15 October 2014.

Overview of operational performance

	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Head grade - Ag grams per tonne (g/t)	-	-	-	-
Tonnes mined	-	1,588	5,739	8,057
Tonnes milled	-	-	-	-
Silver concentrate tonnes produced	-	-	-	-
Recovery %	-	-	-	-
Silver ounces produced	-	-	-	-
Silver ounces per concentrate tonne produced	-	-	-	-
Silver ounces sold	-	-	-	-
Silver concentrate tonnes sold	-	-	-	-
Quarter end inventory balances				
Mined tonnes stockpile	34,342	34,342	32,754	27,015
Silver concentrate inventory tonnes	-	-	-	-
Silver ounces included in concentrate inventory	-	-	-	-

	Q3 2013	Q2 2013	Q1 2013	Q4 2012
Head grade - Ag grams per tonne (g/t)	-	191	174	-
Tonnes mined	1,816	4,628	-	-
Tonnes milled	-	3,221	258	-
Silver concentrate tonnes produced	-	43	4	-
Recovery %	-	41.42	60.90	-
Silver ounces produced	-	8,180	878	-
Silver ounces per concentrate tonne produced	-	190	251	-
Silver ounces sold	-	9,058	-	-
Silver concentrate tonnes sold	-	37	-	-
Quarter end inventory balances				
Mined tonnes stockpile	18,958	17,142	17,935	18,192
Silver concentrate inventory tonnes	-	-	4	-
Silver ounces included in concentrate inventory	-	-	878	-

The Plant's refurbishment programme ran between Q4 2013 and Q2 2014 during which time, in addition to the refurbishment of the Plant components, a new dedicated power line was installed, site buildings were refurbished, earthworks were completed, and transportation of the Plant commenced. Furthermore, during Q2 2014, a new decline into the Soledad section of the San José mine intersected the vein.

During Q3 2014, the Company's operational focusses were completing the transportation of the Plant and its installation and reassembly, all of which remains on target to allow commissioning to commence by the end of 2014.

Comparison of quarter year-on-year

	Q3 2014	Q3 2013	Change
Head grade - Ag grams per tonne	-	-	-
Tonnes mined	-	1,816	(100%)
Tonnes milled	-	-	-
Silver concentrate tonnes produced	-	-	-
Silver ounces produced	-	-	-
Silver ounces per concentrate tonne produced	-	-	-

SUBSEQUENT EVENTS

Quintana financing

Following the extension of the Platinum Note on 30 September 2014, the Group announced on 15 October 2014, the execution of a $32 million joint financing package with Quintana and Quintana Streaming as part of which, Quintana purchased and cancelled the Platinum Note, subscribed for a US$16,452,343, 8% coupon, senior secured convertible note (the "New Note"), entered into a $15,635,750 base metals purchase agreement ("BMPA"), and received warrants over 12,151,926 Common shares in the Company, exercisable at C$1.00 per Common share, until 29 October 2017.

Under the terms of the BMPA, 78.2% of lead and zinc produced at the San José project will be delivered to Quintana Streaming as finished metal until the delivery hurdles of 37,783,112 pounds, in the case of lead, and 32,057,308 pounds in the case of zinc, have been met; thereafter 27.4% of production of each base metal will be delivered to Quintana Streaming. Quintana Streaming will pay the lesser of market price or $0.25 per pound of lead or zinc (as applicable) until the delivery hurdles have been met, and $0.375 per pound thereafter.

Upon reimbursement of the upfront payment through the delivery and sale of finished metals, Quintana Streaming will pay an additional 45% of the amount, if any, by which the market price of lead or zinc exceeds $1.10 per pound of commodity purchased.

The BMPA has a 50 year term, which can be extended for 10 years at a time, at the discretion of Quintana. The Group has the right to buy-back 50% of Quintana Streaming's rights to the San José base metal production within a 3 year period for $10.6 million.

The principal amount of the New Note is convertible at any time at the option of Quintana for Common shares at a price equal to C$0.7567 per share (converted into US$ on the business day prior to the time of such conversion) and matures on 29 October 2017.

Under the terms of the BMPA, funds will be advanced to the Company upon the achievement of certain operational milestones. Should the Company fail to meet one or more of the milestones, it would not receive the full amount of funds that would otherwise be expected from Quintana.

The Company entered into an investment agreement with Quintana, under which to Quintana was granted certain anti-dilution rights, scalable rights to nominate directors to Arian Silver's board of directors, the right to receive certain information based upon the percentage of the total number of outstanding Common shares and securities convertible into Common shares on an as-converted basis held by Quintana and its affiliates, and certain registration rights. It also requires the passing of a shareholders resolution by 31 March 2015 to authorise the creation of Quintana as a Control Person under the rules of the Toronto Venture Stock Exchange and a general meeting has been called for that purpose on 9 December 2014. In the event the resolution is not passed by 31 March 2015, the Company will be in default of the agreement with Quintana and the principal amount of the Note remaining unpaid together with accrued but unpaid interest thereon would become immediately due and payable upon demand.

Appointment of non-executive directors

Under the terms of the financing package, Quintana were granted scalable rights to nominated directors to Arian Silver's board of directors and on 17 November 2014, Oliver Rodz and David Laing were appointed as non-executive directors of the Company.

SEDA drawdown

On 9 October 2014 the Company announced that it had drawn down £60,265 from its SEDA with YA. Under the terms of the SEDA, the Company allotted, 224,653 Common Shares to YA. For further information on the SEDA facility see the Standby Equity Distribution Agreement section below.

REVIEW OF FINANCIAL PERFORMANCE

Summary of quarterly results

The Company's focusses during the quarter were completing the transportation of the Plant, and its reassembly and installation, together with finalising financing negotiations.

Unaudited	Q3 2014 $'000	Q2 2014 $'000	Q1 2014 $'000	Q4 2013 $'000
Revenue	-	-	-	-
Cost of sales	(223)	(140)	(13)	(49)
Gross loss	(223)	(140)	(13)	(49)
Net investment income	7	(2)	2	1
Net loss for the period	(1,211)	(699)	(1,053)	(583)
Basic and diluted loss per share	$(0.04)	$(0.02)	$(0.03)	$(0.02)
Total assets	30,352	30,687	29,454	28,366
Total non-current financial liabilities	(195)	(192)	(190)	(187)
Shareholders' equity	(12,551)	(14,368)	(14,842)	(15,784)

Unaudited	Q3 2013 $'000	Q2 2013 $'000	Q1 2013 $'000	Q4 2012 $'000
Revenue	-	129	-	34
Cost of sales	(25)	(413)	(206)	(256)
Gross loss	(25)	(284)	(206)	(222)
Net investment income/(loss)	44	(68)	(21)	(84)
Net profit/(loss) for the period	875	(947)	(956)	(1,156)
Basic and diluted earnings/(loss) per share	$0.03	$(0.03)	$(0.03)	$(0.04)
Total assets	27,361	14,582	15,154	14,119
Total non-current financial liabilities	(185)	(182)	(186)	(177)
Shareholders' equity	(15,717)	(13,414)	(13,971)	(13,003)

FUTURE OUTLOOK

The Company is at an advanced stage of the refurbishment and construction of La Tesorera processing plant.

The Plant, which is expected to have begun commissioning by the end of 2014, is projected to deliver substantial cost savings against the previous toll milling operations. With reduced operating costs, the Company should enjoy significantly higher operating margins than would otherwise have been achievable under previous toll milling arrangements under the same conditions.

The completion of the construction of the Plant will be a significant development for the business and a critical event as the business moves towards the execution of its long-term strategy.

Forward-Looking Information:

This press release contains certain "forward-looking information". 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. This forward-looking information reflects the current expectations or beliefs of the Company based on information currently available to the Company as well as certain assumptions (including that the Company will be able to obtain the necessary financing). Forward-looking information is 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 information, 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 raise the necessary financing, as well as unexpected delays in completing the reassembly and installation of, and the commencement of commissioning of, La Tesorera processing plant, which could lead to unexpected delays in the start of commercial operations and delays in the Company's mine expansion plans.

Any forward-looking information 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 information, 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 information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.

This press release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities of the Company in the United Sates. The securities of the Company have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

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