

Trading Symbols  
AIM: AGQ  
TSX-V: AGQ  
FWB: I3A

LONDON, Aug. 31, 2015 /CNW/ - [Arian Silver Corp.](#) ("Arian Silver" or the "Company"), a silver mining company focussed on silver 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 six months ended 30 June 2015.

The MD&A and audited Financials will be available at SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.ariansilver.com](http://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, "The phased commissioning of the Company's processing plant has been ongoing during the second quarter of the year.

The commissioning process has highlighted the need for remedial work to the tertiary crusher which will result in a delay in completion of commissioning into Q4 this year, and a corresponding delay in mine development.

The silver price has continued to fall this year, recently touching a six year low and current market consensus is for continued short-term weakness. Therefore, it has become clear that alterations to the mine plan will be required if profitable production is to be achieved in the current climate, and amendments to the mine plan will take place contemporaneously with the remedial work to the tertiary crusher.

Additional working capital will be required whilst the Company makes these changes and we are currently in discussions with several groups in order to satisfy this requirement. Current market conditions, including the weak silver price, are of course a concern, and it is important to highlight the success of any such fundraising cannot be guaranteed.

On a more positive note, the two remaining ball mills are now ready to be commissioned and should enable increased throughput once the tertiary crushing bottleneck has been cleared. In addition, the zinc circuit is now mechanically complete and should be ready to be brought online as soon as the aforementioned work is complete."

## 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 SECOND QUARTER 2015

During the quarter, the Company continued the phased commissioning programme of La Tesorera processing plant (the "Plant"), which saw first concentrate sales from the first of two flotation circuits in April 2015.

## Highlights

- First silver-lead concentrate sales revenues received in April 2015
- Commissioning of the Plant remains underway in Q2 2015 and is expected to continue during Q3 2015
- Results from the phase 5 drill programme confirm the continuity of the vein through the Guanajuatillo section of the San José mine
- Cash balance at 26 August 2015: \$0.7 million

## Overview of financial performance

|                                       | Six months ended | Six months ended | Change |
|---------------------------------------|------------------|------------------|--------|
|                                       | 30 June 2015     | 30 June 2014     |        |
|                                       | \$000s           | \$000s           | \$000s |
| Gross loss                            | -                | (153)            | 153    |
| Administrative expenses               | (2,029)          | (1,634)          | (395)  |
| Gain/(loss) on derivative liabilities | 5,533            | 35               | 5,498  |
| Net investment (loss)/income          | (11)             | -                | (11)   |
| Net profit/(loss) for the period      | 3,493            | (1,752)          | 5,245  |

|                           | As at 30 June 2015 | As at 31 Dec 2014 | Change |
|---------------------------|--------------------|-------------------|--------|
|                           | \$000s             | \$000s            | \$000s |
| Cash and cash equivalents | 778                | 2,846             | 2,068  |
| Total assets              | 40,001             | 35,865            | 4,136  |

During the period the Company drew down \$5.9 million in accordance with the terms of the Base Metals Purchase Agreement ("BMPA") with Quintana San Jose Streaming Co. LLC ("Quintana Streaming").

A total of 202 tonnes of lead-silver concentrate has been sold for \$0.5 million. During the Plant's commissioning process, any income from concentrate sales (less the associated production costs) is capitalised and recognised as a non-current asset. This is a constituent element of "Property, plant and equipment" in the consolidated statement of comprehensive income.

Total assets increased since 31 December 2014 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 drawdown under the BMPA, the continued investment in the mine and Plant together with general corporate and administrative expenditures.

The net profit for the period was primarily due to the fair value adjustment relating to the \$5.5 million gain on derivative liabilities (this is explained further in note 7 to the Financial Statements).

## Overview of operational performance

|  | Q2 2015 | Q1 2015 | Q4 2014 | Q3 2014 |
|--|---------|---------|---------|---------|
| Head grade - Ag grams per tonne (g/t)        | 161     | -       | -       | -       |
| Tonnes mined                                 | 14,370  | 5,719   | (695)   | -       |
| Tonnes milled                                | 18,278  | -       | -       | -       |
| Silver concentrate tonnes produced           | 244     | -       | -       | -       |
| Recovery %                                   | 57      | -       | -       | -       |
| Silver ounces produced                       | 54,034  | -       | -       | -       |
| Silver ounces per concentrate tonne produced | 222     | -       | -       | -       |
| Silver ounces sold                           | 47,581  | -       | -       | -       |
| Silver concentrate tonnes sold               | 202     | -       | -       | -       |

## Quarter end inventory balances

|   |        |        |        |        |
|---|--------|--------|--------|--------|
| Mined tonnes stockpile                          | 35,458 | 39,366 | 33,647 | 34,342 |
| Silver concentrate inventory tonnes             | -      | -      | -      | -      |
| Silver ounces included in concentrate inventory | -      | -      | -      | -      |

|  | Q2 2014 | Q1 2014 | Q4 2013 | Q3 2013 |
|--|---------|---------|---------|---------|
| Head grade - Ag grams per tonne (g/t)        | -       | -       | -       | -       |
| Tonnes mined                                 | 1,588   | 5,739   | 8,057   | 1,816   |
| 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 | 32,754 | 27,015 | 18,958 |
| Silver concentrate inventory tonnes             | -      | -      | -      | -      |
| Silver ounces included in concentrate inventory | -      | -      | -      | -      |

During Q2 2015, the Company continued the phased commissioning of the Plant, which continues through Q3.

During the quarter, the Company published the results of its fifth phase drilling results, which demonstrated the significant potential for further silver and base metal resources within the San José vein system, returning some excellent intersections with

increased true widths in several drill holes.

The results confirmed that the silver, lead and zinc mineralisation extends beneath the township of Guanajuatillo over a length of a kilometre. The Guanajuatillo area connects to the Soledad resource blocks to the east as well as to the resource blocks to the west of Guanajuatillo.

These drilling results will enable us to update our NI 43-101 compliant mineral resource estimate over the coming months and we look forward to updating shareholders in due course.

In addition, the Company recently commenced an underground drilling program using its own compact drilling rig which has been set up to drill the down dip extensions of the San José vein system and to further aid mine development work.

Mine development remained a focus of the Company during the period with the aim of further preparing areas in readiness for the Company's production ramp-up. Two new decline ramps at the Soledad and Guanajuatillo sections of the mine were progressed during the month. The operation is already producing ore from Soledad section of the mine.

#### Comparison of quarter year-on-year

|  | Q2 2015 | Q2 2014 | Change |
|--|---------|---------|--------|
| Head grade - Ag grams per tonne              | 161     | -       | 100%   |
| Tonnes mined                                 | 14,370  | 1,588   | 805%   |
| Tonnes milled                                | 18,278  | -       | 100%   |
| Silver concentrate tonnes produced           | 244     | -       | 100%   |
| Silver ounces produced                       | 54,034  | -       | 100%   |
| Silver ounces per concentrate tonne produced | 222     | -       | 100%   |

#### SUBSEQUENT EVENTS

##### Funding

Cash of \$1.6 million was received in July 2015 pursuant to the terms of the BMPA. The Company has now received \$15.2 million of the \$15.6 million committed by Quintana Streaming.

#### FUTURE OUTLOOK

The Company is continuing the phased commissioning of its recently refurbished processing plant. This, together with the planned ramp-up, albeit delayed in the immediate term, to its maximum projected processing capacity of 1,500tpd over the coming months, and achievement of consistent production thereafter sees the Company firmly on the path to achieving its long-term strategy.

The Plant is expected to deliver substantial cost savings against the Company's previous toll milling operations. With reduced operating costs, the Company should enjoy significantly higher operating margins than would have been achieved in the past under the same conditions.

The price of silver continued to decline during 2015. Whilst the directors believe the price of silver will rise significantly in due course, continued short-term commodity price weakness inevitably reduces the cash generated by operating activities and increases the Company's financing requirements; the Board is therefore taking the steps necessary to strengthen the Company's financial position.

##### Forward-Looking Information:

Certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterised by words such as "planned", "expected", "forecast", "projected", "intended", "believe", "anticipate", "budget", "scheduled", "outlook" and other similar words or statements that certain events or conditions may or will occur.

Forward-looking statements are based on the opinions and estimates of management at the dates the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements.

These factors include the inherent risks involved in exploration and development, and mining of mineral properties, the

uncertainties involved in interpreting drilling results and other geological data, fluctuating metal prices, the possibility of project cost overruns or unanticipated operating costs and expenses, uncertainties related to the necessity of financing, the availability of and costs of financing needed in the future, and other factors described in the Company's MD&A under the heading "Risk Factors and Uncertainties".

The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change, other than as required by securities laws. The reader is cautioned not to place undue reliance on forward-looking statements (including, without limitation, statements relating to the mineral resource estimates, statements regarding the San José project, the ability of the Company to achieve, maintain and possibly increase planned levels of production, and the ability of the Company to generate positive cash flow from the San José project, the ability to continue or implement proposed drilling programmes on the San José vein system and the Company's exploration, development and production plans and objectives), or the ability of the Company to raise additional funds.

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 risks and uncertainties 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 realised or substantially realised, 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, among other things, the performance of contractors and plant and equipment, and failure to achieve anticipated production levels and mineral grades for ore from the San José project, failure to establish estimated mineral reserves, the possibility that future exploration results will not be consistent with the Company's expectations, uncertainties relating to the availability and costs of financing needed in the future, changes in the silver commodity price, changes in equity markets, political developments in Mexico, changes to regulations affecting the Company's activities, delays in obtaining or failures to obtain required regulatory approvals, the uncertainties involved in interpreting exploration results and other geological data, and the other risks involved in the mineral exploration and development industry.

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 guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

Any mineral resource figures disclosed are estimates and no assurances can be given that the indicated levels of minerals will be produced. Such estimates are expressions of judgement based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While the Company believes that the resource estimates are well established, by their nature resource estimates are imprecise and depend, to a certain extent, upon statistical inferences, which may ultimately prove unreliable. If such estimates are inaccurate or are reduced in the future, this could have a material adverse impact on the Company.

Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that mineral resources can be upgraded to mineral reserves through continued exploration.

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 States. 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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SOURCE [Arian Silver Corp.](#)

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