Arian Silver's MD&A and Results for the Three and Six Months Ended 30 June 2013

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LONDON, ENGLAND -- (Marketwired - Aug. 29, 2013) - Arian Silver Corporation ("Arian" or the "Company") (TSX VENTURE:AGQ) (AIM:AGQ) (FRANKFURT:I3A), a silver exploration, development and production company with a focus on projects in the silver belt of Mexico, today announced the release of its Management's Discussion and Analysis ("MD&A") and unaudited Financial Statements ("Financials") for the three months and six months ended 30 June 2013.

The MD&A and Financials are 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's Chief Executive Officer, Jim Williams, commented today, "Today's results come at a time of significant potential change for Arian. Arrangements to finance the acquisition of the Company's own mill continue to progress, and I hope to be able to provide a full update on this very soon."

OVERVIEW OF SECOND QUARTER 2013

Financial

	Second Quarter 2013 $000s	Second Quarter 2012 $000s	Change $000s
Revenue	129	2,104	(1,975)
Gross (loss)/profit	(284)	(138)	(146)
Net (loss)/profit for the period	(947)	(1,133)	186

	Six Months ended 30 Jun 2013 $000s	Year ended 31 Dec 2012 $000s	Change $000s
Cash and cash equivalents	635	491	144
Total assets	14,582	14,119	463

Trial production resumed in February 2013 at the Beneficiadora de Jales y Minerales Juan Reyes SA de CV ("Juan Reyes") processing plant albeit on a small scale. However, following the recent volatility in the silver price, an agreement has been reached by mutual consent with the owner of Juan Reyes to cease operations in June 2013. The decrease in revenues is due partly to the silver price being significantly lower, but mainly due to the production being much less than the equivalent quarter in 2012.

Cash balances at Q2 2013 were higher as further drawdowns on the Standby Equity Distribution Agreement ("SEDA") facility have contributed to working capital and other costs in the short-term.

Operations

	Second Quarter 2013	Second Quarter 2012	Change
Head grade - Ag grams per tonne	191	181	6%
Tonnes mined	4,628	26,268	(82%)
Tonnes milled	3,221	28,903	(89%)
Silver concentrate tonnes produced	43	298	(86%)
Silver ounces produced	9,294	98,616	(91%)
Silver ounces per concentrate tonne produced	216	331	(35%)
Silver ounces sold	9,058	93,112	(90%)
Silver concentrate tonnes sold	37	286	(87%)

Trial production ceased during the quarter at the Juan Reyes plant.

Exploration

The preparation and exploring of mining blocks continued in order to verify the continuity of mineralisation. Level 150 was dewatered and rehabilitated, and sampling took place obtaining new accessible mining blocks that were included in the resource estimate. The preparation and exploring of mining blocks continued in order to verify the continuity of mineralisation.

Subsequent Events

The Company announced on 23rd August 2013 the positive advancement of negotiations regarding future financing. The private placement debt financing of US$15,585,000 (the "Private Placement") comprises a senior secured convertible note (the "Note"), which would mature at a premium of 5% if not otherwise converted, twelve months from its date of issuance and will bear interest at an annual rate of 14% to be prepaid in full upon closing of the Private Placement.

It remains expected the Note will be convertible, in whole or in part, at the option of the holder, at any time following the closing date and up to and including the maturity date into fully paid and non-assessable common shares ("Common Shares") in the capital of the Company (collectively the "Note Shares") at price of CAD$0.11 per Note Share (the "Conversion Price"). If at the time of sending a conversion notice the Common Shares are then listed on the TSX Venture Exchange ("TSXV"), not more than 96% in aggregate (including prior conversions, if any) of the principal amount may be converted at the Conversion Price, and in the event that all or any part of the remaining 4% is to be converted, it shall be converted based on the last closing price of the Common Shares on the TSXV immediately prior to the date of sending the applicable conversion notice. The Note is expected to be secured on all or substantially all of the Company's and its subsidiaries' assets.

In connection with the Private Placement, the subscriber will receive a 4% arrangement fee from the gross proceeds. The TSXV has conditionally approved the Private Placement, subject to the Company fulfilling all of the listing requirements of the TSXV.

Assuming that all the regulatory conditions are satisfied, the proceeds from the private placement are intended to be used to acquire the El Boté processing plant, including transportation of plant to new site, refurbishment of plant, and new ground works at the site, mine expansion as well as for working capital and corporate purposes.

This processing plant has the capacity for processing up to 1,500 tonnes per day and is expected to provide significant cost savings from toll milling.

Since 30 June 2013, the Company has issued 5,293,499 common shares at an average price of £0.043 in relation to the drawdown of the SEDA, generating funding of £225,655.

Following this share issue the Company has in issue 328,088,286 common shares with voting rights.

The Company sold all of its shareholding (of 1,089,318 shares) in Geologix Explorations Inc. ("Geologix") for proceeds of $143,603 (CAD 148,916). This shareholding was reported with a fair value of $104,000 at 30 June 2013.

THE STRATEGY

- Obtain advanced and low-cost (acquisition cost) silver projects and rapidly build up resources in the ground. Arian is focusing its exploration efforts in one of the richest known silver-bearing districts in the world - the Zacatecas State of Mexico.

- Focus on projects with prior exploration and production history, thereby reducing risks and capital costs.

- Develop projects towards production through a combination of company development and/or Joint Venture (JV) and acquisition opportunities.

- Build shareholder value by expanding silver resources and reserves, and increasingly efficient production.

REVIEW OF OPERATING PERFORMANCE

	Q2	Q1	Q4	Q3	Q2	Q1	
	2013	2013	2012	2012	2012	2012	2012
Head grade - Ag grams per tonne (g/t)	191	174	-	-	181	173	
Tonnes mined	4,628	-	-	4,072	26,268	21,5	
Tonnes milled	3,221	258	-	-	28,903	24,39	
Silver concentrate tonnes produced	43	4	-	-	298		
Recovery %	47.05	60.90	-	-	58.74	49.01	
Silver ounces produced	9,294	878	-	-	98,616		
Silver ounces per concentrate tonne produced	216	251	-	-	331	221	
Silver ounces sold	9,058	-	-	8,937	93,112		
Silver concentrate tonnes sold	37	-	-	32	286		
Quarter end inventory balances							
Mined tonnes stockpile	17,142	17,935	18,192	18,204			
Silver concentrate inventory tonnes	4	4	-	-	36		
Silver ounces included in concentrate inventory	1,114	878	-	-	11,276	5,772	

Head Grade

The head grade of 191 is an increase on previous quarters.

Tonnes mined

4,628 tonnes were mined in the quarter.

Tonnes milled

3,221 tonnes of stockpiled ore were milled during Q2 2013 as processing commenced at the Juan Reyes mill.

Silver concentrate produced

9,294 ounces of silver concentrate were produced during Q2 2013 compared to 878 ounces during Q1 2013.

% Recovery

The recovery rate of 47.05% is a reduction from the 61.90% reported for Q1 2013, and is attributable to low and discontinuous throughput.

Mined tonnes stockpile

The stockpile of mined ore was 17,142 tonnes at the end of Q2 2013 compared to 17,935 tonnes at the end of Q1 2013.

Mining Operations

All figures in this table are quoted in metres	2013		2012			
	Q2	Q1	Q4	Q3	Q2	Q1
Exploration Drilling	44	-	-	12	121	120
Ramp development	67	107	81	68	242	98
Preparation	25	-	-	8	151	179
Raises	70	-	-	33	31	32
Total	206	107	81	121	545	429

Mining focussed on the Ramal Norte/Sur, San José 75 m Level Central Zone and Santa Ana resource blocks. These were selected from several delineated resource blocks to support an initial pilot scale mining operation with the potential to increase the mining rate to circa 1,500 tpd subject to milling capacity availability.

During Q2 2013 the Company developed 206 metres. The preparation and exploring of mining blocks continued in order to verify the continuity of mineralisation. Level 150 was dewatered and rehabilitated, and sampling took place obtaining new accessible mining blocks that were included in the resource estimate. Development continues at the mine, but on a reduced scale to meet obligations to keep the mine operational until mining is resumed.

Milling Operations

The Company played an important role in managing and completing the commissioning of the Juan Reyes plant during Q2 2013. This included the identification of milestones, critical paths, task management, supervision and the completion of the Lead circuit and testing of the crushing section.

Water had been scarce owing to low levels of rainfall in Zacatecas state, although heavy rainfall during summer 2013 has alleviated this somewhat. Efforts were made to ensure a reliable source of water for the Juan Reyes processing plant, including sourcing water from the Calicanto mine, less than 1km away. This had the advantage of reducing the water levels in the mine, which will improve access to mining blocks.

During Q2 2013 a total of 3,221 tonnes were processed at Juan Reyes. This was more conservative than initial estimates, and reflects on-going adjustments to refine the operations and processes.

Following the recent volatility in the silver price, an agreement has been reached by mutual consent with the owner of Juan Reyes to cease operations in June 2013. The decrease in revenues is due partly to the silver price being significantly lower, but mainly due to the production being much less than the equivalent quarter in 2012.

Exploration Drilling

The phase 5 exploration drilling program has been prepared and it is anticipated that it will begin once additional funding has been secured.

Laboratory

The independent on-site laboratory was operated by the Stewart Group (a subsidiary of the ALS Chemex Group) until June 2013. Thereafter the Company assumed responsibility for laboratory operations in order to reduce expenditure. This valuable facility which provides timely analysis of samples and critical information to improve the decision making process of mining and milling staff. In addition the laboratory provides an invaluable tool during drilling programmes which has significantly decreased the turnaround times for analysis of Arian's sampled drill cores.

MINERAL RESOURCE

Three of the Company's concessions representing 145 hectares, which were not considered to hold any mineralisation and which were outside the mineralisation trend, have been cancelled. The cancellation of these concessions does not impact the Company's NI 43-101 mineral resource estimate and the Company now holds 28 mineral concessions in Mexico totalling 7,755 hectares as set out below.

Project Name	No. of Concessions	Area in hectares ("ha")
San José	8	6,134
Calicanto	7	84
Others	13	1,537

Qualified Person

Mr. Jim Williams, Eur Ing, Eur Geol, BSc, MSc, DIC, FIMMM, the Chief Executive Officer of Arian, a "Qualified Person" as defined in the AIM guidelines of the London Stock Exchange, and a "Qualified Person" as such term is defined in Canadian National Instrument 43-101 ("NI 43-101"), has reviewed and approved the technical information in this Review of Operations other than the mineral resource estimates referred to below.

San José Project, Zacatecas State

The 100%-owned San José property is located approximately 55 kilometres ("km") to the southeast of Zacatecas City and comprises 8 mining concessions totalling approximately 6,134 ha. The property has significant infrastructure, including a 4.5 x 5 metre ("m") main haulage ramp extending more than 4.0km along the San José vein ("SJV") system, and a 350m deep, 500 tonne per day ("tpd") vertical shaft with operational hoist. In addition, a number of shallower vertical shafts are located along the SJV.

A 2% NSR (net smelter royalty) on SJV revenue is payable to the vendor of the San José property.

Mineral Resource

Arian's resource estimate includes all drilling programmes from 2006 along the SJV which has a delineated NI 43-101 and a JORC-compliant resource estimate of approximately 30.61 million ounces of silver, 67.02 million pounds of lead and 149.91 million pounds of zinc in the "indicated" mineral resource category, and 88.65 million ounces of silver, 205.25 million pounds of lead and 410.50 million pounds of zinc in the "inferred" mineral resource category. These NI 43-101 and JORC-compliant mineral resources are summarised in the table below:

	Average Grade			Contained Metal		
Resource Category	Tonnes	Ag	Pb	Zn	Ag	Pb
	(t)	(g/t)	%	%	(Moz)	(Mlb)
Indicated	8,000,000	119	0.38	0.85	30.61	67
Inferred	24,500,000	110	0.38	0.76	86.65	205

1. Geological characteristics and +30 ppm grade envelopes used to define resource volumes.
2. Each mineral resource estimate is in accordance with CIM standards.
3. The effective date of each mineral resource estimate is 12 March 2012.
4. The estimates are based on geological, statistical and geostatistical data assessment and computerised IDW3, Ag grade wireframe restricted, linear block modelling.
5. The resource was estimated using 188 drill holes and more than 38,000 metres.
6. Resource figures were prepared under the supervision of Malcolm Titley who is a Qualified Person (as defined in Canadian National Instrument 43-101).
7. Tonnage figures have been rounded to reflect this as an estimate.
8. Ag (silver) ounces have been calculated using 31.1035 g = 1 oz.
9. Pb (lead) and Zn (zinc) tonnes have been calculated using 2204.622 lbs = 1 tonne.
10. The mineral resource is 100% owned by Arian.

The following reports prepared by A.C.A. Howe International Limited relating to the San José project are available on the Company's website www.ariansilver.com or on SEDAR at www.sedar.com:

a. Report dated 22 September 2009 and entitled "Preliminary Economic Assessment Report (PEAR) on the San José Silver-Lead-Zinc Deposit, Zacatecas, Mexico"; and

b. Report dated 15 August 2008 and entitled "Resource Estimation Update for the San José Silver-Lead-Zinc Deposit, Zacatecas, Mexico".

Readers are reminded that mineral "resources" are not mineral "reserves" as they have not yet demonstrated economic viability. There is no certainty that mineral resources can be upgraded to mineral reserves through continued exploration.

On 24 May 2013 the Company filed an updated technical report entitled 'NI43-101 Technical Report Update - San José Project, Zacatecas, Mexico'.

REVIEW OF FINANCIAL PERFORMANCE

SUMMARY OF QUARTERLY RESULTS

Milling re-commenced in February 2013. However, in June 2013, following downward volatility in the silver price, an agreement was reached with the owner of the mill to cease operations at the Juan Reyes plant. These factors have had a significant impact on the comparability of quarter-on-quarter figures set out below:

Unaudited 2013 2012 2011
Q2 Q1 Q4 Q3 Q2 Q1 Q4 Q3

$'000 $'000 $'000 $'000 $'000 $'000 $'000 $'000
Revenue 129 - 34 136 2,104 2,314 2,367 2,434
Cost of sales 413 206 256 475 2,242 2,379 1,921 1,914
Gross (loss)/profit (284) (206) (222) (339) (138) (65) 446 520
Operating (loss)/profit (879) (935) (1,072) (1,025) (1,006) (855) (393) (486)
Net investment (loss)/profit (68) (21) (84) 57 (127) 81 (50) (116)
Net (loss)/profit for the period (947) (956) (1,156) (968) (1,133) (774) (443) (602)
Basic and diluted loss per share $ 0.00 $ 0.00 $ 0.00 $ 0.00 $ 0.00 $ 0.00 $ 0.00 $ 0.00

Total assets 14,582 15,154 14,119 14,409 15,021 16,732 16,250 16,894
Total non-current financial liabilities 182 186 177 175 172 171 170 168
Shareholders' equity 13,414 13,971 13,003 13,464 13,647 15,370 14,909 15,806

LIQUIDITY, CAPITAL RESOURCES AND WORKING CAPITAL

As announced on 27 September 2012, the Company entered into a 3 year £5 million SEDA with YA Global Master SPV Ltd ("Yorkville"), an investment fund managed by YA Global LP. The SEDA allows the company to draw down funds in exchange for the issue of shares in the Company.

Under the terms of the SEDA, any equity issued shall be priced at 95 per cent of the prevailing market price over a pricing period of between 5 and 20 days, in accordance with the agreement. The amount of each advance may not exceed, an amount not more than 400 per cent of the average daily trading volume of shares multiplied by the volume weighted average price on AIM for the five trading days prior to the drawdown request.

Use of the facility is entirely at the discretion of the Company and there are no penalties for not drawing down on the facility.

The following share purchase options were outstanding as of 28 August, 2013, each entitling the holder to acquire one common share of the Company: 22,310,000 share purchase options with exercise prices ranging from £0.055 to £0.4925 (Cdn$0.10 to Cdn$0.79) and expiring on various dates up to May 2018.

Working Capital - 30 June 2013

As at 30 June 2013, the Company has working capital of approximately $1.4m (31 December, 2012: $1.6m). The items of working capital and changes compared to 31 December 2012 are as follows:

Current assets

- cash and cash equivalents of $0.6m (31 December 2012: $0.5m);

- trade and other receivables of $1.0m (31 December 2012: $1.2m). $0.9m of the outstanding balance relates to the IVA (government sales tax) debtor owed to Arian which is in the process of being recouped as well as $0.1m for the concentrate sold;

- inventories of $0.7m (31 December 2012: $0.6m) relates to stockpile held at cost relating to production at the San José mine, this includes an inventory adjustment of $41,000 to write down to net realisable value; and

- financial assets held at fair value through profit or loss of $0.1m (31 December 2012: $0.2m) relates to the Geologix shares received as part consideration for the final instalment for the sale of the Tepal project.

Current liabilities

- trade payables of $1.0 million (31 December 2012: $0.9 million).

Off-balance sheet arrangements

The Company has no off-balance sheet arrangements.

FUTURE OUTLOOK

On 15 March 2013 the Company announced the signing of a provisional agreement with Sandy Hill Ltd, a company incorporated in the British Virgin Islands, to acquire a processing plant currently located close to Zacatecas City, with a capacity to treat up to 1,500 tonnes per day of silver-lead-zinc ore ("EL Bote Mill").

In March 2013 the Company paid an initial $100,000 to secure a 120 day due diligence period, which has been extended into August 2013. On acquisition, the El Bote Mill would be reassembled in modular fashion on-site at San José, and once operating will enable production efficiencies and increased revenue potential.

The final purchase price for the El Bote Mill was agreed at $3.12 million.

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 and that the proposed subscriber will complete the Private Placement). 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 close the Private Placement and obtain the necessary financing to acquire the El Bote processing plant or to satisfy the other conditions precedent to the transaction as well as unexpected delays in completing the transportation and refurbishment of the El Bote processing plant which could lead to unexpected delays in the start of 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.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) and no stock exchange, securities commission or other regulatory authority accepts responsibility for the adequacy or accuracy of this release nor approved or disapproved of the information contained herein.

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