Annual Report 2016
For the year ended 31 December 2016

Contents

Forward looking statements

Certain information in this annual report may constitute a forward-looking statement. Forward-looking statements are frequently characterised by words such as "plan", "expect", "forecast", "project", "intend", "believe", "anticipate", "expect", "budget", "scheduled", "outlook" and other similar words or statements that certain events or conditions "may" or "will" occur.

Forward-looking statements are not guarantees of future performance. Rather, they are based on current opinions and estimates of management and involve known and unknown risks, uncertainties, and other factors that may cause actual results to differ from any future results or developments expressed or implied from each forward-looking statement. Each forward-looking statement is expressed only as at the date on which it is made and 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.

Chairman's and Chief Executive's statement

Dear shareholders,

We are pleased to take this opportunity to reflect on the period from January 2016 and to consider the progress Arian has made across the period, during which time we positioned the Company to strengthen the balance sheet and extinguished all loans. We also de-listed from the TSX Venture stock exchange to reduce our regulatory overheads and better reflect the UK-centricity of our shareholder base.

Following a full review of our portfolio of silver projects, we were able to take advantage of an opportunity to divest one of our non-core projects, Calicanto and realise funds to develop the business. The interest in the project and successful completion of the disposal illustrates the ability of the group to realise value from its assets.

Over the period, we undertook a low cost exploration programme over the Company's silver projects and that work will shape our future exploration plans for those concessions.

In April 2017, we announced that we have begun to position ourselves to take on a portfolio of lithium assets, through the acquisition of an option over three exploration projects in Zacatecas State, Mexico that we believe to have potential to host lithium. This is an exciting prospect for the Company.

Our preliminary sampling of these projects has evidenced the presence of lithium deposits and we look ahead to the future exploration and development of these assets. This move into lithium marks the path for diversification away from a single commodity, which should make the Company more robust and capable of withstanding the natural pricing volatility of the markets.

We would like to thank all our shareholders for their continued support look forward to updating you on our further progress during the second half of 2017.

A J Williams
Executive Chairman

J T Williams
Chief Executive Officer

Business overview

Strategy and business model

Arian's objective is to create a portfolio of primarily lithium, silver and gold exploration projects, principally in Mexico.

The group has operated in Mexico for over ten years during which time it has established long-term relationships with local government, communities, and key stakeholders. Arian's geological experts assess and identify projects for potential mineralisation. Where-ever possible, the projects are acquired on a low-cost option basis whilst preliminary exploration is undertaken to assess the merits of further work.

Where preliminary studies evidence sufficient mineralisation, increasingly comprehensive studies will be undertaken with a view to delineating a compliant mineral resource estimate in readiness of potential sale of the asset to a producing mining company, at which time a significant premium over its acquisition and development cost may be justified.

Financial highlights

As at 31 December 2016, the Company had total assets of $1.3 million (2015: $1.6 million) of which $0.4 million (2015: $0.5 million) was cash. The Company had total liabilities of $0.1 million (2015: $0.5 million) of which $0.1 million were current liabilities (2015: $0.5 million).

In the year ended 2016 the Company made an operating loss of $1.6 million (2015: $2.9 million) and a loss per share of $0.01 (2015: $0.46).

Overview of operations

In February 2016, the Company entered into a memorandum of understanding with Tierra Nueva Mining Ltd ("TNM") in relation to the Noche Buena gold and silver tailings project to evaluate its portfolio of mineral properties in Zacatecas State, Mexico and in May 2016 the Company negotiated an exclusive option whilst it undertook due diligence on TNM's tailings project. The metallurgical testwork undertaken by Resource Development Inc (RDi) of Denver, Colorado, in the USA, demonstrated that the tailings were highly refractory and included various gangue minerals that would not only inhibit extraction of the silver and gold, but also lead to significant penalties levied by any purchasers of any concentrate produced. Accordingly, the Company did not advance this project.

During the course of 2016 and into 2017, the Company carried out a high level exploration programme over its portfolio of silver mining concessions covering an area of over approximately 1,500 hectares, to develop and direct future exploration work.

Silver properties

As at 31 December 2016, the Company had 12 fully owned mining concessions split between four distinct project areas:

San Celso project

The 88 hectare San Celso project is located in the historic mining district of Pánfilo Natera-Ojocaliente and is surrounded by other concessions to the south and west. It encompasses two veins: the San Celso and Las Cristinitas veins. Work carried out during 2016 resulted in the surface extension of these veins of 800 metres. Samples taken to date have evidenced grades of up to 395g/t Ag, 13,700ppm Pb, and 13,900ppm Zn.

Los Campos project

The Los Campos project comprises four concessions covering an area of approximately 500 hectares and is located on the south side of the city of Zacatecas. The property encompasses at least two known veins: the Los Campos vein and the San Rafael vein, and is easily accessible 15-minutes' drive from the centre of the City of Zacatecas.

The Los Campos vein system has been developed along a strike distance of 3.3km and to depths exceeding 100m. Our geological mapping and sampling discovered additional veins running either parallel or nearly parallel to the Los Campos vein.

La Africana project

The La Africana project is a strategically located project covering approximately 15 hectares, 3 kilometres south west of Pánfilo Natera. The project encompasses a past-producing mine and work carried out on the project evidences significant zones of high-grade silver mineralisation over respectable widths.

Calicanto project

On 1 August 2016 the Company announced its Mexican subsidiary, Compañía Minera Estrella De Plata SA de CV, had executed a binding agreement with Minera Oro Silver de Mexico SA de CV ("Minera Oro Silver"), a subsidiary of Endeavour Silver Corporation, to sell the Company's 75 hectare Calicanto Project for US$400,000. The amount due from the sale is shown in the consolidated statement of financial position as an asset held for sale.

The transaction was completed in 2017, upon execution and ratification of the assignment agreement in respect of the relevant mineral concessions.

Other silver mining concessions

Arian Silver holds three additional concessions not otherwise grouped into project groupings, covering almost 900 hectares. These concessions were acquired in 2006 because of their strategic position to the San Celso project. These concessions too require further exploratory work to fully assess their economic potential.

Lithium properties

In early 2017, the Company acquired options over three potential lithium projects and carried out preliminary exploration which evidenced the presence of lithium at each of the project areas. Further exploration work is planned to ascertain the full extent and grade of mineralisation.

Pozo Hondo project

The Pozo Hondo project is the largest of the projects at almost 1,100 hectares in size and encompasses one salar, the Laguna El Salado.

Columpio project

The Columpio project is almost 400 hectares in size, encompassing two salars, Laguna Tenango and Laguna La Virgen, approximately 24km from the town of Villa de Cos.

Abundancia project

The Abundancia project is 150 hectares in size and encompasses the Laguna Noria del Burro salar, approximately 40km from the town of Villa de Cos.

Future outlook

Confidence was markedly stronger at the end of 2016 than it was at the start of that year as a result of a successful and well-supported financing. This financing allowed for the exploration programme over its existing portfolio of silver projects and initial payment in respect of the option over lithium assets.

We remain positive about the long term outlook for the silver price and are committed to ensuring our silver assets are well placed to benefit from any further increase in the silver price, which has already risen by approximately 10% during the course of 2017.

Our recent move to include lithium within our portfolio of exploration assets provides our shareholders with exposure to the fast paced growth in demand for this commodity.

Our immediate focus is on the integration of the lithium assets into our exploration programme and as we advance that work, we will also continue to seek out opportunities to expand our portfolio, creating a strong pipeline of projects ready for sale or exploitation.

Governance

Corporate governance statement

Maintaining the highest standards of corporate governance in the context of the stage, size and complexity of any company, together with robust systems of internal control are fundamental building blocks for any business. Accordingly, the Company intends to comply and adhere to the Main Principles of the UK Corporate Governance Code published by the Financial Reporting Council (the "Code"). The Directors have therefore put in place appropriate governance structures and provide information which would be expected for companies listed on the AIM market of the London Stock Exchange. However, the Company is not required to comply with the Code, so this report does not describe compliance with or departures from the Code.

Board of directors

The Board of Directors is responsible for overseeing the long term success and strategic direction of the Company in accordance with the schedule of matters reserved for board decision and it responsible for monitoring the activities of the executive management.

Executive Chairman
A. J. Williams

Skills and experience
Tony Williams has over 40 years' experience in the international mining industry, having been involved in projects in the Americas, Australia, Africa and Europe and the former Soviet Union. Mr Williams co-founded Arian Silver and has held a number of directorships in public and private companies engaged principally in mining finance and mineral exploration.

Roles on Board committees
None

Chief Executive Officer
J. T. Williams

Skills and experience
Jim Williams is a professional geologist with over 30 years' experience in exploration, development and mining, evaluation and management. Prior to co-founding Arian Silver, Mr Williams was a director of two US companies, one of which was operational in Zacatecas State, Mexico. Mr Williams holds BSc, MSc and D.I.C. degrees in Geology, Geo-mechanics, mineral exploration and evaluation. In addition Mr Williams is a Fellow of the Institute of Mining, Metallurgy and Materials (FIMMM), a Chartered Engineer (CEng), Chartered Geologist (CGeol), European Engineer (Eur Ing) and European Geologist (Eur Geol) and is therefore a "Competent Person" under the rules of the London Stock Exchange and a "Qualified Person" under the rules of the Toronto Stock Exchange.

Mr Williams has published work including a diamond policy study review in Sierra Leone on behalf of the UK government, and has worked as an expert witness for a leading London-based law firm.

Roles on Board committees
Member: Health, Safety & Environment Committee

Non-executive director
T. A. Bailey

Skills and experience
Tom Bailey qualified as a solicitor in 1975 and worked as an in-house lawyer for a number of years with Citibank and Chase Manhattan before returning to private practice to establish a law firm which ultimately became one of the top 500 law firms in London. Mr Bailey was the senior partner of his firm specialising in commercial law. Mr Bailey has for a number of years carried out consultancy work for various companies.

Roles on Board committees
Member: Audit Committee member
Chairman: Corporate Governance Committee
Chairman: Nomination & Remuneration Committee

Non-executive director	Skills and experience
J. S. Cable	James Cable has been a chartered accountant for over 35 years and has extensive experience at board level in various companies. He has significant international and commercial experience gained in the Middle East, Africa, Far East and Europe in several business sectors including natural resources and construction. He is a former Finance Director of Kopane Diamond Developments Plc and Mantle Diamonds Ltd and he advises natural resources companies on corporate strategy and project finance and is a director of Emeraldfields Limited and Blue Lias Technologies plc.

Roles on Board committees

Chairman: Audit Committee
Member: Corporate Governance Committee
Member: Health, Safety & Environment Committee
Member: Nomination & Remuneration Committee

Non-executive director	Skills and experience
J. A Crombie	Mr Crombie is a mining engineer with over 30 years of broadly based experience in the mining industry. Mr Crombie has held several senior executive positions with various mining companies, including Hope Bay Gold Corporation, Palmarejo Silver & Gold Corporation until its merger with Coeur d'Alene Mines, and was a mining analyst and investment banker with Shepards, Merrill Lynch, James Capel & Co. and Yorkton Securities. Mr Crombie is also currently an officer or director or both of a number of publicly-traded resource companies. He graduated from the Royal School of Mines, London, with a Bachelor of Science (Hons).

Roles on Board committees

Member: Audit Committee
Member: Health, Safety & Environment Committee
Member: Nomination & Remuneration Committee

All directors are required to allocate sufficient time to the Company to discharge their responsibilities effectively and the Board meets frequently throughout the year.

There is a clear division of responsibilities between the Chairman and the Chief Executive. The Chairman is responsible for the leadership of the Board and ensuring its effectiveness on all aspects of its role. The Chief Executive is responsible for the performance of the Company, together with the Chairman.

In addition, at least half the Board comprises independent non-executive directors who provide a balance of skills and experience, and who are responsible for providing constructive challenge to and assistance in, developing proposals on strategy.

The Board considers each of the non-executive directors to be independent in character and judgement and are therefore deemed independent directors despite not meeting all of the criteria set out in the UK Corporate Governance Code. Each of the non-executive directors has a tenure in excess of nine years. In the year ended 31 December 2016 Messrs Bailey and Cable received no additional fees for services provided to the Company during that period (2015: $28k and $16k respectively). All the non-executive directors participate in the Company's share option plan; the extent of their participation is not considered to impact their independence.

The Company has a schedule of matters reserved for its own decision, an executive committee comprising exclusively executive directors or officers, and two committees comprised entirely of non-executive directors: the Audit Committee and the Nomination & Remuneration Committee.

Each committee has formally delegated responsibilities by way of terms of reference.

The performance of the Board, committees and individual directors are evaluated on a regular basis.

Appointment and removal of directors
The powers of the directors of the Company are determined by its Articles of Association and British Virgin Islands ("BVI") legislation, each of which contain rules about the appointment and replacement of directors. They provide that subject to certain conditions, directors may be appointed by an ordinary resolution of the members or by a resolution of the directors, provided that, in the latter instance, a Director appointed in this way retires at the first AGM following his or her appointment.

The Company's Articles of Association also provide that directors should normally be subject to re-election at the AGM at intervals of three years although directors may volunteer to stand for re-election annually.

A director may cease to be a director:
- By special resolution of the members approved by 75% of the shareholders entitled to vote
- By resolution of the directors
- If he resigns
- If he ceases to meet the eligibility requirements under the BVI Companies Act.

Conflicts of interest
All Directors have duties under the BVI Business Companies Act to act with care, diligence and skill, in the best interests of the Company.

Certain directors and officers of the Company also serve as directors and/or officers of, or have investments in other companies involved in mineral exploration and development and consequently there is the potential for conflicts of interest.

In the event a conflict of interest should arise, each individual so conflicted is required to disclose the conflict in accordance with the Company's Articles of Association in order that it can be considered and approved if appropriate. No director may vote on any matter in which he or she may be deemed to be interested.

On an ongoing basis, the directors are responsible for informing the Company Secretary of any new actual or potential conflicts that may arise or if there are any changes in circumstances that may affect an authorisation previously given. Even when provided with authorisation, a director is not absolved from his or her statutory duties.

Siberian Goldfields Ltd
On 24 September 2013 the Company acquired an option for $200,000 to conduct due diligence on Siberian Goldfields Ltd ("SGL") and its mineral properties, with a view to Arian undertaking a potential equity transaction or other corporate transaction or investment with SGL ("Transaction"). On 27 November 2013, Arian gave notice to SGL of its election not to proceed with a Transaction.

The option grant fee is repayable by SGL to Arian together with interest payable at a rate of 10% per annum in the event that Arian elects not to proceed with a Transaction. Interest accrued during the year ended 31 December 2016 amounted to $20,000 (2015: $20,000). As at 31 December 2016, $265,000 (2015: $245,000) was owed to Arian by SGL. The balance outstanding was settled as described in note 24.

Tony Williams is a director of the Company and both a director and shareholder of SGL.

Dragon Group Ltd
Dragon Group Ltd charged the Company a total of $154,851 (2015: $134,003). This relates to the reimbursement of Tony Williams' remuneration paid on behalf of the Company. Tony Williams, Chairman and a director of the Company, beneficially owns Dragon Group Ltd. At 31 December 2016, $12,498 (2015: $15,742) was outstanding.

Board Committees
The Board of Directors has four standing committees:
- Audit Committee
- Nomination & Remuneration Committee
- Corporate Governance Committee
- Health, Safety & Environment Committee

The Company Secretary is Secretary to each Committee and attends all meetings.

The Board considers that each of the Committees has an appropriate balance of skills, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively.

Audit Committee
The Audit Committee meets at appropriate times in the reporting and audit cycle, and otherwise as required. It is responsible for nominating the external auditor recommending to the Board the auditor's compensation, overseeing the work of the auditor, and approving any proposals for non-audit services. The Audit Committee is also responsible for reviewing public announcements relating to the Company's profit or loss or cash flow, satisfying itself of the adequacy of procedures for the release of financial information, and ensuring the maintenance of appropriate and proportionate procedures for addressing matters relating to accounting, internal financial controls and auditing matters.

It is the Board of Directors' conclusion that each of the members of the Audit Committee has an understanding of the accounting principles used by the Company to prepare its financial statements, the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves, and experience in evaluating financial statements that present a breadth and level of complexity of accounting issues generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements.

The Audit Committee is currently composed of three members, being Messrs James S. Cable, Thomas A. Bailey, and James A. Crombie, each of whom is an independent non-executive director and each of whom is deemed financially literate. Mr Cable serves as Chairman of the Audit Committee.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee meets at least once each year, and otherwise as required. It is responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise, having due regard for the structure, size and composition of the Board together with the skills, knowledge, experience and diversity of both the Board and the individual. Additionally, the Nomination & Remuneration Committee is responsible for reviewing the results of any board effectiveness review that relates to the composition of the board.

The scale and structure of the remuneration and compensation packages for the directors is set taking into account time commitment, comparatives, and risks and responsibilities, to ensure that the amount of compensation adequately reflects the individual's previous performance, achievements, experience, responsibilities and the risks of the office or position held, and in the context of the Company's risk profile, to ensure they do not encourage excessive risk taking.

The Nomination & Remuneration Committee is currently composed of three members, being Messrs Thomas A. Bailey, James S. Cable and James A. Crombie, each of whom is an independent non-executive director.

Mr Bailey serves as Chairman of the Nomination & Remuneration Committee.

Corporate Governance Committee

The corporate governance committee was established in March 2016 and will meet at least once each year, and otherwise as required. The corporate governance committee is responsible for reviewing the corporate governance framework for the Company, its implementation, and compliance, and making suitable recommendations to the Board.

The Corporate Governance Committee is currently composed of two members, being Messrs Tom Bailey and James Cable. Mr Bailey serves as Chairman of the Corporate Governance Committee.

Health, Safety & Environment ("HSE") Committee

The HSE Committee was established in March 2016 and will meet at least once each year, and otherwise as required. The HSE Committee is responsible for reviewing the health, safety and environmental policies of the group, performance in its adherence thereto, and adequacy of relevant resources.

The HSE Committee is currently composed of three members, being Messrs Jim Williams, James Cable and Jim Crombie.

Board assessments

Based upon the Company's size, its current state of development and the number of individuals historically on the Board of Directors, the Board of Directors has considered a formal process for assessing regularly the effectiveness and contribution of the Board of Directors, as a whole, its committee or individual directors to be unnecessary. The Board of Directors plans to continue evaluating its own effectiveness on an ad hoc basis.

Relations with shareholders

The directors encourage major shareholders to engage with the Chairman or Chief Executive in discussing strategy and governance. The Chairman or Chief Executive reports to the Board as a whole, on the views of major shareholders.

All investors are encouraged and welcomed at the Company's annual general meeting, at which there is opportunity to pose questions to the directors.

Major shareholders

As at 23 June 2017 being the latest practicable date, the Company had not been notified of any major shareholders.

Directors' remuneration

Overview

The Company's policy is to set remuneration to attract and retain the highest quality of directors and senior executives, and to:

- align their interests with shareholders',
- avoid incentivising excessive risk taking by executives,
- be proportionate to the contribution of the individuals concerned, and
- be sensitive to pay and employment conditions elsewhere in the group.

The Board of Directors has established a Nomination & Remuneration Committee.

The Nomination & Remuneration Committee meets as required each year to review the performance of the executive directors and to determine their respective compensation. The scale and structure of the remuneration and compensation packages of directors is set taking into account time commitment, comparatives, risks and responsibilities, to ensure that the amount of compensation adequately reflects the individual's previous performance, achievements, experience, responsibilities and risks of the office or position held, and in the context of the Company's risk profile, to ensure they do not encourage excessive risk taking on the part of the recipient of such compensation.

The Company is at an early stage of development. As a result, the use of traditional performance standards, such as corporate profitability, is not considered by the Nomination & Remuneration Committee to be appropriate in the evaluation of corporate or directors' performance. Discretionary bonuses may be paid to aid staff retention and reward performance.

The members of the Nomination & Remuneration Committee have the necessary experience of executive compensation matters relevant to their responsibilities as members of such a committee by virtue of their respective professions, contacts within the minerals industry as well as experience in the broader business community. In addition, each member of the Nomination & Remuneration Committee keeps abreast on a regular basis of trends and developments affecting executive compensation. Accordingly, it is considered that the Nomination & Remuneration Committee has sufficient experience and knowledge to set appropriate levels of compensation. Neither the Company nor the Nomination & Remuneration Committee engaged independent consultants to evaluate the levels of compensation during the year ended 31 December 2016.

The recommendations of the Nomination & Remuneration Committee are submitted to the independent members of the Board of Directors for consideration and approval.

The Company provides executive directors with base salaries which represent their minimum compensation for services rendered during the financial year. The base salaries of directors and senior executives depend on the scope of their experience, responsibilities, and performance. A description of the material terms of each director's contract is provided under "Terms of Directors' Employment, Termination and Change of Control Benefits" below.

The Nomination & Remuneration Committee has considered the risk implications of the Company's compensation policies and practices and has concluded that there is no appreciable risk associated with such policies and practices since such policies and practices do not have the potential of encouraging an executive officer or other applicable individual to take on any undue risk or to otherwise expose the Company to inappropriate or excessive risks. Furthermore, although the Company does not have in place any specific prohibitions preventing executives from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of options or other equity securities of the Company granted in compensation or held directly or indirectly, by the director, the Company is unaware of the purchase of any such financial instruments by any director.

Other than changes to the share option plan as disclosed below, the Company does not anticipate making any significant changes to its compensation policies and practices during 2016.

Share Option Plan and Option-Based Awards

The Company currently has two discretionary share option plans: an Unapproved option plan as amended and restated, effective as of 1 December 2006 (the "Unapproved Plan"), and the EMI share option plan ("Approved Plan") which was adopted by the Board on 3 February 2017, and which provides for the award of share options under HMRC's approved Enterprise Management Incentive scheme, the Company Share Option Plan, as well as Unapproved share options.

The Unapproved Plan was established to encourage ownership of the Common Shares of the Company by directors, officers, employees of the Company and its subsidiaries, and other service providers responsible for the management and profitable growth of the Company's business and to advance the interests of the Company by providing additional incentive for such persons and to enable the Company and its subsidiaries to attract and retain valued directors, officers, employees and other service providers. In February 2017 the Board resolved that no further options would be granted under the Unapproved Plan and succeeded it with the Approved Plan.

Historically, options were allocated as approved by the Board of Directors on the recommendation of the Nomination & Remuneration Committee. Option awards were reviewed periodically and took into account previous option grants, changes in executive positions and overall contribution to the Company.

The Approved Plan provides that the maximum number of shares which may be reserved and set aside for issue under it, is 10% of the Company's issued share capital at the date of grant. The aggregate number of shares which may be reserved for issuance to any one person under the Share Option Plan and which are subject to outstanding options granted under a prior plan, must not exceed 5% of the issued shares (determined at the date the option was granted), in a 12 month period.

Summary Compensation Table

The following table sets forth the compensation awarded, paid to or earned by each director during 2016.

All figures in US$	**2016**			**2015**		
Director and position	**Base Salary / Fees**	**Option based awards**	**Total**	**Base Salary / Fees**	**Option based awards**	**Total**
A. J. Williams *Executive Chairman*	121,000	-	121,000	138,000	-	138,000
J. T Williams *Chief Executive*	296,000	-	296,000	336,000	-	336,000
T. A Bailey *Non-Executive Director*	34,000	-	34,000	38,000	-	38,000
J. S. Cable *Non-Executive Director*	34,000	-	34,000	38,000	-	38,000
J. A. Crombie *Non-Executive Director*	34,000	-	34,000	38,000	-	38,000

Notes:

(1) Salaries are paid in pounds sterling and translated to US dollars based on the average £:$ foreign exchange rate for each respective year (2016: 1.3444; 2015: 1.4802).

(2) The fair value of options granted is calculated using the Black-Scholes model as this model is widely accepted as an industry standard and is considered to provide the best estimation of value.

(3) During the year $64,364 (£47,875) of wages and salaries was satisfied by the issue of 4,787,493 ordinary shares in the Company.

Outstanding Option-based Awards

The following table sets out all stock options outstanding at 31 December 2016 for each of the Company's directors.

Name	Number of securities underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options ($)[1]
A. J. Williams	200,000	£0.700[2]	29 May 2018	-
J. T Williams	200,000	£0.700[2]	29 May 2018	-
T. A. Bailey	25,000	£0.700[2]	29 May 2018	-
J. A. Cable	25,000	£0.700[2]	29 May 2018	-
J. S. Crombie	25,000	£0.700[2]	29 May 2018	-

Notes:

(1) The value of unexercised in-the-money options is calculated by using the closing share price on AIM on 31 December 2016 of £0.006 less the exercise price of the in-the-money stock options, and using the foreign exchange rates as at 31 December 2016 of £:$ 1.23363.

(2) The adjusted pre-consolidation market price on the TSX Venture Exchange on the trading day immediately prior to the date of grant was C$0.80. The option exercise price was therefore at a 36% premium to the market value at that time. The Company's securities are no longer traded on the TSX Venture Exchange.

Terms of directors' employment, termination and change of control benefits

In the context of the summaries below, change of control means where any person (or persons acting in concert) who (directly or indirectly) controls the Company ceases to do so or if a person (or persons acting in concert) acquires (directly or indirectly) control of the Company. Control shall be construed in accordance with section 840 of the Income and Corporation Taxes Act 1988 of Great Britain.

Anthony Williams, Executive Chairman

Mr A. Williams provides his services to the Company on a part-time basis. His appointment may be terminated by either party upon 12 months' written notice. The Company may terminate the appointment by notice but with immediate effect for reasons including gross misconduct or bankruptcy. The appointment agreement is governed by the laws of England. If during the term of Mr Williams' appointment there is a change of control and within 12 months of such change of control the Company or Mr Williams terminate the appointment, Mr Williams will be entitled to compensation, being a lump sum of 300% of his salary at the date of the change of control. The appointment agreement contains restrictive covenants including a non-compete clause for six months following termination.

James Williams, Chief Executive Officer

Mr J. Williams provides his services to the Company on a full-time basis. His appointment may be terminated by either party upon 12 months' written notice. The Company may terminate the appointment by notice but with immediate effect for reasons including gross misconduct or bankruptcy. The appointment agreement is governed by the laws of England. If during the term of Mr Williams' appointment there is a change of control and within 12 months of such change of control the Company or Mr Williams terminate the appointment, Mr Williams will be entitled to compensation, being a lump sum of 300% of his salary at the date of the change of control. The appointment agreement contains restrictive covenants including a non-compete clause for six months following termination.

Principal risks and uncertainties

The financing, exploration, development and mining of any of the Company's properties is subject to a number of factors including the price of silver, gold, lead and zinc, laws and regulations, political conditions, currency fluctuations, environmental regulations, hiring and retaining qualified people and obtaining necessary services in jurisdictions where the Company operates.

The Board periodically carries out robust assessments of the principal risks facing the Company including those that would threaten its business model, future performance, solvency or liquidity. Additionally, the Board monitors the effectiveness of the Company's risk management and internal control systems.

The following is a brief discussion of those distinctive or special characteristics of the Company's operations and industry which may have a material impact, or constitute risk factors in respect of the Company's future financial performance.

Key risks	Description of risk	Mitigating factors
Strategic risks		
Exploration and development	The Company's operations are subject to all of the hazards and risks incidental to exploration, development, and the production of minerals, including damage to life or property, environmental damage and legal liability for damage, which could have a material adverse impact on the business and its financial performance. Any exploration programme entails risks relating to the location of economic ore bodies, the development of appropriate metallurgical processes, the receipt of necessary governmental permits and the construction of mining and processing facilities.	Our mineral concessions are evaluated carefully by qualified geologists, and independent advisors are engaged as and when appropriate. The management team has significant experience operating in Mexico.
No reserves or resources	The Company does not hold any concessions in respect of which reserves or resource estimates have been established that comply with Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Standards and Guidelines or other similar recognised industry standards. No assurance can be given that any exploration programme will result in any new commercial mining operation or in the discovery of new resources.	The Company has had significant success in the past at delineating mineral resources in accordance with both "JORC" and NI 43-101.
Mineral concessions and titles risks	In relation to mining concessions over which the Company holds legal rights, if the Company fails to fulfil the specific terms of any of its concessions or operates in the concession areas in a manner that violates Mexican law, regulators may impose fines, suspend or revoke the concessions, any of which could have a material adverse effect on the Company's operations and proposed operations. Ownership of the mineral concessions has been transferred from the Company's former operating subsidiary Arian Silver de Mexico SA de CV ("ASM") to its new operating subsidiary, Compañía Minera Estrella de Plata SA de CV ("CMEP"). Whilst the Company has previously received legal opinions in respect of title of ASM to its properties there is no guarantee that title to such properties will not be challenged or impugned by third parties. The Company's concessions could be subject to prior unregistered agreements, transfers or other claims and title could be affected by unidentified or unknown defects or government actions. A formal legal opinion has not been obtained as to the legal title of CMEP to the mineral concessions.	The mineral concessions have been held by the Company's former operating subsidiary ASM for several years without legal challenge. The applications to re-register the Company's mineral concessions in the name of CMEP have been submitted and no contest or objection has been received. Prior to entering into agreements relating to mineral concessions, formal searches and reviews of legal documentation are conducted to provide evidence of the legal owner. The sale of the Calicanto project was successful following a comprehensive due diligence programme.

Overview

Governance

Financials

Other

Key risks	Description of risk	Mitigating factors
Financial risks		
Requirement of additional financing	Failure to obtain sufficient financing for any projects would result in a delay or indefinite postponement of exploration, development or production on properties covered by the Company's concessions or even the loss of a concession. Additional financing might not be available when needed, or if available, the terms of such financing might not be favourable to the Company and could involve substantial dilution to shareholders. In the absence of adequate funding or cost reductions, the Company may not be able to continue as a going concern.	We have an experienced board and management team with significant experience in financing mining activities. We have been successful in raising funds in the past and it is our intention to raise additional funds in future to support the ongoing development of the business.
Liquidity risk	The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at 31 December 2016, the Company had cash and other receivables of $713k to settle accounts payable of $95k. The Company's accounts payable have contractual maturities of less than 30 days and are subject to normal trade terms. In the short-term, liabilities will be funded by cash. Although the Company has been successful in the past in raising equity finance, there can be no assurance that the funding required by the Group will be made available to it when needed or, if such funding were to be available, that it would be offered on reasonable terms. The terms of such financing might not be favourable to the Group and might involve substantial dilution to existing shareholders.	It is expected that the Company will raise sufficient funds from investors to settle any future growth and its on-going exploration, development and operating costs.
Capital management risk	The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern and have access to adequate funding for its exploration and development projects, so that it can provide returns for shareholders and benefits for other stakeholders. The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets.	In order to maintain or adjust the capital structure the Group may issue new shares, acquire debt, or sell assets. Management regularly reviews cash flow forecasts to determine whether the Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.
Price risk	The price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments in the market.	The Company does not currently have any financial instruments in issue other than share options and warrants. The Company does not hedge its exposure to price risk.
Foreign currency risk	The Company's exploration expenditure is made in Mexican pesos or US dollars and head office expenses are predominantly made in the UK in pounds sterling or US dollars. The Company is therefore exposed to the movement in exchange rates for these currencies. At the year end the majority of the Company's cash resources were held in US dollars. The Company therefore also has downside exposure to any strengthening of the pound sterling or the Mexican peso against the US dollar as this would increase expenses in US dollar terms and accelerate the depletion of the Company's cash resources. Any weakening of the pound sterling or the Mexican peso against the US dollar would,	The Company does not currently hedge foreign exchange risk. There is not considered to be any material exposure in respect of other monetary assets and liabilities of the Group.

Key risks	Description of risk	Mitigating factors
Financial risks		
	however, result in a reduction in expenses in US dollar terms and preserve the Company's cash resources. In addition, any movements in pounds sterling or Mexican peso would affect the presentation of the consolidated statement of financial position when the net assets of the Mexican subsidiary and parent company in the UK are translated from their functional currencies into US dollars.	
Credit risk	The Company's credit risk is primarily attributable to cash and the financial stability of the institutions holding it. The Group's maximum exposure to credit risk is attributable to cash and trade receivables. The credit risk on cash is limited because the Group invests its cash in deposits with well capitalised financial institutions with strong credit ratings, Credit risk attributable to trade and other receivables mainly relates to amounts due from related parties of $265,000 representing the outstanding option fee plus interest repayable by Siberian Goldfields Limited ("SGL"), a British Virgin Island registered company, which has been outstanding since 27 November 2013. Siberian Goldfields Limited is a start-up business with limited cash resources at this time. Post year end, Siberian Goldfields Limited has been restructured, resulting in the debtor being converted into shares in, Siberian Goldfields Limited, a UK registered entity. Please refer to note 21 for further details.	The Company invests its cash in deposits with well-capitalised financial institutions with strong credit ratings. The Company held security over shares in SGL and in April 2017, the Company accepted shares in SGL, in settlement of the debt.
Investment risk	The Company may from time to time hold shares in other mining companies, such as SGL. There is not always a liquid market for the shares in these companies and so it may not always be possible to sell such shares at the optimum time or price.	The Company has previously been successful in realising value from investments.
External risks		
Metals prices	The Company's ability to obtain further financing will depend in part on the price of silver and the industry's perception of its future price. The Company's resources and financial results of operations will also be affected by fluctuations in metal prices over which the Company has no control. A reduction in the metal prices could prevent the Company's properties from being economically mined or result in curtailment of existing production activities or result in the impairment and write-off of assets. The price of silver, which is affected by numerous factors including inflation levels, fluctuations in the US dollar and other currencies, supply and demand and political and economic conditions, could have a significant influence on the market price of the Company's common shares.	It is an accepted risk that the Company's performance will be impacted by the price of metals. The Board and management believe the price of precious metals in particular, will increase in the long term. The Company does not hedge its exposure to metals prices.

Key risks	Description of risk	Mitigating factors
Operational risks		
Reliance on contractors	The Company relies on contractors to implement exploration and development programmes. The failure of a contractor or key service provider to perform properly its services to the Company could delay or inconvenience the Company's operations, and have a materially adverse effect on the Company.	The Company has operated in Zacatecas in Mexico, for several years and has well-established and trusted relationships with various contractors.
Key personnel	The Company's business is dependent on retaining the services of a small number of key personnel of the appropriate calibre as the business develops. The Company has entered into employment agreements with certain key managers. The success of the Company is, and will continue to be to a significant extent, dependent on the expertise and experience of the directors and senior management. The loss of one or more of these individuals could have a materially adverse effect on the Company. The Company does not currently have any insurance in place with respect to key personnel.	The Board has established a Nomination & Remuneration Committee which is responsible for considering succession planning and ensuring remuneration is sufficient to attract and retain staff of a the necessary calibre.
Environmental factors	The Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Such regulation covers a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and health and safety. The Company might also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances, which might exist on or under any of the properties covered by its concessions, or which might be produced as a result of its operations. If the Company does not comply with environmental regulations or does not file environmental impact statements in relation to each of its concessions, it might be subject to penalties, its operations might be suspended, closed and/or its concessions may be revoked. Environmental legislation and permit requirements are likely to evolve in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors and employees. The Company's activities could be subject to prolonged disruptions due to weather conditions depending on the location of operations in which the Company has interests.	The Company has an experienced board and management team with an awareness and knowledge of these types of risk. Concessions are evaluated carefully prior to their acquisition for environmental risks and consultants are engaged to advise on specific risks when appropriate. The Company has an excellent track record on environmental matters.
Political risk	The Company is conducting its exploration activities in the Mexico. The Company may be adversely affected by changes in economic, political, judicial, administrative or other regulatory factors such as taxation in Mexico, where the Company operates and holds its major assets. Mexico may have a more volatile political environment and/or more challenging trading conditions than in some other parts of the world. There is no assurance that future political and economic conditions in Mexico will not result in the government of Mexico adopting different policies in respect of foreign development and ownership of mineral resources. Any such changes in policy may result in changes in laws affecting ownership of assets, taxation, rates of exchange, environmental	The directors believe the government of Mexico supports the development of natural resources by foreign operators.

Key risks	Description of risk	Mitigating factors
Operational risks		
	protection, labour relations, and repatriation of income and return of capital. These changes may affect both the Company's ability to undertake exploration and development activities in respect of future properties in the manner currently contemplated, as well as its ability to continue to explore and develop those properties, in respect of which it has obtained exploration and development rights to date.	
Payment obligations	Under the mineral property concessions and certain other contractual agreements to which a member of the Group is, or may in the future become, a party, any such company is, or may become, subject to payment and other obligations. If such obligations are not complied with when due, in addition to any other remedies which may be available to other parties, this could result in dilution or forfeiture of interests held by such companies.	The directors have in place a system of internal controls to ensure any payment obligations are complied with.
Regulatory approvals	The operations of the Company require approvals, licenses and permits from various regulatory authorities, governmental and otherwise. There can be no guarantee that the Company will be able to obtain or maintain all necessary approvals, licenses and permits that may be required to explore and develop its various projects and/or commence construction or operation of mining facilities that economically justify the cost.	The Board has significant experience in operating in Mexico and believes that the Company holds or will obtain all necessary approvals, licenses and permits under applicable laws and regulations in respect of its current projects.
Competition	The Company competes with numerous other companies and individuals in the search for and acquisition of mineral claims, leases and other mineral interests, as well as for the recruitment and retention of qualified employees. There is significant competition for the silver and other precious metals opportunities available and, as a result, the Company may be unable to acquire further mineral concessions on terms it considers acceptable.	The Company, its Board and management team have significant experience in mining operations in Mexico. Through its experience and relationships in Mexico, counterparties may consider the Company to have lower transaction risk than its competitors.
Conflicts of interest	Certain directors and officers of the Company also serve as directors and/or officers of other companies involved in mineral exploration and development and consequently there is the potential for conflicts of interest. The Company expects that any such director or officer shall disclose such interest in accordance with its articles of association or his contractual obligations to the Company and any decision made by any of such directors and officers involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders.	The Company's Articles of Association have been adopted by shareholders and any conflicts of interest are dealt with in accordance with the rules set out therein. In the event of a conflict of interests, the conflicted director shall not vote on the relevant matter.

Financial statements

Directors responsibilities statement

The directors are responsible for preparing the financial statements and have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards in order to give a true and fair view of the state of affairs of the Group and of its profit or loss for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The directors are responsible for keeping records that are sufficient to show and explain the Company's transactions and will, at any time, enable the financial position of the Company to be determined with reasonable accuracy. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the British Virgin Islands governing the preparation and dissemination of the Company's financial statements and other information included in the annual reports may differ from legislation in other jurisdictions.

Independent Auditor's Report to the members of Arian Silver Corporation

We have audited the financial statements of Arian Silver Corporation for the year ended 31 December 2016 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the IASB.

This report is made solely to the company's members, as a body, in accordance with our engagement letter dated 13 April 2017. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Basis for qualified opinion on financial statements arising from limitation of scope on prior year

Our opinion for the year ended 31 December 2015 was qualified in respect of the amounts disclosed in note 4 to the financial statements for the year ended 31 December 2015 relating to the loss on discontinued operations of $12,671k arising from the transfer of control of Arian Silver de Mexico SA de CV. We were unable to obtain sufficient appropriate audit evidence to support the result from operations prior to the transfer of control, or the carrying values of the associated net assets at the time of the transfer of control of Arian Silver de Mexico SA de CV as we did not have access to the necessary information to audit the result from operations or the carrying values of assets and liabilities. We were therefore unable to determine whether any adjustments to the amounts disclosed in note 4 of the financial statements for the year ended 31 December 2015 were necessary. Consequently we are unable to determine whether the corresponding figures as disclosed in note 4 of the financial statements for the year ended 31 December 2016 have been properly presented.

Qualified opinion on financial statements

In our opinion, except for the possible effects of matters described in the basis for qualified opinion paragraph:

- the group financial statements give a true and fair view of the state of the group's affairs as at 31 December 2016 and of the group's loss for the year then ended; and

- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the IASB.

Emphasis of matter – going concern

In forming our opinion on the financial statements we have considered the adequacy of the disclosures in note 2c to the financial statements concerning the Group's ability to continue as a going concern. The Group requires additional funding in order to meet its planned exploration programmes and recurring expenditure. While the directors of the Company believe that the necessary funding will be obtained, there are no binding agreements in place at this time. These conditions together with the other matters referred to in note 2c indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. These financial statements do not include any adjustments that would result if the Group were unable to continue as a going concern.

Emphasis of matter – carrying value of amounts due from related parties
In forming our opinion on the financial statements, we have considered the adequacy of the disclosure made in note 21 to the financial statements concerning the carrying value of amounts due from Siberian Goldfields Limited. The Directors consider that no provision is required against this amount based on the value of the underlying projects held by that entity's subsidiaries. However the entity is presently raising finance to develop its projects and the ultimate development of the projects and the recovery of the investment will be dependent on raising sufficient finance for the development. Whilst the directors are confident that the entity will be successful in raising sufficient funds, at present the ultimate outcome cannot be determined.

BDO LLP
Chartered Accountants
London
United Kingdom

26 June 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of comprehensive income
For the year ended 31 December 2016

(Tabulated amounts expressed in thousands of US dollars unless otherwise stated)

	Note	2016	As restated 2015
Continuing operations			
Other administrative expenses		**(1,366)**	(2,889)
Impairment charge		**(202)**	-
Total administrative expenditure		**(1,568)**	(2,889)
Operating loss	5	**(1,568)**	(2,889)
Net investment income	7	**20**	21
Loss from continuing operations		**(1,548)**	(2,868)
Discontinued operations			
Loss from discontinued operations	4	**-**	(12,740)
Loss for the year before taxation		**(1,548)**	(15,608)
Tax	8	**-**	-
Loss for the year attributable to equity shareholders of the parent		**(1,548)**	(15,608)
Other comprehensive income that may be recycled to profit or loss			
Foreign exchange translation differences recognised directly in equity		**(263)**	5,306
Other comprehensive income for the year		**(263)**	5,306
Total comprehensive income for the year attributable to equity shareholders of the parent		**(1,811)**	(10,302)
Basic and diluted loss per share ($/share)	9	**(0.01)**	(0.46)
Basic and diluted loss per share from continuing operations ($/share)	9	**(0.01)**	(0.09)
Basic and diluted loss per share from discontinued operations ($/share)	9	**-**	(0.37)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of financial position
As at 31 December 2016
(Tabulated amounts expressed in thousands of US dollars unless otherwise stated)

	Note	2016	As restated 2015
Assets			
Intangible assets	10	173	812
Property, plant and equipment	11	7	5
Total non-current assets		**180**	**817**
Trade and other receivables	13	309	311
Cash and cash equivalents	14	416	474
Total current assets		**725**	**785**
Assets held for sale	12	400	-
Total assets		**1,305**	**1,602**
Equity attributable to equity shareholders of the parent			
Share capital	15	52,396	51,781
Warrant reserve	15	1,333	3,455
Share-based payment reserve	15	1,417	7,701
Foreign exchange translation reserve	15	1,828	2,092
Accumulated losses	15	(55,764)	(63,955)
Total equity		**1,210**	**1,074**
Liabilities			
Trade and other payables	17	95	528
Total current liabilities		**95**	**528**
Total liabilities		95	528
Total equity and liabilities		**1,305**	**1,602**

The financial statements were approved and authorised for issue by the Board of Directors on 26 June 2017 and were signed on its behalf by:

A J Williams
Executive Chairman

J T Williams
Chief Executive Officer

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended 31 December 2016

(Tabulated amounts expressed in thousands of US dollars unless otherwise stated)

	Note	2016	As restated 2015
Cash flows from operating activities			
Loss before tax from continuing operations		(1,548)	(2,868)
Loss before tax from discontinued operations		-	(12,740)
Adjustments for non-cash items:			
Depreciation	11	3	164
Exchange difference		(69)	6,797
Net interest receivable	7	(20)	(21)
Change in fair value of derivative liability		-	(7,038)
Proceeds from Quintana for working capital		-	(650)
Impairment of intangible assets	10	202	-
Loss on discontinuing operations		-	10,563
Equity-settled share-based payment transactions		-	18
Decrease/(increase) in trade and other receivables	13	(48)	(1,027)
(Decrease)/Increase in trade and other payables	17	(433)	2,227
Increase in inventories		-	(211)
Cash used in operating activities *		(1,913)	(4,786)
Cash flows from investing activities			
Interest received		1	21
Proceeds from Quintana for working capital		50	650
Cash from discontinued operations		-	(47)
Purchase of intangible assets	10	(84)	
Acquisition of property, plant and equipment	11	(7)	(5,726)
Cash used in investing activities		(40)	(5,102)
Cash flows from financing activities			
Proceeds from issue of share capital and warrants	15	2,157	-
Issue costs	15	(209)	-
Proceeds from Base Metal Purchase Agreement		-	7,576
Repayment of Base Metal Purchase Agreement		-	(45)
Cash from financing activities		1,948	7,531
Net increase / (decrease) in cash and cash equivalents		(5)	(2,357)
Cash and cash equivalents at 1 January		474	2,846
Effect of exchange rate fluctuations on cash held		(53)	(15)
Cash and cash equivalents at 31 December	14	416	474

* Discontinued operations contributed $NIL (2015: ($4,798,000)) to cash flows from operating activities.

The accompanying notes are an integral part of these consolidated financial statements.

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Consolidated statement of changes in equity
For the year ended 31 December 2016
(Tabulated amounts expressed in thousands of US dollars unless otherwise stated)

	Share capital	Warrant reserve	Share based payment reserve	Foreign exchange translation reserve	As restated Accumulated losses	As restated Total
Balance: 31 December 2014	**51,781**	**3,455**	**7,683**	**(3,214)**	**(48,347)**	**11,358**
Loss for the year	-	-	-	-	(15,608)	(15,608)
Foreign exchange	-	-	-	(3,917)	-	(3,917)
Foreign exchange reclassified to discontinued operations	-	-	-	9,222	-	9,222
Total comprehensive income	**-**	**-**	**-**	**5,305**	**(15,608)**	**(10,303)**
Fair value of share options	-	-	18	-	-	18
Balance: 31 December 2015	**51,781**	**3,455**	**7,701**	**2,091**	**(63,955)**	**1,073**
Loss for the year	-	-	-	-	(1,548)	(1,548)
Foreign exchange	-	-	-	(263)	-	(263)
Total comprehensive income	**-**	**-**	**-**	**(263)**	**(1,548)**	**(1,811)**
Shares issued for cash	824	-	-	-	-	**824**
Share issue costs	(209)	-	-	-	-	**(209)**
Fair value of warrants issued	-	1,333	-	-	-	**1,333**
Lapse of share options	-	-	(6,284)	-	6,284	**-**
Cancellation of warrants	-	(3,455)	-	-	3,455	**-**
Balance: 31 December 2016	**52,396**	**1,333**	**1,417**	**1,828**	**(55,764)**	**1,210**

The accompanying notes are an integral part of these consolidated financial statements.

(Tabulated amounts expressed in thousands of US dollars unless otherwise stated)

1. Reporting entity

Arian Silver Corporation (the "Company") is a company incorporated in the British Virgin Islands. The consolidated financial statements for the year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the "Group").

The Group is primarily involved in the acquisition and development of mineral resource assets.

2. Basis of preparation

(A) Statement of compliance

The consolidated financial statements for the year ended 31 December 2016 have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board.

The Group has adopted all of the new and revised Standards and Interpretations that are relevant to its operations and effective for accounting periods beginning 1 January 2016. The adoption of these new and revised Standards and Interpretations had no material effect on the profit or loss or financial position of the Group. The Group has not adopted any standards or interpretations in advance of the required implementation dates.

The accounts were approved by the board and authorised for issue on 26 June 2017.

(B) Future standards and possible effects

	Issued Date	IASB mandatory effective date[1]
New Standards		
IFRS 9 Financial Instruments	Various	01-Jan-18
IFRS 15 Revenue from contracts with customers	28-May-14	01-Jan-18
IFRS 16 Leases	13-Jan-16	01-Jan-19
Amendments to Existing Standards		
Annual Improvements to IFRSs (2012-2014 Cycle)	25-Sep-14	01-Jan-16
Disclosure Initiative: Amendments to IAS 1	18-Dec-14	01-Jan-16
Disclosure Initiative: Amendments to IAS 7	29-Jan-16	01-Jan-17
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	20-Jun-16	01-Jan-18
Annual Improvements to IFRSs (2014-2016 Cycle)	08-Dec-16	01-Jan-17 and 01-Jan-18
IFRIC 22 Foreign Currency Transactions and Advance Consideration	08-Dec-16	01-Jan-18

The application of the above standards in the future financial statements is not expected to have a material impact on the financial statements.

IFRS 9 introduces significant changes to the classification and measurement requirements for financial instruments. Management are currently assessing the impact of this standard on the consolidated statement of financial position.

[1] Periods beginning unless noted otherwise.

(C) Going concern

The directors regularly review cash flow forecasts to determine whether the Group has sufficient cash reserves to meet future working capital requirements and discretionary business development opportunities including exploration activities.

The Group's assets are at an early stage and in order to meet financing requirements for their development the Company has raised funds by way of several discrete share placements, which is a common practice for junior mineral exploration companies. In May 2017 the Company successfully raised US$760,000. Please refer to note 24 for further details. Although the Company has been successful in the past in raising equity finance, there can be no assurance that the funding required by the Group will be made available to it when needed or, if such funding were to be available, that it would be offered on reasonable terms. The terms of such financing might not be favourable to the Group and might involve substantial dilution to existing shareholders.

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2. Basis of preparation (*continued*)

(C) Going concern (*continued*)

The directors believe that the Group will be able to raise additional funds to continue with its planned exploration programmes and to meet recurring expenditure and therefore consider it appropriate to prepare the Group's financial statements on a going concern basis. However there can be no certainty that additional funds will be forthcoming and these conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

(D) Use of estimates and judgement

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about such judgements and estimates are contained in the accounting policies and/or the notes to the consolidated financial statements. Areas of judgement that have the most significant effect on the amounts recognised in the consolidated financial statements:

- ***Going concern***
  Management regularly review cash flow forecasts to determine whether the Group has sufficient cash reserves to meet future working capital requirements and discretionary business development opportunities including exploration activities. This judgement is based on Management's assumptions for the development of its assets and corresponding estimated expenditure, and the expectation of raising additional funds to progress such further exploration and development during the year. For further information please refer to note 2(c).

- ***Impairment of exploration and evaluation costs – Notes 3(g), 10***
  Determination as to whether, and by how much, an asset or cash generating unit is impaired involves management estimates. Management uses the following triggers to assess whether impairment has occurred (the list is not exhaustive):
  - the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
  - substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
  - exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
  - sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

  In any such case, or similar cases, the Group will measure, present and disclose any resulting impairment loss in accordance with IAS 36. For further information please refer to notes 3 (g) and 10.

- ***Estimation of share based payment costs***
  The Group estimates the fair value of share based payments using the Black-Scholes model taking into account the terms and conditions upon which the share based payment was granted. For further information please refer to notes 3 (q) and 16
- ***Depreciation of property, plant and equipment***
  The Group estimates the useful lives of property plant and equipment and depreciates the asset accordingly. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. For further information please refer to notes 3(h) and 11.
- ***Valuation of convertible loan note and derivatives***
  The Group measures the convertible loan note and derivatives at fair value for reporting purposes. Management determine the appropriate valuation techniques and inputs for fair value measurement. In estimating the fair value the Group uses market-observable data to the extent it is available. For further information please refer to notes 3(k), 18 and 21

(E) Functional and presentation currency

These consolidated financial statements are presented in United States dollars, rounded to the nearest thousand dollars, as the Company believes it to be the most appropriate and meaningful currency for investors. The functional currencies of the Company and its subsidiary are pounds sterling and Mexican peso respectively.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

(A) Basis of consolidation

(i) Subsidiaries

An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control is obtained up to the date that control ceases.

Discontinued operations are presented in the consolidated statement of comprehensive income as a single line which comprises the post-tax profit or loss of the discontinued operation along with the post-tax gain or loss recognised on the re-measurement to fair value less costs to sell or on disposal of the assets or disposal groups constituting discontinued operations.

(ii) Transactions eliminated on consolidation

Intra-group balances and any unrealised gains, losses, income or expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

(B) Foreign Currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the date of the consolidated statement of financial position are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

The functional currency of the parent company is pounds sterling. The financial statements are presented in United States dollars because it is the trading currency of silver, lead and zinc and is therefore considered to be the most useful currency to the users of the accounts.

(ii) Financial statements of operations

The assets and liabilities of operations, including goodwill and fair value adjustments arising on consolidation, are translated to United States dollars at exchange rates ruling at the date of the consolidated statement of financial position. The revenues and expenses of operations are translated to United States dollars at rates approximating to the exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income. They are reclassified to profit or loss upon disposal.

3. Significant accounting policies (*continued*)

(C) Leased assets

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair

value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

All other leases are classified as operating leases. Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

(D) Finance income and expenses

Finance income comprises interest income on funds invested and related foreign currency gains. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings and related foreign currency losses. All borrowing costs are recognised in the income statement using the effective interest method. The non-derivative element of the Company's convertible note is measured at amortised cost and the liability is increased by accretion of the effective interest, which is capitalised, until the liability value reaches the nominal value of the note plus premium payable on maturity. Borrowing costs apportioned to the derivative element of the convertible loan note are recognised in the statement of comprehensive income.

(E) Income tax expense

Income tax expense comprises current and deferred tax.

Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax is not recognised for the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries that will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(F) Loss per share

The Group presents basic and diluted loss per share ("LPS") data for its common shares. Basic LPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted LPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares, which comprise warrants, share options and conversion of the loan note into shares.

3. Significant accounting policies (*continued*)

(G) Intangible assets

(i) Deferred exploration and evaluation costs

These comprise costs directly incurred in exploration and evaluation as well as the cost of mineral licences. Costs which are capitalised include costs of licence acquisition, technical services and studies, exploration drilling and testing and appropriate technical and administrative expenses but do not include general administrative expenses or costs incurred prior to having obtained the legal rights to explore an area, which are expensed directly to the income statement account as they occur. They are capitalised as intangible assets pending the determination of the feasibility of the project. When the decision is taken to develop a mine the related intangible assets are transferred to property, plant and equipment and the exploration and evaluation costs are amortised over the estimated life of the project. Where a project is abandoned or is determined not economically viable, the related costs are written off.

The recoverability of deferred exploration and evaluation costs is dependent upon a number of factors common to the natural resource sector. These include the extent to which the Company can establish mineral reserves on its properties, the ability of the Company to obtain necessary financing to complete the development of such reserves and future profitable production or proceeds from the disposition thereof.

(H) Property, plant and equipment

(i) Mine development costs

Mine development costs include appropriate deferred exploration and evaluation costs reclassified on commencing development of an exploration property. Before reclassification, such costs are assessed for impairment, with any impairment recognised in profit or loss for the period.

All subsequent development costs are capitalised, including all costs incurred as commissioning costs. When the mine is capable of operating in the manner intended by management, the mining assets are amortised over the estimated life of the reserves on a unit of production basis.

(ii) Other property, plant and equipment

(a) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the estimated costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(b) Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3. Significant accounting policies (*continued*)

(H) Property, plant and equipment (*continued*)

(ii) Other property, plant and equipment (continued)

(c) Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives for the current and comparative periods are as follows:

- office equipment: 3 to 10 years
- fixtures and fittings: 3 to 10 years
- plant and equipment: 5 to 10 years
- motor vehicles: 4 years

The residual value, if not insignificant, is reassessed annually. Assets under construction are not depreciated.

(J) Impairment

The carrying amounts of the Group's assets are reviewed at the date of each consolidated statement of financial position to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

(K) Financial instruments

(i) Loans and receivables

Loans and receivables that are short term in nature are stated at cost less any impairment provision. They are valued at fair value less any derivative component and transaction costs on initial recognition. They are subsequently valued at amortised cost using the effective interest rate method. Gains and losses are recognised through profit or loss when the loans and receivables are derecognised.

(ii) Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost include current borrowings and trade and other payables that are short term in nature and are stated at amortised cost.

(iii) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include derivative liabilities. Derivative liabilities are fair valued using an appropriate statistical model. The derivative liability is fair valued on initial recognition and is fair valued at each reporting date and changes are taken directly to the income statement.

Financial liabilities measured at fair value through profit or loss also include the Base Metals Purchase Agreement ("BMPA"), which related to the financing arrangement of discontinued operations and which contained an embedded derivative. Management determined to measure the entire BMPA at fair value through profit or loss.

Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

(L) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than continuing use. This is the case when the asset is available for immediate sale in its present condition and the sale is highly probable.

Non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

A sale is considered to be highly probable if the appropriate level of management is committed to a plan to sell the asset and the active plan to complete the sale has been initiated, the sale has been actively marketed at a price that is reasonable in relation to its fair value and the sale is expected to qualify for recognition as a completed sale within one year from the date it is classified as held for sale.

3. Significant accounting policies (*continued*)

(M) Discontinued operations

On 29 October 2015 Quintana exercised its foreclosure rights and took ownership of Arian Silver de Mexico SA de CV and the subsidiary was therefore deconsolidated from this date.

(N) Provisions

A provision is recognised in the consolidated statement of financial position when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provisions for decommissioning and site restoration costs

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by the development or on-going production of a mining property. Costs are estimated on the basis of a closure plan and are subject to regular review.

Such costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided and capitalised within mine development costs at the start of each project, as soon as the obligation to incur such cost arises. These decommissioning costs are charged against profits over the life of the mine, through depreciation of the asset and unwinding or amortisation of the discount on the provision. Depreciation is included in operating costs while the unwinding of the discount is included in financing costs. Changes in the measurement of a liability relating to the decommissioning of plant or other site preparation work are added to, or deducted from, the cost of the related asset in the current period.

(O) Warrants

The Company estimates the fair value of the future liability relating to issued warrants using the Black-Scholes pricing model taking into account the terms and conditions upon which the warrants were issued. The fair value of warrants is recognised as an expense with a corresponding increase in equity.

Warrants relating to equity finance are recorded as a reduction of capital stock based on the fair value of the warrants.

(P) Share capital – common shares

Incremental costs directly attributable to the issue of common shares and share options are recognised as a deduction from equity.

(Q) Share-based payment transactions

The share option programme allows Group directors, officers, employees and consultants to acquire shares of the Company. The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period until the options vest unconditionally. The fair value of the options granted is measured using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest, except if the change is due to market based conditions not being satisfied.

(Tabulated amounts expressed in thousands of US dollars unless otherwise stated)

4. Discontinued operations

In November 2015 Quintana AGQ Holding Co. LLC exercised its foreclosure rights under the terms of the senior secured financing arrangement, and accordingly took ownership of Arian Silver de Mexico SA de CV and its assets, including the San Jose project. The impact on the Group is shown below:

	2016	As restated 2015
Net assets disposed		
Intangibles	-	107
Property, plant and equipment	-	35,067
Inventories	-	1,537
Trade and other receivables	-	2,546
Cash and cash equivalents	-	47
Total assets	-	39,304
Trade and other payables	-	(2,364)
Provisions	-	(880)
Derivative liability	-	(11,858)
Convertible note	-	(13,639)
Total liabilities	-	(28,741)
Net assets disposed of	**-**	**10,563**
Consideration received	-	700
Foreign exchange differences transferred from equity	-	(9,222)
Loss on disposal	**-**	**(19,085)**
Results of discontinued operations		
Cost of sales	-	-
Gross loss	-	-
Administrative expenses	-	(676)
Gain on derivative liability	-	7,038
Transactions costs on derivative liabilities	-	-
Operating loss	-	6,362
Finance income	-	17
Finance expense	-	(34)
Loss for the year attributable to equity shareholders of the parent	-	6,345
Loss on discontinued operations	**-**	**(12,740)**
The consolidated statement of cash flows includes the following amounts related to discontinued operations		
Operating activities	-	(4,798)
Investing activities	-	(5,123)
Financing activities	-	7,531
Net cash utilised in discontinued operations	-	(2,390)

Upon review of licences in the current year, directors identified 4 licences relating to the San Jose project, which were discontinued in the prior year. Therefore, the loss on discontinued operations in 2015 was restated increasing by $69,000, with intangible assets and net assets decreasing by the same amount.

(Tabulated amounts expressed in thousands of US dollars unless otherwise stated)

5. Operating loss

Operating loss is stated after charging:

	Continuing Operations 2016	**Total 2016**	Continuing Operations 2015	Discontinued Operations 2015	Total 2015
Depreciation and amortisation	3	**3**	5	159	164
Operating lease	-	**-**	31	-	31
Exchange (gain)/ loss	**(69)**	**(69)**	(70)	55	(15)

In accordance with IFRS 8 'Operating Segments', an operating segment is defined as a business activity whose operating results are reviewed by the chief operating decision maker ('CODM') and for which discrete information is available. The Group's CODM is the Board of Directors. The Group only has one reporting segment being its corporate activities whilst it seeks out opportunities to expand its portfolio. The Group's income, costs, assets, liabilities and cash flows are therefore totally attributable to its one segment so no IFRS 8 disclosures have been given.

<u>Auditors remuneration</u>

	2016	**2015**
Fees payable to the Group's auditor for the audit of the annual financial statements	37	41
Fees payable to the Group's auditor for other services:		
Taxation	8	11
Other	1	-
Total	46	52

6. Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Continuing Operations 2016	**Total 2016**	Continuing Operations 2015	Discontinued Operations 2015	Total 2015
Finance and administration	**6**	**6**	10	6	16
Technical	**-**	**-**	-	38	38
Total staff numbers	**6**	**6**	**10**	**44**	**54**

The aggregate staff costs of these persons were as follows:

	Continuing Operations 2016	**Total 2016**	Continuing Operations 2015	Discontinued Operations 2015	Total 2015
Wages and salaries	**708**	**708**	1,312	159	1,471
Social security costs	**87**	**87**	149	-	149
Share based payments	**-**	**-**	18	-	18
Total staff costs	**795**	**795**	**1,479**	**159**	**1,638**

During the year $64,364 (£47,875) of wages and salaries was satisfied by the issue of 4,787,493 ordinary shares in the Company.

(Tabulated amounts expressed in thousands of US dollars unless otherwise stated)

6. Staff numbers and costs (*continued*)

Remuneration of key management personnel
Key management personnel remuneration is detailed below:

	Continuing Operations 2016	**Total 2016**	Continuing Operations 2015	Discontinued Operations 2015	Total 2015
	Salary/Fees		**Salary/Fees**	**Salary/Fees**	
Executive directors					
A J Williams	**121**	**121**	138	-	138
J T Williams	**296**	**296**	336	-	336
Non-executive directors					
T A Bailey	**34**	**34**	38	-	38
J S Cable	**34**	**34**	38	-	38
J A Crombie	**34**	**34**	38	-	38
O Rodz (resigned)	**-**	**-**	25	-	25
D C Laing (resigned)	**-**	**-**	25	-	25
Other key management					
Country manager Mexico	**-**	**-**	-	159	159
CFO (ceased 7.12.15)	**-**	**-**	185	-	185
Company Secretary	**161**	**161**	198	-	198
Total remuneration	**680**	**680**	**1,020**	**159**	1,180

The above remuneration excludes social security costs incurred by the Group. Including these social security costs, the total short-term employee benefits for the year in respect of key management personnel amounted to $762,000 (2015: $1,345,000).

Key management personnel also participate in the Group's share option programme as disclosed in note 16.

7. Net investment income/(loss)

	Continuing Operations 2016	**Total 2016**	Continuing Operations 2015	Discontinued Operations 2015	Total 2015
Unwinding of discount on provision for mine closure	**-**	**-**	-	(34)	(34)
Finance charges	**(4)**	**(4)**	-	-	-
Interest income	**24**	**24**	21	17	38
Total net investment income/(loss)	**20**	**20**	**21**	**(17)**	**4**

(Tabulated amounts expressed in thousands of US dollars unless otherwise stated)

8. Income tax recognised in the income statement

	2016	2015
Current tax	-	-

Reconciliation of effective tax rate

	2016	As restated 2015
Loss before tax	(1,548)	(15,608)
Income tax using the domestic corporation tax rate of 20% (2015: 20.25%)	(310)	(3,161)
Non-deductible expenses	69	2,711
Share options disallowed	-	4
Depreciation in excess of capital allowances	1	1
Tax losses carried forward	240	445
Total tax expense/(credit)	-	-

At the year end the Group had tax losses to carry forward of approximately $21,900,000 (2015: $20,757,975).

Under IFRS a net deferred tax asset of approximately $3,723,000 (2015: $4,152,000) has not been recognised due to the uncertainty as to the amount that can be utilised.

9. Loss per share

Basic loss per share
The calculation of basic loss per share at 31 December 2016 was based on the loss attributable to common shareholders of $1,548,000 (2015: $15,608,000) and a weighted average number of common shares outstanding during the year ended 31 December 2016 of 155,381,311 (2015: 33,907,448).

	2016	As restated 2015
Loss from continuing operations	1,548	2,868
Loss from discontinued operations	-	12,740
Loss attributable to common shareholders	1,548	15,608
Basic and diluted loss per share in US cents	0.01	0.46
Basic and diluted loss per share from continuing operations in US cents	0.01	0.09
Basic and diluted loss per share from discontinued operations in US cents	-	0.37

Diluted Loss per share
The potential increase in common shares from the exercise of any outstanding share purchase warrants and share options would be anti-dilutive as the Group has a net loss. These potential common shares are therefore excluded from the calculation and the diluted loss per share figure reported is the same as the basic loss per share.

(Tabulated amounts expressed in thousands of US dollars unless otherwise stated)

10. Intangible assets

Cost	Deferred exploration costs
At 31 December 2014	1,223
Discontinued operations	(108)
Impairment	(185)
Foreign exchange	(118)
At 31 December 2015 (as restated)	**812**
Additions	84
Transferred to investments held for sale	(400)
Impairment	(202)
Foreign exchange	(121)
At 31 December 2016	**173**

The additions during the year were for deferred exploration costs of $84,000 relating to a number of projects in Mexico.

The impairment charge of $202,000 includes:

- the difference between carrying value of the Calicanto project as at 31 December 2015 and $400,000 being the price the project was sold to Minera Oro Silver de Mexico SA as announced on 1 August 2016 and;
- $38,000 in respect of the Noche Buena gold and silver tailings project.

Upon review of licences in the current year, directors identified 4 licences relating to the San Jose project, which were discontinued in the prior year. Therefore the loss on discontinued operations in 2015 was restated, increasing by $69,000, with intangible assets and equity decreasing by the same amount.

(Tabulated amounts expressed in thousands of US dollars unless otherwise stated)

11. Property, plant and equipment

	Mine development costs	Plant and equipment	Fixtures and fittings	Vehicles	Total
Cost					
At 31 December 2014	**13,834**	**15,115**	**27**	**89**	**29,065**
Additions	2,315	3,411	-	-	5,726
Interest capitalised	-	2,973	-	-	2,973
Discontinued operations	(14,663)	(21,007)	(24)	(79)	(35,773)
Foreign exchange movement	(1,486)	(457)	(3)	(10)	(1,956)
At 31 December 2015	**-**	**35**	**-**	**-**	**35**
Additions	-	-	-	7	7
Foreign exchange movement	-	(6)	-	(1)	(7)
At 31 December 2016	**-**	**29**	**-**	**6**	**35**
Depreciation and impairment losses					
At 31 December 2014	**(408)**	**(107)**	**(21)**	**(89)**	**(625)**
Depreciation	(137)	(25)	(2)	-	(164)
Discontinued operations	517	91	20	78	706
Foreign exchange movement	28	11	3	11	53
At 31 December 2015	**-**	**(30)**	**-**	**-**	**(30)**
Depreciation	-	(2)	-	(1)	(3)
Foreign exchange movement	-	5	-	-	5
At 31 December 2016	**-**	**(27)**	**-**	**(1)**	**(28)**
Carrying amounts					
At 31 December 2014	13,426	15,008	6	-	28,440
At 31 December 2015	-	5	-	-	5
At 31 December 2016	**-**	**2**	**-**	**5**	**7**

The mine development costs relate to the formerly 100% owned San José property in Zacatecas State, Mexico. This was discontinued during 2015, please refer to note 4.

12. Assets classified as held for sale

On 1 August 2016 the Company executed a binding agreement with Minera Oro Silver de Mexico SA de CV (“Minera Oro Silver”), a subsidiary of Endeavour Silver Corporation, to sell the Company’s 75 hectare Calicanto Project in the State of Zacatecas, for a cash consideration of US$400,000, which was received upon the execution and ratification of the assignment agreement in respect of the relevant mineral concessions in 2017.

The amount relating to the Calicanto Project has therefore been reclassified from intangible assets to assets held for sale.

13. Trade and other receivables

	2016	2015
Other receivables	**28**	9
Deferred consideration	**-**	50
Receivables due from related parties	**265**	245
Prepayments	**16**	7
Total trade and receivables	**309**	311

The deferred consideration is in respect of the Settlement Deed on the disposal of subsidiary in the prior year. The full $50,000 was received in January 2016. See note 4 for further details.

14. Cash and cash equivalents

	2016	2015
Bank balances	416	474
Cash and cash equivalents in the statement of cash flows	**416**	474

15. Share capital and reserves

Share Capital

Authorised
The Company is authorised to issue an unlimited number of common shares of no par value.

Issued and outstanding common shares

Changes for the years ended 31 December 2016 and 2015 are detailed in the following table:

	2016		2015	
	Number of shares (000s)	Amount	Number of shares (000s)	Amount
Opening balance 1 January	**33,907**	**51,781**	33,907	51,781
Shares and warrants issued for cash	**149,788**	**2,157**	-	-
Issue costs of share issuance	**-**	**(209)**	-	-
Fair value of share warrants issued	**-**	**(1,333)**		
Closing balance 31 December	**183,695**	**52,396**	33,907	51,781

During the years ended 31 December 2016 and 2015, the Company made share issuances as set out below. The issue of common shares prior to the date of the share consolidation have been restated to the nearest whole number as if they had occurred post-consolidation.

2016

- On 27 January 2016 79,787,493 common shares were issued at £0.01 each, £797,875 (US$1,137,419)
- On 13 May 2016 70,000,000 common shares were issued at £0.01 each, £700,000 (US$1,019,970)

2015

- No shares were issued during the year ended 31 December 2015.

Warrants

Warrant reserve
The warrants reserve arises on the issue of warrants.

	2016	2015
Opening balance 1 January	**3,455**	3,455
Cancellation of warrants	**(3,455)**	-
Fair value of warrants issued	**1,333**	-
Closing balance 31 December	**1,333**	3,455

The 12,151,926 common share purchase warrants granted to Quintana were cancelled on 26 January 2016.

On 27 January 2016 79,787,493 common share purchase warrants were issued, exercisable at 1.5p per common share, until 27 February 2019.

On 13 May 2016 35,000,000 common share purchase warrants were issued, exercisable at 1.5p per common share, until 28 April 2019.

The number and weighted average exercise price of warrants in issue for the year ended 31 December 2016 and 2015:

	2016		2015	
	Outstanding (000s)	**Weighted average exercise price**	Outstanding (000s)	Weighted average exercise price
Opening balance 1 January	12,152	0.88	12,152	0.88
Issued	114,787	0.02	-	-
Cancelled	(12,152)	0.88	-	-
Closing balance 31 December	114,787	0.02	12,152	0.88

15. Share capital and reserves *(continued)*

Fair value of Warrants and assumptions
The estimate of the fair value of the Warrants is measured based on the Black-Scholes model. The following inputs were used in the calculation of the fair value of the warrants granted.

	27 January 2016	13 May 2016
Fair value ($ 000s)	1,102	231
Share price ($)	0.019	0.012
Weighted average exercise price ($)	0.015	0.015
Expected volatility	67.7%	68.9%
Expected warrants life	3.09 years	3 years
Expected dividend yield	0%	0%
Risk-free interest rate	0.62%	0.74%

The expected volatility is based on the historical share prices of a group of companies deemed to be comparable.

Share-based payment reserve
The share based payment reserve arises on the grant of share options to directors, employees and other eligible persons under the share option plan.

	2016	2015
Opening balance 1 January	**7,701**	7,683
Fair value of share options issued	**-**	18
Share options lapsed	**(6,284)**	-
Closing balance 31 December	**1,417**	7,701

Foreign exchange translation reserve
The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of operations that do not have a US dollar functional currency. Exchange differences arising are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the operation is disposed of.

Accumulated losses
Accumulated losses contain losses incurred in the current and prior years.

16. Share-based payment transactions

The number and weighted average exercise prices of share options for the years ended 31 December 2016 and 2015 are set out below. The issue of common shares prior to the date of the share consolidation have been restated to the nearest whole number as if they had occurred post-consolidation.

	2016		**2015**	
	Outstanding (000s)	Weighted average exercise price ($)	Outstanding (000s)	Weighted average exercise price ($)
Opening balance 1 January	2,106	4.61	2,056	5.08
Issued	-	-	50	0.67
Lapsed	(1,331)	7.11	-	-
Closing balance 31 December	775		2,106	4.61

Share options in issue at 31 December 2016:

Outstanding shares	Exercisable shares	Exercise price	Expiry
50,000	50,000	£2.00	29 May 2017
725,000	725,000	£0.70	29 May 2018

The share options outstanding at 31 December 2016 if exercised, will be settled by issue of equity.

The weighted average remaining contractual life of share options as at 31 December 2016 was 490 days.

(Tabulated amounts expressed in thousands of US dollars unless otherwise stated)

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16. Share-based payment transactions (*continued*)

Share options held by directors and senior management at 31 December 2016:

Holder	Shares	Exercise price	Grant Date	Vesting Date	Expiry[1]
A J Williams	200,000	£0.70 / C$1.09123	30 May 2013	30 May 2013	29 May 2018
J T Williams	200,000	£0.70 / C$1.09123	30 May 2013	30 May 2013	29 May 2018
J S Cable	25,000	£0.70 / C$1.09123	30 May 2013	30 May 2013	29 May 2018
T A Bailey	25,000	£0.70 / C$1.09123	30 May 2013	30 May 2013	29 May 2018
J A Crombie	25,000	£0.70 / C$1.09123	30 May 2013	30 May 2013	29 May 2018
Senior Management	250,000	£0.70 / C$1.09123	30 May 2013	30 May 2013	29 May 2018
	50,000	£2.00 / C$3.2077	30 May 2012	30 May 2012	29 May 2017[2]

[1] The expiry date is subject to the terms and conditions contained in the share option plan.
[2] Lapsed unexercised on 29 May 2017.

Changes to the number of share options held by directors and senior management in the year ended 31 December 2016:

Holder	At 1 January 2016	Granted	Lapsed	At 31 December 2016
A J Williams	550,000	-	(350,000)	200,000
J T Williams	550,000	-	(350,000)	200,000
J S Cable	90,000	-	(65,000)	25,000
T A Bailey	90,000	-	(65,000)	25,000
J A Crombie	90,000	-	(65,000)	25,000
Senior Management	470,000	-	(170,000)	300,000
Total	**1,840,000**	**-**	**(1,065,000)**	**775,000**

17. Trade and other payables

	2016	2015
Payables due to related parties	**10**	13
Trade payables	**31**	369
Other payables	**54**	146
Total trade and other payables	**95**	**528**

(Tabulated amounts expressed in thousands of US dollars unless otherwise stated)

18. Convertible notes and derivative liabilities

	Convertible Notes		Derivative Liabilities	
	2016	**2015**	**2016**	**2015**
Quintana Note				
Opening balance 1 January	-	10,666	-	4,118
Fair value derivative liability on recognition	-	-	-	-
Transaction costs capitalised on recognition	-	-	-	-
Change in fair value derivative liability	-	-	-	(4,045)
Unwind effective interest	-	2,973	-	-
Cancellation of Quintana note dated 20 November 2015	-	(13,639)	-	(73)
Closing balance	-	-	-	-
Base metal purchase agreement				
Opening balance 1 January	-	-	-	7,321
Fair value derivative liability on recognition	-	-	-	-
Proceeds from BMPA	-	-	-	7,576
Delivery into BMPA	-	-	-	(45)
Change in fair value derivative liability	-	-	-	(2,994)
Novation of BMPA to Quintana dated 20 November	-	-	-	(11,858)
Closing balance	-	-	-	-
Total convertible note and derivative liabilities	-	-	-	-
Current	-	-	-	-
Non-current	-	-	-	-
Total convertible note and derivative liabilities	-	-	-	-

Quintana Note and Base Metals Purchase Agreement

On 29 October 2015 Quintana exercised its foreclosure rights and took ownership of Arian Silver de Mexico SA de CV. Under the terms of the Settlement Deed, Quintana released Arian from its obligations under the senior secured loan arrangement as well as the BMPA and Investment Agreement dated 14 October 2014.

Under IAS 39, the Base Metal Purchase Agreement with Quintana was deemed to contain an embedded derivative. The Company elected to account for the entire agreement as fair value through profit and loss.

19. Provision for mine closure

	2016	2015
Opening balance	-	846
Increase in provision	-	-
Unwinding of discount	-	34
Discontinued operations	-	(880)
Closing balance	-	-

(Tabulated amounts expressed in thousands of US dollars unless otherwise stated)

20. Group entities

Significant Subsidiaries	Country of incorporation and operation	Principal activity	Arian Silver Corporation effective interest 2016	2015
Arian Silver (Barbados) Corporation	Barbados	Trading	100%	100%
Arian Silver (Netherlands) BV	Netherlands	Trading	100%	100%
Compañía Minera Estrella de Plata S.A. de C.V.	Mexico	Silver exploration & production	100%	100%
Arian Silver Corporation (UK) Ltd	England and Wales	Holding	100%	100%
Arian Silver (Holdings) Limited	England and Wales	Holding	100%	100%

21. Financial instruments and financial risk management

Categories of financial instruments	Loans and receivables		Financial liabilities measured at amortised cost		Financial liabilities at fair value through profit or loss	
	2016	2015	**2016**	2015	**2016**	2015
Cash and cash equivalents	**416**	474	**-**	-	**-**	-
Trade and other receivables	**293**	304	**-**	-	**-**	-
Trade and other payables	**-**	-	**61**	528	**-**	-

Exposure to interest rate and foreign currency risks arises in the normal course of the Group's business. Derivative financial instruments are not used to hedge exposure to fluctuations in foreign exchange rates and interest rates.

The Group's policy is to retain its surplus funds on short term deposits, usually between one week and four weeks duration, at prevailing market rates. Credit risk is managed by ensuring that surplus funds are only deposited with well-established financial institutions of high quality credit standing.

Fair Value Hierarchy
Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3: Inputs that are not based on observable market data.

In the prior year the carrying amount of the financial liabilities at fair value through profit and loss relating to the convertible note are based on inputs other than quoted prices that are observable for the liability including implied volatilities and market-corroborated inputs i.e. Level 2. The valuation uses a Monte-Carlo simulation to capture the movements in the Canadian dollar to US dollar exchange rate and the Arian Silver share price.

The carrying amount of the financial liabilities at fair value through profit and loss relating to the BMPA are based on a combination of observable inputs and significant unobservable inputs i.e. Level 3. The valuation technique used to value this liability uses a discounted cash flow with significant inputs of future lead and zinc prices and production volumes based on the Company's 10-year mine plan to derive a fair value for the BMPA.

The discount rate used was 32.09%, benchmarked to the discount rate implicit in the agreement based on an analysis of the expected cash flows at the time the agreement was entered into.

The following table shows the changes to the fair value of the Company's Level 3 financial liabilities:

	2016	2015
Opening balance	-	**7,321**
Proceeds from BMPA	-	**7,756**
Delivery into BMPA	-	**(45)**
Change in fair value derivative liability	-	**(2,994)**
Novation of BMPA	-	**(11,858)**
Closing balance	-	**180**

(Tabulated amounts expressed in thousands of US dollars unless otherwise stated)

21. Financial instruments and financial risk management (*continued*)

The following table sets out quantitative information about the significant unobservable inputs for the valuation of the BMPA liability:

Unobservable input	Range
Discount rate (%)	32.09-32.09
Future lead price ($ per pound)	0.84-0.97
Future zinc price ($ per pound)	0.99-1.08
Production of payable lead (000's of lbs per month)	0-521
Production of payable zinc (000's of lbs per month)	0-605

The following provides a description of the sensitivities of the Company's level 3 financial liabilities:

- Lead and zinc prices – an increase in lead and zinc prices would result in a higher fair value
- Production volumes – an increase in production volumes would result in a higher fair value
- Discount factor – an increase in the discount factor would result in a lower fair value

Market risk

Market risk is the risk that the Group's future earnings will be adversely impacted by changes in market prices. Market risk for Arian comprises two types of risk: price risk and foreign currency risk.

Price risk

The price risk is the risk that the Group's future earnings will be adversely impacted by changes in the market prices of commodities.

Foreign currency risk

The Group's operational expenditure is made in Mexico in Mexican pesos and head office expenses are predominantly made in the UK in pounds sterling, United States dollars and Canadian dollars. The Group is therefore exposed to the movement in exchange rates for these currencies. The Group does not currently hedge foreign exchange risk.

At the year end the majority of the Group's cash resources were held in pounds sterling. The Group therefore also has downside exposure to any strengthening of United States dollar or the Mexican peso against pounds sterling as this would increase expenses in pounds sterling terms and accelerate the depletion of the Group's cash resources. Any weakening of United States dollar or the Mexican peso against pounds sterling would, however, result in a reduction in expenses in pounds sterling terms and preserve the Group's cash resources.

There is not considered to be any material exposure in respect of other monetary assets and liabilities of the Group as these are of a short-term nature. The table below shows an analysis of cash and cash equivalents denominated by currency.

	2016	2015
Pounds sterling	383	44
United States dollars	33	427
Canadian dollars	-	3
Mexican pesos	-	-
Total cash held	**416**	**474**

Sensitivity Analysis

The Group holds cash in pounds sterling to settle accounts payable balances derived in that currency. The main risk is through foreign exchange fluctuations and how this moves in companies where the cash balances are held in a currency that is different to the functional currency.

	Functional Currency		
	Sterling	Mexican Peso	**Total**
Currency of net monetary asset/liability	2016	2016	**2016**
Sterling	311	-	**311**
United States dollars	292	5	**297**
Mexican pesos	-	10	**10**
Total	**603**	**15**	**618**

Exposure to foreign currency risk sensitivity analysis:

	Against Sterling US$
15% strengthening in the United States dollar	(44)
15% weakening in the United States dollar	44

A 15% variation is considered an appropriate level of sensitivity given recent levels of foreign exchange volatility.

21. Financial instruments and financial risk management (*continued*)

Interest rate risk
Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that the Group uses. Treasury activities take place under procedures and policies approved and monitored by the Board to minimise the financial risk faced by the Group. Interest bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets. No sensitivity analysis has been disclosed as management does not consider any reasonable fluctuation in interest rates to be sufficiently material to disclose.

Liquidity risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The directors regularly review cash flow forecasts to determine whether the Group has sufficient cash reserves to meet future working capital requirements and discretionary business development opportunities including exploration activities.

As at 31 December 2016, the Company had cash and other receivables of $713k to settle accounts payable of $95k. The Company's accounts payable have contractual maturities of less than 30 days and are subject to normal trade terms. In the short-term, liabilities will be funded by cash.

The Group's assets are at an early stage and in order to meet financing requirements for their development the Company has raised funds by way of several discrete share placements, which is a common practice for junior mineral exploration companies.

In February 2016 the Company was successful in an equity placing and subscription generating net proceeds of $1,030,502. In April 2016 a further placing generated net proceeds of $917,973, please refer to note 15 for further details.

In May 2017 the Company successfully raised US$760,000. Please refer to note 24 for further details.

Although the Company has been successful in the past in raising equity finance, there can be no assurance that the funding required by the Group will be made available to it when needed or, if such funding were to be available, that it would be offered on reasonable terms. The terms of such financing might not be favourable to the Group and might involve substantial dilution to existing shareholders.

Credit risk
Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Group's maximum exposure to credit risk is attributable to cash and trade receivables. The credit risk on cash is limited because the Group invests its cash in deposits with well capitalised financial institutions with strong credit ratings.

Credit risk attributable to trade and other receivables mainly relates to amounts due from related parties of $265,000 representing the outstanding option fee plus interest repayable by Siberian Goldfields Limited, A British Virgin Island registered company, which has been outstanding since 27 November 2013. Siberian Goldfields Limited is a start-up business with limited cash resources at this time. Post year end, Siberian Goldfields Limited has been restructured, resulting in the debtor being converted into shares in, Siberian Goldfields Limited, a UK registered entity. The Directors consider that no provision is required against this amount based on the value of the underlying projects held by that entity's subsidiaries. However the entity is presently raising finance to develop its projects and the ultimate development of the projects and the recovery of the investment will be dependent on raising sufficient finance for the development. Whilst the directors are confident that the entity will be successful in raising sufficient funds, at present the ultimate outcome cannot be determined.

Fair values
It is the Board's opinion that the carrying values of the cash and cash equivalents, the other receivables, all trade and other payables, current borrowings and investments in the consolidated statement of financial position represent their fair values. The basis of assessing the fair value of the financial assets held at fair value through profit or loss is set out in the valuation hierarchy section of this note.

Capital Management
The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern and have access to adequate funding for its exploration and development projects, so that it can provide returns for shareholders and benefits for other stakeholders. The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure the Group may issue new shares, acquire debt, or sell assets.

(Tabulated amounts expressed in thousands of US dollars unless otherwise stated)

Management regularly reviews cash flow forecasts to determine whether the Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

22. Future commitments

The Group is committed to make the following payments under non-cancellable operating lease arrangements:

	Buildings		Total	
	2016	2015	2016	2015
Payable in less than one year	-	31	-	31

23. Related parties

Control of the Company

In the opinion of the Board, at 31 December 2016 there was no ultimate controlling party of the Company.

Identity of related parties

The Company and its subsidiaries have a related party relationship, with its Directors and executive officers.

On 24 September 2013 the Company acquired an option for $200,000 to conduct due diligence on Siberian Goldfields Ltd, a British Virgin Islands registered company ("SGL") and its mineral properties, with a view to Arian undertaking a potential equity transaction or other corporate transaction or investment with SGL ("Transaction"). On 27 November 2013, Arian gave notice to SGL of its election not to proceed with a Transaction.

The option grant fee is repayable by SGL to Arian together with interest payable at a rate of 10% per annum in the event that Arian elects not to proceed with a Transaction. Interest accrued during the year ended 31 December 2016 amounts to $20,000 (2015: $20,000). As at 31 December 2016, $265,000 (2015: $245,000) was owed to Arian by SGL.

A.J. Williams is a director and shareholder of SGL.

Directors' interests in shares of the Company

At 31 December 2016 the Directors of the Company and their immediate relatives controlled approximately 2.76% (2015: 3.3%) of the voting shares of the Company.

Directors' interests in the common shares of the Company as at 31 December 2016 and 2015 are set out below.

	2016	2015
A J Williams	**1,688,702**	220,000
J T Williams	**1,500,000**	480,000
T A Bailey	**1,314,226**	-
J A Crombie	**566,665**	150,000

Transactions with key management personnel

During the year ended 31 December 2016 the Company entered into the following transactions involving key management personnel:

Dragon Group Ltd charged the Company a total of $122,266 (2015: $154,851). This relates to the reimbursement of A.J. Williams' remuneration paid on behalf of the Company. A.J. Williams, Chairman and a director of the Company, beneficially owns Dragon Group Ltd. At 31 December 2016, $10,413 (2015: $12,498) was outstanding.

Key management personnel also participate in the Group's share option programme as disclosed in note 16.

Key management personnel compensation is disclosed in note 6.

JS Cable consulting fees

During the year, JS Cable charged the Company a total of $10,141 (2015: $16,000) in respect of consulting fees. There was no outstanding balance at 31 December 2016 (2015: nil).
J.S. Cable is a director of the Company.

TA Bailey consulting fees

During the year, TA Bailey charged the Company a total of $9,395 (2015: £28,000) in respect of consulting fees, of which $nil was outstanding at 31 December 2016 (2015: $19,482).
T.A. Bailey is a director of the Company.

(Tabulated amounts expressed in thousands of US dollars unless otherwise stated)

24. Post balance sheet events

February 2017 completion of sale of Calicanto Project
On 3 February 2017, the Company completed the sale of the Calicanto project and received the cash consideration of $400,000.

February 2017 grant of share options
On 3 February 2017, the Company adopted a share option plan (the "Share Option Plan") to succeed the Company's existing stock option plan (the "Prior Stock Option Plan"). The Share Option Plan provides for the award of options over the Company's common shares of no par value ("Common Shares") including HMRC-approved Enterprise Management Incentive ("EMI") share options.

Following the implementation of the Share Option Plan, the Nomination & Remuneration Committee approved the discretionary grant of EMI share options to directors and employees over 6,250,000 Common Shares, exercisable at a price of £0.01 until 2 February 2022 and vesting immediately.

The grant of options includes awards made to the following directors:

Name of Director	Number of options
A J Williams	**2,500,000**
J T Williams	**2,500,000**

On 10 February 2017, a further 2,250,000 shares options over Common Shares were awarded to directors and key personnel. The grant of options includes awards made to the following directors:

Name of Director	Number of options
T A Bailey	**500,000**
J S Cable	**500,000**
J A Crombie	**500,000**

April 2017 – Option agreement to acquire lithium projects
On 11 April 2017, the Company entered into an option agreement to acquire three lithium projects (the "Projects") from Comercializadora Gacu SA de CV, a privately held company, for an aggregate consideration of up to US$200,000 payable in instalments over the next 12 months. The Projects cover a total expanse of over 1,600 hectares in a prospective region of Zacatecas State, Mexico, known for its lithium deposits.

April 2017 – Settlement of SGL debt
The Company held security over shares in Siberian Goldfields Ltd, a British Virgin Islands registered company ("SGL"), and on 21 April 2017 the outstanding debt owed by SGL was settled through the issue of 2 million SGL shares representing 0.70% of the issued share capital of SGL. These were subsequently exchanged for 881,077 Ordinary shares (representing 0.35% of the issued share capital) of Siberian Goldfields Ltd ("SGL UK"), a UK registered company. The Company's interest in the underlying Siberian Goldfields project remains unchanged as a consequence of the restructuring.

April 2017 – Expiry of option over tailings project
On 26 April 2017, the Company announced that it will allow its option with Tierra Nuevo Mining Ltd over the Noche Buena gold and silver tailings project, to lapse unexercised. As at 31 December 2016 the Group had spent a total of US$38,000 on this project which was expensed to the income statement.

May 2017 – private placing
On 25 May 2017, the Company announced the private placing of £600,000 before expenses through the private placing for 0.5p each, of 120 million units, each comprising one Common share in the capital of the Company and one warrant exercisable to receive one Common share in the capital of the Company at 0.6p each. The placing is conditional on the shares being admitted to trading on AIM ("Admission"). Application was made to the London Stock Exchange for the 120 million shares to be admitted to trading on AIM. Admission of the Placing Shares became effective at 8:00am on 9 June 2017.

May 2017 – lapse of share options
On 29 May 2017, options over 50,000 shares with an exercise price of £0.70 lapsed unexercised.

Other information

Directors

The following individuals served as directors to the Company during the year ended 31 December 2016:

Anthony Joseph Williams
James Thomas Williams
Thomas Anstey Bailey
James Seymour Cable
James Arnott Crombie

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