ARIAN SILVER CORPORATION

Management's Discussion and Analysis

of the Financial Condition and Results of Operations

For the three months and nine months ended 30 September 2013

COMPANY INFORMATION

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STOCK EXCHANGES	AIM Market of the London Stock Exchange TSX Venture Exchange Frankfurt Stock Exchange
TRADING SYMBOLS	AIM: AGQ (stock is quoted in Pounds Sterling) TSX-V: AGQ (stock is quoted in Canadian Dollars) Frankfurt: I3A (stock is quoted in Euros)

Arian Silver Corporation – Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") has been prepared based on information available to Arian Silver Corporation ("Arian" or the "Company") as at 26 November 2013 and compares its financial results for the third quarter ended 30 September 2013 with the equivalent period of the previous year. This MD&A should be read in conjunction with the Company's 30 September 2013 unaudited Consolidated Financial Statements and the related notes. The unaudited Consolidated Financial Statements and the related notes have been prepared in accordance with International Financial Reporting Standards. All dollar amounts referred to in this MD&A are expressed in United States Dollars, unless specifically stated otherwise.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING AND CONTROLS

The unaudited Consolidated Financial Statements of the Company for the three and nine months ended 30 September 2013, and the comparative information for 2012, have been prepared by management of the Company ("Management") in accordance with International Financial Reporting Standards ("IFRS") and have been approved by the Company's Board of Directors (the "Board"). The integrity and objectivity of these unaudited Consolidated Financial Statements are the responsibility of Management. In addition, Management is responsible for ensuring that the information contained in this MD&A is consistent, where appropriate, with the information contained in the unaudited Consolidated Financial Statements.

In support of this responsibility, Management maintains a system of internal accounting and administrative controls to provide reasonable assurance that the financial information is relevant, reliable and accurate, and that the Company's assets are appropriately accounted for and adequately safeguarded. When alternative accounting methods exist, Management has chosen those methods it deems most appropriate in the circumstances. The unaudited Consolidated Financial Statements may contain certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis to ensure that the unaudited Consolidated Financial Statements are presented fairly in all material respects.

The Board is responsible for ensuring that Management fulfils its responsibilities for financial reporting and internal controls. The Board carries out this responsibility principally through its audit committee. The audit committee is appointed by the Board and its members are not involved in the Company's daily operations. The audit committee meets periodically with Management and the external auditor to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities.

INTRODUCTION

The following discussion is Management's assessment and analysis of the results and financial condition of the Company and should be read in conjunction with the accompanying unaudited Consolidated Financial Statements and the Company's 2012 Annual Report, both of which can be accessed on SEDAR at www.sedar.com or the Company's website at www.ariansilver.com.

Arian Silver is a publicly quoted silver exploration, development and production company, operating in one of the richest silver-bearing districts in the world, Zacatecas State, Mexico. The Company is committed to mining existing silver assets, and to exploring new opportunities. Arian's current focus is the San José project which includes the development and exploitation of the San José mine and the refurbishment and commissioning of the El Bote Processing Plant near Zacatecas City, Zacatecas State, which has stated capacity of up to 1,500 tonnes per day (the "El Bote Processing Plant" or the "Plant").

Arian Silver Corporation was co-founded by Jim Williams (President & CEO) and Tony Williams (Chairman).

The Company's common shares are listed for trading on the AIM Market of the London Stock Exchange, on the TSX Venture Exchange, and on the Frankfurt Stock Exchange. The Company's headquarters are in Berkeley Square, London.

OVERVIEW OF THIRD QUARTER 2013

Financial

	Three months ended 30 Sep 2013 $000s	Three months ended 30 Sep 2012 $000s	Change $000s	Nine months ended 30 Sep 2013 $000s	Nine months ended 30 Sep 2012 $000s	Change $000s
Revenue	-	136	(136)	129	4,554	(4,425)
Gross loss	(25)	(339)	314	(515)	(542)	27
Net profit/(loss) for the period	874	(968)	1,843	(1,029)	(2,875)	1,846

	As at 30 Sep 2013 $000s	As at 31 Dec 2012 $000s	Change $000s
Cash and cash equivalents	9,253	491	8,762
Total assets	27,361	14,119	13,242

- On 29 August 2013, the Company issued a convertible note instrument raising $15.6m before transaction costs ("Convertible Note"), with Platinum Long Term Growth VIII LLC ("Platinum"). The instrument is convertible in whole or in part at the option of the note holder at a conversion price of C$1.10.

- Upon the issuance of the Convertible Note, the Company acquired the El Bote Processing Plant for $3.12m.

- Cash reserves increased during Q3 2013 as a result of the proceeds from the Convertible Note, as well as further drawdowns on the Company's Standby Equity Distribution Agreement ("SEDA") facility.

- Total assets have increased since 31 December 2012 due to the cash proceeds from the Convertible Note and SEDA issuances as well as the investment in the El Bote Processing Plant.

- The net profit recognised in Q3 2013 comes as a result of a $2.5m gain recognised in relation to the fair value adjustment of the derivative liability relating to the Convertible Note.

Operations

	Third Quarter 2013	Third Quarter 2012	Change
Head grade - Ag grams per tonne	-	-	0%
Tonnes mined	708	4,072	(83%)
Tonnes milled	-	-	0%
Silver concentrate tonnes produced	-	-	0%
Silver ounces produced	-	-	0%
Silver ounces per concentrate tonne produced	-	-	0%
Silver ounces sold	-	-	0%
Silver concentrate tonnes sold	-	-	0%

- The Company completed the purchase and commenced the refurbishment of the El Bote Processing Plant in the period. The Plant will be refurbished, dismantled, transported and installed in a modular manner at the Company's 100%-owned site adjacent to the San José mine.

- Small scale mining and preparation work was performed during Q3 2013.

Subsequent Events

None

THE STRATEGY

- Obtain advanced and low-cost (acquisition cost) silver projects and rapidly build up resources in the ground. Arian is focusing its exploration efforts in one of the richest known silver-bearing districts in the world - the Zacatecas State of Mexico.
- Focus on projects with prior exploration and production history, thereby reducing risks and capital costs.
- Develop projects towards production through a combination of company development and/or Joint Venture (JV) and acquisition opportunities.
- Build shareholder value by expanding silver resources and reserves, and increasingly efficient production.

REVIEW OF OPERATING PERFORMANCE

	Q3 2013	Q2 2013	Q1 2013
Head grade - Ag grams per tonne (g/t)	**-**	191	174
Tonnes mined	**708**	4,628	-
Tonnes milled	**-**	3,221	258
Silver concentrate tonnes produced	**-**	43	4
Recovery %	**-**	47.05	60.90
Silver ounces produced	**-**	9,294	878
Silver ounces per concentrate tonne produced	**-**	216	251
Silver ounces sold	**-**	9,058	-
Silver concentrate tonnes sold	**-**	37	-
Quarter end inventory balances			
Mined tonnes stockpile	**17,850**	17,142	17,935
Silver concentrate inventory tonnes	**4**	4	4
Silver ounces included in concentrate inventory	**1,114**	1,114	878

	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Head grade - Ag grams per tonne (g/t)	-	-	181	173
Tonnes mined	-	4,072	26,268	21,553
Tonnes milled	-	-	28,903	24,394
Silver concentrate tonnes produced	-	-	298	302
Recovery %	-	-	58.74	49.01
Silver ounces produced	-	-	98,616	66,688
Silver ounces per concentrate tonne produced	-	-	331	221
Silver ounces sold	-	8,937	93,112	75,911
Silver concentrate tonnes sold	-	32	286	330
Quarter end inventory balances				
Mined tonnes stockpile	18,192	18,204	15,003	17,637
Silver concentrate inventory tonnes	-	-	36	24
Silver ounces included in concentrate inventory	-	-	11,276	5,772

Following the acquisition of the El Bote Processing Plant in August 2013, the Company commenced the refurbishment of the Plant in-situ. Upon completion of the refurbishment, the Plant will be dismantled, transported and installed in a modular manner at the Company's 100%-owned site adjacent to the San José mine. An internal team is leading the refurbishment of the Plant to ensure the Company has the control necessary to ensure the project is performed to a suitable standard and in the most cost-efficient manner. Third parties will, in due course, commence the development of the necessary site works, tailings dam and electrical infrastructure for the plant.

The Plant is currently located approximately 50 kilometres ("km") from the site of the San José mine and is comprised of a crushing circuit with a reported throughput of 150 tonnes per hour, a grinding circuit of four ball mills, two flotation circuits, thickening tanks and filters.

It is anticipated that the Plant will be commissioned towards the end of 2014 with a capacity of 750 tonnes per day "tpd". The plant will be expanded to 1,500 tpd shortly afterwards.

Mining and development at the San José mine were minimised during Q3 2013 following the decision in Q2 2013 to terminate the Company's pilot mining and processing program at the Juan Reyes plant. Mining and development activities will be accelerated alongside the refurbishment and relocation of the El Bote Plant to ensure readiness for the resumption of processing operations in 2014.

REVIEW OF FINANCIAL PERFORMANCE

SUMMARY OF QUARTERLY RESULTS

The Company's focus during the quarter was to complete the financing and acquisition of the El Bote Processing Plant and commence the project of refurbishment, relocation and commissioning in a modular manner.

Unaudited		**2013**			**2012**			**2011**
	Q3	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue	-	129	-	34	136	2,104	2,314	2,367
Cost of sales	(25)	(413)	(206)	(256)	(475)	(2,242)	(2,379)	(1,921)
Gross loss	(25)	(284)	(206)	(222)	(339)	(138)	(65)	(446)
Net investment income/(loss)	44	(68)	(21)	(84)	57	(127)	81	(50)
Net profit/(loss) for the period	875	(947)	(956)	(1,156)	(968)	(1,133)	(774)	(443)
Basic and diluted earnings/(loss) per share	$0.03	($0.03)	($0.03)	($0.04)	($0.03)	($0.04)	($0.03)	($0.03)
Total assets	27,361	14,582	15,154	14,119	14,409	15,021	16,732	16,250
Total non-current financial liabilities	185	182	186	177	175	172	171	170
Shareholders' equity	15,717	13,414	13,971	13,003	13,464	13,647	15,370	14,909

REVIEW OF Q3 2013 RESULTS

Revenue
Revenue of $nil (Q3 2012: $0.1m) was recorded as a result of the termination of trial production in Q2 2013.

Cost of sales
Cost of sales of $25k (Q3 2012: $0.5m) comprises the reversal of an inventory write-down of $41k offset by semi-fixed production costs of $66k.

Gross loss
A gross loss of $25k (Q3 2012: $0.3m) was incurred relating to cost of sales.

Net profit/(loss)
The net profit of $0.9m (Q3 2012: net loss of $1.0m) was primarily on account of the $2.5m gain (Q3 2012: $nil) on the fair value adjustment on the derivative liability relating to the Convertible Note. ***See Liquidity, Capital Resources and Working Capital*** for more information concerning the Convertible Note. This was largely offset by administrative expenses of $1.6m (Q3 2012: $0.7m), $0.9m higher than the equivalent period last year. This increase is as a result of $0.5m transaction costs relating to the Convertible Note, a $0.3m foreign exchange loss and $0.1m relating to pay awards.

Total assets

Total assets of $27.4m increased by $12.8m from Q2 2013, due to the receipt of cash proceeds from the Convertible Note and SEDA facility, and the investment in the El Bote Processing Plant.

Total non-current financial liabilities

Total non-current financial liabilities were $185k and relate to a provision for mine closure. This amount would only be payable if the mine were closed; it covers decommissioning, reclamation and rehabilitation at the end of the initial mining period of approximately 4 years, and is based on an estimated cost of $206k and discount rate of 5%.

Shareholders' equity

Shareholders' equity increased by $2.3m compared to Q2 2013. This increase was a result of gain in foreign exchange reserves of $0.5m, net profit of $0.9m and share capital issued of $0.9m.

Following the approval of shareholders on 29 August 2013, every 10 pre-consolidated common shares in the Company were consolidated into one post-consolidation common share of the Company, effective from the 3rd September 2013.

Third quarter 2013 vs. third quarter 2012

The operating profit for the quarter was $0.9m (Q3 2012: operating loss $1.0m). This includes a $2.5m (Q3 2012: $nil) profit from the fair value adjustment over the derivative liability relating to the Convertible Note. This was largely offset by administrative expenses of $1.6m (Q3 2012: $0.7m), $0.9m higher than the equivalent period last year. This increase relates to $0.5m transactions costs relating to the Convertible Note, $0.3m foreign exchange loss and $0.1m relating to pay awards.

Third quarter 2013 vs. second quarter 2013

The Q3 2013 gross loss of $25k was $0.2m lower than that reported in the previous quarter. The net profit for Q3 2013 of $0.9m was $1.8m higher than the previous quarter mainly due to the $2.5m gain from the fair value adjustment over the derivative liability relating to the Convertible Note, offset by related transaction costs and a foreign exchange loss. Cash available at the end of the Q3 2013 of $9.3m was $8.6m higher than the previous quarter – attributable to the proceeds of the Convertible Note.

LIQUIDITY, CAPITAL RESOURCES AND WORKING CAPITAL

On 29 August 2013, the Company issued a convertible note instrument raising $15.6m before transaction costs, with Platinum. The instrument is convertible in whole or in part at the option of the note holder at a conversion price of C$1.10. The note will mature at a premium of 5% if not otherwise converted before 29 August 2014. On closing, the Company prepaid the full interest of 14%. This facility was entered into to fund the purchase, refurbishment, transportation and reassembly of the El Bote Plant.

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

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

At 30 September 2013, £2.2m remained available for drawdown from the SEDA facility.

The following share purchase options were outstanding as of 26 November 2013, each entitling the holder to acquire one common share of the Company: 2,231,000 share purchase options with exercise prices ranging from £0.55 to £4.925 (C$1.00 to C$7.90) and expiring on various dates up to May 2018.

Working Capital – 30 September 2013

As at 30 September 2013, the Company had a net current liability of $0.3m (31 December, 2012: net current asset of $1.6m). The items of working capital and changes compared to 31 December 2012 are as follows:

Current assets

- cash and cash equivalents of $9.3m (31 December 2012: $0.5m);
- trade and other receivables of $1.0m (31 December 2012: $1.2m). $0.9m of the outstanding balance relates to the IVA (government sales tax) debtor owed to Arian which is in the process of being recouped as well as $0.1m for the concentrate sold;
- inventories of $0.9m (31 December 2012: $0.6m) relates to stockpile held at cost relating to production at the San José mine; and
- financial assets held at fair value through profit or loss of $nil (31 December 2012: $0.2m) relates to shares held in Geologix Explorations Inc. which were sold in the period.

Current liabilities

- trade payables of $1.2m (31 December 2012: $0.9m);
- convertible note liability of $9.2m (31 December 2012: $nil) relating to the Convertible Note which reaches maturity on 29th August 2014; and
- derivative liability $1.1m (31 December 2012: $nil) this relates to the conversion option of the Convertible Note.

Off-balance sheet arrangements

The Company has no off-balance sheet arrangements.

FUTURE OUTLOOK

The Company successfully acquired the El Bote Processing Plant in August 2013. Upon completion of its refurbishment, the Plant will be transported to the Company's site adjacent to the San José project, where it will be reassembled and commissioned.

The plant, which is expected to be in operation during Q3 2014, will have capacity to treat up to 1,500 tonnes per day of silver-lead-zinc ore and is projected to deliver substantial cost savings against the previous toll milling operations. With reduced operating costs, the Company should enjoy significantly higher operating margins than would otherwise have been achievable under previous toll milling arrangements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires the Company to select from possible alternative accounting principles and to make estimates and assumptions that determine the reported amount of assets and liabilities at the balance sheet date and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained and are subject to change. The Company's accounting policies are considered appropriate in the circumstances, but are subject to judgements and uncertainties inherent in the financial reporting process.

The following section discusses the critical accounting estimates and assumptions that management has made and how they affect the amounts reported in the consolidated financial statements. We consider these estimates to be an important part of understanding our consolidated financial statements.

Going Concern

The directors regularly review cash flow forecasts to determine whether the Company and its subsidiaries (together referred to as the "Group") have sufficient cash reserves to meet future working capital requirements and commitments, and to fund future expansion projects and business opportunities.

At 30 September 2013 the Company had a working capital deficiency of $0.3m.

In September 2012, the Group entered into a £5m Standby Equity Distribution Agreement ("SEDA") with YA Global Master SPV Ltd ("Yorkville"). The SEDA entitles the Group to drawdown funds in exchange for the issue of shares at a price based on the Company's market price. At 30 September 2013, £2.2m remained available to draw down against the SEDA facility.

On the 29 August 2013 the Company raised $15,585,000 through the issuance of a Convertible Note. The senior secured Convertible Note is convertible at C$1.10 at the option of the note holder, and if not converted, will mature at a premium of 5% on 28 August 2014.

The Group is currently considering refinancing options, including the issue of new equity, debt finance and alternative financing arrangements to source funds on more attractive terms and to more adequately fund the expansion of the company's operations.

In the past the Group has been successful at raising funding, however there can be no assurance that the Group will be able to raise funds in the future.

The directors currently believe the Group has adequate financial resources or access to such resources in order to continue to prepare the Company's financial statements on a going concern basis. However, if the Company is unsuccessful in raising future funding it may not be able to meet its on-going working capital and project expenditure requirements. If these circumstances arose then there would be significant doubt on the Company's ability to continue as a going concern and the carrying value of the Group's exploration and other assets would be required to be reviewed.

Resource Properties, Deferred Exploration and Development Costs

All costs related to the exploration of mineral properties are capitalised until either the properties are brought into production, at which time they are amortised over the estimated life of the project, or until the properties are sold, or title rights allowed to lapse, or are abandoned or determined not to be commercially viable, at which time they are charged to the income statement.

The amounts capitalised at any time represent costs to be charged to operations in future and do not necessarily reflect the present or future values of particular properties. The recoverability of the carrying values of exploration properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete development and future profitable production therefrom, or alternatively, upon the Company's ability to dispose of its interests on an advantageous basis.

Management is of the view that the current policy is appropriate for the Company at this time and is consistent with many other public mineral exploration and development companies in the UK and Canada. Shareholders are advised that carrying values are not necessarily indicative of present or future values. The Company assesses whether impairment exists in any of its exploration projects and writes down that project to its estimated recoverable value when such impairment is found to exist. Any write-down is recorded as an expense in the Company's income statement in the financial statements for the relevant period.

Share-based Payments

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

Revenue Recognition
Revenue from sales of metal concentrate is recognised when title transfers and the rights and obligations of ownership pass to the customer. The Company's sales of concentrate are made under pricing arrangements where final sales prices are determined by quoted market prices in a period subsequent to the date of sale. In these circumstances, revenue from sales is recorded at the time of the sale based on forward prices for the expected date of final settlement. Subsequent variations in prices are recognised as revenue adjustments as they occur.

In a period of extreme and unusual price volatility, the effect of mark-to-market price adjustments related to the quantity of metal which remains to be settled with independent smelters could be significant.

Inventories
Concentrates and stockpile ore are valued at the lower of the average production costs or net realisable value. The assumptions used in the valuation of those inventories included estimates of metal contained in stockpiled ore, assumptions of the amount of metal that is expected to be recovered, assumptions of the smelting terms as well as assumptions of the metal prices and exchange rates expected to be realised when the metals are recovered. If these estimates or assumptions prove to be inaccurate the Company could be required to write-down the recorded value of its inventories, which would reduce the Company's earnings and working capital. Net realisable value is determined with reference to market prices.

Convertible note
The convertible option of the Convertible Note has been treated as an embedded derivative because it does not meet IFRS's definition of equity. The liability and derivative liability components are presented separately in the Consolidated Statement of Financial Position starting from initial recognition. At initial recognition, the value of the liability component is based on the proceeds from the transaction less the fair value of the derivative liability. Subsequent to initial recognition, the liability component is measured at amortised cost using the effective interest method; the liability component is increased by accretion of the effective interest to reach the nominal value of the note plus premium payable on maturity.

On initial recognition, the fair value of the derivative liability is established using a Monte Carlo simulation. Subsequently, the derivative liability is fair valued at each reporting date and changes in the fair value are taken directly to the Statement of Comprehensive Income.

Transaction costs are distributed between the convertible note and derivative liability on a pro-rata basis of their carrying amounts on initial recognition.

FINANCIAL RISK FACTORS

Market Risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for Arian comprises two types of risk: currency risk and price risk.

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.

Currency Risk
The Company's exploration expenditure is made in Mexico in Mexican Peso and corporate expenses are predominantly made in the UK in Pounds Sterling, United States Dollars and

Canadian dollars. The Company is therefore exposed to the movement in exchange rates for these currencies.

The Company does not currently hedge foreign exchange risk.

The majority of the Company's cash resources were held in US Dollars. The Company therefore also has downside exposure to any strengthening of Pound Sterling, the Mexican Peso, or the Canadian Dollar 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 Pound Sterling, the Mexican Peso, or the Canadian Dollar against the US Dollar would, however, result in a reduction in expenses in US Dollar terms and preserve the Company's cash resources.

In addition, any movements in Pound 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 United States Dollars.

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 30 September 2013, the Company had cash of $9.3m and receivables of $1.0m to settle accounts payable of $1.2m. The Company's accounts payable have contractual maturities of less than 30 days and are subject to normal trade terms.

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

OTHER RISK FACTORS

The financing, exploration, development and exploitation of the Company's properties and the operations of the Company' business are subject to a number of factors, including metal prices, laws and regulations, political conditions, currency fluctuations, hiring qualified people and obtaining necessary services in jurisdictions where the Company operates.

The Company is subject to a number of risk factors due to the nature of the mining business in which it is engaged, not least are adverse movements in commodity prices, which are impossible to forecast. The Company seeks to counter this risk, as far as possible, by selecting exploration areas on the basis of their recognised geological potential to host economic deposits.

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

Requirement of Additional Financing
The exploration and development of the Company's concessions, including continuing exploration projects, and the construction of larger scale mining facilities and commencement of larger scale mining operations, will require substantial additional financing. However, if the required funding is not forthcoming on a timely basis the Company may not be able to meet its on-going working capital and project expenditure requirements. No assurance can be given that the Company will be able to raise the additional financing necessary to continue its production activities or to explore and/or develop its concessions. Failure to obtain sufficient financing for any projects will 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. The only sources of funds currently available to the Company are through the sale of product from production activities, the issue of equity capital, the sale of concessions or other assets, royalty interests or the entering into of joint ventures, and raising debt or loans. In addition, 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 and other factors outside the Company's control. Additional financing may not be available when needed, or if available, the terms of such financing might not be favourable to the Company and might involve substantial dilution to shareholders. In the absence of adequate funding the Company may not be able to continue as a going concern in which event the carrying value of the Company's projects would be required to be reviewed.

Volatility of Metal Prices

The value of the Company's resources and financial results of operations will be affected by fluctuations in metal prices over which the Company has no control. A reduction in the metal prices may 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, may have a significant influence on the market price of the Company's common shares.

Mining concessions and Title

In relation to mining concessions over which the Company holds legal rights, if the Company fails to fulfil the specific terms or obligations 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.

Whilst the Company has received legal opinions in respect of title 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 may be subject to prior unregistered agreements, transfers or other claims and title may be affected by unidentified or unknown defects or government actions.

Nature of Mineral Exploration and Mining

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. Save in respect of the San José project, the Company's projects are not in production and 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 exploration and development of mineral deposits involves significant financial risks over a prolonged period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a mineral structure may result in substantial rewards, few concessions which are explored are ultimately developed into producing mines. Major expenditures may be required to establish reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that preliminary feasibility studies or full feasibility studies on the Company's projects or the current or proposed exploration programmes on any of the concessions in which the Company has rights or is negotiating rights will result in a profitable commercial mining operation.

The Company's operations are subject to all of the hazards and risks normally incidental to exploration, development and the production of minerals. These could result in damage to or destruction of the Company's facilities, damage to life or property, environmental damage or pollution and possibly legal liability for any or all damage which could have a material adverse impact on the business, operations and financial performance of the Company. The Company's activities may be subject to prolonged disruptions due to weather conditions depending on the location of operations in which the Company has interests. Hazards, such as unusual or unexpected geological formations, rock falls, flooding or other climatic conditions may be encountered in the drilling and removal of material. Although precautions to minimise risk will be taken, even a combination of careful evaluation, experience and knowledge may not eliminate all of the hazards and risks.

Whether a mineral deposit will be or will continue to be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as its size and grade, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of silver, changes in the silver price, and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

The Company is transitioning from an exploration company to a producer. In the mining industry such a transition is sometimes a difficult and challenging exercise due to operational issues and risks.

Limited Operating History

The Company has a limited history of producing revenue and its ultimate success will depend on its ability to generate cash flow from its concessions in the future. The Company has not earned any material profits to date and there is no assurance that it will do so in the future. A major portion of the Company's activities will be directed to the development of the San José vein as well as the search for and the development of new silver deposits. Significant capital investment will be required for exploration at the concessions and to achieve commercial production from the Company's existing projects and from successful exploration efforts. There is no assurance that the Company will be able to raise the required funds to continue these activities.

Mineral Resource Estimates

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

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

No Reserves

The Company does not hold any concessions in respect of which mineral reserves estimates have been established that comply with CIM Standards and Guidelines or other similar recognised industry standards.

Insurance and Uninsured Risks

The mining industry is subject to significant risks that could result in damage to, or destruction of, mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining or monetary losses and possible legal liability.

The Company's insurance policies may not provide adequate coverage for losses related to these or other risks. The Company's insurance policies do not cover all possible risks that may arise in relation to the Company's exploration activities and production facilities and as a result the Company may incur losses or damages that could have a material and adverse effect on the Company's operations and finances.

In the course of the Company's activities certain risks or unexpected or unusual geological conditions both underground and on surface may occur. It is not always possible to insure against such risks due to the absence of available cover or the Company may decide not to insure due to costs considerations of available cover. As a result the Company could incur losses or damages that could have a material and adverse effect on the Company's operations and finances.

Reliance on Contractors in Mexico

The Company relies on contractors to implement the Company's exploration and development programmes as well as its current mining operation at the San José project. The general availability of contractors or the failure of a contractor 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.

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.

Environmental Factors

The Company's operations are subject to environmental regulation in the jurisdictions in which the Company 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 may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances, which may exist on or under any of the properties covered by its concessions, or which may 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 may be subject to penalties, its operations may 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.

Political Risk

The Company is conducting its exploration activities in the Republic of Mexico. The Company may be adversely affected by changes in economic, political, judicial, administrative or other regulatory factors such as taxation in the Republic of Mexico, where the Company will operate and holds its major assets. The Republic of Mexico may have a more volatile political environment and/or more challenging trading conditions than in some other parts of the world. The Directors believe the government of Mexico supports the development of natural resources by foreign operators. 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 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.

Regulatory Approvals

The operations of the Company require approvals, licenses and permits from various regulatory authorities, governmental and otherwise. The Board 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. 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.

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 opportunities available and, as a result, the Company may be unable to acquire further silver concessions on terms it considers acceptable.

TRANSACTIONS WITH RELATED PARTIES

During the nine months ended 30 September 2013 the group entered into the following transactions involving related parties:

Transactions with key management personnel

The Dragon Group Ltd charged the Company a total of $90,063 (30 September 2012: $91,904) which 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 the Dragon Group. At 30 September 2013, $10,444 (31 December 2012: $20,910) was outstanding.

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").

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. As at 30 September 2013, $nil was outstanding. On 27 November 2013 Arian gave notice to SGL of its election not to proceed with a Transaction.

Tony Williams is a director and shareholder of SGL.

Key management personnel participate in the Company's share option programme.

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.

Other risks and uncertainties have been detailed in the Company's 2012 Annual MD&A which can be accessed on SEDAR at www.sedar.com or the Company's website at www.ariansilver.com.

Forward-Looking Statements

This MD&A contains certain "forward-looking statements". All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements relating to the mineral resource estimates, statements regarding the contract mining and milling operation at the San José Project (the "SJ Mining Operation"), the ability of the Company to achieve, maintain and possibly increase planned levels of production from the SJ Mining Operation, the ability of the Company to generate positive cash flow from the SJ Mining Operation, the ability to continue or implement proposed drilling programmes on the SJV system and the Company's exploration, development and production plans and objectives, including its ability to access and/or acquire production facilities are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and even if such actual results are realised or substantially realised, there can be no assurance that they will have the expected consequences to, or effects on the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things, the performance of the contractors and plant and equipment engaged in relation to the SJ Mining Operation, failure to achieve anticipated production levels and mineral grades for ore from the SJ Mining Operation, failure to establish estimated mineral reserves, the possibility that future exploration results will not be consistent with the Company's expectations, uncertainties relating to the availability and costs of financing needed in the future, changes in the silver commodity price, changes in equity markets, political developments in Mexico, changes to regulations affecting the Company's activities, delays in obtaining or failures to obtain required regulatory approvals, the uncertainties involved in interpreting exploration results and other geological data, and the other risks involved in the mineral exploration and development industry. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

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

OTHER INFORMATION

Additional Information

Additional information relating to the Company may be accessed through SEDAR on the internet at www.sedar.com or the Company's website, www.ariansilver.com.

Disclosure of Outstanding Share Data

The following table sets out the outstanding securities of the Company as at 26 November 2013:-

	Number in issue
Common shares of no par value	33,366,005
Share purchase options	2,231,000

Each share option and share purchase warrant entitles the holder thereof to purchase one common share of the Company.