



ARIAN SILVER CORPORATION

**Interim Consolidated
Financial Statements
(Unaudited)**

Three Months ended 31 March, 2011

ARIAN SILVER CORPORATION
Berkeley Square House, Berkeley Square
London W1J 6BD
England
Tel: +44 (0) 20 7887 6599
Fax: +44 (0) 20 7887 6598

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of financial statements by an entity's auditor.

Arian Silver Corporation
Consolidated Statement of Financial Position (Unaudited)
At 31 March, 2011 and 31 December, 2010
(In U.S. dollars)

	2011 \$'000	2010 \$'000
Assets		
Intangible assets	2,177	1,241
Property, plant and equipment	5,864	5,423
Total non-current assets	8,041	6,664
Trade and other receivables	1,572	934
Cash and cash equivalents	8,941	8,255
Inventories	374	139
Assets held for sale	-	2,884
Other financial assets at fair value through profit and loss	703	-
Total current assets	11,590	12,212
Total assets	19,631	18,876
Equity		
Share capital	47,288	45,420
Share-based payment reserve	8,157	813
Foreign exchange translation reserve	(456)	(1,234)
Retained loss	(36,647)	(28,255)
Total equity	18,342	16,744
Trade and other payables	1,126	476
Deferred income	-	1,495
Total current liabilities	1,126	1,971
Provision for mine closure	163	161
Total non-current liabilities	163	161
Total liabilities	1,289	2,132
Total equity and liabilities	19,631	18,876

*The accompanying notes are an integral part of these consolidated financial statements.
These consolidated financial statements have been approved by the Company's directors.*

Arian Silver Corporation
Consolidated Statement of Comprehensive Income (Unaudited)
For the three months ended 31 March, 2011 and 2010
(In U.S. dollars)

	3 Months ended 31 March 2011 \$'000	3 Months ended 31 March 2010 \$'000
Continuing operations		
Revenue	1,137	-
Cost of sales	(1,350)	-
Gross loss	(213)	-
Administrative expenses	(8,062)	(270)
Operating loss	(8,275)	(270)
Finance costs	(115)	(101)
Loss before tax	(8,390)	(371)
Loss for the period attributable to equity shareholders of the parent	(8,390)	(371)
Other comprehensive income / (loss)		
Foreign exchange translation differences recognised directly in equity	988	142
Available for sale reserve		(504)
Other comprehensive income / (loss) for the period	988	(362)
Total comprehensive income / (loss) for the period attributable to equity shareholders of the parent	(7,402)	(733)
Basic and diluted loss per share (\$)	(0.03)	(0.01)

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Arian Silver Corporation
Consolidated Statement of Cash Flows (Unaudited)
For the three months ended 31 March, 2011 and 2010
(In U.S. dollars)

	3 Months ended 31 March 2011 \$'000	3 Months ended 31 March 2010 \$'000
Cash flows from operating activities		
Operating loss before financing costs	(8,275)	(270)
Adjustments for:		
Depreciation and amortisation	31	3
Impairment of fixtures and fittings	-	-
Exchange Difference	251	(27)
Equity-settled share-based payment transactions	7,345	8
	<u>(648)</u>	<u>(286)</u>
(Increase)/decrease in trade and other receivables	(603)	65
Increase/(decrease) in trade and other payables	628	(55)
Increase/(decrease) in trade and other payables	(229)	-
Net cash used in operating activities	<u>(852)</u>	<u>(276)</u>
Cash flows from investing activities		
Interest received	11	4
Proceeds from disposal of Tepal Project	775	750
Acquisition of intangibles	(878)	(641)
Acquisition of property, plant and equipment	(265)	-
Generated from investing activities	<u>(357)</u>	<u>113</u>
Cash flows from financing activities		
Proceeds from issue of share capital	1,868	3,171
Repayment of borrowings	-	(854)
Net cash from financing activities	<u>1,868</u>	<u>2,317</u>
Net increase in cash and cash equivalents	659	2,154
Cash and cash equivalents at 1 January	8,255	101
Effect of exchange rate fluctuations on cash held	27	(186)
Cash and cash equivalents at 31 March	<u>8,941</u>	<u>2,069</u>

Arian Silver Corporation
Consolidated Statement of Changes in Equity (Unaudited)
For the three months ended 31 March, 2011 and 2010
(In U.S. dollars)

	Share Capital \$'000	Share based payment reserve \$'000	Foreign exchange translation reserve \$'000	Available for sale reserve \$'000	Retained Earnings \$'000	Total \$'000
Period to 31 March, 2010						
Opening Balance	38,238	1,648	(1,444)	504	(27,203)	11,743
Loss for the period	-	-	-	-	(371)	(371)
Foreign exchange	-	-	142	-	-	142
Reversal of unrealised gain	-	-	-	(504)	-	(504)
Total comprehensive income and expense for the year	-	-	142	(504)	(371)	(733)
Shares redeemed and cancelled re:						
Grafton	(4,935)	-	-	-	-	(4,935)
Shares issued for debt	755	-	-	-	-	755
Shares issued for cash	3,358	-	-	-	-	3,358
Share issue costs	(186)	-	-	-	-	(186)
Fair value of share options	-	8	-	-	-	8
Balance 31 March, 2010	37,230	1,656	(1,302)	-	(27,574)	10,010

Period to 31 March, 2011						
Opening Balance	45,420	813	(1,234)	-	(28,255)	16,744
Loss for the period	-	-	-	-	(8,392)	(8,392)
Foreign exchange	-	-	778	-	-	778
Total comprehensive income and expense for the year	-	-	778	-	(8,392)	(7,614)
Exercise of share options	104	-	-	-	-	104
Exercise of warrants	1,764	-	-	-	-	1,764
Fair value of share options	-	7,344	-	-	-	7,344
Balance 31 March, 2011	47,288	8,157	(456)	-	(36,647)	18,342

Arian Silver Corporation
Notes to Consolidated Financial Statements (Unaudited)
For the three months ended 31 March, 2011 and 2010
(In U.S. dollars)

1. Basis of preparation, going concern and adequacy of project finance

These interim unaudited consolidated financial statements for Arian Silver Corporation (“ASC” or the “Company”) have been prepared in accordance with International Financial Reporting Standards.

ASC is a company domiciled in the British Virgin Islands. The consolidated financial statements of the Company 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.

The accounting policies and methods of computation used in the preparation of the interim unaudited consolidated financial statements are the same as those described in the Company’s audited consolidated financial statements and notes thereto for the year ended 31 December 2010. In the opinion of the management, the interim unaudited consolidated financial statements include all adjustments considered necessary for fair and consistent presentation of financial statements. These interim unaudited consolidated financial statements should be read in conjunction with the Company’s audited financial statements and notes for the year ended 31 December 2010.

These consolidated financial statements are presented in United States 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.

The Group is at an early stage of development. In the past the Company has raised equity funds in several discrete share placements, which is a common practice for junior mineral exploration companies. 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.

The directors currently believe that the Group has adequate financial resources or access to such resources in order to continue in operational existence for the foreseeable future and to meet its currently projected working capital and project expenditure requirements for the next 12 months. They therefore believe it appropriate to prepare the Group’s financial statements on a going concern basis.

2. Intangible assets - Deferred Exploration and Evaluation Costs

These comprise costs directly incurred in exploration and evaluation as well as the cost of mineral licences. 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 economically recoverable 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.

Arian Silver Corporation
Notes to Consolidated Financial Statements (Unaudited)
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(In U.S. dollars)

2. Intangible assets - Deferred Exploration and Evaluation Costs (continued)

Changes in intangible assets for the three months ended 31 March, 2011 and the year ended 31 December, 2010 are detailed in the following table:

	2011	2010
	\$'000	\$'000
Opening balance	1,241	7,703
Additions for the period	878	916
Transfer to asset held for sale	-	(2,884)
Transfer to property, plant and equipment	-	(4,695)
Write down	-	(185)
Foreign Exchange	58	386
Closing balance	2,177	1,241

The balances at 31 March 2011 and at 31 December 2010 relate entirely to deferred exploration and development costs.

The transfer to asset held for sale relates to the Tepal project transaction as described in Note 10. The transfer to property, plant and equipment, has been categorised as mine development costs (see Note 3). This has taken place as a result of the commencement of the mining operation at the San José property. These costs relate to the property payments, drilling and assay costs that were incurred during the exploration stage of the project.

3. Property, plant and equipment – Mine Development Costs

Mine development costs include appropriate deferred exploration and evaluation costs transferred on 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.

Changes in property, plant and equipment for the three months ended 31 March, 2011 and the year ended 31 December, 2010 are detailed in the following table:

	2011	2010
	\$'000	\$'000
Opening balance	5,423	86
Additions for the period	265	510
Transfer from intangible assets	-	4,695
Other movements	-	161
Amortisation	(31)	(44)
Foreign Exchange	207	15
Closing balance	5,864	5,423

The balances at 31 March 2011 and at 31 December 2010 relate to mine development costs and other property plant and equipment. The mine development costs at 31 March 2011 of \$5,756,000 (31 December 2010 - \$5,327,000), relate to the 100% owned San José property in Zacatecas State, Mexico. Other property plant and equipment at 31 March 2011 of \$108,000 (31 December 2010 - \$96,000) includes plant and equipment, fixtures and fittings and vehicles.

Other movements consist of the mine closure provision (see Note 6)

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4. Inventories

Inventories comprise silver concentrate produced, ore stockpiles and consumables and are stated at the lower of cost and net realisable value. Silver concentrate produced and ore stockpiles are calculated on an average cost basis and include all costs directly incurred up to the relevant point of the process, such as mining costs, milling costs, transport, operating and administration costs. Net realisable value is determined with reference to market prices.

	2011	2010
	\$'000	\$'000
Consumables	32	25
Ore stockpiles	56	-
Silver concentrate produced	286	114
Inventories	374	139

5. Other financial assets at fair value through profit and loss

Other financial assets at fair value through profit and loss are classified as current assets and relate to common shares held in Geologix Explorations Inc ("Geologix") arising from the Tepal project transaction (see Note 10).

They are initially stated at cost and subsequently measured at fair value. Fair values are derived by reference to the market pricing of such assets and movements in fair values are accounted for as Investment income or expense and taken to the Consolidate Income Statement. When these assets are disposed of, any gains and losses are included in the Consolidated Income Statement.

6. Provision for mine closure

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by the development or ongoing 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.

Changes in mine closure provision for the three months ended 31 March, 2011 and the year ended 31 December, 2010 are detailed in the following table:

	2011	2010
	\$'000	\$'000
Opening balance	161	-
Unwinding of discount	2	161
Closing balance	163	161

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6. Provision for mine closure (continued)

The provision has been made to cover projected closure costs in the event that the operations at the San José mine are not prolonged beyond the initial mining period of approximately 4 years. Closure costs are calculated to be \$206,000 at the end of the 4 years at 31 December 2014 using a discount rate of 5%. Closure activities include decommissioning, reclamation and rehabilitation.

7. Share capital and reserves

Authorised

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

Issued and outstanding common shares

Changes in share capital for the three months ended 31 March, 2011 and the year ended 31 December, 2010 are as follows:

	2011		2010	
	Number of Shares '000	Amount \$'000	Number of Shares '000	Amount \$'000
Opening balance	282,448	45,420	258,143	38,238
Redeemed and cancelled re: Grafton	-	-	(109,091)	(4,935)
Shares issued for debt	-	-	15,762	755
Shares issued for cash	-	-	92,202	9,475
Issue costs of share issuance	-	-	-	(522)
Exercise of share options	1,200	104	17,957	1,752
Exercise of share warrants	17,342	1,764	7,475	657
Closing balance	300,990	47,288	282,448	45,420

Three months ended 31 March 2011

- 17,342,000 common shares issued at Cdn\$0.10 per share to provide additional working capital of Cdn\$1,734,200 in connection with warrants exercised.
- 1,200,000 common shares issued at £0.055 per share to provide additional working capital of £66,000 in connection with share options exercised.
- 200,000 common shares issued at £0.12 per share to provide additional working capital of £24,000 in connection with share options exercised.

Year ended 31 December, 2010

- Redemption and cancellation of 109,090,909 common shares (see Note 12).
- 15,762,000 common shares issued in respect of the loan settlement (see Note 12).
- 70,597,139 common shares; 69,997,139 common shares issued at Cdn\$0.05 per share to provide additional working capital of Cdn\$3,499,857 and 600,000 common shares issued at Cdn\$0.05 per share in satisfaction of Cdn\$30,000 finder's fees.
- 21,604,435 common shares issued at 18p per share to provide additional working capital of £3,888,800.
- 17,957,199 common shares issued at Cdn\$0.10 per share to provide additional working capital of Cdn\$1,795,720 in connection with warrants exercised.
- 7,325,000 common shares issued at £0.055 per share to provide additional working capital of £402,875 in connection with share options exercised.
- 150,000 common shares issued at £0.12 per share to provide additional working capital of £18,000 in connection with share options exercised.

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(In U.S. dollars)

7. Share capital and reserves *(continued)*

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.

A summary of the changes in the Company's contributed surplus for the three months ended 31 March, 2011 and the year ended 31 December, 2010, is set out below:

	2011	2010
	\$'000	\$'000
Opening balance	813	1,648
Incentive stock options vested	7,344	15
Incentive stock options lapsed	-	(850)
Closing balance	8,157	813

Foreign exchange translation reserve

The translation reserve comprises both foreign exchange differences arising on the translation of amounts relating to overseas operations and the presentation of the financial statements in United States dollars.

A summary of the changes in the Company's foreign exchange translation reserve for the three months ended 31 March, 2011 and the year ended 31 December, 2010, is set out below:

	2011	2010
	\$'000	\$'000
Opening balance	(1,234)	(1,444)
Movement in the period	778	210
Closing balance	(456)	(1,234)

Retained loss

Retained loss comprises accumulated losses in the current and prior years.

Share purchase warrants

No apportionment of fair value has been made to the warrants issued in conjunction with common share issues as this represents an allocation between non distributable reserves.

A summary of the changes in the Company's share purchase warrants for the three months ended 31 March, 2011 and the year ended 31 December, 2010 is set out below:

	2011		2010	
	Warrants outstanding	Weighted average exercise price	Warrants outstanding	Weighted average exercise price
	'000	\$	'000	\$
Opening balance	17,342	0.10	-	-
Issued	-	-	35,299	0.10
Exercised	(17,342)	(0.10)	(17,957)	(0.10)
Closing balance	-	-	17,342	0.10

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(In U.S. dollars)

7. Share capital and reserves *(continued)*

Incentive stock options

The Company currently has in place an incentive share option plan (the "Plan") covering Directors, officers, employees and consultants of the Company and its subsidiary companies. The exercise price of a future option grant will be determined by the Board on the basis of the closing market price of the Company's shares on the trading day prior to the date of issue of the option. Options may be granted for a period of up to ten years and the Board determines the vesting provisions of each option granted, which may vary. The aggregate number of shares which may be issued and sold under the Plan may not exceed 10% of issued share capital. As at 31 March, 2011 a total of 11,713,911 options remained available for grant under the Plan.

A summary of the Company's stock options as at 31 March, 2011 is set out below:

Outstanding shares	Exercise price	Expiry
2,200,000	£0.12/Cdn\$0.25	4 June, 2013
1,325,000	£0.055/Cdn\$0.10	16 July, 2014
14,860,000	£0.4925/Cdn\$0.79	18 January, 2016

The number and weighted average exercise prices of share options for the three months ended 31 March, 2011 and the year ended 31 December, 2010 are as follows:

	2011		2010	
	Outstanding	Weighted average exercise price	Outstanding	Weighted average exercise price
	000's	price \$	000's	price \$
Opening balance	4,725	0.13	16,300	0.41
Lapsed	-	-	(75)	(0.36)
Lapsed	-	-	(500)	(0.39)
Lapsed	-	-	(3,075)	(0.42)
Lapsed	-	-	(113)	(0.30)
Lapsed	-	-	(112)	(0.40)
Lapsed	-	-	(113)	(0.50)
Lapsed	-	-	(112)	(0.60)
Exercised	(1,200)	(0.09)	(7,325)	(0.09)
Exercised	-	-	(150)	(0.19)
Issued	14,860	0.79	-	-
Balance – end of period	18,385	0.67	4,725	0.13

Arian Silver Corporation
Notes to Consolidated Financial Statements (Unaudited)
For the three months ended 31 March, 2011 and 2010
(In U.S. dollars)

8. Stock-based compensation

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.

The fair value of stock options granted for the three months ended 31 March, 2011 was \$7.3 million (2010 - \$8,000) which was expensed in the Consolidated Income Statement. The fair value of stock options used to calculate compensation expense is estimated using the Black-Scholes option pricing model with the following assumptions:

	2011	2010
Risk free interest rate	2.66%	2.31%
Expected dividend yield	0%	0%
Expected stock price volatility	92%	88%
Expected option life in years	5 years	5 years

Pricing models require the input of highly subjective assumptions, including the expected price volatility. In the current period it was deemed that enough information on historic share prices was available to calculate the expected stock price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable single measure of the fair value of units granted by the Company.

9. Related party transactions

These unaudited interim consolidated financial statements include balances and transactions with directors and officers of the Company and/or corporations related to them. All transactions have been recorded at the exchange amount which is the consideration established and agreed to between the related parties. During the three months ended 31 March, 2011 and 2010 the Company entered into the following transactions involving related parties:

Transactions with key management personnel

(a) The Dragon Group charged the Company a total of \$31,081 (2010 – \$30,319) 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 31 March, 2011 \$10,376 (2010 - \$32,576) was outstanding.

(b) Kopane Diamond Developments PLC (“KDD”) charged the Company a total of \$13,357 (2010 – \$6,761). This includes reimbursement of \$nil (2010 – \$6,605) in respect of James Cable’s remuneration paid on behalf of the Company with the balance relating to the provision of office accommodation and reimbursable expenses incurred on behalf of the Company. The Company charged KDD \$8,762 (2010 – \$8,113) for the provision of accounting support services. James Cable and Tony Williams are Directors of the Company and are former Directors of KDD. At 31 March, 2011 \$28,213 (2010 - \$6,526) was outstanding due to KDD and \$17,369 (2010 - \$7,892) was outstanding due from KDD.

Key management personnel also participate in the Group’s share option programme.

Transactions with subsidiaries

The Company made loans to Arian Silver de Mexico S.A. de C.V. of \$275,206 (2010 - \$nil).

Arian Silver Corporation
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10. Tepal Project Option Agreement

In January 2010 the Company and Geologix executed a definitive agreement granting Geologix the exclusive option to purchase a 100% interest in the Tepal Gold-Copper Project, Mexico (the "Option Agreement"). Under the terms of the Option Agreement, Geologix paid to the Company a first instalment of \$1.45 million. Settlement was effected by way of a cash payment of \$725,000 (before foreign exchange differences) and the balance of \$725,000 through the issue of 3,434,193 Geologix shares at a price of Cdn\$0.22 per share.

In February 2011 Geologix exercised the option pursuant to the Option Agreement and completed the purchase of a 100% interest in the Tepal project. On completion of the transaction the final instalment of \$1,550,000 was satisfied by payment of \$775,000 and the balance of \$775,000 through the issue of 1,089,318 Geologix shares at a price of approximately Cdn\$0.70 per share and all of the Company's obligations relating to the Tepal project ceased.

11. Segment reporting

The Group's reportable segments, which are those reported to the Board of Directors, are the operating business managed by the geographically based management teams responsible for their performance.

As at 31 March 2011, the operating segments included in internal reports are determined on the basis of their significance to the Group. In particular, operating mines are reported as separate segments together with exploration projects that have significant capitalised expenditure.

(i) Segment information

	San José		Tepal		Calicanto		All other segments		Total	
	31 Mar	31 Mar	31 Mar	31 Mar	31 Mar	31 Mar	31 Mar	31 Mar	31 Mar	31 Mar
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	1,137	-	-	-	-	-	-	-	1,137	-
Profit/(Loss) before tax	(213)	-	(52)	(105)	-	-	(8,125)	(266)	(8,390)	(371)
Capital Expenditure	1,137	642	-	-	-	-	6	-	1,143	642
Depreciation and amortisation	29	-	-	-	-	-	2	3	31	3
	31 Mar	31 Dec	31 Mar	31 Dec	31 Mar	31 Dec	31 Mar	31 Dec	31 Mar	31 Dec
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total assets	7,008	5,827	703	2,884	811	843	11,109	9,322	19,631	18,876
Total liabilities	163	161	-	1,495	-	-	1,126	476	1,289	2,132

All other segments include assets common to all projects. San José revenue relates to transactions with a single external customer during the year.

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(In U.S. dollars)

11. Segment reporting (continued)

(ii) Geographical information

	Mexico		UK		Total	
	31 Mar 2011 \$'000	31 Dec 2010 \$'000	31 Mar 2011 \$'000	31 Dec 2010 \$'000	31 Mar 2011 \$'000	31 Dec 2010 \$'000
Non current assets excluding investments	8,031	6,660	10	4	8,041	6,664
	31 Mar 2011 \$'000	31 Mar 2010 \$'000	31 Mar 2011 \$'000	31 Mar 2010 \$'000	31 Mar 2011 \$'000	31 Mar 2010 \$'000
Revenue	1,137	-	-	-	1,137	-

12. Transactions with Grafton Resource Investments Ltd (“Grafton”)

In January 2010 the Company and Grafton completed the reversal of the share exchange transactions that took place in 2009, by way of share redemptions. Pursuant to the share redemptions, the Company redeemed 109,090,909 of its common shares at the original issue price of Cdn\$0.055 per common share and Grafton redeemed 128,591 of its participating shares at the approximate original average issue price of \$38 per Grafton share. In addition, the Company issued to Grafton 15,762,000 common shares at Cdn\$0.05 per common share in settlement of \$750,000 of loans outstanding to Grafton.