



Trading Symbols
AIM: AGQ
FWB: I3A

29 June 2016

Financial Results for the Year Ended 31 December 2015

Arian Silver Corporation ("Arian Silver" or the "Company") announces the release of its financial results for the year ended 31 December 2015.

Chairman's and Chief Executive's statement

There is no doubt that 2015 has been a difficult year for the mining industry, and one in which the challenges facing the industry have been brought into sharp focus. The fall in commodity prices amid concerns over global growth and the negative outlook for precious metals prices resulted in significant financing issues across the sector.

Against this challenging backdrop, Arian continued the development of the San José project and achieved significant milestones throughout the first half of the year. In March, we produced our first lead-silver concentrate while commissioning the La Tesorera plant and continued the development of the zinc circuit, as well as continued the underground development at San José. Meanwhile Arian completed a 5,000 metre exploration programme which resulted in a significant resource upgrade announced in October.

Despite our progress on the project, the continued decline of the silver price during 2015 together with the additional time that was required to complete the commissioning process, made it evident an additional cash injection would have been necessary, which was not practicable given market conditions at that time coupled with the Company's existing debt financing arrangements.

As at 31 October 2015 Arian's accrued debt under the senior secured financing arrangement with Quintana amounted to approximately US\$17.8 million with the initial repayment commencing in April 2016. In addition, the outstanding balance under the Base Metal Purchasing Agreement amounted to US\$15.2 million. Despite lengthy discussions regarding possible solutions, none of these were acceptable to the Company's lenders. Therefore the Board, in conjunction with its legal advisors, concluded that it was in the best interests of shareholders and creditors that an orderly foreclosure process be pursued to enable the Company to meet its financial commitments as they fell due.

Accordingly, the Company concluded a Settlement Deed with Quintana as described in our press release on 27 November last year and obtained a release from all obligations to Quintana including approximately US\$1.9 million of outstanding third party creditor balances in Mexico and provided

the Company with a cash injection of US\$700,000. This enabled us to preserve the value of the remaining concessions and allow the Company to refinance, free of its debt burden, with corporate overheads reduced by two-thirds.

We have since invested time identifying new development opportunities with nearer term revenue potential and assessing further exploration opportunities amongst the Company's portfolio of nineteen green and brownfield mineral concessions. In May 2016, we obtained an exclusive option on a gold and silver tailings project in Zacatecas Mexico and are currently undertaking metallurgical test-work on the project, the results of which we look forward to reporting in the second half of 2016.

Furthermore, during the first half of 2016 we raised £1.5 million before expenses, providing the Company with the financial resources to advance exploration activities and assess new opportunities.

Given the rebound of the silver price since the start of this calendar year, of some 25% from its low in October 2015, this seems an opportune point during the macro-economic cycle to gain access to new projects.

We would like to thank all our shareholders for their continued support during what has been a very challenging period for the Company but we look forward to updating you on our progress during the rest of this year.

A J Williams
Executive Chairman

J T Williams
Chief Executive Officer

Business overview

Strategy

Arian Silver is focused on identifying economic sources of silver and other precious metals, and developing mineral projects through to production. The Company has previously concentrated exclusively on projects within the Zacatecas silver belt in Mexico, but recent economic conditions have presented abnormally high value opportunities around the world, and the Company may broaden its focus beyond solely the Zacatecas region and indeed beyond Mexico, to ensure the Company does not automatically preclude valuable opportunities should they arise elsewhere.

Financial highlights

As at 31 December 2015, the Company had total assets of US\$1.7 million (2014: US\$35.9 million) of which US\$0.5 million (2014: US\$2.8 million) was cash. The Company had total liabilities of US\$0.5 million (2014: US\$6.8 million) of which US\$0.5 million were current liabilities (2014: US\$6.8 million).

In the year ended 2015 the Company made an operating loss of US\$2.9 million (2014: US\$3.9 million) and a loss per share of US\$0.13 (2014: US\$0.18).

Overview of operations

During the year ended 31 December 2015, the Company was focused on the development of the San José project and during the first half of the year, the Company undertook a 5,000 metre drilling programme which led to a mineral resource upgrade reported in October 2015.

In February 2015, the Company bought back the 2% net smelter return royalty in respect of the San José project for consideration of US\$750,000.

The Company was compelled to enter into a settlement agreement with its financing partner Quintana AGQ Holding Co. LLC and its affiliates ("Quintana") in November 2015. This settlement agreement resulted in Quintana taking control of the Company's primary operating subsidiary Arian Silver de Mexico SA de CV.

Under the terms of the settlement agreement, Quintana was required to transfer back to Arian Silver the mineral concessions not related to the San José project.

In return for receiving certain indemnities and releases, Quintana paid Arian US\$650,000 (plus a further US\$50,000 during 2016).

Properties

The company currently has 19 fully owned mining concessions split between three distinct project areas:

Calicanto project

The Calicanto property consists of seven contiguous mining concessions totalling approximately 75 hectares. The property is located in the heart of the Zacatecas mining district, adjacent and partly contiguous to Capstone Mining's Cozamin mine, and covers four known main vein systems.

The Company's 2007 drilling programme returned high grade gold and bonanza grade (>1,000g/t) silver intercepts from one of the four veins. The drilling also intersected a number of veins parallel to the principal structures that contained high grade gold as well as significant lead and zinc values.

San Celso project

San Celso consists of three contiguous mining concessions totalling 88 hectares. The concessions are located in the historic mining district of Pánfilo Natera-Ojocaliente and are surrounded by other concessions to the south and west.

Los Campos

The Los Campos project comprises four concessions covering an area of approximately 500 hectares located on the south side of the city of Zacatecas. The property is easily accessible and is only a 15-minute drive from the centre of the City of Zacatecas and from the Calicanto project.

Others

Arian Silver holds five additional concessions not otherwise grouped into project groupings, covering over 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.

Future outlook

The management team continues to advance potential opportunities to expand and develop the Company's mining assets, with a particular focus on assets giving access to near-term revenues.

In May 2016, the Company entered into an exclusive arrangement with Tierra Nuevo Mining Limited ("TNM") in Mexico to conduct further assessment and due diligence on its assets including a tailings project containing gold and silver, adjacent to Goldcorp's Peñasquito open-pit mine.

A NI 43-101 report prepared for TNM in 2012 outlined an indicated mineral resource in respect of its tailings project, containing 1 million tonnes with 3 grams per tonne (g/t) gold and 55 g/t silver, representing approximately 100,000 ounces (oz) of gold and some 1.7 million oz of silver.

Arian Silver is undertaking detailed metallurgical test work together with a scoping study with a view to producing a saleable gold and silver concentrate from the tailings project.

Consolidated statement of comprehensive income
For the year ended 31 December 2015

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

	2015	2014
Continuing operations		
Administrative expenses	(2,889)	(3,943)
Operating loss	(2,889)	(3,943)
Net investment income	21	9
Loss from continuing operations	(2,868)	(3,934)
Discontinued operations		
Loss from discontinued operations	(12,671)	(1,980)
Loss for the year attributable to equity shareholders of the parent	(15,539)	(5,914)
Other comprehensive income		
Foreign exchange translation differences recognised directly in equity	5,306	(2,248)
Other comprehensive income for the year	5,306	(2,248)
Total comprehensive income for the year attributable to equity shareholders of the parent	(10,233)	(8,162)
Basic and diluted loss per share (\$/share)	(0.46)	(0.18)
Basic and diluted loss per share from continuing operations (\$/share)	(0.09)	(0.12)
Basic and diluted loss per share from discontinued operations (\$/share)	(0.37)	(0.06)

**Consolidated statement of financial position
As at 31 December 2015**

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

	2015	2014
Assets		
Intangible assets	881	1,038
Property, plant and equipment	5	28,440
Total non-current assets	886	29,478
Inventories	-	1,498
Trade and other receivables	311	2,043
Cash and cash equivalents	474	2,846
Total current assets	785	6,387
Total assets	1,671	35,865
Equity attributable to equity shareholders of the parent		
Share capital	51,781	51,781
Warrant reserve	3,455	3,455
Share-based payment reserve	7,701	7,683
Foreign exchange translation reserve	2,092	(3,214)
Accumulated losses	(63,886)	(48,347)
Total equity	1,143	11,358
Liabilities		
Trade and other payables	528	1,556
Derivative liabilities	-	5,233
Total current liabilities	528	6,789
Convertible note liabilities	-	10,666
Derivative liabilities	-	6,206
Provision for mine closure	-	846
Total non-current liabilities	-	17,718
Total liabilities	528	24,507
Total equity and liabilities	1,671	35,865

The financial statements were approved and authorised by issue by the Board of Directors on 28 June 2016 and were signed on its behalf by:

A J Williams
Executive Chairman

J T Williams
Chief Executive Officer

Consolidated statement of cash flows
For the year ended 31 December 2015

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

	2015	2014
Cash flows from operating activities		
Loss before tax from continuing operations	(2,868)	(3,934)
Loss before tax from discontinued operations	(12,671)	(1,980)
Add Platinum note extension fee	-	700
Adjustments for non-cash items:		
Depreciation and amortisation	164	64
Exchange difference	6,797	117
Net investment loss	(21)	(9)
Change in fair value of derivative liability	(7,038)	208
Transactions costs on derivative liabilities	-	735
Proceeds from Quintana for working capital	(650)	-
Loss on discontinuing operations	10,494	-
Equity-settled share-based payment transactions	18	14
(Increase) / decrease in trade and other receivables	(1,027)	(849)
Increase in trade and other payables	2,227	451
(Increase)/decrease in inventories	(211)	(627)
Cash used in operating activities	(4,786)	(5,110)
Cash flows from investing activities		
Interest received	21	20
Proceeds from Quintana for working capital	650	-
Cash from discontinued operations	(47)	-
Acquisition of property, plant and equipment	(5,726)	(6,626)
Cash used in investing activities	(5,102)	(6,606)
Cash flows from financing activities		
Proceeds from issue of share capital	-	267
Proceeds from Base Metal Purchase Agreement	7,576	7,680
Repayment of Base Metal Purchase Agreement	(957)	-
Platinum note extension fee	-	(700)
Cash from financing activities	7,531	7,247
Net increase / (decrease) in cash and cash equivalents	(2,357)	(4,469)
Cash and cash equivalents at 1 January	2,846	7,241
Effect of exchange rate fluctuations on cash held	(15)	74
Cash and cash equivalents at 31 December *	474	2,846

* Discontinued operations contributed US\$3,886k (2014: US\$1,591k) to cash flows from operating activities.

Consolidated statement of changes in equity
For the year ended 31 December 2015

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

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

	Share capital	Warrant reserve	Share based payment reserve	Foreign exchange translation reserve	Accumulated losses	Total
Balance: 31 December 2013	51,514	-	8,001	(966)	(42,765)	15,784
Loss for the year	-	-	-	-	(5,914)	(5,914)
Foreign exchange	-	-	-	(2,248)	-	(2,248)
Total comprehensive income	-	-	-	(2,248)	(5,914)	(8,162)
Fair value of share options	-	-	14	-	-	14
Fair value of warrants reserve	-	3,455	-	-	-	3,455
Shares issued for cash	273	-	-	-	-	273
Share issue costs	(6)	-	-	-	-	(6)
Lapse of share options	-	-	(332)	-	332	-
Balance: 31 December 2014	51,781	3,455	7,683	(3,214)	(48,347)	11,358
Loss for the year	-	-	-	-	(15,539)	(15,539)
Foreign exchange	-	-	-	(3,917)	-	(3,917)
Foreign exchange reclassified to discontinued operations	-	-	-	9,222	-	9,222
Total comprehensive income	-	-	-	5,306	(15,539)	(10,233)
Fair value of share options	-	-	18	-	-	18
Balance: 31 December 2015	51,781	3,455	7,701	2,092	(63,886)	1,143

For further information please contact:

Arian Silver Corporation
 Jim Williams, CEO
 David Taylor, Company Secretary
 Tel: +44 (0)20 7887 6599

Northland Capital Partners Limited
 Gerry Beaney / David Hignell
 Tel: +44 (0)203 861 6625

OR

OR

Beaufort Securities Limited
 Jon Belliss
 Tel: +44 (0)20 7382 8300

Yellow Jersey PR Limited
 Dominic Barretto
 Tel: +44 (0)7768 537 739

Forward-Looking Information

This press release contains certain "forward-looking information". All statements, other than statements of historical fact that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future are deemed forward-looking information.

This forward-looking information reflects the current expectations or beliefs of the Company based on information currently available to the Company as well as certain assumptions. Forward-looking information is subject to a number of significant risks and uncertainties and other factors that may cause the actual results of the Company to differ materially from those discussed in the forward-looking information, and even if such actual results are realised or substantially realised, there can be no assurance that they will have the expected consequences to, or effects on the Company.

Any forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.