



Trading Symbols

AIM: AGQ

FWB: I3A

26 June 2018

Financial Results for the Year Ended 31 December 2017 and Board Changes

Arian Silver Corporation ("Arian" or the "Company") announces the release of its financial results for the year ended 31 December 2017. The Company's full annual report including all notes to the accounts, is available from www.ariansilver.com/assets/docs/fs/180626-arian-annual-report-web.pdf.

The Company also announces the decision by two of its non-executive directors, Thomas Bailey and James Crombie, to retire from the Board of the Company with effect from 30 June 2018. Dennis Edmonds, Executive Chairman of Arian, commented, "Tom Bailey and Jim Crombie have served this Company loyally since 2006 and I would like to thank them for their contributions over that time, and wish them the very best for the future."

Chairman's statement

Those of you who read the Company's announcement on 10 May 2018 will be aware that I was invited to join the Board as its Chairman upon the retirement of both Tony Williams and Jim Williams.

Although I was not incumbent during the year on which we are reporting, it is always helpful to look back at the past year to provide context for my thoughts as to the Company's future direction, which I am sure will be of interest to all shareholders, and also to those who might be considering investing.

During the early part of 2017, the Company undertook an evaluation of its existing portfolio of silver projects in Mexico, from which respectable grades of silver, lead and zinc were reported.

Towards the middle and end of last year, the Company invested its time in examining the Noche Buena gold and silver tailings project and several lithium projects in the state of Zacatecas, Mexico. These projects were judged to be uneconomic at that time, and thus were not advanced; no suitable projects have been identified since then and the Company has been considering its options as a result.

Upon my appointment to the Board, we raised approximately £600,000 to secure the Company's immediate financial future. These funds are backed by some experienced and highly successful mining professionals who see a future for Arian Silver, which I see as encouraging.

Looking to the present, I have two clear agendas. Firstly, we need to minimise expenditure wherever practicable to sustain the Company's resources. Secondly, we need to embark on an exploration

programme to restore the Company to a position of possessing delineated mineral resources. At this moment in time, and providing the economics support this ambition, I am open to the advancement of one or more of the Company's existing silver projects, whilst simultaneously looking for suitable acquisition targets either in Mexico or other jurisdictions with an established mining community, stable political background, and where we can be assured of strong operational control.

We are fortunate to be able to add the support of a strong network within the mining community, which I believe will stand us in very good stead for advancing the prospects of this Company.

I look forward to reporting our progress to you during the remainder of this year, and into 2019.

Business overview

Strategy and business model

Arian's objective is to create a portfolio of mining projects in jurisdictions with an established mining community, stable political background, and where strong operational controls can be assured.

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

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

Financial highlights

All dollar amounts in this annual report and financial statements are US dollars, unless stated otherwise.

As at 31 December 2017, the Group had total assets of \$1.5 million (2016: \$1.3 million) of which \$0.9 million (2016: \$0.4 million) was cash. The Group had total liabilities of \$0.1 million (2016: \$0.1 million) of which \$0.1 million were current liabilities (2016: \$0.1 million).

In the year ended 2017 the Group made an operating loss of \$1.4 million (2016: \$1.6 million) and a loss per share of \$0.01 (2016: \$0.01).

Overview of operations

During 2017, the Group completed its initial high level exploration programme over its portfolio of silver mining concessions covering an area of over approximately 1,500 hectares, to develop and direct future exploration work.

Silver properties

As at 31 December 2017, the Company held 12 fully owned mining concessions split between four distinct project areas:

San Celso project

The 88 hectare San Celso project is located in the historic mining district of Pánfilo Natera-Ojocaliente and is surrounded by other concessions to the south and west. It encompasses two veins: the San Celso and Las Cristinitas veins. Work carried out during 2017 resulted in the surface

extension of these veins of 800 metres. Samples taken to date have evidenced grades of up to 395g/t Ag, 13,700ppm Pb, and 13,900ppm Zn.

Los Campos project

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

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

La Africana project

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

Calicanto project

On 1 August 2016 the Company announced its Mexican subsidiary, Compañía Minera Estrella De Plata SA de CV, had executed a binding agreement with Minera Oro Silver de Mexico SA de CV ("Minera Oro Silver"), a subsidiary of Endeavour Silver Corporation, to sell the Group's 75 hectare Calicanto Project for US\$400,000. The amount due from the sale was shown in the consolidated statement of financial position as an asset held for sale in the year ended 31 December 2016.

The transaction was completed in 2017, including receipt of funds and ratification of the assignment agreement in respect of the relevant mineral concessions.

Other silver mining concessions

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

Lithium properties

In early 2017, the Company acquired options over three potential lithium projects and carried out preliminary exploration which evidenced the presence of lithium at each of the project areas. However, the directors concluded the projects were unlikely to be commercially viable and their value has been expensed.

Future outlook

Following the retirement of the Company's executive directors, Jim Williams and Tony Williams in May 2018, and the appointment of Dennis Edmonds as Executive Chairman, the Company has benefited from fresh leadership, a new perspective, and the financial support of experienced mining professionals through the injection of additional cash resources in May 2018.

The directors are taking action to reduce the Company's expenditures and to identify and acquire small but scalable projects in jurisdictions with stable governments, and in commodities considered to have strong futures, both in the short-to-medium, and long term.

Subject to any decision to further explore the existing silver projects or to acquire any additional projects, the Company will seek to delineate compliant mineral resources.

Consolidated statement of comprehensive income

For the year ended 31 December 2017

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

	Note	2017	2016
Continuing operations			
Other administrative expenses		(1,423)	(1,366)
Impairment of available for sale investments	18	(129)	-
Impairment of exploration assets	9	-	(202)
Total administrative expenditure		(1,552)	(1,568)
Operating loss	4	(1,552)	(1,568)
Net investment income	6	4	20
Loss for the year before taxation		(1,548)	(1,548)
Tax	7	-	-
Loss for the year attributable to equity shareholders of the parent		(1,548)	(1,548)
Other comprehensive income that may be recycled to profit or loss			
Foreign exchange translation differences recognised directly in equity		113	(263)
Other comprehensive income for the year		113	(263)
Total comprehensive income for the year attributable to equity shareholders of the parent		(1,435)	(1,811)
Basic and diluted loss per share (\$/share)	8	(0.01)	(0.01)

Consolidated statement of financial position

As at 31 December 2017

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

	Note	2017	2016
Assets			
Available-for-sale financial assets	18	143	-
Intangible assets	9	236	173
Property, plant and equipment	10	6	7
Total non-current assets		385	180
Trade and other receivables	12	57	309
Cash and cash equivalents	13	876	416
Total current assets		933	725
Assets held for sale	11	-	400
Total assets		1,318	1,305
Equity attributable to equity shareholders of the parent			
Share capital	14	52,965	52,396
Warrant reserve	14	2,166	1,333
Share-based payment reserve	14	1,389	1,417
Foreign exchange translation reserve	14	1,941	1,828
Retained earnings		(57,228)	(55,764)
Total equity		1,233	1,210
Liabilities			
Trade and other payables	16	85	95
Total current liabilities		85	95
Total liabilities		85	95
Total equity and liabilities		1,318	1,305

The financial statements were approved and authorised for issue by the Board of Directors on 25 June 2018 and were signed on its behalf by:

Dennis V. Edmonds
Executive Chairman

Consolidated statement of cash flows
For the year ended 31 December 2017

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

	Note	2017	2016
Cash flows from operating activities			
Loss before tax from continuing operations		(1,548)	(1,548)
Adjustments for non-cash items:			
Depreciation	10	4	3
Exchange difference		47	(69)
Net interest receivable	6	(6)	(20)
Impairment of intangible assets	9	-	202
Impairment of available for sale investments	18	129	-
Loss on discontinuing operations		-	-
Equity-settled share-based payment transactions		56	-
Decrease/(increase) in trade and other receivables	12	22	(48)
(Decrease)/Increase in trade and other payables	16	(20)	(433)
Cash used in operating activities		(1,316)	(1,913)
Cash flows from investing activities			
Interest received		1	1
Proceeds from Quintana for working capital		-	50
Proceeds from sale of asset held for sale	11	400	-
Purchase of intangible assets	9	(22)	(84)
Acquisition of property, plant and equipment	10	(2)	(7)
Cash used in investing activities		377	(40)
Cash flows from financing activities			
Proceeds from issue of share capital and warrants	14	1,558	2,157
Issue costs	14	(156)	(209)
Cash from financing activities		1,402	1,948
Net increase / (decrease) in cash and cash equivalents		463	(5)
Cash and cash equivalents at 1 January		416	474
Effect of exchange rate fluctuations on cash held		(3)	(53)
Cash and cash equivalents at 31 December	13	876	416

Consolidated statement of changes in equity

For the year ended 31 December 2017

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

	Share capital	Warrant reserve	Share based payment reserve	Foreign exchange translation reserve	Retained earnings	Total
Balance: 31 December 2015	51,781	3,455	7,701	2,091	(63,955)	1,073
Loss for the year	-	-	-	-	(1,548)	(1,548)
Foreign exchange	-	-	-	(263)	-	(263)
Total comprehensive income	-	-	-	(263)	(1,548)	(1,811)
Shares issued for cash	824	1,333	-	-	-	2,157
Share issue costs	(209)	-	-	-	-	(209)
Lapse of share options	-	-	(6,284)	-	6,284	-
Cancellation of warrants	-	(3,455)	-	-	3,455	-
Balance: 31 December 2016	52,396	1,333	1,417	1,828	(55,764)	1,210
Loss for the year	-	-	-	-	(1,548)	(1,548)
Foreign exchange	-	-	-	113	-	113
Total comprehensive income	-	-	-	113	(1,548)	(1,435)
Shares and warrants issued for cash	725	833	-	-	-	1,558
Share issue costs	(156)	-	-	-	-	(156)
Lapse of share options	-	-	(84)	-	84	-
Share options issued	-	-	56	-	-	56
Balance: 31 December 2017	52,965	2,166	1,389	1,941	(57,228)	1,233

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

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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.