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**Trading Symbols**

**AIM: AGQ**

**TSX-V: AGQ**

**“PLUS”: AGQ**

**FWB: I3A**

**May 30, 2007**

Arian Silver Corporation (“Arian” or the “Company”) is a silver exploration and development company focused on identifying, acquiring and developing resource projects in Mexico. Today it reports unaudited results for the quarter ended March 31, 2007. All amounts are expressed in US dollars unless otherwise stated.

**HIGHLIGHTS**

***Financial***

- As at March 31, 2007, the Company had assets of \$4.3 million, including cash of \$2.2 million.
- Expenditure on projects in Mexico and on other assets in the quarter was \$0.4 million.
- Consolidated pre-tax loss before exceptional items for the quarter of \$1.1 million includes non-cash share option expense of \$0.1 million.

***Operational***

- Continuing exploration work at the Calicanto Group of projects with a Phase-1 (3,000 metres (“m”)) drilling programme and the continuing development of the Calicanto and San Buenaventura ramps.
- Continuing exploration work on the San Jose Project and the completion of preliminary systematic exploration comprising, but not limited to, a remote sensing and photo-geology survey.
- Continuing exploration work and the establishment of an exploration base and office during the period in preparation for the ongoing exploration programme.

Arian's Chief Executive Officer, Jim Williams, said, "*Good progress has continued to be made. These activities include: Continuation of a phase-one drilling programme at Calicanto, the completion of a remote sensing survey and aerial mapping at the San Jose mine project, and establishment of an exploration base and office at the Tepal concessions.*"

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Management's Discussion and Analysis of results for the quarter ended March 31, 2007 ("MD&A") and unaudited Financial Statements for the Company for the quarter ended March 31, 2007 ("Financials") are available on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Company's website at [www.ariansilver.com](http://www.ariansilver.com). These documents can also be obtained on application to the Company. The following information has been extracted from the MD&A and Financials. The financial information in this announcement has been extracted from but does not constitute full statutory accounts.

## **FINANCIAL RESULTS**

### **Description**

The Company is engaged in the acquisition and exploitation of mineral resource properties in Mexico.

### **Results for the quarter**

In the three months to March 31, 2007, the Company incurred a loss of \$1.1 million after expensing the fair value of options granted of \$0.1 million. There was no income other than interest from short term cash deposits of \$18,000. The Company continued to incur administrative costs in its Mexican operations and in respect of corporate overheads.

In the three months to March 31, 2007, intangible assets increased by \$0.4 million to \$1.6 million in respect of the Mexican projects. Cash of \$0.5 million was received as a result of share issues.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at March 31, 2007, the Company had working capital of approximately \$2.2 million (December 31, 2006: \$3 million) which, based on current plans, is sufficient to cover ongoing obligations as they become due over a 12 month period. The decrease in working capital is the result of project and administrative expenditure offset by cash raised from the issues of shares. Cash raised from issues of shares was \$0.5 million during the period (year to December 31, 2006: \$5.4 million).

The most significant asset at March 31, 2007 was cash of \$2.2 million (December 31, 2006: \$3.2 million). In addition, there were intangible assets of \$1.6 million (December 31, 2006: \$1.2 million) and tangible assets of \$0.2 million (December 31, 2006: \$0.1 million). Receivables were \$0.3 million (December 31, 2006: \$0.2 million). Payables were \$0.4 million (December 31, 2006: \$0.4 million).

## **Exploration and development commitments as at March 31, 2007**

The Company does not have any exploration and development expenditure commitments in respect of its projects. However, the following are the material payments that will need to be made in order to maintain certain properties in good standing:

(a) In order to maintain the Company's interest in the Calicanto group, the Company is required to pay, over the period to June 30, 2011 \$380,000 in option payments. At March 31, 2007, \$120,000 had been paid.

(b) In order to maintain the Tepal option agreement in good standing the Company is required to pay the vendor \$5 million in instalments over the five-year period through to June 2011 and will also grant the vendor a Net Smelter Return ("NSR") of 2.5%. At March 31, 2007, \$259,000 had been paid.

(c) In order to maintain the San Jose option agreement in good standing the Company is required to pay the vendor \$1.5 million in instalments over the three-year period through to 2009 and will also grant the vendor a NSR of 2%. At March 31, 2007, \$122,000 had been paid.

The Company has the right to withdraw from the option agreements relating to Calicanto, Tepal and San Jose at any time during the term of each option without financial penalty.

The outstanding expenditures described above are discretionary and not yet committed as they are dependent on timing and availability of funds.

## **REVIEW OF OPERATIONS**

During the period, a major drilling programme continued at the Calicanto Group (as defined below) and exploration work commenced at San Jose. The Company established its support base and office at the Tepal property in preparation for a significant drilling programme.

### ***Qualified Person***

*Mr. Jim Williams, the Company's Chief Executive Officer and a "qualified person" as such term is defined under National Instrument 43-101, has reviewed and approved the technical information in this document.*

The following, which have been grouped under their respective geographical settings, represents a summary of work carried out on the major projects during the three month period to March 31, 2007:

### **San Jose Project, Ojocaliente District, Zacatecas State**

In December 2006, the Company acquired an exclusive option over 100% of the San Jose silver-base metal property in Zacatecas State. The property lies 55 kilometres to the South-East of Zacatecas and covers two mining concessions totalling approximately 4,300 hectares ("Ha"). Assuming the option is exercised in full, the Company will pay \$1.5 million in instalments over three years and a 2% NSR although the Company has the right to buy the NSR for \$1.5 million.

The mine was previously operated by Zimapan (Peñoles), (1973-1991), and Monarca, (1993-2001), extracting over 2 million tonnes of ore averaging 250g/t silver. An existing underground development ramp extends 3 kilometres along the San Jose vein.

The western portion of the San Jose vein, over 4 kilometres of strike length, remains unexploited as mining activity focused on the eastern part of the vein. In addition, two main vein structures are exposed on the property, which have not been explored by modern systematic methods.

During the period ACA Howe visited the property in order to prepare a Canadian National Instrument 43-101 compliant technical report, which reviews the historical work on the property. Environmental work was carried out in order to obtain the environmental permits required for drilling.

A total of 40 trenches, which are located 25 metres apart perpendicular to strike of the main San Jose Vein, were cleared and made ready for sampling. The phase-one of the 5,000 metre drilling programme was planned.

The Company also reached agreement with three landowners whose ground straddle the concessions of Unificación San Jose and San Gerardo (San Jose Project). Each of the landowners has agreed to allow the trenching and drilling at no cost to the Company, apart from minor reinstatement works.

Fencing was erected around the open shafts and prospect pits on the properties and historic drill holes were located and labelled. Remote sensing survey and aerial photo mapping were commenced on the property.

### **Tepal Project, Michoacán State**

On August 9, 2006, the Company announced that it had entered into an agreement to acquire the exclusive option over 100% of the Tepal polymetallic project in Michoacán State, Mexico. The option agreement is for a five-year term. Assuming the option is exercised in full, the Company will pay Minera Tepal \$5 million in instalments and will grant Minera Tepal a NSR of 2.5%. The Company has the right to withdraw from the option agreement at any time during the five-year period without penalty and has right of first refusal to buy out the NSR for an unspecified amount.

Arian has increased its landholdings in the Tepal area to approximately 14,000 Ha. Initial investigation by Arian indicates that the Tepal Project consists of four gossanous polymetallic deposits containing copper, gold and silver with potential for additional areas of mineralisation.

At the property, an exploration base and office was established during the period in preparation for the ongoing exploration programme. Work in the period included locating historical drill sites and pulp and chip samples from historical drill programmes. A percentage of these samples will be sent for analysis as part of the work proposed by ACA Howe.

### **Calicanto Group, Zacatecas District, Zacatecas State**

The Calicanto Project consists of five adjacent mining concessions totalling approximately 74 Ha namely, Calicanto, Vicochea I, Vicochea II, Misie and Missie properties, collectively known as the "Calicanto Group". The concessions are located in the historic mining district of Zacatecas and are completely surrounded by other concessions. The Calicanto Group of concessions comprises at least four main mineralised vein systems.

During the period, a 3,000 metre diamond drilling programme, which commenced in December 2006, was continued. The drill core from this programme was logged and then split at the Company facilities before being sent for sample preparation and analysis following the Company's QA/QC programme.

The underground declines were extended along the San Jose vein and the Buenventura vein. Chip and channel sampling was continued weekly along the face of the declines as they were extended by blasting by approximately 1.5 metres per week.

**Arian Silver Corporation**  
**Consolidated Balance Sheets (Unaudited)**  
**For the three months as at March 31, 2007 and Dec 31, 2006**  
(In U.S. dollars)

	2007 \$'000	2006 \$'000
<b>Assets</b>		
Property, plant and equipment	151	131
Intangible assets	1,584	1,235
<b>Total non-current assets</b>	<b>1,735</b>	<b>1,366</b>
Trade and other receivables	339	243
Cash and cash equivalents	2,190	3,193
<b>Total current assets</b>	<b>2,529</b>	<b>3,436</b>
<b>Total assets</b>	<b>4,264</b>	<b>4,802</b>
<b>Equity</b>		
Share capital	22,866	22,448
Share-based payment reserve	1,066	947
Foreign exchange translation reserve	(914)	(910)
Retained loss	(19,109)	(18,062)
<b>Total equity</b>	<b>3,909</b>	<b>4,423</b>
Bank overdraft	-	6
Trade and other payables	355	373
<b>Total current liabilities</b>	<b>355</b>	<b>379</b>
<b>Total liabilities</b>	<b>355</b>	<b>379</b>
<b>Total equity and liabilities</b>	<b>4,264</b>	<b>4,802</b>

*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 Statements of Operations and Deficit (Unaudited)**  
**For the three months ended March 31, 2007 and March 31, 2006**  
(In U.S. dollars)

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	3 Months ended March 31 2007 \$'000	3 Months ended March 31 2006 \$'000
Administrative expenses	(1,061)	(1,170)
Negative Goodwill written back	-	34
<b>Operating loss before financing costs</b>	<b>(1,061)</b>	<b>(1,136)</b>
Finance income	18	11
<b>Net financing costs</b>	<b>18</b>	<b>11</b>
<b>Loss before tax</b>	<b>(1,043)</b>	<b>(1,125)</b>
<b>Loss for the period</b>	<b>(1,043)</b>	<b>(1,125)</b>
Basic and diluted loss per share (\$)	(0.01)	(0.03)
<b>Consolidated Statement of recognised income and expense</b>		
Foreign exchange translation differences recognised directly in equity		
- in respect of re-translation of net investment in subsidiaries	(3)	-
- in respect of presentation of financial statements in United States dollars	(1)	-
<b>Loss for the period</b>	<b>(1,043)</b>	<b>(1,125)</b>
<b>Total recognised income and expense for the period</b>	<b>(1,047)</b>	<b>(1,125)</b>

There were no gains or losses during the period other than the above reported loss.

*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 Statements of Cash Flows (Unaudited)**  
**For the three months ended March 31, 2007 and March 31, 2006**  
(In U.S. dollars)

	<b>3 Months ended March 31 2007 \$'000</b>	<b>3 Months ended March 31 2006 \$'000</b>
<b>Cash flows from operating activities</b>		
Loss for the period	(1,061)	(1,136)
Adjustments for:		
Depreciation	6	2
Goodwill written off	-	(34)
Exchange Difference	(27)	31
Equity-settled share-based payment transactions	119	811
	<u>(963)</u>	<u>(326)</u>
Change in trade and other receivables	(97)	1,459
Change in trade and other payables	(17)	(196)
	<u>(1,077)</u>	<u>1,263</u>
<b>Net cash used in operating activities</b>	<u>(1,077)</u>	<u>937</u>
<b>Cash flows from investing activities</b>		
Interest received	18	11
Acquisition of intangibles	(365)	(135)
Acquisition of property, plant and equipment	(27)	(18)
<b>Net cash used in investing activities</b>	<u>(374)</u>	<u>(142)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital	418	200
Bank overdraft	(6)	-
<b>Net cash from financing activities</b>	<u>412</u>	<u>200</u>
<b>Net increase in cash and cash equivalents</b>		
Cash and cash equivalents at January 1	3,193	98
Effect of exchange rate fluctuations on cash held	36	-
<b>Cash and cash equivalents at March 31</b>	<u>2,190</u>	<u>1,093</u>

*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 Changes in Equity (Unaudited)**  
**For the three months ended March 31, 2007 and March 31, 2006**  
(In U.S. dollars)

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	Share Capital \$'000	Share based payment reserve \$'000	Foreign exchange translation reserve \$'000	Retained Earnings \$'000	Total \$'000
Period to March 31, 2006					
Opening balance	<b>2,604</b>	-	<b>2</b>	<b>(1,029)</b>	<b>1,577</b>
Shares issued for cash	200	-	-	-	200
Fair value of share options	-	811	-	-	811
Net loss	-	-	-	(1,125)	(1,125)
<b>Balance March 31, 2006</b>	<b>2,804</b>	<b>811</b>	<b>2</b>	<b>(2,154)</b>	<b>1,463</b>
Period to March 31, 2007					
<b>Opening Balance</b>	<b>22,448</b>	<b>947</b>	<b>(910)</b>	<b>(18,062)</b>	<b>4,423</b>
Share issue costs	(94)	-	-	-	(94)
Fair value of share options	-	119	-	-	119
Proceeds from options exercised	147	-	-	-	147
Proceeds from warrants exercised	365	-	-	-	365
Net loss	-	-	-	(1,047)	(1,047)
Foreign exchange loss	-	-	(4)	-	(4)
<b>Balance March 31, 2007</b>	<b>22,866</b>	<b>1,066</b>	<b>(914)</b>	<b>(19,109)</b>	<b>3,909</b>



# Arian Silver Corporation

## Notes to the Consolidated Financial Statements

### 1. Summary of Significant Accounting Policies

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

Arian Silver Corporation (the “Company”) is a company domiciled in the British Virgin Islands. The consolidated financial statements of the Company for the year ended December 31, 2006 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 unaudited consolidated financial information are the same as those described in the Company’s audited consolidated financial statements and notes thereto for the year ended 31 December 2006. In the opinion of the management, the accompanying interim financial information includes all adjustments considered necessary for fair and consistent presentation of financial statements. These interim consolidated financial statements should be read in conjunction with the Company’s audited financial statements and notes for the year ended 31 December 2006.

The Group is at an early stage of development and in common with many mineral exploration companies, it raises funds in discrete tranches. The current cash resources of the Group will not be sufficient to develop its exploration projects and bring them into production and further funding will be required. In the event that the Group is unable to secure further finance it will not be able to fully develop these projects.

The directors have reviewed the Group’s cash flow forecast and believe that further equity fund raising will be required in the next 12 months and that these funds will be forthcoming. They therefore consider it appropriate to prepare the financial statements on a going concern basis.

### 2. Merger with Arian Silver Corporation Ltd

The Company was previously named Hard Assets Inc. until its merger with Arian Silver Corporation Limited (“ASCL”) on May 24, 2006 whereupon it was renamed Arian Silver Corporation (“ASC”) and re-admitted to the AIM market of the London Stock Exchange on May 25, 2006. ASCL ceased to be a legal entity at the date of the merger.

The merger of the Company with ASCL in May 2006 was accounted for in accordance with the reverse take over method of accounting. Under this method, ASCL has been identified as the acquirer and accordingly the consolidated entity is considered to be a continuation of ASCL and the historical financial information prior to the acquisition is that of ASCL only. For accounting purposes, Hard Assets Inc. is thus deemed to have been acquired by ASCL.

### 3. Intangible assets

#### (i) Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill (negative goodwill) arises on the acquisition of subsidiaries, associates and joint ventures. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment. Goodwill arising on acquisition is

capitalised and shown within fixed assets. The excess of net assets over consideration paid on an acquisition is recognised directly in profit or loss.

**(ii) 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 existence of economically recoverable reserves is established 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 a 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.

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Arian Silver Corporation is a silver exploration company listed on London's AIM and "PLUS", on Toronto's TSX Venture Exchange and on the Frankfurt Stock Exchange. Arian is active in Mexico, the world's largest silver producing country. The Company's main projects are the Calicanto Group, the San Jose, and San Celso projects in Zacatecas state, and the Tepal project in Michoacán State. Part of Arian's forward-looking strategy lies in the envisaged use of large scale mechanised mining techniques over wider mineralised structures, which reduces the overall operating cost per ounce of silver, and to build up National Instrument 43-101 compliant resources.

Arian was founded by Jim Williams, Chief Executive Officer, and Tony Williams, Chairman, who together have over 50 years experience in exploration, project construction and mining worldwide. Arian is supported by the Dragon Group in London, and the Endeavour Group in Canada.

Further information can be found by visiting Arian's website: [www.ariansilver.com](http://www.ariansilver.com) or the Company's publicly available records at [www.sedar.com](http://www.sedar.com).

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***No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein.***

**Cautionary Note Regarding Forward-Looking Statements**

*This press release 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 regarding exploration results, potential mineralization and mineral resources, and the Company's exploration and development plans and objectives) 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 realized or substantially realized, 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, uncertainties relating to the availability and costs of financing needed in the future, changes in commodity prices, 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.*