ARIAN SILVER CORPORATION

Management's Discussion and Analysis

of the Financial Condition and Results of Operations

For the Second Quarter and Six Months ended June 30, 2007
(In U.S. dollars)

COMPANY INFORMATION

DIRECTORS	Anthony (Tony) J. Williams, *Chairman and Director* James (Jim) T. Williams, *Chief Executive Officer and Director* James S. Cable, *Chief Financial Officer and Director* James A. Crombie, *Director* Thomas A. Bailey, *Director* David W. Cohen, *Director*
COMPANY SECRETARY	Graham A. Potts
HEAD OFFICE	43 North Audley Street London, W1K 6WH England Telephone: +44 (0) 20 7529 7511 Facsimile: +44 (0) 20 7491 2244
REGISTERED OFFICE	Palm Grove House P.O. Box 3190 Road Town, Tortola British Virgin Islands
NOMINATED ADVISER	Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London, NW1 2EP England
BROKER	Haywood Securities (UK) Ltd Ryder Court 14 Ryder Street London, SW1Y 6QB England
AUDITORS	PKF (UK) LLP Farringdon Place 20 Farringdon Road London, EC1M 3AP England
REGISTRAR	Computershare Investor Services 100 University Avenue Toronto, Ontario, M5J 2Y1 Canada
STOCK EXCHANGES	The 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)

This Management Discussion and Analysis ("MD&A") has been prepared based on information available to Arian Silver Corporation ("Arian" or the "Company") as at August 24, 2007 and compares its second quarter and six months ended June 30, 2007 financial results with the equivalent periods of the previous year. This MD&A should be read in conjunction with the Company's 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 ("IFRSs"). All dollar amounts referred to in this discussion and analysis 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 six months ended June 30, 2007 have been prepared by Management in accordance with International Financial Reporting Standards ("IFRSs") and have been approved by the Company's Board of Directors (the "Board"). The audited Consolidated Financial Statements of the Company for the year ended December 31, 2006 were prepared by Management in accordance with International Financial Reporting Standards ("IFRSs"). Previous interim financial statements in 2006 have been prepared in accordance with UK Generally Accepted Accounting Principles ("UK GAAP"). No re-statement of comparative information was necessary for purposes of the transition to IFRS. The integrity and objectivity of these 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 Consolidated Financial Statements.

In support of this responsibility, the Company's 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 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 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 and to review the Consolidated Financial Statements with the external auditors.

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 for the three and six months ended June 30, 2007, which are available on SEDAR at www.sedar.com.

The Company (formerly Hard Assets Inc.) was incorporated in the province of British Columbia, Canada, on May 4, 2004. On May 24, 2006, the Company was continued to the British Virgin Islands in connection with its merger ("Merger") with Arian Silver Corporation Limited ("ASCL"), whereupon the Company changed its name to Arian Silver Corporation. On May 25, 2006, the Company's common shares were admitted to trading on the AIM Market of the London Stock Exchange ("AIM"). On July 21, 2006, the Company's common shares were listed and commenced trading on the TSX Venture Exchange ("TSX-V").

The Merger has been 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.

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

OVERALL PERFORMANCE

In the six months to June 30, 2007, the Company incurred a loss of $2.6 million after expensing the fair value of options granted of $0.8 million. There was no income other than interest from short term cash deposits of $28,000. The Company continued to incur administrative costs in its Mexican operations and in respect of corporate overheads.

In the six months to June 30, 2007, intangible assets increased by $1.3 million to $2.5 million in respect of the Mexican projects, as a result of expenditure in respect of the substantial drilling programmes undertaken in the period. Cash of $1.3 million was received as a result of share issues.

OVERVIEW OF OPERATIONS

During the quarter, the Phase-1 drilling programme was completed on the Calicanto project. A Phase-1 drilling programme started on the Tepal and San Jose projects.

Qualified Person

Mr. Jim Williams, the Company's Chief Executive Officer and a "qualified person" as such term is defined under Canadian 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 and six months periods to June 30, 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% Net Smelter Return ("NSR") although the Company has the right to buy out the NSR for $1.5 million.

The mine was previously operated by Zimapan (Peñoles), (1973-1991), and Monarca, who leased the mine from Peñoles (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.

A 5,000 metre core drilling programme commenced at the beginning of May. A total of 2,286 metres was drilled in the quarter, representing 46% of the total drilling contract, over 16 holes. The drill programme has been designed to confirm the historic drill-hole data and to expand on a number of priority target areas. The drill core from this programme was logged and then split at the Company's facilities before being sent for sample preparation and analysis within the guidelines of the Company's QA/QC programme.

In addition underground sampling and surveying of a number of areas such as the Dois Nos Guie (DNG) and Santa Ana 40 metres level have been completed.

An Induced Polarisation (IP) geophysical survey was conducted on the property, designed to test the IP response of the San Jose and Dos Vetas Structures. The IP survey showed a positive response.

The following schedule shows project expenditure:

	3 months ended June 30		**6 months ended June 30**	
	2007 $'000	**2006 $'000**	**2007 $'000**	**2006 $'000**
San Jose				
Mining & option rights	88	-	141	-
Drilling & exploration	185	-	191	-
Geology – logging & sampling	5	-	8	-
Administration	40	-	64	-
Total	318	-	404	-

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.

The Tepal landholding is 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.

A 3,000 metre core drill programme commenced on known targets in mid April at the Tepal project. A total of 1,188 metres was drilled in the quarter, representing 40% of the total contract, over a total of 9 holes. Wide zones of mineralisation have been reported from the core logging. The drill core from this programme was logged and then split at the Company's facilities before being sent for sample preparation and analysis within the guidelines of the Company's QA/QC programme.

In addition to the drill programme, work has been completed on the organisation and compiling of data from the Hecla and Teck drill programmes which were conducted in the 1990's. A percentage of the coarse rejects and pulps from the Hecla and Teck programmes will be sent for analysis to check the historical assay database.

The following schedule shows project expenditure:

	3 months ended June 30		6 months ended June 30	
	2007 $'000	**2006 $'000**	**2007 $'000**	**2006 $'000**
Tepal				
Mining & option rights	250	101	253	101
Drilling & exploration	185	10	185	10
Geology – logging & sampling	-	1	1	1
Administration	23	3	38	3
Total	459	115	477	115

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. The Calicanto Group of concessions comprises at least four main mineralised vein systems.

The Phase-1 drill programme at the Calicanto project was completed at the beginning of April. A total of 3,149 metres was drilled over 16 holes. Results have been received and a detailed appraisal is underway.

Work continued on the Calicanto and San Buenaventura ramps. At the period end the ramps had been extended to 102 metres and 80 metres respectively.

The San Buenaventura ramp intersected historic workings on the Misie structures at 65 metres and again at 80 metres on a northeast minor quartz iron oxide vein. These old workings are along 3 or 4 parallel veins that together form the Misie vein system. Sampling and surveying of these historic workings were undertaken.

The following schedule shows project expenditure:

	3 months ended June 30		6 months ended June 30	
	2007	**2006**	**2007**	**2006**
	$'000	**$'000**	**$'000**	**$'000**
Calicanto Group: Zacatecas				
Mining & option rights	17	7	18	47
Drilling & exploration	30	12	210	23
Geology – logging & sampling	19	8	34	8
Administration	1	5	10	5
Total	67	32	272	83

San Celso; Ojocaliente District, Zacatecas State

The San Celso Project consists of three contiguous mining concessions totalling 88.58 Ha. The concessions are located in the historic mining district of Pánfilo Natera-Ojocaliente and are surrounded by other concessions to the south and west. The San Celso Project is owned outright by Arian.

During the period, no further work was conducted on the property as exploration efforts are currently being focused on drilling programmes in respect of other primary projects.

The following schedule shows project expenditure:

	3 months ended June 30		6 months ended June 30	
	2007	**2006**	**2007**	**2006**
	$'000	**$'000**	**$'000**	**$'000**
San Celso: Ojocaliente				
Mining & option rights	-	1	1	44
Drilling & exploration	-	2	-	3
Geology – logging & sampling	2	11	11	12
Administration	-	3	3	12
Total	2	17	15	71

Exploration and development commitments as at June 30, 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 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 June 30, 2007, $288,000 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 NSR of 2.5%. At June 30, 2007, $576,000 had been paid.

(c) 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 June 30, 2007, $156,000 had been paid.

The Company has the right to withdraw from the option agreements relating to San Jose, Tepal and Calicanto, and 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.

Public financing

During the period, the Company raised $140,000 and Cdn$678,720 through the exercise of warrants as follows:

During April, 2007, the Company issued 800,000 common shares of no par value in connection with an exercise of warrants at $0.175 per share and 400,000 common shares of no par value in connection with an exercise of warrants at Cdn$0.42 per share

During May, 2007, the Company issued 1,176,000 common shares of no par value in connection with an exercise of warrants at Cdn$0.42 per share.

During June, 2007, the Company issued 40,000 common shares of no par value in connection with an exercise of warrants at Cdn$0.42 per share.

In addition, during May, 2007, the Company raised £45,000 through the exercise of 300,000 share options at £0.15 per share.

RESULTS OF OPERATIONS

The Company has not generated any operating revenues and losses have continued to be incurred throughout the year.

Three months ended June 30, 2007 compared to three months ended June 30, 2006

The Company continued to explore its projects in Mexico in the period, completing a significant drilling programme at Calicanto and commencing significant programmes at San Jose and Tepal. The loss for the period was $1.6 million, consisting of the expensing of the fair value of share options granted of $0.7 million and administrative expenses of $0.9 million. The loss for the comparative period in 2006 was $14.3 million, due mainly to the exceptional loss resulting from the write off of goodwill of $13.4 million on the Merger in accordance with reverse take over accounting and administrative expenses of $0.6 million. Administrative expenses were higher in the current period compared to the same period in 2006 due to the higher level of manpower employed in Mexico as a result of the greater level of drilling and other work, and higher corporate overheads.

Six months ended June 30, 2007 compared to six months ended June 30, 2006

The loss for the six months to June 30, 2007 was $2.6 million, which included administrative expenses of $1.8 million and the cost of the fair value of share options of $0.8 million, compared to the loss for the equivalent period in the previous year of $15.6 million, of which $1.1 million related to administrative expenses and $0.9 million related to the fair value of share options. Administrative expenses increased due to the greater level of drilling and other project activity, plus higher corporate overheads.

SUMMARY OF QUARTERLY RESULTS

Unaudited	**2007** 2nd Quarter $'000	**2007** 1st Quarter $'000	**2006** 4th Quarter $'000	**2006** 3rd Quarter $'000
Total Revenues	10	18	15	25
Net loss before exceptional items	1,553	1,043	953	777
Basic and diluted loss per share	$(0.01)	$(0.01)	$(0.01)	$(0.01)
Net loss for the period	1,553	1,043	953	777
Basic and diluted loss per share	$(0.01)	$(0.01)	$(0.01)	$(0.01)
Total assets	4,382	4,264	4,802	2,552
Shareholders' equity	3,898	3,909	4,423	2,144
Cash dividend declared per share	-	-	-	-

Unaudited	2006 2nd Quarter $'000	2006 1st Quarter $'000	2005 4th Quarter $'000	2005 3rd Quarter $'000
Total Revenues	20	11	2	7
Net loss before exceptional items	611	1,125	519	182
Basic and diluted loss per share	$(0.01)	$(0.03)	$(0.01)	$(0.01)
Net loss for the period	14,025	1,125*	519	182
Basic and diluted loss per share	$(0.22)	$(0.03)	$(0.01)	$(0.01)
Total assets	3,247	1,463	1,780	850
Shareholders' equity	2,838	1,463	1,621	620
Cash dividend declared per share	-	-	-	-

**The unaudited income statement for the quarter ended March 31, 2006 has been adjusted to correctly record expenses in the period to which they relate. This adjustment has reduced the loss recorded in the quarter by $153,000 and has no impact on shareholders equity as at that date.*

Second quarter 2007 vs. first quarter 2007

Revenues were from bank deposit interest. The net loss for the period increased by $0.5 million compared to that incurred in the previous quarter due to an increase in the expensing of the fair value of share options by $0.7 million, compared to $0.1 million in the first quarter; otherwise, administrative costs were similar. There was a significant increase in intangible assets in the quarter by $1 million due to the extensive drilling programmes, compared to a spend of $0.3 million in the first quarter. Shareholders' equity was unchanged compared to the previous quarter as the issue of new shares in the period of $0.8 million was offset by administrative expenditure and the write off of the fair value of share options.

First quarter 2007 vs. fourth quarter 2006

Revenues were from bank deposit interest. The net loss in the period is broadly similar to the previous quarter and results from incurring costs related to corporate overheads and administration of the Company's projects in Mexico. The cost of the fair value of share options vesting in the period of $0.1 million in the quarter is $0.06 million higher than the charge in the previous quarter. Intangible assets increased by $0.4 million due to expenditure in respect of drilling programmes and other exploration work undertaken in Mexico. Shareholders' equity decreased following the placement of $0.5 million of new common shares, offset by project expenditure and administration costs.

Fourth quarter 2006 vs. third quarter 2006
Revenues were from bank deposit interest. The net loss in the period is after charging costs related to corporate overheads, including the fair value of share options vesting in the period and the administration of the Company's projects in Mexico. Shareholders' equity increased following the placement of $3.2 million of new common shares, offset by project expenditure and administration costs.

Third quarter 2006 vs. second quarter 2006
Revenues were from bank deposit interest. Administration expenditure in the quarter increased due to costs incurred in respect of the listing of the Company on the Canadian TSX-V Exchange. The costs relate to corporate overheads, including the fair value of share options vesting in the period and the administration of the Company's projects in Mexico. The decrease in Shareholders' equity and cash over the previous quarter is a result of share issues arising from share option and warrant exercises in the period of $33,000, offset by administration and project expenditure.

Second quarter 2006 vs. first quarter 2006
The increase in Shareholders' equity and cash over the previous quarter is the result of the placement of $2 million of new common shares. The net loss increased as a result of costs associated with the Merger and admission of the Company's shares to AIM. There was an exceptional loss resulting from the write off of goodwill of $13.4 million on the Merger in accordance with reverse take over accounting.

First quarter 2006 vs. fourth quarter 2005
The net loss for the quarter of $1.1 million included $0.8 million in respect of the fair value of share options granted. The decrease in the Shareholders' equity and cash over the previous quarter is a result of share placements in the period of $200,000, offset by administration and project expenditure.

Fourth quarter 2005 vs. third quarter 2005
The increase in Shareholders' equity over the previous quarter is the result of share placements of $1 million in the period. The increase in the net loss is attributable to increased administration costs resulting from the establishment of the Company's office and operations in Mexico, its corporate office in London and recruitment of key staff. Cash of $1.1 million was received from an exercise of warrants during the fourth quarter.

LIQUIDITY AND CAPITAL RESOURCES

In Management's view, the most meaningful information concerning the Company relates to its current liquidity and solvency since it is not currently generating any income from its mineral projects.

The Company raises capital for its operations through the issuance of securities of the Company, proceeds received from the exercise of share options and share purchase warrants. Although the Company has been successful in the past in raising finance, there can be no assurance that any funding required by the Company in the future will be made available to it and, if such funding is available, that it will be offered on reasonable terms or that the Company will be able to secure such funding through third party financing or joint ventures. Furthermore, there is no assurance that the Company will be able to secure new mineral properties or projects or that they can be secured on competitive terms.

During the three months ended June 30, 2007
As noted in ***Overview of Operations – Public financing***, of this MD&A, the Company issued 2,416,000 common shares of no par value in connection with warrant exercises and 300,000 common shares of no par value in connection with an exercise of share options, to raise a total of $0.8 million in cash.

During the six months ended June 30, 2007
The Company issued 4,508,600 common shares of no par value in connection with warrant exercises and 800,000 common shares of no par value in connection with exercises of share options, to raise a total of $1.3 million in cash.

Working Capital

As at June 30, 2007, the Company had working capital of approximately $1.2 million (December 31, 2006: $3 million). In July, 2007 a further $2.6 million in cash was raised from the issue of 5.5 million shares and these funds, based on current plans, are sufficient to cover ongoing obligations as they become due over a 12 month period. The decrease in working capital in the six months to June 30, 2007 is the result of substantial project costs, plus administrative expenditure, offset by cash raised from the issues of shares. Cash raised from issues of shares was $1.3 million during the period (year to December 31, 2006: $5.4 million). Surplus funds are invested in short term deposits with the Company's bankers. No funds are invested in commercial paper.

The most significant assets at June 30, 2007 were intangible assets amounting to $2.5 million (December 31, 2006: $1.2 million) and cash of $1.2 million (December 31, 2006: $3.2 million). In addition, there were tangible assets of $0.2 million (December 31, 2006: $0.1 million). Receivables increased to $0.4 million (December 31, 2006: $0.2 million) and Payables were higher at $0.5 million (December 31, 2006: $0.4 million).

Off-balance sheet arrangements

The Company has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

During the six months ended June 30, 2007 and 2006, the Company entered into the following transactions involving related parties:

Companies in the Dragon Group charged the Company a total of $415,023 (2006: $134,505) in respect of the provision of staff, office facilities, general office overheads and re-charged costs incurred on behalf of the Company. Tony Williams, Chairman and a director of the Company, beneficially owns the Dragon Group.

Endeavour Financial Limited ("EF") charged the Company a total of $nil (2006: $11,428) in respect of the provision of office facilities incurred on behalf of the Company. Gordon Keep, a director of the Company up to the date of the Merger, is a director of EF.

Endeavour Financial International Corp ("EFC") charged the Company a total of $30,000 (2006: $nil) in respect of financial advisory services incurred on behalf of the Company. Tony Williams, Chairman and a director of the Company, is a shareholder of EFC.

Anfield Sujir Kennedy & Durno ("ASKD") charged the Company a total of $nil (2006: $108,154) in respect of the provision of legal services incurred on behalf of the Company. Henry Jay Sujir, a director of the Company up to the date of the Merger, is a partner in ASKD.

European Diamonds PLC ("EPD") charged the Company a total of $45,120 (2006: $45,120) in respect of a recharge of remuneration paid on behalf of the Company. James Cable and Tony Williams are both Directors of the Company and EPD.

These transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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.

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 depleted on a unit of production basis, or until the properties are sold, allowed to lapse, 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. No writedowns were recorded in the financial statements for the period. A writedown would be recorded as an expense to the Company's income statement.

Share based payments

The share option programme allows Company employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at the grant date and spread over the period until the options vest unconditionally to the employee. 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. Critical estimates in determining fair value include expected price volatility of the shares and option lives.

RISKS AND UNCERTAINTIES

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, exploration and development of mining properties. The risks referred to below are not the only ones facing the Company. Additional risks not currently known to the Company, or that the Company currently deems trivial, may also impair the Company's operations. If any of the risks actually occur, the Company's business, financial condition and operating results could be adversely affected.

Risk factors, including those regarding resources, reserves, production, requirement of additional financing and currency risks have been detailed in the Company's 2006 Annual MD&A. Such risks have not changed during the first six months of 2007.

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 regarding exploration results, potential mineralisation 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 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 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 commodity prices, changes in equity markets, political developments in Mexico, changes to regulations affecting the Company's activities, foreign currency fluctuations, 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.

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 on www.ariansilver.com.

Disclosure of Outstanding Share Data

The following table sets forth information concerning the outstanding securities of the Company as at August 24, 2007:

Common shares of no par value ("Shares")	**Number in issue**
Shares	111,475,969
Share options[1]	10,360,000
Share purchase warrants[1]	15,171,250

[1] Each share option and share purchase warrant entitles the holder thereof to purchase one Share.