

**Not for Distribution to U.S. Newswire services  
nor for Distribution in the United States**



**Trading Symbols**

**AIM: AGQ**

**TSX-V: AGQ**

**“PLUS”: AGQ**

**FWB: I3A**

**28 May 2009**

**ARIAN SILVER’S MD&A AND FINANCIAL  
RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2009**

London, England, Arian Silver Corporation (“Arian” or the “Company”) today announced the release of its Management’s Discussion and Analysis (“MD&A”) and unaudited Financial Statements for the three months ended 31 March, 2009 (“Financials”). Extracts from the MD&A and unaudited results are reported below.

**Arian’s Chief Executive Officer, Jim Williams, commented today,** “During the period under review we have continued to defer all significant exploration activities in Mexico pending the receipt of new funding. We currently anticipate that funding from the transaction with Grafton will be forthcoming in the near future which should enable us to implement our planned work programmes at our San Jose project.”

The MD&A and Financials are available at 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. All amounts are expressed in US dollars unless otherwise stated. The financial information in this announcement does not constitute full statutory accounts.

**HIGHLIGHTS**

***Financial***

- As at 31 March, 2009, the Company had total assets of \$8.2 million, including intangible assets of \$6.2 million, available for sales assets of \$972,000, receivables of \$646,000 and cash of \$247,000.
- Expenditure on projects in Mexico and on other assets in Q1 was \$449,000.
- The consolidated pre-tax loss for Q1 was \$481,000.

*Post 31 March, 2009*

- The Company completed the share exchange transaction with Grafton Resource Investments Ltd (“Grafton”) pursuant to which the Company received in total 128,591 Grafton shares.
- Placing of the Grafton shares to raise new funding for the Company anticipated to take place in the near future.
- Grafton made a further advance of \$250,000 for working capital purposes pending the receipt of funding from the placing of the Grafton shares.

### **Operations**

- Dewatering of the San Jose mine workings continued.
- A.C.A Howe International Limited was commissioned to carry out a Canadian National Instrument 43-101 (“NI 43-101”) independent evaluation of the economics for contract mining and milling at San Jose.
- Option agreement renegotiated in respect of San Jose to give Arian a 66.67% controlling interest in the project, subject to completion of legal and registration formalities. Arian has the right to take 100% ownership interest on payment of final instalment of \$500,000 due in December 2009.

### **OVERALL FINANCIAL PERFORMANCE**

For the quarter ended 31 March, 2009, the Company incurred a loss of \$0.5 million (2008 - \$0.9 million) which loss includes expensing the fair value of options vesting of \$16,000 (2008 - \$60,000), and other administrative expenses of \$0.5 million (2008 - \$0.8 million). There was no income other than interest of \$1,000 (2008 - \$18,000) from short term cash deposits. The Company continued to incur costs in relation to its Mexican operations and in respect of corporate overheads.

As at 31 March, 2009, intangible assets amounted to \$6.2 million (31 December, 2008 - \$6.0 million). These costs arise in respect of deferred exploration and evaluation costs related to the Mexican projects.

During the quarter the Company issued 26,097,230 common shares to Grafton in exchange for 26,322 participating shares in Grafton. The value of the Grafton shares is shown as an available for sale asset of \$972,000 as it is intended to dispose of this investment to generate funding for the Company.

### **LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN**

The Company’s management is continuing to work with the principals of Grafton and their associates on the planned disposal of the 128,591 Grafton participating shares (the “Grafton Shares”). The proposal is to place the Grafton Shares for cash with third parties in order to raise working capital finance for the Company. It is anticipated that the placing of the Grafton Shares will take place in the near future following the listing of Grafton on the Dublin Stock Exchange. The principals of Grafton and their associates have experience in providing funding for junior mining and exploration companies using this type of transaction. The Company is, however, reliant on Grafton being able to replicate this experience to provide the significant new funding sought by the Company by this transaction and on a timely basis.

In May Grafton provided a further advance of \$250,000 to the Company for working capital purposes. This brought the total advanced to the Company by Grafton to \$550,000. These advances are interest free and are intended to be repaid from the proceeds of sale of the Grafton Shares.

The Company has accumulated IVA (sales tax) on past exploration expenditure in Mexico which amounted to \$556,000 at 31 March, 2009. IVA is generally repaid in instalments by the Mexican tax authorities. However, there is no certainty as to the timing of future repayments of this IVA receivable.

### **REVIEW OF OPERATIONS**

The Company owns, or has options to purchase, 39 mineral concessions in Mexico totaling 21,691 hectares.

The Company's main projects are the Calicanto Group and San Jose, in Zacatecas State, and the Tepal project in Michoacán State.

During the period under review exploration operations in respect of its three principal projects in Mexico were largely deferred in order to preserve the Company's cash resources pending receipt of new financing planned from the transaction with Grafton.

### Qualified Person

Mr. Jim Williams. Eur Ing, Eur Geol, BSc, MSc, D.I.C., FIMMM, the Chief Executive Officer of Arian, a "Qualified Person" as defined in the AIM guidelines of the London Stock Exchange, and a "Qualified Person" as such term is defined in NI 43-101 has reviewed and approved the technical information in this document other than the mineral resource estimates.

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

During the period under review the dewatering of the San Jose mine workings was ongoing and some of the previously inaccessible workings have been made safe to enter. Within these recently accessible workings it is planned to initiate a sampling programme together with a continuation of the surface drilling programme, subject to financing. In addition, the Company recommenced the submission of its stockpiled drill and channel samples for assay.

A.C.A. Howe International Limited has been commissioned to carry out an NI 43-101 independent evaluation of the economics for contract mining and custom milling following an in-house scoping study which confirmed the potential for near term contract mining of certain near surface resource blocks.

The current NI 43-101 Resources at San Jose are set out below:

Resource Category	Tonnes	Grade			Contained Metal		
		Ag	Pb	Zn	Ag	Pb	Zn
		g/t	%	%	(Moz)	(t)	(t)
Indicated	2,196,000	127.7	0.51	0.88	9.02	11,200	19,200
Inferred	11,190,000	93.8	0.39	0.83	33.76	43,400	93,200

1. Geological characteristics and +30 ppm grade envelopes used to define resource volumes
2. The mineral resource estimates are in accordance with CIM and JORC standards
3. The effective date of the mineral resource estimates is August 15, 2008
4. The estimates are based on geostatistical data assessment and computerised IDW<sup>3</sup>, Ag grade wireframe restricted, linear block modeling.

### Tepal Project; Michoacán State

The current NI 43-101 Resources at Tepal are set out below:

	Tonnes	Grade			Contained Metal		
		Au	Cu	AuEq	Au	Cu	Au Eq
	('000)	g/t	%	g/t	(oz x 000's)	(Mlbs)	(oz x 000's)
Indicated	24,995	0.54	0.27	1.2	440	147.1	938
Inferred	54,964	0.41	0.22	0.9	720	265.4	1,612

- 1 Au = Gold. Cu = Copper. AuEq = Gold Equivalent
- 2 Arian has an exclusive option agreement to purchase 100% of the Tepal properties
- 3 Gold Equivalent Grades (g/t) were calculated using metal prices of US\$600/oz Au, US\$2/lb Cu and assuming 100% recoveries
- 4 The mineral resource estimates are in accordance with CIM and JORC standards
- 5 The effective date of the mineral resource estimates is September 24, 2008
- 6 The estimates are based on geostatistical data assessment and computerised IDW<sup>3</sup>, 0.18 g/t Au grade wireframe envelope restricted, linear block modeling

The "Qualified Person", as such term is defined in NI 43-101, who prepared the above mineral resource estimates in respect of the San Jose Project and the Tepal Project, is Mr. Galen White. Mr. White was at the time these estimates were prepared an employee of A.C.A. Howe International Limited.

***For further information please contact:***

Arian Silver Corporation  
Carlyle House  
235-237 Vauxhall Bridge Road  
London SW1V 1EJ  
England

Jim Williams - CEO  
(London) +44 (0)20 7963 8670 / email: [jwilliams@ariansilver.com](mailto:jwilliams@ariansilver.com)

Graham Potts – CFO & Corporate Secretary  
(London) +44 (0)20 7963 8670 / email: [gpotts@ariansilver.com](mailto:gpotts@ariansilver.com)

Bishopsgate Communications Limited  
Nick Rome  
(London) +44 (0)20 7562 3350 / email: [nick.rome@bishopsgatecommunications.com](mailto:nick.rome@bishopsgatecommunications.com)

Vicarage Capital Limited  
Martin Wood  
(London) +44 (0)20 7060 1303 / email: [martin@vicaragecapital.com](mailto:martin@vicaragecapital.com)

Grant Thornton UK LLP  
Gerry Beaney  
(London) +44 (0)20 7385 5100 / email: [gerry.d.beaney@gtuk.com](mailto:gerry.d.beaney@gtuk.com)

CHF Investor Relations  
Alison Tullis  
(Canada) +1 416 868 1079 Ext. 233 / email: [alison@chfir.com](mailto:alison@chfir.com)

**About the Company**

Arian Silver Corporation is a silver exploration and development company and is listed on London's AIM; trades on London's "PLUS" market; is listed on Toronto's TSX Venture Exchange and on the Frankfurt Stock Exchange. Arian Silver is active in Mexico, the world's second largest silver producing country. The Company's main projects are the Calicanto and San Jose projects in Zacatecas State and the Tepal project in Michoacán State. Part of Arian Silver's forward-looking strategy lies in the envisaged use of large scale mechanized mining techniques over wider mineralized structures, which reduces the overall unit operating cost of metals, and to build up NI 43-101 compliant resources.

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).

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

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

***THIS PRESS RELEASE IS NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES NOR FOR DISSEMINATION IN THE UNITED STATES***

***This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities of the Company in the United States. The securities of the Company have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.***

### **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, funding from the disposal of the Grafton shares or from other sources, the mineral resource estimates contained in this press release, statements regarding exploration results, potential mineralisation, potential mineral resources, future production 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, failure to establish estimated mineral reserves, 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, the possibility that the placing of the Grafton shares held by the Company will not be sold on a timely basis and/or that such placement will not generate sufficient funds for the Company to meet its ongoing obligations, 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.

The mineral resource figures disclosed in this press release are estimates and no assurances can be given that the indicated levels of minerals will be produced. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While the Company believes that the resource estimates included in this press release are well established, by their nature resource estimates are imprecise and depend, to a certain extent, upon statistical inferences, which may ultimately prove unreliable. If such estimates are inaccurate or are reduced in the future, this could have a material adverse impact on the Company.

Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that mineral resources can be upgraded to mineral reserves through continued exploration.