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Trading Symbols

AIM: AGQ

TSX-V: AGQ

"PLUS": AGQ

FWB: I3A

22 August, 2011

**ARIAN SILVER'S MD&A AND RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

London, England, Arian Silver Corporation ("Arian" or the "Company") (TSXV: AGQ) (AIM: AGQ) (FRANKFURT: I3A), a silver exploration, development and production company with a focus on projects in the silver belt of Mexico, today announced the release of its Management's Discussion and Analysis ("MD&A") and unaudited Financial Statements ("Financials") for the six months ended 30 June 2011.

The MD&A and Financials will be available at SEDAR at www.sedar.com and on the Company's website at 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 does not constitute full statutory accounts.

Arian's Chief Executive Officer, Jim Williams, commented today, "The conclusion of Q2 has shown a gross profit with our San José mining and milling operation and we continue to fine tune our operations with a view to significantly improving on this. In addition, during July we released an updated NI 43-101 and JORC-compliant resource estimate where we have more than doubled our in-situ silver resources at the San José project; we have also significantly upgraded resources to the "indicated" resource category. We have started yet another drilling programme (Phase-4) at San José where we have outlined a 40-hole, 10,000 m programme, with the intention of drilling the entirety of the San José Vein, and most of the other known associated mineralised targets within the confines of our concession areas, which we are now more than 25% of the way through. Our balance sheet remains strong and we continue to have no debt."

OVERVIEW OF SECOND QUARTER OF 2011 AND SUBSEQUENT EVENTS

Financial (all amounts expressed in US dollars unless otherwise stated)

- Total assets of \$18.8 million, including intangible assets of \$2.4 million, property, plant and equipment of \$6.4 million, trade and other receivables of \$1.8 million and cash of \$7.2 million, as at 30 June 2011.
- Consolidated pre-tax loss for the six months ended 30 June 2011 was \$9.9 million including a non-cash employee share options expense of \$8.0 million.
- Working capital was \$9.1 million, as at 30 June 2011.
- Revenue of \$2.7 million and a gross loss of \$154,000 for the six months ended 30 June 2011 for the San José mining operation.
- Revenue of \$1.5 million and a gross profit of \$59,000 for the three months ended 30 June 2011 for the San José mining operation.

Operations

- San José production Q2:
 - 22,387 tonnes mined.
 - 18,348 tonnes milled.
 - 144 concentrate tonnes produced.
 - 59,568 silver ounces produced.
- San José exploration:
 - Phase-3 drilling programme completed and new resource estimate complete; and
 - Phase-4 drilling programme has commenced.

Post 30 June 2011

- Independent resource estimate updated by CSA Global (UK) Limited and announced 20 July 2011:
 - 88.45 million contained silver ounces, an increase of 105%.
 - 30.03 million ounces in the “indicated” resource category.
 - 58.42 ounces in the “inferred” resource category.
 - Plus lead and zinc.
- Extended the mill and plant lease for up to two years.
- Continuous upgrades made to plant and equipment at custom mill in order to improved throughput and recoveries.
- Independent plant audit completed and recommendations are being reviewed and implemented.
- As at the end of July 2011 Phase-4 drilling programme has drilled approximately 2,200 metres.

REVIEW OF FINANCIAL PERFORMANCE

In the six months ended 30 June 2011, the Company incurred a pre-tax loss of \$9.9 million (2010 - \$0.6 million) which includes a gross loss for the San José mine of \$0.2 million, recognising the fair value non-cash expense of share purchase options vesting of \$8.0 million (2010 - \$14,000) and other administrative expenses of \$1.4 million (2010 - \$0.7 million). Interest income from cash resources was \$24,000 (2010 - \$4,000). Finance loss was \$0.3 million (2010 - \$0.1 million).

As at 30 June 2011, the Company had working capital of approximately \$9.1 million (31 December 2010 - \$10.2 million). See *Liquidity, Capital Resources and Working Capital* for the items of working capital. Intangible assets amounted to \$2.4 million (31 December 2010 - \$1.2 million) which relate to deferred exploration and evaluation costs in respect of the Company’s Mexican projects. Property, plant and equipment amounted to \$6.4 million (31 December 2010 - \$5.4 million); \$6.3 million of this relates to the San José mine development costs. Share capital increased by \$1.9 million to \$47.3 million (31 December 2010 - \$45.4 million) as a result of the issue of common shares in connection with the exercise of share options and share purchase warrants.

REVIEW OF OPERATIONS

The Company currently owns 32 mineral concessions in Mexico totalling approximately 8,038 hectares (“ha”).

San José Project, Zacatecas State

The San José property lies 55 kilometres to the southeast of Zacatecas City and covers 11 mining concessions totalling approximately 6,300 ha. The property has significant infrastructure, including a 4 x 4 metre (“m”) main haulage ramp (“SJ Ramp”), which extends for nearly 3.2 km along the footwall of the San José Vein (“SJV”) system, and a 350 m deep, 500 tonne per day (“tpd”), vertical shaft with operational hoist. In addition, a number of shallower vertical shafts are located in a westerly direction along the SJV.

Production Information

Production information summary for San José mine is as follows:

	Q2 2011	Q1 2011	Q4 2010
Head grade - Ag grams per tonne	178	178	154
Tonnes mined	22,387	19,462	7,600
Tonnes milled	18,348	21,128	3,385
Concentrate tonnes produced	144	146	22
Recovery %	56.66	38.08	56.31
Ag ounces produced	59,568	46,236	9,462
Ag ounces per concentrate tonne produced	412	316	439

Mining Operations

The initial mining operation is limited to the Ramal Norte/Sur, San José 75 m Level Central Zone and Santa Ana resource blocks. These were selected by Arian, from seven delineated resource blocks, to support an initial four-year mining operation with the potential to increase the mining rate to 1,500 tpd subject to milling capacity being available.

From January to the end of June 2011 approximately 161 m were developed along the main westerly strike of the SJ Ramp in a combination of Run-Of Mine (“ROM”) and waste material. In addition, some 73 m were developed off the main SJ Ramp, initially in a northerly direction before running parallel and with a steeper decline; this was to access deeper seated sulphide-rich material of the Santa Ana Block (less oxidation) which should further increase recoveries at the mill. Anticipated grades of silver in this area, based on diamond drilling information, are in the order of 450 g/t.

Mining expectations remained unchanged at 500 tpd for the contract mining operation. Mining was planned to operate 20 days per month. Total costs to mine and deliver ore to the mill were estimated at approximately \$26/tonne.

Milling Operations

Q2 recoveries increased 49% to 56.66% from the Q1 result of 38.08%. Arian is continuing to focus on the custom mill and plant operations and is overseeing changes in the reagents and modifications to the physical plant to increase the recoveries. It is anticipated that recoveries will increase to the level initially planned.

During Q2 the plant was audited and those recommendations are being reviewed and implemented. The decisive action taken during May as a result of the previously reported theft has, consequently, provided improved results for Q2; Arian expects results to continue to improve. Arian has also implemented actions to ensure that the smelter and plant results are correlated to an acceptable level.

Arian has signed a new lease with the custom mill and plant owner for a period of up to two years at a cost of MXP 6 million (approx. US\$ 0.5 million) per month. There is an early break provision in favour of the owner of the plant in the event that an option to purchase the plant held by a third party is exercised on 31 October 2011. However, if this option is exercised Arian currently believes it would be able to negotiate continued use of the plant with the new owner. The lease also has an early break provision in favour of Arian giving it the right to terminate the lease after twelve months. The increase in the lease cost is due to the operation of a new 200 tpd mill which is currently being commissioned and should allow Arian to meet its expected milling target of 400 tpd (for 30 days), with up to 125 tonnes of concentrate to be produced per month with an anticipated silver content of between 370 and 440 ounces per tonne (“opt”).

The mill is rated a 400 tpd throughput mill, however Arian only started with a daily throughput of 120 tonnes and is currently around 250 per day. The plant is not designed for the hardness and abrasiveness of the San José ROM material ore. This issue was partially overcome with the installation of a reconditioned impact crusher placed within the circuit to more finely grind the ROM material before the ground rock entered the flotation stage of the plant.

This phase of milling has allowed Arian to review all the key data as it would if it were operating a test plant and provides information for Arian to build an optimised plant, should it decide to build one. Arian is currently reviewing alternatives as well as continuing to work to improve the mill design and recoveries.

Based on a contained silver content of 405 opt at \$35/oz silver, a concentrate value of \$12,700/tonne, after deductions, is forecast to be achieved although the higher the silver price, which is calculated based on a quotation period paying the average of the second month after delivery, the greater the return.

A 2% NSR (net smelter royalty) on concentrate value is payable to the vendor of the San José property.

Exploration Drilling

In May 2011 Arian completed the Phase 3 drill programme, which commenced in November 2010, drilling over 10,000m. The purpose of the drill programme was to delineate additional areas of high grade mineralisation and to upgrade existing resources, between the Santa Ana and Guanajuatillo resource areas along the SJV. The drill programme had also started to explore in detail the SJV system that lies to the west of the village of Guanajuatillo. The results of Phase 3 are included in the resource table under the heading 'Exploration Resource'.

In April and June 2011 the drilling results from the Phase 3 drilling programme were released (see the Company's press releases dated 4 April 2011 entitled "Arian Silver's continuing exploration drilling intercepts high-grade silver at San José" and 27 June 2011 entitled "Arian Silver Reports Wide High-Grade Silver and Base Metal Intercepts").

In June 2011, Phase 4 drilling programme commenced and at the end of July 2011 there were approximately 2,200 m drilled. The purpose of this drilling phase is to drill the entire SJV combining infill and step out drilling which will endeavour to maximise the data points in the given area and upgrade the resource categories.

Arian's overall objective is to develop additional resources on the San José property concurrently with the existing mining operation, complete a full feasibility study, and move to large-scale independent commercial production.

Exploration Resource

On 20 July 2011 Arian announced a significant resource estimate upgrade (see the Company's press release entitled "Arian Silver Announces Significant increase in Mineral Resources at San José"). The highlights of this announcement were:

- 86% increase in resource tonnage along the SJV over the August 2008 mineral resource estimate:
 - 10% higher average silver grade;
 - 105% increase in contained silver; and
 - 34% of gross silver mineral content now in the "indicated" category.
- Mineral resource estimates based on all Phase-1, 2 and 3 drill holes (152 drill holes totaling over 28,000 m); and
- Mineralisation remains completely open along the western strike and to depth.

Arian's new resource estimate upgrade which includes all drill programmes from 2006 along the SJV has a delineated NI 43-101 and a JORC Code compliant resource estimate of approximately 30.03 million ounces of silver, 69.9 million pounds of lead and 126.6 million pounds of zinc in the "indicated" mineral resource category and 58.42 million ounces of silver, 140.1 million pounds of lead and 291.1 million pounds of zinc in the "inferred" mineral resource category. The NI 43-101 and JORC code compliant mineral resources mentioned above is summarized in the table below:

Resource Category	Gross Tonnes Contained Metal	Average Grade			Contained Metal		
		Ag	Pb	Zn	Ag	Pb	Zn
		(g/t)	%	%	(M oz)	(t)	(t)
Indicated	8,000,000	117	0.40	0.72	30.03	31,706	57,425
Inferred	17,000,000	107	0.37	0.78	58.42	63,548	132,041

Note: The resource estimate in the table above is wholly owned by Arian.

1. Geological characteristics and +30 ppm grade envelopes used to define resource volumes.
2. Each mineral resource estimate is in accordance with CIM standards.
3. The effective date of each mineral resource estimate is 15th July 2011.
4. The estimates are based on geological, statistical and geostatistical data assessment and computerised IDW³, Ag grade wireframe restricted, linear block modelling.
5. The resource was estimated using 152 drill holes and more than 28,000 metres.
6. Resource figures were prepared under the supervision of Malcolm Titley who is a Qualified Person (as defined in Canadian National Instrument 43-101).
7. Tonnage figures have been rounded to reflect this as an estimate.
8. Ag (silver) ounces have been calculated using 31.1035 g = 1oz.
9. Pb (lead) and Zn(zinc) tonnes have been calculated using 2204.622 lbs = 1 tonne.
10. The mineral resource is 100% owned by Arian.

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

Laboratory Update

The laboratory purchased in November 2010 from Stewart Group's Geochemical & Assay Division ("Stewart Group") became fully operational in April 2011. The laboratory comprises a comprehensive sample preparation facility, a fire assay laboratory and a wet chemistry laboratory with Atomic Absorption Spectrometry ("AAS"), and is operated under the sole control and management of professional personnel from the Stewart Group in order that results are fully compliant with Arian's quality assurance and quality control (QA/QC) programme. The laboratory has significantly increased the turnaround times for analysis of Arian's sampled drill cores.

LIQUIDITY, CAPITAL RESOURCES AND WORKING CAPITAL

During the period the Group received new funding from:

- the exercise of 1,400,000 share purchase options and 17,342,000 "F" share purchase warrants which generated £90,000 and Cdn\$1,734,200 respectively.
- the exercise of the Tepal option by Geologix which resulted in the receipt of a final instalment of \$1.55 million, satisfied as to \$775,000 in cash and the issue of to the Company of 1,089,318 common shares of Geologix at a price of approximately Cdn\$0.70.

The following share purchase options are currently outstanding, each entitling the holder to acquire one common share of the Company:

- 18,485,000 share purchase options with exercise prices in the range £0.055/£0.4925 (Cdn\$0.10/Cdn\$0.79) expiring on various dates up to June 2016.

Working Capital – 30 June, 2011

As at 30 June 2011, the Company had working capital of approximately \$9.1 million (31 December, 2010 – \$10.2 million). The items of working capital and changes compared to 31 December 2010 are as follows:

Current assets:

- Cash and cash equivalents - \$7.2 million (2010 – \$8.3 million).
- Assets held for sale - \$nil (2010 – \$2.9 million) – relates to the carrying value of the Tepal project reclassified from intangible assets as a result of the grant of the Tepal option. This asset was realised on exercise of the option from Geologix during the period.
- Trade and other receivables - \$1.8 million (2010 – \$0.9 million) – increase largely due to \$0.9 million relating to the trade debtor for the sale of silver concentrate from the San José mining operation and \$0.3 million increase in Mexican Sales Tax debtor, offset by \$0.3 million for the transfer of the deposit for the assay laboratory to non-current assets.
- Inventories - \$0.6 million (2010 – \$0.1 million) – relates to stockpile held at cost relating to production at the San José mine.
- Other financial assets at fair value through profit and loss -\$0.4 million (2010 - \$nil) – relates to the Geologix shares received as part consideration for the final instalment for the sale of the Tepal project.

Current liabilities:

- Deferred income - \$nil (2010 – \$1.5 million) – relates to the value of the non-refundable first instalment of the Tepal option consideration pending exercise or termination of the Tepal option. This was recognised in Q1 2011 as part of the Tepal option exercise.
- Trade payables - \$0.9 million (2010 – \$0.5 million) – the increase relates to invoices outstanding relating to the production and exploration costs at the San José project.

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 Canadian National Instrument 43-101 ("NI 43-101"), has reviewed and approved the technical information in the Review of Operations other than the mineral resource estimates.

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About the Company

Arian 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 is active in Mexico, the world's second largest silver producing country. The Company's main project is the San José project in Zacatecas State. Part of Arian'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 or the Company's publicly available records at www.sedar.com.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) and no stock exchange, securities commission or other regulatory authority accepts responsibility for the adequacy or accuracy of this release nor approved or disapproved of the information contained herein.

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This press 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, statements relating to the mineral resource estimates, statements regarding the contract mining and milling operation at the San José Project (the "SJ Mining Operation"), the ability of the Company to achieve, maintain and possibly increase planned levels of production from the SJ Mining Operation, the ability of the Company to generate positive cash flow from the SJ Mining Operation, the ability to continue or implement proposed drilling programmes on the SJV system and the Company's exploration, development and production 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 performance of the contractors and plant and equipment engaged in relation to the SJ Mining Operation, failure to achieve anticipated production levels and mineral grades for ore from the SJ Mining Operation, 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, changes in the silver commodity price, 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.