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Update Report

September 5, 2007

ARIAN SILVER CORPORATION

$0.40 AGQ (TSX-V & AIM) and I3A (FWB)

Recommendation
Speculative Buy

Target Price
$0.65

Risk
High

Price (Sept 4)
$0.40

52-Week Range
$0.73 - $0.225

% Below High
45%

% Above Low
78%

Shares O/S
105.4 million

Market Cap
$42.2 million

Average Daily Volume
20 day: 245,200
150 day: 401,600

Year-End
December 31

	BVPS	EPS
2006a	$0.04	$(0.24)
2007e	$0.03	$(0.05)

BVPS: Book Value Per Share
EPS: Earnings Per Share

Analysts
Adrian Manlagnit, BSc.
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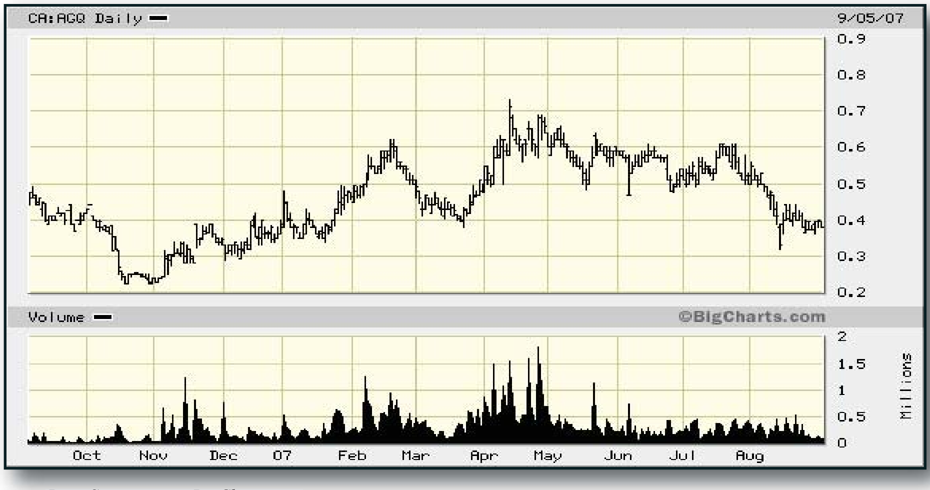

Data Source: www.BigCharts.com

UPFRONT

With success comes recognition! The results that Arian Silver announced recently at its San Jose (silver/base metals), Tepal (gold), and Calicanto (gold/silver) properties indicate that management is well focused on its exploration efforts. We expect further success and, as a result, are significantly increasing our share price objective.

RECOMMENDATION

*e*Research continues to recommend the shares of Arian Silver Corporation ("Arian Silver" or the "Company") as a Speculative Buy. Our revised 12-month Target Price has been raised to $0.65 per share (previously $0.50 per share in our Initiating Report of November 29, 2006.)

PROFILE

Arian Silver Corporation is a junior exploration company with properties in Mexico.

HIGHLIGHTS

- Recent exploration has confirmed historical gold-silver grades, vein thickness, and expanded mineralization which may yield additional tonnage.
- In addition to silver, high lead-zinc-copper grades indicate the possibility of defining a base metal resource.
- Wider vein systems have potential for future low-cost, bulk mining methods.
- Key projects are 'brown field' sites (previously mined and explored) with existing infrastructure located in known mineral districts and geology in Mexico.

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Arian Silver Corporation

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THE COMPANY

Arian Silver Corporation is a London-based junior exploration company which owns or has options to own interests on properties with strong precious and base metal potential in Mexico. The shares of Arian Silver are traded on the TSX Venture Exchange in Canada and on the London Stock Exchange's AIM Exchange with the identical symbol AGQ. They are also listed on the Frankfurt Stock Exchange with the symbol I3A.

THE STRATEGY

Arian Silver acquires silver and base metal properties with prior exploration and production histories at low cost and builds up the resources in the ground. If economic resources and mineable reserves are defined on these properties, the Company may initiate commercial silver production in the short term and through joint ventures in the longer term.

KEY MEXICAN PROJECTS

The Company's key projects, all in Mexico, are: (1) San Jose; (2) Calicanto; (3) San Celso, all three located in the prolific silver mining state of Zacatecas; and (4) Tepal project in Michoacán state. These properties are "brown field" sites i.e., they have been explored or have produced silver, copper, lead and zinc in the past and have existing mine-related infrastructure such as shafts, adits, etc.

Arian Silver also holds options and/or is currently negotiating interests on other past-producing mineral concessions in the Zacatecas state including mine tailings projects for potential recoveries of silver.

Figure 1. Location of key properties in Mexico.

Source: Arian Silver Corp.

RECENT DEVELOPMENTS

(1) Positive silver - base metal results, new zone identified at San Jose property

The first phase of drilling by Arian Silver on the San Jose property in Zacatecas, Mexico has returned positive silver and base metal results. Initial results announced on July 25, 2007 are as follows:

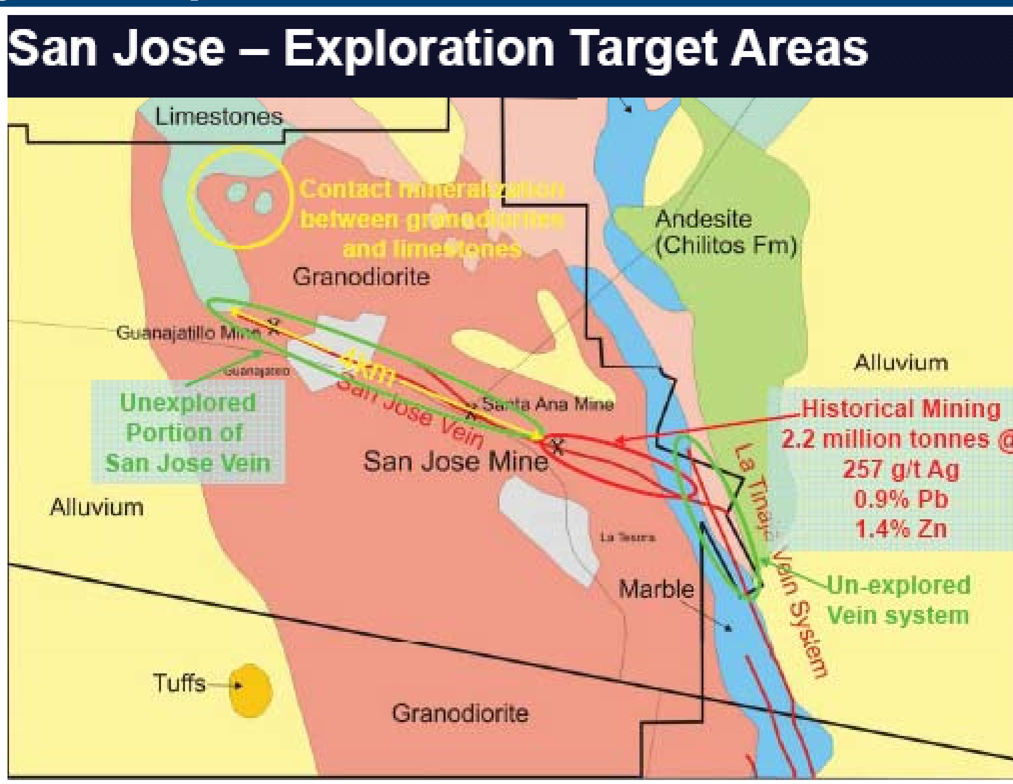
Table 1. San Jose drill results

Drill hole	True Thickness (m)	Gold (g/t)	Silver (g/t)	Lead %	Zinc %	Copper %
SJ-07-001	3.50	0.00	72.73	0.38	3.05	0.08
including	0.70	0.04	53.60	0.20	6.75	0.04
SJ-07-001B	5.70	0.30	75.90	0.43	2.22	0.04
including	0.70	0.02	99.60	0.91	3.62	0.06

Source: Arian Silver Corp

The two holes have been drilled along the relatively unexplored and unmined western portion of the main San Jose vein. Previous exploration and mining activities have focused on the eastern section of the San Jose vein (see Figure 1). This vein has a strike length of over 4 kilometers and at least 2.7 km of this mineralized structure have now been confirmed.

Figure 2. Western portion of the San Jose vein



Source: Arian Silver Corp.

The underground chip-channel sampling program in the Dois Nos Guie 70 metre level on-ramp totaling 100 meters also returned positive silver and base metal values and the underground surveying has identified unmined mineralized material within the historical workings that can be extracted in the future.

Table 2. Dois Nos Guie sampling results

Sample Name	Sample Length (m)	Gold (g/t)	Silver (g/t)	Copper %	Lead %	Zinc %
SJ-14	2.10	0.03	88.5	0.04	0.40	4.70
including	0.70	0.04	91.1	0.03	0.44	7.97
SJ-1	2.50	0.12	157.2	0.08	1.89	2.37
including	1.10	0.16	204.4	0.11	2.65	3.17

Source: Arian Silver Corp

In addition, drilling on the area of the eastern portion of the San Jose Vein, known as Block 450 has identified a wide, lower-grade, near-surface mineralized zone, located above the old mine workings.

As at August 13, 2007, the best results from Block 450 are in Table 3 below, including:

- 80.32 g/t Ag over 27.40 meters;
- 98.72 g/t Ag over 21 meters;
- 151.20 g/t Ag over 13.70 meters; and
- 121.50 g/t Ag over 6.40 meters.

Assays also contain lead and zinc values from 0.03% to 0.39% Pb and 0.07% to 0.71% Zn, respectively.

Table 3. Block 450 Drill Results

Hole ID	True thickness (m)	g/t Gold	g/t Silver	% Lead	% Zn
SJ-07-004	13.7	0.04	151.2	0.16	0.44
SJ-07-005	6.4	0.04	121.5	0.16	0.43
including	2.95	0.08	217	0.31	0.71
SJ-07-006	20.6	0.04	98.72	0.13	0.2
including	1.6	0.09	276	0.39	0.26
SJ-07-007	27.4	0	80.32	0.03	0.07
including	4.4	0	192.2	0.07	0.11

Source: Arian Silver Corp.

Assay results were restricted to the main vein system. The initial results indicate a possible much wider zone of stockwork mineralization.

Remote sensing and photo topographic surveys completed on the San Jose project have also identified additional targets for further exploration.

With encouraging results from the Phase I exploration program, Arian Silver has decided to expand the program to 7,000 meters from the initial 5,000 meters and hopes to establish NI 43-101 compliant resources by the year-end.

NEW: *In September 2007, Arian Silver acquired 10 mining concessions adding 2,313 hectares. Five concessions were purchased from existing holders for US$115,000 and a 2% NSR, and five were staked on open ground.*

(2) Significant gold assays from Tepal

The Company has released initial gold values from the first five holes from the Phase I 3,000-meter diamond drill program at the Tepal project. The drill results have confirmed historical grades from explorations made by previous owners.

Best drill results include 126m at 0.906 g/t gold, and 0.22% copper, and 250m at 0.53 g/t gold, and 0.225% copper. The results are as follows:

Table 4. Tepal Gold Assays

Hole ID	Core Length (m)	Gold (g/t)	Cu (%)
AS-07-005	100	0.753	0.297
AS-07-007	250	0.531	0.225
AS-07-009	150.7	0.381	0.298
AS-07-013	135.8	0.48	0.167
AS-07-015	126	0.906	0.222

Source: Arian Silver Corp.

The Tepal project, held via option by Arian Silver with Minera Tepal S.A. de C.V., comprises five exploration concessions covering 1,406 hectares located in Michoacán state in Mexico. There was no systematic exploration for silver on the property. Tepal has historical resources (non NI 43-101 compliant) established by Inco, Teck, and Hecla as shown on the following table:

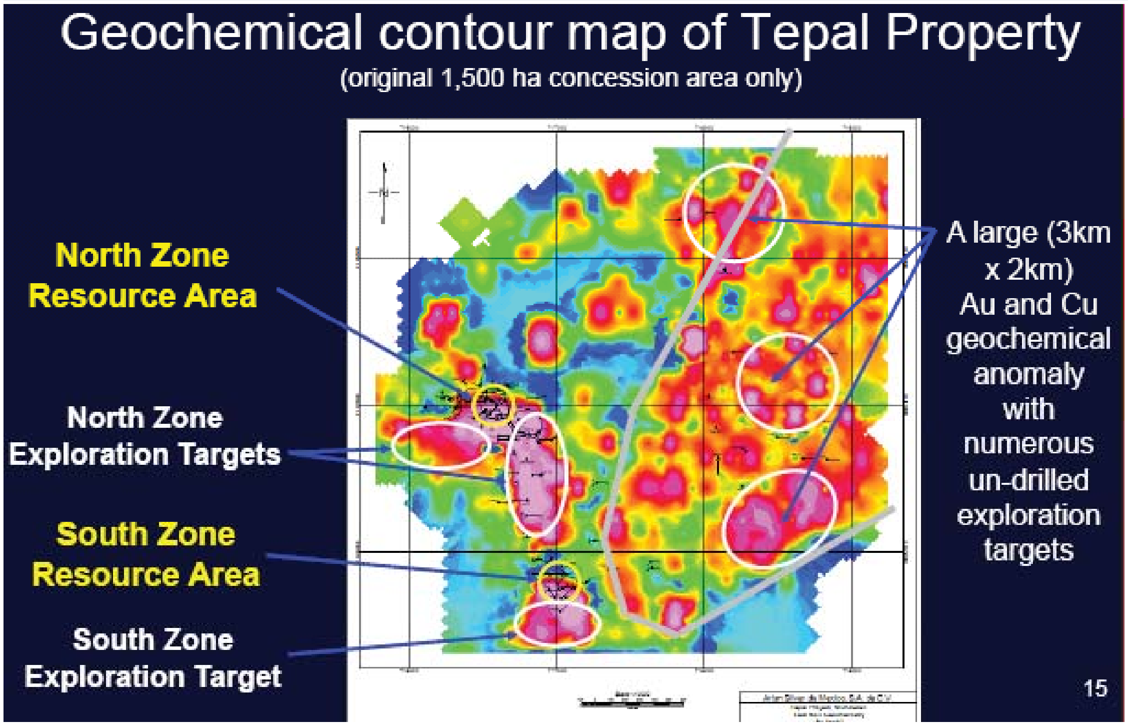
Table 5. Historical Resources at Tepal

Company	Tonnage (000)	Copper Grade (% Cu)	Gold Grade (g/t Au)
Inco Ltd (1973)	27,000	0.33	0.65
Teck (1992)	78,822	0.25	0.48
Hecla (1997)	9,063	N/A	0.91

Source: Arian Silver Corp.

Further drilling on potential mineralized zones as shown on Figure 3 may generate additional resources that could expand the existing historical resources.

Figure 3. Gold Soil Anomalies at Tepal



Source: Arian Silver Corp

Earlier this year, Arian Silver acquired the claims (called Tepal No. 2) totaling 12,500 hectares surrounding the existing Tepal property. Teck Cominco identified several mineralized gossans and areas of alteration and oxidation on these new claims during a sampling program in the 1990s. These gossans appear to be similar to the mineralization – hosting rocks at the existing Tepal property. A two-phase program totaling US$3.38 million has been proposed by Arian Silver for the property to develop a new NI 43-101 resource by the end of 2007.

As at August 8, 2007, 75% of the 3,000-m Phase I drilling program has been completed. The program has been expanded to 4,500 meters so that additional target areas can be explored.

(3) Calicanto Phase I drilling completed

Arian Silver has completed the 3,300-m Phase I drilling on Calicanto in March this year, which outlined the extension of the gold-silver epithermal veins along the strike and below the former underground mine workings. The drilling program has located new vein systems.

Highlights of the drilling include:

Table 6. Calicanto drill results

Hole ID	True Thickness (m)	Gold (g/t)	Silver (g/t)
CAL-06-017	4.70	7.17	1,054.64
including	0.70	28.30	4,450
CAL-06-011	6.30	6.80	154.42
CAL-06-008	4.50	8.54	296.75
including	0.50	43.50	2,130
CAL-06-001	1.60	0.90	409
including	0.60	0.250	1,150

Source: Arian Silver Corp

The Company continues to advance the two underground declines along the Calicanto and San Buenaventura structures, which are currently 100 meters and 95 meters in length, respectively. The Buenaventura decline has now intersected the Missie vein system while the Calicanto decline is planned to intersect the Nevada/Vicochea vein system where the high-grade mineralization was drilled. Mapping and sampling is ongoing as the decline is advanced along strike. Run-of-mine material is being stockpiled for metallurgical treatment at a nearby milling facility.

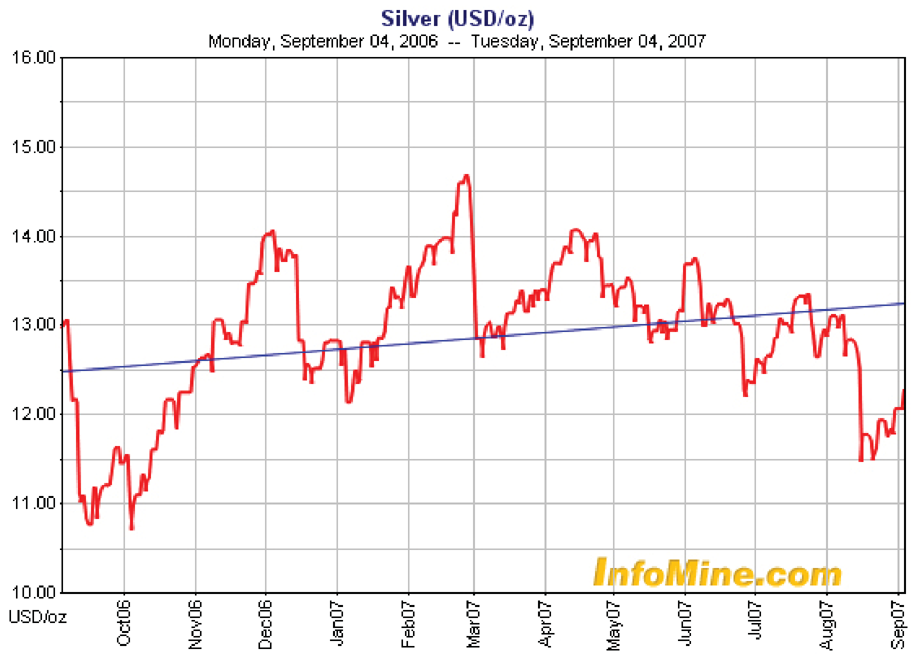
Arian Silver intends to define NI 43-101 resources on Calicanto by the year-end.
For further information on Arian Silver's properties, see Appendix I.

COMMENT: *With initial encouraging results from the San Jose and Tepal properties, continued positive results and newsflow could be further expected from the field. Good vein thickness and assays from the Block 450 area on San Jose may also contribute to the total resources in San Jose, in addition to the current resource potential of the western portion of the main San Jose vein. Given the large area of the San Jose property, exploration has a strong potential to identify new zones or extensions of mineralization. Recent drill assays on Tepal 1 are comparable with historical data obtained by the previous owner; further yields in drilling and other exploration work, including possible definition of future resources, lie on the newly acquired 12,500 – ha Tepal 2 property surrounding Tepal 1.*

SILVER MARKET OVERVIEW

Silver has been trading between approximately US$12.25 to US$13.50 per ounce over the last twelve months. The World Silver Survey 2007 said this bullish behavior is due, in part, to the strong demand from the newly established silver exchange traded fund (ETF) which was launched in late April last year. Other reasons include the depreciating U.S. dollar, strong stable investment demand, and a continuation of expanding industrial demand from emerging economies, particularly China and India.

Figure 4. Price of Silver Metal



Source: InfoMine, Inc.

The total demand from fabrication which includes industrial applications, photography, jewelry and silverware, and coins and medals dipped to 840.5 million ounces (Moz) of silver in 2006 from 848.3 Moz a year ago. On the supply side, the production from silver mines last year increased slightly to 646.1 Moz compared with 645.7 Moz in 2005. Scrap supply also grew 1% to 188 Moz in 2006 from 186.4 Moz the previous year.

Peru, Mexico, China, Australia and Chile continued to be the top silver-producing countries in 2006. Mexico produced 96.4 Moz in 2006, up from 92.3 Moz in 2005 with approximately 60% of the total production coming from the state of Zacatecas (where Arian Silver Corporation is active).

Sources/ References:

1) Figures quoted and information were referred from The Silver Institute website (www.silverinstitute.org) and World Silver Survey 2007.

2) Technical Reports on Calicanto and San Celso Projects, March 2006.

FINANCIAL REVIEW AND OUTLOOK

Revenue/Income: Arian Silver is an exploratory stage company that has not, as yet, begun production from its properties. As a result, it does not have any mining revenue, only exploration and development expenses and overhead. It recorded a loss per share of US$0.02 for the six months ended June 30, 2007 compared with a loss of $0.01 for the same period in 2006. We expect that the Company will post losses until the production stage is reached.

Past Financing: During the six-month period ended June 30, 2007, Arian Silver was able to raise US$1,230,720 from financing activities.

Cash: As at June 30, 2007, the Company had cash and cash equivalents of US$1.248 million. Currently, the cash position is estimated to be US$2.5 million. (An additional US$1.72 million may also accrue to the Company if current "in-the-money" options are exercised within the ensuing 12-month period.)

Burn Rate: The Company's estimated monthly burn rate for administrative expenses is US$300,000 based on the total administrative expenses of US$1.9 million in the six months of 2007. Administrative expenses increased due to the greater level of drilling and other project activities and higher corporate overheads.

Capex: Arian Silver has a proposed budget of approximately US$2.34 million for the Phase I exploration to define NI43-101-compliant resources on Calicanto, San Celso and Tepal projects. In the six-month period ended June 30, 2007, the total expenditure on key projects reached US$1.168 million (US$272,000 on Calicanto, US$15,000 on San Celso Ojocaliente, US$404,000 on San Jose, and US$477,000 on Tepal). To continue the first phase of exploration on key projects, including San Jose in the next 12 months, the Company may have to spend a minimum of approximately US$1.2 million.

COMMENT: *With a total expenditure of approximately US$4.8 million (approx US$1.2 million for exploration of key projects and US$3.6 million for administrative expenses) compared with cash and cash equivalent of US$4.22 million in the next 12 months, the Company may have to: (a) raise additional funds to cover the deficit; or (b) reduce their corporate overheads.*

Options: As at August 24, 2007, Arian Silver has 10.36 million stock options outstanding, with expiry dates between April 13, 2008 and June 13, 2010 at strike prices of US$0.50 and between GBP£0.15 - GBP£0.34. All of the options are "out-of-the-money".

Warrants: As at August 24, 2007, the Company has 15.17 million warrants outstanding (see below) at strike prices between $0.42 to $0.65, and with expiry dates between November 11, 2007 and August 1, 2009. All of the warrants are "out-of-the-money".

Number	Exercise Price	Expiry Date	Comment	Potential Equity
12,444,000	$0.42	11-Nov-07	Out-of-the-Money	$5,226,480
2,727,250	*$0.65*	*1-Aug-09*	*Out-of-the-Money*	*$1,772,713*
15,171,250				$6,999,193

Source: Company and eResearch

Funding Requirements: Giving consideration to the Company's cash position, our estimate of monthly burn, its anticipated capex, and the potential new equity that could be generated from exercise of options, the Company may have to raise additional funds to have sufficient operating capital in the next 12 months.

Capital Structure: Arian Silver currently has 105.4 million shares outstanding and a market capitalization of approximately C$42.2 million at recent prices on the TSX Venture Exchange. The Company has no long-term debt or other significant liabilities.

Major Shareholders: The Company's major shareholders are currently:

- RAB Special Situations (Master) Fund Limited : 9,000,000 shares, or 8.08%; and
- J T Williams: 6,800,000 shares, or 6.10%.
- In accordance with the AIM Rules (Rule 26), as far as the Company is aware, the percentage of the Company's issued share capital that is not in public hands is 7.90%.

Selected Financial Information: Set out on the following page are abridged financial statements: Statement of Income/(Loss); Statement of Cash Flow; and the Balance Sheet.

Table 7. Selected Financial Statements

	6 Months to June 30 2006	6 Months to June 30 2007	6 Months to December 31 2006*	12 Months to December 31 2007E
Statement of Income/(Loss):				
Operating Income	0	0	0	0
Non-Operating Income	31,000	28,000	71,000	50,000
General & Administrative Expense	(1,949,000)	(2,610,000)	(3,653,000)	(5,200,000)
Amortization	(5,000)	(14,000)	0	0
Stock-based Compensation	0	0	0	0
Other Non-Cash Items	(13,631,000)	0	(13,446,000)	0
Other Income/(Expenses)	0	0	(5,000)	0
Net Income/(Loss)	(15,554,000)	(2,596,000)	(17,033,000)	(5,150,000)
Total Shares Outstanding	100,683,000	105,991,000	100,683,000	111,445,000
Weighted Average Shares Outstanding	54,203,850	103,337,000	70,507,727	106,064,000
Earnings (Loss) Per Share	($0.29)	($0.03)	($0.24)	($0.05)
Statement of Cash Flow:				
Net Income (Loss)	(15,554,000)	(2,596,000)	(17,033,000)	(5,150,000)
All Non-Cash Items	14,535,000	900,000	13,446,000	1,000,000
Cash Flow from Operations	(1,019,000)	(1,696,000)	(3,587,000)	(4,150,000)
Capital Expenditures (Properties)	(55,000)	(51,000)	0	(1,200,000)
Other Investing Items	119,000	(1,288,000)	(1,013,000)	(1,300,000)
Free Cash Flow	(955,000)	(3,035,000)	(4,600,000)	(6,650,000)
Working Capital Changes	1,266,000	(77,000)	929,000	(100,000)
Equity Financing	2,178,000	1,264,000	5,484,000	4,164,000
Debt Financing	0	(6,000)	0	0
FEX changes		(91,000)		(100,000)
Change in Cash	2,489,000	(1,945,000)	1,813,000	(2,586,000)
Cash, Beginning of the Period	98,000	3,193,000	1,380,000	3,193,000
Cash, End of the Period	2,587,000	1,248,000	3,193,000	607,000

	As at June 30: 2006	2007	As at December 31: 2006	2007E
Balance Sheet:				
Cash	2,587,000	1,248,000	3,193,000	607,000
Other Current Assets	83,000	432,000	243,000	400,000
Mineral Properties	476,000	2,534,000	1,235,000	3,734,000
Other Assets	101,000	168,000	131,000	170,000
Total Assets	3,247,000	4,382,000	4,802,000	4,911,000
Current Liabilities	409,000	484,000	379,000	379,000
Other Liabilities	0	0	0	0
Debt Obligations	0	0	0	0
Total Liabilities	409,000	484,000	379,000	379,000
Shareholders' Equity	2,838,000	3,898,000	4,423,000	3,437,000
Total Liabilities & Equity	3,247,000	4,382,000	4,802,000	3,816,000
Book Value (S.E.) Per Share	$0.03	$0.04	$0.04	$0.03

* For the period May 26-December 31.

Source: eResearch

COMMENT: *Arian Silver will continue to incur net losses until such time when revenues will be generated from its properties. Book value per share is $0.04 at the end of the second quarter of 2007. Capex for 2007 is estimated to be $1.2 million for its key projects (San Jose, Tepal, San Celso and Calicanto) and general and administrative expenses are estimate to be $5.2 million. With approximately $1.25 million in cash as at June 30, 2007and an additional $2.9 million from private placement financing and the potential of $5.2 million of warrants to be exercised, the Company should have sufficient funds to cover its capex and administrative expenses in the next 12 months.*

VALUATION

Two methodologies were selected to estimate the Target Price of Arian Silver Corp, namely, a) the Peer Group Comparison (based on book values) and b) Per Attributable Resource using Historical Gold+Gold-Equivalent Ounces.

a) Peer Group Comparison

In assembling the peer group companies, we used the following criteria: (1) the type of commodities being explored/ mined; (2) the location of properties; (3) the type of mineralization/ deposits; (4) the degree of exploration/ fieldwork completed; and (5) the level of mine development the properties may have.

We selected the following companies to compare with Arian Silver Corp:

IMPACT Silver is a junior miner which owns and operates two silver-base metal mines, the Guadalupe and Gallega (Salvadora) and a 500-tonne per day mill, comprising the 125 sq km-Royal Mines project in Zacualpan district in the state of Mexico. Current mine production is around 253 tonnes per day and mining is underground following the veins. Eight-hole drilling on one its prospects (Chivo) in Royal Mines has returned 937 g/t silver (Ag) over 2.7 m and 2,380 g/t Ag over 0.7 m. A further 200 sq km concessions in the Mamatla district adjacent to Royal Mines were also acquired and initial sampling results include 2,218 g/t silver and 3.65 g/t Au over 6 meters. Impact Silver also holds the Zacatecas property totaling 17 concessions in the Zacatecas state in Mexico. Initial sampling returned from mine tailings returned 310 g/t Ag, 24.2% lead, and 8% zinc.

Esperanza Silver is an early-stage exploration company which owns the Cerro Jumil project in Morelos state in Mexico. Among other projects of the company, Cerro Jumil is a gold skarn mineralization that has a potential for open pit with heap leach operation. Recent drilling has returned 21 meters at 1.53 g/t gold and 31.5 meters at 1.08 g/t Au. It has also commenced metallurgical testing to determine suitability to heap leaching of ore. Esperanza also owns 55% of the San Luis Bonanza-grade gold and silver property in the Ancash Region, Peru. Drilling in 2006 has confirmed the bonanza grades on the Ayelén Vein along strike for 430 meters and down dip for 130 meters; drilling is ongoing on this vein and the adjacent Inés vein. The San Luis, which has a silver-gold vein mineralization, could be mined via underground method.

Silverstone Resources is a silver mining company which has ownership to all silver produced by Capstone Mining from the Cozamin silver-lead-zinc mine in Zacatecas state in Mexico. The silver purchase agreement between Capstone and Silverstone was finalized in July 2007. The Cozamin mine, which commenced production in August 2006, is expected to produce approximately 1.2 million ounces of silver annually for a minimum of 10 years. In June this year, the company also signed a deal with Lundin Mining Corp to acquire silver produced from Neves-Corvo and Aljustrel copper-lead-zinc-silver mines located in Portugal. The mill at Neves-Corvo, produces approximately 0.5 million ounces of silver annually as byproduct from copper concentrate. On the other hand, the Aljustrel mine is scheduled to commence lead-zinc-silver mining in September 2007. At its Copala silver-gold project in Sinaloa state, drilling has indicated that mineralization could be amenable to either open pit or underground while a limited tonnage grading 200 g/t Ag and a 3.8 g/t Au has been outlined over a shallow and restricted part of the vein on Claudia project located 135 km NNW of Durango city in Mexico.

Orko Silver is a junior company with gold-silver projects in Durango State of Mexico. The company's key focus is the La Preciosa project where a 43-101 compliant inferred resource of 4.39 million tonnes grading 0.396 g/t Au and 229.9 g/t Ag was established in March this year. Recent drilling La Preciosa's vein system continued to yield significant values particularly in the Abundancia and Martha veins (11.76 m grading Au 0.082 g/t and Ag 383.6 g/t and four samples over 1 kg silver for 1.54 m grading Au 0.346 g/t and Ag 2,050.1 g/t). The company plans to explore other veins to expand the existing resource. Orko is also earning 75% interest on the San Juan property from Silver Standard Resources where three silver-gold epithermal veins have been located to date.

Table 8: Corporate Comparison

		Arian Silver Corp AGQ:TSXV June-07	Orko Silver OK:TSXV April-07	Silverstone Resources SST:TSX May-07	Esperanza Silver EPZ:TSXV June-07	IMPACT Silver IPT:TSXV June-07
Corporate:						
Share Price	2	C$ 0.40	C$ 0.75	C$ 1.71	C$ 2.02	C$ 1.43
Shares O/S		105,395,469	87,280,013	74,800,744	44,922,884	43,166,464
Market Cap		C$ 42,158,188	C$ 65,067,250	C$ 127,909,272	C$ 90,744,226	C$ 61,728,044
Mineral Properties:						
Book Value (Cost)		C$ 2,686,040	C$ 1,316,163	C$ 5,560,898	C$ 6,466,784	C$ 10,853,020
Market Value		C$ 40,199,308	C$ 59,690,296	C$ 66,087,856	C$ 73,182,017	C$ 53,406,275
Difference		C$ 37,513,268	C$ 58,374,133	C$ 60,526,958	C$ 66,715,233	C$ 42,553,255
Property Ratio		14.97	45.35	11.88	11.32	4.92
Average Ratio (Peers)		18.37				
Adjusted Book Value (Cost)	1	C$ 3,886,040				
Adjusted Property Ratio		10.34				
Selected Ratio		14.97				
Common Equity (Per Statements)		C$ 4,131,880				
Adjusted Common Equity (Selected Ratio)	1	C$ 59,619,859				
Equity Per Share (Per Statements)		C$ 0.04				
Adjusted Equity Per Share (Selected Ratio)	1	C$ 0.57				

Note 1: Mineral Properties and Shareholders' Equity are adjusted for estimated capex of $1.2 million over the next 12 months.
Note 2: The share price used of each peer company is the average for the last 20 trading days. For Arian Silver, it is September 4, 2007.

Source: eResearch

Analysis

The property ratio (market value to book value of the mineral properties) in Table 8 is a function of how much the market puts premium on the value of mineral properties of a company. We have estimated the value of Arian Silver property (the adjusted book value) by including the anticipated capital expenditure for the next 12 months to the current mineral property value. We select then a mineral property ratio, based on the relative position of the subject company to its peers, and apply this selected ratio to the adjusted book value.

The peers property ratios show a wide range, with the average being 18.37x, being particularly skewed by Orko Silver. Of the four peer companies, we believe Arian Silver's features and potential are similar with Esperanza Silver, which has a property ratio of 11.32x. Both companies have: (a) interests/ acquiring interests on 'brown field' sites in Mexico; (b) targeting silver, gold and other base metals on vein-type mineralization; (c) at the drilling stage with strong metal potential based on recent field results; and (d) future deposit to be defined may be amenable to bulk or underground mining methods. We believe that Arian Silver's "Selected Property Ratio" should fall in between the peer average and that of Esperanza. A simple average of these two determinants results in a ratio of 14.85x.

The property ratio for Arian Silver, when factoring in the expected capex over the next 12 months, falls to 10.36x from the current 14.97x. Assuming Arian Silver can gain as much value from the increased capex, it is possible that the Company's market capitalization could rise to reflect this by raising the property ratio back to its current level.

On this basis, using 14.97x as the "Selected Ratio" on the property portfolio 12 months hence, the intrinsic value for the Company is currently $0.57 per share.

b) Per Attributable Ounces using Historical Resource

We have used this method for comparison with the previous peer group method. With the latest drilling by Arian Silver on Tepal property confirming the historical results obtained by previous owners and the possible extension of mineralization on the unexplored Tepal 2 claims surrounding the current property, we are recognizing the potential to delineate resources on Tepal.

Teck Resources, a wholly-owned subsidiary of Teck Cominco, targeted Tepal as a copper-gold prospect in late 1992. From the exploration program consisting of geologic mapping, collection of over 200 rock samples for multi-element analysis, 1,268 soil samples and 50 rock chip samples from a 60-kilometer grid line, and completion of 50 reverse-circulation holes totaling 8,168 meters in four phases, it came up with 78,822,000 tonnes of resources grading 0.25% Cu and 0.48 g/t Au (3,673,411 Au+Au-Eq ounces at current prices of US$650/ oz gold and US$3.5/lb Cu).

Per Attributable Gold Resource Ounce	US$10	US$15	US$20	US$25	US$30
Market Cap (C$ @C$1=US$0.952) Using 3,673,411 Au + Au-Eq Oz (1)	$38,586,250	$57,879,375	$77,172,500	$96,465,625	$115,758,750
Value Per Fully Diluted Share Using 105,395,469 Shares	$0.37	$0.55	$0.73	$0.92	$1.10

Note 1: The gold+gold-equivalent resources on Tepal property are historical and non-NI 43-101 compliant, being established by Teck in late 1992 after completing a four-phase exploration program consisting of 50-hole, 8,168-meters of drilling and sampling, among other activities.

Analysis

This method estimates the intrinsic value as a ratio of the value of metal resources to the number of shares on a fully-diluted basis of a company. Considering the historical nature of the resources, we are assigning an in-situ gold price range between US$10 to US$30 per ounces for Tepal. The market value of the resources are derived which then corresponds to a value between $0.37 and $1.10 per share. Choosing the midpoint value, we have intrinsic $0.73 per share attributable to the historical resource.

Conclusion

We have estimated the intrinsic values of $0.57 and $0.73 per share from peer group comparison and per attributable resources methods, respectively. With drilling providing significant results and expanding the zones of existing mineralization, we believe the Company's key projects have further potential for precious and base metals discovery.

For our Target Price, we are taking the mid-point of our two valuation methodologies. This computes to $0.65 per share. This is an upward revision from the $0.50 Target Price contained in our Initiating Report of November 29, 2006.

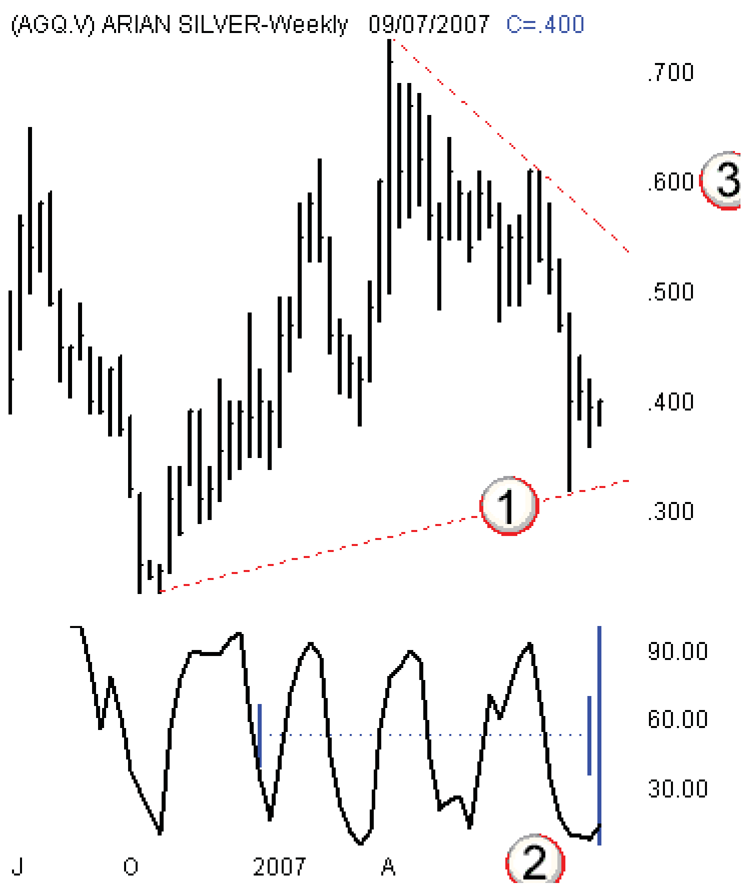
TECHNICAL OPINION

Arian Silver Corporation

Since hitting a high of $0.73 in April, Arian Silver has been in a steady decline. This would normally set off some alarm bells but, in this situation, Arian Silver has been moving in step with its peers in this sector.

Four weeks ago, Arian Silver hit a significant low (1), which now looks like the bottom of this down cycle (2).

Investors should remain bullish on this stock as long as it continues to trade above the current uptrend line, with the first upside target being $0.60 (3).



Source: TheUptrend.com

APPENDIX 1. MANAGEMENT AND DIRECTORS

Arian Silver was founded by Mr. Jim Williams and Mr. Tony Williams (not related) who, combined, have over 50 years of experience in exploration, project construction, and mining worldwide. Arian Silver is supported in the areas of mining finance and project management by the Dragon Group of Companies in London and the Endeavour Group of Companies in Canada.

Tony Williams, Chairman
Mr. Williams has 30 years of experience in the international mining industry, having been involved in projects in the Americas, Australia, Africa, Europe and the former Soviet Union. Mr. Williams is Chairman and controlling shareholder of the Dragon Group of Companies, a privately owned international mining finance and project management organization, which he founded in 1995. In addition to the Dragon Group, Mr. Williams holds a number of directorships in public and private companies engaged principally in mining finance and mineral exploration.

Jim Williams, Chief Executive Officer
Mr. Williams is a professional geologist with more than 20 years' experience worldwide in a variety of minerals. For the past two years, Mr. Williams has been evaluating silver (and gold) projects in Mexico and is familiar with both epithermal and VMS systems. Mr. Williams is a Fellow of the UK IMMM, a CEng and a CGeol. He is also a Eur. Ing., and a Euro. Geol. In addition, he is involved with various project financings, and is conversant with the U.S., Canadian, and U.K. financial circuits. He co-founded and led the Natural Resource Group at Yorkton Securities Limited. He is the Chairman and Director of European Minerals Corporation, and a Director of Endeavour Mining Capital Corporation. Mr. Williams holds B.Sc., M.S., and DIC degrees in geology and exploration.

James Cable, Finance Director
Mr. Cable has extensive experience at the board level in quoted and entrepreneurial private companies. He has gained significant international and commercial experience in the Middle East, Africa, the Far East, and Europe in several business sectors, including oil and construction. He has been a chartered accountant for 27 years. He is also Financial Director of an AIM-listed mining company.

Tom Bailey, Non-Executive Director
Mr. Bailey qualified as a solicitor in 1975 and worked as an in-house lawyer for a number of years with Citibank and Chase Manhattan before returning to private practice to establish a law firm which ultimately became one of the top 500 law firms in London. Mr. Bailey was the senior partner of his firm specializing in commercial law. Mr. Bailey has for a number of years carried out consultancy work for various companies and now acts as consultant legal advisor to the Dragon Group.

James Crombie, Non-Executive Director
Mr. Crombie holds a degree in Mining Engineering from the Royal School of Mines, London. He has over 24 years of mining experience including management in various gold and diamond projects and as a Mining Analyst, Investment Banker and Corporate Financier. Mr. Crombie is on the board of, and has been Chief Executive Officer of, several listed mining companies.

David Cohen, Non-Executive Director
Mr. Cohen has over 20 years experience in operations, project development and financing of the mining industry. Formerly with Anglo American and Fluor, he has worked in South Africa and internationally in the mining and oil and gas sectors. He is the President and CEO of Northern Orion Resources, a Toronto and Amex-listed intermediate copper and gold producer in South America, and Chairman of Eastern Platinum Limited. He is a director of a number of resource companies and has initiated and closed major resource acquisitions and equity raisings globally.

APPENDIX 2. PROPERTIES

1. Calicanto - Zacatecas

The Calicanto Property consists of three contiguous mining concessions totaling approximately 45.12 hectares located on the edge of the city of Zacatecas in the state of Zacatecas in central Mexico. On February 24, 2006, Arian signed an option agreement with the legally-binding representative of the Calicanto, Vicochea and Vicochea II concessions, Mr. Hector Juan Manuel Mayorga Murillo. Total purchase price under this agreement is $340,000 to be paid as follows: $20,000 in April 2006, $20,000 in April 2007 and $300,000 due on April 25, 2008. Under the terms of a previous agreement, dated April 25, 2005, Arian made a payment of $30,000 to the vendor's agent, and which is recognized with the legally-binding representative mentioned above, bringing the overall purchase price to $370,000. Upon the commencement of production, a 3.0% Net Smelter Royalty is to be paid to Mr. Mayorga Murillo on a monthly basis. The agreement specifies that the property cannot be put into production until the final option payment has been made.

Access to the property is excellent. The ramp being driven by Arian is approximately one kilometer from paved city streets. The final kilometer to the Calicanto ramp is over unimproved dirt roads. Driving time from Arian's office is approximately 15 minutes. The property is accessible by two-wheel drive vehicle.

The Calicanto mine was likely discovered about 1600 and mined in colonial times. The property was dormant until 1934, when Compañía Fresnillo S.A. de C.V. obtained a short-term option, dewatered the mines, resampled the veins and mined a small amount of ore. At the same time, approximately 300,000 tonnes of material from the dumps of the Calicanto, Nevada, Vicochea and Santa Clara mines was shipped to the cyanidation plant at Fresnillo. The average grades are reported to be 0.5 grams per tonne to 1.0 g/t Au and 200 g/t to 250 g/t Ag. Little was done from 1934 to 1948.
In 1955, the mines were connected by drifts and crosscuts and worked as one mine. In 1956, the owners opened up a new level, the 205-meter level. Monthly production was 1,500 to 3,400 dry tons averaging 2.3 g/t Au, 110 g/t Ag, and 2.0 % Pb. There is no production reported after this date and the mine is believed to have closed.

The Zacatecas mining district is located in the east-central part of the state of Zacatecas. The oldest rocks in the district are Triassic metamorphic sequence composed of sericite schist, phyllite, slate and quartzite. This unit is intruded by the Zacatecas diorite, also referred to locally as "green rock". Both of these units are overlain by a younger intermediate volcano-sedimentary sequence. Tertiary conglomerate covers the intermediate volcanics and is in turn overlain by felsic flows and tuffs. The entire sequence has been intruded by rhyolite dikes and necks.

The veins on the Calicanto property consist of silicified and brecciated andesite that contains disseminated sulfide, predominantly pyrite. Other sulfides include sphalerite, galena, chalcopyrite, proustite, pyrargyrite and occasional native silver. Mineralization on the Calicanto property is typical of low-sulfidation epithermal deposits common in Mexico and other parts of the world.
In August 2005, Arian began a decline intended to access the Calicanto vein and workings. The ramp has advanced approximately 100 meters since the beginning of 2006, is 4-5 meters wide and 4 meters in height. A second ramp was excavated on the San Buenaventura Vein, and this ramp has been advanced 95 meters since the beginning of 2007.

As the faces of both ramps are being advanced, they are sampled and mapped to provide data on the Calicanto and San Buenaventura Vein systems. Sampling has indicated that precious metal mineralization is not only present within the vein, but there appears to be a zone of disseminated precious metal mineralization in the andesitic wallrocks. 570 samples have been collected to date. The decline is still under development and Arian maps and samples new development on a regular basis.

In September 2006, a new mining claim, covering 30 hectares, called "Misie" (No. 93/27847) was located adjacent to the three existing Calicanto mining claims under option to Arian. The 'Misie' property hosts a number of structures, including the extension of the "El Misie" structure. The El Misie vein is parallel to both the Calicanto and Nevada veins and is explored and partially exploited over a strike length of 2.2 kilometer. The property also covers the south-west extension of the San Buenaventura vein.

A two-phase budget totaling $1,666,320 has been proposed by Arian for the Calicanto property. The phase 1 diamond drilling explores a number of high priority targets, and intersected bonanza grade mineralization on the Calicanto, Nevada and Misie veins. A phase 2 program is planned to follow-up and explore the targets defined by the phase 1 program.

2. San Celso – Ojocaliente (50 km SE of Zacatecas)

The 100%-owned San Celso property is located in the historic mining district of Pánfilo Natera-Ojocaliente, some 50 kilometers southeast of Zacatecas in central Mexico. It consists of three contiguous mining concessions totaling approximately 88.58 hectares. Access to the property is good as the San Celso and Las Cristinitas shafts are less than 10 kilometers from paved roads.

San Celso is an epithermal silver prospect and hosts two known veins (San Celso and Nueva Andromeda). The mine was worked at the beginning of colonial times and developed to at least 130 meters on at least three levels. Each of the accessible levels has numerous stopes indicating the presence of high-grade shoots within the San Celso vein. The Company has accessed and reladdered two shafts on the property: 1) the San Celso shaft to a depth of 110 metres, and 2) the Las Cristinitas shaft to 120 meters in depth. Historic mining (silver extraction using amalgamation) was believed to have occurred near the surface to 100 meters on the narrow (<1 meter wide) ore shoots.

Similar with the Calicanto property, there has been no drilling on the San Celso by any previous owner.

In September 2006, the Company completed the initial phase of underground sampling, surveying and geological mapping on San Celso. Underground geological mapping has identified a previously unexploited vein, approximately 2-4 metres into the footwall of the main San Celso vein. To date, a total of 175 samples have been taken from the San Celso workings. Samples have also been taken from across the face of the veins and in adjacent country rock.

In October 2006, the Company has also completed underground sampling, surveying and geological mapping of the Las Cristinitas mine workings, located 130 metres northeast of the San Celso project. Arian took 265 chip-channel samples from the vein and country rock at the periphery of historical mine workings and stopes within Las Cristinitas area and favorable assays were obtained. Underground geological mapping has also identified further mineralization comprising a 6-metre wide vein structure between the Las Cristinitas and the San Celso veins or at some 10 to 20 metres in the footwall of the San Celso vein.

A two-phase budget totaling $1,495,600 has been proposed by Arian for the San Celso property. Phase one diamond drilling will focus on the highest priority target(s), leaving secondary targets for phase two.

3. Tepal – Michoacán

The Tepal project, held via option by Arian Silver with Minera Tepal S.A. de C.V., comprises five exploration concessions covering 1,406 hectares located in Michoacán state in Mexico.

The property is a copper-gold porphyry prospect discovered by International Nickel Company of Canada, Ltd. ("Inco") in 1973. It was evaluated as a copper-gold target by Inco and Teck Resources Inc. while Minera Hecla S.A. de C.V. explored its potential as a large but low-grade gold deposit. These three companies have defined historical resources (non-NI 43-101) on Tepal.

A substantial amount of fieldwork was conducted by the three companies prior to defining the resources. From 1972 to 1974, Inco completed a total of 21 diamond drill holes totaling 3,247.75 meters on two areas of the property as well as conducted geologic mapping and an induced polarization survey. A petrographic study of 177 rock and drill core samples including a limited number of whole rock analyses was also completed. Inco subsequently abandoned Tepal, believing it was uneconomic to mine the property at the time.

Work on the property recommenced in late 1992. Teck Resources conducted geologic mapping, collected over 200 rock samples for multi-element analysis, collected 1,268 soil samples and 50 rock chip samples from a 60-kilometer grid line, constructed a 15-kilometer road and completed 50 reverse-circulation holes totaling 8,168 meters in four phases.

In the spring of 1997, work by Hecla included the creation of a 1:2000 scale topographic map from aerial photographs, a geologic mapping program, the collection of nearly 900 rock ship samples on a 50 meter by 50 meter grid, the reanalysis of 298 pulps from the Teck reverse-circulation drilling program, the completion of 17 reverse-circulation drill holes totaling 1,506 meters and the completion of a resource estimate.

Although the mine was considered uneconomic from a gold-copper standpoint, the potential for silver was never adequately pursued by the previous owners of the property. This will be the focus of Arian Silver in the short term.

In August 2006, Arian Silver established a local operational base in the area and commenced further analysis of the historical exploration data to assess the larger potential for silver and other metals. A two-phase budget totaling US$3,382,500 has been proposed by Arian for the property to develop a new NI 43-101 resource by the end of 2007. Phase I exploration, budgeted at US$1,027,050, will include 3,000 meters of diamond drilling as well as the remote sensing. The property is currently at drill-permitting stage. In April 2007, a phase 1, 3,000 meter diamond drill program was commenced to make the pre-2000 resources NI 43-101 compliant. This program has been expanded to 4,500 meters.

4. San Jose – Ojocaliente

The San Jose property consists of 19 mining concessions totaling 6,353 hectares. The property includes the workings of the San Jose mine, which was in operation from 1973 to 2001, a number of mine buildings and a 400-tonne per-day shaft. The mine is also accessed by a four-metre-by-four-metre decline-haulage ramp, which extends two kilometres to the east and one kilometer to the west. The titles to concessions are expiring in June 2032.

The option agreement is for a three-year term. Arian will pay Minera San Gerardo $1.5-million (U.S.), in installments, over the three-year period and will also grant Minera San Gerado a net smelter return of 2 per cent. Arian has the right to withdraw from the option agreement at any time during the three-year term without financial penalty. Arian has made the initial payment of $70,000 (U.S.) to the vendor.

In the spring of 2007, Arian completed a remote sensing and photo topographical survey over the property. This work produced base maps that can be used for future NI 43-101 resource calculations. Work also started underground to sample and survey all accessible workings to define areas that may contain potential blocks of mineralized material that was not extracted by prior operators. To date 1184 samples have been taken from the underground workings.

In May 2007, Arian Silver commenced a 5,000 meter diamond drill program. This program was designed to explore for the continuation of the San Jose vein system beyond the known areas of historical exploitation. This program was expanded to 7,500 meters to test additional exploration targets.

In September 2007, Arian Silver acquired 10 mining concessions adding 2,313 hectares. Five concessions were purchased from existing holders for US$115,000 and a 2% NSR, and five were staked on open ground.

APPENDIX 3. LITERATURE SOURCES/ REFERENCES

1) Arian Silver Corporation's Annual and Quarterly Reports, Press Releases, and Other Documents from SEDAR and on Arian's Silver's website

2) Technical Report on Calicanto and San Celso Properties. ACA Howe Ltd. March 2006

3) Technical Report on Tepal Property. ACA Howe Ltd. September 2006.

4) Technical reports, press releases and other documents on the following websites:

http://www.orkosilver.com/s/home.asp
http://www.impactsilver.com/s/Home.asp
http://www.esperanzasilver.com/s/Home.asp
http://www.silverstonecorp.com/

NOTES

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Operational - Weak competitive market position, early stage of development, unproven operating plan, high cost structure, industry consolidating, business model/technology unproven or out-of-date.

Medium Risk: *Financial* - Several years of revenue and positive earnings, balance sheet in line with industry average, positive free cash flow, adequate working capital solvency, may or may not pay a dividend.

Operational - Competitive market position and cost structure, industry stable, business model/technology is well established and consistent with current state of industry

Low Risk: *Financial* - Strong revenue growth and earnings over several years, stronger than average balance sheet, strong positive free cash flows, above average working capital solvency, company may pay (and stock may yield) substantial dividends or company may actively buy back stock.

Operational - Dominant player in its market, below average cost structure, company may be a consolidator, company may have a leading market/technology position.

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