

Arian Silver lose their mine due to foreclosure

Arian Silver {AIM: AGQ} and {TSX.V: AGQ} have conceded ownership of their flagship mine to Quintana in a deed of settlement.

CEO Jim Williams confirms the company are looking to move forward with their other projects, and as a result of the settlement will have circa \$480,000 in the bank.

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ARIAN SILVER SIGNS SETTLEMENT DEED WITH QUINTANA

Further to its announcement on Oct. 29, 2015, of the termination of the letter of intent and non-binding term sheet with Quintana AGQ Holding Co. LLC, Arian Silver Corp. has signed an acknowledgement of the default notice announced on Nov. 3, 2015, and has further entered into a settlement deed with Quintana AGQ Holding Co. LLC and its affiliates.

Terms of the settlement deed

Quintana is entitled to exercise its foreclosure rights under the terms of the senior secured financing arrangement announced on Oct. 15, 2014, and Oct. 30, 2014, and accordingly pursuant to the acknowledgement, Quintana has exercised its

security and taken ownership of Arian Silver de Mexico SA de CV and its assets, including the San Jose project.

Arian, through a new subsidiary, will retain the San Celso, Calicanto and Los Campos projects along with all other mining concessions held at the time when the company became public on the AIM and TSX Venture Exchange in 2006, such remaining concessions all comprising more than 1,600 hectares.

As at Oct. 31, 2015, Arian's accrued debt under the senior secured financing arrangement with Quintana amounted to approximately \$17.8-million (U.S.) with the initial repayment commencing in April, 2016. In addition the outstanding balance under the base metal purchase agreement (BMPA) with Quintana amounted to \$15.2-million (U.S.).

Given the current metal prices, in particular the silver price, together with the mechanical issues and resulting delays suffered during commissioning of the La Tesorera processing plant, the San Jose operation will require a further significant cash injection to make the project viable. In light of the aforementioned security arrangements and financial difficulties, together with Quintana's unwillingness to waive the timing of any default under the agreements, the board in conjunction with its legal advisers, has concluded that an orderly foreclosure process under the terms of the settlement deed was the only viable option available to the company, that it was in the best interests of both shareholders and creditors, and that otherwise, the company would not be able to meet its financial commitments as they fall due.

Under the terms of the settlement deed, on closing (expected by Dec. 31, 2015), Quintana will release Arian from its obligations under the senior secured loan arrangement as well as the BMPA and investment agreement dated Oct. 14, 2014. Closing will be deemed to have occurred upon inter alia the company having delivered to Quintana all documentation regarding the transitional matters as aforementioned.

In return for receiving certain indemnities and releases, Quintana has paid \$650,000 (U.S.) to Arian, giving a positive net working capital position of \$478,000 (U.S.). In addition, Quintana will pay to Arian a further \$50,000 (U.S.) upon closing as described above. In the event closing has not completed on or before Dec. 31, 2015, Quintana will have the right to demand reimbursement of the \$650,000 (U.S.) payment. The funds paid by Quintana are not tied to a specific use of proceeds and may be expended before closing, but together with existing cash, are currently expected to sustain the company to February, 2016.

Upon completion of the foreclosure process and closing of the transaction, Arian will be debt free and have no liability for the outstanding creditor balances in Mexico of approximately \$1.9-million (U.S.).

Continuing strategy

The San Celso, Calicanto and Los Campos concessions include high-grade brownfield gold and silver projects in Zacatecas in close proximity to existing mines, all of which benefit from excellent infrastructure. In addition, Arian is in discussions to grow its asset portfolio to include strategically located mining concessions.

The company will need to raise additional funds for its projects in Mexico and for general working capital purposes; discussions are currently under way in this regard.

Jim Williams, chief executive officer of Arian, commented: *"Despite this setback we must first take stock, and then look ahead to the future. As a management team we are focused on a return to growth with the raising of funds, acquisition of additional mining concessions, and continuing of exploration activity."*

The company's shares will remain suspended until further notice.