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MINERALSTOX INTERVIEW WITH JIM WILLIAMS, CEO OF ARIAN SILVER

Q: Jim, in the year that we have followed you and Arian Silver down in Mexico, we have seen a lot of drill results from different properties. The stock has had its ups and downs. What do you think the investors should be looking at NOW when they look at Arian?

A:The two big developments this year for investors is that drilling has shown our Tepal porphyry deposit will be much bigger than before, and that our San Jose project has near term production potential that we had not imagined.

When we acquired the Tepal project in 2006, it had a historic resource of some 79 million tonnes containing 1.2 million oz of gold and nearly half a billion pounds of copper. This was drilled in two areas down to 80 metres depth. We are now about 90% of the way through our first phase of drilling, to make this resource NI 43-101 compliant. In places we have drilled up to three times the depth of the previous operators and found gold and copper mineralisation down to 250m depth. In many places greater than the grades previously reported - so the gold and copper potential should be much greater than the previous historic resource. Our first resource estimate for this should be done by year-end.

We also found mineralisation at surface at Tepal, well beyond the two areas that make up the historic resource, and we are currently drilling there to increase the resource potential.

This is a great asset. I am surprised the markets have not rewarded us for it.

Q: Could you put Tepal into production as it is?

A: No, but it would be quite a simple open-pit mining operation. The topography is good; it would have a low stripping ratio. At the end of the day this is \$30-35 per tonne rock, with a projected total operating cost of \$15 per ton worst case, so this could generate a lot of cash flow. But a lot of work has to be done before that happens.

Q: Jim, you also mentioned the near-term production potential at San Jose – how did you discover this?

A:Let's step back for one moment. When we acquired the San Jose project, the highlight at the time was the 4.5 km strike length of the San Jose vein itself west of the old headframe. The eastern part of this vein produced 18 million ounces of silver grading 9 ounces per ton. So the potential was obvious.

But recent exploration and some new found data have shown us two exciting near term production targets. First, we realized there were previously outlined reserve blocks on the property from surface down to approximately 65 metres.

These had never been mined before the mine closed down in 2001! There are three blocks already identified amounting to some 1.2 MT of wider but lower-grade material. We are now verifying of some of the historic drill holes. So far the results correlate well and we are very upbeat on this relatively new (for us) discovery. We're looking at how to we might put this into production in the best way possible.

The second near term production option was literally staring us in the face. In the course of doing our regular methodical exploration in the main San Jose vein, we are finding not only silver but in places very high zinc and lead values. With the recent high prices of these base metals it gives us great potential to start early production right in the old workings. In places the insitu value of rock is \$160/tonne, which could make for a very attractive operation!

Q: How does this near term production potential affect your stated plans to put together a big silver resource at San Jose?

A: This fits in perfectly with our long term plans. Our goal all along has been to produce silver from vein systems wide enough to support the concept of mechanised mining, so we need ideally a minimum 3m width of economic mineralisation. Now we believe we can do it sooner than planned, at a much lower cost than we ever thought.

I realize the market was expecting high and wide underground silver grades at San Jose, and we certainly have these in certain areas, but this near term production potential did shift our focus slightly.

Q: What's the condition of the underground mine at San Jose?

A: Very good. The mine only operated for some 18 years between 1973 and 2001 mostly by a subsidiary of Penoles – currently Mexico's largest silver miner. They did things right. The 3Km-long ramp is in excellent condition. The replication cost of this would be between \$7.5 - 8 million and take some 18 months. So we have a huge head start in getting into production.

Q: So the new discoveries are more silver or base metals?

A: The new discoveries have both. Firstly, all silver operations have bi-products in the form of base metals – there is no such thing as a PURE silver play, with nothing else added. The most important thing to me is the underlying dollar value of rock, and along with our silver we have great zinc and lead grades. We cannot ignore this.

We have discovered lots of new silver at San Jose.. I already told you about one block of

lower grade silver that had already been outlined by previous operators, right at surface. These were actual reserve blocks that would have been mined had silver prices not been so low. Most of this upper surface mineralisation is quite oxidised and hence quite easily broken.

But we have also discovered another mineralised silver zone only some 500m away, again at surface, from the main San Jose vein. In geology speak, it's called a large brecciated stock work. This is an entirely new zone, separate from the main San Jose vein, and if our exploration continues to indicate what we think, then this large mass could be open-pit mined in due course. For any one not familiar with open-pit mining of low-grade silver, I would like to point them in the direction of Coeur d'Alene's Rochester Mine in Nevada.

Q: Will we see a 43-101 resource report on San Jose or just go into production?

A: I'm a firm believer in doing the job systematically – even if finance is relatively easy to come by. So first of all let's demarcate our compliant resource base and add value in the ground, and then we can make the decisions regarding the next steps.

Q: When are we going to see drill results from a hole targeting the big, main San Jose vein in the original unexplored strike extension you previously spoke about?

A: We are now about 90% of the way through our Phase-1 drilling program at San Jose, which we recently extended from 5,000m to 7,500m. We have a lot of assays at the lab. About half are from San Jose, and half from Tepal.

So to answer your question – “hopefully very soon”. Unfortunately we cannot rush the labs; we adhere to a strict QC and QA program and all our samples are duplicated to be run in a separate lab for this purpose.

Q: Where do you see AGQ a year from now? And in 18 months?

A: Within 12 months we should have some considerable compliant resources under our belts, especially with Tepal and San Jose. And my goal is to have production within 18 months; by the end of 2008 for example. With this mindset I really do think we can be one of the larger junior producers in Mexico.

Q: What form do you see your ongoing relationship with the Endeavour Group, known for their access to deal flow, people and capital? How can we expect Endeavour's bench strength to still play a part going forward?

A: This is still important to us and I would like to think the highlight of this relationship is yet to come! However, irrespective of our relationship with Endeavour, we are a very well connected group with substantial links both in the UK and the North Americas' where most of the people involved have track records of finding good projects, raising the initial financings and developing those projects; sometimes into mines!

Q: With the recent run in precious metal prices, acquisitions may become more difficult to find or increase the cost. Is the Company now positioned to ride a run in precious metals, or will acquisitions still need to play a part?

A: We have 3 key projects right now: San Jose, Tepal and Calicanto. But we have a host of others such as San Celso, which has huge upside and I personally like it very much. We could easily run with what we have; indeed San Jose and Tepal are each Company makers in my opinion.

The short answer is that we continue to be approached by individuals and companies with projects, but we are very particular and cautious. We already have great projects, and a strong pipeline of more grassroots assets.

Q: Jim, this is your last chance – what else do you think investors should know about your Company?

<BA: Well basically 4 things: (1) liquidity, (2) people, (3) projects and (4) country. I've spoken to our projects. Mexico is a safe place for both people and capital. Our stock trades well - AGQ is easy to buy, and easy to sell.

We have second-to-none people on our Board and likewise our management teams both in London and more importantly in Mexico. I have put a silver project into production in Mexico on time and within budget. Chairman Tony Williams is one of the most successful mining venture capitalists in the World, and right now is putting one of his mines into production.

We have Jim Crombie as a Director, who is CEO of TSX-V listed Palmerejo Gold and who has, subject to final SEC approval, been bought out in a deal worth more than \$1 billion by Coeur d'Alene Mines for their Mexican properties.

And of course, last but not least, we have David Cohen as a director, who is President and CEO of Northern Orion Resources, who right now are involved with talks regarding a multi-billion \$ merger. So, hey, we have a lot of talent on our team. In addition we have superb projects and all are located in one of the most mining-friendly countries in the World – what more could we ask for?

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