THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about its contents or as to the action you should take, you are recommended immediately to seek your own independent personal financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

This document does not constitute a prospectus and has been drawn up in accordance with the AIM Rules. The Company and the Directors, whose names appear on page 7 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. Under no circumstances should the information contained in this document be relied upon as being accurate and complete at any time after Admission.

Application will be made for the Enlarged Ordinary Share Capital to be admitted to trading on AIM. The Ordinary Shares are not dealt in on any other recognised investment exchange and no application has been made or is being made for the Ordinary Shares to be admitted to any such exchange. It is expected that Admission will become effective and that trading in the Enlarged Ordinary Share Capital on AIM will commence on 28 July 2005.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The AIM Rules are less demanding than those of the Official List. Neither the London Stock Exchange nor the UK Listing Authority has itself examined or approved the contents of this document.

The attention of persons receiving a copy of this document is drawn to the section headed "Risk Factors" set out in Part II of this document.

ARIANA RESOURCES PLC

(Incorporated in England under the Companies Act 1985, Registered No. 5403426)

Placing of up to 12,500,000 Ordinary Shares of 1p each at 12p per share

and

Admission to Trading on AIM

Nominated Adviser

BEAUMONT CORNISH Limited

Broker

AMBRIAN

Enlarged Ordinary Share Capital (following Admission and assuming full take-up of the Placing)

Authorised			Issued and fully paid	
Number	**£**		**Number**	**£**
500,000,000	5,000,000	Ordinary Shares of 1p each	34,219,400	342,194

Upon Admission, the New Ordinary Shares will rank *pari passu* in all respects with the existing Ordinary Shares including the right to receive all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission.

Beaumont Cornish Limited, which is authorised and regulated by the Financial Services Authority and which is a member of the London Stock Exchange, is acting as the Company's Nominated Adviser for the purposes of the AIM Rules. Beaumont Cornish Limited is not acting for anyone else and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Beaumont Cornish Limited or for providing advice in relation to the contents of this document or the Placing and the admission of the Ordinary Shares to trading on AIM. In particular, Beaumont Cornish Limited, as nominated adviser to the Company, owes certain responsibilities to the London Stock Exchange which are not owed to the Company or the Directors or to any other person in respect of his decision to acquire Ordinary Shares in reliance on any part of this document. No liability is accepted by Beaumont Cornish Limited for the accuracy of any information or opinions contained in or for the omission of any material information from this document, for which the Company and its Directors are solely responsible.

Ambrian Partners Limited, which is authorised and regulated by the Financial Services Authority and which is a member of the London Stock Exchange, is acting as the Company's Broker for the purposes of the AIM Rules. Ambrian Partners Limited is not acting for anyone else and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Ambrian Partners Limited or for providing advice in relation to the contents of this document or the Placing and the admission of the Ordinary Shares to trading on AIM.

The Ordinary Shares have not been, nor will they be, registered under the US Securities Act of 1933, as amended, or under any applicable securities laws of Australia, the Republic of Ireland, South Africa, Canada or Japan. The Ordinary Shares may not be offered or sold or delivered, directly or indirectly, in or into the United States, Australia, the Republic of Ireland, South Africa, Canada or Japan. This document must not be mailed or otherwise distributed or sent to or into the United States, Australia, the Republic of Ireland, South Africa, Canada or Japan (including their territories, possessions and all areas subject to their jurisdiction) or any other country where its distribution would require compliance by the Company with any governmental or regulatory procedure or any similar formalities. This document does not constitute an offer for, or the solicitation of an offer to subscribe for or buy, any Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

CONTENTS

DEFINITIONS

In this Document, where the context permits, the expressions set out below shall bear the following meanings:

"Accountants' Reports"	the reports on the financial information relating to the Group by PKF (UK) LLP, the Company's Auditors and Reporting Accountants;
"Act"	the Companies Act 1985 (as amended);
"Admission"	the admission of the Enlarged Ordinary Share Capital to trading on AIM and such admission becoming effective in accordance with Rule 6 of the AIM Rules;
"AEDL"	Ariana Exploration & Development Limited, a private company incorporated and registered in England and Wales under the Act with registered number 04509494, formerly named Ariana Resources Limited;
"AIM"	the market designed primarily for emerging or smaller companies operated by the London Stock Exchange;
"AIM Rules"	the rules of the London Stock Exchange governing admission to and the operation of AIM, as in force prior to 1 July 2005;
"Ambrian"	Ambrian Partners Limited, the Company's broker and financial adviser;
"Ambrian Warrants"	the warrant issued to Ambrian in connection with its services to the Company on the terms and conditions set out in the Ambrian Warrant Instrument;
"Ambrian Warrant Instrument"	the document containing the terms and conditions relating to the Ambrian Warrant, details of which are set out in paragraph 5.3 of Part V of this document;
"Beaumont Cornish"	Beaumont Cornish Limited, the Company's Nominated Adviser;
"Beaumont Cornish Warrants"	the warrant issued to Beaumont Cornish in connection with its services to the Company on the terms and conditions set out in the Beaumont Cornish Warrant Instrument;
"Beaumont Cornish Warrant Instrument"	the document containing the terms and conditions relating to the Beaumont Cornish Warrants, details of which are set out in paragraph 5.2 of Part V of this document;
"Board" or "Directors"	the directors of the Company, whose names are set out on page 6 of this document;
"Broker Agreement"	the agreement dated 20 July 2005 between Ambrian, the Company and the Directors relating, *inter alia*, to the arrangements whereby Ambrian has agreed to act as the Company's Broker, further details of which are set out in paragraph 9.1.2 of Part V of this document;
"Combined Code"	the Combined Code (Principles of Good Governance and Code of Best Practice) as set out in the Listing Rules of the UK Listing Authority;
"Company" or "Ariana"	Ariana Resources plc, a company incorporated and registered in England and Wales under the Act with registered number 05403426;
"Çamavşar"	an exploration licence, located in the Ivrindi District of Balikesir Province in western Turkey;
"Competent Person's Report"	the Independent Technical Report by SRK on the Projects as set out in Part IV of this document;
"CREST"	the computerised settlement system used to facilitate the transfer of title to shares in uncertificated form operated by CRESTCo;

"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755);
"CRESTCo"	CRESTCo Limited;
"Document" or "document"	this Admission Document;
"Enlarged Ordinary Share Capital"	the Ordinary Share Capital following Admission and the issue of the New Ordinary Shares;
"EU"	the European Union;
"FSA"	the Financial Services Authority Limited, the single statutory regulator under FSMA;
"Financial Services and Markets Act" or "FSMA"	the Financial Services and Markets Act 2000;
"Galata"	Galata Madencilik Sanayi ve Ticaret Limited Şirketi, a private company incorporated and registered in Turkey through the Ankara Trade Office (Ankara Ticaret Odasi) under the Turkish Trade Law (Türk Ticaret Kanunu), with registered number 34/1167;
"Group"	the Company and the Subsidiaries;
"Ivrindi Gold Project"	a gold project, currently comprising two exploration licences, located in the Ivrindi District of Balikesir Province in Western Turkey. It contains the Kinik Gold Prospect;
"JORC"	the Australasian Code for Reporting of Mineral Resources and Ore Reserves which sets out the minimum standards, recommendations and guidelines for Public Reporting of exploration results, Mineral Resources and Ore Reserves in Australasia;
"Karaduz Gold Prospect"	a gold prospect within the Sindirgi Gold Project;
"Kavakliduz Gold Prospect"	a gold prospect within the Sindirgi Gold Project;
"Kepez Gold Prospect"	a gold prospect within the Sindirgi Gold Project;
"Kinik Gold Prospect"	a gold prospect within the Ivrindi Gold Project;
"Kizilçukur Gold Prospect"	a gold prospect located in the Sindirgi District of Balikesir Province in Western Turkey;
"Kiziltepe Gold Prospect"	a gold prospect located in the Sindirgi District of Balikesir Province in Western Turkey;
"Lock-in and Orderly Market Agreements"	the agreements between the Company and the Directors and the agreements between the Company and certain Shareholders relating to restrictions on dealing in interests in the Company's Ordinary Shares;
"London Stock Exchange"	the London Stock Exchange plc;
"Minimum Amount"	the sum of £1,100,000 being the minimum amount to be raised pursuant to the Placing;
"New Ordinary Shares"	the new Ordinary Shares to be issued pursuant to the Placing;
"Newmont"	Newmont Mining Corporation;
"Nominated Adviser Agreement"	the agreement dated 20 July 2005 between Beaumont Cornish, the Company and the Directors relating, *inter alia*, to the arrangements whereby Beaumont Cornish has agreed to act as the Company's Nominated Adviser, further details of which are set out in paragraph 9.1.3 of Part V of this document;
"NSR"	Net Smelter Return being a proportion of the value of the ore after, *inter alia*, mining, milling and processing costs have been met;

“NSR Royalty”	a royalty based on a set percentage of the NSR payable by the operator of a mining operation to a party which retains or had an interest in the relevant mining property;
“Official List”	the official list of the UK Listing Authority;
“Options” or “Share Options”	options granted under the Share Option Scheme;
“Ordinary Share Capital”	the 21,719,600 Ordinary Shares in issue at the date of this document;
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company;
“Placing”	the conditional placing by Ambrian of up to 12,500,000 New Ordinary Shares on behalf of the Company pursuant, *inter alia*, to the Placing Agreement;
“Placing Agreement”	the conditional agreement dated 20 July 2005 between Beaumont Cornish, Ambrian, the Company and the Directors relating to the Placing and Admission, further details of which are set out in paragraph 9.1.1 of Part V of this document;
“Placing Price”	12p per New Ordinary Share;
“Portswood Resources”	Portswood Resources Limited, a private company incorporated and registered in the British Virgin Islands under The International Business Companies Act 1984, as amended, with registered number IBC 562735;
“POS Regulations”	the Public Offers of Securities Regulations 1995, as amended, which have been revoked as from 1 July 2005 but, pursuant to transitional arrangements, are still relevant for the purposes of the AIM Rules (as defined herein);
“Principal Project Areas”	the properties, which comprise exploration and operation licences covering an approximate area of 27,750 hectares in Western Turkey, which are grouped into three principal areas, namely Bergama, Ivrindi and Sindirgi;
“Projects”	all the gold projects and prospects in Turkey in which the Company and its Subsidiaries hold interests;
“Share for Share Exchange Agreement”	a share for share exchange agreement dated 3 June 2005 between the Company and the Vendors in relation to the acquisition of the entire issued share capital of AEDL;
“Shareholders”	holders of Ordinary Shares;
“Share Option Scheme”	the unapproved executive share option scheme adopted by the Company on 24 May 2005, details of which are set out in paragraph 5.1 of Part V of this document;
“Sindirgi Gold Project”	a gold project, comprising three operation and eight exploration licences, located in the Sindirgi District of Balikesir Province in Western Turkey and containing the Kiziltepe, Kepez, Karaduz, Kavakliduz and Kizilçukur Gold Prospects;
“SRK”	SRK Consulting Limited, a division of Steffen, Robertson, Kirsten (UK) Limited, geological and mining consultants;
“Subsidiaries”	AEDL, Galata and Portswood Resources;
“UK” or “United Kingdom”	United Kingdom of Great Britain and Northern Ireland;
“UK Listing Authority”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000;

"Vendors"	the former holders and vendors of the entire issued share capital of AEDL;
"Warrants"	the Beaumont Cornish Warrants and the Ambrian Warrants;
"Warrant Instruments"	the Beaumont Cornish Warrant Instrument and the Ambrian Warrant Instrument.

All references in this document to "£" or "p" are to the lawful currency of the United Kingdom.

All references to legislation in this document are to English legislation unless the contrary is indicated.

A Glossary of Technical Terms and Mineral Abbreviations is set out at the end of this document.

DIRECTORS, SECRETARY AND ADVISERS

Directors	**Michael Jeremy Spriggs**	*Non-executive Chairman*
	Steven James Poulton	*Chief Executive*
	Matthew Roy Grainger	*Operations Director*
	Ahmet Kerim Şener	*Exploration Director*
	Michael Anthony Etheridge	*Non-executive Director*
	Michael John de Villiers	*Non-executive Director*
Secretary	**Michael J de Villiers**	
Registered Office	Ridgeway House 1 Hagbourne Road Didcot Oxfordshire OX11 8ER	
Nominated Adviser	**Beaumont Cornish Limited** 5th Floor 10-12 Copthall Avenue London EC2R 7DE	
Broker and Financial Adviser	**Ambrian Partners Limited** 8 Angel Court London EC2R 7HP	
Reporting Accountants and Auditors	**PKF (UK) LLP** Farringdon Place 20 Farringdon Road London EC1M 3AP	
Solicitors to the Company	*UK* **Cobbetts** Ship Canal House King Street Manchester M2 4WB	*Turkey* **Çakmak Avukatlik Bürosu** Piyade Sokak No. 18 Portakal Çiçegi Apt. C Blok Kat 2 06550 Çankaya, Ankara, Turkey
Solicitors to the Issue	**Faegre & Benson LLP** 7 Pilgrim Street London EC4V 6LB	
Competent Person	**SRK Consulting Limited** Windsor Court 1-3 Windsor Place Cardiff United Kingdom CF10 3BX	
Public Relations	**Bankside Consultants Limited** 1 Frederick's Place London EC2R 8AE	
Principal Bankers	**HSBC Bank plc** 186 Broadway Didcot Oxfordshire OX11 8RP	
Registrars	**Computershare Investor Services plc** PO Box 82 The Pavilions Bridgewater Road Bristol BS99 7NH	
Company Website	www.arianaresources.com	

PLACING STATISTICS

Placing Price per New Ordinary Share	12p
Number of New Ordinary Shares being placed on behalf of the Company**	12,500,000
Number of Ordinary Shares in issue immediately following Admission**	34,219,400
Percentage of the Enlarged Ordinary Share Capital on Admission subject to the Placing**	36.53%
Market capitalisation of the Enlarged Ordinary Share Capital at the Placing Price**	£4,106,328
Expected net proceeds of the Placing receivable by the Company*	£1,239,000

* Assuming full subscription, the gross proceeds of the Placing receivable by the Company are £1,500,000. The estimated total expenses of the Placing and Admission payable by the Company are approximately £261,000 which will be deducted from the gross proceeds of the Placing receivable by the Company.

** Assuming full subscription under the Placing.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of the Document	20 July 2005
Admission effective and trading in the Ordinary Shares on AIM commences	28 July 2005
CREST accounts credited by	28 July 2005
Expected date of despatch of definitive share certificates	by 5 August 2005

PART I

INFORMATION ON THE COMPANY

OVERVIEW

The Group is employing a dynamic exploration strategy with an emphasis on the systematic application of remote-sensing technologies to generate, prioritise and advance exploration targets.

The Group:

- is currently focused on gold in Turkey
- has a dynamic and technology driven management team
- is applying a unique in-house target database developed and refined since 2002
- has approximately 1,000km^2 of licences, with two advanced projects
- is seeking to discover multi-million ounce gold resources.

INTRODUCTION

The Company's operating subsidiary, Ariana Exploration & Development Limited was incorporated in 2002 for the purpose of exploring for, acquiring and developing economic gold and other mineral deposits in Turkey. Since its formation, AEDL has compiled a substantial, proprietary geological database on Turkey, which it is employing in the search for epithermal vein and porphyry-related gold deposits. Turkey offers highly prospective and under-explored geology, a rapidly and positively evolving political landscape and an increasingly sophisticated investment climate.

During the course of 2002-2003, AEDL constructed a detailed digital Geographical Information System ("GIS") on Turkey, assimilating geological, mineral occurrence, structural and alteration data from open file sources. This database, which is under constant expansion and refinement by the Company, underpins Ariana's strategy of evaluating large volumes of geological, geographic and satellite image data, to generate a pipeline of exploration targets for rapid field appraisal and development.

Satellite image of Turkey showing the locations of all licences held by the Group (including latest acquisitions). Key metallogenic provinces are outlined as are the areas studied using Landsat remote-sensing.

In May 2003, AEDL sponsored a remote-sensing research project focused on Western Turkey with Imperial College, London. The pilot study was successful in verifying, independently, the location of hydrothermal alteration signatures associated with several known gold occurrences and generating numerous new anomalies. The Group has extended the remote-sensing programme to cover a total of approximately 420,000km^2 in prospective areas of Western and North Eastern Turkey. Over 100 exploration targets have been identified to date and these have been ranked in order of prospectivity by integrating the remote-sensing data with the Group's GIS data.

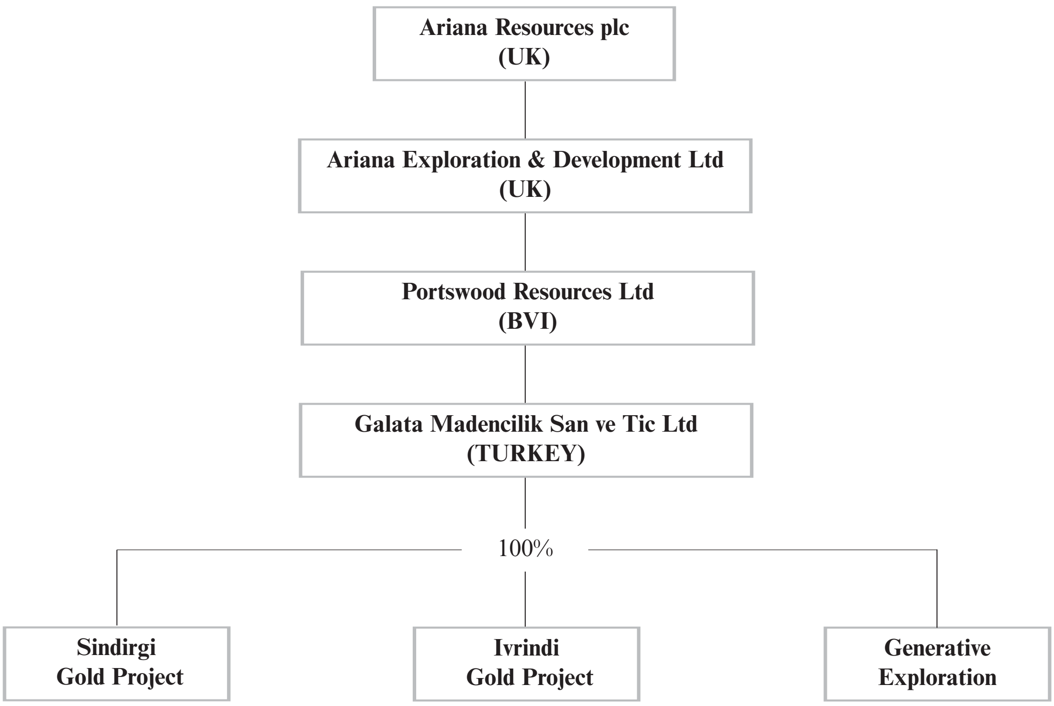
During 2004, AEDL, through its 100 per cent. owned Turkish subsidiary Galata, acquired licences covering an area approximately 210km^2, mainly within the largely Miocene age auriferous West Anatolian Volcanic and Extensional (WAVE) geological province of Western Turkey. Initial exploration by Ariana has focused on the Ivrindi District, which hosts the Kinik Gold Prospect. A reconnaissance channel sample along a road cut at Kinik returned 48m of mineralisation, including higher grade zones of 3.21 g/t over 10m, 3.09 g/t over 5m and 1.4 g/t over 13m. The Directors consider that further exploration at Kinik is warranted, as supported by the Competent Person's Report.

In December 2004, AEDL completed a pre-IPO financing of £715,000 in order to advance its existing projects, generate new targets and examine acquisition opportunities. On 31 January 2005, AEDL (through its Turkish subsidiary, Galata) acquired the Sindirgi Gold Project and accompanying historical data from Newmont, for a total consideration of US$400,000. Newmont retains a NSR Royalty on the Sindirgi Gold Project of 1.5 per cent., 2.0 per cent. and 2.5 per cent., based on the price of gold trading below US$400, between US$400 and US$450 and above US$450 per ounce respectively.

The Sindirgi Gold Project comprises three operation and eight exploration licences covering an area of approximately 23,500 Ha (235km^2). To date, the Group has identified at least five separate prospect areas within the Sindirgi Gold Project from initial field reconnaissance and analysis of the historical exploration database. The project hosts over 45km of epithermal quartz veins, including over 20km of veins at the advanced Kiziltepe prospect. A geological model of 150,000 ounces (non JORC Code) has been prepared for 600m of strike on Arzu Vein at Kiziltepe, based on the drilling results of previous owners. Approximately 5 per cent. of the veins at Kiziltepe have been drill-tested to date.

Since 2002, the Group has assembled twenty exploration licences and three operating licences covering an area of approximately 445km^2. In April and June 2005 further licence applications, were granted based on targets defined from the Group's GIS database bringing the Group's landholding to approximately 1,000km^2.

Company structure



THE GROUP'S EXPLORATION STRATEGY

The Group has developed a comprehensive understanding of the key geological parameters controlling the location of known gold mineralisation in Turkey. The Directors consider that the optimal strategy for exploration success requires a rolling sequence of regional targeting, licence acquisition and reconnaissance exploration. This strategy aims to generate rapidly and efficiently a pipeline of projects, which can be developed, based on their merits, from targets to prospects through to defined resources. This systematic methodology has already yielded exploration success, with the identification of the Kinik Gold Prospect.

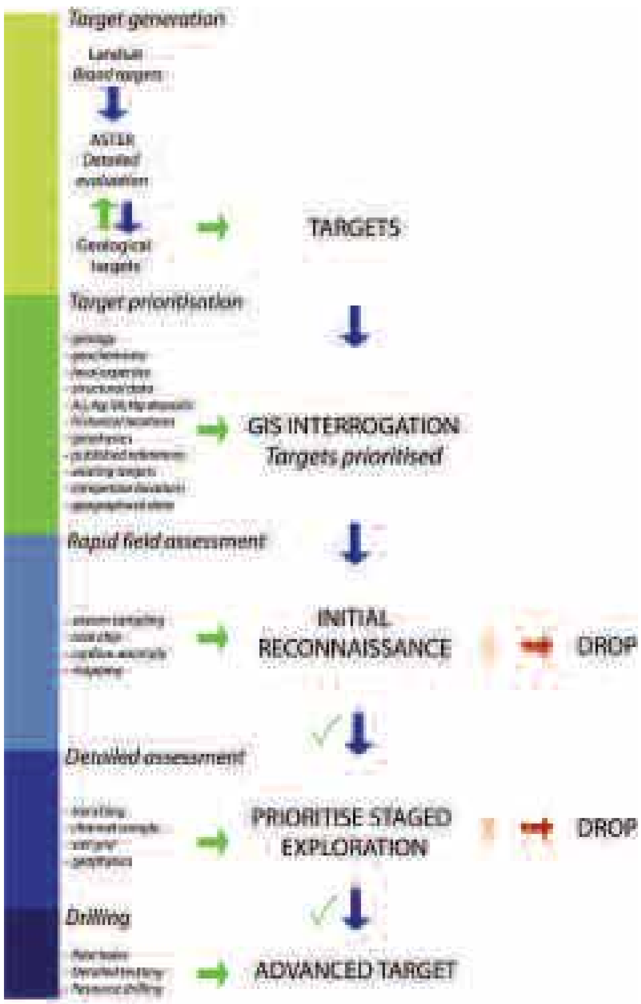
Regional prioritisation is achieved through the simultaneous analysis of multiple geoscientific datasets, developed and maintained in-house, with integrated geological models for the occurrence of epithermal and porphyry-related gold deposits. Regional targeting is achieved by prioritising areas which exhibit key geological, structural and metallogenic attributes of the chosen geological model. The Group has applied satellite-borne remote-sensing techniques, namely, Landsat and ASTER (Advanced Spaceborne Thermal Emission and Reflection Radiometer) sensors to delineate areas exhibiting potential hydrothermal alteration signatures. These techniques enable the discrimination of areas containing clay and iron-oxide minerals which are, in places, related to the hydrothermal alteration of the host rocks. Such alteration is recognised as a diagnostic feature of the deposits sought by the Group, and its identification by remote-sensing provides a rapid, accurate and successful targeting methodology.

The Group employs its GIS database to guide the acquisition of new licences over selected target areas, identified from the integration of geological and remote-sensing data with areas of available ground for application. Geological modelling is used to prioritise those areas which have the strongest indications for potential gold systems. Areas containing targets that are already held by other parties are noted and placed on a watch list and scheduled for negotiation or for acquisition.

An outline of the exploration process is set out below:

First pass reconnaissance exploration of Landsat and ASTER remote-sensing anomalies and their surrounding areas is undertaken systematically after title to the ground is secured. Geological mapping and detailed stream-sediment geochemistry is conducted in parallel to rock-chip sampling. This is considered sufficient by the Company to determine the initial prospectivity of an exploration licence or to identify specific prospect areas. If the first-pass exploration is unsuccessful in determining the presence of a gold-bearing mineralising system, the licence is relinquished.

The methodical exploration strategy being employed by the Group is highly efficient and cost-effective. The decision to 'develop or drop' exploration licences can be made systematically and with great confidence. Exploration risks are reduced as ground is assessed and turned over rapidly, while the potential for exploration success is increased. The Company is focused on generating and developing economic gold resources, and this is enhanced by the Group's proven ability to generate drill targets from grassroots opportunities.



GOLD PROJECTS

Sindirgi Gold Project – Purchased from Newmont Mining Corp.

Introduction

The Sindirgi Gold Project comprises three operation and eight exploration licences covering an area of approximately 235km^2 in the Sindirgi District of Balikesir Province, Western Turkey. The area was originally targeted during the Group's regional remote-sensing studies and was acquired in early 2005 from Newmont.

Since its discovery during a regional stream sampling programme in 1990, exploration by previous owners on the project has comprised reconnaissance exploration, geological mapping, rock-chip and soil sampling and drilling. Much of this activity was concentrated in the early 1990's by Eurogold Madencilik A.S. ("Eurogold") and Tuprag Metal Madencilik San. ve Tic. Ltd. Şti., an operating subsidiary of Eldorado Gold Corporation ("Eldorado"), and most recently in the early 2000's by Newmont. This has resulted in the discovery of five priority prospect areas; Kiziltepe, Kepez, Karaduz, Kavakliduz and Kizilçukur (from south west to north east), on which the Company will focus the majority of its initial exploration efforts. Over 45km of epithermal veins have been defined and a total of 4,379m of diamond drilling has been completed on the Sindirgi Gold Project.

Initial 3D modelling by SRK from existing drilling on the southern portion (600m strike length) of the Arzu Vein has outlined a geological model of 1.1Mt at an average grade of 4.2 g/t gold for 150,000 ounces (not yet in accordance with the JORC Code). The Directors consider that the Sindirgi Gold Project area is situated in a highly prospective region that has potential to host significant low-sulphidation vein-hosted economic grade gold mineralisation. As such, the near term potential for defining economic resources from several selective open pits, hosting between 25,000 and 100,000 ounces each is worthy of investigation. SRK supports this view and has confirmed that the prospects defined to date on Sindirgi display characteristics of the upper parts of epithermal systems.

Sindirgi: Kiziltepe Gold Prospect

The Kiziltepe Gold Prospect is the most advanced prospect in the Sindirgi Gold Project and is situated in the western side of the area.

Features of the Kiziltepe Gold Prospect are summarised as follows:

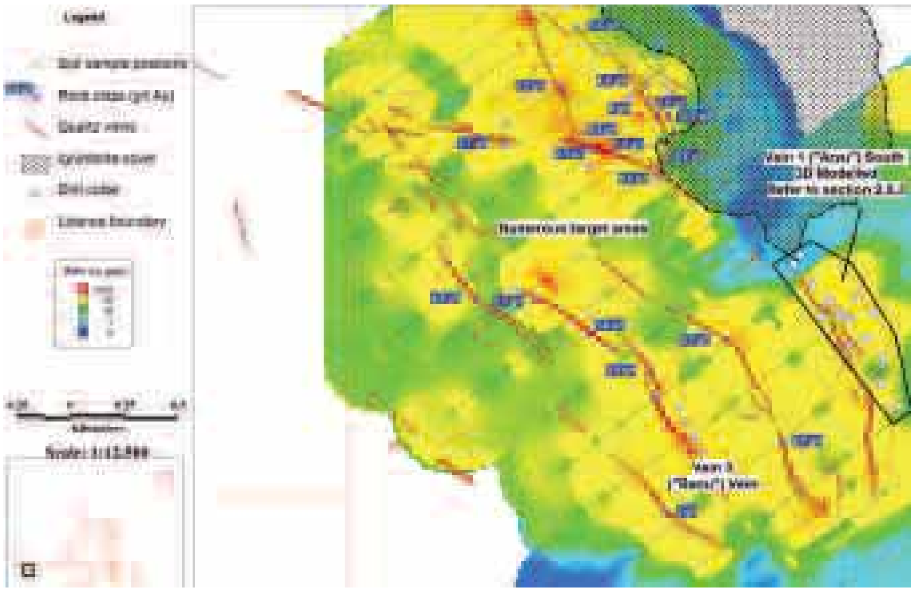
- Approximately 20km of low-sulphidation epithermal quartz veins
- Individual veins are exposed over 350 to 700m of strike length and width varies between 1m and 14m. Geological model of 150,000 ounces determined from approximately 5 per cent. of the known vein system

The Arzu South Vein, showing the position of old-workings and a close-up of the mineralised vein within these workings. The ignimbrite corner at the top of the hill is also shown.

The main veins trend north-west and north-north-west, and dip to the north-east. Previous exploration includes stream-sediment sampling, mapping, rock-chip sampling and drilling. The Competent Person's Report suggests the Arzu Vein has a potential strike length of over 1.2km with gold grades between 3.32 g/t and 23.29 g/t in drilling intersections above a 3 g/t cut off range between 1.2m at 3.8 g/t and 7.5m at 10.6 g/t:

Hole	Vein	From(m)	To (m)	Length (m)	Grade Au (g/t)
KT01	Arzu South	51.95	63.00	11.06	3.72
KT02	Arzu South	63.40	67.20	3.70	9.38
KT03	Arzu South	76.30	86.40	9.95	7.23
KT06	Arzu South	35.40	49.50	13.97	3.85
KT16	Arzu North	79.10	83.40	4.35	4.08
RSC6	Arzu South	28.00	34.00	5.69	10.23
RSC8	Arzu South	45.00	52.50	7.50	10.55

The Competent Person's Report includes an appraisal of the tonnage and grade of the Arzu Vein. The extent of the vein in the south is well-defined by drilling and a reasonable estimate of potential volume has been made in this sector. SRK considered that, given the poor core recovery, considerable bias may exist in the sample grades. SRK has produced a preliminary geological model for the southern part of the Arzu Vein, from existing drilling results, of 150,000 ounces of gold (based on an average grade of 4.2 g/t, estimated density of 2.5 t/m^3, 600m of strike length, average vein width of 2-10m and a depth of between 100 and 200m). This does not constitute a Mineral Resource estimate for JORC Code purposes.



Soil geochemical map for gold, showing the position of mapped veins, the location of drilling and position of high grade rock-chips. Note that the soil geochemical response is lower over the ignimbrite, suggesting that this overlies and obscures the NW continuation of the Arzu South Vein.

The Group will undertake a scoping study for defining economic resources of greater than 250,000 ounces on the Kiziltepe Vein system.

Sindirgi: Kepez Gold Prospect

- Approximately 8km of low-sulphidation style epithermal quartz veins
- Channel samples results include a 5m wide silicified zone, returning an average grade of 9.5 g/t Au to the east of historical workings

Sindirgi: Karaduz Gold Prospect

- Approximately 4km of low-sulphidation style epithermal quartz veins
- Rock-chip sampling over a zone of silicification returned a best value of 2.5 g/t Au

Sindirgi: Kavakliduz Gold Prospect

- Approximately 3km of low sulphidation style epithermal quartz veins
- Reconnaissance rock-chip sampling returned several anomalous values up to 3.5 g/t Au

Sindirgi: Kizilçukur Gold Prospect

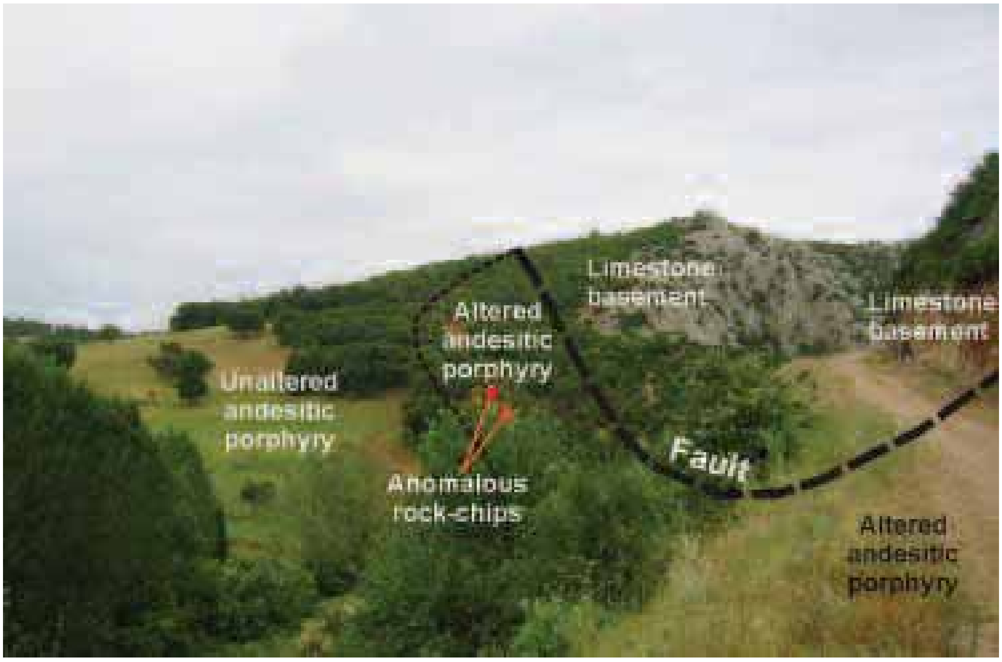
- Multiple parallel veins passing through the northern licence boundary
- Little work has been carried out on the extensions of this system within the licence boundary

Sindirgi Gold Project: New targets

- In February 2005, the Group commissioned Geosense Limited to undertake processing of ASTER data over the Sindirgi Gold Project
- The study has generated many new targets, for both low- and high-sulphidation style alteration

Ivrindi Gold Project – Grassroots Discovery

The Ivrindi Gold Project contains the Kinik and Çamavsar licences, covering an area of 30km² in Balikesir Province, Western Turkey. The licences were acquired following delineation of Landsat remote-sensing alteration anomalies spanning 1.5km x 0.5km and 4km x 0.5km, respectively.



The altered and gold mineralised zone at Kinik is shown lying adjacent to a faulted contact against limestone. The mineralised zone has been traced by rock-chips, MMI geochemistry and channel sampling over 300m of strike.

At the Kinik Gold Prospect, rock-chip sampling identified gold mineralisation (up to 5.32g/t Au) along a fault zone between altered andesite and limestone. Further rock-chips taken approximately 900m east-north-east from this area returned anomalous gold (up to 1.39 g/t Au). A follow-up channel sample along a road cut returned 48m of mineralisation, with higher grade sections of 3.21 g/t over 10m, 3.09 g/t over 5m and 1.4 g/t over 13m (using a 0.5g/t Au cut-off) and a peak grade of 10.42 g/t. The continuation of the alteration zone to the east of the area channel sampled was determined by a series of composite rock-chips samples which yielded grades ranging from 0.13 to 1.46 g/t Au. A pilot (13 samples) Mobile Metal Ion (MMI) soil geochemical survey was undertaken to the west of the channel sample, and confirmed the strike continuation of the mineralised zone in that direction.

To date early stage reconnaissance exploration by the Group on the Çamavsar licence includes 5 stream-sediment and 24 rock-chip samples yielding a peak rock-chip of 0.12 g/t Au.

The Directors consider that there is potential to define economic mineralisation at Kinik through drilling and that further discoveries are possible on both licences. These views are supported by the Competent Person's Report.

Bergama Project

The Bergama Project hosts the Ümit Tepe licence, covering approximately 12km^2, in Izmir Province, Western Turkey. The licence is situated in an area containing a number of known gold occurrences. The Group has undertaken reconnaissance geological mapping and first pass stream-sediment and rock-chip sampling. A peak rock chip grade of 1.41 g/t Au was returned from a zone of skarn mineralisation at Maden Tepe in the northeast sector of the licence. Further skarn bodies have been identified in the central part of the licence. Results indicate that these skarns are magnetite-marcasite-pyrite-chalcopyrite bearing, with iron values exceeding 50 per cent., copper values up to 1 per cent. and silver values up to 23 g/t.

OTHER LICENCE AREAS

Çanakkale Province

The Group has six exploration licences over an area totalling approximately 132km^2 in Çanakkale Province in North West Turkey. Two of these licences, Çirpilar and Katrandaği, are located in an area showing signs of epithermal alteration within a fault-bounded block of Tertiary-age volcanic rocks.

A further two exploration licences have been acquired at Kösedere and Çinarpinar, near the district seat of Ayvacik. These licences are located in Miocene dacitic to rhyolitic volcanic and pyroclastic rocks adjacent to a late Miocene granitoid and are located on areas showing strong hydrothermal alteration in proximity to epithermal Cu, Pb and Zn mineralisation.

To the North of Çanakkale the Yenice exploration licence is located in andesitic porphyry. Porphyry-related gold deposits are situated to the immediate north of the licence. The Ramazanlar exploration licence is located in Eocene andesitic volcanic rocks. Field reconnaissance by the Group has located an area of argillic alteration with minor quartz-barite veins.

Gümüşhane Province

In the North East of Turkey, the Group holds three contiguous exploration licences (Akçakale, Çayrağin Tepe and Uzunparmak Tepe) which are located in the Gümüşhane Province. These licences cover an area of approximately 35km^2 and are located in part on the Gümüşhane intrusive and volcanic suite.

EXPLORATION AND MINING IN TURKEY

While legends and historical records indicate that mining has occurred in Turkey for over 8,000 years, and despite the country's significant geological potential, little modern exploration for gold has been undertaken.

Turkey is geologically complex and remains geothermally and tectonically active today. Alpine deformation between the Eurasian and Arabian plates resulted in the amalgamation of three major tectonic and metallogenic belts: the Pontides, Anatolides and the Taurides. These belts are a result of continental collision, arc-arc accretion and subduction-related magmatism during the closure of the Tethys Sea from the Cretaceous period onward. Most of the gold deposits in the country are of the epithermal or porphyry-related types and occur in the North East of Turkey, within the Pontide metallogenic belt and in the volcanic province of Western Turkey, situated between the Anatolide and Tauride deformation zones.

Outline geological map of Turkey showing the location of key metallogenic provinces and major gold projects or mines.

Newmont, Teck Cominco, BHP Billiton, Rio Tinto, Barrick and Eldorado Gold all have direct or indirect interests in the country, as do an increasing number of mid-tier and junior exploration companies. The formerly Newmont-owned one million ounce Ovacik gold mine in Western Turkey, which has recently been sold to Koza Davetiye, a listed Turkish conglomerate, has produced over 400,000 ounces of gold since 2001. Mining operations are currently suspended at Ovacik whilst additional permitting is put in place. In the meantime, the Eldorado Gold-owned five million ounce Kisladag gold deposit in Western Turkey has received the environmental green light from the Turkish government and is currently in development, with initial production planned for late 2005. Anatolia Minerals is advancing the four million ounce inferred resource at the Çöpler gold deposit in North Eastern Turkey. Further encouragement for investment in the sector has been provided by the introduction of a new mining law, implemented in 2004.

Turkey has been a member of the European Customs Union since 1996 and is currently seeking acceptance as a member of the EU. The country's economy has strengthened significantly in the last few years, following an IMF stabilisation programme in 1999 and with the implementation of sound economic policies and structural reforms as it seeks to bring its legislative and economic practices in to line with those of the EU. Foreign investment in the country is encouraged and has seen a rapid increase in the last few years. GDP growth is in excess of 5 per cent. per annum, inflation is down from 70 per cent. to single figures, the budget deficit has been cut by 40 per cent. to 11 per cent. and industrial output and productivity are increasing rapidly.

In summary, Turkey:

- is politically and economically stable
- is a member of the European Customs Union
- has supportive mining legislation
- is highly prospective and under explored
- has significant recent gold discoveries

CURRENT TRADING AND FUTURE PROSPECTS

At present, the Company has no trading profits, as its principal activity is exploration in Turkey through its operating subsidiary. The Directors believe the areas in which the Group has selected to operate offer opportunities for potential growth and enhancement of the Company's financial prospects. The Directors intend to develop the Group by undertaking:

- detailed evaluation of the Kiziltepe Gold Prospect in the Sindirgi Gold Project as part of a scoping study for defining economic resources;
- systematic exploration of the Group's other prospects; and
- continual generation of new prospects and opportunities.

Following Admission and assuming full subscription under the Placing, the Group will have paid up nominal share capital of £342,196 and an estimated cash balance of £1,379,000.

DIRECTORS AND STAFF

Directors

Michael Spriggs *BA (Hons.) MA MSc (Non-Executive Chairman)* aged 62

Michael has 35 years mining sector experience having graduated from Oxford University with a BA (Hons.) in 1964 and an MA in 1968. He obtained an MSc in Geology and Mineral Sciences from the University of Leicester in 1969. He worked for a number of major mining groups, including Anglo American, Falconbridge and Rio Tinto. Michael spent 11 years with the mining team of the UK investment bank SG Warburg (now UBS) from 1986-97. He was appointed Head of the South African Mining Equities Research Team and was subsequently appointed Director of Corporate Finance. In 1997 he was appointed a partner at College Hill, the UK public relations consultancy, as head of the Mining Team.

Michael is Non-executive Chairman of AIM listed Vane Minerals plc and Van Dieman Mines plc. He is also a Member of The Institute of Materials, Minerals and Mining and a Chartered Engineer.

Steven Poulton *BSc (Hons.) MSc MCSM, (Chief Executive Officer)* aged 29

Steven Poulton graduated from the University of Southampton with an honours degree in Geology and from the Camborne School of Mines with an MSc in Mining Geology. Steven worked for AIM and TSX-V listed Mano River Resources Inc. as Operations Manager and subsequently as Vice President Corporate Development.

He is non-executive Chairman of African Aura Resources Limited, a director of Exploration Capital Limited and a director of KSPM Associates Limited. He is also a Fellow of The Geological Society of London, a Member of The Institute of Materials, Minerals and Mining and is a member of the UK Association of Mining Analysts.

Matthew Grainger *BSc (Hons.) MSc MCSM, (Operations Director)* aged 31

Matthew Grainger graduated from Anglia Polytechnic University with an honours degree in Earth Science and then completed a master's degree at Camborne School of Mines in Mining Geology. He has worked in Ireland and Spain as a project geologist with AIM listed Cambridge Mineral Resources plc and has worked as an independent consultant of KSPM Associates Limited for a number of clients engaged in mineral exploration and GIS.

Matthew is a director of KSPM Associates Limited and is also a Fellow of The Geological Society of London and a member of the UK Association of Mining Analysts.

Kerim Şener *BSc (Hons.) MSc DIC PhD, (Exploration Director)* aged 28

Kerim Şener graduated from the University of Southampton with a first-class honours degree in Geology and from the Royal School of Mines (Imperial College, London) with an MSc in Mineral Exploration. He went on to work for Independence Gold Mining Pvt. Ltd (Lonmin Zimbabwe) as an independent consultant with KSPM Associates Ltd. He then undertook a PhD at the University of Western Australia whilst working on a number of consultancy projects in the Western Australian mining and exploration industry, in addition to working directly with his PhD sponsor company, ASX listed Northern Gold NL in the Northern Territory.

He is a Fellow of The Geological Society of London, a Member of The Institute of Materials, Minerals and Mining and a member of the Society of Economic Geologists.

Michael Etheridge *BSc (Hons.) PhD (Non-Executive Director)* aged 58

Michael (Mike) Etheridge has 34 years experience in geological research and mineral consultancy. He graduated from the University of Sydney with a first-class honours degree in Geology and a PhD from the Australian National University. He then lectured in Geology at the University of Adelaide and at Monash University before becoming the Senior Principal Research Scientist for the Bureau of Mineral Resources from 1982-1989. In 1991 he co-founded Etheridge & Henley (later Etheridge, Henley, Williams) which then merged with SRK in 1997, following which he served as a Director of SRK Global from 1998-2001 and as Chairman (Australasia) from 1998-2004.

His current directorships include AIM and ASX listed Ballarat Goldfields NL and TSX-V listed Geoinformatics Exploration Inc. Michael is also a Fellow of the Australian Institute of Geoscientists, Fellow of the Australian Academy of Technological Sciences and Engineering and Fellow of the Australian Institute of Company Directors.

Michael de Villiers *B.Comm CFA (SA) (Non-Executive Director)* aged 42

Michael de Villiers qualified as a Commercial and Financial Accountant with Ernst & Young in Cape Town. Michael has 15 years' experience in the mining and chemicals sectors which he gained as a financial manager working for mining and chemicals operations in Namibia, Botswana, Ghana, Bulgaria and, over the last 5 years in the United Kingdom. He is currently Finance Director of AIM listed Mercator Gold plc and was previously the Finance Director of Oxus Gold plc and Navan Mining plc.

Staff

In addition to management input from the Directors of Ariana, the senior management for Galata in Turkey includes:

Erhan Şener (General Manager), a Turkish national with twenty years experience in senior management, and responsible for general administration and community relations.

Uğur Aydin (Office Manager), a Turkish national with seventeen years experience in accounting and personnel management with Eldorado Gold in Turkey, and responsible for general office management and group accounting.

Galata also employs the services of Şakir Güzel (Licence Manager) a Turkish national with twenty-one years experience in licence applications, renewals and reporting, in addition to four Turkish field geologists.

CORPORATE GOVERNANCE

The Directors recognise the importance of sound corporate governance commensurate with the size of the Company and the interests of Shareholders. As the Company grows, the Directors intend that it will develop policies and procedures which reflect the Combined Code. So far as is practicable, taking into account the size and nature of the Company, the Directors will take steps to comply with the Combined Code.

The Directors have established an audit committee to receive and review reports from management and from the auditors relating to the interim and annual accounts and to the system of internal financial control. The audit committee consists of Michael de Villiers, Michael Spriggs and Mike Etheridge with Michael de Villiers acting as Chairman and will meet at least once each year.

The Directors have also established a remuneration committee which will, when applicable, determine the terms and conditions of service of executive directors. The remuneration committee consists of Mike Etheridge, Michael de Villiers and Michael Spriggs, with Michael Spriggs acting as Chairman, and will meet at least once each year.

FINANCIAL INFORMATION

Accountants' reports on the Company and AEDL are included in Part III of this document. The Accountants' Reports are based on the audited financial information of the Company for the accounting period ended 31 March 2005 and for AEDL for the two accounting periods ended 31 December 2003 and 31 December 2004.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Directors consider that Admission will be an important step in the Company's development and will provide a base for the future raising of equity capital to continue the exploration and development of the Projects.

The Company intends to apply the net proceeds of the Placing, which are expected (assuming full subscription) to be approximately £1,239,000 to finance:

- the detailed evaluation of the Kiziltepe Gold Prospect in the Sindirgi Gold Project to include a scoping study for economic resources of 250,000 oz;

- the detailed assessment and development of other targets in the Sindirgi Gold Project;
- the exploration of the other Projects; and
- the working capital requirements of the Group.

In the event that only the Minimum Amount is raised pursuant to the Placing the net proceeds are expected to be £859,000 and will be applied in financing the matters set out above.

DETAILS OF THE PLACING

The Company is issuing up to 12,500,000 New Ordinary Shares at the Placing Price, which will (assuming full subscription) raise approximately £1,239,000 (net of expenses).

The New Ordinary Shares will be issued fully paid and will, on issue, rank *pari passu* with the Ordinary Shares already in issue, including the right to receive, in full, all dividends and other distributions thereafter declared, made or paid.

The Placing is conditional upon the Minimum Amount being raised, Admission becoming effective and the Placing Agreement becoming unconditional in all respects. Details of the Placing Agreement are contained in paragraph 9.1.1 of Part V of this document.

MINIMUM SUBSCRIPTION

The Placing and Admission are conditional upon the Minimum Amount being raised pursuant to the Placing.

LOCK-IN AND ORDERLY MARKET ARRANGEMENTS

In accordance with the requirements of Rule 7 of the AIM Rules, the Directors have agreed with the Company, Beaumont Cornish and Ambrian that they will not (and they will procure that their immediate families will not) dispose of any interest in the Ordinary Shares of the Company (subject to certain limited exceptions) within the period of 12 months following Admission, and for a further 12 months thereafter, except with the consent of Beaumont Cornish and Ambrian with a view to ensuring an orderly market in the Ordinary Shares. The Directors have also agreed that they will not (and they will procure that their immediate families will not) dispose of any Ordinary Shares that they may purchase in the 24 month period following Admission except with the consent of Beaumont Cornish and Ambrian.

Certain substantial shareholders, namely Paul Morley and Richard Osman, have each agreed with the Company that it/he will not for a period of 6 months from the date of Admission (the "Locked In Period") sell any interest in Ordinary Shares. Furthermore, with a view to ensuring an orderly market in the Company's Ordinary Shares, each of Paul Morley and Richard Osman has also agreed, for a period of 6 months following the Locked In Period, that it/he will provide the Company and Ambrian (for as long as Ambrian remains the Company's broker) with at least three days notice of any intention to sell any interest in Ordinary Shares and Ambrian shall on a best efforts basis endeavour, within three days of such notice, to place shares which are to be sold with institutional investors or with private client investors through a secondary broker for such shareholders, as the case may be. Paul Morley and Richard Osman shall not be prevented from selling their shares should Ambrian be unable to place their shares within the three day period.

Further details of these arrangements are contained in paragraph 10 of Part V of this document.

DIVIDEND POLICY

The Board anticipates that, following the Placing, cash resources will be retained for the development of the Group's business and will not be distributed for the foreseeable future. The declaration and payment by the Company of any dividends and the amount thereof will depend on the results of the Group's operations, its financial position, cash requirements, prospects, profits available for distribution and other factors deemed to be relevant at the time.

CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The articles of association of the

Company permit the holding of Ordinary Shares under the CREST system. All the Ordinary Shares will be in registered form and no temporary documents of title will be issued. The Company has applied for the Ordinary Shares to be admitted to CREST and it is expected that the Ordinary Shares will be so admitted and accordingly enabled for settlement in CREST on the date of Admission. It is expected that Admission will become effective and dealings in Ordinary Shares will commence on 28 July 2005. Accordingly, settlement of transactions in Ordinary Shares following Admission may take place within the CREST system if any shareholder so wishes.

SHARE OPTION SCHEME AND WARRANTS

The Company has adopted an unapproved employee share option scheme.

All employees, Directors or other persons who provide services to the Company or any subsidiary of the Company may be eligible for participation. Further details of the Share Option Scheme and those Options granted by the Company are set out in paragraphs 5.1 of Part V of this document.

The Company has granted to Beaumont Cornish Warrants which entitle it to subscribe for up to 64,517 new Ordinary Shares at the price of 15.5p per share at any time during the period of 5 years following the date of Admission. Further details of the Beaumont Cornish Warrants are set out in paragraph 5.2 of Part V of this document.

The Company has granted to Ambrian Warrants which entitle it to subscribe for up to 513,294 new Ordinary Shares at the price of 12p per share at any time during the period of 5 years following the date of Admission. Further details of the Ambrian Warrants are set out in paragraph 5.3 of Part V of this document.

No application has been made or is being made for any of the Warrants to be admitted to trading on AIM or any other recognised investment exchange.

TAXATION

The attention of prospective investors is drawn to paragraph 14 of Part V of this document.

Shareholders who are in any doubt as to their tax position should consult their professional advisers immediately.

FURTHER INFORMATION

The attention of prospective investors is drawn to the information contained in Parts II, III, IV and V of this document which provide additional information on the Company. In particular, prospective investors are advised to carefully consider Part II of this document, entitled “Risk Factors”.

AVAILABILITY OF THE ADMISSION DOCUMENT

Copies of this document will be available, for collection only, free of charge, from Ambrian, 8 Angel Court, London EC2R 7HP during normal office hours on any weekday (Saturday and public holidays excepted) for a period of not less than one month from the date of Admission. Copies can also be downloaded from the Company’s website at www.arianaresources.com

PART II

RISK FACTORS

An investment in the Company may not be suitable for all recipients of this document. An investment in the Company is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss, which might result from such investment. Investors are accordingly advised to consult an investment adviser, who is authorised under FSMA and who or which specialises in investments of this kind before making a decision to purchase Ordinary Shares.

In addition to all other information set out in this document, prospective investors should carefully consider the specific factors set out below in evaluating whether to make an investment in the Company. The specific risks set out below are those that the Board believes to be material, but these risks may not be the only ones faced by the Company. Additional risks, including those that the Board currently does not know of or deems immaterial, may also result in decreased revenues, increased expenses or other events that could result in a decline in the price of the Ordinary Shares.

This document contains forward-looking statements that involve risks and uncertainties. The Company's results could actually differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks faced by the Company, which are described below and elsewhere in this document.

The exploration and development of natural resources is a highly speculative activity that involves a high degree of financial risk. The risk factors which should be taken into account in assessing the Company's activities and investment in the Company include, but are not necessarily limited to, those set out below. Any one or more of these risks could have a material effect on the value of any investment in the Company and should be taken into account in assessing the Company's activities.

Exploration and mining risks

The business of exploration for minerals involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. The mineral deposits to be assessed by the Group may not contain economically recoverable volumes of precious metals. Should the mineral deposits contain economically recoverable resources then delays in the construction and commissioning of mining projects or other technical difficulties may result in plans for production being delayed or further capital expenditure being required.

The operations of the Group may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including geological and geotechnical factors, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions, environmental hazards, industrial accidents, occupational and health hazards, technical failures and other unforeseeable events. These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. No assurance can be given that the Company will be able to obtain insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

The occurrence of any of these hazards can delay activities of the Group and may result in liability. Members of the Group may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining activities for which it was not responsible.

Mineral exploration is highly speculative in nature, involves many risks and frequently is unsuccessful. There can be no assurance that any mineralisation discovered will result in proven and probable reserves being attributed to the Group. If reserves are developed, it can take a number of years from the initial phases of drilling and identification of mineralisation until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish ore reserves through drilling, to determine metallurgical processes to extract metals from ore and, in the cases of new properties, to construct mining and processing facilities. As a result of these uncertainties, no assurance can be given that the exploration programmes undertaken by the Company will result in any new commercial mining operations being brought into operation.

Competition
The Group faces no competition for the exploration of its properties at this time but competition exists in the market for subsequent exploitation. The better the reserves which are proven by the Group the more likely that an exploitation partner will be found. Conversely, if the reserves established by Ariana are insufficient to prove that a property is economic, other resources of a similar type will attract partners for exploitation instead.

Volatility of metal prices and exchange rates
Historically, metal prices have displayed wide ranges and are affected by numerous factors over which the Company does not have any control. These include world production levels, international economic trends, currency exchange fluctuations, expectations for inflation, speculative activity, consumption patterns and global or regional political events. In the case of gold, purchases and sales of bullion holdings by central banks or other large holders or dealers may also have an impact on the market and price. The aggregate effect of these factors is impossible to predict.

The market for some metals is relatively illiquid and small purchases or sales of the metals can have a material impact on the price, resulting in a higher volatility and distorting the price away from the fundamental supply-demand balance.

There is also uncertainty as to the possibility of increases in world production both from existing mines and as a result of mines currently closed being reopened in the future if price increases make such projects economic.

Consequently as a result of the above factors, price forecasting can be difficult to predict or imprecise.

Any future Company income from its product sales will be subject to exchange rate fluctuations and could become subject to exchange controls or similar restrictions. Currency conversion may have an adverse effect on income or asset values.

Governmental regulations and processing licences
Governmental approvals, licences and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental offices. The Company, and where appropriate the Subsidiaries must comply with known standards, existing laws and regulations that may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and the interpretation of the laws and regulations implemented by the permitting authority. New laws and regulations, amendments to existing laws and regulations, or more stringent enforcement of existing laws and regulations could have a material adverse impact on the Company's results of operations and financial condition.

The Company's exploration, mining and processing activities are dependent upon the grant of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. There can also be no assurance that they will be renewed upon expiry or if so, on what terms.

Title Matters
Whilst the Group has diligently investigated title to the Projects and, to the best of its knowledge, title to all Projects is in good standing, this should not be construed as a guarantee of title. The Projects may be subject to undetected title defects. If a title defect does exist it is possible that the Group may lose all or part of its interest in those of the Projects to which the title defect relates.

Development projects
Development projects have no operating history upon which to base estimates of future cash operating costs. For development projects, estimates of proven and probable reserves and cash operating costs are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies which derive estimates of cash operating costs based upon anticipated tonnage and grades or ore to be mined and processed, the configuration of the ore body, expected recovery rates, comparable facility and equipment operating costs, anticipated climatic conditions and other factors. As a result, it is possible that actual cash operating costs and economic returns may differ from those currently estimated.

Limited operating history

The Company itself has no prior operating history. However the management have relevant experience in the management of similar businesses, of early stage businesses, natural resource exploration and project management and other relevant skills. The Company has no current earnings, since it is at a development stage. The success of the Group is dependent upon the extent to which it is successful in its exploration program. There can be no assurance that the Group will operate profitably or remain solvent. If the Group's plans prove unsuccessful, the Shareholders could lose all or part of their investments.

Financing

The successful extraction of precious or base metals may require very significant capital investment. In addition, delays in the construction and commissioning of any of the Group's mining projects or drilling projects or other technical difficulties may result in projected target dates for related production being delayed and/or further capital expenditure being required. In common with all mining and drilling operations, there is uncertainty, and therefore risk, associated with operating parameters and costs resulting from the scaling up of extraction methods tested in laboratory conditions. The Company's ability to raise further funds (which may be sought partially from Shareholders) will depend on the success of existing and acquired operations. The Company may not be successful in procuring the requisite funds and, if such funding is unavailable, the Company may be required to reduce the scope of its operations or anticipated expansion.

Environmental factors

The Group's operations are subject to environmental regulation (including regular environmental impact assessments and permitting). Such regulation covers a wide variety of matters, including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and worker safety. The Group will also be subject, under such regulations, to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. Environmental legislation and permitting are likely to evolve in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors and employees.

Previous concern regarding the use of sodium cyanide in the processing of gold ore from the one million ounce Ovacik gold mine in western Turkey has subsided. New environmental permitting has been secured and the mine is expected to become operational again in 2005 under the management of Koza Davetiye. In the meantime the Eldorado Gold-owned five million ounce Kisladag gold deposit is due to commence production in 2005 with all environmental permitting believed to be in place.

Political risks

Although political conditions in Turkey are considered to be stable, the introduction of new legislation or amendments to existing legislation by governments or the application of developments in existing common law in Turkey, or the interpretation of those laws, could impact adversely on the assets, operations and ultimately the financial performance of the Company

The risk of potential isolated political disturbances in southeastern Turkey is not considered to impinge on the Company, since Ariana has no licences in this area.

Uninsured risks

The Company, as a participant in exploration and mining programmes, may become subject to liability for hazards that cannot be insured against or against which it may elect not to be so insured because of high premium costs or other reasons. The Company may incur a liability to third parties (which is uninsured or is in excess of any insurance cover) arising from pollution or other damage or injury.

Dependence on key personnel

The Company is dependent upon its current executive management team. Whilst it has entered into contractual arrangements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. Accordingly, the loss of any key management of the Company may have an adverse effect on the future of the Company's business. The Company competes with numerous other companies and individuals in the search for and acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and contractors.

Areas of investment risk

There is currently no market for the Ordinary Shares. Investors should assume that an investment in the Company is a long-term investment and that even if a trading facility is available in the future on anything other than a recognised stock exchange there will be minimal liquidity in the trading of the stock.

The Company may need to raise further funding in future to finance its operations and expansion. Whilst these operations should result in a higher value per share this cannot be guaranteed. All investors in the Company will thus experience dilution of the percentage of their equity stake.

The Ordinary Shares will be quoted on AIM rather than on the Official List. An investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List. AIM has been in existence since June 1995 but its future success and the liquidity in the market for the Company's securities cannot be guaranteed. Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover their original investment.

The market price of the Ordinary Shares may not reflect the underlying value of the Company's net assets. The price at which investors may dispose of their Ordinary Shares in the Company may be influenced by a number of factors, some of which may pertain to the Company, and others of which are extraneous. On any disposal investors may realise less than the original amount invested.

The risks above do not necessarily comprise all those faced by the Company and are not intended to be presented in any assumed order of priority.

PART III

ACCOUNTANTS' REPORTS ON THE GROUP

The following are the full texts of reports on Ariana Reources plc and Ariana Exploration & Development Limited from PKF (UK) LLP, the Reporting Accountants, to the Directors of Ariana Resources plc and the Directors of Beaumont Cornish Limited, the Nominated Adviser and Ambrian Partners Limited, the Company's Broker:

ARIANA RESOURCES Plc:

PKF

Accountants &
business advisers

The Directors
Ariana Resources Plc
Ridgeway House
1 Hagbourne Road
Didcot
Oxfordshire OX11 8ER

and

The Directors
Beaumont Cornish Limited
5th Floor
10-12 Copthall Avenue
London EC2R 7DE

and

The Directors
Ambrian Partners Limited
8 Angel Court
London EC2R 7HP

20 July 2005

Dear Sirs

ARIANA RESOURCES PLC ("ARP" OR "THE COMPANY")

Introduction

We report on the financial information relating to ARP, as set out below, prepared for inclusion in the Admission Document dated 20 July 2005 prepared in connection with the proposed admission of the Company to the AIM Market of the London Stock Exchange.

Basis of preparation

The financial information set out in this report is based on the opening balance sheet of the Company at incorporation.

PKF (UK) LLP | Farringdon Place | 20 Farringdon Road | London | EC1M 3AP
PKF (UK) LLP is a limited liability partnership registered in England and Wales with registered number OC310487.

The Company was incorporated as Cobco 679 plc on 24 March 2005 with an authorised share capital of 50,000 £1 shares of which two subscriber shares were issued.

On 24 May 2005 the Company passed a resolution sub-dividing each £1.00 share into 100 ordinary shares of 1p each.

On 24 May 2005 the Company passed a resolution increasing its authorised share capital to £5,000,000 divided into 500,000,000 ordinary shares of 1p each.

On 27 May 2005 the Company changed its name to Ariana Resources plc.

The Company has not yet been required under the laws of England and Wales to prepare audited financial statements. The Company has not completed its first accounting period. No statutory financial statements have been prepared, audited or filed with the Registrar of Companies since incorporation.

Responsibility

The financial information upon which this report is based is the responsibility of the Directors of the Company. The Directors of the Company are responsible for the contents of the Admission Document dated 20 July 2005 in which this report is included.

It is our responsibility to compile the financial information set out in our report, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document dated 20 July 2005, a true and fair view of the state of affairs of the Company at 24 March 2005.

Consent

We consent to the inclusion in the Admission Document dated 20 July 2005 of this report and accept responsibility for this report for the purposes of the AIM Rules.

FINANCIAL INFORMATION

Accounting policies

The financial information has been prepared under the historical cost convention and in accordance with applicable accounting standards.

Balance sheet

	As at 24 March 2005 £
Current assets	
Debtors	2
Shareholders' funds	
Share capital	2

Notes to the financial information

(i) *Share capital*

The Company was incorporated with an authorised share capital of £50,000 represented by 50,000 ordinary shares of £1 each. At incorporation the Company issued 2 ordinary shares of £1 each at par value.

At the date of this document the Company had options outstanding over 2,171,000 shares. Further details of these are set out in paragraph 6.2 of Part V of the document in which this report is included.

(ii) *Post balance sheet events*

On 24 May 2005 the Company passed a resolution sub-dividing each £1.00 share into 100 ordinary shares of 1p each.

On 24 May 2005 the Company passed a resolution increasing its authorised share capital to £5,000,000 divided into 500,000,000 ordinary shares of 1p each

On 3 June 2005, the Company entered into an agreement to acquire the entire issued share capital of Ariana Exploration & Development Limited in a share for share exchange.

Yours faithfully

PKF (UK) LLP
Chartered Accountants

Accountants &
business advisers

The Directors
Ariana Resources Plc
Ridgeway House
1 Hagbourne Road
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Oxfordshire OX11 8ER

and

The Directors
Beaumont Cornish Limited
5th Floor
10-12 Copthall Avenue
London EC2R 7DE

and

The Directors
Ambrian Partners Limited
8 Angel Court
London EC2R 7HP

20 July 2005

Dear Sirs

ARIANA EXPLORATION & DEVELOPMENT LIMITED ("AEDL")

Introduction

We report on the consolidated financial information relating to AEDL and its subsidiaries (together, "the AEDL Group") for the two financial periods ended 31 December 2003 and 31 December 2004.

The financial information has been prepared for inclusion in the Admission Document dated 20 July 2005 prepared in connection with the proposed admission of Ariana Resources Plc (the "Company") to the AIM Market of the London Stock Exchange.

Basis of preparation

AEDL was incorporated on 13 August 2002 as Ariana Resources Limited and drew up its first accounts for the period ended 31 December 2003. Ariana Resources Limited changed its name to AEDL on 27 May 2005.

The financial information is based on the audited consolidated financial statements of AEDL for the first two financial periods ended 31 December 2003 and 31 December 2004, to which no adjustments were considered necessary.

Responsibility

The financial information upon which this report is based is the responsibility of the directors of AEDL.

The Directors of the Company are responsible for the contents of the Admission Document dated 20 July 2005 in which this report is included.

PKF (UK) LLP | Farringdon Place | 20 Farringdon Road | London | EC1M 3AP
PKF (UK) LLP is a limited liability partnership registered in England and Wales with registered number OC310487.

It is our responsibility to compile the financial information set out in our report from the audited financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document dated 20 July 2005, a true and fair view of the state of affairs of the AEDL Group as at 31 December 2003 and 31 December 2004 and of its consolidated losses for the periods then ended.

Consent

We consent to the inclusion in the Admission Document dated 20 July 2005 of this report and accept responsibility for this report for the purposes of the AIM Rules.

FINANCIAL INFORMATION

Accounting policies

The financial information has been prepared under the historical cost convention and in accordance with the Financial Reporting Standards for Smaller Entities (effective June 2002). The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial information:

Nature of operations and going concern

The AEDL Group is at an early stage of development and its planned activities are the acquisition, exploration and development of epithermal or porphyry-related gold resource properties in Turkey.

In common with many exploration companies AEDL raises funds in discrete tranches and the proceeds of the share placings in the two years to 31 December 2004 have raised £800,000 in cash. The Directors and management are using these funds for exploration and evaluation activities on several projects and to progress the Company's planned listing on AIM in the third quarter of 2005. The funds are forecast to provide sufficient working capital beyond the listing on AIM and the capital raising at that time. Accordingly the directors consider that it is appropriate to prepare the financial information on a going concern basis.

Basis of consolidation

These financial statements consolidate the financial statements of AEDL and its subsidiaries using the acquisition method of accounting. The results of subsidiaries are included from the effective date of acquisition.

Intangible fixed assets

Intangible fixed assets are stated at cost.

These comprise costs directly incurred in exploration and evaluation. They are capitalised as intangible assets pending determination of the feasibility of the project. When the existence of economically recoverable reserves is established the related intangible assets are amortised on a depletion percentage basis. Where a project is abandoned or is determined to not be economically viable, the related costs are written off.

The recoverability of deferred exploration and evaluation costs is dependent upon a number of factors common to the natural resource sector. These include the extent to which AEDL can establish recoverable reserves on its properties, the ability of AEDL to obtain necessary financing to complete the development of such reserves and future profitable production or proceeds from the disposition thereof.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office equipment	33.33% per annum

Foreign currency

The reporting currency of AEDL is sterling.

Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Revenues, costs and non-monetary assets are translated at the exchange rates ruling at the transaction date.

Differences on exchange arising from the re-translation of the opening net assets of foreign subsidiaries and any related loans are taken directly to reserves and all other exchange differences are taken to the Profit and Loss Account.

Deferred taxation

Deferred taxation is provided on material timing differences between the incidence of income and expenditure for taxation and accounting purposes on a full provision basis in accordance with the Financial Reporting Standards for Smaller Entities.

Deferred tax assets are only recognised when they arise from timing differences where their recoverability in the short term is regarded as being probable. Deferred tax balances are not discounted.

PROFIT AND LOSS ACCOUNT

	Notes	Period ended 31 December 2003 £000	Year ended 31 December 2004 £000
Administrative expenses		(98)	(152)
Operating loss	(i)	(98)	(152)
Bank interest receivable	(iii)	–	1
Loss on ordinary activities before taxation		(98)	(151)
Tax on loss from ordinary activities	(iv)	–	–
Retained loss for the financial period		(98)	(151)

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

BALANCE SHEET

	Notes	As at 31 December 2003 £000	As at 31 December 2004 £000
Fixed assets			
Intangible fixed assets	(v)	1	67
Tangible	(vi)	–	4
		1	71
Current assets			
Debtors	(viii)	1	7
Cash at bank and in hand		–	682
		1	689
Creditors: amounts falling due within one year	(ix)	(94)	(72)
Net current assets		(93)	617
Total assets less current liabilities		(92)	688
Capital and reserves			
Called up share capital	(x)	6	217
Share premium account	(xi)	–	720
Profit and loss account	(xi)	(98)	(249)
Equity shareholders' funds	(xii)	(92)	688

NOTES TO THE FINANCIAL INFORMATION

(i) Operating loss

This is arrived at after charging/(crediting):

	Period ended 31 December 2003 £000	Year ended 31 December 2004 £000
Depreciation of tangible fixed assets – owned by the AEDL Group	–	1
Audit fees	–	4
Exchange differences	-	(2)

(ii) Directors emoluments

	Period ended 31 December 2003 £000	Year ended 31 December 2004 £000
Directors emoluments payable in:		
Cash	–	56
Shares (all issued in 2004)	84	48
	84	104

No directors (2003: none) were members of AEDL Group pension schemes.

(iii) Interest receivable and similar items

	Period ended 31 December 2003 £000	Year ended 31 December 2004 £000
Bank interest receivable	–	1

(iv) Tax on loss on ordinary activities

No corporation or deferred tax charge or credit arises in respect of the period. The loss arising in the period gives rise to tax losses that are equivalent to a potential deferred tax asset of £70,500 (2003: £26,500). This asset has not been recognised in the financial statements because of the uncertainty as to the incidence and timing of future taxable income against which the asset can be recovered.

(v) Intangible fixed assets

	Period ended 31 December 2003 £000	Year ended 31 December 2004 £000
Deferred exploration and evaluation costs		
Cost and net book value		
Opening balance	–	1
Additions	1	66
At 31 December	1	67

(vi) *Tangible fixed assets*

Total tangible fixed asset comprise the following:

	As at 31 December 2003 £000	As at 31 December 2004 £000
Office Equipment		
Cost		
Opening balance	-	-
Additions	-	5
At 31 December	-	5
Depreciation		
Opening balance	-	-
Additions	-	1
At 31 December	-	1
Net book amount		
At 31 December	-	4

(vii) *Fixed asset investments*

During both periods, AEDL has an interest in the following material subsidiary undertakings, which are both included in the consolidated financial statements:

Name	Holding	Business activity	Country of incorporation
Portswood Resources Limited	100% of equity	Investment	British Virgin Isles
Galata Madencilik San Ve Tic	100% of equity*	Exploration	Turkey

* 98 per cent. owned by Portswood Resources Limited and 2 per cent. held in trust by director AK Sener.

(viii) *Debtors*

	As at 31 December 2003 £000	As at 31 December 2004 £000
Other debtors	1	7

(ix) *Creditors*

Amounts falling due within one year

	As at 31 December 2003 £000	As at 31 December 2004 £000
Amounts falling due within one year		
Trade creditors	–	6
Other tax and social security	–	51
Other creditors	2	5
Other loans	2	–
Accruals and deferred income	90	10
	94	72

(x) Share capital

	Authorised	Allotted, called up and fully paid	
	£000	Number	£000
At 13 August 2002			
Ordinary shares of £1 each	1,000	1	–
Movements in the period	–	5,781	6
At 31 December 2003	1,000	5,782	6
Movements in the year	–	211,412	211
At 31 December 2004	1,000	217,194	217

Allotments

(a) On incorporation, AEDL had authorised share capital of £1,000,000 divided into 1,000,000 shares of £1 each, of which one was issued.

(b) In the period from 13 August 2002 to 31 December 2003, AEDL issued for cash 5,781 ordinary shares to provide initial working capital.

(c) On 2 January 2004, AEDL issued 84,218 ordinary shares of £1 each for services provided by the founders and directors from the date of incorporation up to the date of issue.

(d) On 23 January 2004, AEDL issued for cash 25,954 ordinary shares of £1 each at a premium of £2 per share to provide further working capital.

(e) On 1 October 2004, AEDL issued 11,865 ordinary shares of £1 each at a total premium of £42,052 to the directors for salaries and bonuses relating to the period from December 2003 to September 2004. The total value of the salaries and bonuses provided by way of share issues to directors was £53,917.

(f) On 21 December 2004, AEDL issued for cash 89,375 ordinary shares of £1 each at a premium of £7 per share to provide further working capital of £715,000.

(xi) Reserves

	As at 31 December 2003 £000	As at 31 December 2004 £000
Share premium account		
At 13 August 2002 and 1 January 2004	–	–
Premium on shares issued during the financial period	–	720
At 31 December	–	720
Profit and loss account		
At 13 August 2002 and 1 January 2004	–	(98)
Loss for the financial period	(98)	(151)
At 31 December	(98)	(249)

(xii) Shareholders' funds

	Period ended 31 December 2003 £000	Year ended 31 December 2004 £000
Shareholders funds at 13 August 2002 and 1 January 2004	–	(92)
Loss for the financial period	(98)	(151)
Other movements:		
New shares issued	6	931
At 31 December	(92)	688

(xiii) Transactions with related parties

AEDL has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related Party Disclosures" not to disclose transactions with members of the AEDL Group on the grounds it controls greater than 90 per cent. of the voting-rights and these are included in the consolidated financial statements.

During the year, AEDL received interest free loans from the directors of £4,000 (2003: £2,250). The directors also paid £2,400 (2003: Nil) of expenses on behalf of AEDL. AEDL repaid a total of £8,650 (2003: Nil) to the directors during the year. There was no balance owing to directors as at 31 December 2004 (2003: 2,250).

The directors who held office during the year and their beneficial interest in the shares of AEDL were as follows:

	31 December 2003 Shares	**31 December 2004 Shares**
MR Grainger	463	15,916
RF Osmon	463	12,685
SJ Poulton	1,001	25,996
PR Morley	1,001	N/A
AK Sener	1,001	23,358
MJ Spriggs	–	1,125
	3,929	79,080

At 31 December 2004, AEDL had not issued any share options.

(xiv) Ultimate controlling parties

In the opinion of the directors there is no controlling party.

(xv) Post balance sheet events

On 31 January 2005 AEDL purchased the Sindirgi Gold Project from the Newmont Mining Corporation ("Newmont") for a total consideration of US$400,000 plus a Net Smelter Return (NSR) royalty. The royalty calls AEDL to pay Newmont a 1.5 per cent., 2 per cent. and 2.5 per cent. of NSR depending on the London gold price trading below US$400, between US$400 and US$450 and above US$450 per ounce respectively.

On 3 June 2005, the entire issued share capital of AEDL was acquired by Ariana Resources Plc in a share for share exchange.

Yours faithfully

PKF (UK) LLP
Chartered Accountants

PART IV

COMPETENT PERSON'S REPORT ON THE PROJECTS

INDEPENDENT TECHNICAL REVIEW OF ARIANA RESOURCES PLC'S EXPLORATION PROPERTIES

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and

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Report Authors

Reviewed by:

Executive Summary

This report has been produced by SRK as an Independent Technical Review of the gold exploration assets of Ariana Resources in Turkey. The assessment is based on field visits to the main properties and on a detailed review of previous exploration work including drilling results.

Ariana's strategy is to seek to discover economic gold deposits and other mineral deposits in Turkey through the application of remote sensing technology followed by rapid prospect appraisal. The Company has compiled a substantial geological database which it is using to identify low and high sulphidation epithermal vein and porphyry type gold targets in this region.

The properties, which comprise exploration and operation licences covering a total area of 44,474 ha are grouped into five areas: **Sindirgi**, **Ivrindi**, **Bergama**, **Çanakkale** and **Gümüşhane**. The first four of these project areas lie within the auriferous West Anatolian Volcanic and Extensional geological province, largely of Miocene age. The known mineralisation exhibits strong structural control associated with the main regional tectonic feature, the extensive Simav Fault.

Sindirgi Project Area

Ariana's focus has been on the Sindirgi Project, an area of past attention where, from a review of previous drilling and geological work, SRK considers economic grade gold deposits may exist, hosted within a low sulphidation epithermal vein system. Further advanced exploration work is warranted. Previous exploration at Sindigri has identified a number of gold deposits. However, past work has been insufficient to support Mineral Resource estimates in accordance with the JORC Code; further drilling, channel sampling and the confirmation of previous results will be required in order to achieve this.

The Sindirgi Project which covers an area of 23,510.88 ha in Balikesir Province, was recently acquired from Newmont Mining Corp. Sindigri includes five main prospect areas which are the principal focus of Ariana's current exploration programme: **Kiziltepe**, **Karaduz**, **Kavakliduz**, **Kepez** and **Kizilçukur**. All are located in an area with good transport links and other infrastructure.

Significant exploration work has been carried out on the Sindirgi area over the last 15 years, including stream sediment and soil geochemistry, rock chip sampling, geological mapping and a limited drilling programme. In addition, low resolution regional airborne and ground geophysics has been conducted by the State Geological Survey.

Kiziltepe was visited by SRK. Previous work identified at a series (at least seven) of low sulphidation epithermal gold-bearing quartz veins hosted within andesitic volcanics. Vein widths range between 1 m and 14 m and strike lengths range from 350 m to 500 m. The bulk of the shallow diamond drilling recently carried out by previous owners focused on the Kiziltepe prospect. However, in drilling the auriferous quartz vein material, core recovery was unacceptably low, and SRK considers the associated sample quality to be insufficient for resource estimation in accordance with the JORC Code.

However, a preliminary geological model on part of the principal vein (Arzu) derived from the existing drilling results suggests a 1.1Mt deposit at an average grade of 4.2 g/t for a gold content of 150,000 oz. SRK recommends a programme of drilling to target higher grade mineralisation and to permit a Mineral Resource estimation in accordance with the JORC Code.

Karaduz prospect (also visited by SRK) shows similarities to Kiziltepe but appears to be part of a larger epithermal hydrothermal system. Exploration has been supported by limited diamond drilling, which yielded gold values of up to 2.5 g/t over widths of 2.75 m – 3.35 m. Gold mineralisation appears restricted to quartz stringers in the footwall of a heavily silicified zone. Several of these zones are present at Karaduz over a strike length of 3.6 km.

Kavakliduz prospect (not visited by SRK) was discovered by stream sediment geochemistry, followed up by limited mapping and rock chip sampling which identified zones of stockwork veining within an epithermal system. Gold values of 2.6 g/t and silver of 14.1 g/t were recorded in sampling of the areas of silicification.

Kepez prospect (not visited by SRK), as at the other prospects, previous exploration work at Kepez has identified a mineralised epithermal system. Rock chip sampling followed by limited diamond drilling identified brecciated silicified zones which yielded interesting gold grades.

Kizilçukur prospect (not visited by SRK) contains multiple parallel veins, the majority of which occur outside the licence boundary. Potential for a low-sulphidation style mineralised system has been defined within the licence area.

SRK has recommended an extension of the current work programme to include an integrated approach to the unexplored remaining portions of the Sindirgi Project area.

Ivrindi Project Area

The **Ivrindi** area, also in Balekisir Province, centres on the **Kinik** (visited by SRK) and **Çamavsar** licence areas (not visited by SRK) which were identified from Landsat imagery interpretation. At Kinik, a stream sediment survey plus rock chip sampling has revealed anomalous gold values in an extensive fault zone in altered andesite. A channel sample along a road cut returned 48 m of mineralisation, with higher grade sections of 3.21 g/t over 10 m, 3.09 g/t over 5 m and 1.4 g/t over 13 m.

Çamavsar lies in a metallogenic and structural trend parallel to Kinik and displays a similar Landsat anomaly.

Bergama Project Area

The **Bergama** Project located in Izmir Province comprises a single licence, **Ümit Tepe**. Stream sediment geochemistry plus rock chip sampling and mapping have identified bodies of skarn mineralisation, with high iron values plus copper, gold and silver values.

Other Project Areas

Ariana has acquired a number of other licences in the Gümüşhane District, northeastern Turkey and in the Çanakkale District of northwestern Turkey. The **Çirpilar** & **Katrandaği** properties show indications of epithermal alteration within Tertiary volcanics. Four additional licences acquired in this District (**Kösedere**, **Yenice**, **Çinarpinar**, **Ramazanlar**) are associated with strong Landsat alteration anomalies located close to base metal mineralisation occurences.

Exploration budget

In order to complete a scoping study at Kiziltepe, further develop Ariana's most advanced projects and continue its regional exploration programme, SRK recommends a minimum £1.0 m budget. This includes an integrated programme of mapping, sampling and assaying to define drill targets on Kiziltepe and other prioritised targets to define open pitable gold resources. It is anticipated that the entire programme, culminating in acquisition, data interpretation and resource estimation, would require some 18 months.

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20 July 2005

Independent Technical Review of Ariana Exploration & Development Ltd's Exploration Properties

1. Introduction

In November 2004, Ariana Exploration & Development Limited (Ariana) commissioned Steffen, Robertson & Kirsten (UK) Ltd (SRK) to conduct a technical review of exploration properties in the Sindirgi Project area in Turkey, held, at that time, by Newmont Altin Madencilik Ltd. an operating subsidiary of Newmont Mining Corporation (Newmont). That review was produced to assist Ariana in its acquisition of these properties from Newmont. The acquisition was completed on 31 January 2005.

In February 2005, Ariana commissioned SRK to prepare an Independent Competent Person's Report on all of the Company's exploration assets in connection with the Company's application for its shares to be admitted to trading on AIM, a market for emerging and smaller companies operated by the London Stock Exchange. SRK acknowledges that this report will be included in its entirety in an Admission Document to be published in connection with the Company's AIM application (and accepts responsibility for this report in accordance with the AIM Rules).

1.1 *Qualifications of Consultants*

SRK is part of an international group, the SRK Group, which comprises over 500 professional staff offering expertise in a wide range of engineering disciplines.

SRK's independence is ensured by the fact that it holds no equity in any project and that its ownership rests solely with its staff. SRK has a demonstrated track record in undertaking independent assessments of Mineral Resources and Reserves, project evaluations and audits, competent person's reports and independent feasibility evaluations to bankable standards on behalf of exploration and mining companies and financial institutions worldwide.

This report has been prepared by SRK using specialists in the field of Exploration Geology that have extensive experience in the exploration and mining industry and are members in good standing of appropriate professional institutions. SRK has considerable experience in providing independent technical reports in support of exploration company listing particulars.

Neither SRK nor any of its employees employed in the preparation of this report has any beneficial interest in the assets of Ariana. SRK will be paid a fee for this work in accordance with normal professional consulting practice.

1.2 *Report Approach/Methodology*

This technical report is based largely upon information supplied to SRK by Ariana. In December 2004, SRK visited the Sindirgi Project area close to the town of Sindirgi, located some 130 km north-east of Izmir in Western Turkey. During this visit, a variety of maps were reviewed in addition to the diamond drill core drilled recently (2003) by Newmont. The project site was visited in the company of A.K. Şener (Exploration Director – Ariana), E. Şener (General Manager – Galata Madencilik San. ve Tic. Ltd.) and T. Yavuz (Chief Field Assistant – Newmont).

Steffen, Robertson and Kirsten (UK) Ltd.
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North America
Southern Africa
South America
United Kingdom

A second visit was conducted in February 2005 to visit both the Sindirgi and Ivrindi project areas and to review the rest of Ariana's exploration assets. This second visit was conducted in the company of S.J. Poulton (CEO – Ariana), A.K. Şener (Exploration Director – Ariana) and R. Sari (Geologist – Galata Madencilik San. ve Tic. Ltd.).

1.3 *Ariana Resources Limited*

Ariana was established in August 2002 to focus on gold exploration and development in Turkey. Since inception the company has constructed a detailed Geographic Information System (GIS) on Turkey using open source data.

Following the raising of £77,000 in January 2004, Ariana, through its Turkish subsidiary (Galata Madencilik San. ve Tic. Ltd.), assembled a portfolio of twelve licence areas covering 210 square kilometres in the West and North East of Turkey. Licence areas were selected through integration of the company's GIS system with alteration signatures as defined by remote-sensing techniques. During the course of 2004, Ariana commenced its first pass exploration programmes.

In December 2004, the company undertook a pre-IPO financing of £715,000 in order to advance existing projects, generate new targets and examine acquisition opportunities. In January 2005, the company acquired the Sindirgi licence package from Newmont.

1.4 *Licence Status*

Ariana owns, through its local subsidiary, a total of twenty mineral exploration licences covering 36,420.00 hectares (ha) and three operation licences covering 8,054.18 ha. These licences are located mainly in Western Turkey and are currently divided into three project areas; Sindirgi, Ivrindi and Bergama, (see Table 1.1 below). The licence and project area locations are shown in Figures 1.1 and 1.2.

At the time of writing, Ariana has been awarded a further thirty-eight licences totalling some 570 km^2, primarily in Western Turkey.

Exploration licences that were acquired under the 1985 mining law have a two and a half year initial life and a two year extension option. Exploration licences acquired under the 2004 mining law have a three year initial life and a two year extension option. Operation licenses last for between ten and sixty years, conferring extraction rights of a specified reserve to the owner.

SRK has not conducted any legal due diligence on the status or obligations of the licences and is aware that Ariana has appointed an appropriate legal firm based in Ankara for this purpose.

Table 1.1: Ariana Exploration and Operating Licences

Operation Licences

Province	Reg No	Licence Name	Project	Date Granted	Life (years)	Expiry Date	Area (ha)
Balikesir	2145363	Köseler*	Sindirgi	awaited	10	awaited	1,113.47
Balikesir	2187937	Umurlar*	Sindirgi	awaited	10	awaited	3,295.09
Balikesir	2180834	Yolcupinar	Sindirgi	06/10/2004	10	06/10/2014	3,645.62
						Total	**8,054.18**

Exploration Licences

Province	Reg No	Licence Name	Project	Date Granted	Life (years)	Expiry Date	Area (ha)
Balikesir	2548097	Çamavşar	Ivrindi	30/01/2004	4.5	30/07/2008	1,926.40
Balikesir	2548296	Kinik	Ivrindi	30/01/2004	4.5	30/07/2008	1,094.68
Balikesir	2493921	Alakaya	Sindirgi	28/11/2002	4.5	28/05/2007	879.03
Balikesir	2493914	Çamalani	Sindirgi	28/11/2002	4.5	28/05/2007	2,222.78
Balikesir	2490856	Dedeler	Sindirgi	26/11/2002	4.5	26/05/2007	1,226.20
Balikesir	2490846	Dügüncüler	Sindirgi	26/11/2002	4.5	26/05/2007	1,783.43
Balikesir	2308597	Kale Köy	Sindirgi	03/04/2003	4.5	03/10/2007	1,785.50
Balikesir	2490829	Kürendere	Sindirgi	26/11/2002	4.5	26/05/2007	1,068.12
Balikesir	2490834	Y. Camli	Sindirgi	26/11/2002	4.5	26/05/2007	2,455.58
Balikesir	2166856	Yağcilar	Sindirgi	26/09/2002	4.5	26/03/2007	4,036.06
Çanakkale	2558839	Kösedere	Çanakkale	21/05/2004	4.5	21/11/2008	2,743.71
Çanakkale	2559925	Çinarpinar	Çanakkale	21/05/2004	4.5	21/11/2008	2,928.13
Çanakkale	2548391	Çirpilar	Çanakkale	30/01/2004	4.5	30/07/2008	410.49
Çanakkale	2559939	Yenice	Çanakkale	21/05/2004	4.5	21/11/2008	2,733.68
Çanakkale	2558397	Ramazanlar	Çanakkale	21/05/2004	4.5	21/11/2008	2,371.06
Çanakkale	2552555	Katrandaği	Çanakkale	23/03/2004	4.5	23/09/2008	2,030.17
Gümüşhane	2553966	Akçakale	Gümüşhane	05/04/2004	4.5	05/10/2008	531.76
Gümüşhane	2553309	Çayrağin Tepe	Gümüşhane	23/03/2004	4.5	23/09/2008	2,081.88
Gümüşhane	2553948	Uzunparmak Tepe	Gümüşhane	05/04/2004	4.5	05/10/2008	874.41
Izmir	2548389	Ümit Tepe	Bergama	30/01/2004	4.5	30/07/2008	1,236.93
						Total	**36,420.00**

* Pre-Operation licences currently being transferred to Operational Licence status under new licensing framework.

Figure 1.1: Simplified geological map of Turkey and location of project areas

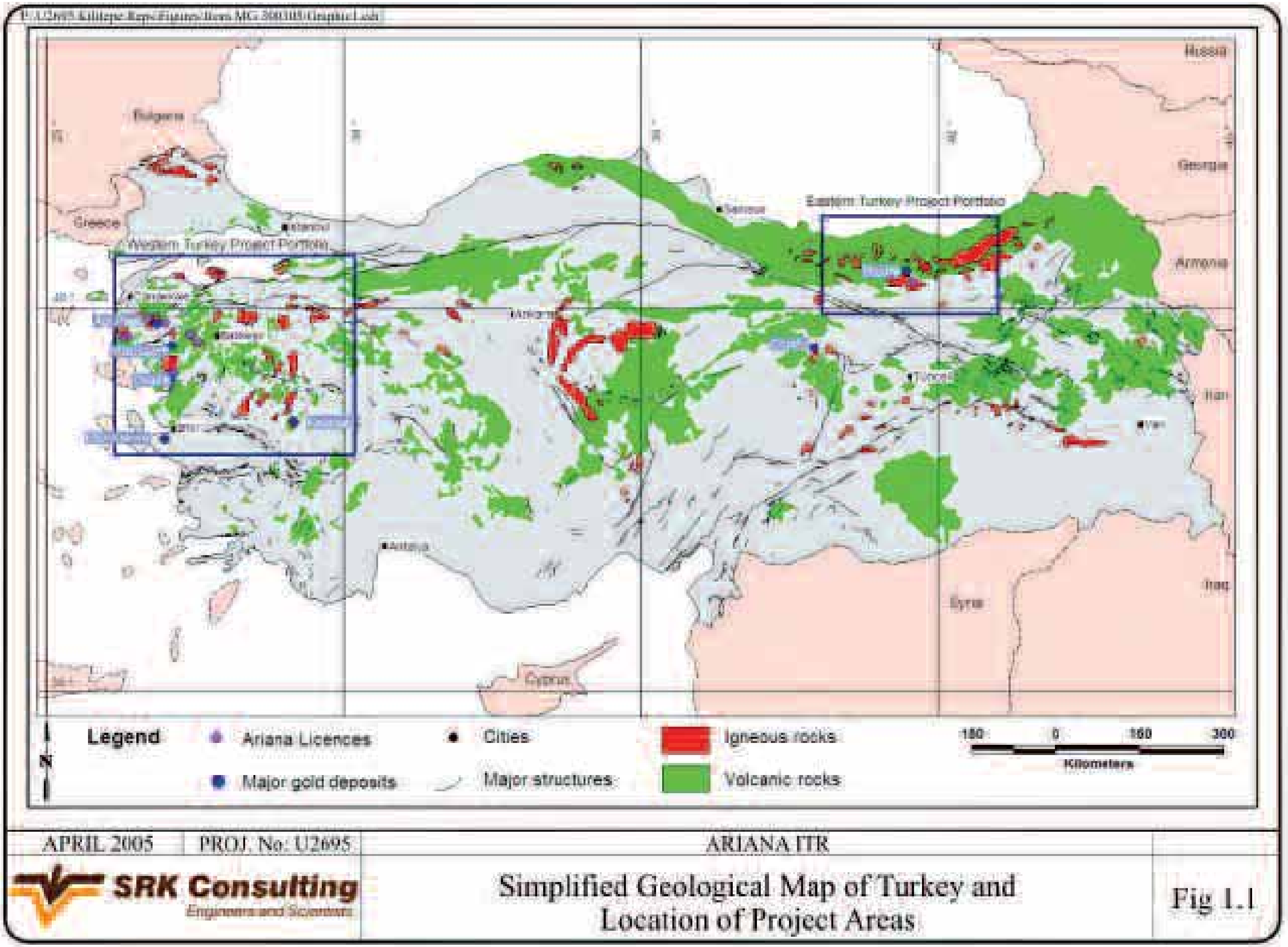
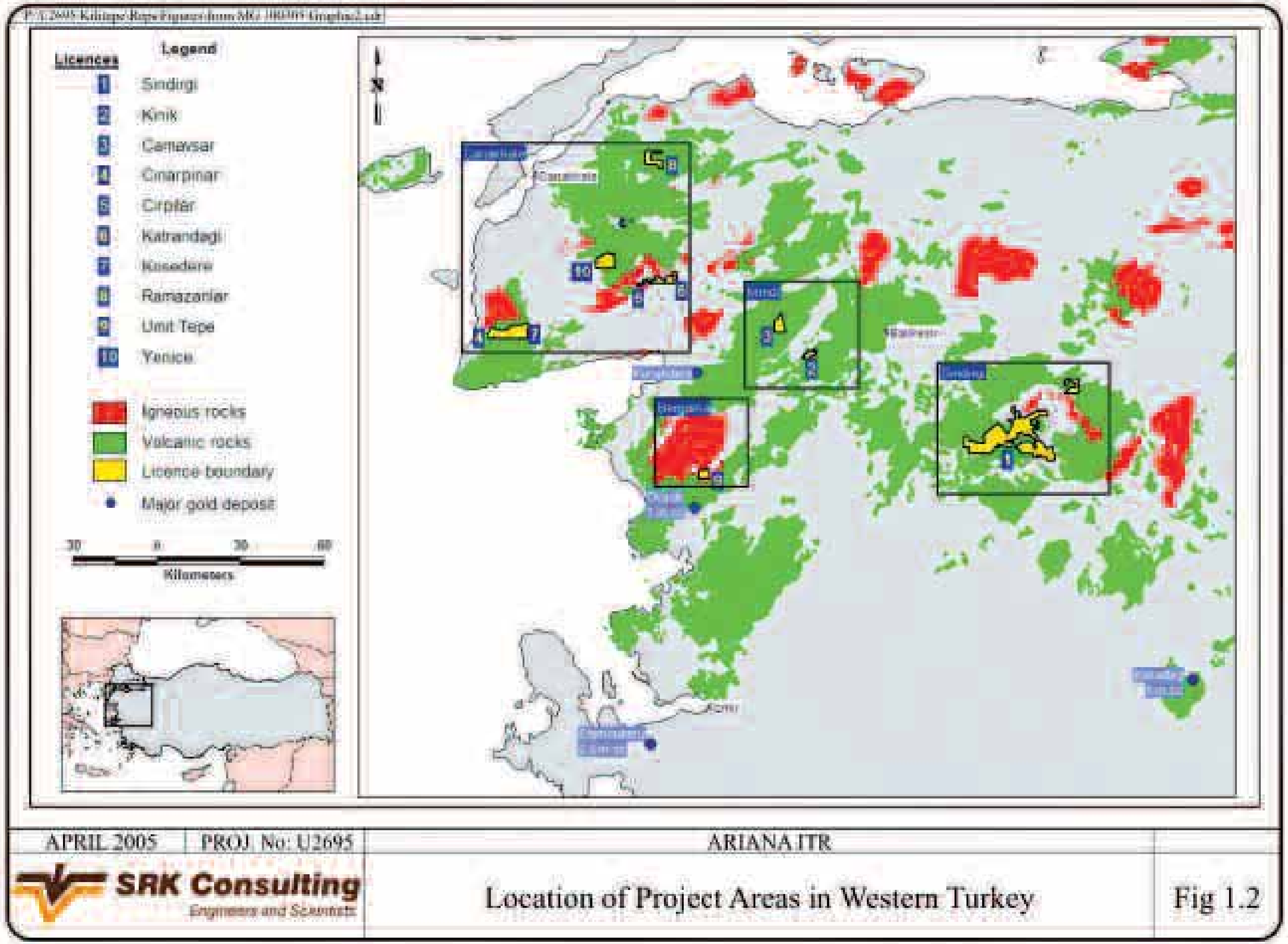


Figure 1.2: Location of project areas in Western Turkey



1.5 ***Regional Geology***

Turkey lies within a globally significant tectonic and volcanogenic zone, the Tethyan Eurasian Metallogenic Belt (TEMB), which began to form during closure of the neo-Tethys ocean in the Cretaceous and evolved during subsequent Alpine Orogeny. The TEMB extends from south-east Europe, through Turkey, Iran, southeast Afghanistan and Pakistan and through to the Himalayas.

The convergence of the Eurasian and Arabian plates resulted in the amalgamation of three major tectonic and metallogenic belts: the Pontides, Anatolides and the Taurides. These belts are a result of continental collision, arc-arc accretion and subduction-related magmatism, associated with the closure of neo-Tethys ocean. As a result of its tectonic setting, the geology of Turkey is complex and remains geologically active to the present. Epithermal, porphyry, skarn and volcanogenic massive sulphide deposits are widespread.

Ariana has a portfolio of properties in the Biga Peninsula, Western Turkey, which is dominated by the West Anatolian Volcanic and Extensional (WAVE) province. The western-most parts of this province host several major gold deposits, such as Kişladag (some five million ounces of gold) and Ovacik (one million ounces of gold) and a number of other significant gold, antimony and mercury occurrences. Magmatic activity in the region occurred during the Late Oligocene to Early Miocene, and deposited volcanic rocks of dominantly calc-alkaline and andesitic composition. Later pyroclastic rocks were deposited during explosive volcanism in the Middle to Late Miocene.

1.6 ***Epithermal Deposits***

An epithermal gold deposit is one in which the gold mineralisation occurs within one to two kilometres of the surface and is deposited from hot fluids. The temperature of the fluids is estimated to range from less than 100°C to about 300°C. During the formation of a deposit the fluids can appear at the surface as hot springs similar to those found in New Zealand. The deposits are often formed in areas of active volcanism around the margins of continents.

Low sulphidation epithermal (LS) gold fluids are reduced and have a near neutral pH. They are composed of a mixture of meteoric and magmatic waters. Gold is carried in solution and is deposited when the hot fluids approach the surface and boil. LS deposits are characterised by vein-hosted gold mineralisation in a volcanic setting. In general, the veins are finely banded, and, near the boiling zone textures may include chalcedonic and/or amythestine quartz, quartz replacing carbonates and, at the palaeo-surface, sinter deposits are found. LS deposits are generally narrow zones (<50 m) and show little dissemination of mineralisation into the adjacent wallrocks. Gold mineralisation within LS deposits is generally found in association with silver and minor base metals; trace elements usually include arsenic, antimony and mercury.

High sulphidation epithermal (HS) gold fluids are oxidised and have a low pH. They are composed primarily of magmatic waters, with minor meteoric or groundwater input. Gold is carried in solution and is deposited when the hot acidic fluids approach the surface and become cooled and neutralised as they interact with the host rocks. HS deposits are characterised by zoned alteration in near volcanic caldera settings and are interpreted to lie above Cu-Au porphyry deposits. In general, the mineralisation overprints advanced argillic alteration such as characteristic vughy silica and is limited typically to sulphide veins, open-space fill and disseminations, sometimes in phreatic breccias. HS deposits are generally wide zones (<500 m) and show much dissemination and distribution of mineralisation into the adjacent wallrocks. Gold mineralisation within HS deposits is generally found in association with silver and copper; trace elements usually include mercury, tellurium and antimony.

In Western Turkey, extension-related epithermal deposits are typically associated with Oligocene-Miocene calc-alkaline volcanic rocks and particularly with structures developed during late Cenozoic extension. In the Pontides, arc-related epithermal deposits are associated with Late Cretaceous and Eocene volcanic rocks and include both low- and high-sulphidation types.

2. Sindirgi Project

The Sindirgi Project area comprises three operation and eight exploration licences covering 23,510.88 ha. The area was originally targeted during Ariana's regional studies and acquired in early 2005 from Newmont.

Ariana has identified at least five priority prospect areas within the Sindirgi Project area; Kiziltepe, Kepez, Karaduz, Kavakliduz and Kizilçukur (from SW to NE), in addition to a number of other prospects, on which they intend to focus the majority of their initial exploration efforts. Most of these areas require further and/or initial drilling before resources can be estimated. The location of the prospects can be seen in Figure 2.1 and these are discussed individually below.

2.1 *Location*

The project area lies within the Sindirgi District of Balikesir Province in Western Turkey, some 400 km west of Ankara, 210 km south-south-west of Istanbul and 130 km north-east of Izmir, Turkey's principle cities. The nearest international airport is located at Izmir. Journey time to the project area from Izmir is approximately three hours by road.

2.2 *Physical Description*

The terrain comprises gently undulating hills, with some steeper areas in the eastern portion of the tenements. Elevations range from 400 to 900 metres amsl. Precipitation occurs mainly during the winter months, with annual temperatures in the range minus five to thirty degrees Centigrade.

Vegetation comprises grassy slopes and deciduous oaks, birch and beech, with pine forests developed on the higher slopes (thirty per cent. of the area). The areas of flatter terrain support maize, wheat, tobacco, olive groves and the occasional vineyard. The majority of the veins lie within the scrubby deciduous and pine forests, some of which are state owned.

The largest town in the region is Sindirgi, which is located ten kilometres to the immediate south-west of the project area and contains all necessary infrastructural needs. There is a good road network in the region and most of the roads are asphalt, with a minimum of two lanes and occasionally three lanes.

A number of 220 kV power lines transect the area. A floodwater protection and local irrigation dam is located to the south of the claim area and will provide water and power in the future.

2.3 *Geology of the Sindirgi Project area*

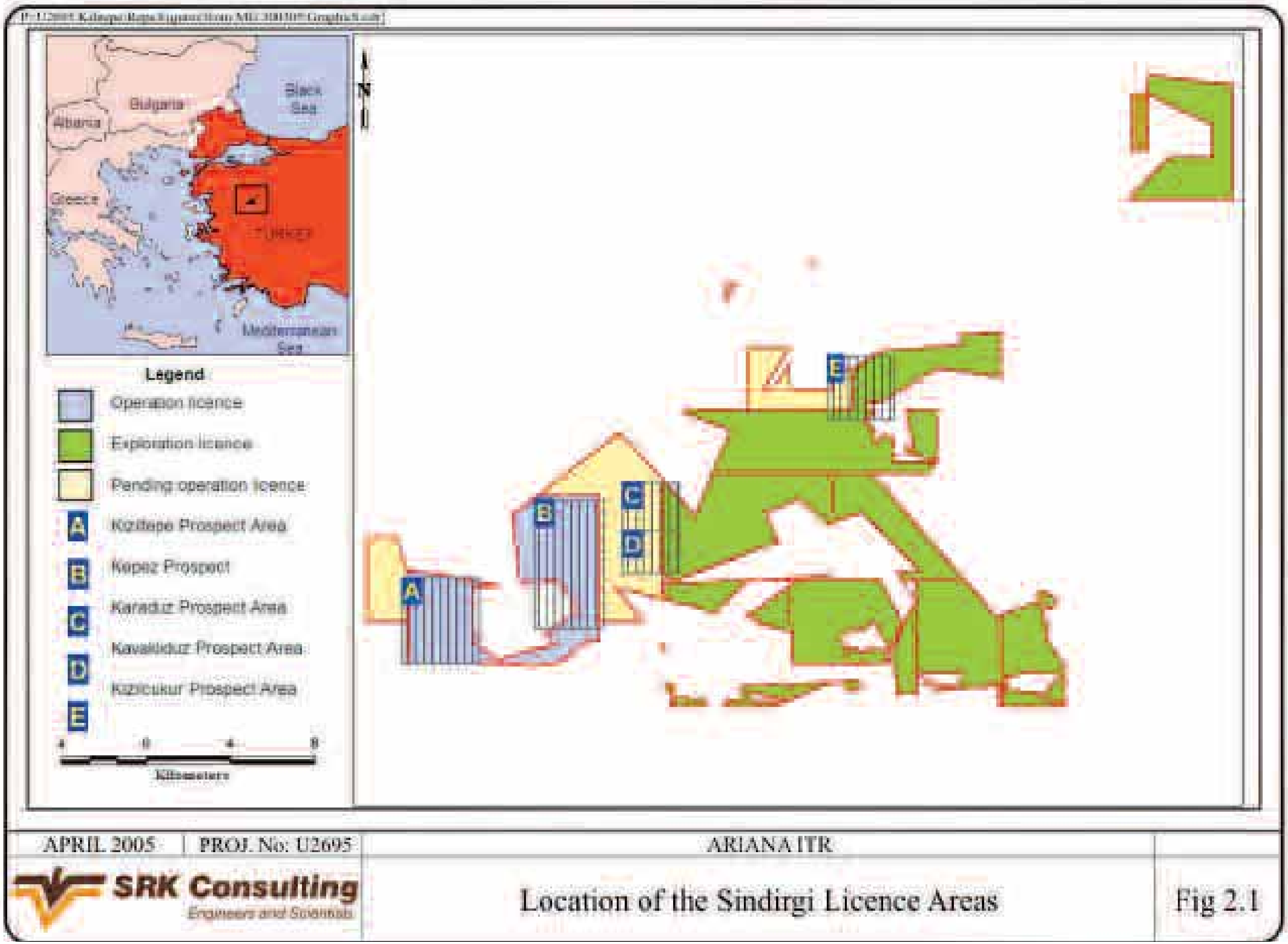
The geology of the Sindirgi area comprises a suite of intermediate volcanic rocks of Miocene age. The most important of these is a series of porphyritic andesitic to dacitic volcanic rocks of probable Early Miocene age, overlain by post-mineralisation ignimbrites (lapilli tuffs) of probable Middle Miocene age. These volcanic sequences lie on top of a Late Cretaceous ophiolitic melange, Late Palaeozoic schist and granitoids of probable Late Triassic age. These Mesozoic and Palaeozoic rocks comprise the Izmir-Ankara suture zone, which is part of the Mid-Anatolian Ophiolite belt.

The andesitic/dacitic units are the principal host to the gold mineralisation in the project area, although some mineralisation is located within rocks of the ophiolitic melange. A series of post-mineralisation, dominantly NW trending mafic dykes crosscut both the andesitic units and the ignimbrites in the area. No gold mineralisation or significant hydrothermal alteration is evident within the ignimbrites.

The most significant regional tectonic feature is the Simav Fault, which appears to terminate within the project area. This fault trends WNW to NW and is approximately 150 km long; following the course of the Simav River from Sindirgi in the west to Muratdaği in the east. The fault comprises a series of NE-dipping, sub-parallel, step faults, which appear to have allowed for some dextral strike-slip displacement. Shears developed within the Kizilbuk Formation (occurs west of Simav), which is Middle to Late Miocene age, suggests that strike-slip activity along this fault was active until the Late Miocene. After this period, rifting across western Anatolia resulted in normal faulting to dominate along this fault zone. A number of ~N-S striking transfer faults cross-cut the main Simav Fault and several of these minor faults occur in the project area and are mineralised in places.

The dominant structural trend in the project area is NW – SE and this corresponds to the preferred vein orientation, with a later E/W tending fault system that appears to offset the veining in a step like fashion. The gold mineralisation is associated with a typical low-sulphidation epithermal quartz vein system which displays, in places, classic high-level epithermal vein textures typical of boiling and palaeo-watertable levels within a fossil geothermal system. Well-developed argillic alteration haloes have been identified surrounding a number of the veins.

Figure 2.1: Location of the Sindirgi licence areas



2.4 ***Historical work***

The Sindirgi area has been subjected to varying degrees of exploration activity for over fifteen years, since its discovery during a regional BLEG stream/soil sampling programme in 1990. Much of this activity was concentrated in the early 1990's and then again in the early 2000's, by Eurogold Madencilik A.Ş ("Eurogold"), then Tuprag Metal Madencilik San. ve Tic. Ltd. Şti. an operating subsidiary of Eldorado Gold Corporation (Eldorado) and most recently by Newmont. Sample coverage for this historical exploration is illustrated in Figure 2.2.

2.4.1 *Geochemistry*

In the early 1990's, Eurogold conducted a regional BLEG stream sediment sampling programme (37 samples) and made the initial discovery of anomalous gold in the district. Follow-up stream-sediment sampling (185 samples) and rock-chip sampling (72 samples) defined the five main target areas as outlined herein.

The area was then acquired in 1992 by Eldorado, who completed a further stream-sediment sampling programme (279 samples) and a follow-up soil-sampling grid (160 samples) over the Kiziltepe area. During this phase of exploration, a further 181 rock-chip samples were also collected.

The project was acquired by Normandy La Source in 1994. During their ownership, no exploration was carried out. In 2002, when Newmont acquired Normandy La Source, Newmont undertook an extensive programme of regional and detailed rock-chip sampling (1,061 samples) and soil-sampling across the Kiziltepe and Kavakliduz prospect areas. During this phase of exploration, all samples were analysed for gold and fifty trace elements at the ALS Chemex laboratory in Izmir.

2.4.2 *Geophysics/Satellite*

No detailed geophysical surveys have been conducted in the area, but the State geological survey (Maden Tetkik ve Arama [MTA]) has undertaken regional airborne aeromagnetics and ground-based gravimetry, but the data is very low resolution and is currently provided in paper format only.

Eldorado used Landsat colour-composite images to refine their exploration targeting in the region and Newmont undertook Landsat and Quickbird structural interpretations across the Sindirgi District (Figure 2.2).

2.4.3 *Drilling*

A total of thirty-seven drill holes have been completed on the project area; these are detailed in Table 2.1. Seventeen initial drill holes were drilled by Eldorado in 1992, of which eight were undertaken on the Kiziltepe prospect and nine were undertaken on the Kepez prospect. The remaining twenty drill holes were made by Newmont in 2002/2003, of which eighteen were diamond drill holes on the Kiziltepe prospect and two were diamond drill holes on the Karaduz prospect. A total of 3,979.2 m of diamond drilling has been completed.

Figure 2.2 : Sindirgi historical sampling data

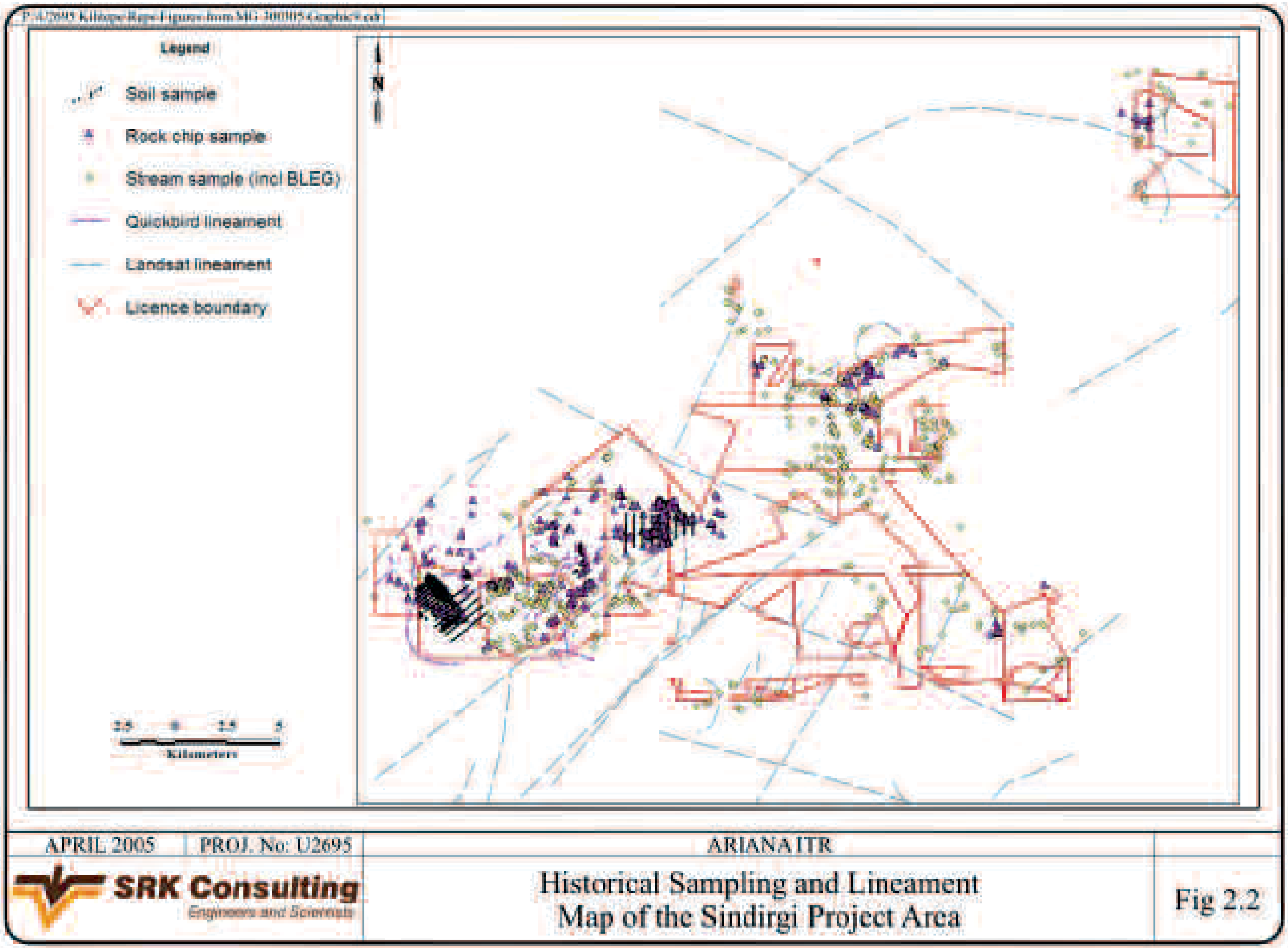


Table 2.1: Summary of Historical Exploration Results at Sindirgi

Prospect	No. Holes Drilled	Total Mapped Vein Length (m)	Drilled Vein Length (m)	Total Drilling (m)	Best Rock-chip Results (g/t Au)†	Selected Drill Intersections
Kiziltepe[1]	26	19,565	1,350	3,425	**22.6 - 12.8 - 12.0 - 10.4 - 9.3**	14m @ 3.9 g/t Au (KT06) 11m @ 3.7g/t Au (KT01) 10m @ 7.2g/t Au (KT03) 7m @ 10.6g/t Au (RSC8)
Karaduz[3]	2	11,565	80	554	**2.3 -** 1.1 - 1.1 - 0.7 - 0.6	14m @ 0.9g/t Au (KR1) 8m @ 0.7g/t Au (KR2)
Kepez[2]	9	7,830	470	400	**9.9 - 2.6 -** 2.3 - 1.6 - 1.5	4m @ 6.9g/t Au (KEC1) 1m @ 2.2g/t Au (KEC2)
Kavakliduz		3,250			**8.9 - 3.5 - 2.8 - 2.3 -** 1.1	
Besagaç		1,800			**14.5 - 2.7 - 2.2 -** 1.9 - 1.5	
Kizilçukur		1,500			1.9 - 0.5 - 0.2 - 0.1 - <0.1	
Umurlar		760			**2.6 - 2.3** - 1.6 - 1.5 - 1.4	
Total	**37**	**46,270**	**1,900**	**4,379**		

† The top 5 rock-chip results are shown for each prospect area. >2 g/t Au rock-chips are shown in bold.

Selected mineralised intersections are approximations based on the following:

1. SRK review of project data on behalf of Ariana (3g/t Au cut-off).
2. Herget, G. 1992. Summary report: Roadside veins and Kepez prospects. Eldorado Metal Madencilik Ltd.
3. Review of drilling data by R.F. Osman on behalf of Ariana (0.5 g/t cut-off).

2.4.4 Sample quality

The sample volume of the Eldorado drilling on the Kiziltepe prospect is not known. Assays for the Eldorado drilling samples were completed for silver (Ag), arsenic (As), mercury (Hg), antimony (Sb) and gold (Au) by Inductively Coupled Plasma Spectrometer (ICP) and Au was determined by fire assay. A programme of QA/QC may be possible on the Eldorado core if it is still available and uncontaminated. The diamond drill core recovered from the Kepez prospect is stored at Eldorado's core storage facility in Çanakkale.

The diamond drilling undertaken by Newmont on the Kiziltepe and Karaduz prospects produced HQ and NQ core. QA/QC was conducted by Newmont on the diamond drill core. In general, three standards and a single blank were included with each borehole/sample batch. Correlations between expected and reported values are generally good. Assays for the drill core samples were completed for 50 elements including Au and Ag.

Core recoveries are quoted by Newmont as being 86.2 per cent. (weighted average recovery for the entire core). In the brief review by SRK of the Newmont core at site, core recoveries in the hanging and footwall zones appeared to be acceptable (>90 per cent.), but within areas of vein development much of the quartz vein material had been ground, indicating drilling difficulties due to the friable nature of the mineralised zone. An estimated core recovery for the mineralised zones inspected was between 25 and 30 per cent. It is considered possible that gold may have been lost due to washing, grinding and loss of fines during the drilling process and that the current assays are therefore under reporting the gold mineralisation. It is uncertain whether the apparent poor recovery is related to vughy mineralised zones, poor quality core, core losses and/or over sampling and further investigation is required in this regard.

Whilst the drilling results provide useful information concerning the continuity of veins and gold mineralisation at depth, there is insufficient confidence in the sample grades to enable them to be used in resource estimation. Until confidence in the representativeness of the drillhole samples is proved, SRK considers the current data to be unsuitable to support a Mineral Resource estimate as defined by the JORC Code, for example. Further drilling should include verification diamond drilling, using triple-tube equipment and experienced drillers, with the aim of producing good core recoveries and representative samples. Reverse Circulation (RC) drilling and rock saw channel sampling of the veins will also assist in grade confidence.

Ariana is not aware of any metallurgical testwork or petrographic studies that have been undertaken by Eldorado or Newmont on the mineralised intersections. The mineralisation style on almost all veins tested appears similar to that at the Ovacik gold mine, where sulphides form only a very small proportion of the quartz-vein hosted ore. The mineralisation is considered typical of many rift-related low-sulphidation deposits. However, some drill intersections on the Arzu Vein (previously referred to as Vein 1) intersected greater quantities of sulphide mineralisation in the wallrocks, which are gold mineralised in part.

2.5 *Kiziltepe*

The Kiziltepe prospect is situated in the western portion of the project area, near the village of Yusufçam in the west and Yolcupinar in the east. Kiziltepe is reached on the Sindirgi-Simav asphalt road and the discovery outcrop of the Arzu Vein is located close to the road, giving rise to the prospect's original name – 'Roadside Veins'.

2.5.1 *Geology*

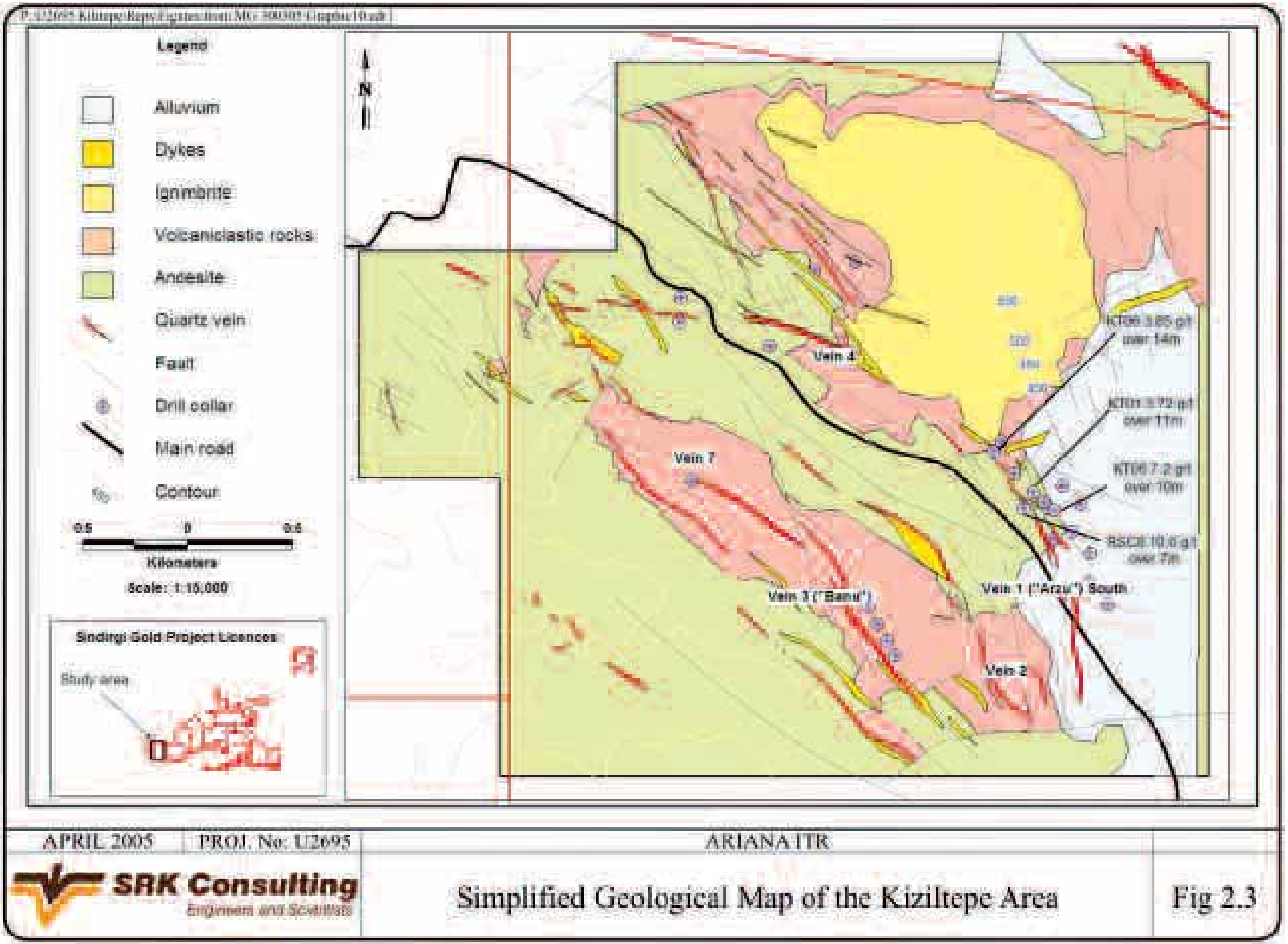
The gold mineralisation at Kiziltepe is located in a series of low-sulphidation epithermal quartz veins, trending NW and NNW, dipping typically to the northeast and hosted within an andesitic volcanic unit. To date, seven main veins have been defined by geological mapping, rock-chip and soil sampling, although some of these may be the same vein partially covered by post-mineralisation ignimbrite flows. Several gabbroic dykes, lying sub-parallel to the northwesterly fabric/vein trend also outcrop and locally crosscut the veins.

Approximately 19.5 km of veins outcrop within the Kiziltepe area, which includes the seven main veins and a number of additional veins. The veins occur in an area of approximately 3 x 1 km. Individual veins are exposed over 350 to 700 m of strike length. The veins are characteristically low-sulphidation epithermal quartz veins containing minor disseminated pyrite (<1 per cent.), possible silver chlorides and gold. Figure 2.3 shows a simplified geological plan of the Kiziltepe prospect. Further veining at Besagac was sampled historically; this probable extension to Vein 5 lies just to the west of the licence boundary.

During SRK's field visit, several vein outcrops were inspected on the Kiziltepe licence. At the Arzu Vein, evidence for the veining being close to a boiling zone was noted, seen as bladed quartz crystals after carbonate textures. Also, massive white quartz was observed, indicating high-level emplacement, close to the palaeo-water table. Silver/gold ratios support textural evidence that there is a southeast plunge component to the vein, in that distance from palaeo-surface increases towards the northwest. Drilling data indicates that the vein is generally steeply dipping, between 70º and 85º to the northeast.

At Vein 3 ("Banu Vein"), evidence for high-level emplacement and low-temperature vein formation was noted as ribbon-like sinter features and amethystine quartz, particularly in the northwestern parts of the vein. Boxwork and lattice textures become more abundant to the southeast, suggesting that distance from palaeo-surface increases towards the southeast. Drilling data indicates that the vein is steeply dipping, between vertical and 80º to the southwest. Veins 4 and 6 also display near-surface characteristics, indicated by low-temperature chalcedonic, open-space filling quartz.

Figure 2.3: Rock Chips and Soil Samples in the Kiziltepe Area



2.5.2 *Historical work*

Exploration within the area includes the original BLEG and stream-sediment sampling, mapping and rock-chip sampling and an eight hole diamond drill programme in 1992 undertaken by Eldorado. This drilling amounted to 514.55 m, varying from 50.00 to 105.80 m in depth, located along the Arzu and Banu veins. In 2002, following further anomaly definition, the area was drilled by Newmont. This phase of diamond drilling comprised eighteen holes, totalling 2,909.20 m and ranging from 87.00 to 271.05 m in depth.

2.5.3 *Results to date*

The average width of veins in the Kiziltepe area varies between 1 and 14 m and the average strike length is between 350 and 500 m. However, it is considered possible that several veins (e.g. Arzu Vein and Vein 4) may in fact be the same vein zone with the central portion covered by post-mineralisation lapilli tuffs, thus giving the veins some 1,200 m of potential strike. Gold in drilling intersections above a 3 g/t cut off range between 1.2 m at 3.8 g/t and 7.5 m at 10.6 g/t.

SRK has made an appraisal of the tonnage and grade of the Arzu Vein and its possible northwestern extensions, based on drilling results to date; this is illustrated in Figure 2.4. The geometry of the vein in the south is well-defined by drilling and a reasonable estimate of volume has been made in this sector. However, density measurements are not available, so an estimate of 2.5 t/m^3 has been used for tonnage estimation. No three dimensional grade model has been produced; instead, a mean grade of all drilling data in the southern part of the Arzu Vein has been calculated using a back-transformation of the log-mean. No outlier high grades are considered to affect the estimate adversely.

However, the representativeness of the drill hole samples may be poor due to the low core recoveries achieved; considerable bias may exist in the sample grades. This reduces confidence in any estimate of grade and contained metal at present and means that there is inadequate confidence in the data to support even the low level reasons given above.

A preliminary model for the southern part of the Arzu Vein comprises 1.1 Mt. In this model, the historical data, which may be biased, gives an average grade of 4.2 g/t for a metal content of 150,000 ounces; however, good quality confirmatory drilling and channel sampling should be undertaken before a Mineral Resource estimate can be made in accordance with the JORC Code.

2.5.4 *Future programme*

Textural evidence from the outcropping veins and drill holes indicates a high level within a fossil epithermal system and, in order to target more robust high grade mineralisation, a programme of deeper drilling is required. There is evidence to suggest that the Arzu Vein system plunges gently towards the southeast (25°-30°) and future drilling should be planned with this in mind.

The northwestern extension of the Arzu Vein beneath the lapilli tuff cover sequence should also be investigated by drilling, combined with detailed mapping and sampling of Vein 4 outcrop, which is further evidence for the strike extension of the Arzu Vein.

The remaining veins have little or no drilling and future work should focus on the following aspects:

- detailed mapping and saw-cut channel sampling of the individual veins;
- define main anomalies, prioritise target areas;
- plan drill programme using geochemistry and textural evidence for targeting and drill depths, to maximise hit rate; and
- incorporate Thematic Mapper (TM) structural interpretation, Alteration Survey Device (ASD) and fluid inclusion data in the prioritisation and targeting of anomalous vein zones.

Figure 2.4: Geological Map of the Kiziltepe Area

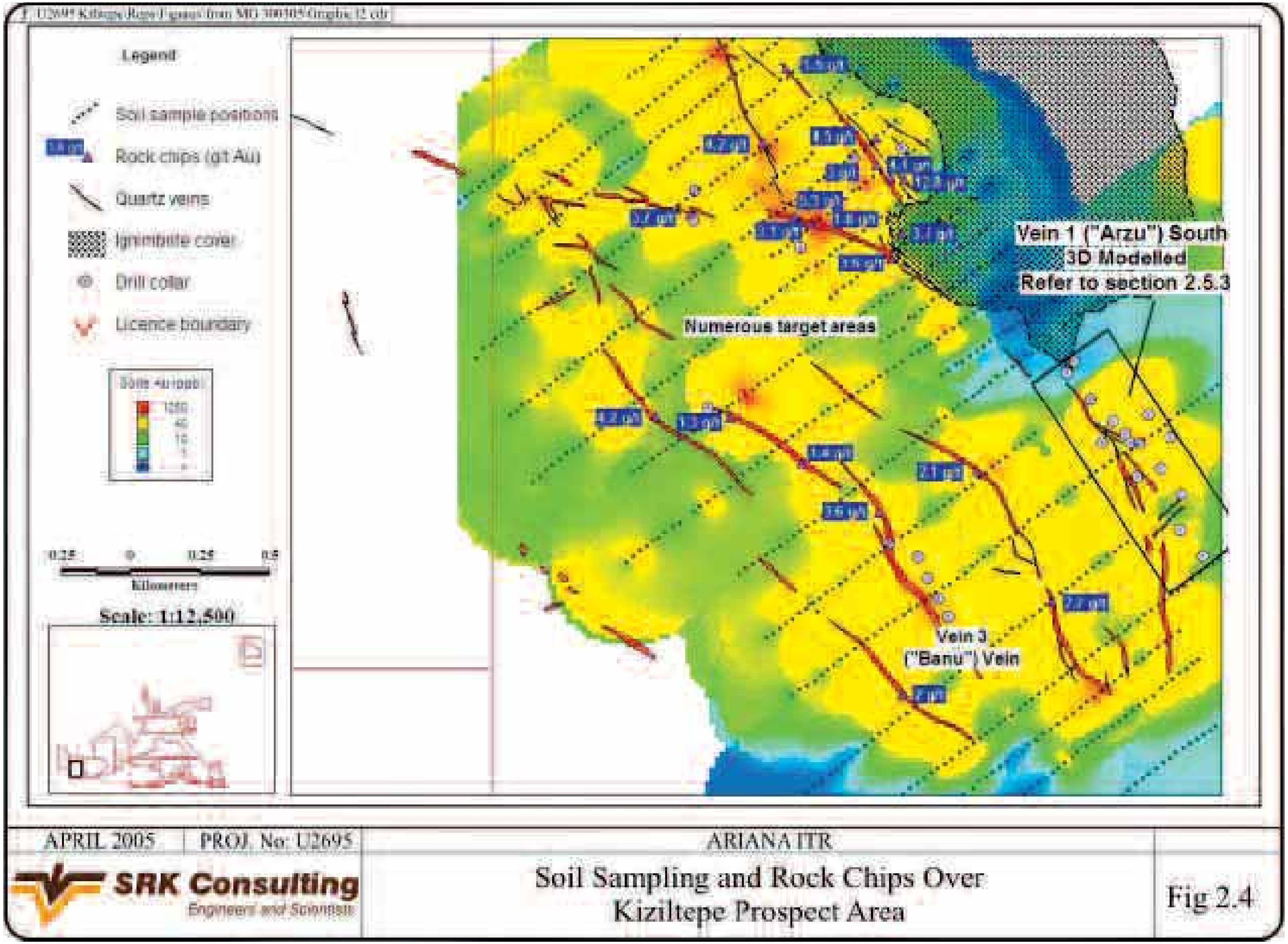
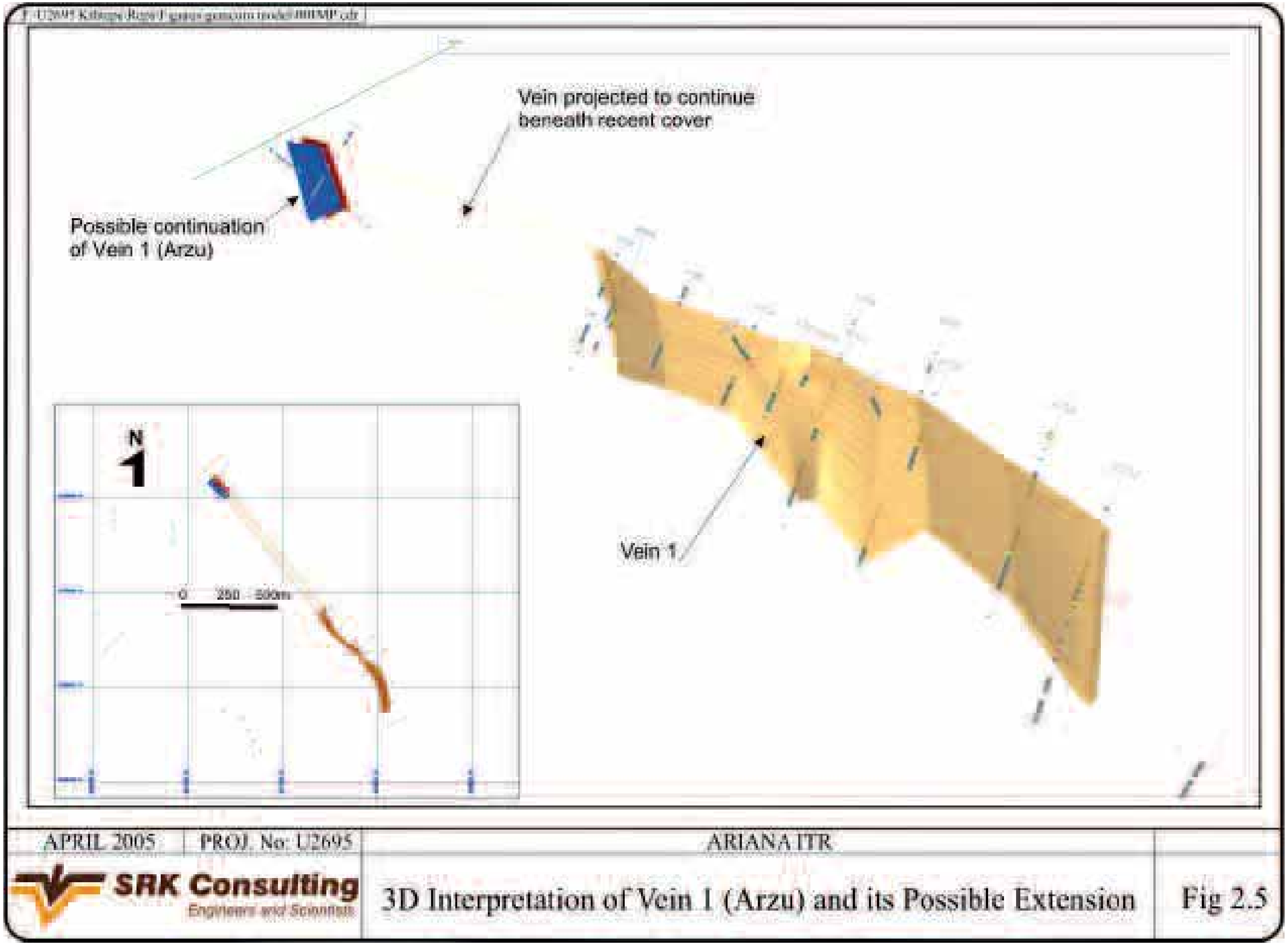


Figure 2.5: 3D Interpretation of Vein 1 (Arzu)



2.6 ***Kepez***

The Kepez prospect is situated near the middle of the project area near the villages of Kepez and Hisaralan. The area is reached by village roads and forestry tracks. This area was not visited by SRK and the data presented is that provided from an exploration report prepared by Eldorado in 1992.

2.6.1 *Geology*

The mineralisation at Kepez comprises low-sulphidation style epithermal veins and hydrothermal vein breccia typically hosted by variably altered andesite; these are illustrated in Figure 2.5. The vein breccia, identified in Figure 2.5 as "moderately dense veining", has not been sampled, but appears to be connected to the main veins. There is a strong north-south structural control on the Kepez epithermal system and gold mineralisation extends over a strike length of some 2.5 km, in two discrete zones at Karakaya-Kasayan Tepe in the north and Kepez Tepe in the south.

At Karakaya Tepe, the mineralisation is confined to a 50° west-dipping zone in which silicified andesites follow the contact between Tertiary volcanoclastics in the west and a Cretaceous ophiolitic sequence in the east. The best gold grades are found within matrix-supported hydrothermal quartz breccias within this zone. To the south of Karakaya Tepe, at Kasayan Tepe, the silicified zones in the andesite split, but still contain minor quartz veins with extensive argillic alteration haloes. Despite lower gold grades in this area, there is evidence of old mine workings. In the southern prospect area, at Kepez Tepe, the density of veins increases and are identifiable as ridges on the landscape. The main prospect area at Kepez Tepe comprises a 5 m wide silicified structure trending NE-SW over a 600 m strike length. Gold grades are higher here than at Kasayan Tepe.

2.6.2 *Historical work*

A rock-chip and channel sampling programme undertaken by Eldorado in 1992 was followed up with nine drill holes totalling 400 m, which were designed to test the vein at Karakaya Tepe (also known as Kepez Vein 1).

2.6.3 Results to date

Rock-chip results surrounding the mapped veins showed promising concentrations of epithermal pathfinder elements. Channel samples taken from a 5 m wide silicified zone to the east of an old working on the hydrothermal breccia at Karakaya Tepe returned an average grade of some 9.5 g/t Au. Each drill hole encountered some mineralisation, with two intersecting, encouraging gold grades (KEC1: 4 m at an average grade of 6.9 g/t gold and KEC8: 1 m at an average grade of 2.2 g/t gold). Thickness of the vein was noted to increase with depth.

2.6.4 *Future programme*

The indications are that exposed mineralisation at Kepez is representative of a high level within a fossil epithermal system and that deeper drilling is warranted. Further mapping and channel sampling is recommended in order to better define the anomalous areas prior to any drilling campaign.

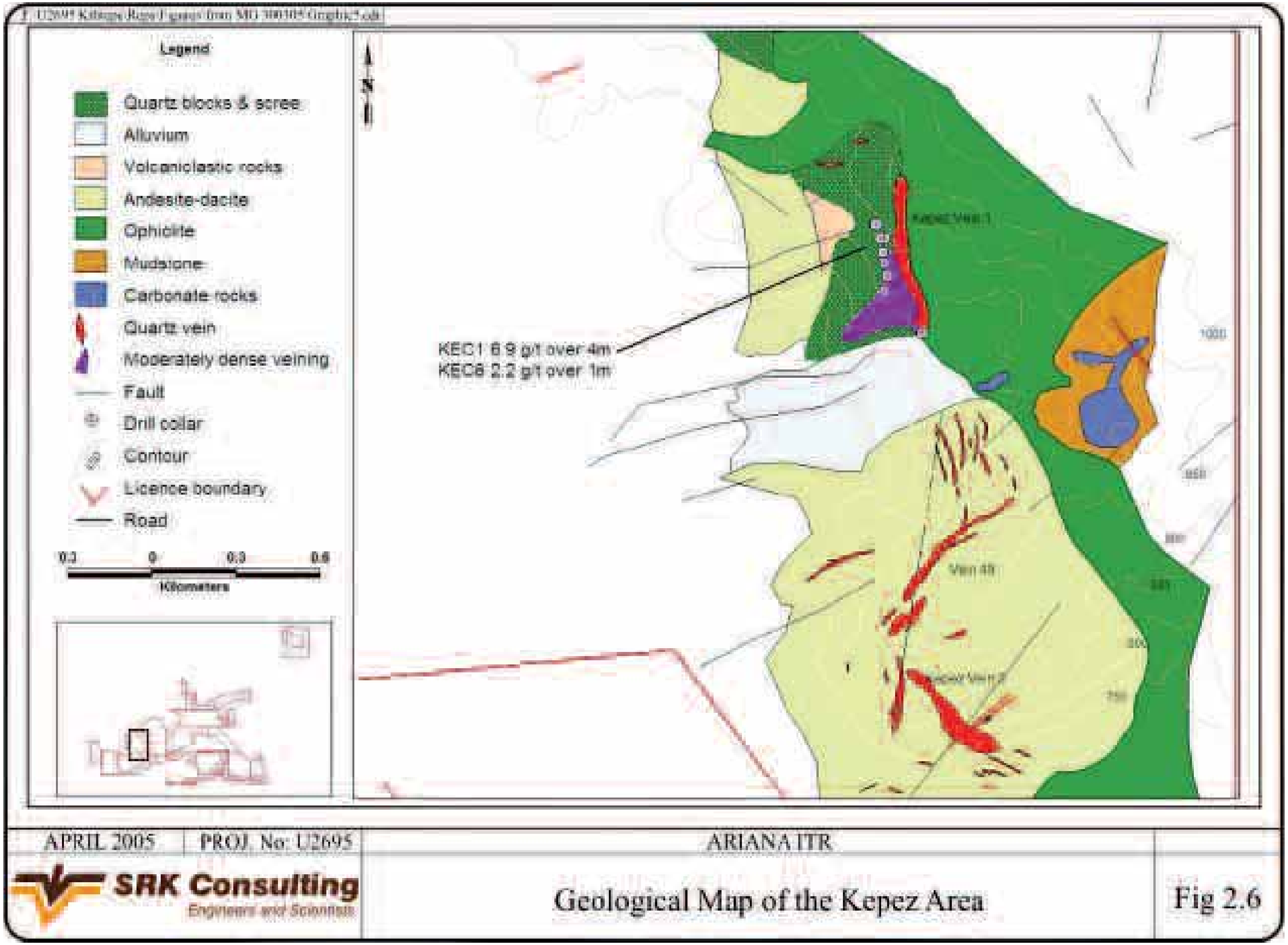
2.7 ***Karaduz***

The Karaduz prospect is located in the northern central portion of the Sindirgi Project area, to the northeast of the village of Hisaralan. This area was briefly studied during SRK's field visit and appears to be part of a much larger system of alteration and vein development.

2.7.1 Geology

A large zone (1.5 x 0.5 km) of silicification, forming a ridge crest orientated NW/SE, hosts numerous quartz veinlets and stringers. This zone lies to the northeast of an area mapped as sinter and if this is the case the Karaduz prospect could represent an extensive area of high level hydrothermal silica deposition. Further along this ridge to the southeast, old workings are located at the intersection of two veins.

Figure 2.6: Geological map of the Kepez area



From the limited amount of information available on this area and SRK's visit to Karaduz, it would appear that the mineralisation discovered to date is hosted within quartz stringers in the footwall of a zone of massive silicification. The mineralisation is hosted by andesitic volcanic rocks in close association to basement gneisses in the western part of the prospect area. Figure 2.6 shows a simplified geological plan of the Karaduz area.

2.7.2 *Historical work*

Gold mineralisation at Karaduz was discovered during the 1990 BLEG/stream sediment programme conducted by Eurogold and followed up by Newmont in 2002, when geological mapping and rock-chip sampling (225 samples) were undertaken. After this sampling, two diamond drill holes totalling 554.40 m were drilled on the prospect, with depths of 254.40 m to 300.00 m.

2.7.3 *Results to date*

The exploration at Karaduz has outlined several zones of silicification along a strike length of some 3.6 km, averaging 5.2 m in width. The largest individual zone measures some 460 x 5 m. Rock-chip sampling over the zone returned a best value of 2.5 g/t Au with coincident anomalous As, Sb and Hg.

Results from the drilling indicate that veinlets in the footwall of the silicified zone were the only structures carrying any gold mineralisation. Values reported were in the range 0.61 to 1.07 g/t Au over widths of 2.75 to 3.35 m.

2.7.4 *Future programme*

The currently available geological evidence suggests that the exposed mineralisation at Karaduz is representative of a high level within a fossil epithermal system. Further mapping and sampling is required in order to better define the anomalous areas prior to conducting a saw cut channel sampling and diamond drilling campaign.

This area is large and SRK consider the prospectivity of the region to be good.

2.8 ***Kavakliduz***

Kavakliduz lies 3.5 km to the northwest of the village of Kepez and has not been visited by SRK.

2.8.1 *Geology*

The prospect hosts epithermal veins within andesitic units. Zones of stockwork veins, individual veins up to 10 m in width and breccia units have all been identified. Several veins have been located in an area of 1.2 x 0.5 km with the largest vein 3 m wide and 500 m long. The quartz is chalcedonic with some lattice textures. The geology of the Kavakliduz prospect is shown in Figure 2.6. A string of small workings exists in the northwest.

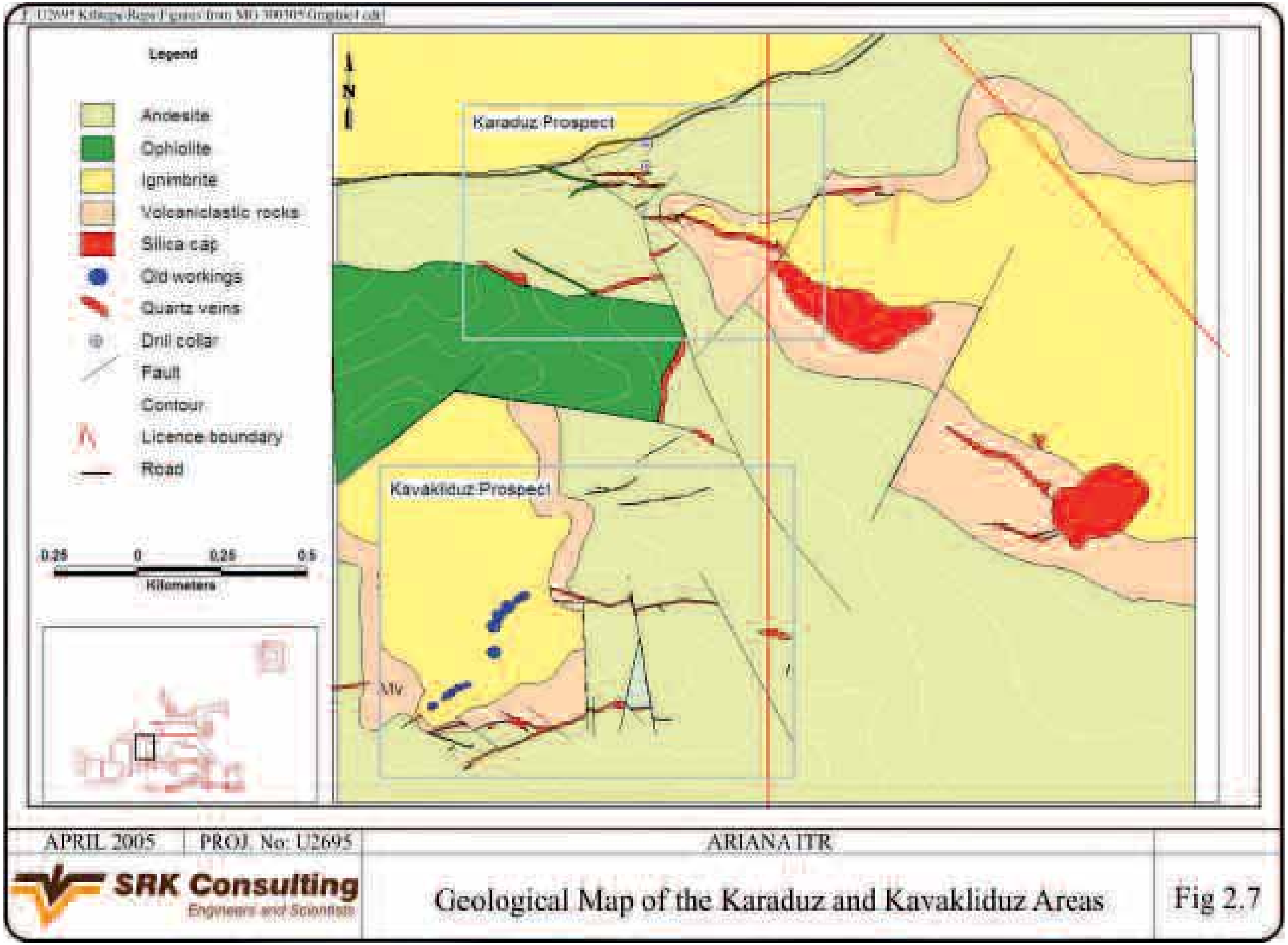
2.8.2 *Historical work*

To date, none of these areas has undergone any extensive exploration work. The prospect was discovered during the early BLEG and stream-sediment sampling programme undertaken by Eurogold; additional regional/reconnaissance type mapping and rock-chip sampling have been completed. A soil geochemical survey was also undertaken on the prospect by Newmont in 2003.

2.8.3 *Results to date*

At Kavakliduz, a 4.8 km soil-sampling programme (501 samples) was completed and 13 quartz zones were identified. Reconnaissance rock-chip sampling (91 samples) returned several anomalous values up to 3.5 g/t Au. At Umurlar, to the northwest of Kavakliduz, two areas of silification were noted with sampling (24 samples) returning values of up to 2.6 g/t Au and 14.1 g/t Ag.

Figure 2.7: Geological map of the Karaduz and Kavakliduz areas



2.8.4 *Future programme*

Kavakliduz and the nearby prospects are high priority targets with significant anomalous gold and trace element geochemical values and therefore require much more exploration. Ariana should aim to complete detailed mapping and rock-chip/channel sampling of the prospects to better define and prioritise drilling targets.

2.9 *Kizilçukur*

The Kizilçukur prospect is located approximately 2 km ENE from the village of Köseler. This area was not visited by SRK and the information provided is that given by Ariana. The area contains multiple parallel veins, some of which trend across the northern boundary of the licence. This area was the last prospect worked on by Newmont in 2003. Newmont undertook a soil geochemical grid in the area and determined potential for a low-sulphidation style mineralised system. Little work focused on the extensions of this system within the licence boundary and this is considered an area worthy of some follow-up.

2.10 *Remaining licence area*

Ariana intends to continue with more regional work over the remaining portions of the Sindirgi Project area. An ASTER study was initiated in February 2005, to examine the potential for further low and high sulphidation targets (refer to Section 6.4). Currently, the more obvious targets have been explored but only a small portion of the district's potential has been evaluated. A detailed Landsat TM structural interpretation should be completed over the region and integrated with the exploration data currently available. Further interpretation work, coupled with the BLEG and stream-sediment sampling data already available, may help to highlight further areas of interest.

3. Ivrindi Project

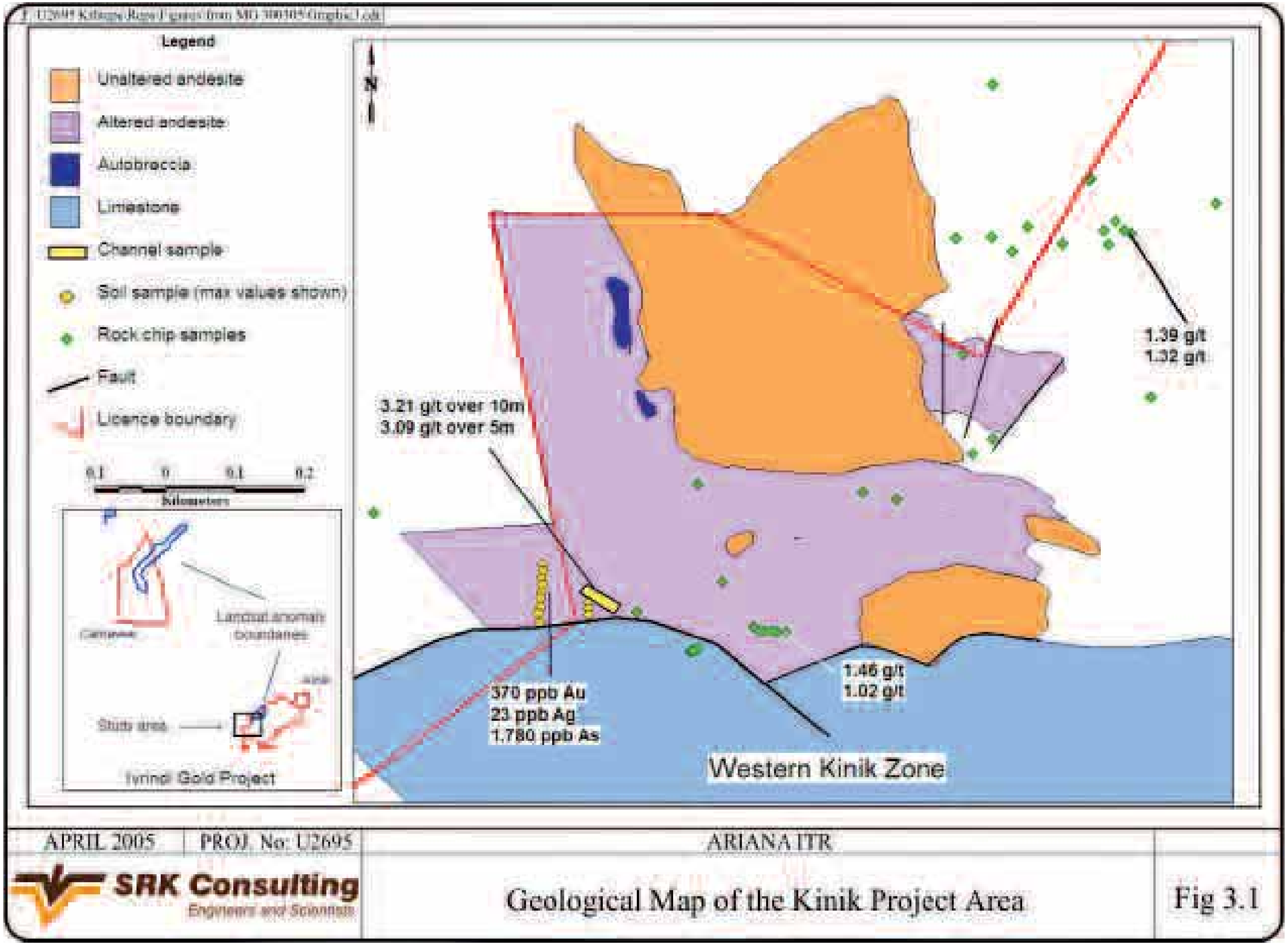
The Ivrindi Project area comprises two licences totalling 3,021.08 ha but located about 10 km apart in the Ivrindi District of Balikesir Province, western Turkey; their locations are shown in Figure 1.2. These licences are situated about 4-8 km from the district seat of Ivrindi, in a region of hilly, generally cultivated topography. Tree cover is approximately 15 per cent. and comprises open deciduous and evergreen forest. The Kinik licence area contains the villages of Kinik and Kömürcü and the Çamavsar Licence area contains the villages of Çamavsar and Gökçeler.

3.1 *Geology*

The Kinik licence is situated in a highly-faulted structural corridor associated with epithermal Au-Ag and Sb mineralisation. The geology is illustrated in Figure 3.1. Outcrop in the licence is good and consists mainly of relatively unaltered andesitic volcanic and sub-volcanic porphyritic rocks, which are probably Late Oligocene to Middle Miocene in age. In places, the andesitic units are juxtaposed against limestone basement rocks that are probably Permo-Triassic in age. The juxtaposition of these units is caused by a series of closely-spaced, ENE-trending, north- and south-dipping normal faults related to graben formation during the Late Miocene. In places, the contacts between basement and andesitic rocks are marked by 5-10 m wide fault breccias. Argillic alteration of the andesitic host rock in the mineralised area is distributed within a broad 500 m x 100 m halo. The altered andesite contains abundant haematitic and limonitic veinlets in places. Part of the mineralisation may also be disseminated finely within the host rock as indicated by iron-oxide staining in the absence of haematitic veinlets.

The Çamavsar licence lies within a structural and metallogenic trend that runs parallel to that at Kinik. Outcrop in the licence is excellent and consists mainly of relatively unaltered andesitic volcanic and sub-volcanic porphyritic rocks, which are probably Late Oligocene to Middle Miocene in age. The geometry of the Landsat alteration anomaly corresponds well with two regionally significant structural orientations and field reconnaissance identified the juxtaposition of basement and volcanic rocks.

Figure 3.1: Geological map of the Kinik area



3.2 *Results to date*

Both the Kinik and Çamavsar licences were acquired following delineation of Landsat remote-sensing alteration anomalies spanning 1,500 x 500 m and 4,000 x 500 m, respectively. Follow-up ASTER remote-sensing analysis of the alteration anomalies in both licences showed the presence of alunite and kaolinite, which are indicative alteration minerals in high-sulphidation epithermal systems. Field reconnaissance, geological mapping and rock-chip sampling commenced in 2004.

Since the initiation of exploration, the Kinik licence has received more attention than the Çamavsar licence. The Kinik licence has been explored by stream-sediment (12 samples) and rock-chip sampling (99 samples). In comparison, only 5 stream-sediment and 24 rock-chip samples were collected from the Çamavsar licence during two reconnaissance visits, yielding a peak rock-chip of 0.12 g/t Au.

On the Kinik licence, the rock-chip sampling programme identified a fault zone in altered andesite which contains significantly anomalous gold (rock-chip of 5.32 g/t Au). In addition, a further area of anomalous gold (peak rock-chips of 1.39 and 1.32 g/t Au) was identified approximately 900 m ENE from the initial anomalous area.

These sufficiently anomalous rock-chip results were followed up by additional rock-chip sampling and a single 48 m long channel sample. The channel samples returned 48 m of mineralisation with higher grade sections of 3.21 g/t over 10 m, 3.09 g/t over 5 m and 1.4 g/t over 13 m (using a 0.5 g/t Au cut-off) and a peak grade of 10.42 g/t. Significantly the channel sample begins and ends in ore grades and the depth continuity of the channel was confirmed by a 9 m long secondary channel (composite grade over channel – 9 m @ 3.32 g/t) cut 2 m beneath the highest grade intersection on the first channel. The continuation of the alteration zone to the east of the area channel sampled was determined and a series of composite rock-chips yielded grades ranging from 0.13 to 1.46 g/t Au. These samples confirmed the strike continuation of the mineralised zone to the east. A small (13 samples) MMI soil geochemical survey was undertaken to the west of the channel sample and this too confirmed the strike continuation of the mineralised zone to the west, as all samples analysed were anomalous in gold (peak soil Au value of 370 ppb).

3.3 *Future programme*

The main anomalous area in the Kinik licence requires follow-up with soil geochemical sampling and possible trenching. Current geological mapping and rock-chipping is focused around the main prospect area and this needs to be expanded to include surrounding geology to help identify potential new target zones.

4. Bergama Project

The Bergama Project area comprises one licence, Ümit Tepe, totalling 1,236.93 ha, located in the Bergama District of Izmir Province in western Turkey. This licence is located 8 km from the district seat of Bergama, in a region of mountainous topography. Tree cover is approximately 90 per cent. and comprises open pine forest. The licence contains no villages and is situated wholly within ground maintained by the forestry commission.

4.1 *Geology*

The geology of the Ümit Tepe licence is dominated by Late Oligocene to Early Miocene subvolcanic andesitic porphyry, Kozak granodiorite and Lower Triassic Kinik Formation limestone, mudstones and slate. Some metasedimentary rock units are entrained as large xenoliths within the granodiorite. These rocks are dissected by a number of thrust and strike-slip faults. Normal re-activation of some of these faults is suspected, due to the caldera margin geological setting.

Two major faults were identified as the loci of widespread silica and pyrite alteration. The contact zone between the basement limestone and the granodiorite is the location of many of the skarn bodies identified during exploration.

4.2 *Results to date*

The Ümit Tepe licence is situated in an area containing a significant number of gold occurrences. Ariana investigated this anomalism by stream-sediment and rock-chip sampling, in conjunction with reconnaissance geological mapping. The stream-sediment data indicates that the anomalies appear to be associated with an E-W trending thrust fault in the southern part of the licence area.

The most significant rock-chip value (1.41 g/t Au) was obtained from a zone of skarn mineralisation at Maden Tepe in the northeast sector of the licence and further skarn bodies have been identified in the central part of the licence. These skarns are magnetite-marcasite-pyrite-chalcopyrite bearing, with iron values exceeding 50 per cent., copper values up to 1 per cent. and silver values up to 23 g/t.

The most significant BLEG stream-sediment anomalies (124.38 and 33.12 ppb) occur in the northern part of the licence and suggest that the hilltops to the immediate north of the licence may contain gold mineralisation of interest.

4.3 *Future programme*

Further rock-chip sampling and mapping of the skarn mineralisation needs to be undertaken to determine the true outcrop extent of these bodies and to identify whether there are significant gold and silver rich zones within them. The source of BLEG gold anomalism in the northern part of the licence needs to be followed-up.

5. Other licences

5.1 *Çanakkale*

A total of 13,217.24 Ha of exploration licences have been acquired in Çanakkale Province. Two of these, Çirpilar and Katrandaği, are situated near the district seat of Bayramiç. These licences are located in an area showing signs of epithermal alteration within a fault-bounded block of Tertiary volcanic rocks, surrounded by basement rocks of probable Precambrian age.

A further two exploration licences have been acquired at Kösedere and Çinarpinar, near the district seat of Ayvacik. These licences are located in Miocene dacitic to rhyolitic volcanic and pyroclastic rocks adjacent to a late Miocene granitoid and are located on areas showing strong hydrothermal alteration in proximity to epithermal Cu, Pb and Zn mineralisation.

The Yenice exploration licence is located in andesitic porphyry. The licence is transected by a regional ENE trending dextral strike-slip shear zone, which displays significant flexure within the licence area. Porphyry related gold deposits are situated to the immediate north of the licence. The Ramazanlar exploration licence is located in Eocene andesitic volcanic rocks. Field reconnaissance located an area of argillic alteration with minor quartz-barite veins.

5.2 *Gümüşhane*

Three contiguous exploration licences (Akçakale, Çayraǧin Tepe and Uzunparmak Tepe) are located in the Gümüşhane District of Gümüşhane Province, northeastern Turkey. These licences cover a total area of 3,488.05 Ha and are located in part on the Gümüşhane intrusive and volcanic suite. Parts of the licences show signs of argillic alteration and historic exploration has returned anomalous rock-chip results (>1 g/t Au), which are yet to be followed up.

6. Regional Target Generation

6.1 *Exploration approach*

Since the inception of its field work in Turkey, Ariana has focussed on the creation of a regional GIS and has compiled substantial volumes of geological data on the mineral occurrences, structural information and alteration based on remote-sensing data. Ariana has, and continues to use, this extensive database to generate targets for further investigation and/or acquisition. Ariana is currently targeting both low- and high-sulphidation epithermal and porphyry-related gold systems and has a well-developed geological model to assist with this.

During this period, Ariana has generated over 100 targets for investigation and with the benefit of increased field information it has "fine tuned" its target generation strategy to create further, higher potential targets. A key feature of the company's exploration programme is to make use of advanced Landsat and ASTER satellite data interpretation to locate potential hypogene alteration signatures associated with epithermal and porphyry-related gold mineralisation.

6.2 ***GIS database***

Ariana's GIS database enables the precise evaluation of a multitude of geological and geographic data, which allows for rapid target identification and further definition, in addition to appropriate exploration planning. Initially, the database comprised key geological information sourced from over 40 technical papers on gold occurrences and associated pathfinder elements in Turkey. Since this time, the company has added many geological, geochemical and geophysical data including a complete sequence of new 1:500 K scale geological maps covering the whole of Turkey, which have been digitised over key provinces.

A significant database of supplementary geographic and topographic data has also been compiled, including high-definition country-wide digital elevation models, which are useful in the intelligent design of stream-sediment sampling programmes. The company has also sourced various competitor data in terms of licence locations or licence boundaries and the technical features of gold deposits owned by other companies. The database is continuing to be updated with new information at a range of scales to help further refine exploration targeting by the company.

6.3 ***Landsat processing***

In May 2003, the company commissioned an advanced remote-sensing study covering areas of Western Turkey in association with the Remote-sensing Department of Imperial College, London. The results of this initial study led to the successful independent identification of several known gold occurrences in Western Turkey, such as Kişladag (5 million ounces gold) and Küçükdere. On the basis of the successful trial study, Ariana extended the remote-sensing programme to other areas of Turkey in December 2003.

Processing of the Landsat imagery utilises a principle components method that defines areas containing both clay and iron-oxide alteration, in addition to overcoming problems caused by vegetation cover. The technique has successfully identified areas of known hypogene and supergene alteration associated with epithermal and porphyry-related gold mineralisation, in addition to areas of previously unknown alteration. The definition of alteration anomalies by this methodology enables pinpoint targeting of high-potential areas for licence acquisition.

Landsat data covering an area of approximately 450,000 km^2 has been processed for the identification of hydrothermal alteration and has resulted in the identification of 133 targets. Each target has been interpreted and ranked provisionally in order to prioritise ground follow up. Ariana is currently in an ongoing process of evaluation of targets within its licence areas.

6.4 ***ASTER processing***

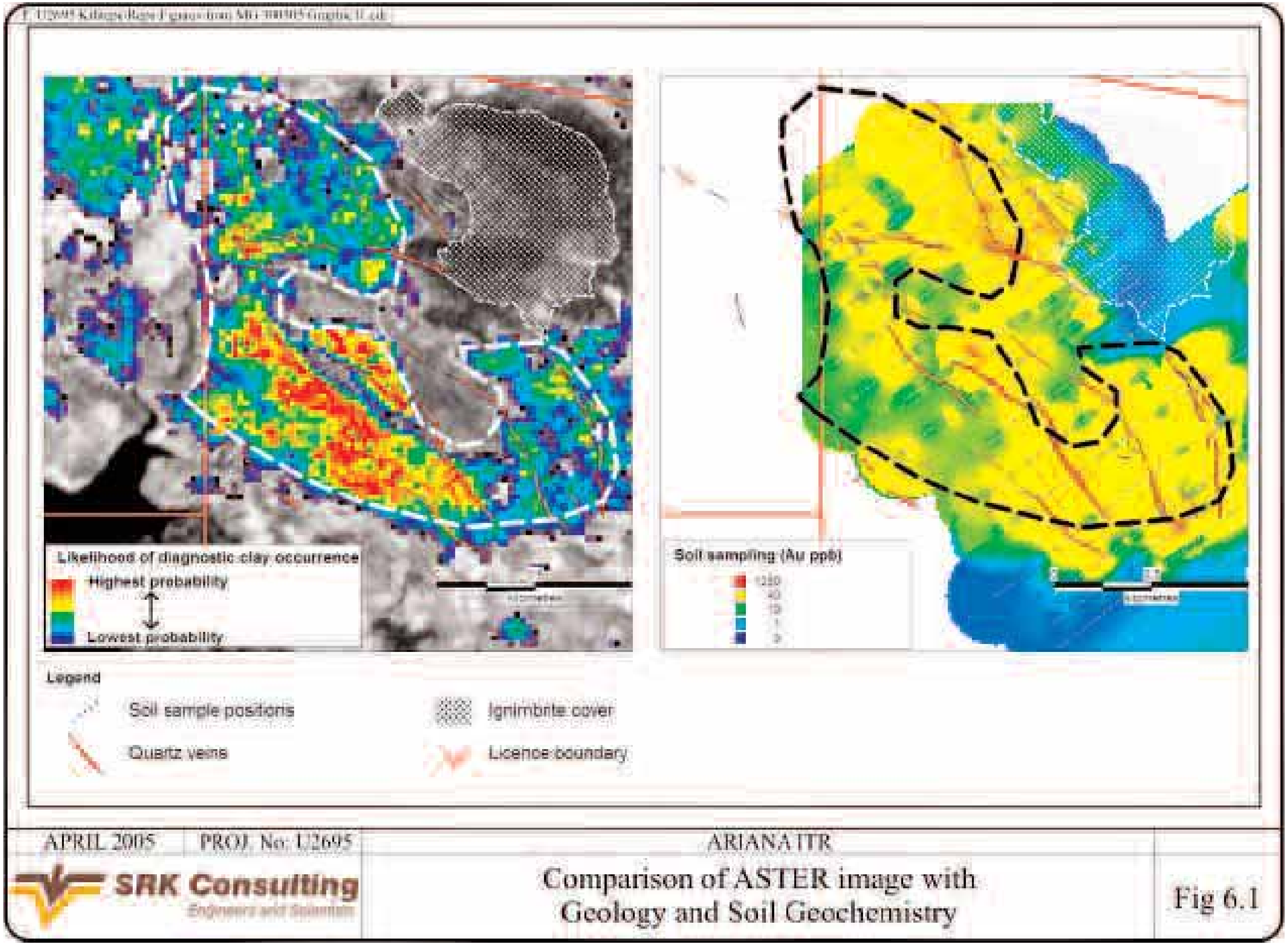
Selected targets defined from the Landsat processing have been investigated further using ASTER. Analysis of ASTER scenes enables the identification of discrete mineral assemblages (particularly clays), which are potentially associated with hypogene alteration related to epithermal gold mineralisation. This helps refine the target areas defined by Landsat and/or assists in the prioritisation of targets.

In February 2005, Ariana commissioned Geosense Ltd to undertake processing of ASTER data over a single satellite scene over the Sindirgi District of Balikesir Province, Western Turkey. The study was designed to evaluate known areas of hydrothermal alteration and to generate new exploration targets on the company's recently acquired Sindirgi Project.

The work conducted by Geosense Ltd includes:

- Ortho-rectification of the image;
- Creation of colour-composite images;
- Alteration mapping; and
- Target selection and ranking of targets based on interpretation of alteration signatures.

Figure 6.1: Comparison of ASTER Target and Soil Geochemistry



The study generated a further one hundred exploration targets, for both low- and high-sulphidation style alteration, both within and outside the Sindirgi Project area. Ariana has undertaken a synthesis of the processed ASTER data with available exploration data, in order to guide future exploration programmes, in addition to assisting in the process of new licence applications and joint venture negotiations, respectively.

Alteration mapping using the spectral analysis of ASTER images is fairly common and the application of standard "alteration" formulas is a good "first pass" analysis. For more careful and detailed interpretations, good calibration of the spectral data is essential. Unfortunately it is not clear from the Geosense report what formulas or techniques were used for the alteration mapping (thresholds for selected bands, ratios, classifications or principal components analysis) and what parameters were applied. However, despite this, the interpretation provided by Geosense can be considered a good desktop study, as the main objective of any remote-sensing analysis is the mapping of anomalous areas.

Ariana has compared the results of the spectral interpretation performed by Geosense with the existing exploration data, and this comparison appears to have been well thought-out, systematic and the conclusions appear logical. The comparison is illustrated in Figure 6.1. To maximise the information extracted from ASTER images and to enable the refined selection of target areas, SRK would recommend:

- a detailed visual structural interpretation of lineations in ASTER image and digital terrain models;
- the creation of a landscape map showing different types of vegetation, land use and underlying geology;
- the selection of more calibration points in different landscape conditions; and
- separate spectral interpretations for each landscape subdivision.

7. Exploration Budget

SRK agree that Ariana's 18 month exploration budget, as shown in Table 7.1 below, is sufficient to complete the exploration work as discussed previously with the exception of drilling and that it is sufficient to advance the projects to the next stage of development at which point well targeted drilling can commence.

The budgetary split between administrative, corporate and field costs appears reasonable.

Table 7.1: Summary of Ariana's Exploration Budget

	Year 1 £	Year 2 £	Total £
Sindirgi Gold Project	237,033	110,00	347,033
Other Projects	125,933	75,042	200,975
Trans. & Accom.	25,500	13,750	39,250
Turkey Office	10,000	5,000	15,000
UK Office	35,500	17,750	53,250
Salaries	96,350	48,234	144,584
Corporate	100,000	50,000	150,000
Overall Total			950,092

Spending is planned to take Ariana's more advanced assets through to a scoping study stage and to continue the regional exploration work needed to advance the earlier stage properties. Following this program, some projects may warrant further funding for undertaking pre-feasibility studies, confirmatory drilling programmes or for advanced exploration work.

Continued ASTER target generation will continue and new properties may be added should appropriate new targets be identified, whilst other properties with less encouraging results may be removed from Ariana's portfolio.

7.1 *Grass roots Projects*

An exploration programme on the many early stage projects has been budgeted. This is planned in order to undertake mapping and rock chip sampling at over 20 properties, with follow up to include channel sampling on most of these licences. In-fill chip and channel sampling will be completed on 9 of these licences which will be at a more defined stage. From these, further follow up chip and channel sampling and IP geophysical surveys will be undertaken on four priority licences.

7.2 *Follow up Projects*

At Kiziltepe, the budget is set to complete a scoping study programme which will comprise the following steps:

- Detailed mapping, geophysics, and reconnaissance rock chip sampling.
- Saw-cut channel sampling of all exposed veins, 1 m long samples over full intersections at 25 m intervals along strike.
- Analysis of results, identification of unsampled gaps and extensions and integration with existing data.

At Kepez, Ariana plans to undertake the following:

- Detailed mapping, geophysics, and reconnaissance rock chip sampling.
- Reconnaissance soil sampling grid.
- Saw-cut channel sampling on exposed veins, 1 m long samples over full intersections at 50 m intervals along strike.

Wider ranging, early stage exploration at other Sindirgi licence areas is also planned to include:

- Reconnaissance rock chip sampling and soil sampling.
- Ground geophysics and limited saw cut channel sampling.

8. Summary and Conclusions

8.1 *Sindirgi Project Area*

- Historical exploration data has been identified and tested several gold deposits at Sindirgi.
- While an initial geological model of 150,000 ounces in the Arzu Vein can be projected, the quantity and quality of core recovery is at present insufficient to support a JORC compliant resource estimate.
- Drilling results are encouraging with deposits open in most directions.
- Exploration has been focussed in certain areas historically and significant greenfield potential for new vein discoveries is considered to exist in the wider area.
- A review of the site geology and drill core leads SRK to believe that a low sulphidation epithermal style of gold mineralisation exists on the property. Potential to find higher grade mineralisation in boiling zones at depth is considered realistic.
- Near term potential for developing several selective open pits, hosting between 25,000 and 100,000 ounces each is considered worthy of investigation.
- As yet however, no attempt has been made to produce a 3D model to assess the future mining potential of the deposits.

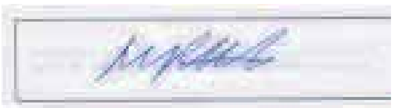
It is SRK's opinion that the Sindirgi Project area is situated in a highly prospective region that has potential to host significant low-sulphidation vein hosted economic grade gold mineralisation. The focus of attention to date has been around the easily accessible Arzu Vein within the Kiziltepe prospect area. Here, further drilling and confirmation of earlier drilling results is required before a Mineral Resource estimate in accordance with the JORC Code can be achieved. Several of the other prospects have undergone varying amounts of early stage reconnaissance type exploration and continue to warrant further work.

8.2 ***Ivrindi Project Area***

- Exploration work to date has defined a significant zone of continuous ore-grade mineralisation in outcrop, which is yet to be tested fully in width and along strike.
- No sub-surface exploration has yet been undertaken in this project area and there is potential to define mineralisation with some depth continuity, should drilling be undertaken.
- Exploration has been focussed on specific areas within the two licence areas comprising the Ivrindi Project and neither licence has yet been explored extensively. There is potential for further discoveries to be made in both licences.

Based on the results of work to date, SRK consider Sindirgi and Ivrindi projects to be of merit as exploration projects. They are considered to have potential to host economic, open pit or higher grade underground deposits and therefore advancing exploration work at the projects is warranted.

For and on behalf of Steffen, Robertson & Kirsten (UK) Ltd



Martin Pittuck
SRK Consulting
Principal Resource Geologist

Gareth O'Donovan
SRK Exploration Services
Managing Director

PART V

ADDITIONAL INFORMATION

1. Responsibility Statement

The Directors accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

2.1 The Company was incorporated and registered as a public company limited by shares in England and Wales under the Act with the name Cobco 679 plc on 24 March 2005 with registered number 5403426.

2.2 On 27 May 2005 the Company changed its name to Ariana Resources Plc.

2.3 On 15 July 2005 the Company obtained a certificate to trade.

2.4 The liability of the members of the Company is limited.

2.5 The Company's accounting reference date is 31 December in each year.

2.6 The Company's registered office is at Ridgeway House, 1 Hagbourne Road, Didcot, Oxfordshire, OX11 8ER

2.7 The Company operates from the following addresses:

Ridgeway House, 1 Hagbourne Road, Didcot, Oxfordshire, OX11 8ER

Feridun Pözüt Cad. No: 9/1, Gaziemir, Izmir, Turkey

Fevzi Çakmak Sok. No: 29/6, Kizilay, Ankara, Turkey

2.8 The principal activity of the Company is that of a holding company.

2.9 The following are details of other companies within the Group. The Group's structure is set out on page 10 of Part I of this document.

Name and Registered Office	Authorised Share Capital	Country of Incorporation	Registered Number	Principal activity
Ariana Exploration & Development Limited	£1,000,000 divided onto 1,000,000 ordinary shares of £1.00 each	England	4509494	Holding company for Portswood Resources
Portswood Resources Ltd	US$50,000 divided into 50,000 shares of US$1.00 each	British Virgin Islands	IBC 562735	Investment
Galata Madencilik Limited*	5,000,000 Turkish Lira divided into one hundred shares of 50,000 Turkish Lira each	Turkey	34/1167	Mineral exploration

* 98 per cent. owned by Portswood Resources Limited and 2 per cent. held in trust by director A K Şener for Portswood.

3. Share Capital

3.1 The authorised and issued share capital of the Company both as at the date of this document and following Admission will be as follows:

As at the date of this document			Immediately following Admission	
Authorised	Issued and fully paid		Authorised	Issued and fully paid
£5,000,000	£217,194	Ordinary Shares of 1p each	£5,000,000	£342,194

3.2 The Company has outstanding as at the date of this document the Warrants, which entitle the holders to subscribe for up to 577,811 new Ordinary Shares, and the Share Options in respect of 2,171,000 new Ordinary Shares. Assuming the Warrants and the Share Options are exercised in full, these will represent 7.44 per cent. of the Company's then enlarged issued share capital.

3.3 The Company was incorporated with an authorised share capital of £500,000 divided into 50,000 Ordinary Shares of £1.00 each.

3.4 On incorporation, two subscriber ordinary shares were in issue and on 24 March 2005 these were transferred to Steven Poulton and Matthew Grainger.

3.5 On 24 May 2005 the following resolutions were passed by the Company:

3.5.1 the existing issued and unissued ordinary shares of £1.00 each in the capital of the Company be subdivided into 100 Ordinary Shares;

3.5.2 the share capital of the Company be increased by £4,950,000 beyond its existing share capital of £50,000 by the creation of 495,000,000 new Ordinary Shares; and

3.5.3 pursuant to section 80 (1) of the Act, the directors of the Company be and they are hereby generally and unconditionally authorised and empowered to exercise all the powers of the Company to allot the relevant securities (as detailed in section 80(2) of the Act) up to an aggregate nominal amount of £5,000,000 (in substitution to any subsisting authorities under the Act) to such persons at such times and upon such terms and conditions as they may determine (subject always to the articles of association of the Company) provided this authority and power shall, unless renewed, varied or revoked, expire on the 5th anniversary of the passing of this resolution and provided further that the Company may before such expiry make any offers or agreements which would or might require relevant securities to be allotted after such expiry.

3.5.4 the Directors of the Company be and are hereby empowered pursuant to section 95(1) of the Act to allot equity securities (within the meaning of section 94(2) of the Act) for cash as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

(i) the allotment of equity securities where such securities have been offered (whether by way of rights issue, open offer or otherwise) to holders of ordinary shares made in proportion (as nearly as may be) to their existing shareholdings of ordinary shares, but subject to such exclusions and arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or any legal or practical problems under the laws of any overseas territory, the requirements of any regulatory authority or any stock exchange, or otherwise;

(ii) the allotment of shares pursuant to the Share Option Scheme; and

(iii) the allotment (otherwise than, and in addition to, any issue made pursuant to sub-paragraphs (i) and (ii) above) of equity securities up to an aggregate nominal amount of £1,000,000;

such power to expire (unless previously revoked, varied or renewed) at the conclusion of the next Annual General Meeting of the Company but so that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry.

3.5.5 approving the Share Option Scheme;

3.5.6 changing the name of the Company to Ariana Resources Plc, subject to Ariana Resources Limited (AEDL) changing its name to Ariana Exploration & Development Limited;

3.5.7 clause 6 of the Memorandum of Association and Clause 3 of the Articles of Association of the Company be amended to read as follows:

"The authorised share capital of the Company is £5,000,000 divided into 500,000,000 ordinary shares of 1p each"

3.5.8 the words "including diamonds" be deleted from clause 4(i) of the Memorandum of Association of the Company.

3.5.9 paragraph 4 (s) of the Memorandum of Association of the Company be substituted in its entirety with the following new paragraph 4(s):

"To support and subscribe to any charitable or public object and to support and subscribe to any institution, society, or club which may be for the benefit of the Company or its Directors or employees, or may be connected with any town or place where the Company carries on business; to give or award pensions, annuities, gratuities, and superannuation or other allowances or benefits or charitable aid and generally to provide advantages, facilities and services for any persons who are or have been Directors of, or who are or have been employed by, or who are serving or have served the Company, or any company which is a subsidiary of the Company or the holding company of the Company or a fellow subsidiary of the Company or the predecessors in business of the Company or of any such subsidiary, holding or fellow subsidiary company and to the wives, widows, children and other relatives and dependants of such persons; to make payments towards insurance; and to set up, establish, support and maintain superannuation and other funds or schemes (whether contributory or non-contributory) for the benefit of any of such persons and of their wives, widows, children and other relatives and dependants; and to set up, establish, support and maintain profit sharing or share purchase schemes or share option schemes for the benefit of any of the employees or former employees or directors of the Company or of any such subsidiary, holding or fellow subsidiary company or controlling directors of personal service companies which have contracted with the Company (or any such subsidiary, holding or fellow subsidiary company) and their spouses and dependants and to lend money to any such employees or to trustees on their behalf to enable any such purchase schemes to be established or maintained."

3.5.10 clause 4 of the Articles of Association of the Company be deleted in its entirety and the balance of the clauses be renumbered accordingly.

3.6 On 3 June 2005 the Company entered into an agreement to acquire the entire issued share capital of Ariana Exploration under the terms of the Share for Share Exchange Agreement, details of which are set out in paragraph 9.1.7 below.

3.7 On 19 July 2005 21,719,400 Ordinary Shares were issued to the Vendors pursuant to the Share for Share Exchange Agreement.

3.8 Save as disclosed in this paragraph 3, there has been no increase or reduction in the authorised or issued share capital of the Company since the date of incorporation.

3.9 The Directors have no present intention of allotting and issuing any relevant securities save as disclosed in this document.

3.10 Save as mentioned in this paragraph 3 and in paragraph 5 below:

3.10.1 no unissued share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option;

3.10.2 no share capital or loan capital of the Company has been issued for cash or other consideration since the incorporation of the Company and no such issue is proposed.

4. Memorandum and Articles of Association

4.1 The Memorandum of Association provides that the principal object of the Company is, *inter alia*, to carry on the business of a general commercial company. The objects of the Company are set out in full in Clause 4 of the Memorandum of Association.

4.2 The Articles of Association of the Company contain, *inter alia*, provisions to the following effect:

4.2.1 *Voting Rights*

Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with these Articles, on a show of hands every member who is present in person or by proxy not being himself a member shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder.

4.2.2 *Transfer of Shares*

Title to and interest in shares may be transferred without a written instrument in accordance with statutory regulations from time to time made under the Act.

Transfer of shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the directors. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered on the register of members in respect thereof.

The Board may, in its absolute discretion and without giving any reason, refuse to register any transfer of shares unless:

(i) the instrument of transfer is in respect of a share in respect of which all sums presently payable to the Company have been paid is in respect of a share which is fully paid up;

(ii) it is in respect of only one class of share;

(iii) it is in favour of a single transferee or not more than four joint transferees;

(iv) it is duly stamped (if required); and

(v) the instrument of transfer duly stamped is deposited at the office or such other place as the directors may appoint, accompanied by the certificate for the shares to which it relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer, provided that, in the case of a transfer by a nominee of a recognised clearing house or of a recognised investment exchange, the lodgment of a share certificate will only be necessary if a certificate has been issued in respect of the shares in question.

The Directors shall not refuse to register any transfer or renunciation of partly paid shares which are admitted to trading on the London Stock Exchange on the grounds that they are partly paid shares in circumstances where such refusal would prevent dealings in such shares from taking place on an open and proper basis.

If the Board refuses to register a transfer it must, within two months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferor and the transferee.

The registration of transfers may be suspended by the Board for any period (not exceeding 30 days) in any year.

The Ordinary Shares now in issue are in registered form. Title to the Ordinary Shares in issue may be transferred by means of a relevant system such as the CREST System.

There are no other restrictions on the transfer of shares and no pre-emption rights in respect of them.

4.2.3 *Failure to disclose interests in shares*

If a member, or any other person appearing to be interested in shares held by that member, has been issued with a notice pursuant to section 212 of the Act and has failed in relation to any shares (“the default shares”) to give the Company the information thereby required within the prescribed period from the date of notice, the following sanctions shall apply:

(i) the member shall not be entitled in respect of the default shares to be present or to vote either in person or by representative or proxy) at any general meeting or at any separate meeting of the holders of any class of shares or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll; and

(ii) where the default shares represent at least 0.25 per cent. in nominal value of their class the defaulting member shall not be entitled to:

  (a) receive any dividend in respect of the shares; or

  (b) to transfer or agree to transfer any of such shares, or any rights therein.

The above restrictions shall continue until either the default is remedied or the shares are registered in the name of the purchaser or offeror (or that of his nominee) pursuant to an arm's length transfer. Any dividends withheld pursuant to shall be paid to the member as soon as practicable after the above restrictions lapse.

4.2.4 *Dividends*

Subject to the provisions of the Act and of the Articles and to any special rights attaching to any shares, the Company may by ordinary resolution declare dividends, but no such dividends shall exceed the amount recommended by the Board. All dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. Interim dividends may be paid provided that they appear to the Board to be justified by the profits available for distribution and the position of the Company. Unless otherwise provided by the rights attached to any share, no dividends in respect of a share shall bear interest. The Board may, with the prior authority of an ordinary resolution of the Company, offer the holders of Ordinary Shares the right to elect to receive Ordinary Shares credited as fully paid instead of cash in respect of all or part of any dividend.

Any dividend unclaimed after a period of twelve years from its due date of payment shall be forfeited and cease to remain owing by the Company and shall thereafter belong to the Company absolutely.

4.2.5 *Distribution of assets on winding up*

On a winding up of the Company, the liquidator may, with the authority of an extraordinary resolution and any other sanction required by the Act, divide among the members in specie the whole or any part of the assets of the Company, and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine how such divisions shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no member shall be compelled to accept any shares in respect of which there is a liability.

4.2.6 *Redemption*

The Ordinary Shares are not redeemable.

4.2.7 *Changes in share capital*

The Company may alter its share capital as follows:

(i) it may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of larger amounts, cancel any shares which have not been taken or agreed to be taken by any person and sub-divide its shares or any of them into shares of smaller amounts;

(ii) subject to any consent required by law and to any rights for the time being attached to any shares, it may by special resolution reduce its share capital, any capital redemption reserve, any share premium account or other undistributable reserve in any manner; and

(iii) subject to the provisions of the Act and to any rights for the time being attached to any shares it may with the sanction of a special resolution enter into any contract for the purchase of its own shares.

4.2.8 *Variation of rights*

Subject to the provisions of the Act and of the Articles, the special rights attached to any class of share in the Company may be varied or abrogated either with the consent in writing of the holders of not less than three quarters in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated whilst the Company is a going concern or while the Company is or is about to be in liquidation. The quorum for such separate general meeting of the holders of the shares of the class shall be at least two persons holding or representing by proxy at least one third of the nominal amount paid up on the issued shares of the relevant class.

4.2.9 *Directors' interests in contracts*

A director who is in any way, whether directly or indirectly, interested or deemed by the Act to be interested in a contract, transaction or arrangement or a proposed contract, transaction or arrangement with the Company shall declare the nature of his interest at a meeting of the directors in accordance with section 317 of the Act.

Save as provided below, a director (including an alternate director) shall not vote in respect of any contract or arrangement or any other proposal in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities or rights of the Company. However a director shall be entitled to vote in respect of any contract or arrangement or any other proposal in which he has any interest which is not material. A director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting. A director of the Company shall be entitled to vote (and be counted in the quorum) in respect of any resolution at such meeting if his duty or interest arises only because the resolution relates to one of the following matters:

(i) the giving to him of any guarantee, security or indemnity in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company;

(ii) the giving to a third party of any guarantee, security or indemnity in respect of a debt or obligation of the Company for which he himself has assumed responsibility in whole or in part, under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer for subscription or purchase of shares or debentures or other securities or rights of or by the Company or any of its subsidiaries or of any company which the Company may promote or in which it may be interested in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;

(iv) any proposal concerning any other company in which he is interested directly or indirectly and whether in any one or more of the capacities of officer, creditor, employee or holder of shares, debentures, securities or rights of that other company, but where he is not the holder (otherwise than as a nominee for the Company or any of its subsidiaries) of or beneficially interested in one per cent or more of the issued shares of any class of such company or of any third company through which his interest is derived or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of this Article to be a material interest in all circumstances);

(v) any proposal concerning the adoption, modification or operation of a superannuation fund, retirement benefits scheme, share option scheme or share incentive scheme under which he may benefit; or

(vi) any arrangement concerning the purchase and/or maintenance of any insurance under which he may benefit.

Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more directors to offices or employments with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each director separately and in such case each of the directors concerned (if not debarred from voting because of the limit on shareholding specified in Article) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

The Company may by ordinary resolution suspend or relax the provisions relating to directors' interests either generally or in respect of any particular matter or ratify any transaction not duly authorised by reason of the contravention thereof.

4.2.10 *Directors*

The maximum aggregate annual fees payable to the directors for their services in holding office as a director of the Company shall be the sum of £200,000 or such larger sum as the Company in general meeting by ordinary resolution shall from time to time determine, but this limit shall not apply in respect of the salaries, bonuses or other remuneration payable by the company or any subsidiary of the company or expenses reimbursed to any director.

Any director who serves on any committee or who devotes special attention to the business of the Company, or who otherwise performs services which in the opinion of the directors are outside the scope of the ordinary duties of a director, may be paid such remuneration by way of salary, lump sum, percentage of profits or otherwise as the directors may determine. The directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with the business of the Company, or in attending and returning from meetings of the directors or of committees of the directors or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties.

Any provision of the Act or any other law affecting the Company which, subject to the provisions of these Articles, would have the effect of rendering any person ineligible for appointment or election as a director or liable to vacate office as a director on account of such person having reached any specified age or of requiring special notice or any other special formality in connection with the appointment or election of any director over a specified age, shall not apply to the Company.

4.2.11 *Borrowing powers*

Subject as hereinafter provided the directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property, assets and uncalled capital, and (subject to the Act) to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The aggregate principal amount for the time being outstanding in respect of monies borrowed or secured by the Company (after deducting cash deposited) shall not at any time, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to four times the aggregate of:

(i) the nominal amount of the share capital of the Company issued and paid up (or credited as paid up); and

(ii) the amounts shown as standing to the credit of capital and revenue reserves, including share premium account, capital redemption reserve and profit and loss account (but deducting there from the amount, if any, standing to the debit of profit and loss account) in either a consolidation of the audited balance sheets of all the companies in the Group last laid before the members thereof respectively in general meeting or (at the directors' discretion) in the audited consolidated balance sheet of the Group last laid before the Company in general meeting; but

   (a) adjusted in respect of any variations in the issued and paid up share capital, share premium account or capital redemption reserve effected or any distributions made (otherwise than within the Group) since the date of such balance sheets except insofar as provided therein; and

   (b) excluding there from any amounts set aside for taxation and, to the extent included, any amounts attributable to outside shareholdings in subsidiaries; and

   (c) excluding all amounts attributable to intangible items save goodwill arising on consolidation, notwithstanding the fact that these may previously have been written off against reserves.

5. Share Option Scheme, Share Options and Warrants

5.1 The Company has adopted the Share Option Scheme. Under the Share Option Scheme the Directors have the discretion to grant Options to subscribe for Ordinary Shares up to a maximum of 10 per cent. of the Company's issued share capital. Options can be granted to any employee of the Group. In the event of any employee to whom Options have been granted ceasing to be an employee of the Group he or she will have a set period in which to exercise those Options (depending on the reasons for leaving) failing which the Options will lapse.

5.2 Details of the Beaumont Cornish Warrants are as follows:

5.2.1 By a resolution of the Board passed on 20 July 2005, the Company executed an instrument constituting the Beaumont Cornish Warrants and agreed to issue the Beaumont Cornish Warrants to Beaumont Cornish in accordance with the terms of their Engagement Letter referred to in paragraph 9.1.4 below. No application will be made for the Warrants to be admitted to trading on AIM. The principal terms of the Warrants are as follows:

(i) the exercise price for the Warrants is 15.5p per new Ordinary Share subject to certain limited circumstances (such as a rights issue);

(ii) the Warrants are exercisable from the date of Admission until the fifth anniversary thereof, after which they will lapse;

(iii) in the event of certain variations in the issued share capital of the Company, the Company shall effect such adjustments (if any) to the exercise price and/or the number of Warrants as the Company's auditors shall advise to be appropriate.

5.3 Details of the Ambrian Warrants are as follows:

5.3.1 By a resolution of the Board passed on 20 July 2005, the Company executed an instrument constituting the Ambrian Warrants and agreed to issue the Ambrian Warrants to Ambrian. No application will be made for the Warrants to be admitted to trading on AIM. The principal terms of the Warrants are as follows:

(i) the exercise price for the Warrants is 12p per new Ordinary Share subject to certain limited circumstances (such as a rights issue);

(ii) the Warrants are exercisable from the date of Admission until the fifth anniversary thereof, after which they will lapse;

(iii) in the event of certain variations in the issued share capital of the Company, the Company shall effect such adjustments (if any) to the exercise price and/or the number of Warrants as the Company's auditors shall advise to be appropriate.

5.4 The Company has in issue as at the date of this document the Beaumont Cornish Warrants which entitle Beaumont Cornish to subscribe for up to 64,517 new Ordinary Shares and the Ambrian Warrants which entitle Ambrian to subscribe for up to 513,294 new Ordinary Shares. Assuming the Warrants are exercised in full, the Ordinary Shares issued as a result thereof will represent 1.66 per cent. of the then enlarged issued share capital of the Company.

5.5 The Warrants, which are assignable, are not dealt or traded on any other recognised investment exchange and no application has been made or is being made for the Warrants to be admitted to trading on AIM or any other recognised investment exchange.

6. Directors' and Other Interests

6.1 As at 20 July 2005 (the latest practicable date prior to the publication of this document) and on Admission the interests of each of the Directors and those of their immediate families (all of which are beneficial unless stated) in the existing issued share capital of the Company (i) which have been notified to the Company pursuant to sections 324 and 328 of the Act or (ii) are required to be entered into the register maintained under section 325 of the Act, or (iii) are interests of persons connected (within the meaning of section 346 of the Act) with a Director, which interests, if such connected persons were Directors, would be required to be disclosed under (i) or (ii) above and the existence of which is known to or could with reasonable diligence be ascertained by the Directors, were as follows:

Director	As at 20 July 2005 Number of Ordinary Shares	Percentage of issued Ordinary Share Capital	On Admission Number of Ordinary Shares	Percentage of*** Enlarged Ordinary Share Capital
Michael Spriggs	112,500	0.52	112,500	0.33
Steven Poulton*	2,598,600	11.96	2,681,933	7.84
Matthew Grainger**	1,590,600	7.32	1,632,267	4.77
Kerim Şener	2,270,800	10.45	2,270,800	6.64
Michael Etheridge	Nil	Nil	83,333	0.24
Michael de Villiers	Nil	Nil	166,667	0.49

* Steven Poulton's interest in Ordinary Shares includes 156,500 Ordinary Shares held by his wife Susannah Poulton.

** Matthew Grainger's interest in Ordinary Shares includes 49,000 Ordinary Shares held by his wife Anna Grainger.

*** Assuming full subscription under the Placing.

Messrs Poulton, Grainger, Etheridge and de Villiers intend to subscribe for an aggregate of 375,000 New Ordinary Shares under the Placing at the Placing Price.

6.2 As at 20 July 2005 (the latest practicable date prior to the publication of this document), the Directors were the holders of the following Share Options to subscribe for Ordinary Shares:

Director	Share Options
Michael Spriggs	434,200
Steven Poulton	557,223
Matthew Grainger	557,223
Kerim Şener	557,223
Michael Etheridge	–
Michael de Villiers	–

6.3 As at 20 July 2005 (the latest practicable date prior to the publication of this document) and on Admission, the Directors were aware of the following persons, other than the Directors, who, directly or indirectly, were interested in three per cent. or more of the issued Ordinary Share Capital of the Company or who could exercise, control over the Company:

Shareholder	As at 20 July 2005 Number of Ordinary Shares	Percentage of issued Ordinary Share Capital	On Admission Number of Ordinary Shares	Percentage of* Enlarged Ordinary Share Capital
RAB Capital	4,950,000	22.79	6,200,000	18.12
Paul Morley	1,956,000	9.01	1,956,000	5.72
Richard Osman	1,268,500	5.84	1,268,500	3.71
Golden Prospect plc	1,250,000	5.76	2,083,333	6.09
Eastbound Resources	1,000,000	4.60	1,208.333	3.53
James Boyton	1,000,000	4.60	1,000,000	2.92
Synergy Resources Fund	625,000	2.88	1,875,000	5.48
J P Morgan Fleming Asset Management (UK) Ltd	Nil	Nil	1,250,000	3.65
City Equities Limited	Nil	Nil	1,250,000	3.65

* Assuming full subscription under the Placing.

6.4 Save as disclosed in paragraphs 6.1 and 6.2 above and paragraph 8 below, none of the Directors nor any member of his immediate family or any person connected with him owns, controls or is beneficially or non-beneficially interested directly or indirectly in any shares or option to subscribe for, or any securities convertible into shares of the Company.

6.5 There are no outstanding loans or guarantees provided by the Company to or for the benefit of any of the Directors.

6.6 Save for the above, no Director has or has had any interest, whether direct or indirect, in any transaction which is or was unusual in its nature and conditions or significant to the business of the Company taken as a whole and which was entered into by any member of the Company during the current or immediately preceding financial year or which was effected during any earlier financial year and which remains in any respect outstanding or unperformed.

6.7 No Director or any member of a Director's family has a related financial product referenced to the Ordinary Shares.

6.8 The current directorships and partnerships and directorships and partnerships (all of which are registered in England and Wales unless otherwise indicated) held during the five years preceding the date of this document, other than the Company and the Subsidiaries, of each of the Directors are as follows:

Director	Current Directorships/partnerships	Past Directorships/partnerships
Michael Spriggs	Van Dieman Mines plc Vane Minerals plc Katie McAbee-Spriggs Ltd	None
Steven Poulton	African Aura Resources Limited (BVI) Exploration Capital Limited (BVI) KSPM Associates Ltd	Artemis Diamonds Inc (BVI) Etoile Diamonds Inc (BVI) Sierra Diamonds Ltd (BVI)
Matthew Grainger	KSPM Associates Ltd	MCG Associates Ltd
Kerim Şener	KSPM Associates Ltd KSPM Associates Pty. Ltd	None
Michael Etheridge	Ballarat Goldfields NL Geoinformatics Exploration Inc (TSX-V) Scopenergy Ltd Tectonex Geoconsultants Pty Ltd Predictive Mineral Discovery Cooperative Research Centre Ausmodel Pty Ltd	Steffen, Robertson & Kirsten Pty Ltd Steffen, Robertson & Kirsten (Global) Ltd IO Digital Systems Pty Ltd
Michael de Villiers	Eurasia Mining (UK) Limited Independent Executive Consultants Limited Mercator Gold plc Island Gold plc Luckyvilla Holdings Ltd	Oxus Gold Limited Navan Mining plc Navan Mining (UK) Limited Navan Resources plc (registered in Ireland) Balkan Minerals & Mining AD (registered in Bulgaria) Navan Chelopec AD (registered in Bulgaria) Bimak AD (registered in Bulgaria)

6.9 None of the Directors has:

6.9.1 any unspent convictions in relation to indictable offences;

6.9.2 had a bankruptcy order made against him or made an individual voluntary arrangement;

6.9.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary arrangement or made any composition or arrangement with its creditors generally or of any class of its creditors whilst he was a director of that company or within twelve months after he ceased to be a director of that company;

6.9.4 been a partner in a partnership which has been placed in compulsory liquidation, administration or made a partnership voluntary arrangement whilst he was a partner in that partnership or within twelve months after he ceased to be a partner in that partnership;

6.9.5 had any asset placed in receivership or any asset of a partnership in which he was a partner placed in receivership whilst he was a partner in that partnership or within twelve months after he ceased to be a partner in that partnership;

6.9.6 been publicly criticised by any statutory or regulatory authority (including recognized professional bodies);

6.9.7 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.

7. Directors' Service Contracts and Letters of Appointment

7.1 The following are particulars of the Executive Directors' service contracts with the Company:

7.1.1 Steven Poulton was appointed as Chief Executive Officer of the Company on 1 April 2005 under a Service Agreement dated 1 April 2005. His appointment is for an initial term of 12 months and is terminable thereafter by either party giving to the other not less than 90 days notice to expire at any time. Under the Service Agreement Steven Poulton will be paid a salary of £39,500 per year. The agreement contains, *inter alia*, certain restrictions relating to confidentiality and non-competition.

7.1.2 Matthew Grainger was appointed as Operations Director of the Company on 1 April 2005 under a Service Agreement dated 1 April 2005. His appointment is for an initial term of 12 months and is terminable therafter by either party giving to the other not less than 90 days notice to expire at any time. Under the Service Agreement Matthew Grainger will be paid a salary of £39,500 per year. The agreement contains, *inter alia*, certain restrictions relating to confidentiality and non-competition.

7.1.3 Kerim Şener was appointed as Exploration Director of the Company on 1 April 2005 under a Service Agreement dated 1 April 2005. His appointment is for an initial term of 12 months and is terminable thereafter by either party giving to the other not less than 90 days notice to expire at any time. Under the Service Agreement Kerim Şener will be paid a salary of £39,500 per year. The agreement contains, *inter alia*, certain restrictions relting to confidentiality and non-competition.

7.2 The following are particulars of the Non-Executive Directors' Letters of Appointment from the Company:

7.2.1 Michael Spriggs was appointed as a Non-Executive Chairman of the Company on 1 April 2005 under a Letter of Appointment dated 1 April 2005. His appointment is for an initial term of 12 months and is terminable thereafter by either party giving to the other not less than 90 days notice to expire at any time. Under the agreement Michael Spriggs will be paid a fee of £10,000 per year.

7.2.2 Michael Etheridge was appointed as a Non-Executive Director of the Company on 1 April 2005 under a Letter of Appointment dated 1 April 2005. His appointment is for an initial term of 12 months and is terminable thereafter by either party giving to the other not less than 90 days notice to expire at any time. Under the agreement Michael Etheridge will be paid a fee of £10,000 per year.

7.2.3 Michael de Villiers was appointed as a Non-Executive Director of the Company on 1 April 2005 under a Letter of Appointment dated 1 April 2005. His appointment is for an initial term of 12 months and is terminable thereafter by either party giving to the other not less than 90 days notice to expire at any time. Under the agreement Michael de Villiers will be paid a fee of £10,000 per year.

7.3 Save as set out in paragraphs 7.1 and 7.2 above, there are no existing or proposed agreements between the Directors and the Company.

7.4 The aggregate remuneration of the Directors (inclusive of pension contributions and benefits in kind) in respect of the first financial period of the Company ending on 31 December 2005 will be approximately £111,375 based on current arrangements.

8. Related Party Transactions

8.1 Pursuant to the Share for Share Exchange Agreement dated 3 June 2005, full details of which are set out in paragraph 9.1.7 below, the Company acquired the entire issued share capital of AEDL from the Vendors (as defined in the Share for Share Exchange Agreement) for a consideration to be satisfied by the issue to the Vendors of 21,719,400 Ordinary Shares. Steven Poulton, Matthew Grainger, Kerim Şener and Michael Spriggs were amongst the Vendors, as were parties connected to them.

8.2 Erhan Şener, Kerim Şener's father, was granted on 24 May 2005 options in respect of 54,275 Ordinary Shares in recognition of his contribution to and services to the Group.

9. Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and its Subsidiaries within the two years prior to the date of this document and are or may be material:

9.1 *The Company*

9.1.1 A Placing Agreement dated 20 July 2005 between the Company (1), the Directors (2) Ambrian (3) and Beaumont Cornish (4), pursuant to which, *inter alia*, Ambrian conditionally agreed, subject to Admission, to use reasonable endeavours, as agent for the Company, to procure subscribers for the Placing Shares at the Placing Price. Under the Placing Agreement, Ambrian is entitled, subject to Admission, to a commission of 5 per cent. of the aggregate value at the Placing Price of the New Ordinary Shares placed with placees introduced by Ambrian and a commission of 1 per cent. of the aggregate value at the Placing Price of the New Ordinary Shares placed by parties other than Ambrian. The Company has agreed to pay all other costs and expenses of and incidental to the Placing.

The Placing Agreement contains warranties given by the Company and the Directors in favour of Ambrian and Beaumont Cornish as well as indemnities by the Company. The Placing Agreement also contains provisions entitling Beaumont Cornish and Ambrian to terminate the Placing Agreement prior to Admission becoming effective in certain circumstances

The obligations of Beaumont Cornish and Ambrian in respect of the Placing are subject to certain conditions being fulfilled (or waived) by Beaumont Cornish and Ambrian and the Placing Agreement not having been terminated in each case by 8.00 am on 28 July 2005, or such later date (being no later than 29 July 2005) as may be agreed by Beaumont Cornish and Ambrian.

9.1.2 A Broker Agreement dated 20 July 2005 pursuant to which Ambrian agreed to act as Broker to the Company for a period of 12 months and thereafter subject to 30 days written notice by either party. The Company has agreed to pay Ambrian a fee of £18,000 plus VAT per annum for acting as Broker and such fee shall be payable quarterly in advance with the first payment being due on Admission.

In addition the Broker Agreement contains a provision for the payment of commission to Ambrian as follows:

(i) equal to 5 per cent. of the value of any of the Company's shares placed by Ambrian, excluding any shares issued prior to or at the same time as Admission or which have been placed by the Company without the involvement of Ambrian;

(ii) by way of a handling charge equal to 1 per cent. on the first £500,000 raised on any one occasion by way of the issue of shares in the Company following Admission without the involvement of Ambrian.

9.1.3 A Nominated Adviser Agreement dated 20 July 2005 between the Company (1) the Directors (2) and Beaumont Cornish (3) pursuant to which the Company appointed Beaumont Cornish to act as retained Nominated Adviser to the Company for the purposes of AIM with effect from Admission and continuing thereafter. The Company agreed to pay Beaumont Cornish a fee for the initial 12 month period following Admission of £18,000 per annum for its services as Nominated Adviser under this agreement. Thereafter, the fee will be £20,000 per annum. The annual fee is payable quarterly in advance with the first payment being due on Admission. The agreement contains certain undertakings and indemnities given by the Company and the Directors in respect of, *inter alia*, compliance with all applicable laws and regulations.

9.1.4 A letter of engagement dated 18 March 2005 between Beaumont Cornish (1) and the Company (2) whereby Beaumont Cornish agreed to act as Nominated Adviser in connection with the Admission. Under the terms of such engagement, Beaumont Cornish is entitled to total fees of £50,000 (plus VAT) together with the Warrants, details of which are set out in paragraph 5 above.

9.1.5 A letter of engagement dated 7 March 2005 between Ambrian (1) and the Company (2) pursuant to which Ambrian agreed to act as Broker and financial adviser to the Company in relation to the Placing and Admission. The Company has agreed in accordance with the terms of the letter of engagement to pay the following fees (in addition to expenses, and subject, where appropriate to VAT):

(i) for a period of 3 months (or until Admission, which ever is the earlier) from 7 March 2005 a fee of £5,000 payable monthly in advance;

(ii) for a period of a further 3 months (or until Admission, which ever is the earlier) a fee of £2,500 payable on Admission together with the issue of Ordinary Shares for each of those months to a value of £2,500 at the Placing Price;

(iii) A commission, payable on Admission, equivalent to 5 per cent. of the amounts raised in the Placing by investors introduced by Ambrian and 1 per cent. of the amounts raised in the Placing by investors introduced by the Company;

(iv) the issue to Ambrian of the Ambrian Warrants;

(v) an annual fee of £18,000 payable quarterly in advance in connection with the provision of Ambrian's services as the Company's Broker following Admission.

The appointment may, prior to Admission, be terminated by either party (subject to accrued rights) at any time on 30 days written notice. In the event of a no fault termination by the Company at any time before Admission, in the event that Admission takes place within 12 months of termination, Ambrian shall be entitled to the fees specified in paragraphs (i) to (iv) above. Post Admission, Ambrian's appointment as Broker is for a period of 12 months and thereafter its appointment may be terminated upon one month's written notice. The engagement letter will be superseded from Admission by the Broker Agreement between the Company and Ambrian, details of which are set out in paragraph 9.1.2.

9.1.6 The Lock-in and Orderly Market Agreements referred to in paragraph 10 below.

9.1.7 By an agreement dated 3 June 2005 between the Company (1) and the Vendor (2) ("the Share for Share Exchange Agreement") the Company agreed to purchase the entire issued share capital of AEDL for a consideration to be satisfied by the allotment and issue by the Company to the Vendor of 21,719,400 Ordinary Shares. The Share for Share Exchange Agreement contains warranties given by the Vendors.

9.1.8 On 20 July 2005 the Company entered into the Beaumont Cornish Warrant Instrument, details of which are set out in paragraph 5.2 below.

9.1.9 On 20 July 2005 the Company entered into the Ambrian Warrant Instrument, details of which are set out in paragraph 5.3 below.

9.2 *AEDL*

9.2.1 By way of an offer letter dated 12 November 2003 from AEDL to Mike King, AEDL agreed to offer to Mr King a contract for remote sensing work in Turkey. In the offer letter AEDL promised to incorporate into the said contract a discovery fee of US$50,000 payable to Mr King in the event that his work led to a discovery of one or more economic gold deposits containing in excess of 1 million ounces of gold, as defined by a positive independent bankable feasibility study. AEDL did not enter into any contract with Mr King, but on 1 March 2004 KSPM Associates Limited, a company in which Steven Poulton, Matthew Grainger and Kerim Sener are directors and shareholders, entered into an agreement with Mr King, for him to provide geological services in relation to *inter alia* remote sensing for a period of 6 months, unless otherwise extended. The agreement has not been extended and did not include the reference to the discovery fee although it would be the intention of the Group to honour the agreement to pay the discovery fee.

9.2.2 Pursuant to the terms of an agreement dated 10 December 2004 (the "RAB Agreement") between RAB Special Situations (Master) Fund Limited (formerly RAB Special Situations LP) ("RAB") (1), Phillip Richards (2), AEDL (3), Steven Poulton (4) and Matthew Grainger

(5) RAB and Mr Richards respectively subscribed on 9 December 2004 ("the Issue Date") for 49,500 and 3,000 ordinary shares in AEDL at a subscription price of £8.00 per ordinary share ("the Issue Price"), in consideration for which AEDL, Steven Poulton and Matthew Grainger provided warranties, indemnities and representations as to the affairs of AEDL. In the event that AEDL undertook an issue of ordinary shares (or other securities with substantially the same or more beneficial rights) within 12 months from the Issue Date at a price less than the Issue Price then AEDL agreed to offer to issue at the same time to RAB and Mr Richards such number of ordinary shares or other securities ("the Additional Shares") as will maintain their percentage proportion of the aggregate total number of ordinary shares or other securities in issue following the issue. The Additional Shares will be issued at par fully paid (so far as such funds are available) by the application of distributable reserves or the share premium account. In addition, in the event that AEDL is not admitted to AIM by 31 December 2005 the shares acquired by RAB and Mr Richards will be adjusted month by month on a sliding scale on the basis that the Issue Price was not in fact £8.00 per share but a percentage thereof starting at 98 per cent. and reducing by 2 per cent. per month. Additional shares representing the balance thereby created will be issued each month to RAB and Mr Richards at no additional cost.

9.2.3 By a Deed of Termination dated 18 July 2005 between the parties to the RAB Agreement, the RAB Agreement was terminated in its entirety subject to Admission.

9.3 *Galata*

A Purchase and Sale Agreement dated 20 December 2004 (and completed 31 January 2005) between Newmont Altin Madencilik Limited Sirketi (1), Normandy Madencilik Anonim Sirketi (2), (together "Newmont" for the purposes of this paragraph) and Galata (3) pursuant to which Galata agreed to purchase all right, title, interest and obligations of Newmont in the Sindirgi Gold Project for a total consideration of US$400,000. Newmont retains a NSR royalty on the Sindirgi Gold project of 1.5 per cent., 2 per cent. and 2.5 per cent. based on the price of gold trading below US$400 between US$400 and US$450 and above US$450 respectively. The agreement also contains warranties on the part of Newmont and on the part of Galata, and Galata agreed to indemnify Newmont in respect of all liabilities of Newmont relating to the Sindirgi Gold Project and would pay all outgoings once acquired in relation to the Sindirgi Gold Project including future government taxes.

10. Lock-in and Orderly Market Agreements

10.1 Lock-in Agreements dated 20 July 2005 between the Company (1), Beaumont Cornish (2), Ambrian (3) and respectively each of the Directors (4) pursuant to which each of the Directors has undertaken to the Company, Ambrian and Beaumont Cornish (for as long as Beaumont Cornish remains the Company's Nominated Adviser) that he will not (and he will procure that his immediate family will not) for a period of 12 months from the date of Admission (the "Lock In Period") sell, transfer or otherwise dispose of any interest in Ordinary Shares registered in his name or beneficially held by him immediately following Admission or of any rights acquired by them pursuant to the exercise of an option or warrant to acquire Ordinary Shares or to subscribe for Ordinary Shares which have already or may subsequently be granted within the Locked In Period. Each of the Directors has also agreed that he will not (and he will procure that his immediate family will not) in the second 12 months period following Admission dispose of their Ordinary Shares, including any Ordinary Shares purchased in the 24 month period following Admission except with the consent of the Company's broker (such consent not to be unreasonably withheld or delayed), for the time being, for the purposes of maintaining an orderly market in the Ordinary Shares.

10.2 A Lock-in and Orderly Market Agreement dated 6 June 2005 between the Company (1) and Richard Osman (2) whereby Richard Osman has agreed with the Company that he will not for a period of 6 months from the date of Admission (the "Lock In Period") sell any interest in Ordinary Shares. Furthermore, with a view to ensuring an orderly market in the Company's Ordinary Shares, Richard Osman has also agreed, for a period of 6 months following the Locked In Period, that he will provide the Company and Ambrian (for as long as Ambrian remains the Company's broker) with at least three days notice of any intention to sell any interest in Ordinary Shares and Ambrian shall on a best efforts basis endeavour, within three days of such notice, to place shares which are to be sold for Richard Osman with institutional investors or with private client investors through a secondary broker. Richard Osman shall not be prevented from selling his shares should Ambrian be unable to place his shares within the three day period.

10.3 A Lock-in and Orderly Market Agreement dated 7 June 2005 between the Company (1) and Paul Morley (2) whereby Paul Morley has agreed with the Company that he will not for a period of 6 months from the date of Admission (the "Lock In Period") sell any interest in Ordinary Shares. Furthermore, with a view to ensuring an orderly market in the Company's Ordinary Shares, Paul Morley has also agreed, for a period of 6 months following the Locked In Period, that he will provide the Company and Ambrian (for as long as Ambrian remains the Company's broker) with at least three days notice of any intention to sell any interest in Ordinary Shares and Ambrian shall on a best efforts basis endeavour, within three days of such notice, to place shares which are to be sold for Paul Morley with institutional investors or with private client investors through a secondary broker. Paul Morley shall not be prevented from selling his shares should Ambrian be unable to place his shares within the three day period.

11. Working Capital

The Directors, having made due and careful enquiry, and having taken into account the net proceeds of the Placing believe that the working capital available to the Group will be sufficient for its present requirements, that is for at least twelve months from the date of Admission.

12. Litigation

There are no legal or arbitration proceedings in which the Group is involved or which are pending or threatened by or against the Group which may have, or have had during the 12 months preceding the date of this document, a significant effect on the Group's financial position.

13. Financial Information on the Company

The financial information set out in this document relating to the Group does not constitute statutory accounts within the meaning of Section 240 of the Act and no such accounts have been filed with the Registrar of Companies in England and Wales.

The statutory accounts for the period ending 31 December 2005 will be delivered to the Registrar of Companies in England and Wales following the next Annual General Meeting of the Company.

14. Taxation

The comments in this section are intended as a general guide for the benefit of holders of shares as to their tax position under United Kingdom law and Inland Revenue practice as at the date of this document. Any shareholder who has any doubt as to his or her tax position or who is subject to tax in a jurisdiction other than the United Kingdom should consult a professional adviser without delay.

14.1 *Taxation of Chargeable Gains*

14.1.1 For the purpose of UK tax on chargeable gains, the issue of Ordinary Shares will be regarded as an acquisition of a new holding in the share capital of the Company.

14.1.2 To the extent that a shareholder acquires Ordinary Shares allotted to him, the Ordinary Shares so allotted will, for the purpose of tax on chargeable gains, be treated as acquired on the date of allotment.

14.1.3 The amount paid for the Ordinary Shares will constitute the base cost of a shareholder's holding.

14.1.4 A disposal of all or any of the Ordinary Shares may, depending on the individual circumstances of the relevant shareholder, give rise to a liability to UK taxation on any chargeable gains. Individual shareholders will normally be subject to UK taxation on chargeable gains, unless such holders are neither resident nor ordinarily resident in the UK. Taper Relief will reduce the amount of chargeable gain on a disposal by an individual shareholder. The extent to which it applies will depend on the length of time the shares have been held and on whether the shares held qualify as business or non business assets. UK resident corporate shareholders will generally be subject to corporation tax on the chargeable gain. Special provisions may apply to exempt the gain if more than 10 per cent. of the shares are held for at least 12 months.

14.2 *Taxation of Dividends*

14.2.1 Under current United Kingdom legislation, no tax is required to be withheld from dividend payments by the Company. Shareholders (other than a company) receiving a dividend from the Company also receive a tax credit in respect of the dividend of an amount equal to one ninth of the amount of the dividend, which is 10 per cent. of the sum of the dividend and the tax credit. Generally, the liability to United Kingdom income tax is calculated on the sum of the dividend and the tax credit (''the dividend income''). Individual United Kingdom resident Shareholders whose income is within the starting rate or basic rate tax bands will be subject to income tax at the rate of 10 per cent. on their dividend income, so that such Shareholders will have no further liability to income tax on that dividend income. The higher rate of income tax is 32.5 per cent. in respect of dividend income. A higher rate tax payer may set the tax credit against his liability to income tax on the dividend income and will have further tax to pay of 22.5 per cent. of the dividend income. Shareholders who are not liable to income tax on the dividend income (or any part of it) may not claim payment of the tax credit (or part of it) from the Inland Revenue.

14.2.2 United Kingdom resident corporate Shareholders are not normally liable to United Kingdom taxation on any dividend received from a United Kingdom resident company. United Kingdom resident Shareholders (including authorised unit trusts and open-ended investment companies) and pension funds are not entitled to payment in cash of the tax credit. Trustees of discretionary trusts that are subject to United Kingdom tax are liable to account for income tax at the rate applicable to trusts on the trust's dividend income and are required to account for tax at an effective rate of between 22.5 per cent. and 40 per cent.

14.2.3 Whether Shareholders who are resident for tax purposes in countries other than the United Kingdom are entitled to a tax credit in respect of dividends on their Ordinary Shares depends in general upon the provisions of any double taxation convention or agreement which exists between such countries and the United Kingdom. Non-United Kingdom resident Shareholders should consult their own tax advisers on the possible application of such provisions and the procedure for claiming any such tax credit in their own jurisdictions. However, no cash payment will be recoverable from the HM Revenue and Customs in respect of the tax credit.

14.3 *Stamp Duty and Stamp Duty Reserve Tax ("SDRT")*

14.3.1 No stamp duty or SDRT will be payable on the issue of shares save that special rules apply to persons operating clearance services or depository receipt services.

14.3.2 A transfer or sale of shares will generally be subject to ad valorem stamp duty at the rate of 0.5 per cent. rounded up to the nearest multiple of £5 on the amount or value of the consideration paid by the purchaser. If an unconditional agreement for the transfer of such shares is not completed by a duly stamped transfer to the transferee by the seventh day of the month following the month in which the agreement becomes unconditional, SDRT will be payable on the agreement at the rate of 0.5 per cent. of the amount or value of consideration paid. Liability to SDRT is generally that of the transferee. Where a purchase or transfer is effected through a member of the London Stock Exchange or a qualified dealer, the said member or dealer will normally account for the SDRT.

14.3.3 When shares are transferred to a CREST member who holds those shares in uncertificated form as a nominee for the transferor, no stamp duty or SDRT will generally be payable.

14.3.4 When shares are transferred by a CREST member to the beneficial owner (on whose behalf it has held them as nominee), no stamp duty or SDRT will generally be payable.

14.3.5 Where a change in beneficial ownership of shares held in uncertificated form occurs and such change is for consideration in money or money's worth (whether the transferee will hold those shares in certificated or uncertificated form) a liability to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration will arise. This will generally be met by the new beneficial owner.

15. General

15.1 Beaumont Cornish, which is authorised and regulated by the Financial Services Authority, has given and not withdrawn its written consent to the issue of this document with the inclusion herein of its name and the references to it in the form and context in which they appear.

15.2 Ambrian, which is authorised and regulated by the Financial Services Authority, has given and not withdrawn its written consent to the issue of this document with the inclusion herein of its name and the references to it in the form and context in which they appear.

15.3 PKF (UK) LLP, Chartered Accountants, have given and have not withdrawn their written consent to the issue of this document with the inclusion herein of their reports set out in Part III of this document and to the references to it in the form and context in which such references are included and accept responsibility for their reports for the purposes of the AIM Rules. PKF (UK) LLP, Chartered Accountants, have not become aware, since the dates of such reports, of any matter affecting their reports at that date.

15.4 SRK has given and not withdrawn its written consent to the issue of this document with the inclusion herein of its report set out in Part IV of this document and to the references to its name in the form and context in which such references are included and accepts responsibility for its report for the purposes of the AIM Rules.

15.5 AEDL's cash balances at 31 December 2004 were £682,000. As at 12 July 2005, these cash balances had reduced to approximately £140,000. Save for this and as otherwise disclosed in this document, there have been no significant changes in the trading or financial position of the Group since 24 March 2005, being the date to which the financial information for the Company contained in the Accountants' Report in Part III has been prepared.

15.6 The total costs and expenses payable by the Company in connection with or incidental to the Placing and Admission including registration and London Stock Exchange fees, printing, advertising and distribution costs, legal and accounting fees are estimated to amount to £261,000 (excluding VAT).

15.7 The Ordinary Shares are in registered form.

15.8 Save as disclosed in this document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:

15.8.1 received, directly or indirectly, from the Group within 12 months preceding the date of this document; or

15.8.2 entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Group on or after Admission any of the following:-

(i) fees totaling £10,000 or more; or

(ii) securities in the Company with a value of £10,000; or

(iii) any other benefit with a value of £10,000 or more at the date of Admission.

15.9 Save as disclosed in this document, no payment (including commissions) or other benefit has been or is to be paid or given to any promoter of the Company.

15.10 CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding and transfer of shares under CREST. The Company has applied for the issued Ordinary Shares to be admitted to CREST and it is expected that the issued Ordinary Shares will be so admitted, and accordingly enabled for settlement in CREST.

15.11 Other than the proposed application for Admission, the Ordinary Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made and there is not intended to be made any other arrangement for dealings in the Ordinary Shares on any such exchange. Trading in the Ordinary Shares on AIM is expected to commence on 28 July 2005.

15.12 Beaumont Cornish has been appointed Nominated Adviser to the Company and is registered in England and Wales with company number 03311393 and its registered office is at Lewis House, 12 Smith Street, Rochdale, Lancashire OL16 1TX. Beaumont Cornish is a member of the London Stock Exchange and is authorised and regulated in the UK by the Financial Services Authority.

15.13 Ambrian has been appointed Broker and financial adviser to the Company and is registered in England and Wales with company number 4230675 and its registered office is at 8 Angel Court, London EC2R 7HP. Ambrian is a member of the London Stock Exchange and is authorised and regulated in the UK by the Financial Services Authority.

15.14 There are no patents or other intellectual property rights, licences or particular contracts which are or may be of fundamental importance to the Group's business.

15.15 The Ordinary Shares and New Ordinary Shares have not been sold, nor are they available, in whole or in part, to the public in conjunction with the application for Admission other than as part of the Placing.

15.16 Save as disclosed in this document, there are no investments by the Group in progress which are significant.

15.17 Save as disclosed in this document, the Directors are not aware of any significant recent trends concerning the development of the business of the Group since the end of the last completed financial year for AEDL, being 31 December 2004.

15.18 The Minimum Amount which, in the opinion of the Directors, must be raised by the Company pursuant to the Placing in order to provide the sums required by the Company is £1,100,000 which will be allocated as follows:

Purchase price of property	£Nil
Expenses and commissions	£241,000
Repayments of borrowings	£Nil
Working capital	£859,000
Total	£1,100,000

15.19 The arrangements for the payment of the subscription monies for the New Ordinary Shares are set out in the placing letters issued by Ambrian. All monies received from placees will be held by Computershare Investor Services plc prior to Admission, when the net proceeds will be paid to the Company. If Admission does not become effective, all subscription monies will be refunded, by Computershare Investor Services plc as soon as reasonably practicable without interest and at the placees risk.

15.20 Third parties who introduce placees pursuant to the Placing will be paid commission of up to 4 per cent. on the amounts subscribed.

This document is dated 20 July 2005

GLOSSARY OF TECHNICAL TERMS AND MINERAL ABBREVIATIONS

Acid	An igneous rock containing greater than 63 per cent. SiO_2;
Ag	The chemical symbol for silver;
Alkaline	Pertaining to igneous rocks containing feldspathoids and/or alkali amphiboles or pyroxenes;
Alteration	Changes in the chemical or mineralogical composition of a rock, generally produced by weathering or hydrothermal solutions;
Alunite	A mineral with the composition $KAl_2\ (SO_4)_2\ (OH)_6$, and an important alteration product in high-sulphidation epithermal systems;
Andesite	A fine-grained dark coloured volcanic rock;
Anomalous	Samples that differ significantly from all the others in a group of population;
Argillic	Altered to clay;
As	The chemical symbol for arsenic;
Assay	The analysis of minerals, rocks and mine products to determine and quantify their constituent parts;
Au	The chemical symbol for gold;
Auriferous	Containing gold;
BLEG	Bulk Leach Extractable Gold - a method of sampling which improves the reliability of sampling for finer gold fractions;
Bonanza grade	A miner's term for a high-grade orebody or part of an orebody;
Breccias	A rock composed of broken, angular fragments enclosed in a fine-grained matrix;
Bulk samples	A large volume sample commonly taken for metallurgical testing or trial mining purposes;
Carbonate	A sediment composed of calcium, magnesium and/or iron; or a mineral containing the carbonate radical;
Cenozoic	An era of geological time covering 65Ma to present;
Chalcopyrite	A copper-iron sulphide mineral ($CuFeS_2$);
Channel sample	A rock sample usually selected across the face of a rock body or vein to provide an average value;
Chalcedony	The group name for cryptocrystalline varieties of silica composed of minute crystals of quartz with submicroscopic pores;
Chlorite	A representative of a group of greenish silicate clay minerals;
Clastic	Pertaining to a sediment or rock composed chiefly of fragments derived from pre-existing rocks or minerals;
Co	The chemical symbol for cobalt;
Colloform	A texture often found in certain types of mineral deposits, where crystals have grown in radiating and concentric manner;
Cretaceous	A period of geological time between 140 to 65 Ma;
Cu	The chemical symbol for copper;
Cut-off	The grade above which the commodity could be considered ore in a particular deposit;

Dacite	A fine grained volcanic rock, the extrusive equivalent of granodiorite;
Deposit	A naturally occurring accumulation of minerals that may be considered economically valuable;
Diamond drilling	A drilling method which obtains a cylindrical core of rock by drilling with an annular bit set with diamonds;
Dip	Inclination of a geological feature/rock from the horizontal (perpendicular to strike);
Disseminated	Fine grained material scattered evenly throughout the rock;
Due diligence	The process of investigation into the details of a potential investment, such as an examination of operations and management and the verification of material facts;
Dykes	A sub-vertical tabular igneous intrusion which cuts across the bedding or other planar structures in the country rock;
Epithermal	Mineralisation which is formed at low temperatures (50-200°C) near the Earth's surface (<1,500m);
Erosion	The wearing away of any part of the Earth's surface by natural agencies;
Fault	A fracture in a rock along which the opposite sides have been relatively displaced parallel to the plane of the movement;
Fe	The chemical symbol for iron;
Feasibility Study	A detailed study of the economics of a project based on technical calculations and specific mine designs undertaken to a sufficiently high degree of confidence to justify a decision on construction;
Feldspar	A silicate mineral group, most important group of rock forming minerals being essential constituents of igneous rocks, present in most metamorphic rocks and in many sedimentary rocks;
Felsic	A term for a rock that contains an abundance of feldspar and silica;
Float	Loose rock fragments that are often found in the soil on a slope;
g/t	Grammes per tonne;
Geochemical anomaly	A concentration of one or more elements in a rock, sediment, soil, water or vegetation that differs significantly from the normal concentrations;
Geological mapping	Recording geological information;
Geophysical surveys	A prospecting technique which measures the physical properties (magnetism, conductivity, density) of rocks and defines anomalies for further testing;
GIS	Geographical Information System – a system of hardware, software and procedures to facilitate the management, manipulation, analysis, modelling, representation and display of georeferenced data;
Grade	The quantity of ore or metal in a specified quantity of rock;
Granite	A medium to coarse grained plutonic igneous rock usually light coloured and consisting largely of quartz and feldspar;
Grass roots	The earliest phase of geological exploration and knowledge gathering;
Haematite	An oxide mineral of iron (Fe_2O_3);
High-sulphidation	A style of gold mineralisation which is typically found proximal to volcanic centers and is characterised by alunite-kaolinite and vughy silica alteration;
Hydrothermal	refers in the broad sense to the processes associated with alteration and mineralisation by a hot mineralizing fluid (water);

Ignimbrite	A type of rock which forms from hot pyroclastic ash clouds developed during explosive volcanic eruptions;
Inferred Mineral Resource	The part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability;
In-situ	In place;
Intrusion	A body of igneous rock that is emplaced into pre-existing older rocks;
Jurassic	Period of geological time from 210-140 Ma;
Kaolinite	A group of clay minerals formed by weathering or hydrothermal alteration of feldspars and other aluminous silicate minerals;
Km	Kilometres;
Landsat TM	Multispectral data from satellite remote-sensing imagery that provides landscape patterns reflecting geologic structures, types of rocks, and vegetation;
Limestone	A sedimentary rock composed almost entirely of calcium carbonate ($CaCO_3$);
Limonite	An amorphous hydrated iron oxide, one of the chief constituents of gossan;
Lineament	A linear topographical feature;
Lithology	The description of the characteristics of rocks;
Low-sulphidation	A style of gold mineralisation which is typically found distal to volcanic centers and is characterised by adularia-sericite alteration and quartz veins;
m	Metre;
M	Million;
Ma	Million years before present;
Measured Mineral Resource	The portion of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through workings and drill holes. The locations are spaced closely enough to confirm geological and/or grade continuity;
Mesozoic	An era of geological time spanning 250-65Ma, including the Triassic, Jurassic and Cretaceous periods;
Metallogenic province	A belt of rocks, often structurally controlled, that are host to a specific selection of metals;
Metamorphism	Altering in composition, texture, or internal structure by processes involving pressure, heat and/or the introduction of new chemical substances;
Miocene	Epoch of the Tertiary Period extending from 23.3 to 5.2 Ma;
Mineral Resource	A concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such a form and quantity that there are reasonable prospects for eventual economic extraction;
Mineralisation	The concentration and process of metals and their chemical compounds introduced within a body of rock;
Ni	The chemical symbol for nickel;
Open pit	A method of mining in which the ore is extracted from an excavation open to the sky;

Ore	Mineral bearing rock that contains one or more minerals, at least one of which can be mined and treated profitably under current or immediately foreseeable economic conditions;
Orogenic belt	A linear or arcuate zone in the Earth's crust characterised by deformed and metamorphosed rocks, usually associated with large plutonic intrusions in the deeper levels of the belt;
Oxide	Soft, weathered rock formed by the process of weathering near the surface;
Oz	Troy ounce (equal to 31.1034768 grammes);
Palaeozoic	An era of geological time from 590-250Ma;
Pb	The chemical symbol for lead;
Permian	A period of geological time from 290-250 Ma;
Pliocene	The uppermost division of the Tertiary Period;
Porphyry	An igneous rock in which relatively large crystals (phenocrysts) constitute 25 per cent. or more of the volume and are set in a fine-grained ground mass. Can also be used in conjunction with a mineral name where the phenocrysts are of the named mineral e.g. quartz porphyry;
Precambrian	The period of time from the formation of the Earth (4,500Ma) to about 590Ma;
Pre Feasibility Study	A geological, technical and economic study to determine whether a deposit can be exploited;
QuickBird	A high resolution (0.6m per pixel) true-colour satellite image data;
Prospect	An area of ground considered worthy of investigation with respect to mineral potential;
Pyrite	An iron sulphide mineral (FeS_2);
Pyroclastic	Fragmented rock materials formed by volcanic explosion;
Quartz	A common rock forming mineral (SiO_2);
Quaternary	The most recent period of geological time, a division of the Cenozoic;
RC	Reverse Circulation, a type of drilling method in which the sample is forced by air to the surface inside the drill rods;
Replacement	The progressive substitution of one mineral for another;
Reverse circulation drilling	The hydraulic process of drilling whereby fluid is circulated down the outside of the rods and returned to the surface with drill cuttings inside the rods;
Rhyolite	One of a group of extrusive igneous rocks commonly showing flow textures, the extrusive equivalent of a granite;
S	The chemical symbol for sulphur;
Sb	The chemical symbol for antimony;
Schist	A metamorphic rock defined by its well developed parallel orientation of more than 50 per cent. of the minerals present;
Sericite	A fine grained white micaceous mineral often the product of alteration processes;
Shear	The deformation of an object in which parallel planes remain parallel but are shifted in a direction parallel to themselves;
Siliceous	Containing abundant silica;
Silicification	The introduction of silica into a non-siliceous rock via silica saturated groundwater or fluids of igneous origin;

Specific gravity	The ratio of the weight of a given volume of a substance to the weight of an equal volume of water (i.e. its density);
Stockwork	A mineral deposit in the form of a branching network of small irregular veins;
Strike	The direction taken by a structural surface such as a fault or bedding plane as it intersects the horizontal;
Stringer	A mineral veinlet or filament, usually one of a number, occurring in a discontinuous subparallel pattern in host rock;
Sulphide	Metalliferous minerals formed with sulphur and often iron;
t	Metric tonne;
Tectonics	The forces and movements producing large scale features of the Earth;
Tertiary	A period of geological time 65-1.6Ma, part of the Cenozoic era;
Trenching	A means of exposing and sampling near-surface geology by digging a trench;
Triassic	A period of geological time from 250-40Ma;
Tuff	A rock formed from volcanic ash fall deposits;
Twin drilling	Drilling at the same locations as holes already drilled to verify the results of existing drill holes;
Vein	Tabular or sheetlike body deposited in openings of fissures, joints or faults in the host rock;
Void	Cavities within rocks resulting from extraction of material;
Volcanic	Pertaining to igneous rocks which have been erupted from volcanoes;
Volcaniclastic	Pertaining to fragmental rocks containing volcanic material in any proportion without regard to origin;
Weathering	Degradation of rocks at the Earth's surface by climatic forces;
Zn	The chemical symbol for zinc.

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