



Producer - Developer - Explorer



Ariana Resources PLC Annual Report & Accounts 2016

Registered Number : 05403426

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Ariana Resources is an
AIM-listed producer, explorer
and developer focused on gold
and technology-metals

Our Mission

Ariana aims to deliver shareholder value through exploration and development, underpinned by its Joint Venture gold mining operation in Turkey. The Company intends to build long-term value by advancing a robust pipeline of exploration and development projects in gold and technology-metals. Ariana creates value through its highly efficient approach to de-risking its projects, resulting in production in selected circumstances. Ariana has broadened its interests into technology-metals which are associated with gold provinces, such as antimony, lithium, silver and tantalum.

Arzu South
Open Pit

Kiziltepe Gold Mine - Red Rabbit Gold Project

Our Objective

Our objective is to explore for and develop mineral projects which demonstrate the potential for mining. Within Turkey, Ariana remains focused on maximizing profitability at its Red Rabbit Gold Project, whilst also targeting the discovery of multi-million ounce deposits for future development. Through a combination of local understanding, international expertise and efficient low-cost exploration, the Company is creating value for its shareholders across its exploration and development portfolio.

Our Business Model

Our business model has been developed to maximise value by focusing on all stages of the exploration, development and production cycle and driving efficiency at each stage.

An aerial photograph of a mining site in a mountainous region. The site features several blue-roofed industrial buildings, a large processing plant, and various infrastructure elements like roads and tracks. The surrounding landscape is hilly and forested, with a river visible in the distance. A diagonal white line divides the image from the top-left to the bottom-right.

CIL
Processing Plant

Mine Administrative
Buildings

Laboratory

2016 Highlights

Gold Resources by Area (oz) Total : **1,623,000** oz gold eq.

Salinbaş Project		Red Rabbit Gold Project		
Salinbaş 703,000oz 43%	Ardala 323,000oz 20%	Kızıltepe 338,000oz 21%	Tavşan 215,000oz 13%	2% Kızılçukur 33,000oz
				1% İvrindi 11,000oz

Note: Kızıltepe and Tavşan resources are 50% held by Ariana; Salinbaş and Ardala resources are 100% held by Ariana. Kepez resource not added to the Kızıltepe total.

Global JORC⁺ Resource

1,623,000 oz gold eq.*

+ Joint Ore Reserves Committee (JORC) 2004 & 2012.

* Gross with respect to Red Rabbit JV & Salinbaş Project following resource updates in 2016 & 2017.

Red Rabbit Gold Project
and wider project area

605,000 oz gold eq.**

** Comprising 562,000 oz Au eq. reported gross with respect to the Red Rabbit JV plus a further 44,000 oz Au eq. 100% attributable to Ariana. Kepez resource of 9,000 Au eq. added to the total.

Salinbaş Project

1,028,000 oz gold eq.***

*** Gold equivalency calculated on the basis of Au and Ag only, using a gold/silver price ratio of 60:1.

Production: Red Rabbit Gold Project

First gold production

5.25kg first doré gold-silver poured March 2017

10 doré bars

March - May 2017

11.5 years

Potential life of mine increased

Further potential to increase life of mine with additional resource drilling

Resource Growth: Red Rabbit Project Area

300,000 oz gold

Management resource target at Tavşan

338,500 Au eq. JORC Resource at Kiziltepe

Following geological model review and new drilling data

100% increase in JORC Resource at Kizilçukur

33,000 oz Au eq. potential satellite mine-site for Kiziltepe

Technology-Metals: Asgard Metals

A\$ 20,000 & 6.6m shares

in Kingston Resources Limited

Following the sale of interests in a package of tenements in the Northern Territory and Western Australia to Kingston Resources Limited

7,200,000 performance shares

in Kingston to be issued on the achievement of certain project milestones

5.9% investment

in Dakota Minerals

Strategic Report



Our Strategy

Strategy & Business Model

Our strategy is to achieve sustainable long-term growth of the Company via robust and cost-efficient gold and technology-metals exploration and development. This has allowed us to identify, advance and develop projects rapidly at a discovery cost per ounce of gold which is less than half that of our peers.

We will achieve our strategy by:

- Focusing on the discovery of sizeable mineral systems;
- Building positive long-term relationships with local government, communities and key stakeholders;
- Developing a strong team with excellent commercial, technical and financial skills;
- Forming robust business partnerships for the development of gold and technology-metals projects;
- Executing selective, high-impact exploration programmes and joint venture opportunities; and
- Ensuring safe operating procedures and minimising environmental impact.

Delivering on our Strategic Vision

Ariana's business model has been developed to maximise value by focusing on all stages of the exploration, development and production cycle. We are also strengthening our portfolio by applying our model to both gold and technology-metals exploration and development.

For more information on our projects, see the Operations Review on pages 12-23.

Exploration

By building a pipeline of exploration projects, our aim is to increase substantially our global resources, together with enhancing the economic fundamentals and mine life at the Red Rabbit Gold Project ("RRGP").

Joint Ventures / Investments

Diversification through joint venture project development and investments. Value crystallisation through asset sales in technology-metals through our 100% held Australian subsidiary, Asgard Metals Pty. Ltd. Asgard is our global project generator subsidiary.

Gold / Silver Production

Focus on delivering continual production efficiencies and building a robust future pipeline of additional resource ounces to maximise strong financial returns over the life of mine at Kiziltepe.

Ariana at a Glance



Where we Operate

Turkey represents a unique opportunity for gold exploration on the doorstep of Europe. Turkey lies within the globally significant Tethyan metallogenic belt, which hosts some of the world's largest gold, copper and silver deposits. Turkey is Europe's largest gold producer with 11 operating gold mines.

During 2016, our interest in technology-metals, specifically lithium and tantalum deposits associated with certain gold provinces, led us to extend our interests to Western Australia and the Northern Territory. We are advancing our strategy on other project opportunities globally through our wholly owned subsidiary, Asgard Metals Pty. Ltd.

Principal Activity

Ariana Resources PLC is a public limited company incorporated and domiciled in Great Britain. The Company's shares are listed on the Alternative Investment Market (AIM) of the London Stock Exchange. The principal activities of the Company and its subsidiaries are related to the exploration and development of gold and technology-metals.

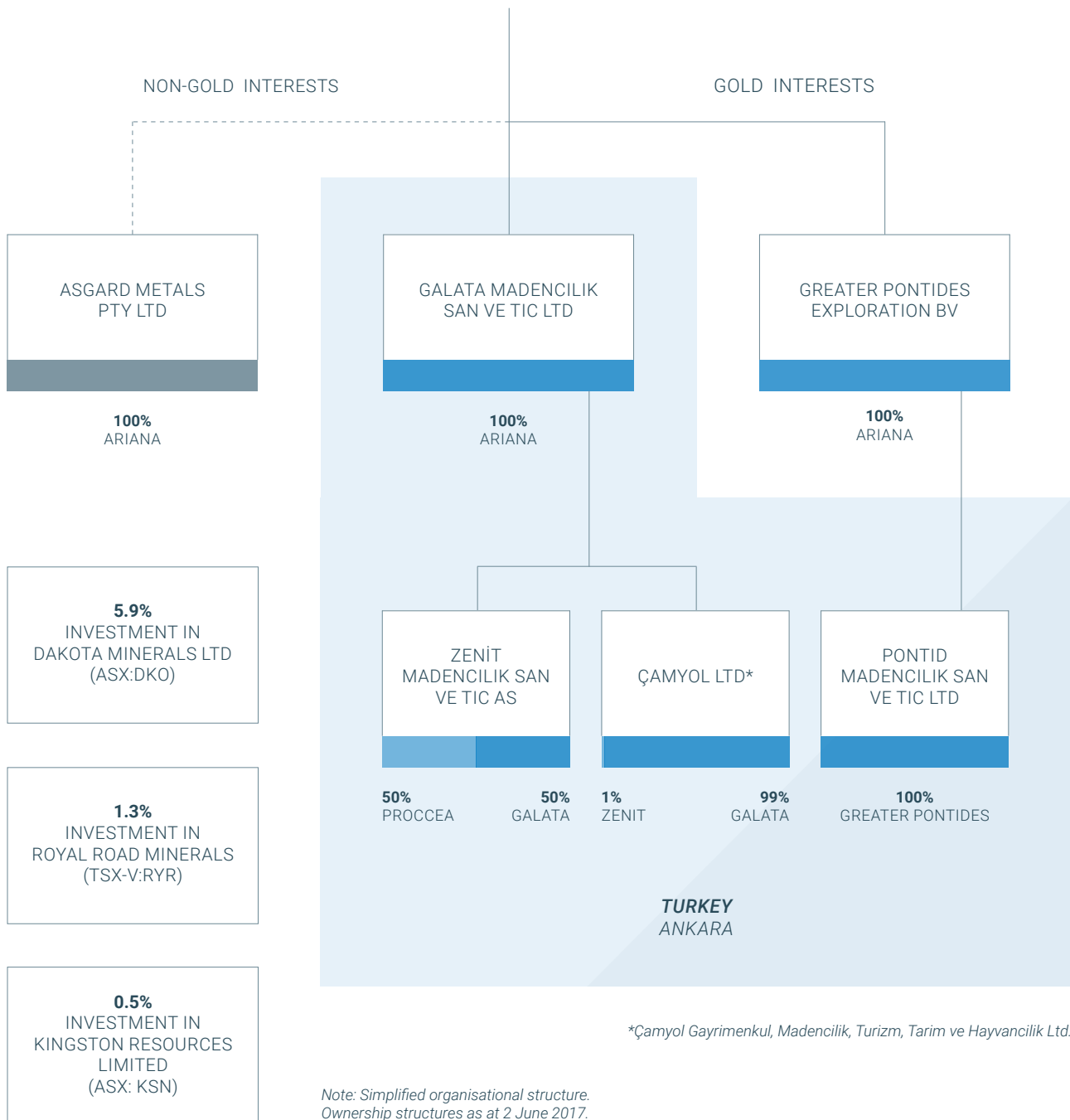
Turkey's Gold Production

24.5 tonnes*

* 2016 production figure from The Turkish Gold Miners' Association



Organisation Review



Chairman's Statement



This has been a landmark year for your Company with the successful completion of construction at the Kiziltepe Mine and our first gold pour in March 2017. This achievement is the result of the unwavering commitment of the Ariana team and our partners Proccea Construction Co. ("Proccea"), together with the support given by the local community and the Turkish Government. I would also like to acknowledge the steadfast commitment of our long-term shareholders, who have supported us as we strived to deliver our vision.

Whilst our primary focus has been to ensure that the Kiziltepe Mine was delivered as planned, we have also made significant progress to enhance the long-term economics of the Red Rabbit Gold Project by expanding the resource base at Kiziltepe through recent drilling programmes and its wider hinterland, including an important and timely reappraisal of the Tavşan Sector.

We have made significant advances in achieving these goals this year. Leveraging our well-established track record for cost-effective exploration, our discovery cost now having been further reduced to US\$15 per ounce, we are confident that we have significantly extended the resource base at the Kiziltepe Sector of the Red Rabbit Gold Project through two successive resource updates in one year.

At Kiziltepe, approximately 7,200m of drilling during 2016 confirmed our expectations in the continuity of mineralisation beneath the cap rocks at Arzu Central and tested several other targets successfully. These exciting results indicate an extensive buried vein system connecting Arzu South with Arzu North for over 650m of strike. In addition, drilling on Arzu South has confirmed the continuity of mineralisation along the southern extensions of this vein. At Arzu Far South we have discovered a vein array which is anomalous in gold and particularly silver.

We have also added a further 125m to the eastern end of the mineralised vein strike at Banu, which will have the effect of increasing our resource at this location. The grades encountered here demonstrate the potential for extraction from an extended open-pit. At the Karakavak prospect we have confirmed the potential for several shallow open-pittable resources as satellites to the Kiziltepe Mine operations.

In November 2016, a scoping study completed on Tavşan demonstrated the opportunity for further resource growth and the development of an attractive low-cost and high-margin mining operation at a second site. Approximately two thirds of the Tavşan resource will be accessible via shallow open-pit mining methods. Additional exploration potential in the area suggests that there are opportunities to increase mine life by a further three years to a total of seven years, producing at a rate of approximately 30,000 oz gold p.a. The study underlined the potential for strong financial returns: NPV (8%) at US\$41.9M, with payback secured within 1.1 years over an initial 4 year mine life at a gold price of US\$1,250/oz. The scoping study has demonstrated that bringing the Tavşan Sector of the project on stream would enable us to increase production from approximately 20,000 oz to 50,000 oz p.a. gold eq. between the two operations.

These positive developments at our operational mine, together with an enhanced resource base, occur against a backdrop of growing strength in global precious metals markets. There appear to be many drivers of this trend, including geo-political uncertainties, central banks stockpiling gold, concerns that the stock markets are over-valued, re-emerging inflation and investors seeking safe havens. Another driver of the market worth noting is the increasingly important role of China. Since 2014 China has been the world's largest importer of gold and since 2007 it has been its largest producer, yet barely any of this production is exported.

Another global economic development with a positive impact on our Kiziltepe Mine is the present era of low oil prices, which looks set to continue. Oil prices are at around US\$55 per barrel, compared with US\$109 in 2012. This is very much the product of the fracking industry, particularly in the Texas Permian Basin. As this technology is rolled out over other oilfields globally, it appears likely that relatively low oil prices will persist for a considerable period of time.

"Ariana's progress is also now occurring against the backdrop of a turnaround in the precious-metals market"



Another positive development for the Company occurred in December 2016 with the 100% acquisition of the Salinbaş Gold Project in Turkey's Artvin Province from Eldorado Gold Corporation ("Eldorado"). The agreement provides a Net Smelter Return royalty to Eldorado of up to 2% on future production. Salinbaş had been part of a 49:51 Joint Venture with Eldorado since 2012 and previously with European Goldfields Limited from 2008, prior to their acquisition by Eldorado. Salinbaş is a highly significant asset, as it is located within the 'Hot Gold Corridor', a multi-million ounce goldfield containing several major gold-copper projects, notably the adjacent 4 Moz Hot Maden project. Salinbaş contains approximately 10Mt of Indicated and Inferred JORC resources, with an average grade of 2.0 g/t Au and 10.2 g/t Ag (for 650,000 oz gold and 3.2 Moz of silver). A scoping study completed on Salinbaş demonstrated potential for production of approximately 50,000 oz gold and 100,000 oz silver p.a. over 10 years, providing an NPV (8%) in excess of US\$100M.

In recognition of the widening scope of Ariana's interests, the Ariana Board was strengthened in August 2016 with the addition of Chris Sangster as a Non-Executive Director. Chris is a mining engineer with over 35 years in the industry. His insight will be invaluable in the next stage of Ariana's development, as we continue to prove up our other projects in Turkey and beyond. We look forward to working closely with Chris as we bring Kiziltepe through ramp-up and as we start developing this and other sites further.

Over the past two years, Ariana has been diversifying its portfolio into technology-metals, such as lithium, which are associated with many gold provinces worldwide. We witnessed the first benefits of this strategy in late 2015, when Ariana's subsidiary Asgard Metals Pty. Ltd. ("Asgard") vended a package of six tenements in the Pilgangoora area of Western Australia, to Dakota Minerals Limited (ASX: DKO). In July 2016 Asgard completed the sale of our interests in a second package of lithium tenements in Western Australia and the Northern Territory to Kingston Resources Limited (ASX: KSN). In summary, the past year has been a transformational one for your Company. Despite the challenging market conditions and

several regulatory changes in Turkey over recent years, we have not wavered from our strategic vision. Our determination has enabled us to make the challenging transition from an explorer to a joint venture producer with the construction of our first mine at Kiziltepe. This is a pivotal moment in the evolution of your Company and our achievement is the result of the professionalism and diligence of the Ariana team, our JV team in Zenit Madencilik San. ve Tic. A.S. ("Zenit") and our partners Proccea. I would like to extend my thanks and congratulations for what we have achieved together. We have also been fortunate in the support we have received from the local community in Western Turkey, the Turkish Government and Türkiye Finans Katılım Bankası A.S. Our JV company, Zenit, has also been careful to ensure that local suppliers are preferentially used for material, equipment and services for construction. This has developed a strong sense of community ownership of the Kiziltepe Project.

We are now in the process of realigning Ariana to take advantage of our evolving position as an exploration junior backed by cash-flow from our Joint Venture operation at the Kiziltepe Mine, in addition to our significant investments in three listed junior companies. This provides the Company with a platform on which to expand our strategy both within and outside Turkey. I am immensely proud of the Ariana team: we have a proven track record of successful and cost-effective exploration. Now we also have a track record for delivering our strategic vision, having made the transition from exploration to joint venture production. These achievements give us the confidence and momentum to drive our strategy over the coming years, as we widen our interests to strengthen our portfolio and create shareholder value through further exploration and development of our assets.

Michael de Villiers
Chairman
2 June 2017

Operations Review



Kiziltepe Processing Plant - Red Rabbit Gold Project

It is a breakthrough moment to preface the 2017 Operational Review after having witnessed the first gold pour at our Kiziltepe Mine. This represents the culmination of 12 years' unremitting work by the Ariana team and latterly by our partners Proccea Construction Co. ("Proccea"). Over this period of time, Ariana has evolved from a greenfields exploration company, through a significant project development phase and into gold / silver production.

The diligence and professionalism of the entire team, from our geologists and mining engineers to our process and construction engineers, has enabled us to achieve our ambitious strategy of transforming Ariana from explorer to joint venture producer. The Kiziltepe Mine is part of the Red Rabbit Joint Venture with Proccea and is 50% owned by Ariana.

Moving into production through our Joint Venture provides the foundations upon which we may forge ahead with our strategy for 2017 and beyond. The priority areas will be identifying additional resources that can be fed into the mine schedule at Kiziltepe, feasibility-related work at Tavşan to accelerate this very attractive project, together with further scoping work at our now wholly-owned Salinbaş Project in the Hot Gold Corridor of eastern Turkey. We are also committed to identifying other project opportunities in the technology-metals sector globally following a series of successes in 2016 via our Australian subsidiary, Asgard Metals Pty. Ltd.

Dr. Kerim Sener
Managing Director



"Moving into production through our Joint Venture provides the foundations upon which we may forge ahead with our strategy for 2017 and beyond"

2016 - 17 Highlights

January 2016

Excellent drilling results obtained from Ariana's 100% held Kizilçukur Project

February

Completion of the sale of lithium tenements owned by Ariana's subsidiary Asgard in Australia to Dakota Minerals Limited for a cash payment of A\$147,000 and 22,500,000 fully paid ordinary shares in Dakota. During the year a further 14.7m milestone shares were granted.

March

100% increase in JORC compliant resource at the Kizilçukur Project to 33,000 oz gold eq.

April

A resource update at Kiziltepe determines a total resource of 195,200 oz Au and 3.13 Moz Ag at four main veins, excluding subsidiary veins.

May

Agreement with Kingston Resources Limited to vend a package of lithium tenements in Australia owned by Asgard for a cash payment of A\$20,000 and 6,600,000 fully paid ordinary shares in Kingston. A second package of lithium tenements was vended in July 2016.

June

Karakavak operating licence is renewed to 2020, enabling drilling at this significant satellite area for the Kiziltepe Mine.

July

Commencement of drilling programme, focusing on the Arzu vein system at Kiziltepe, plus additional targets to identify further resources ahead of the completion of construction at Kiziltepe.

August

Chris Sangster appointed to Ariana Board as Non-Executive Director. Chris is a mining engineer with over 35 years' experience in the industry.

September

Arzu South drilling results demonstrate ability to extend open pit by a further 200 metres.

October

Positive drilling results at Arzu Central demonstrate the continuity of mineralisation beneath cap rocks from the Arzu North to the Arzu South veins.

November

Tavşan scoping study demonstrates additional growth potential for the Red Rabbit Gold Project, creating an opportunity to increase production from 20,000 oz to 50,000 oz gold eq. p.a.

December

Acquisition of the remaining shares in Greater Pontides Exploration B.V. to further the business of that company, being the 1 Moz Salinbaş Gold Project from Eldorado Gold Corporation for a Net Smelter Royalty of up to 2%. The project is located in a multi-million ounce goldfield region of Eastern Turkey, named the 'Hot Gold Corridor'.

January 2017

Continuity of extensive mineralisation confirmed at Arzu Central beneath cap rocks.

February

Potential for significant resource growth at Tavşan identified from drilling results, increasing scope for a low-cost, high-margin mining operation.

March

Gold and silver production commences with the first doré pour at the completed Kiziltepe Mine after statutory inspections and the receipt of an Operational Permit.

Red Rabbit Gold Project Area

The Red Rabbit Gold Project comprises the Kiziltepe and Tavşan Sectors located within the Tethyan metallogenic belt of western Turkey. Over the past year, construction of the Kiziltepe Mine progressed successfully to completion and the mine is now fully operational. During the year, a priority for our exploration team has been to identify additional resources which may ultimately augment mine reserves. In July 2016, we commenced a drilling programme focusing on drilling the extensions of several veins in the vicinity of the Kiziltepe Mine, which totalled approximately 6,750m. The results of this programme were very encouraging and will be integrated into a longer term development plan for the Kiziltepe Project, which will involve larger and/or additional open pits. The Company remains focused on increasing its production profile now that the Kiziltepe Mine is operational.

Kiziltepe Definitive Feasibility Study Summary*

Mine Life :	8 years (up to 11.5 year potential)
Cash Costs :	US\$600/oz
Processing :	CIC/CIL
Production Rate :	20,000 oz Au eq. p.a.
JORC Resource :	338,500 oz Au eq.
JORC Reserve :	1.19Mt for 140,000 oz Au eq. (Proven & Probable)
In-pit Grade :	3.1 g/t Au; 39.8 g/t Ag
Net Present Value (8%) :	US\$34M
Internal Rate of Return :	38%
Payback :	2.4 years on US\$31.1M initial capital
Royalty :	State Right and 2.5% NSR to Franco-Nevada

**base case at US\$1,304/oz as at June 2013*



Electrowinning Cells - Kiziltepe Gold Mine - Red Rabbit Gold Project

Resource Estimate Table for Kiziltepe / Tavşan (RRGP JV)

Kiziltepe Area	Tonnes (t)	Grade Au (g/t)	Grade Ag (g/t)	Au (oz)	Ag (oz)
Main Vein Zones					
Measured	922,192	3.3	53.1	99,028	1,575,259
Indicated ¹	1,342,055	1.9	38.8	81,550	1,673,281
Measured & Indicated	2,264,247	2.5	44.6	180,537	3,248,211
Inferred	1,292,054	1.5	32.4	63,557	1,346,7426
Subsidiary Veins					
Inferred	257,039	1.5	32.8	12,561	271,058
Global	3,813,340	2.1	39.7	257,463	4,866,059

Figures are gross with respect to Red Rabbit JV - May 2017 Resource Estimate

1. Excluding Kepez – 60,000t @ 4.6 g/t Au and 34.7 g/t Ag.
2. Troy ounces of gold and silver have been calculated in the tables on the basis of 31.1035 g/troy oz.

Tavşan Area	JORC Category	Tonnes (t)	Grade Au (g/t)	Grade Ag (g/t)	Au (oz)	Ag (oz)
Main	Indicated	1,700,000	1.6	4.2	87,450	229,556
Main & Sivri	Inferred	1,300,000	1.0	3.6	41,796	150,465
Satellite	Inferred	1,900,000	1.2	3.7	73,304	226,020
Global		4,900,000	1.3	3.8	202,550	606,041
Global Total				460,013	5,472,100	

Red Rabbit Gold Project Area *continued*

Kiziltepe

Recent drilling at Arzu Central has confirmed the continuity of mineralisation beneath a sequence of ignimbrite cap rocks. The results of this programme demonstrated that an extensive vein system is developed over 650m of strike connecting Arzu South with Arzu North. The system appears to be more structurally complex than initially considered and it appears to represent a structural splay which widens from Arzu South towards the Arzu North and Derya veins.

In September we completed additional drilling at Arzu South. The best intercepts included 7m @ 8.5 g/t Au + 26.2 g/t Ag, 11m @ 3.7 g/t Au + 75.4 g/t Ag and 13m @ 3.2 g/t Au + 37.7 g/t Ag. Also, a newly discovered vein system, which trends parallel to Arzu South, was drill-tested for the first time. This is now referred to as Arzu South Parallel. The drilling also confirmed the potential to extend the Arzu South pit to the north-west, enabling access to mineralisation which lies beneath the ignimbrite cap rock sequence and improves the potential for future underground operations. The results helped to advance our plans to extend the Arzu South open-pit by a further 200m to the north-west from the original feasibility pit design (650m in length).

The Joint Venture company is currently working on a three-staged pit design to optimise cashflow from the operation at Arzu South and the confirmation of mineralisation through this

drilling increases the probability that we will need to consider a fourth stage or develop an underground operation in this area. We will direct future efforts on further expansion of the planned open pits at Arzu South, Arzu North and Derya to capture as much economic mineralisation as possible.

Meanwhile, at Arzu Far South we have discovered a vein array which is highly anomalous in gold and particularly silver. This vein extension provided intercepts which include 8m @ 0.82 g/t Au + 60.4 g/t Ag, 2m @ 1.35 g/t Au + 64.6 g/t Ag and 3m @ 0.72 g/t Au + 41.2 g/t Ag. Further drilling, targeting greater depths, may be warranted in this area given that the entire Kiziltepe vein system may plunge gently to the south-east. In addition, previous high-grade drilling results from the Fidan Vein require further investigation in the context of the Arzu Far South discovery. A single shallow intercept of 4.75m @ 4.26 g/t Au and 65.2 g/t Ag from 5.7m depth, which occurs between Fidan and Arzu Far South will now be investigated further.

Also in 2016, our drilling programme at the Banu Vein demonstrated that there is potential to define additional resources along strike. The planned open-pit at the Banu Vein now has the potential to be extended further 125m to the south-east. In addition, a 250m long high-grade vein system, which was sampled and mapped at Banu West, will require future drill testing.

Karakavak

In 2016 we were granted a significant extension to our operating licence for the Karakavak prospect within the Red Rabbit Gold Project area, allowing drill testing of this prospect for the first time. Karakavak is located 10km to the north-east of Kiziltepe.

Encouraging initial results at Karakavak confirmed the potential in this area for several shallow open-pittable resources as satellites to the Kiziltepe Mine operations. The drilling demonstrated that the vein systems at Karakavak have unusual orientations, dipping at approximately 35-45 degrees to the south and it is likely that they developed very high in the epithermal system. In particular, this is demonstrated by the lack of silver and the occurrence in this area of higher concentrations of metals typically associated with the uppermost parts of such low-sulphidation epithermal systems.

We intend to conduct trial mining at Karakavak on the basis of this new data, as we believe Karakavak offers a meaningful addition to the mineable resources within the Kiziltepe Sector. We have established an open-pittable resource target for this area to guide our strategy for further exploration and development.



RC Drilling at Kizilçukur

Red Rabbit Gold Project Area *continued*

Tavşan

In November 2016, our scoping study at Tavşan demonstrated the opportunity to increase production from approximately 20,000 oz to 50,000 oz gold eq. p.a. between the two operations of Tavşan and Kiziltepe. At Tavşan results showed potential for strong financial returns, with NPV (8%) at US\$41.9M and payback secured within 1.1 years over the Life of Mine ("LoM") at a gold price of US\$1,250/oz. The scoping study showed LoM C1 gold equivalent cash-cost of US\$559-630/oz, across the model range, with a pre-tax IRR of 80% at a gold price of US\$1,250/oz. The average LoM production is demonstrated at approximately 30,000 oz of gold eq. p.a. over approximately 4 years. The capital expenditure is estimated at US\$20M, which would involve development of a very low strip ratio open-pit mine with heap-leach processing.

Further target generation for the Tavşan Project was completed in February 2017. Sixteen target areas confirmed the potential for significant resource growth at the Tavşan Project and the development of an extremely attractive low-cost and high-margin mining opportunity. Our management resource target at Tavşan is 300,000 oz gold of which at least 200,000 oz gold is targeted to be accessible via open pit mining methods. This would result in an increase in potential mine life by a further c.3 years to a total life of c.7 years, producing at a rate of approximately 30,000 oz gold eq. p.a.

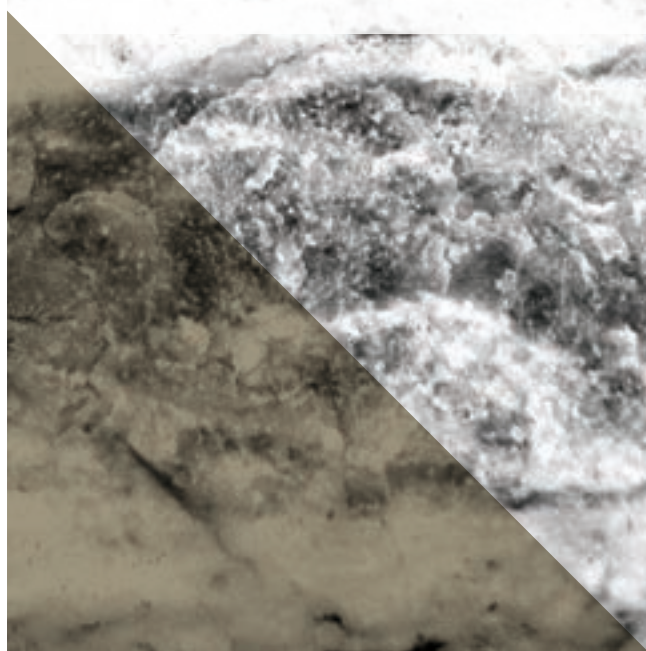
We envisage that Tavşan will form a semi-autonomous satellite operation to the Kiziltepe Mine. It is possible to adopt a cost-effective approach to mining operations at Tavşan, sharing much of the management and operational infrastructure at Kiziltepe. The expectation is that Tavşan would be developed as a heap-leach operation, which would share the carbon elution and regeneration, electro-winning and gold room infrastructure at the Kiziltepe operation. Whilst this would require limited additional capital expenditure at Kiziltepe, this would likely be less than developing such facilities independently at Tavşan.

We are following up options for the fast-tracking of further exploration and development work at Tavşan, targeting initiation of a pre-feasibility study in 2017. As part of this work, we are currently planning and budgeting for a dedicated drilling programme and further metallurgical test-work. The Tavşan Sector requires further study to fully demonstrate its value.

Scoping Study Summary*

Mine Life :	4 years
Cash Costs :	US\$630/oz
Processing :	Heap Leach
Production Rate :	30,000 oz Au eq. p.a.
JORC Resource :	215Koz
Whittle Resource :	2.7Mt for 139,000 Au eq. (Indicated & Inferred)
In-pit Grade :	1.6 g/t Au; 3.0 g/t Ag
Net Present Value (8%) :	US\$42M
Internal Rate of Return :	80%
Payback :	1.1 years on US\$20M initial capital
Royalty :	State Right and 2% NSR to Sandstorm Gold

**Pre-tax case at US\$1,250/oz as at November 2016*



Kizilçukur

In February 2017 an operational forestry permit for the Kizilçukur Project was received. Kizilçukur is located 22km north-east of the Kiziltepe mine site but sits outside of the Red Rabbit Joint Venture with Proccea. As a project 100% owned by Ariana, the Company has the option to sell Kizilçukur into the Joint Venture at three times the exploration cost.

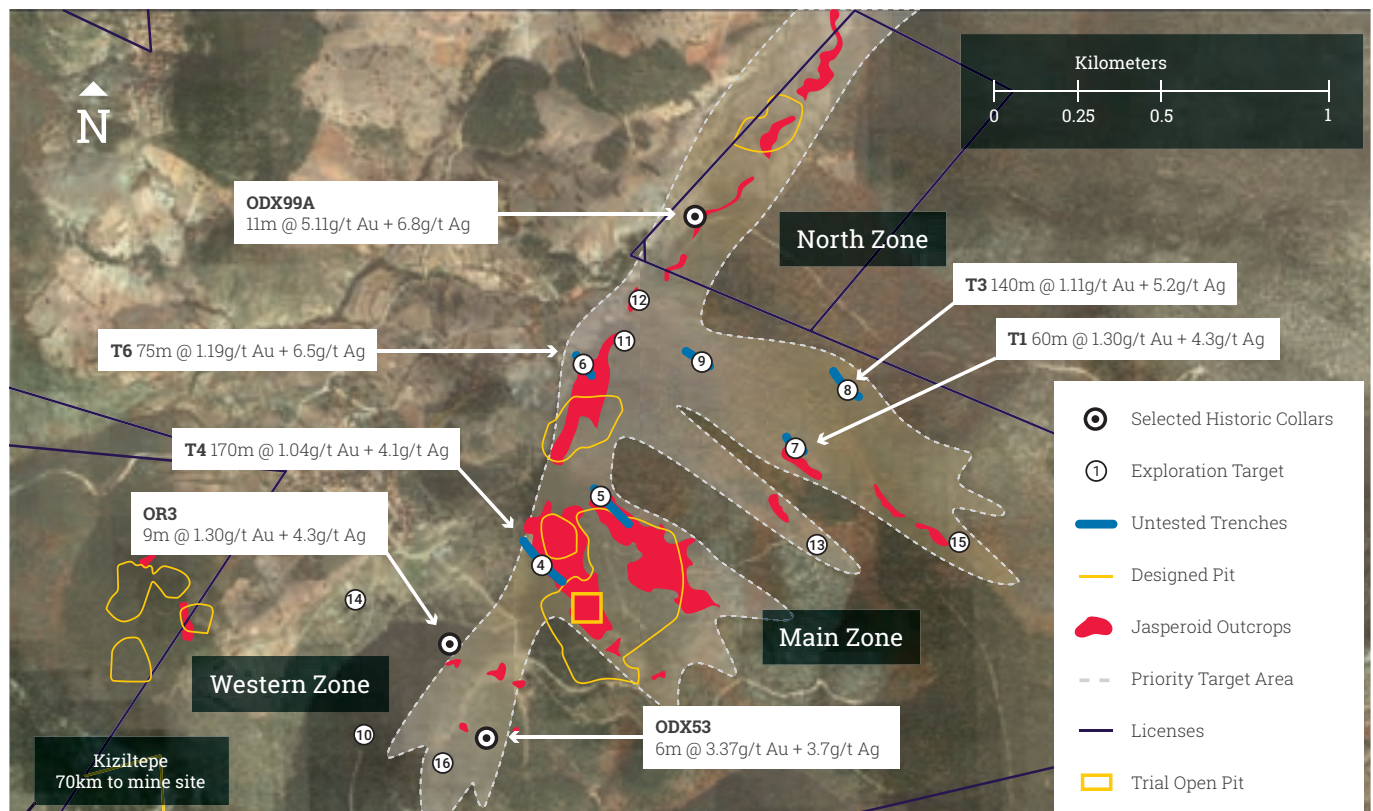
Kizilçukur contains a current resource of c.308,000 tonnes at 2.11g/t Au and 73.4 g/t silver and demonstrates further growth opportunities. Following a study completed in 2016 we have demonstrated that there is potential for 18 months of add-on mine life for the Kiziltepe Mine from three shallow open-pits if Kizilçukur is developed as a satellite operation.

Trial mining will now commence at the Kizilçukur site during 2017, which will enable the stockpiling of material for future processing at the Kiziltepe Mine. It is intended that this trial mining exercise will fast-track this project through an internal feasibility study, with the aim of it becoming a satellite source of high-grade material for the Kiziltepe operations.

Resource Estimate Table for Kizilçukur and Ivrindi (100% Ariana Owned)

Prospect	Tonnes (t)	Grade Au (g/t)	Grade Ag (g/t)	Au (oz)	Ag (oz)	Au Equiv. (oz)
Kizilçukur						
Indicated	71,300	2.3	80.2	5,300	183,900	8,400
Inferred	236,600	2.4	71.4	15,500	543,200	24,600
Ivrindi						
Inferred	207,000	1.7	n/a	11,000	n/a	11,000
Total	514,900	1.9	73.4	31,800	727,100	44,000

Map of the Tavşan Project area showing outcropping mineralised jasperoid, current open-pit designs and 2017 exploration targets



Salinbaş Gold Project

In December 2016 Ariana completed the 100% acquisition of the shares in the Company that was running this project from Eldorado Gold (Netherlands) BV, a subsidiary of Eldorado Gold Corporation ("Eldorado") (TSX:ELD, NYSE: EGO) following agreement on a Net Smelter Return ("NSR") royalty of up to 2% on future production being granted to Eldorado.

The business comprises the Salinbaş Au-Ag deposit, the Ardala Cu-Au-Mo porphyry and the Hizarlıyayla Au-Ag system and is located in a multi-million ounce goldfield. The area has been named the 'Hot Gold Corridor' and Salinbaş is some 15km from the neighbouring Hot Maden discovery of 4 Moz gold eq. During the Joint Venture with Eldorado approximately US\$9M had been spent on the Salinbaş Project. In 2015 an independent JORC mineral resource estimate for the Ardala and Salinbaş zones of project was completed.

The Salinbaş Zone contains an approximate 10Mt Indicated and Inferred JORC resource, with an average grade of 2.0 g/t Au and 10.2 g/t Ag (for 650,000 oz gold and 3.2 Moz of silver). A scoping-study completed on Salinbaş established the potential for production of approximately 50,000 oz of gold and 100,000 oz of silver p.a. over 10 years, providing an NPV(8%) in excess of US\$100M. At Salinbaş, given that the mineralisation remains open to the south-east, there is the potential to grow the resource base still further. The Ardala Zone contains an approximate 16Mt Inferred JORC gold resource with a grade of 0.6 g/t Au (for 323,000 oz gold), also containing copper (up to 0.2%) and molybdenum (up to 0.01%) domains.

During 2017 the Company is planning to commence a focused work programme on Salinbaş to identify potential resource extensions and consider routes to commercialise this project.

Resource Estimate Table for Salinbaş / Ardala

Zone	Tonnes (t)	Grade Au (g/t)	Grade Ag (g/t)	Au (oz)	Ag (oz)
Salinbaş ¹					
Indicated	2,290,000	2.1	11.9	155,500	877,700
Inferred	7,670,000	2.0	9.7	493,300	2,396,400
Zone	Tonnes (t)	Grade (g/t)	Metal ²	Tonnes Metal (t)	Au (oz)
Ardala					
Inferred	16,270,000	0.6	Au	-	323,000
Inferred	4,660,000	2.175	Cu	10,000	-
Inferred	207,000	1.65	n/a	11,000	n/a

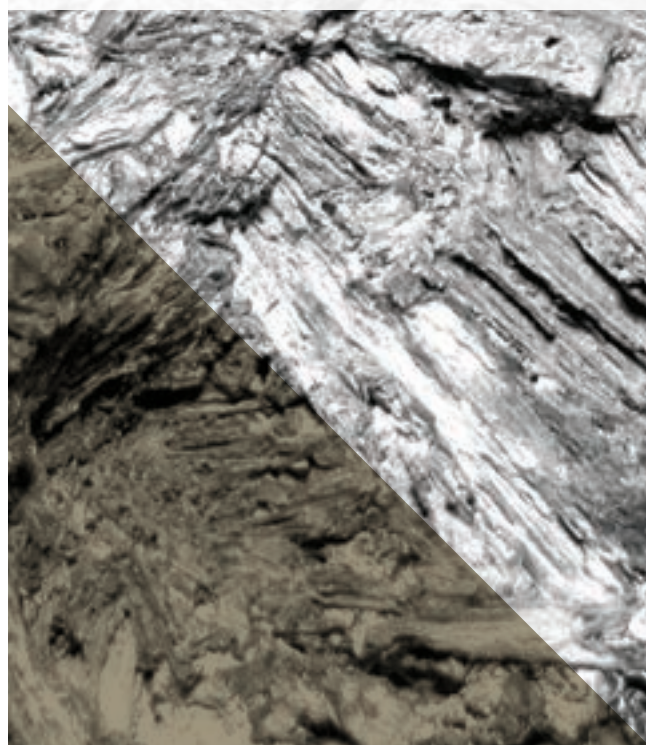
1. Figures for the Salinbaş Zone are revised according to a Scoping Study announced in Q2 2015.

2. Separate resource domains have been established for the Au, Cu and Mo components of the Ardala porphyry. It is considered reasonable to estimate these domains in this manner because the resource is classified as Inferred in this location and mining parameters have not yet been established. There is a 95% coincidence of 40–50% coincidence of the Au the Au and Cu domains, and a and Mo domains

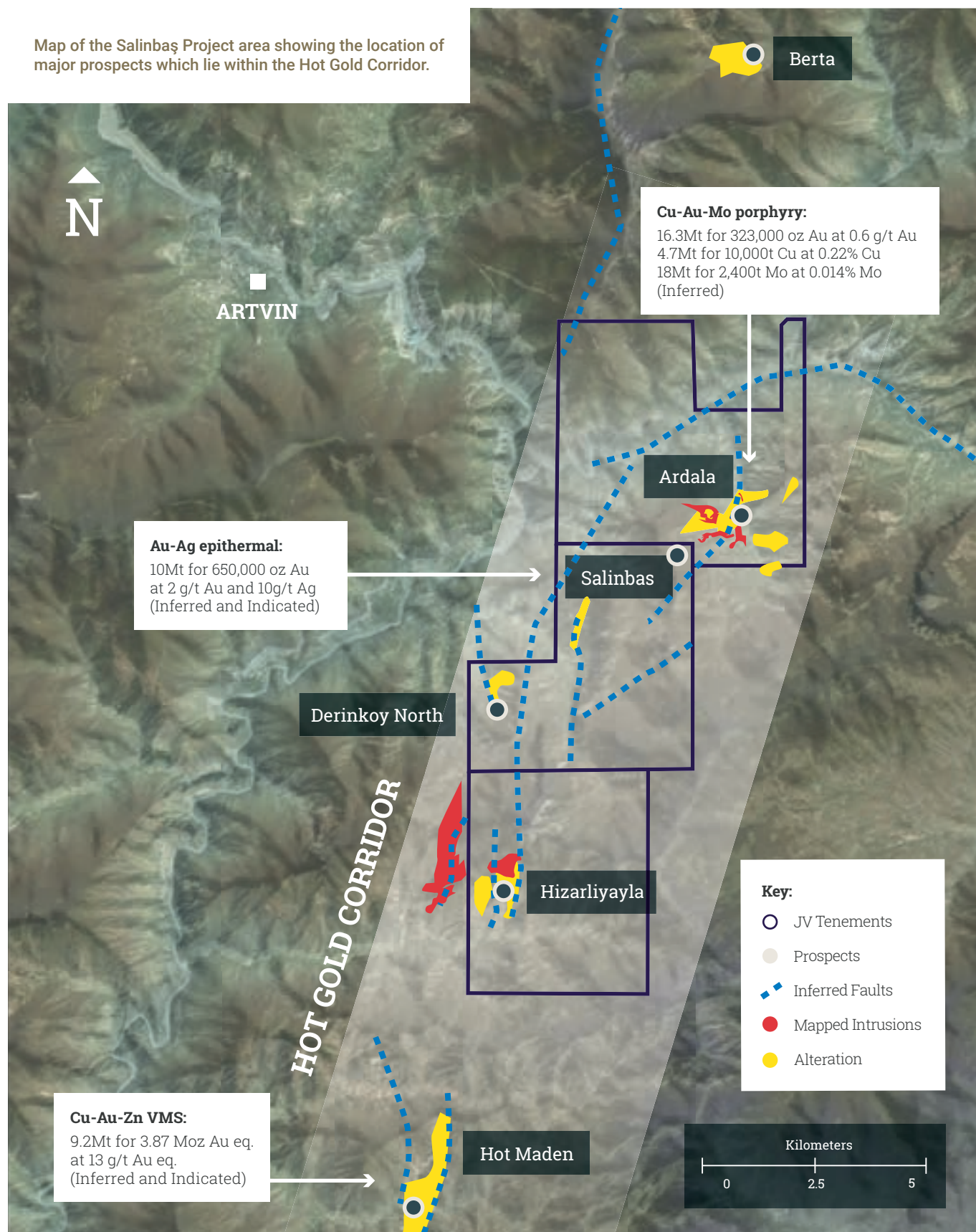
Scoping Study Summary*

Mine Life :	10 years
Cash Costs :	US\$770/oz
Processing :	CIL
Production Rate :	50,000 oz Au eq. p.a.
JORC Resource :	9.96Mt for 650,000 oz Au (Inferred & Indicated)
In-pit Grade :	2.0 g/t Au; 10.2 g/t Ag
Net Present Value (8%) :	US\$108M
Internal Rate of Return :	28%
Payback :	3.3 years on US\$53.3M initial capital
Royalty :	State Right and 2% NSR to Eldorado Gold

*base case at US\$1,250/oz as at April 2015



Map of the Salinbaş Project area showing the location of major prospects which lie within the Hot Gold Corridor.



Exploration and Development

Part of the Company's long-term strategy is to expand its portfolio through grassroots exploration, project definition and licence acquisition both in Turkey and other locations. The focus of these efforts is on gold provinces and on technology-metals (such as lithium), which are associated with such provinces.

Underpinning our efforts in Turkey is the Newmont Ventures Limited (Newmont) Turkish geological database, which was secured in 2013 for a 1% New Smelter Return royalty and a Right of First Refusal on projects identified within 5km of any point data contained by the database, excluding Ariana's existing tenements. Ariana is using this database to identify targets for future project acquisitions and possible joint ventures in Turkey.

Over the past year we have also been successful in our strategy to identify and commercialise two lithium projects in Australia. We successfully vended a package of lithium tenements owned by Ariana's 100% owned subsidiary Asgard Metals Pty. Ltd. ("Asgard") to Dakota Minerals Limited (ASX: DKO). A second package of lithium tenements was vended to Kingston Resources Limited (ASX: KSN) in July 2016.

Outlook

Ariana commenced the current year on a sound footing, following the successful completion of our drilling programmes in late 2016 and our first gold pour at Kiziltepe in March 2017. We were also most encouraged by the results of our scoping study at the Tavşan Sector of the Red Rabbit Gold Project, which shows potential for a low-cost, high-margin mining operation, capable of producing 30,000 of gold p.a. over an initial mine life of 4 years. The 100% acquisition of the Salinbaş Project also creates significant opportunity for the Company. In addition, we have been encouraged by the success of our agile approach to identifying and commercialising two lithium projects in Australia. These very positive developments have occurred against a backdrop of more favourable macro-economic trends, including firmer gold prices, low oil prices and the early signs of recovery in the wider global economy.

Our exploration and development success over the past 12 years and the proving of over 1.6 Moz of gold in Turkey in addition to bringing the Kiziltepe Mine in to production this year is unquestionably the product of the diligence and commitment of the Ariana and Joint Venture teams and that of our partners Proccea. I would like to extend to all of them my congratulations and deepest thanks. It is important to acknowledge the Company's gratitude for the unwavering efforts of our team, often against a background of adverse market conditions and bureaucratic hurdles. Having a team with these proven qualities is what represents the real and essentially unquantifiable value in the Company and provides us with a springboard for its future development.

It is also important to acknowledge the support that we have received from our loyal and long-term shareholders, the Turkish Government, Türkiye Finans Katılım Bankası A.S. and most importantly from the local community who have encouraged us at every turn. It is heartening to see the way in which our Kiziltepe Mine has provided significant local employment and major opportunities for local entrepreneurs to grow their businesses. It is also so good to see some of our original field assistants, some of whom stuck with us even during the hardest of times, now take on several responsible and professional roles at the mine site.

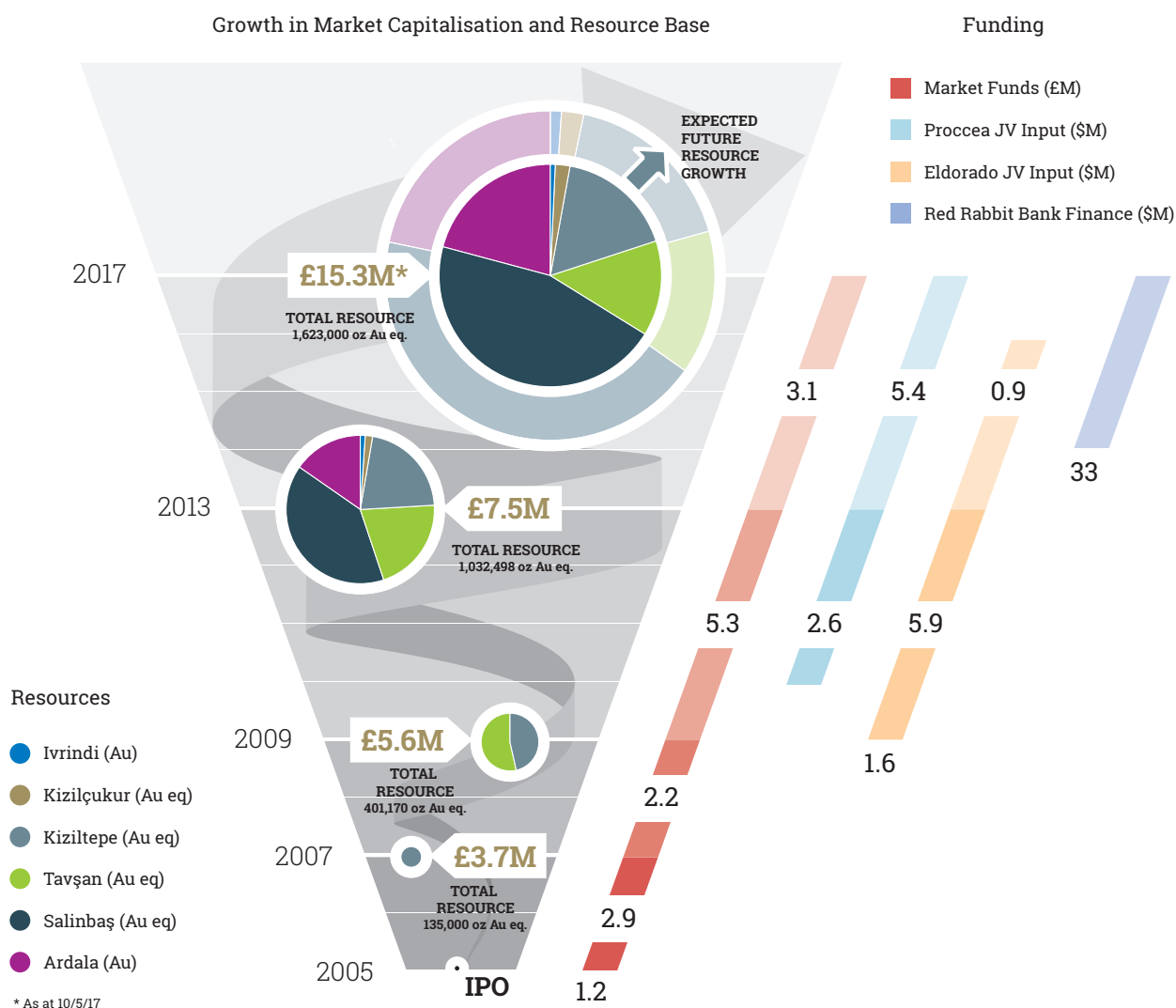
The four major focus areas for 2017 are ensuring the operational success of our Kiziltepe Mine, firming up additional resources, advancing the significant potential of the Tavşan Sector and evaluating the next steps for commercialising the Salinbaş Project. Further afield, we will also continue to identify and develop new projects in the gold and technology-metals sector globally. Recognising the achievement of all of our goals over the past year creates the momentum and confidence to achieve the next phase in the Company's development and the delivery of shareholder value.

Dr. Kerim Sener
Managing Director
2 June 2017

The Ariana Leverage

For every £1 Ariana has spent collectively on its projects, £0.6 came from project partners or bank finance, with only £0.4 coming from our shareholders

Every £1 invested in Ariana has been converted to £2.5 worth of value accretive project work



Since its IPO in July 2005, Ariana has funded its project development primarily through the contributions of its Joint Venture partners and via bank finance (totalling approximately £39M). During the same period, the Company has raised approximately £16M via the AIM. This approach has resulted in minimum dilution at the lowest possible risk for shareholders and enabled an all in cost of discovery (to shareholders) of US\$15/oz gold (global average is c. US\$40/oz gold).

In the same period of time, Ariana's assets have developed from a high-risk wholly greenfields portfolio to a substantially lower-risk portfolio containing three advanced projects with total resources in excess of 1.6Moz gold eq., one of which is now in production. This derisking of the portfolio and growth of our resource base has resulted in a five-fold increase in our market capitalisation since 2005. Developing and maintaining a pipeline of such projects, at various stages of development, is a core principal of our business strategy.

Key Performance Indicators

The Key Performance Indicators (KPIs) for Ariana are linked to project milestones and the increase in overall enterprise value.

The main financial KPI is shareholder return.

Financial KPIs

Shareholder Return

The performance of the share price and market capitalisation versus its peer group.

Exploration Expenditure

Enhancing intangible exploration assets through targeted expenditure.

Cash Flow Forecasts

Regular cash flow monitoring to ensure exploration targets are met and that working capital is maintained.

Non-Financial KPIs

Operational Success

Increasing JORC compliant resources and progressing Red Rabbit Gold Project through development and into production.

Advance Portfolio

Through acquisition or discovery of new exploration properties utilising on-going exploration to target new ground.

Environmental, Health & Safety

Ensuring that all efforts are made to minimise adverse personal, corporate and environmental outcomes, through best practice training, implementation and monitoring.

Risks & Uncertainties

RISK	DESCRIPTION	MITIGATION
Production risk	Mining activity involves a variety of potential risks to production or interruptions to output. These can include geological, mining, processing, environmental and financial risks.	The Joint Venture company reviews mining progress on a regular basis to determine any potential risk factors that could affect production negatively. The Joint Venture employs experienced management staff who have operated open-pit gold mines in Turkey and internationally.
Exploration and development risk	Inherent risks associated with the failure to discover or develop an economically recoverable ore reserve, to conclude a definitive feasibility study, and to obtain the necessary consents and approvals for the conduct of exploration and mining.	The Board is committed to reviewing progress relating to the development of its various exploration targets and assesses this against planned expenditure and expected outcomes. The Group employs highly trained geologists with extensive knowledge of the style of gold/silver mineralisation located in western Turkey.
Partner risk	Any joint venture arrangement contains an element of counterparty risk.	The Company maintains good working relationships with our Joint Venture partners and monitor their financial condition and commitment on a regular basis.
Political / in-country risk	Political instabilities, which could cause the loss of an asset through expropriation, war or unrest.	Turkey benefits from a robust political environment and has established fiscal and mining codes. The Group enjoys a good working relationship with the relevant authorities in Turkey and has a permanent management team in the country to monitor developments.
Environmental / safety risk	Major pollution arising from operations and/or loss of life due to systems or equipment failure.	The Group adopts best practice in the industry with on-site, country level and corporate level policies and procedures.
Commodity risk	A potential fall in commodity prices which could lead to it becoming uneconomic for the Group to mine its assets.	The Group's principal interest is gold and silver and the outlook for gold remains broadly positive as a continuing safe haven vehicle for wealth protection. The Group will consider the use of appropriate hedging products to mitigate this risk as it approaches production.
Financing risk	This is the risk of running out of working and investment capital.	The Group relies primarily on the issue of share capital and joint venture agreements to finance its activities. The Group maintains tight financial and budgetary control to keep its operations cost effective. Forward planning helps ensure it is adequately funded to reach its objectives.
Foreign currency risk	The Group's results are sensitive to foreign currency movements and in particular with its exposure to the Turkish Lira, arising from the Group's primary operations being in Turkey.	The Group finances its overseas operations by transferring Pounds Sterling from the UK to meet local operating costs which are generally either denominated in Turkish Lira or US Dollars. The Group maintains the majority of its cash in Pounds Sterling and continues to monitor relevant currency movements and considers action where appropriate.

Financial Review

As already outlined in the Chairman's Statement and Operational Review, the past year has been a transformational one for the Group and this is reflected in the Statement of Comprehensive Income, which shows a profit for the year of £13.7M.

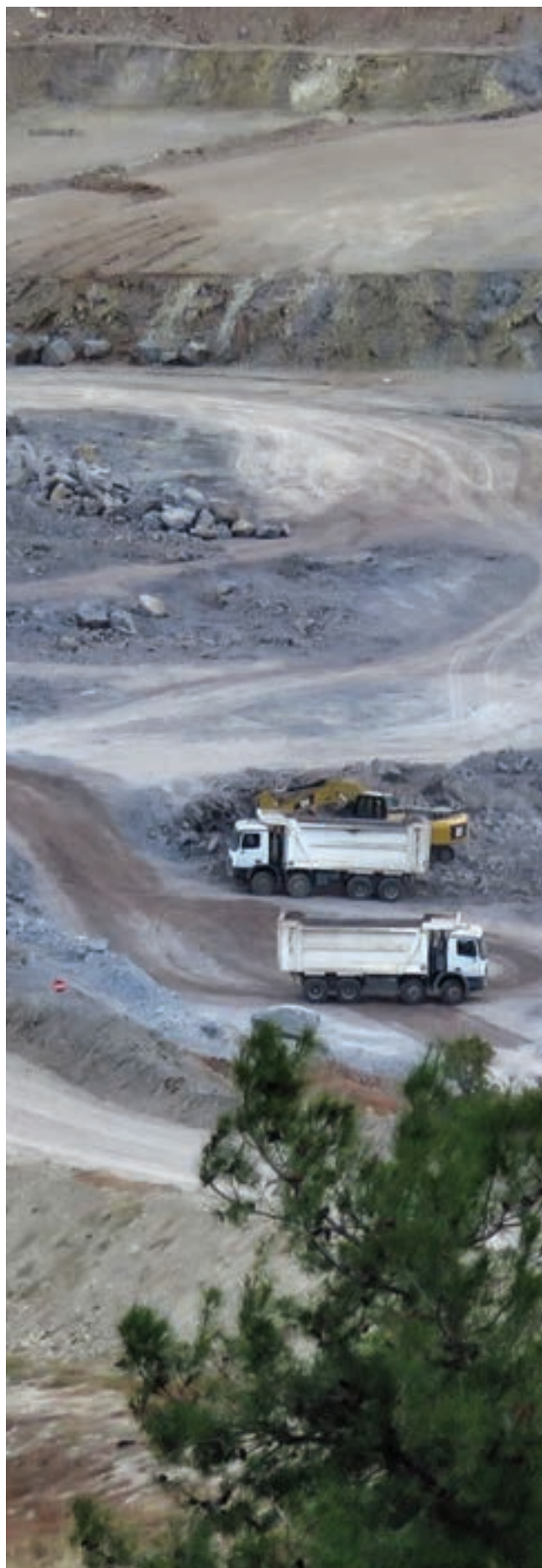
The primary driver of this surplus is the fair value assessment of the intangible exploration asset made by the Directors on the acquisition of the remaining 51% of the Salinbaş business in north-eastern Turkey from Eldorado Gold Corporation. The acquisition of these shares allows us to take full control of the continued development of the Salinbaş Project. On acquisition the Directors performed a review to assess whether they had purchased an asset or a business. Having looked at the infrastructure, people and operations in place it was determined they had bought a business and therefore IFRS 3 has been applied. IFRS 3 requires the Directors assess the fair value of the project both just prior to and post the acquisition itself. As our original 49% share of the project was correctly recorded at no value under equity accounting rules in previous years' accounts, our assessment of the value of the intangible exploration asset at Salinbaş, undertaken with the assistance of an independent external valuer, of US\$20M, less the recognition of a deferred tax liability of £2.3M and the fair value of the consideration given (in terms of a net smelter royalty), gives rise to a surplus on acquisition of £12.4M in these accounts.

Another significant transaction for the Group this year was the conclusion of the sale of our lithium licences in Western Australia for a consideration of A\$147,000 and 37.2m shares in an ASX listed company, Dakota Minerals Limited ("Dakota"). Subsequently we sold some of these shares and the overall profit on both the initial sale of licenses and the subsequent sale of Dakota shares, in aggregate of £1.9M is reflected in this year's profit before taxation.

In western Turkey, our Joint Venture partner Proccea completed the acquisition of the remaining shares in our Joint Venture company to arrive at their 50% ownership of our Joint Venture vehicle, Zenit Madencilik San. ve Tic. A.Ş. ("Zenit"), and the gain on the associated dilution amounted to £0.7M this year.

As far as the Balance Sheet is concerned, the significant increase in intangible assets arises through our aforementioned valuation of the Salinbaş exploration licenses. Our share of the net assets of Zenit also increased as the mine development progressed towards completion. Included within available for sale investments are the remaining shares arising from last year's Australian licence sales, being primarily the Dakota shares, and these are included at their year-end market value. Trade and other payables have increased this year by £0.7M, largely on account of corporation tax payable in Australia.

The company has funded its ongoing activities this year in part through the disposal of its shares in Dakota, but also through placing of shares to raise approximately £0.5M during 2016 and in January 2017 for £0.9M. In one sense, these are relatively small sums given the scale of achievement in the year under review, but the Directors are very mindful of the impact of further dilution and always strive to balance the need for working capital and the fulfilment of our primary objectives to build a valuable exploration, development and mining concern.



Corporate Responsibility

Ariana is committed to socially responsible exploration, the development of mineral resources for the benefit of local communities and to positive engagement with all stakeholders. Given the limited number of stakeholders, the Company has not adopted a specific policy on Corporate Social Responsibility. However, it does seek to protect the interests of stakeholders in the Company through its policies, combined with ethical and transparent business operations. The Company has adopted an Anti-Corruption and Anti-Bribery Policy.

Shareholders

The Board of Directors actively encourages communication and seeks to protect shareholders' interests at all times. Typically the Company engages directly with shareholders at the Annual General Meeting or at regular investor events. In addition, the Company updates shareholders through regulatory news, financial reports, director Q&As and social media updates.

Environment

Ariana is sensitive to the environment in which it works and has established well-defined operating guidelines to ensure that certain environmental standards are met by its exploration teams.

Environmental Standard Compliance

- Environmental Impact Assessment ratified by the Ministry of Environment and Urban Planning for operational licences;
- Forestry Permits for areas of drilling or disruptive work within forested regions;
- Agricultural permits for areas in which drilling or other disruptive work occurs within cultivated regions;
- Sensitivity to forested areas ensuring minimal damage to trees. Where forested areas are cleared, compensation is paid to the Ministry of Environment and Urban Planning to plant new trees elsewhere;
- Ariana is a founder member of the Gold Miners Association of Turkey and a subscriber to E3, the Environmental Excellence in Exploration project.

Human Rights

Ariana is committed to best-practice in socially and morally responsible exploration and in the development of mineral resources for the benefit of all stakeholders. The activities of the Company are in line with applicable laws on human rights.

Employees

Ariana attaches great importance to professional development and the creation of employment within the areas in which it operates. The Company provides fair remuneration, flexible working arrangements where practical and exposure to wider aspects of the Company's operations. The Company gives full and fair consideration to applications for employment received irrespective of age, gender, colour, ethnicity, disability, nationality, religious beliefs, or sexual orientation. The Board also welcomes interest and suggestions from employees, which can improve business performance.

Training & Development

Ariana is proud of its long track-record in the development of promising geologists in the early stages of their careers. Realising that investing in the future of today's graduates will lead to tomorrow's exploration leaders, Ariana has typically invited two British and two Turkish undergraduate students to take summer internships with our exploration team in Sındırgı.

In addition, an Ariana sponsored PhD thesis on the gold metallogenesis of western Turkey was successfully completed by one of our staff. The Company has also supported several MSc students with projects based on our operations in western Turkey. Our ability to attract and retain a talented team has enabled us to explore at half the cost of our industry peer group.

Local Community

Ariana is proud of the positive impact it has had on the local community in the town of Sındırgı and the surrounding villages. Over the past 12 years of Ariana's operation, it is pleasing to note that many local entrepreneurs have been given the opportunity to flourish, providing jobs, career growth and stimulus for the local economy. Some of the local entrepreneurs who have successfully grown their businesses alongside Ariana's development include earth moving contractors, fuel service providers, explosives specialists and mining contractors. A good example of the scale of growth is exemplified by an earth moving contractor, who has been able to grow his fleet of vehicles from one to fifteen, in part as a result of Ariana's operations.

Ariana also employs and trains people from the Sındırgı community whenever possible. In the past, Ariana has run training programmes to focus on the mechanical, physical, technical and safety aspects of its drilling programmes. Three team members are now professionally qualified in health and safety aspects of drilling. The Joint Venture team is also pleased to have been able to employ several local technical personnel including professionally qualified mining engineers from nearby villages and towns.

Suppliers & Contractors

The Company has a prompt payment policy and seeks to ensure that all liabilities are settled within the supplier's terms. Through fair dealings the Company aims to cultivate the goodwill of its contractors, consultants and suppliers.

Health & Safety

Company activities are carried out in accordance with its Health and Safety Policy, which adheres to all applicable laws. Relevant to their job roles, members of the team have received certification in occupational health and safety, advanced off-road driving, first aid and survival.

The Strategic Report has been approved by the Board and signed on their behalf.

Dr. Kerim Sener
Managing Director
2 June 2017

Governance



Corporate Governance

Role of the Board

The Directors are responsible for the Group's system of internal control and for reviewing its effectiveness. The Board leads company strategy and monitors progress to ensure goals and objectives are achieved with minimal financial and business risk.

- Regular meetings: Group strategy, direction and financial performance review;
- Budgetary reports: Expenditure managed by senior management subject to board control through regular reporting;
- Operational reviews: Major business risk identification and financial evaluation.

Internal financial control:

- Preparation and regular review of operating budgets and forecasts;
- Prior approval of all capital expenditure;
- Review and debate of treasury policy;
- Unrestricted access of Non-Executive Directors to all members of senior management.

Corporate Governance

Ariana Resources is committed to high standards of corporate governance. The Company complies with guidance set out by the Quoted Companies Alliance which is commensurate with the size and business nature of the Company.

The structure of the Board is appropriate with respect to the Company's current size and stage of development.



Directors



Michael de Villiers

B. Comm. Professional
Accountant (SA) MIOD

*Executive Chairman & Company
Secretary, aged 54*

Michael qualified as a Professional Accountant with Ernst & Young in Cape Town. Michael gained his experience working for Anglo American and Gold Fields International as a financial manager at mining and chemicals operations in Namibia, Botswana, Ghana, Bulgaria and the United Kingdom. Michael is also CFO of Eurasia Mining PLC.

Michael is Chairman of the Company's Audit Committee and serves on the Remuneration Committee.



Kerim Sener

BSc (Hons) MSc DIC PhD

Managing Director, aged 41

Kerim graduated from the University of Southampton with a first-class BSc (Hons) degree in Geology in 1997 and from the Royal School of Mines, Imperial College, with an MSc in Mineral Exploration in 1998. After working in gold exploration and mining in Zimbabwe he completed a PhD at the University of Western Australia in 2004. Since then he has been responsible for the discovery of over 3.8 Moz of gold in eastern Europe. He has been a non-executive director at one ASX and two TSX-V listed gold exploration companies.

Kerim is a Fellow of The Geological Society of London, Member of The Institute of Materials, Minerals and Mining, a member of the Society of Economic Geologists and a member of the Chamber of Geological Engineers in Turkey.



William Payne

BA (Hons) ACA

*Non-Executive Director & Chief
Financial Officer, aged 52*

William studied Accountancy at Exeter University before training and qualifying as a Chartered Accountant with KPMG in London. In 2003 he became a partner in top twenty accountancy practice Wilkins Kennedy. His role ranges from audit and assurance to planning, reporting and compliance. William is also a director of a number of companies, including Sprue Aegis PLC, a company listed on AIM.

William is Chairman of the Company's Remuneration Committee and serves on the Audit Committee.



Key Staff



Chris Sangster BSc (Hons), ARSM, GDE, FIMMM

Non-Executive Director, aged 58

Chris has a BSc Hons in Mining Engineering from the Royal School of Mines, Imperial College in London and a GDE in Mineral Economics from the University of Witwatersrand. Chris has extensive experience worldwide in gold, diamond and base metal production environments. Since 1999, he has held positions of Vice President Mining Services at KCM PLC and Principal Mining Engineer for Australian Mining Consultants. In 2007, Chris co-founded ASX and AIM listed Scotgold Resources and was its CEO / Managing Director until October 2014. He remains a non-Executive Director and Technical Consultant to Scotgold and is also an Associate Consultant for Bara Consulting Limited.

Chris is a fellow of the Institute of Materials Minerals and Mining.

Fatma Yildiz Özkan BSc

General Manager

Fatma graduated in Mining Engineering from Çukurova University in 2007. She spent six years with a number of consulting engineering companies managing mining licences, governmental permits and project management. Fatma is responsible for managing our operations in Turkey in addition to administering all our exploration/operational tenements.

Fatma is a member of the Chamber of Mining Engineers of Turkey and she is based in Ankara.

Selim Senoz BSc

Geological Database Manager

Selim graduated in 2001 with a BSc in Geological Engineering from Dokuz Eylül University in Izmir. He is responsible for updating our information systems databases, managing our geographic information systems and drilling data in addition to preparing our reports to relevant government departments.

Selim is a member of the Chamber of Geological Engineers of Turkey and he is based in Ankara.

Zack van Coller BSc (Hons)

Exploration Leader

Zack van Coller graduated from Cardiff University with a BSc (Hons) degree in Exploration and Resource Geology in 2010. He manages Ariana's exploration programmes with a team of geologists and field assistants. Zack has strong ties with a number of UK universities; he is responsible for student placements and also provides industry training to undergraduates.

Zack is a member of The Geological Society of London and the Southampton Mineral and Fossil Society and operates primarily between the UK and Turkey.



Report of the Directors

For the year ended 31 December 2016

The Directors present their report with the audited financial statements of the Company and the Group for the year ended 31 December 2016.

Principal activity

Ariana Resources PLC (the "Company") is a public limited company incorporated and domiciled in Great Britain. The addresses of its registered office and principal place of business are disclosed at the end of this report. The Company's shares are listed on the AIM market of the London Stock Exchange. The principal activities of the Company and its subsidiaries (the "Group") are related to the exploration for and development of gold and other minerals in Turkey.

Directors

The Directors during the year under review were:

M J de Villiers

A K Sener

W J B Payne

C J S Sangster (appointed 2nd August 2016)

The beneficial interests of the Directors holding office either directly or indirectly (including interests held by spouses, children or associated parties) on 31 December 2016 in the ordinary issued share capital of the company were as follows:

	2016	2015
M J de Villiers	26,050,000	25,000,000
A K Sener	13,076,868	10,187,979
W J B Payne	4,801,622	4,468,289
C J S Sangster	695,652	-
Total	44,624,142	39,656,268

Share options

At the end of the year the Directors of the Company held share options, as indicated below. None of these share options were exercised or lapsed during the year.

	2016	2015
M J de Villiers	3,760,334	3,760,334
A K Sener	5,994,463	5,994,463
W J B Payne	1,500,000	1,500,000
C J S Sangster	-	-
Total	11,254,797	11,254,797

Share capital

Section 561 of the Companies Act 2006 provides that subject to limited exceptions any shares being issued must be issued to all existing share holders pro-rata to their holding. However, where Directors have a general authority to allot shares they may be given the power by the Articles or by a special resolution to allot shares pursuant to the authority as if the statutory pre-emption rights did not exist.

An ordinary resolution will be proposed at the forthcoming Annual General Meeting for the renewal of the Directors' general authority to issue relevant securities up to an aggregate nominal amount of £500,000.

A special resolution will also be proposed at the forthcoming Annual General Meeting for the renewal of the Directors' authority to allot relevant securities for cash without first offering them to the shareholders pro-rata to their holdings, pursuant to section 570 of the Companies Act 2006 up to an aggregate nominal amount of £500,000.

The authority mentioned above will, if passed, expire at the earlier of the following Annual General Meeting or the date being 12 months from the passing of the resolutions.

Substantial share interests

The Company had been notified of the following interests in the company's shares held on 17 May 2017.

Shareholder	Ordinary Shares	% of Issued Share Capital
Barclayshare Nominees Limited	119,473,841	13.31
Hargreaves Lansdown Nominees Limited	59,659,935	6.65
Jim Nominees Limited	38,958,159	4.34
Hargreaves Lansdown Nominees Limited	38,413,784	4.28
TD Direct Investing Nominees (Europe) Limited	33,023,506	3.68
HSDL Nominees Limited	38,829,955	3.66
Hargreaves Lansdown Nominees Limited	31,801,406	3.54
Beaufort Nominees Limited	31,413,757	3.50
Eldorado Gold Corporation	29,337,016	3.27
Mr Michael de Villiers	26,050,000	2.89
Mr Ronald Bruce Rowan	24,400,000	2.72

Strategic Report

The Company has chosen, in accordance with Section 414C of the Companies Act 2006, to set out the following information in the Strategic Report which would otherwise be required to be contained in the Directors' Report:

- Financial risk management objectives;
- Indication of exposure to principal risks;
- Future developments of the business.

Dividends

No dividends will be distributed for the year ended 31 December 2016 (2015: £nil) and the retained profit has been transferred to reserves.

Group's policy on payment of creditors

It is the Group's normal practice to settle the terms of payment when agreeing the transaction, to ensure suppliers are aware of those terms and to abide by them. Trade creditor days based on creditors at 31 December 2016 were 30 days (2015: 30 days).

Political and charitable contributions

No donations for political or charitable purposes have been made by the Group during the year.

Going concern

The Directors confirm that they are satisfied the Group has adequate resources to continue in business for the foreseeable future, having regard to the factors set out in more detail in Note 1 to the accounts.

Post year end events

Details of post year end events are set out in Note 27 to the financial statements.

Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare group and parent company financial statements for each financial year. Under that law they are required to prepare the group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements on the same basis.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Provision of information to auditor

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that it has been communicated to the auditor.

Corporate governance

The Board of Directors

The Directors are responsible for the Group's system of internal control and for reviewing its effectiveness. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Group's objectives. Any such system of internal control can only provide reasonable but not absolute assurance against material misstatement or loss.

Full meetings are held quarterly to review Group strategy, direction and financial performance. The Executive Directors meet regularly to review operational reports from all of the Group's areas of operations. The process is used to identify major business risks and evaluate their financial implications and ensure an appropriate control environment. Certain control over expenditure is delegated to on site project managers subject to Board control by means of monthly budgetary reports.

Internal financial control procedures include:

- preparation and regular review of operating budgets and forecasts;
- prior approval of all capital expenditure;
- review and debate of treasury policy; and
- unrestricted access of Non-Executive Directors to all members of senior management.

Report of the Directors

For the year ended 31 December 2016 continued

Audit Committee

The Audit Committee comprises Michael de Villiers and William Payne. The Audit Committee may examine any matters relating to the financial affairs of the Group and the Group's audits.

This includes reviews of the annual financial statements and announcements, internal control procedures, accounting procedures, accounting policies, the appointment, independence, objectivity, terms of reference and fees of external auditors and such other related functions as the Board may require.

Remuneration Committee

The committee comprises Michael de Villiers and William Payne. It determines the terms and conditions of the employment and annual remuneration of the Executive Directors. It consults with the Managing Director, takes into consideration external data and comparative third party remuneration and has access to professional advice outside the Company.

The key policy objectives of the Remuneration Committee in respect of the Company's Executive Directors and other senior executives are:

- to ensure that individuals are fairly rewarded for their personal contribution to the Company's overall performance; and
- to act as the independent committee ensuring that due regard is given to the interest of the Company's shareholders and to the financial and commercial health of the Company.

Remuneration of the Executive Directors comprises basic salary, discretionary bonuses, participation in the Company's share option scheme and other benefits. The Company's remuneration policy with regard to options is to maintain an amount of not more than 10% of the issued share capital in options for the Company's management and employees which may include the issue of options in line with any new share issue.

Total Directors' emoluments are disclosed in Note 3 to the financial statements and the Directors' options are disclosed above.

Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

Michael de Villiers
Company Secretary
2 June 2017

Independent Auditor's Report

To the members of Ariana Resources PLC

We have audited the financial statements of Ariana Resources PLC for the year ended 31 December 2016 set out on pages 37 to 61. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 33, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' Report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

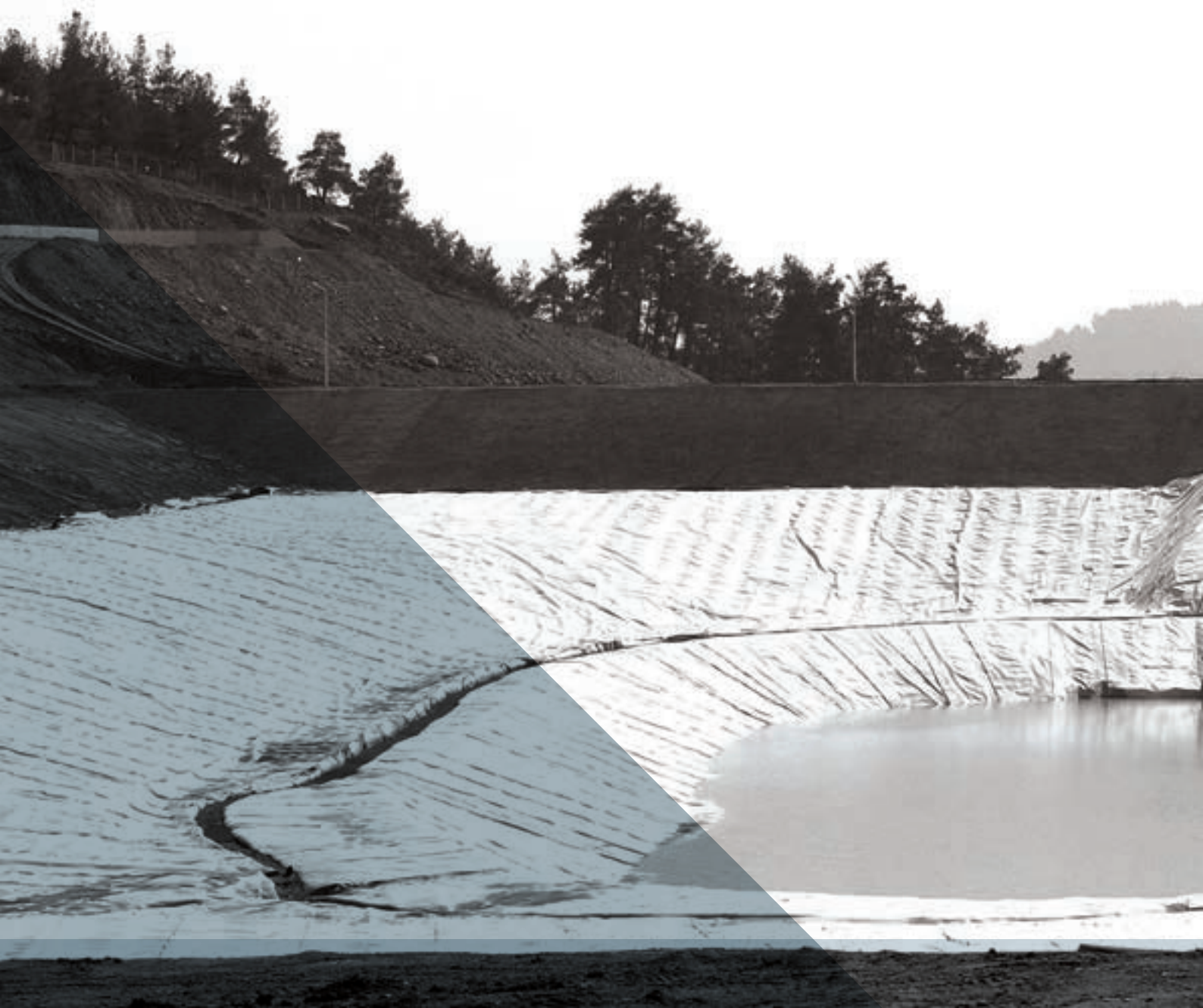
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ashley Rees (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

2 June 2017

Financial Report



Consolidated Statement of Comprehensive Income

For the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Administrative costs		(930)	(797)
General exploration expenditure		(118)	(10)
Exploration costs – written off		-	(521)
Operating loss	5	(1,048)	(1,313)
Other income	4a	1,215	15
Gain on acquisition of remaining interest in Joint Venture	4b	12,435	-
Profit on disposal of available for sale investments		810	-
Finance costs	6	-	(148)
Share of profit on dilution of interest in Joint Venture	7	677	68
Investment income		103	66
Share of profit/(loss) of Joint Venture	7	20	(133)
Profit/(loss) on ordinary activities before tax		14,212	(1,460)
Taxation	9	(486)	-
Profit/(loss) for the year		13,726	(1,460)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss when specific conditions are met:</i>			
Exchange differences on translating foreign operations		(5)	(374)
Fair value adjustment on available for sale investments	14	23	(87)
Fair value adjustment on other financial asset classified as available for sale		-	160
Other comprehensive income/(loss) for the year net of tax		18	(301)
Total comprehensive income/(loss) for the year		13,744	(1,761)
Profit/(loss) attributable to: Owners of the parent Company		13,726	(1,460)
Total comprehensive income/(loss) attributable to: Owners of the parent Company		13,744	(1,761)
Total comprehensive income/(loss) for the year		13,744	(1,761)
Profit/(loss) per share (pence)			
Basic and diluted	11	1.67	(0.20)

Continuing operations

None of the Group's activities discontinued during the current or previous year.

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

For the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Assets			
Non-current assets			
Trade and other receivables	16	120	42
Available for sale investments	14	-	22
Intangible exploration assets	12	17,965	1,654
Land, property, plant and equipment	13	319	324
Investment in Joint Venture	7	3,527	2,830
Total non-current assets		21,931	4,872
Current assets			
Trade and other receivables	17	1,689	989
Other financial asset		-	14
Available for sale investments	14	866	-
Cash and cash equivalents		440	319
Total current assets		2,995	1,322
Total assets		24,926	6,194
Equity			
Called up share capital	19	5,836	5,797
Share premium	19	9,241	8,764
Other reserves		720	720
Share based payments		571	578
Translation reserve		(540)	(535)
Retained earnings		4,367	(9,274)
Total equity attributable to equity holders of the parent		20,195	6,050
Non-controlling interest		-	3
Total equity		20,195	6,053
Liabilities			
Non-current liabilities			
Deferred tax liabilities	21	2,273	-
Other financial liabilities	22	1,651	-
Total non-current liabilities		3,924	-
Current liabilities			
Trade and other payables	18	807	141
Total current liabilities		807	141
Total equity and liabilities		24,926	6,194

The financial statements were approved by the Board of Directors and authorised for issue on 2 June 2017. They were signed on its behalf by:

Registered number: 05403426

The accompanying notes form part of these financial statements

M J de Villiers
Chairman

A K Sener
Director

Company Statement of Financial Position

For the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Assets			
Non-current assets			
Available for sale investments	14	-	22
Investments in group undertakings	15	274	274
Total non-current assets		274	296
Current assets			
Trade and other receivables	17	8,527	8,604
Other financial asset		-	14
Available for sale investments	14	46	-
Cash and cash equivalents		-	-
Total current assets		8,573	8,618
Total assets		8,847	8,914
Equity			
Called up share capital	19	5,836	5,797
Share premium	19	9,241	8,764
Share based payments reserve		571	578
Retained earnings		(6,815)	(6,232)
Total equity		8,833	8,907
Liabilities			
Current liabilities			
Trade and other payables	18	14	7
Total current liabilities		14	7
Total equity and liabilities		8,847	8,914

The financial statements were approved by the Board of Directors and authorised for issue on 2 June 2017. They were signed on its behalf by:

Registered number: 05403426

The accompanying notes form part of these financial statements

M J de Villiers
Chairman

A K Sener
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

	Share capital £'000	Share premium £'000	Other reserves £'000	Share based payments reserve £'000	Translation reserve £'000	Retained earnings £'000	Total attributable to equity holders of parent £'000	Non-controlling Interest £'000	Total £'000
Changes in equity to 31 December 2015									
Balance at 1 January 2015	5,640	7,583	720	578	(161)	(7,887)	6,473	3	6,476
Loss for the year	-	-	-	-	-	(1,460)	(1,460)	-	(1,460)
Other comprehensive income	-	-	-	-	(374)	73	(301)	-	(301)
Total comprehensive income	-	-	-	-	(374)	(1,387)	(1,761)	-	(1,761)
Issue of share capital	157	1,257	-	-	-	-	1,414	-	1,414
Share issue costs	-	(76)	-	-	-	-	(76)	-	(76)
Non-controlling Interest – share of net assets in subsidiary	-	-	-	-	-	-	-	-	-
Transactions with owners	157	1,181	-	-	-	-	1,338	-	1,338
Balance at 31 December 2015	5,797	8,764	720	578	(535)	(9,274)	6,050	3	6,053

Changes in equity to 31 December 2016

Profit for the year	-	-	-	-	-	13,726	13,726	-	13,726
Other comprehensive income	-	-	-	-	(5)	23	18	-	18
Total comprehensive income	-	-	-	-	(5)	13,749	13,744	-	13,744
Issue of share capital	39	524	-	-	-	-	563	-	563
Share issue costs	-	(47)	-	-	-	-	(47)	-	(47)
Cancellation of share options	-	-	-	(7)	-	7	-	-	-
Non-controlling Interest – share of net assets in subsidiary	-	-	-	-	-	(115)	(115)	(3)	(118)
Transactions with owners	39	477	-	(7)	-	(108)	401	(3)	398
Balance at 31 December 2016	5,836	9,241	720	571	(540)	4,367	20,195	-	20,195

The accompanying notes form part of these financial statements.

Company Statement of Changes in Equity

For the year ended 31 December 2016

	Share capital £'000	Share premium £'000	Share based payments reserve £'000	Retained earnings £'000	Total £'000
Changes in equity to 31 December 2015					
Balance at 1 January 2015	5,640	7,583	578	(5,556)	8,245
Loss for the year	-	-	-	(749)	(749)
Other comprehensive income	-	-	-	73	73
Total comprehensive income	-	-	-	(676)	(676)
Issue of share capital	157	157	-	-	1,414
Share issue costs	-	(76)	-	-	(76)
Transactions with owners	157	1,181	-	-	-
Balance at 31 December 2015	5,797	8,764	578	(6,232)	8,907
Changes in equity to 31 December 2016					
Loss for the year	-	-	-	(614)	(614)
Other comprehensive income	-	-	-	24	24
Total comprehensive income	-	-	-	(590)	(590)
Issue of share capital	39	524	-	-	563
Share issue costs	-	(47)	-	-	(47)
Cancellation of share options	-	-	(7)	7	-
Transactions with owners	39	477	(7)	7	516
Balance at 31 December 2016	5,836	9,241	571	(6,815)	8,833

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2016

	2016 £'000	2015 £'000
Cash flows from operating activities		
Profit/(loss) before tax	14,212	(1,460)
Adjustments for:		
Profit on disposal of available for sale investments	(810)	-
Other income – non cash consideration received in shares	(1,148)	-
Depreciation of non-current assets	1	1
Write down of intangible exploration assets	-	521
Disposal of intangible exploration assets – Australian tenements and licences	51	-
Gain on acquisition of remaining interest in Joint Venture (excluding cash acquired)	(12,386)	-
Fair value adjustments	(23)	87
Other financial asset charges	-	148
(Increase)/decrease investment in Joint Venture asset	(697)	65
Investment income	(103)	(66)
Movement in working capital	(903)	(704)
Increase/(decrease) in non-current assets due to exchange movements	51	(132)
(Increase)/decrease in trade and other receivables	(660)	(3)
Increase/(decrease) in trade and other payables	237	108
Foreign exchange differences on retranslation of assets and liabilities	(5)	(374)
Cash outflow from operating activities	(1,280)	(1,105)
Taxation paid	(77)	-
Net cash used in operating activities	(1,357)	(1,105)
Cash flows from investing activities		
Purchase of land, property, plant and equipment	(19)	(13)
Payments for intangible assets	(149)	(260)
Investment income	103	66
Net cash used in investing activities	(65)	(207)
Cash flows from financing activities		
Proceeds from disposal of available to sale investments	1,103	-
Proceeds from issue of share capital and swap repayments	440	1,587
Net cash proceeds from financing activities	1,543	1,587
Net increase in cash and cash equivalents	121	275
Cash and cash equivalents at beginning of period	319	44
Cash and cash equivalents at end of year	440	319

Company statement of cash flows

All bank transactions are undertaken by Ariana Exploration & Development Limited on behalf of Ariana Resources PLC and recharged accordingly. As such the Company had no cash transactions directly.

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

1. General information

Ariana Resources PLC (the "Company") is a public limited company incorporated and domiciled in Great Britain. The Company's shares are listed on the Alternative Investment Market of the London Stock Exchange. The principal activities of the Company and its subsidiaries (together the "Group") are related to the exploration for and development of gold and other minerals primarily in Turkey.

The Company's registered office address is Bridge House, London Bridge, London, SE1 9QR, United Kingdom.

The consolidated financial statements are presented in Pounds Sterling (£), which is the parent company's functional and presentation currency, and all values are rounded to the nearest thousand except where otherwise indicated.

Basis of preparation

The Group consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, effective for the Group's reporting for the year ended 31 December 2016.

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by that Act, the separate financial statements have been prepared in accordance with IFRS. These financial statements have been prepared under the historical cost convention (except for available for sale financial assets) and the accounting policies have been applied consistently throughout the Group.

Going concern

These financial statements have been prepared on the going concern basis.

The Directors are mindful that there is an ongoing need to monitor overheads and costs associated with delivering the exploration programme, and raise additional working capital on an ad hoc basis to support the Group's activities. The Group has no bank facilities and has been meeting its working capital requirements from cash resources. At the year end the Group had cash and cash equivalents amounting to £440,000 (2015: £319,000), together with available for sale investments with a market value of £866,000 (2015: £22,000).

The Directors have prepared cash flow forecasts for the Group for the period to 30 June 2018 based on their assessment of the prospects of the Group's operations. These cash flow forecasts include the normal operating costs for the Group over the period together with the expenditure necessary to meet the minimum licence expenditure requirements, as well as discretionary exploration and development expenditure. The forecasts indicate that to continue to develop the Group's various projects as currently planned the Group will need to raise additional financing. Based on previous experience the Directors believe this to be achievable, particularly as the Group raised £0.9M in January 2017 from the issue of new shares. In the event that additional funding is not obtained as needed, the Group has flexibility to reduce its operating expenditure and discretionary exploration expenditure, along with the ability to liquidate the available for sale investments in order to meet its financial obligations as they fall due.

In assessing the going concern assumption for the Group, the Directors have excluded the Red Rabbit Joint Venture as the Joint Venture is currently funding all the costs of the development through a mixture of its own resources and bank facilities secured to fund the construction and operation the mine. At present, although mine construction was completed after the year end and the mine is operating successfully, positive cashflow from Joint Venture to the Group is not expected in the next 12 months as Joint Ventures construction bank loans need to be repaid in priority to the Group or the joint venture partner. The Group however expects to generate further cashflow from the sale of land to the Joint Venture following the repayment of the aforementioned construction bank loans and this is anticipated to be during 2018.

The Directors are considering a variety of options as regards to the financing of the Group going forward, and this may include an equity raise if thought appropriate. Despite challenging capital markets for junior exploration and mining companies, the Company and Group have been successful historically in raising equity finance and in light of this, the directors have a reasonable expectation of securing sufficient funding to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the consolidated financial statements.

In preparing these financial statements the Directors have given consideration to the above matters and on that basis they believe that it remains appropriate to prepare the financial statements on a going concern basis.

New Accounting Standards and Interpretations

Effective and adopted during the year.

Effective during the year

- Annual improvements to IFRSs 2010-2012 Cycle
- Annual improvements to IFRSs 2012-2014 Cycle
- Amendments to IAS 1: Disclosure Initiative
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

Accounting standards in issue but not yet effective:

At the date of authorisation of these financial statements the following standards and interpretations, which have not been applied in these financial statements and which are considered potentially relevant, were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to IAS 7: Disclosure Initiative
- Clarifications to IFRS 15 Revenue from Contracts with Customer
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions
- Annual Improvements to IFRS Standards 2014-2016 Cycle
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Whilst our impact assessment on the Group's financial statements is ongoing and not yet conclusive, none of the new standards, interpretations and amendments, which are effective for periods beginning after 1 January 2016 and which have not been adopted early, are expected to have a material effect on the Group's future financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

Significant accounting policies

Basis of consolidation

The consolidated financial statements comprise the financial statements of Ariana Resources PLC and its subsidiaries for the year ended 31 December 2016.

Subsidiaries are all entities over which the Group has power to direct relevant activities and an exposure to variable returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The cost of an acquisition is measured at fair value of the assets and equity instruments acquired, and the liabilities incurred or assumed at the date of exchange.

The acquisition of subsidiaries is accounted for using the purchase method. The cost of acquisition is measured at the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued.

The acquirer's identifiable assets, liabilities and contingent liabilities, that meet the conditions for recognition under IFRS3 are recognised at their fair values at the acquisition date. Where the Group acquires a subsidiary for less than the fair value of its assets and liabilities, this results in negative goodwill or gain on acquisition which is recognised in profit and loss.

If a business combination is achieved in stages, the acquisition date carrying value of the group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurements are recognised in the income statement. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. All significant intercompany transactions and balance between group entities are eliminated on consolidation.

The Group has applied IFRS 11 to all joint arrangements as of 1 January 2015. The Group identifies joint arrangements as those arrangements in which two or more parties have joint control, where joint control is evidenced by the contractually agreed sharing of control of an arrangement, which exists where the decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

Joint operations are identified as those agreements whereby the parties have rights to the assets and obligations for liabilities relating to the arrangement. Joint operations are accounted for by recognising the operator's relevant share of assets, liabilities, revenues and expenses. The Group currently has no joint operations in existence.

Joint ventures are identified as those agreements whereby the parties have rights to the net assets of the arrangement and are accounted for using equity accounting in accordance with IAS 28. Interest in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the Joint Venture.

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The results and assets and liabilities of our investments in our associates are incorporated in these financial statements using the equity method of accounting except when classified as held for sale. Investments in associates are carried in the Group statement of financial position at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associates, less any impairment in the value of individual investments. Losses of the associates in excess of the Group's interest in those associates are not recognised.

In the Company accounts, investments in subsidiary undertakings are held at cost.

Income and expense recognition

The Group's other income otherwise represents consideration received on the disposal of licences, consultancy fees and interest receivable from bank deposits. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective rate of interest applicable. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Operating expenses are recognised in the statement of comprehensive income upon utilisation of the service or at the date of their origin and are reported on an accruals basis.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Pounds Sterling, which is the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the comprehensive income statement.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transaction); and
- all resulting exchange differences are recognised as a separate component of equity. On consolidation, exchange differences arising from the translation of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the statement of comprehensive income as part of the gain or loss on sale.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Land	– not depreciated
Computer equipment	– between 25% & 33%
Drilling equipment	– between 10% & 20%
Fixtures and fittings	– between 5% & 33%
Motor vehicles	– between 20% & 25%

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Depreciation charged on exploration and evaluation assets is capitalised within intangible exploration assets.

Intangible exploration assets

Intangible assets represent exploration and evaluation assets (IFRS 6 assets), being the cost of acquisition by the Group of rights, licences and know how. Such expenditure requires the immediate write-off of exploration and development expenditure that the Directors do not consider to be supported by the existence of commercial reserves.

All costs associated with mineral exploration and investments, are capitalised on a project-by-project basis, pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses but not general overheads and these assets are not amortised until technical feasibility and commercial viability is established. If an exploration project is successful, the related expenditures will be transferred to mining assets and amortised over the estimated life of the commercial ore reserves on a unit of production basis. Where a licence is relinquished or a project abandoned, the related costs are written off.

The recoverability of all exploration and development costs is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition thereof.

Exploration and evaluation assets shall no longer be classified as such when the technical feasibility and commercial viability of extracting mineral resources are demonstrable. When relevant, such assets shall be assessed for impairment, and any impairment loss recognised, before reclassification to mine development.

Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets (except for intangible exploration assets) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Available for sale financial assets

Available for sale financial assets include non-derivative financial assets that are either designated as such or do not qualify for inclusion in any of the other categories of financial assets. Shares in unlisted companies are recorded at cost. Any other financial assets within this category are measured subsequently at fair value, with changes in value recognised in equity, through other comprehensive income.

Gains and losses arising from changes to fair value from investments classified as available for sale are recognised in the consolidated statement of comprehensive income when they are sold or when the fair value of the investment improves or is impaired. In the case of impairment of available for sale assets, any loss previously recognised in equity is transferred to the consolidated statement of comprehensive income. Impairment losses recognised in the consolidated statement of comprehensive income on equity instruments are not reversed through the consolidated statement of comprehensive income. Impairment losses recognised previously on debt securities are reversed through the consolidated statement of comprehensive income when the increase can be related objectively to an event occurring after the impairment loss was recognised in the consolidated statement of comprehensive income.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's Balance Sheet when the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial asset only when the contractual rights to cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for the amount it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or expired.

Financial Assets:

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost less any provision for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on-demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash with three months or less remaining to maturity and are subject to an insignificant risk of changes in value.

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For the year ended 31 December 2016

Financial liabilities and equity instruments:

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

The costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that would otherwise have been avoided.

Trade and other payables

Trade and other payables are initially measured at their fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Share-based payments

For such grants of share options, the fair value as at the date of grant is calculated using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that are likely to vest, except where forfeiture is only due to market-based conditions not achieving the threshold for vesting.

Where shares are issued in settlement of goods or services supplied, the relevant expense is recorded in the consolidated statement of comprehensive income, with the related share issue recorded within share capital and share premium.

Shareholder warrants

The shareholder warrants entitle shareholders to a number of common shares based upon the number of shares they subscribed for at the date of issue of the warrant instrument. The warrants relate to a transaction with the equity holders as opposed to a transaction in exchange for any goods or services. The equity component of the instrument is not considered material and there is no liability component arising as a result of these warrants. Upon exercise of the warrant, the proceeds received, net of attributable transaction costs, are credited to share capital and where appropriate share premium.

Taxation

Current income tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting year, that are unpaid at 31 December 2016. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted as at 31 December 2016. Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the consolidated statement of comprehensive income, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited to equity. The deferred tax asset arising from trading losses carried forward as referred to in Note 9 has not been recognised. The deferred tax asset will be recognised when it is more likely than not that it will be recoverable.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors who have been identified as responsible for allocating resources and assessing performance of the operating segments, and who act as the Chief Operating Decision Maker.

Accounting estimates and judgements:

The Group makes estimates and judgements regarding the future. Estimates and judgements are continually evaluated based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may deviate from these estimates and assumptions. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed as follows:

Fair value of acquisition

The "acquisition method" of accounting for subsidiaries acquired generally requires assets and liabilities to be measured at their fair values at the acquisition date. Significant judgement and estimates are required in calculating the fair value estimates of net identifiable net assets on acquisition.

Accounting for Joint Venture

Management have reviewed the criteria of IFRS 11 and made a judgement that despite its 50% shareholding, Zenit is a Joint Venture rather than a subsidiary due to the contractual agreement to share control of that company.

Intangible exploration assets

The Group determines that exploration costs are capitalised at the point the Group has a valid exploration licence. The recovery of the cost of the Group's exploration projects is reviewed in the light of future production estimates based upon ongoing geological studies. Over the longer term the actual mineable resources achieved may vary significantly from the current estimates.

Impairment of assets

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

2. Staff costs

	2016 £'000	2015 £'000
Wages and salaries	318	288
Social security costs	15	4
Pension contributions	8	-
	341	292

Total staff costs, including those capitalised within intangible assets, amounts to £468,000 (2015: £378,000). The average monthly number of employees (including Executive Directors) during the year was as follows:

	2016 Number	2015 Number
Exploration activities	13	10
Administration	4	4
	17	14

3. Directors' emoluments

	2016 £'000	2015 £'000
Basic salary and fees	278	244
Pension contributions	8	-
	286	244

Key management personnel consist of only the Directors. Details of share options and interests in the Company's shares of each Director are shown in the Directors' Report on page 32.

	Year	Salary & fees £'000	Pension £'000	Total £'000
Michael de Villiers	2016	100	-	100
	2015	98	-	98
Kerim Sener	2016	129	8	137
	2015	110	-	110
William Payne	2016	36	-	36
	2015	36	-	36
Christopher Sangster	2016	12	-	12
	2015	-	-	-

William Payne's services are provided by a firm of Chartered Accountants, further details of which are set out in Note 26.

4a. Other income

	2016 £'000	2015 £'000
Consideration in cash and shares for disposal of Australian tenements and licences	1,148	-
Consultancy fees	67	15
	1,215	15

4b. Other gains

	2016 £'000	2015 £'000
Gain on interest previously held in associate	4,008	-
Gain from bargain purchase	8,427	-
	12,435	-

The gain on acquisition relates to the estimated gain arising on the acquisition of the remaining shares in Greater Pontides Exploration B.V., further details of which are set out in note 20.

5. Operating loss

The operating loss is stated after charging/(crediting):

	2016 £'000	2015 £'000
Depreciation – owned assets	1	1
Operating lease – office rental	40	4
Write down of Intangible exploration assets	-	521
Net foreign exchange gains	13	(10)
Fees payable to the Company's auditor for the audit of the Company's annual accounts	40	33
Fees payable to the Company's auditor for other services:		
– The audit of the Company's subsidiaries	15	15

6. Finance costs

	2016 £'000	2015 £'000
Swap charges on other financial assets	-	148

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7. Share of profit/(loss) of interest in Joint Venture

In July 2010 the Group entered into an agreement with Proccea Construction Co. ("Proccea") such that Galata Madencilik San. ve Tic. Ltd. ("Galata") would transfer its principal assets at Kiziltepe and Tavşan, collectively known as the "Red Rabbit Gold Project" into a new wholly owned subsidiary, Zenit Madencilik San. ve Tic. A.S. ("Zenit"). Proccea earn their 50% share in Zenit by investing US\$8M in the capital of Zenit, US\$1.4M of such funds to be spent on a Feasibility Study and an Environmental Impact Assessment ("EIA"), with the balance on initial mine construction, once the Feasibility Study and EIA were completed satisfactorily. Proccea's stake in Zenit increased during the year to 50% (2015: 30.4%) as further shares were issued to them in accordance with the Joint Venture agreement. Ultimately profits from Zenit will be shared in the ratio of 51% the Group and 49% to Proccea, but key decisions require approval from both the Group and Proccea.

The Group accounts for its Joint Venture with Proccea in Zenit using the equity method in accordance with IAS 28 (revised). At 31 December 2016 the Group has a 50% (2015: 69.6%) interest in Zenit.

Summarised financial information of the Joint Venture, based on its translated financial statements, and reconciliations with the carrying amount of the investment in the consolidated financial statements are set out below:

Summarised statement of financial position	2016 £'000	2015 £'000
Non-current assets	23,505	6,764
Current assets	15,081	10,097
Current and Non-current liabilities	(31,532)	(12,793)
Equity	7,054	4,068
Proportion of the Group's ownership	50%	69.6%
Carrying amount of Investment in Joint Venture	3,527	2,830

Summarised statement of Profit and Loss	2016 £'000	2015 £'000
Other income	483	104
Administrative expenses – including exchange losses	(443)	(295)
Profit/(loss) for the year	40	(191)
Proportion of the Group's ownership	50%	69.6%
Group's share of profit/(loss) for the year	20	(133)
Increase in share of net assets following issue of shares in Zenit	677	68
Movement in interest in Joint Venture for the year	697	(65)

8. Segmental analysis

Management currently identifies one division as an operating segment – mineral exploration. This operating segment is monitored and strategic decisions are made based upon this and other non-financial data collated from exploration activities.

Principal activities for this operating segment is as follows:

- Mining - incorporates the acquisition, exploration and development of gold resources primarily in Turkey and lithium in Australia.

	2016			2015		
	Mining £'000	Other reconciling items £'000	Group £'000	Mining £'000	Other reconciling items £'000	Group £'000
Administrative costs	-	(930)	(930)	-	(797)	(797)
General and specific exploration expenditure	(118)	-	(118)	(531)	-	(531)
Other income	1,215	-	1,215	15	-	15
Profit on disposal of available for sale investments	810	-	810	-	-	-
Gain on acquisition of remaining interest in Joint Venture	12,435	-	12,435	-	-	-
Finance and swap costs	-	-	-	-	(148)	(148)
Movement in interest in a Joint Venture	697	-	697	(65)	-	(65)
Investment income	-	103	103	-	66	66
Tax	(486)	-	(486)	-	-	-
Profit/(loss) after tax	14,553	(827)	13,726	(581)	(879)	(1,460)
Assets						
Segment assets	24,072	854	24,926	5,074	1,120	6,194
Liabilities						
Segment liabilities	(4,539)	(192)	(4,731)	(24)	(117)	(141)
Additions to segment assets						
Intangible assets	16,359	-	16,359	260	-	260
Property plant & equipment	19	-	19	13	-	13
Depreciation	-	(1)	(1)	-	(1)	(1)

Other income includes consultancy and licence fees, and consideration in cash and shares for disposals of Australian tenements and licences.

Reconciling items include non-mineral exploration costs and transactions between Group and associate companies.

Geographical segments

The Group's mining assets and liabilities are located primarily in Turkey.

	2016			2015		
	Turkey £'000	United Kingdom £'000	Group £'000	Turkey £'000	United Kingdom £'000	Group £'000
Carrying amount of segment non-current assets	20,994	937	21,931	3,916	956	4,872

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For the year ended 31 December 2016

9. Taxation

	2016 £'000	2015 £'000
(a) Current tax expense in respect of the current year	486	-

The charge for the year can be reconciled to the profit/(loss) per the statement of comprehensive income as follows:

	2016 £'000	2015 £'000
Profit/(loss) before tax	14,212	(1,460)
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 20% (2015: 20.25%)	2,842	(296)
Disallowable expenses and other adjustments	(135)	(14)
Effect of gain on acquisition of Joint Venture	(2,486)	-
Effect of different tax rates and laws of subsidiaries operating in other jurisdictions	157	(1)
Effect of fair value adjustment on other financial asset	-	15
Losses to carry forward	108	296
Tax charge	486	-

The Group's corporation tax charge for the year arises on taxable profits arising in its Australian subsidiary, Asgard Metals Pty. Ltd.

The Group has UK losses carried forward on which no deferred tax asset is recognised in the financial statements as the recovery of this benefit is dependent on future profitability, the timing of which cannot be reasonably foreseen. Total UK losses carried forward amount to £7,850,000 (2015: £7,205,000).

Turkish tax losses carried forward at the year-end amounted to £297,000 (2015: £909,000). These losses can be carried forward and used against future taxable income rates of 21% and 20% respectively, although the Turkish losses expire after five years. Of the total Turkish tax losses of £297,000, £114,575 arose in 2011 and the balance in the subsequent years.

	2016 £'000	2015 £'000
(b) Deferred tax liability in respect of the current year		
Amount recognised in business combination	2,273	-

10. Loss of parent company

As permitted by Section 408 of the Companies Act 2006, the statement of comprehensive income of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £614,000 (2015: £749,000).

11. Profit/(loss) per share

The calculation of basic profit/(loss) per share is based on the profit attributable to ordinary shareholders of £13,726,000 (2015: loss £1,460,000) divided by the weighted average number of shares issued during the year being 824,015,916 shares (2015: 735,545,283) in issue. The weighted-average number of shares for diluted earnings excludes out-of-the-money options and warrants as their effect would be anti-dilutive.

12. Intangible exploration assets

Group	Deferred exploration expenditure £'000
Cost	
At 1 January 2015	2,146
Additions	260
Exchange movements	(96)
Reallocation of project costs to Joint Venture Company	(135)
Costs written off	(521)
At 31 December 2015	1,654
Additions through acquisition of remaining interest in Joint Venture (see note 20)	16,210
Additions	149
Exchange movements	3
Disposal of Australian tenements and licences	(51)
At 31 December 2016	17,965
Net book value	
At 1 January 2015	2,146
At 31 December 2015	1,654
At 31 December 2016	17,965

None of the Group's intangible assets are owned by the Company.

The technical feasibility and commercial viability of extracting a mineral resource are not yet demonstrable in the above intangible exploration assets. These assets are not amortised, until technical feasibility and commercial viability is established. Intangible exploration costs written off represent costs relating to certain projects that are no longer considered economically viable or where exploration licences have been relinquished.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

13. Land, property, plant & equipment

Group	Land £'000	Computer equipment £'000	Drilling equipment £'000	Fixtures & fittings £'000	Motor vehicles £'000	Totals £'000
Cost						
At 1 January 2015	255	29	265	23	39	611
Additions	-	3	-	-	10	13
Disposals	-	-	-	-	-	-
Exchange movements	(39)	(1)	(5)	(1)	(1)	(47)
At 31 December 2015	216	31	260	22	48	577
Additions	-	2	1	2	14	19
Additions through acquisition of remaining interest in Joint Venture	-	5	-	15	-	20
Disposals	-	-	-	-	(7)	(7)
Exchange movements	(2)	-	(1)	-	-	(3)
At 31 December 2016	214	38	260	39	55	606
Depreciation						
At 1 January 2015	-	25	160	20	37	242
Charge	-	1	15	1	4	21
Disposals	-	-	-	-	-	-
Exchange movements	-	(1)	(9)	-	-	(10)
At 31 December 2015	-	25	166	21	41	253
Depreciated assets in Joint Venture	-	4	-	13	-	17
Charge	-	3	15	1	4	23
Disposals	-	-	-	-	(4)	(4)
Exchange movements	-	(1)	(1)	-	-	(2)
At 31 December 2016	-	31	180	35	41	287
Net book value						
At 1 January 2015	255	4	105	3	2	369
At 31 December 2015	216	6	94	1	7	324
At 31 December 2016	214	7	80	4	14	319

None of the Group's intangible assets are owned by the Company.

The technical feasibility and commercial viability of extracting a mineral resource are not yet demonstrable in the above intangible exploration assets. These assets are not amortised, until technical feasibility and commercial viability is established. Intangible exploration costs written off represent costs relating to certain projects that are no longer considered economically viable or where exploration licences have been relinquished.

14. Available for sale investments

Group and Company	Non-current £'000	Current £'000	Total £'000	Group £'000	Company £'000
At 1 January 2016	22	-	22	-	22
Additions	-	1,114	1,114	1,114	-
Disposals	-	(293)	(293)	(293)	-
Adjustment to fair value	24	(1)	23	(1)	24
Transfer to current assets	(46)	46	-	-	-
At 31 December 2016	-	866	866	820	46
Net book value					
At 31 December 2016	-	866	866	820	46
At 31 December 2015	22	-	22	-	22

Available for sale investments represent the Group's investment in Dakota Minerals Limited and Kingston Resources Limited, both listed on the Australian Securities Exchange, and the Company's investment in Royal Road Minerals Limited, a company listed on the Toronto Venture Exchange and all are stated at their market value at the year end.

As at 31 December 2016 due to changes in the market value of these investments, a fair value adjustment totalling £23,000 (2015 : loss £87,000) has been reflected in these accounts.

During the year the Group, through its Australian subsidiary, Asgard Metals Pty. Ltd., completed the sale of various tenements in the Pilbara region of Western Australia to Dakota Minerals Limited ("Dakota"), a company listed on the Australian Securities Exchange. The initial transaction included cash payments totalling A\$147,000 37.2m fully paid ordinary shares and this consideration is reflected in other income at a valuation of A\$1.9M (£1.07M). Additionally, during the year, the Group generated profit on the disposal of some of its shares in Dakota amounting to A\$1.4M (£0.8M).

In addition to the Dakota transactions mentioned above, the Group also through its Australian subsidiary, Asgard Metals Pty. Ltd. completed the sale of its interests in a package of tenements in the Northern Territory and Western Australia to Kingston Resources Limited ("Kingston"). The initial consideration included a cash payment to Asgard of A\$20,000 and 6,600,000 fully paid ordinary shares in Kingston.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

15. Investments in Group undertakings

Shares in Group undertakings
£'000

Company

Cost and Net book Value

At 1 January and 31 December 2016

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The Company's investments at the balance sheet date comprise ownership of the ordinary share capital of the following companies:

Subsidiaries	Ownership	Country of incorporation	Nature of business	Address
Ariana Exploration & Development Limited	100%	United Kingdom	Exploration	Bridge House, London Bridge, London, SE1 9QR, United Kingdom
Portswood Resources Limited	100%	British Virgin Islands	Holding company	Akara Building, 24 de Castro Street, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands
Galata Madencilik San. ve Tic. Ltd.	100%	Turkey	Exploration	Çankaya Mah. Farabi Sok. 7/5 Çankaya, Ankara, Turkey
Çamyol Gayrimenkul, Madencilik, Turizm, Tarım ve Hayvancılık Ltd.	99%	Turkey	Land acquisition	Çankaya Mah. Farabi Sok. 7/5 Çankaya, Ankara, Turkey

Çamyol Gayrimenkul, Madencilik, Turizm, Tarım ve Hayvancılık Ltd. is involved with the acquisition of land in the mine development area of the Red Rabbit Gold Project. It is a subsidiary of Galata Madencilik San. ve Tic. Ltd.

Ariana Exploration & Development Limited's investments at the balance sheet date comprise the following companies:

Subsidiaries	Ownership	Country of incorporation	Nature of business	Address
Greater Pontides Exploration B.V.	100%	Netherlands	Holding company	Herengracht 500, 1017 CB Amsterdam, Netherlands
Pontid Madencilik San. ve Tic. Ltd.	100%	Turkey	Exploration	Hilal Mahallesi, Konrad Adenauer Cd. 15A, 06550 Çankaya, Ankara, Turkey
Asgard Metals Pty. Ltd.	100%	Australia	Exploration	10 Wygonda Rd, Roleystone WA 6111, Australia

16. Non-current trade and other receivables

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Other receivables	120	42	-	-

Other receivables falling due after more than one year represent amounts due from the government of Turkey in respect of VAT relating to the Group's exploration projects.

17. Trade and other receivables

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Amounts owed by Group undertakings	-	-	8,526	8,594
Amounts owed by Joint Venture Company	1,597	880	-	-
Other receivables	48	63	-	-
Prepayments	44	46	1	10
	1,689	989	8,527	8,604

The fair value of trade and other receivables is not materially different to the carrying values presented. The amounts owed by Group undertakings and the Joint Venture Company are interest free and repayable on demand.

18. Trade and other payables

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Trade and other payables	157	49	-	-
Social security and other taxes	438	4	-	-
Other creditors	12	10	-	-
Accruals and deferred income	200	78	14	7
	807	141	14	7

The above listed payables were all unsecured. The fair value of trade and other payables is not materially different to the carrying values presented.

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For the year ended 31 December 2016

19. Share capital

Allotted, issued and fully paid ordinary 0.1p shares	Number	Ordinary Shares £'000	Deferred shares £'000	Share Premium £'000
In issue at 1 January 2016	802,060,196	802	4,995	8,764
Shares issued in the year	39,481,594	39	-	524
Less expenses on issue	-	-	-	(47)
In issue at 31 December 2016	841,541,790	841	4,995	9,241

During 2013 the existing ordinary shares were sub-divided into one new ordinary share of 0.1 pence ("New Ordinary Share") and one deferred share of 0.9 pence ("Deferred Share"). The New Ordinary Shares have a nominal value of 0.1 pence. The percentage of New Ordinary Shares held by each shareholder following the subdivision is the same as the percentage of existing ordinary shares held by him before the change.

Fully paid Ordinary Shares carry one vote per share and carry the right to dividends. Deferred Shares have attached to them the following rights and restrictions:

- they do not entitle the holders to receive any dividends and distributions;
- they do not entitle the holders to receive notice or to attend or vote at General Meetings of the Company;
- on return of capital on a winding up the holders of the Deferred Shares are only entitled to receive the amount paid up on such shares after the holders of the Ordinary Shares have received the sum of 0.1p for each ordinary share held by them and do not have any other right to participate in the assets of the Company.

During 2016 the Company issued 39,481,594 ordinary shares for a total net consideration of £516,000 for cash and in settlement of professional fees.

Potential issue of ordinary shares

Share options and warrants

At 31 December 2016 the Company had 12,500,000 options (2015: 12,800,000) and 32,777,777 warrants (2015: 33,544,444) outstanding for the issue of ordinary shares as follows:

Date of grant	Exercisable from	Exercisable to	Exercise price	Number granted	Lapsed options during the year	Number at 31 December 2016
Options						
1 September 2006	1 September 2006	1 September 2016	13p	300,000	(300,000)	-
22 March 2011	22 March 2011	21 March 2018	5p	12,500,000	-	12,500,000
Total				12,800,000	(300,000)	12,500,000

Date of grant	Exercisable from	Exercisable to	Exercise price	Number granted	Warrants exercised during the year	Number at 31 December 2016
Warrants						
19 April 2013	19 April 2013	19 April 2018	2p	5,000,000	-	5,000,000
4 February 2015	4 February 2015	4 February 2018	1.8p	8,333,333	-	8,333,333
7 April 2015	7 April 2015	7 April 2018	1.8p	11,111,111	-	11,111,111
30 June 2015	30 June 2015	30 June 2018	1.8p	8,333,333	-	8,333,333
29 July 2015	29 July 2015	29 July 2018	0.99p	766,667	(766,667)	-
Total				33,544,444	(766,667)	32,777,777

No options were issued or exercised in the year.

20. Business combination

During December 2016 the Group announced that in addition to its 49% shareholding already held in the Greater Pontides Exploration B.V., ("GPE") it acquired all of the remaining shares in issue held by its Joint Venture partner, Eldorado Gold Corporation, following their strategic decision to withdraw from the project for a consideration of US\$100 and a net smelter royalty of up to 2%. The principal asset of GPE are the licences held within an area known as Salinbaş in north-eastern Turkey.

Following the acquisition of the remaining 51% of GPE the Directors performed a review to assess whether they had purchased an asset or a business. Having looked at the infrastructure, people and operations in place at GPE it was determined they had bought a business and therefore the assets and liabilities have been measured at fair value per IFRS 3.

The Directors consider a bargain purchase arose on the acquisition of the remaining shares in GPE on the basis that their assessment of the Group's ability to realise value from the Salinbaş project differed from that of Eldorado, particularly in the light of their withdrawal from this type of exploration project in Turkey. The gain arose on the acquisition of full control due to the fair value of the identifiable net assets attributable to the owners of the Group being considered to be greater than the consideration payable, based on an external mine scoping study valuation commissioned by the Directors for the purposes of the accounts, as set out below. The valuation technique used for measuring the fair value of the intangible asset was a discounted cashflow method.

Assets acquired and liabilities recognised at the date of acquisition:

	Book Value £'000	Fair value adjustment £'000	2016 £'000
Non-current assets			
Property, plant and equipment	3	-	3
Intangible asset – adjusted to fair value	2,839	13,371	16,210
Current assets			
Other receivables	118	-	118
Cash and cash at bank	49	-	49
Current liabilities			
Trade and non current liabilities	(21)	-	(21)
Deferred tax liability	-	(2,273)	(2,273)
Net assets acquired	2,988	11,098	14,086
Net assets acquired			14,806
Contingent consideration payable			(1,651)
Gain on acquisition			12,435
Gain on acquisition made up of :			
Gain on interest previously held in associate			4,008
Gain on bargain purchase			8,427
			12,435

In addition to the cash consideration for the shares acquired amounting to US\$100, a 2% Net Smelter Royalty will become payable on commencement of production at Salinbaş. The fair value of potential liability of the royalty has been valued at £1.651M and is disclosed under other financial liabilities as set out in note 22.

Deferred tax has been provided on the fair value uplift on recognition of intangibles at 17% and is disclosed under non current liabilities as set out in note 21.

No expenditure has been incurred by GPE in the period from the date of acquisition to the year end.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

21. Deferred tax liabilities

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Opening deferred tax liability	-	-	-	-
Amount recognised in business combination	2,273	-	-	-
Closing deferred tax liability	2,273	-	-	-

22. Other financial liabilities

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Contingent consideration payable	1,651	-	-	-

The contingent consideration will be remeasured each reporting date and any gain or loss will go through the income statement.

23. Contingent liabilities

The Group had no contingent liabilities at the year end (2015: £nil), other than the contingent consideration payable on any eventual production at Salinbaş as referred to in Note 20.

24. Operating lease arrangements

At the year end, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £'000	2015 £'000
Within one year	11	15

25. Capital commitments

The Group had no authorised or unauthorised capital commitments at the year end (2015: £nil).

26. Related party transactions

Group companies

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

Ariana Resources PLC is the beneficial owner and controls, or is in joint venture with, the following companies and as such are considered related parties:

Ariana Exploration & Development Limited
 Portswood Resources Limited
 Galata Madencilik San. ve Tic. Ltd.
 Zenit Madencilik San. ve Tic. A.S. (Joint Venture)
 Çamyol Gayrimenkul, Madencilik, Turizm, Tarım ve Hayvancılık Ltd.
 Asgard Metals Pty. Ltd.
 Greater Pontides Exploration B.V.
 Pontid Madencilik San. ve Tic. Ltd

The only transactions during the year between the Company and its subsidiaries were intercompany loans, which were interest free and payable on demand and included the following:

Loans payable by Ariana Exploration & Development Limited and Galata Madencilik San. ve Tic. Ltd. to Ariana Resources PLC amounted to £8,512,362 (2015: £8,586,506) and £13,492 (2015: £7,614) respectively.

William Payne is a partner in Wilkins Kennedy LLP, Chartered Accountants, the firm which provides his services. During the year end December 2016, Wilkins Kennedy LLP were paid £36,000 (2015: £36,000) in respect of his services as a Director, and £58,850 (2015: £48,550) in respect of accounting and management services. Fees paid for WJB Payne's services are included as part of Directors emoluments declared in Note 3. At the year end the Group owed Wilkins Kennedy LLP £32,255 (2015: £28,232).

Matrix Exploration Pty. Ltd., a company majority owned by Dr. Kerim Sener, charged the Company £8,100 (2015: £31,266) and Asgard Metals Pty. Ltd A\$49,100 (2015: A\$ nil) for office rent and other services. At the year end the Company and Asgard Metals Pty. Ltd owed Matrix Exploration Pty. Ltd. £nil (2015: £nil).

Dr. Francis Wedin, a former director of Asgard Metals Pty. Ltd. sold his entire holding being 13.94% of the share capital of that company to Ariana Exploration and Development Limited during the year for a consideration valued at £118,000. He is a director of Dakota Minerals Limited, to whom Asgard Metals Pty. Ltd sold six tenements for A\$147,000 and 37.2m shares, this sale being at market value.

Joint Venture companies

Loans payable on demand by Zenit Madencilik San. ve Tic. to A.S. to Galata Madencilik San. ve Tic. Ltd. amounted to £1,260,125 (2015: £774,119). Interest receivable has been included under Investment Income in the statement of comprehensive income and amounted to £95,225 (2015: £63,929).

27. Post year end events

The Company completed a placing raising £900,000 before expenses by issuing 56,250,000 new ordinary shares during January 2017.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

28. Capital management policies and procedures

The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern;
- To increase the value of the assets of the business;
- To provide an adequate return to shareholders in the future when exploration assets are taken into production; and
- To secure sufficient funding to bring the Red Rabbit Project into production.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production and cash flow, either with partners or by our own means.

The Group monitors capital on the basis of the carrying amount of equity, cash and cash equivalents as presented on the face of the consolidated statement of financial position. Movements in capital for the year under review are summarised in Note 19 and in the consolidated statement of changes in equity.

The Group manages its capital structure in response to changes in economic conditions and in accordance with the Group's objective to bring the Red Rabbit Project into production, and finance additional work on existing and new projects to enhance their overall value.

29. Financial instruments

In the normal course of its operations, the Group and Company are exposed to gold prices, currency, interest rate and liquidity risk.

The Group and Company use financial instruments, other than derivatives, comprising, short term deposits, cash, liquid resources and various items such as sundry debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's and Company's financial instruments are liquidity and currency differences on foreign currency net investments. The Directors review and agree policies for managing these risks and these are summarised below.

Market operational risk

The nature of the Group's and Company's investments requires the commitment of significant funding to finance its development projects. It is the nature of mining operations that each project is long term before exploration proves to be viable and progresses to reach commercial production. To control these risks the Board arranges for the provision of technical support, commissions technical research and feasibility studies both prior to entering into these commitments and subsequently over the life of these projects.

Liquidity risk

The Group and Company seek to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Board will seek additional funds from the issue of share capital and warrants where appropriate, by reviewing financial and operational budgets and forecasts. The Group and Company's financial liabilities, including interest bearing liabilities, trade and other payables all of which will be settled within six months.

Credit risk and Treasury management

The Company has borrowings outstanding from its subsidiaries, the ultimate realisation of which depends on the successful exploration and realisation of the Group's intangible exploration assets. This in turn is subject to the availability of financing to maintain the ongoing operations of the business. The Group manages its financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Foreign currency risk

Foreign exchange risk arises due to the Group's and Company's primary operations being in Turkey. The Group and Company have a general policy of not hedging against its exposure of foreign investments in foreign currencies. The Group and Company are exposed to translation and transaction foreign exchange risks and take profits or losses on these as they arise.

Borrowing facilities and interest rate risk

The Group and Company finances its operations primarily through the issue of equity share capital and debt in order to ensure sufficient cash resources are maintained to meet short-term liabilities and future project development requirements. Additional cash was received during the year as a result of further capital raising activities. Cash assets returned on average an interest rate of 0.5% during the year. Cash deposits are kept under regular review, with reference to future expenditure requirement and to maximise interest receivable.

Interest rate sensitivity

- (a) The Group and Company have limited exposure to changes to Interest rates both locally and in Turkey since the interest accruing on bank deposits was relatively immaterial.
- (b) The Group and Company have no interest rate exposure on the loan finance provided during the year as the amounts owed by Group undertakings are interest free.

Fair values of financial instruments

The fair value of a financial instrument is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Set out below is a comparison by category of carrying amounts and fair values of all the Group's financial instruments:

	Carrying amount		Fair values	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Financial assets				
Cash and cash equivalents	440	319	440	319
Available for sale financial assets	866	22	866	22
Other financial asset (current) – Level 2	-	14	-	14
Other financial asset (non-current) – Level 2	-	-	-	-
Loans and receivables				
Trade and other receivables (current)	1,689	989	1,689	989
Trade and other receivables (non-current)	120	42	120	42
Financial liabilities				
Financial liabilities measured at amortised cost				
Trade and other payables	(807)	(141)	(807)	(141)
Other financial liabilities (non-current)	(1,651)	-	(1,651)	-

The fair value of trade and other receivables is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date. For receivables and payables with a remaining life of less than one year, the notional amount is deemed to reflect fair value. All other receivables and payables are, where material, discounted to determine the fair value.

Level 2 fair value measurements have been determined by reference to observable data in quoted markets at the balance sheet dates. All payables for the Company and the Group are considered repayable on demand.

Differences arising between the carrying and fair value are considered not significant to adjust for in these accounts. The carrying and fair value of intercompany balances are the same as if they are repayable on demand.

Please note that this document is important and requires your immediate attention. If you are in any doubt as to the action to be taken, please consult an independent adviser immediately. If you have sold or transferred or otherwise intend to sell or transfer all of your holding of ordinary shares in the Company prior to the record date (as described in Note 12) for the Annual General Meeting of the Company on 30 June 2017 at 11.00 a.m., you should send this document, together with the accompanying Form of Proxy, to the (intended) purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was or is to be effected for transmission to the (intended) purchaser or transferee. If you have sold some only of your ordinary shares then please retain this document.

Notice of the 2017 Annual General Meeting of Ariana Resources PLC

Company Number: 05403426

Notice is hereby given that the Annual General Meeting of Ariana Resources PLC (the "Company") will be held at the East India Club, 16 St James's Square, London, SW1Y 4LH on 30 June 2017 at 11.00 a.m. in order to consider and, if thought fit, pass resolutions 1 to 5 as Ordinary Resolutions and Resolution 6 as a Special Resolution:

Ordinary resolutions

1. To receive the Annual Report and Accounts for the year ended 31 December 2016.
2. To elect Chris Sangster who joined the Board since the last AGM.
3. To re-elect Dr. Kerim Sener who is retiring by rotation under the Articles of Association as a Director of the Company.
4. To re-appoint KPMG LLP as auditors and to authorise the Directors to fix their remuneration.
5. That, in accordance with section 551 of the Companies Act 2006 ("2006 Act"), the Directors be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £500,000 provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the end of the next Annual General Meeting of the Company to be held after the date on which this resolution is passed, or (if earlier) 15 months from the date of passing this resolution save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 551 of the 2006 Act.

Special resolutions

6. That, subject to the passing of Resolution 5 the Directors be given the general power to allot equity securities (as defined by Section 560 of the 2006 Act) for cash, either pursuant to the authority conferred by Resolution 5 or by way of a sale of treasury shares, as if Section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to:
 - 6.1 the allotment of equity securities in connection with an offer by way of a rights issue:
 - 6.1.1 to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
 - 6.1.2 to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and
 - 6.1.3 the allotment (otherwise than pursuant to paragraph 6.1 above) of equity securities up to an aggregate nominal amount of £500,000.

The power granted by this resolution will unless renewed, varied or revoked by the Company, expire at the conclusion of the next Annual General Meeting of the Company following the date of the passing of this resolution or (if earlier) 15 months from the date of passing this resolution, save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if section 561(1) of the 2006 Act did not apply, but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

By Order of the Board dated
2 June 2017

Michael de Villiers
Company Secretary

Bridge House
London Bridge
London
SE1 9QR
UK

Notes:

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box. If you sign and return this proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
4. You may not appoint more than one proxy to exercise rights attached to any one share.
5. To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you give no voting indication, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
6. To appoint a proxy you must ensure that the attached proxy form is completed, signed and sent to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 7ZY by no later than 11.00 a.m. on 28 June 2017.
7. In the case of a member which is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
8. Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
9. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
10. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
11. You may not use any electronic address provided in this proxy form to communicate with the Company for any purposes other than those expressly stated.
12. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the time by which a person must be entered on the register of members in order to have the right to attend and vote at the Annual General Meeting is 11.00 a.m. on 28 June 2017, (being not more than 48 hours prior to the time fixed for the Meeting) or, if the Meeting is adjourned, such time being not more than 48 hours prior to the time fixed for the adjourned meeting. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or vote at the Meeting.

Advisors

Directors

M J de Villiers
A K Sener
W J B Payne
C J S Sangster

Secretary

M J de Villiers

Registered Office

Bridge House, London Bridge, London, SE1 9QR

Registered Number

05403426

Auditors

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15 Canada Square, London, E14 5GL

Bankers

HSBC

186 Broadway, Didcot, Oxfordshire, OX11 8RP

Solicitors

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15th Floor – 125 Old Broad Street, London, EC2N 1AR

Brokers

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49 Whitehall, London, SW1A 2BX

Panmure Gordon (UK) Limited

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Nominated Advisor

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