ARIANA RESOURCES plc

Developing Resource Potential

Ariana Resources PLC Annual Report & Accounts 2014

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Ariana Resources is an AIM-listed gold exploration and development company focused on epithermal gold-silver and porphyry copper-gold deposits in Turkey

Our Mission

Ariana aims to deliver shareholder value through the dual strategy of developing a profitable gold mining operation and building long-term value through exploration. Ariana creates value via the identification and advancement of projects through to development. Ariana is targeting the discovery of a multi-million ounce gold deposit in Turkey.

Our Objective

Our objective is to explore for and develop new gold mines in Turkey. Through a unique combination of in-country understanding and international expertise, the Company is creating value for its shareholders across its exploration portfolio.

Our Business Model

Our business model has been developed to maximise value by focusing on all stages of the exploration and development cycle. To assist readers in identifying the status of project activity against this model, we have developed a series of icons that are used throughout this report.

EXPLORATION DISCOVERY

DEVELOPMENT PRODUCTION

See page 05 for more information

2014 Highlights

Global JORC+ Resource

1,503,000 oz Au eq*

Red Rabbit Gold Project and wider project area

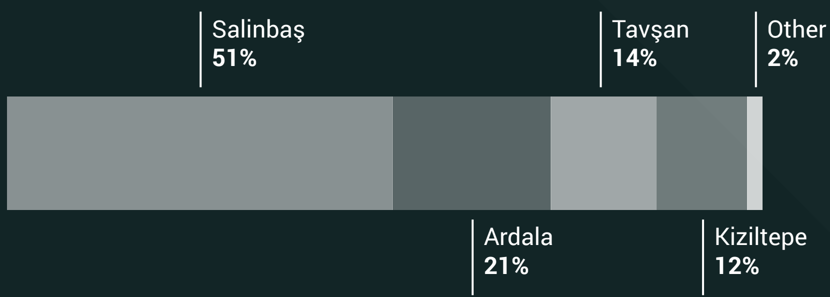
475,000 oz Au eq**

Artvin JV

1,028,000 oz Au eq***

Gold Resources by Area (oz)

Total Measured, Indicated and Inferred (JORC)



Total:

1,503,000 oz Au eq

Note: Kiziltepe and Tavşan resources are currently 69.6% held by Ariana; Salinbaş and Ardala resources are 49% held by Ariana.

+ Joint Ore Reserves Committee (JORC).
* Gross with respect to Red Rabbit JV & Artvin JV following resource update in 2015.

** Comprising 448,000 oz Au eq. reported gross with respect to the Red Rabbit JV plus a further 27,000 oz Au eq. 100% attributable to Ariana.

*** Gross with respect to the Artvin JV, following resource update in 2015. Gold equivalency calculated on the basis of Au and Ag only, using a gold/silver price ratio of 60:1.

Exploration *Red Rabbit Project Area*

~100,000 oz Au JORC Target

Zone of mineralization identified at Arzu Central: to be drill tested

Significant Regional **Gold Potential**

83% of near-mine regional exploration prospects held under licence

Discovery *Artvin JV*

US$108m

Scoping Study project value at NPV (8%)

50,000 oz Au

plus 100,000 oz Ag average life of mine production per annum over 10 years

3.3 years

Payback at a gold price of US$1,250/oz

Development *Red Rabbit Gold Project*

US$33m

Debt financing in place for mine construction with Turkiye Finans Katilim Bankasi A.S.

100% Surface Rights

Obtained at Arzu South open-pit area

US$3.5m

Expenditure on the project has resulted in Proccea Construction Co ("Proccea") earning in to 30.4%

Strategic Report

Our Strategy

Strategy & Business Model

Our strategy is to achieve sustainable long-term growth via robust and cost-efficient exploration and development. This strategy integrates geoscientific knowledge and new technologies to identify, advance and develop projects rapidly.

We will achieve this by:

- Focusing on the discovery of sizeable mineral systems;
- Building long-term relationships with local government, communities and key stakeholders;
- Continuing to develop a strong team with excellent commercial, technical and financial skills;
- Executing selective, high-impact exploration programmes and joint venture opportunities;
- 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 and development cycle.

For more information on these projects, see the operations review on pages 10-15.

Exploration

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

Joint Ventures/Investments

Diversification through joint venture project development, investments and value crystallisation though asset sales.

Mine Development

Advancing the RRGP toward production.

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, silver and copper deposits.

Turkey is Europe's largest gold producer with eight operating gold mines.

Principal Activity

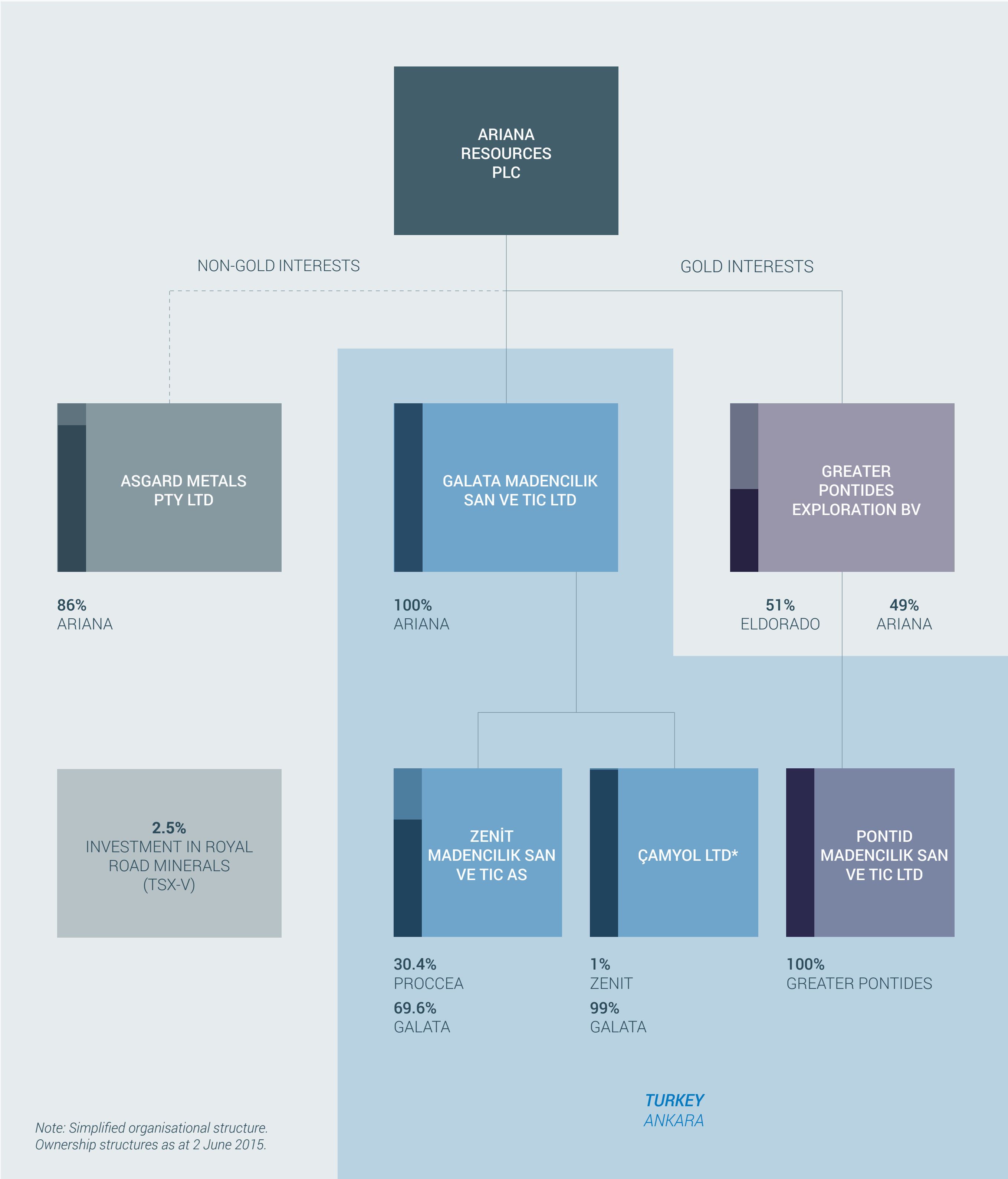
Ariana Resources PLC is a public limited company incorporated and domiciled in Great Britain. The Company's shares are listed on the Alternative Investment Market (AIM) of the London Stock Exchange. The principal activities of the Company and its subsidiaries are related to the exploration for and development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

Turkey's Gold Production

31 tonnes*

** 2014 production figure from The Turkish Gold Miners' Association*

Organisation Review



*Çamyol Gayrimenkul, Madencilik, Turizm, Tarim ve Hayvancilik Ltd.

Chairman's Statement

2014 was a significant year for Ariana, marking ten years since your Company acquired its first exploration licences in Turkey. In this time, Ariana has generated considerable value across its project portfolio, through a careful and considered process of exploration and development. It has been my privilege to work with our dedicated team during this time and play a part in the evolution of your Company from its early days as a grassroots explorer all the way through to mine developer.

At our flagship Red Rabbit Gold Project in western Turkey, together with our joint venture partners, Proccea Construction Co. ("Proccea"), we are continuing the development of the Kiziltepe Mine following the completion of its Feasibility Study and Environmental Impact Assessment. During the year, we secured a 20-year extension on our primary mining licence and permit and received a range of Turkish government incentives for the project. In addition, we finalised an agreement with Turkiye Finans Katilim Bankasi A.S. to provide the necessary development funding; a facility totalling US$33m. We are now working with our partners to ensure the successful completion of permitting through the Prime Ministry in Turkey, in order that we advance to the construction stage of the project. Unfortunately the timescales in this administrative process have proven to be somewhat protracted, however, with financing in place and our partner Proccea at the ready we are well positioned to start construction imminently once the final permit is received.

Due to the current permitting environment in Turkey and the on-going delay, we have had to make some difficult decisions during the course of the year, including a reduction in exploration expenditure. However, looking to the positive, this has bought us much needed respite to re-evaluate our extensive exploration database for our primary project and to better understand the exploration potential of the Red Rabbit Area. We now fully recognise several opportunities to enhance our resource base in the immediate vicinity of our planned Kiziltepe Mine. In particular, on-going work will help define the potential link between the Kepez intrusive centre and the gold/silver bearing vein-type mineralisation we have encountered throughout the Sindirgi Gold Corridor.

Meanwhile, in north-eastern Turkey we have continued work with Eldorado Gold Corporation ("Eldorado Gold") on the Artvin Project, notably at the Salinbaş zone. Towards the end of the year we proceeded with preparing the inputs required for completion of a Scoping Study on the project, the results of which we were able to announce early in Q2 2015. With resources standing at about 1Moz of gold, latent exploration upside and a potentially viable mining opportunity, the Artvin Project represents a significant asset for your Company. It is particularly pleasing to note that this project grew out of a generative exploration programme by Ariana, and is testament to the value of our joint venture strategy in Turkey.

"With resources standing at about 1 Moz of gold, latent exploration upside and a potentially viable mining opportunity, the Artvin Project represents a significant asset for your Company"

On that note, we see huge exploration upside across Turkey, having gained access to the Newmont Database in 2013. Analysis of this database is on-going and, in addition to supporting our generative work at Red Rabbit, it is also highlighting the potential for new discoveries in other parts of the country. We look forward to acquiring new projects in Turkey as opportunities arise, as part of our strategy of feeding our exploration project pipeline. This strategy is of critical importance to your Company, as it will provide the long-term mechanism for growth; irrespective of the broader conditions for the sector, which is currently in a period of cyclical decline spurred by the reset in commodity prices.

During the past year gold has typically traded in the range of US$1,350-1,200 per ounce, with occasional and short-lived dips to about the US$1,150 per ounce level. Given that the all-in-sustaining cost of many gold operations world-wide sits across a range of US$1,100-1,250 and occasionally higher, the industry clearly stands at a cross-roads. There is significant pressure on existing operations to continue to lower costs and for new development projects to be optimised before construction decisions are taken. Grade, rather than tonnes at any cost, is therefore a focus for the sector once more. Ariana is fortunate in that we are operating in one of the lowest-cost jurisdictions in the world (our C1 costs are expected at US$600/oz) and our reserves at Kiziltepe are considered relatively high-grade for open-pit mining. In addition, the positive impact of a reduced oil-price environment is still playing out across the sector and our planned operation stands to benefit from a significant decrease in energy costs.

In this broader context, we note the rapidly changing environment for exploration companies globally. This includes the importance of lateral-thinking and the utilisation of new technologies to make the sorts of discoveries that were not possible a generation ago. Indeed, the requirements of technology itself will be the motivator for the exploration of strategic mineral commodities, such as antimony, graphite, lithium and manganese in the years ahead. In recognition of this distinct trend and in order to remain at the forefront of mineral exploration, the Company has established a subsidiary, Asgard Metals Pty. Ltd., to focus specifically on non-gold resources. In Turkey in particular, the primary focus of this new entity will be technology-commodity opportunities. There is a longer term view to identify other such projects globally.

“We have welcomed Metal Tiger plc as a new shareholder and entered into a collaborative arrangement with them to identify new project opportunities in Turkey. Their confidence in Ariana’s strategy is most encouraging”

Your Company is also changing in other ways. At the beginning of 2015 we saw the retirement of our founding General Manager in Turkey, Erhan Sener, from a full-time role with Ariana. We profoundly appreciate his efforts over the years, which helped establish the foundations of our in-country operations. In his footsteps we welcome Fatma Yildiz, previously our mining engineer and licence manager, to the role of General Manager. We wish her success in her new role and look forward to working with her closely as our operations continue to develop and bear fruit in Turkey.

We are conscious that funding opportunities remain constrained in the sector and we have carefully managed our resources throughout this period. We are fortunate to have had the support of Lanstead Capital L.P. during this time and they remain significant shareholders in our business. Post-period we have welcomed Metal Tiger plc as a new shareholder and have entered into a collaborative arrangement with them to identify new project opportunities in Turkey. Their confidence in Ariana’s strategy is most encouraging.

In closing, I would like to thank the Ariana team and our joint venture partners, Proccea and Eldorado Gold, who have aided the progress of the Company during a challenging period for the industry. We are also extremely grateful to our patient shareholders who remain confident, as I do, that we will be commencing the transition into a gold producer in the near future.

Michael de Villiers
Chairman
2 June 2015

Operations Review

Ariana remains dedicated to the discovery and development of gold and silver deposits in Turkey. The Company's primary projects are fully-funded by its joint venture partners. In western Turkey, in partnership with Proccea, the Red Rabbit Project shows robust economics with a substantially de-risked route to near-term production. In north-eastern Turkey, in partnership with Eldorado Gold, the Artvin Project has demonstrated a 1Moz gold resource with significant development potential. Ariana aims to continue its focus on value creation through further resource definition and project portfolio expansion across Turkey.

Dr. Kerim Sener
Managing Director

The Company maintains its focus on the Western Anatolian Volcanic and Extensional (WAVE) province in Turkey. This province hosts five operating gold mines and remains highly prospective for large epithermal and porphyry deposits. Ariana considers the exploration and development risk in this region to be low due to excellent infrastructure and established gold mining operations.

2014 Highlights

January
Extensive mineralised system confirmed at Ardala and Salinbaş
£770,000 placing

April
Kiziltepe mining licence and permit renewed for up to 20 years

May
High-grade drilling targets defined at the Kiziltepe Sector, Red Rabbit Project

June
Government investment incentives granted for development of the Kiziltepe Mine

July
Bank finance secured for funding Kiziltepe Mine development

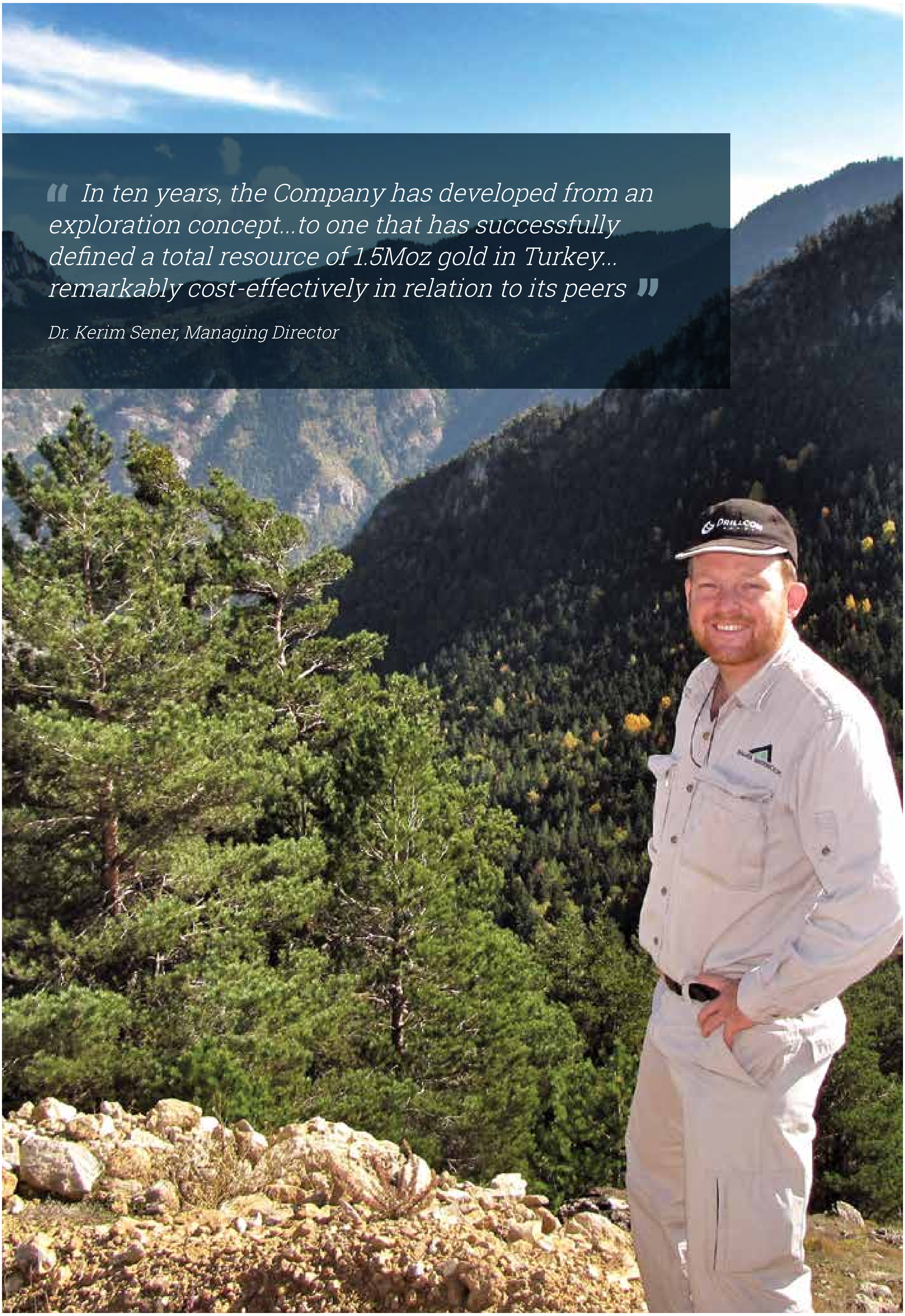
September
100% surface land rights obtained at Arzu South, Kiziltepe Mine

November
Intrusive porphyry confirmed by geophysics at the Kiziltepe Sector, Red Rabbit Project

December
Significant gold target defined at Kepez West, Red Rabbit Project

“ In ten years, the Company has developed from an exploration concept...to one that has successfully defined a total resource of 1.5Moz gold in Turkey... remarkably cost-effectively in relation to its peers ”

Dr. Kerim Sener, Managing Director



Red Rabbit Project Area

Definitive Feasibility Study Summary*

Mine Life :	8 years (up to 15 year potential)
Cash Costs :	US$600/oz
Processing :	CIC/CIL
Production Rate :	20,000 oz Au/annum
JORC Reserve :	1.19Mt for 140,000 oz Au (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

**base case at US$1,304/oz*

Within the WAVE province, the Company is focused on the Red Rabbit Project Area, comprising the Kiziltepe and Tavşan sectors, which it holds in a joint venture with Proccea. Ariana also holds several other exploration licences within and in the vicinity of this project area, notably the Kizilçukur prospect. Exploration and development of both the JV and Ariana licences has continued during the year.

The Company is actively developing the Kiziltepe Sector of the Red Rabbit Project as an environmentally friendly open-pit mine, with mining expected to be initiated at the Kiziltepe Mine prior to development of the Tavşan Sector. During the year, Proccea continued their earn-in on the Project, currently holding 30.4% of the joint venture company, Zenit Madencilik San. ve Tic. A.S. ("Zenit")

Project Status

During 2014, the focus was to advance the Kiziltepe Mine to the point of a construction decision. Following the completion of the project Feasibility Study and Environmental Impact Assessment, other important developments for the project during the year included:

- Mining licence and permit extension: A 20-year extension to the primary operating licence was granted in April.
- Investment incentives: An application to the Ministry of Economy for a series of tax incentives and other government support mechanisms was approved in June. These incentives amount to a US$2.2m saving over the eight-year life of the mine.
- Bank loan for mine construction: Finance successfully finalised with a Turkish bank, Turkiye Finans Katilim Bankasi A.S., to provide a US$33m debt facility to fund the development of Kiziltepe.
- Surface rights obtained: Remaining freehold land was purchased over the primary Reserve at Kiziltepe.

Left : Ground magnetic survey underway at the Kiziltepe Sector

Right : Zack van Coller, Exploration Leader and Burak Mert, Senior Geologist, at the Kepez prospect

Resource Estimate Table for Kiziltepe/Tavşan

Kiziltepe Area	Tonnes (t)	Grade Au (g/t)	Grade Ag (g/t)	Au (oz)	Ag (oz)	Au Equiv. (oz)
Vein Zones						
Measured	782,942	4.1	51.4	103,319	1,294,836	118,080
Indicated [1]	619,029	2.3	41.4	46,496	891,368	56,658
Measured & Indicated	1,401,971	3.3	47.0	149,815	2,186,204	174,738
Inferred	164,998	1.8	40.9	9,752	217,005	12,226
Alteration Halo [2]						
Indicated	352,819	1.6	25.8	18,430	293,007	21,770
Measured & Indicated	352,819	1.6	25.8	18,430	293,007	21,770
Inferred	76,059	1.4	33.7	3,544	82,341	4,483
Subsidiary Veins						
Inferred	115,941	1.5	51.3	5,505	191,446	7,687
Global	**2,111,788**	**2.8**	**43.7**	**187,046**	**2,970,002**	**220,904 [3]**

Tavşan Area	JORC Category	Tonnes (t)	Grade Au (g/t)	Grade Ag (g/t)	Au (oz)	Ag (oz)	Au Equiv. (oz)
Main	**Indicated**	1,700,000	1.6	4.2	87,460	229,582	92,051
Main & Sivri	Inferred	1,300,000	1.0	3.6	41,801	150,482	44,810
Satellite	Inferred	1,900,000	1.2	3.7	73,312	226,045	77,833
Global		**4,900,000**	**1.26**	**3.85**	**202,573**	**606,109**	**214,694 [4]**
Global Total					**389,619**	**3,576,112**	**447,591 [4]**

Figures are gross with respect to Red Rabbit JV.

1. Includes Kepez.
2. Some of the Alteration Halo material will be necessarily mined and may be processed at the end of mine life but Tetra Tech considers more studies are required to determine the nature of the mineralisation.
3. Au equivalent (oz) is the sum of the gold ounces and the gold equivalent ounces of silver based on the following equation: {(Ag g/t*Ag Recovery*Ag Price*0.032)/ Au oz Price}/Au Recovery. Au recovery determined by testwork at 85.5%, Ag recovery determined by testwork at 64%.
4. Au equivalent (oz) is the sum of the gold ounces and the gold equivalent ounces of silver based on a gold/silver price ratio of 50:1 (as of 2011).

Land acquisition

Land acquisition at Kiziltepe has been underway since 2011. Through our JV partners and a 99% owned subsidiary of Ariana, Çamyol Gayrimenkul, Madencilik, Turizm, Tarim ve Hayvancilik Ltd. ("Çamyol"), approximately 406,000m^2 of land has been purchased. This corresponds to all of the freehold land in the planned Arzu South open-pit area and certain areas in the vicinity of other planned infrastructure. Any land acquired by Çamyol will either be sold or leased to Zenit for the duration of the project. Any additional land is to be acquired in advance of mine construction by the JV partners.

Project area resource expansion

The potential to expand the project at the Kiziltepe Sector is significant, as the current resource and economics are based on just 6% of the known vein system. In parallel with bringing the Kiziltepe Mine into production, the Company has focused on better understanding the distribution of mineralised structures across the project area, which have the potential to host open-pittable resources in the future. Such satellite resources would provide additional mill-feed for the planned plant at Kiziltepe. Notable areas for future work include the Arzu Central and Kizilçukur areas.

Arzu Central

At Arzu Central exceptional drilling results obtained in 2012 indicated potential for multiple parallel vein and breccia zones, which could host additional resources. An Exploration Target in accordance with the JORC Code was established for this area in 2013 and determined the potential for a further 92,000 oz gold and 1,100,000 oz silver. The Company has planned a deep drilling campaign to determine the long-term underground potential of the project based on this Exploration Target. Future resource expansion will focus on identifying mineralisation that could be accessed by underground development originating from either the bottom of the Arzu South or the Arzu North pits.

Kizilçukur prospect

The Kizilçukur prospect, which is located 25km ENE from Kiziltepe, contains an Inferred JORC resource of 16,600 oz gold equivalent. The Company has planned for a drilling programme to test the full strike length of the mapped veins on this prospect and targeting the definition of a near surface resource that could in the longer term provide additional feed for the planned Kiziltepe plant. To date, 2km of mineralised quartz veins containing gold and silver have been delineated at Kizilçukur. Forestry permits to drill at this location were received during 2013.

Artvin Project Area

Reconnaissance exploration in eastern Turkey for large porphyry copper-gold and related deposits identified potential in north-eastern Turkey and resulted in the acquisition of the Artvin Project by the Company in 2007. This project is being advanced through a joint venture agreement with Eldorado Gold Corp. (TSX: ELD, NYSE: EGO) in which Ariana holds 49% via Greater Pontides Exploration BV and its subsidiary Pontid Madencilik San. ve Tic. Ltd. ("Pontid"). Over the life of the JV approximately US$8m has been spent by Eldorado Gold Corp. on exploration of the project area.

Project Status

Results from several drilling campaigns on the Artvin Project showed the presence of a gently-dipping mineralised body of areal extent 2.5km x 1km at Salinbaş. This zone of mineralisation appears related to the nearby Ardala Cu-Au-Mo porphyry. An independent JORC mineral resource estimate on the Salinbaş and Ardala zones was completed in 2013 and defined potential for approximately 1Moz of Inferred and Indicated gold resources. Based on the JV agreement with Eldorado Gold, 49% of the resource is net attributable to Ariana.

At Salinbaş, the mineralisation remains open to the south and east, which indicates that there is further scope to continue to grow the resource base at this locality. In addition, the orientation of the mineralisation and the continuity of high grades towards the Ardala porphyry at relatively shallow depth (<100m below surface) suggest that much of the mineralised body could be mined by open-pit methods. This has now been confirmed by the results of the Scoping Study, which was completed in Q2 2015.

Right : Salinbaş discovery rock, typical grades of approx. 4.5g/t Au and 38g/t Ag

Page 15 : (Left) Zack van Coller, Exploration Leader inspecting drill core at Ariana's Sindirgi depot (Right) Zack van Coller, Exploration Leader using a field portable XRF at Karakavak

Scoping Study Summary*

Mine Life :	10 years
Cash Costs :	US$770/oz
Processing :	CIL
Production Rate :	50,000 oz Au/annum
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

**base case at US $1,250/oz*

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	18,000,000	136	Mo	2,400	–

Figures are gross with respect to Artvin JV.

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 the Au and Cu domains, and a 40–50% coincidence of the Au and Mo domains.

Regional Exploration

Core to the Company's long-term strategic plan is the development of its exploration portfolio through grassroots exploration, prospect definition and licence acquisition. In line with the development of a pipeline of exploration properties, the Company secured access to a 10-year non-exclusive licence on the Newmont Ventures Limited ("Newmont") Turkish exploration database. This database provides Ariana with a key strategic exploration advantage in Turkey.

Access to the database was granted for a 1% Net Smelter Return royalty payable to Newmont and a Right of First Refusal to aquire the property on any discovery made by Ariana within 5km from any point data derived from the database, excluding areas covered by existing tenements. Primarily, information within the database is being prioritised and analysed in line with the Company's strategy to identify additional resources within trucking distance of the planned Kiziltepe operation. As a secondary objective, the Company is continuing to identify other prospective areas in Turkey for potential project acquisitions or joint ventures.

Outlook

Significant progress has been made at both of our joint ventures during the year. Proccea, our Red Rabbit JV partner, is continuing to sole fund the Kiziltepe Mine development programme prior to construction, having invested over US$3.5m since late 2010. The JV is poised for development of its first mine at Kiziltepe subject to the receipt of its final land access permissions.

Meanwhile, following the completion of a positive Scoping Study, we and Eldorado Gold are reviewing our interests in the Artvin Project to better determine whether a project sale is more likely to crystallise tangible value for the Group as opposed to continuing to hold and develop it within our portfolio. Given the potential scale of this project and the significant exploration upside that exists across the project licences, we are confident that a fair-value sale of this asset can be achieved should we wish to conclude a sale.

In ten years, the Company has developed from an exploration concept borne out of an academic research programme to one that has successfully defined a total resource of 1.5Moz of gold in Turkey. It has done this remarkably cost-effectively (US$22/oz discovery cost) in relation to its peers (average of US$40/oz discovery cost), having raised in total about £14m in the same time. This demonstrates the experience and efficiency of the Ariana team, who have proven themselves to be a core asset to the Company.

The past ten years have enabled us to build strong relationships with business partners, financial institutions, official bodies and local communities in Turkey. We very much appreciate the support that all of these parties have given Ariana, and based on our past performance, we are confident of further progress and growth in the future. We welcome shareholders, old and new, on the journey of the next decade.

Dr. Kerim Sener
Managing Director
2 June 2015

Key Performance Indicators

As Ariana transitions from gold exploration and development to production there is currently no revenue or profits arising from the Company. 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.

See the financial review on page 18

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
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.
Political/ in-country risk	Political instabilities, which could cause the loss of an asset through expropriation, war or unrest.	Turkey benefits from a stable political environment and has established fiscal and mining codes and respect for the rule of law. 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

The results of the year and the financial position of the Company and the Group are set out in annexed financial statements.

A significant change for reporting purposes this year has been the adoption of IFRS11- Joint Arrangements by the Group. We now account for our investment in our joint venture company Zenit Madencilik San. ve Tic. A.S. ("Zenit") using the equity method of accounting. This replaces the proportional consolidation method of accounting applied in earlier years, and has therefore required the restatement of our 2013 comparative numbers. The principal effect of the adoption of the accounting standards has been the reduction in our intangible exploration assets, matched by a similar increase in our investment in the joint venture in the consolidated statement of financial position, albeit there are also changes to other receivables and other payables on account of balances with Zenit now being recorded in the Group accounts rather than eliminated on consolidation. The consolidated statement of comprehensive income for the year to December 2013 has also been restated, primarily through the inclusion of our share of the joint venture loss for the year, albeit this was ameliorated by the profit on the dilution of our interests in the joint venture too. Further details of the impact of these changes are set out in note 28 to the financial statements.

The Group reported an operating loss of £880,000 for the year to December 2014, as compared to £995,000 in the restated comparative. The Board is pleased to note the reduction in administrative expenses of just over £200,000 in the year, and the overall loss before tax has reduced to £885,000 from a loss of £1.45m in the prior year. As well as tight cost control the principal drivers of this improvement have been the accounting profit arising from the dilution of our interests in Zenit of £228,000 this year, as well as a reduced share of the loss of Zenit itself down from £387,000 to £122,000.

The loss for the year and the Group exploration expenditure for 2014 have been funded primarily through the issue of equity. During the year the Company completed placings for consideration amounting to £815,000 before expenses. In addition the Group has received funds from its ongoing equity swap with Lanstead Capital LP.

At the year end the Company had approximately £263,000 still to be received under the swap prior to its conclusion. In addition the Company has also raised £338,000 through the issue of new ordinary shares. The Group has funds owing to it amounting to approximately £1m from Zenit, of which £350,000 we expect to be recoverable in the near term once final permits are granted and mine construction commences. Our cash flow forecasts indicate that funds will be required in the foreseeable future, but the aforementioned factors give the Board confidence that the Group will have sufficient funds for it to prosper until it achieves either a disposal of its interest in the Artvin project or profitable production from our newly constructed mine in due course.

Below: Ore stockpile at Kiziltepe

Corporate Responsibility

Ariana is committed to socially responsible exploration, the development of mineral resources to the benefit of local communities and to positive engagement with all stakeholders. In view of 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, quarterly newsletters, 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 Sindirgi.

In addition, an Ariana sponsored PhD thesis on the gold metallogenesis of western Turkey was successfully completed by one of our staff in 2012 and the Company has also supported several MSc students with projects based on our operations in western Turkey.

Local Community

Ariana employs and trains people from the Sindirgi community whenever possible. In the past, Ariana has run training programmes to focus on the mechanical, physical, technical and safety aspects of a drilling programme. Three team members are now professionally qualified in health and safety aspects of drilling.

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 2015

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.

- Quarterly 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.

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

See page 57 for details of our advisors

Directors

Michael de Villiers
B. Comm. Professional Accountant (SA) MIOD
Executive Chairman & Company Secretary, aged 52

Michael qualified as a Professional Accountant with Ernst & Young in Cape Town. Michael gained his experience 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 39

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 3.8Moz of gold in eastern Europe. He is also a director of Royal Road Minerals (TSX-V) and Zenit Madencilik. Since 2012, he has been based in Perth, Australia.

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 50

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

Fatma Yildiz
BSc
General Manager, aged 32

Fatma graduated in Mining Engineering from Cukurova 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, aged 35

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.

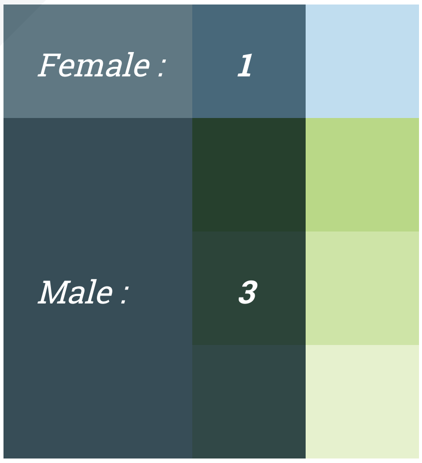
Selim is a member of the Chamber of Geological Engineers of Turkey and he is based in Ankara.

Zack van Coller
BSc (Hons)
Exploration Leader, aged 27

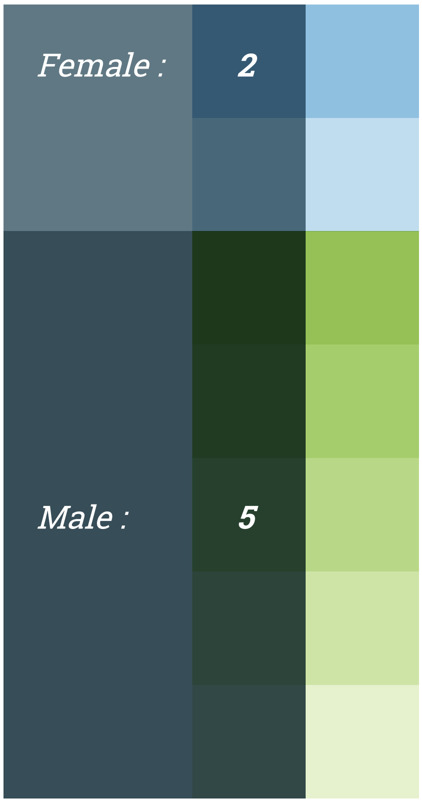
Zack van Coller graduated from Cardiff University with a BSc (Hons) degree in Exploration and Resource Geology in 2010. He manages Ariana's exploration programmes with a team of geologists and field assistants. Zack has strong ties with a number of UK universities; he is responsible for student placements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

Senior Management



Total Employees



Note: employee breakdown for Ariana Resources & Galata Madencilik only.

Report of the Directors

For the year ended 31 December 2014

The Directors present their report with the audited financial statements of the Company and the Group for the year ended 31 December 2014.

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 primarily in Turkey.

Directors

The Directors during the year under review were:
M J de Villiers
A K Sener
W J B Payne

The beneficial interests of the Directors holding office either directly or indirectly (including interests held by spouses, minor children or associated parties) on 31 December 2014 in the ordinary issued share capital of the Company were as follows:

	2014	2013
M J de Villiers	13,800,000	12,000,000
A K Sener	10,187,979	10,187,979
W J B Payne	3,668,289	2,557,178
Total	**27,656,268**	**24,745,157**

Share options

At the end of the year the Directors of the Company held share options, as indicated below. No share options were exercised or lapsed during the year.

Director	2014	2013
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
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 shareholders 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 £1,000,000.

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 £1,000,000.

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

It will be further proposed that the Company be given a general authority by special resolution to purchase its own shares pursuant to sections 693 and 701 of the Companies Act 2006. The authority will be limited to 250,000,000 Ordinary Shares at a price of no less than 0.1p. The maximum price (excluding expenses) which may be paid for each ordinary share is 105 per cent of the average market value of an ordinary share in the Company for the five business days prior to the day the purchase is made.

Substantial share interests

The Company had been notified of the following interests in Shares held on 7 May 2015.

Shareholder	Ordinary Shares	% of Issued Share Capital
Lanstead Capital	96,097,131	14.08
Barclayshare Nominees Limited	56,407,908	8.26
Hargreaves Lansdown Nominees Limited	54,283,115	7.95
Beaufort Nominees Limited	36,239,611	5.31
TD Direct Investing Nominees Limited	30,560,584	4.48
Eldorado Gold Corporation	28,271,016	4.14
Jim Nominees Limited	27,654,826	4.05
Mr Ronald Bruce Rowan	24,400,000	3.57
HSDL Nominees Limited	22,757,863	3.33
Starvest PLC	19,666,526	2.88
Metal Tiger PLC	19,444,444	2.85

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 2014 (2013 : £nil) and the retained loss 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 2014 were 30 days (2013 : 30 days).

Political and charitable contributions

No donations for political or charitable purposes have been made by the Group during the year (2013 : £nil).

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 25 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. As required by the AIM Rules of the London Stock Exchange 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.

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.

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 Remuneration 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 2015

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 2014 set out on pages 27 to 54. 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 24, 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 2014 and of the group's loss 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 matter prescribed by the Companies Act 2006

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

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.

Adrian Wilcox (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

2 June 2015

Financial Report

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	Note	2014 £'000	Restated* 2013 £'000
Administrative costs		(739)	(942)
General exploration expenditure		(76)	(121)
Exploration costs – written off		(65)	-
Other income	4	-	68
Operating loss	**5**	**(880)**	**(995)**
Finance costs	6	(185)	(124)
Share of profit/(loss) on dilution of interest in joint venture	7	228	(35)
Investment income		74	87
Share of loss of joint venture	7	(122)	(387)
Loss on ordinary activities before tax		**(885)**	**(1,454)**
Taxation	9	-	-
Loss for the year		**(885)**	**(1,454)**
Other comprehensive income			
Exchange differences on translating foreign operations		(19)	(125)
Fair value adjustment on other financial asset classified as held for sale		**(96)**	**(69)**
Other comprehensive income for the year net of tax		**(115)**	**(194)**
Total comprehensive income for the year		**(1,000)**	**(1,648)**
Loss attributable to: Owners of the parent Company		**(885)**	**(1,454)**
Non-controlling Interests		**-**	**-**
Loss for the year		**(885)**	**(1,454)**
Total comprehensive income attributable to: Owners of the parent Company		**(1,000)**	**(1,648)**
Non-controlling Interests		**-**	**-**
Total comprehensive income for the year		**(1,000)**	**(1,648)**
Loss per share (pence)			
Basic and diluted	11	(0.14)	(0.30)

Continuing operations

None of the Group's activities were acquired or discontinued during the current or previous year.
The accompanying notes form part of these financial statements.

*See note 28 on Prior year restatement.

Consolidated Statement of Financial Position

For the year ended 31 December 2014

	Note	2014 £'000	Restated* 2013 £'000
Assets			
Non-current assets			
Trade and other receivables	15	37	38
Other financial asset	16	13	301
Available for sale investments	14a	109	109
Intangible exploration assets	12	2,146	1,951
Land, property, plant and equipment	13	369	371
Investment in joint venture	7	2,895	2,790
Total non-current assets		**5,569**	**5,560**
Current assets			
Trade and other receivables	17	861	772
Other financial asset	16	250	338
Cash and cash equivalents		44	212
Total current assets		**1,155**	**1,322**
Total assets		**6,724**	**6,882**
Equity			
Called up share capital	19	5,640	5,550
Share premium		7,583	6,900
Other reserves		720	720
Share based payments reserve		578	578
Translation reserve		(161)	(142)
Retained earnings		(7,887)	(6,906)
Total equity attributable to equity holders of the parent		**6,473**	**6,700**
Non-controlling interest		**3**	**-**
Total equity		**6,476**	**6,700**
Liabilities			
Current liabilities			
Trade and other payables	18	248	182
Total current liabilities		**248**	**182**
Total equity and liabilities		**6,724**	**6,882**

The financial statements were approved by the Board of Directors and authorised for issue on 2 June 2015. They were signed on its behalf by:

M J de Villiers
Chairman

A K Sener
Director

Registered number: 05403426
The accompanying notes form part of these financial statements.

*See note 28 on Prior year restatement.

Company Statement of Financial Position

For the year ended 31 December 2014

	Note	2014 £'000	Restated* 2013 £'000
Assets			
Non-current assets			
Other financial asset	16	13	301
Available for sale investments	14a	109	109
Investments in group undertakings	14b	274	274
Total non-current assets		396	684
Current assets			
Trade and other receivables	17	7,605	7,303
Other financial asset	16	250	338
Cash and cash equivalents		-	-
Total current assets		**7,855**	**7,641**
Total assets		**8,251**	**8,325**
Equity			
Called up share capital	19	5,640	5,550
Share premium		7,583	6,900
Share based payments reserve		578	578
Retained earnings		(5,556)	(4,708)
Total equity		**8,245**	**8,320**
Liabilities			
Current liabilities			
Trade and other payables	18	6	5
Total current liabilities		**6**	**5**
Total equity and liabilities		**8,251**	**8,325**

The financial statements were approved by the Board of Directors and authorised for issue on 2 June 2015. They were signed on its behalf by:

M J de Villiers
Chairman

A K Sener
Director

Registered number: 05403426
The accompanying notes form part of these financial statements.

*See note 28 on Prior year restatement.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	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 2013									
Balance at 1 January 2013 as originally stated	**3,710**	**7,004**	**720**	**578**	**(147)**	**(5,432)**	**6,433**	**-**	**6,433**
Restatement	-	-	-	-	130	49	179	-	179
Balance at 1 January 2013 as restated	**3,710**	**7,004**	**720**	**578**	**(17)**	**(5,383)**	**6,612**	**-**	**6,612**
Loss for the year	-	-	-	-	-	(1,454)	(1,454)	-	(1,454)
Other comprehensive income	-	-	-	-	(125)	(69)	(194)	-	(194)
Total comprehensive income	**-**	**-**	**-**	**-**	**(125)**	**(1,523)**	**(1,648)**	**-**	**(1,648)**
Issue of share capital	1,840	124	-	-	-	-	1,964	-	1,964
Share issue costs	-	(228)	-	-	-	-	(228)	-	(228)
Transactions with owners	**1,840**	**(104)**	**-**	**-**	**-**	**-**	**1,736**	**-**	**1,736**
Balance at 31 December 2013	**5,550**	**6,900**	**720**	**578**	**(142)**	**(6,906)**	**6,700**	**-**	**6,700**
Changes in equity to 31 December 2014									
Loss for the year	-	-	-	-	-	(885)	(885)	-	(885)
Other comprehensive income	-	-	-	-	(19)	(96)	(115)	-	(115)
Total comprehensive income	**-**	**-**	**-**	**-**	**(19)**	**(981)**	**(1,000)**	**-**	**(1,000)**
Issue of share capital	90	725	-	-	-	-	815	-	815
Share issue costs	-	(42)	-	-	-	-	(42)	-	(42)
Non-controlling Interest – share of net assets in subsidiary	-	-	-	-	-	-	-	3	3
Transactions with owners	**90**	**683**	**-**	**-**	**-**	**-**	**773**	**3**	**776**
Balance at 31 December 2014	**5,640**	**7,583**	**720**	**578**	**(161)**	**(7,887)**	**6,473**	**3**	**6,476**

The accompanying notes form part of these financial statements.

Company Statement of Changes in Equity

For the year ended 31 December 2014

	Share capital £'000	Share premium £'000	Share based payments reserve £'000	Retained earnings £'000	Total £'000
Changes in equity to 31 December 2013					
Balance at 1 January 2013 as originally stated	**3,710**	**7,004**	**578**	**(3,864)**	**7,428**
Restatement	-	-	-	-	-
Balance at 1 January 2013 as restated	**3,710**	**7,004**	**578**	**(3,864)**	**7,428**
Loss for the year	-	-	-	(775)	(775)
Other comprehensive income	-	-	-	(69)	(69)
Total comprehensive income	**-**	**-**	**-**	**(844)**	**(844)**
Issue of share capital	1,840	124	-	-	1,964
Share issue costs	-	(228)	-	-	(228)
Transactions with owners	**1,840**	**(104)**	**-**	**-**	**1,736**
Balance at 31 December 2013	**5,550**	**6,900**	**578**	**(4,708)**	**8,320**
Changes in equity to 31 December 2014					
Loss for the year	-	-	-	(752)	(752)
Other comprehensive income	-	-	-	(96)	(96)
Total comprehensive income	**-**	**-**	**-**	**(848)**	**(848)**
Issue of share capital	90	725	-	-	815
Share issue costs	-	(42)	-	-	(42)
Transactions with owners	**90**	**683**	**-**	**-**	**773**
Balance at 31 December 2014	**5,640**	**7,583**	**578**	**(5,556)**	**8,245**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Note	2014 £'000	Restated* 2013 £'000
Cash flows from operating activities			
Cash generated from operations	20	(812)	(1,067)
Net cash outflow from operations		**(812)**	**(1,067)**
Cash flows from investing activities			
Proceeds from sale of investments		-	104
Purchase of land, property, plant and equipment		(27)	(50)
Payments for intangible assets		(271)	(253)
Investment income		74	87
Net cash used in investing activities		**(224)**	**(112)**
Cash flows from financing activities			
Proceeds from issue of share capital and swap repayments		868	1,441
Proceeds from borrowings		-	145
Repayment of borrowings		-	(384)
Interest and financing fees		-	(54)
Net cash proceeds from financing activities		**868**	**1,148**
Net decrease in cash and cash equivalents		(168)	(31)
Cash and cash equivalents at beginning of year		212	243
Cash and cash equivalents at end of year		**44**	**212**

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.

*See note 28 on Prior year restatement

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

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 2014.

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. As an exploration company 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.

At the year end the Group had cash and cash equivalents amounting to £44,000, equity swap proceeds recoverable within one year of approximately £250,000, together with available for sale investments with a market value in the region of £100,000 at the time of writing this report. The Group also expects to receive repayment from our joint venture, Zenit Madencilik San. ve Tic. A.S., of costs incurred on their behalf in the region of £350,000 once the final permits are granted and mine construction commences. The company has also raised £338,000 since the year end through the issue of new ordinary shares.

The Directors have prepared cash flow forecasts for the Group for the period to 30 June 2016 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 necessary and specific expenditure to meet the minimum licence expenditure requirements. These forecasts indicate that the Group will require additional funds in the foreseeable future.

In assessing the going concern assumption for the Group, the directors have excluded the Red Rabbit joint venture because the joint venture partner is currently funding all the costs of the development through a mixture of its own resources and bank facilities as required to construct the mine once all the relevant permits have been obtained.

Despite challenging capital markets, 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.

New Accounting Standards and Interpretations

Effective and adopted during the year

Effective during the year

Amendments to IAS 32 Financial Instruments and IFRS 7 Financial Instruments Disclosures – Offsetting financial assets and financial liabilities.

The Group has applied the Amendments to IAS 32 and IFRS 7 in the current year. The Amendments clarify that an entity currently has a legally enforceable right to set-off that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counter parties. The adoption has no impact on the Group Financial Statements.

IFRS 10 Consolidated Financial Statements (IFRS 10)

The Group has applied IFRS 10 for the first time in the current year. IFRS 10 supersedes IAS 27 Consolidated and Separate Financial Statements (IAS 27). IFRS 10 redefines the definition of control together with accompanying guidance to identify an interest in a subsidiary. IFRS 10 has no impact on the Group Financial Statements.

IFRS 11 Joint Arrangements (IFRS 11)

The Group has applied IFRS 11 for the first time in the current year. IFRS 11 recognises all Joint arrangements under either a Joint Control or a Joint Operation. IFRS 11 supersedes IAS 31s option of using proportionate method, and as such the equity method has been applied to the one Joint Arrangement held by the Group. IFRS 11 requires retrospective application and as such the comparative figures have been restated to reflect the adoption of IFRS 11 as of 1 January 2013. See notes 7 and 28 for further details.

IFRS 12 Disclosures of Interests in Other Entities (IFRS 12)

The Group has applied IFRS 12 for the first time in the current year. IFRS 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities. IFRS 12 is to require the disclosure of information that enables users of financial statements to evaluate the nature of, and risk associated with, its interest in other entities and the effects of those interests on its financial position, financial performance and cash flows. The adoption has no impact on the Group Financial Statements.

Not yet effective

The following new and revised IFRSs have been issued but are not yet effective and have not been adopted by the Group:

- IFRS 9 Financial Instruments
- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contracts with Customers
- Defined Benefit Plan: Employee contributions – Amendments to IAS 19
- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38

- Agriculture: Bearer Plants – Amendments to IAS 16 and IAS 41
- Equity Method in Separate Financial Statements – Amendments to IAS 27
- Amendments to IAS 16 and IAS 41: Bearer Plants
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Sale of Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28
- Annual Improvements to IFRSs 2010-2012 Cycle
- Annual Improvements to IFRSs 2011-2013 Cycle
- Annual Improvements to IFRSs 2012-2014 Cycle

None of the new standards, interpretations and amendments, which are effective for periods beginning after 1 January 2014 and which have not been adopted early, are expected to have a material effect on the Group's future financial statements.

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 2014.

Subsidiaries are all entities over which the Group has power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. 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.

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 2014. 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.

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 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 accrual 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 investments classified as available for sale are recognised in the consolidated statement of comprehensive income when they are sold or when the investment 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.

Other financial assets
The equity swap agreement entered into with Lanstead Capital L.P. in 2013 is a non-derivative available for sale financial asset and its fair value has been determined by reference to the Company's share price at the balance sheet date. Any gain or loss arising from a change in the fair value of an available for sale financial asset is recognised in other comprehensive income.

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 2014. 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 2014. 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.

Pensions
The Group pays contributions to the personal pension schemes of some employees. These contributions are charged to the statement of comprehensive income in the year to which they relate.

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:

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

	2014 £'000	Restated* 2013 £'000
Wages and salaries	273	272
Social security costs	6	4
Pension costs	-	-
	279	**276**

Total staff costs, including those capitalised within intangible assets, amounts to £436,000 (2013: £483,000).The average monthly number of employees (including Executive Directors) during the year was as follows:

	2014 Number	Restated* 2013 Number
Exploration activities	10	10
Administration	4	4
	14	14

3. Directors' emoluments

	2014 £'000	2013 £'000
Basic salary and fees	239	256
Pension contributions	-	-
	239	256

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 23.

	Year	Salary & fees £'000	Pension £'000	Total £'000
Michael de Villiers	2014	94	-	94
	2013	99	-	99
Kerim Sener	2014	109	-	109
	2013	109	-	109
William Payne	2014	36	-	36
	2013	36	-	36
Michael Spriggs	2014	-	-	-
	2013	12	-	12

Kerim Sener in addition to his directors remuneration mentioned above, received a salary amounting to £7,222 from Galata Madencilik San. ve Tic. Ltd. during the year (2013: £nil)

William Payne's services are provided by a firm of Chartered Accountants, further details of which are set out in Note 24.

Michael Spriggs resigned from the board on the 24 July 2013.

4. Other income

Other income represents:

	2014 £'000	2013 £'000
Consultancy and other income	-	68

5. Operating loss

The operating loss is stated after charging:

	2014 £'000	Restated* 2013 £'000
Depreciation – owned assets	1	1
Loss on sale of investments	-	13
Operating lease – office rental	4	4
Write down of Intangible exploration assets	65	-
Net foreign exchange (gains)/ losses	(3)	87
Fees payable to the Company's auditor for the audit of the Company's annual accounts	33	30
Fees payable to the Company's auditor for other services:		
– The audit of the Company's subsidiaries	12	15

6. Finance cost

	2014 £'000	2013 £'000
Interest on loan facility	-	14
Loan facility fees	-	40
Swap charges on other financial assets	185	70
	185	124

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 Sindirgi and Tavsan, 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 are completed satisfactorily. Proccea's stake in Zenit increased during the year to 26.53% (2013: 18.32%) 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% Proccea, but key decisions require approval from both the Group and Proccea.

In previous periods the Group's joint venture with Proccea in Zenit was accounted for using the proportional consolidation method of accounting. Following IFRS 11 Joint Arrangements becoming effective from 1 January 2014, the Group considered its categorisation and determined it a joint venture to be accounted for using the equity method in accordance with IAS 28 (revised). At 31 December 2014 the Group has a 73.47% (2013: 81.68%) interest in Zenit. Prior to this change in accounting the Group's share of Zenit's income, expenditure, assets and liabilities were consolidated into the Group accounts on a line by line basis in proportion to its underlying ownership of the company. Zenit's results have now been removed from the comparative financial periods and the Group`s interest in Zenit is now accounted for using the equity method in the consolidated financial statements. 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	**2014 £'000**	**2013 £'000**
Non-current assets	4,991	4,743
Current assets	401	231
Current and Non-current liabilities	(1,451)	(1,559)
Equity	3,941	3,415
Proportion of the Group's ownership	73.47%	81.68%
Carrying amount of Investment in Joint Venture	**2,895**	**2,790**

Summarised statement of Profit and Loss	**2014 £'000**	**2013 £'000**
Other income	-	1
Administrative expenses – including exchange losses	(166)	(475)
Loss for the period	(166)	(474)
Proportion of the Group's ownership	73.47%	81.68%
Group`s share of loss for the year	(122)	(387)
Increase/(decrease) in share of net assets following issue of shares in Zenit	**228**	**(35)**
Movement in interest in Joint Venture for the year	**106**	**(422)**

Further details of the effect of this change in accounting policy are set out in note 28.

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.

	2014			Restated* 2013		
	Mining £'000	Other reconciling items £'000	Group £'000	Mining £'000	Other reconciling items £'000	Group £'000
Administrative costs	-	(739)	(739)	-	(942)	(942)
General and specific exploration expenditure	(141)	-	(141)	(121)	-	(121)
Other income	-	-	-	68	-	68
Finance and swap costs	-	(185)	(185)	-	(124)	(124)
Movement in interest in a joint venture	106	-	106	(422)	-	(422)
Investment income	-	74	74	-	87	87
Tax	-	-	-	-	-	-
Loss after tax	**(35)**	**(850)**	**(885)**	**(475)**	**(979)**	**(1,454)**
Assets						
Segment assets	492	6,232	6,724	980	5,902	6,882
Liabilities						
Segment liabilities	(44)	(204)	(248)	(24)	(158)	(182)
Additions to segment assets						
Intangible assets	228	-	228	238	-	238
Property plant & equipment	26	1	27	49	1	50
Depreciation	-	(1)	(1)	-	(1)	(1)

Other income includes consultancy and licence fees.

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.

	2014				Restated* 2013			
	Turkey £'000	United Kingdom £'000	British Virgin Islands £'000	Group £'000	Turkey £'000	United Kingdom £'000	British Virgin Islands £'000	Group £'000
Carrying amount of segment non-current assets	5,457	112	-	5,569	5,150	410	-	5,560

9. Taxation

	2014 £'000	2013 £'000
Current tax expense in respect of the current year	–	–

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

	2014 £'000	Restated* 2013 £'000
Loss before tax	(885)	(1,454)
Loss multiplied by the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	(190)	(338)
Disallowable expenses	21	2
Effect of different tax rates and laws of subsidiaries operating in other jurisdictions	(1)	5
Effect of fair value adjustment on other financial asset	(20)	(16)
Losses to carry forward	190	347
Current tax charge	-	-

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 £5,597,000 (2013: £4,693,000). Turkish tax losses carried forward at the year-end amounted to £548,000 (2013: £553,000). These losses can be carried forward and used against future taxable income rates of 23% and 20% respectively, although the Turkish losses expire after five years. Of the total Turkish tax losses of £548,000, £212,000 arose in 2011 and the balance in the subsequent years. The tax loss carried forward for the newly formed Australian subsidiary, Asgard Metals Pty. Ltd. amounted to £4,000.

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 £752,000 (2013: £775,000).

11. Loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary shareholders of £885,000 (2013: £1,454,000) divided by the weighted average number of shares issued during the year being 638,024,916 shares (2013: 485,154,710) in issue. There is no dilutive effect of share options or warrants on the basic loss per share.

12. Intangible exploration assets

Group	Restated* Deferred exploration expenditure £'000
Cost	
At 1 January 2013 as originally stated	**5,320**
Restatement	(3,568)
At 1 January 2013 as restated	1,752
Additions	253
Exchange movements	(54)
Costs written off	-
At 31 December 2013	**1,951**
Additions	271
Exchange movements	(11)
Costs written off	(65)
At 31 December 2014	**2,146**

Net book value	
At 1 January 2013	1,752
At 31 December 2013	1,951
At 31 December 2014	**2,146**

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 we no longer consider economically viable.

13. Land, property, plant & equipment

Group	Land £'000	Computer equipment £'000	Drilling equipment £'000	Fixtures & fittings £'000	Motor vehicles £'000	Restated* Totals £'000
Cost						
At 1 January 2013 as originally stated	**255**	**87**	**231**	**10**	**41**	**624**
Restatement	(15)	(58)	43	13	-	(17)
At 1 January 2013 as restated	240	29	274	23	41	607
Additions	40	1	-	1	8	50
Disposals	-	-	-	-	(8)	(8)
Exchange movements	(44)	(1)	(7)	(2)	(2)	(56)
At 31 December 2013	**236**	**29**	**267**	**22**	**39**	**593**
Additions	24	2	-	1	-	27
Disposals	-	-	-	-	-	-
Exchange movements	(5)	(2)	(2)	-	-	(9)
At 31 December 2014	**255**	**29**	**265**	**23**	**39**	**611**
Depreciation						
At 1 January 2013 as originally stated	**-**	**39**	**131**	**6**	**41**	**217**
Restatement	-	(16)	5	11	-	-
At 1 January 2013 as restated	-	23	136	17	41	217
Charge	-	3	19	2	2	26
Disposals	-	-	-	-	(8)	(8)
Exchange movements	-	(2)	(11)	-	-	(13)
At 31 December 2013	**–**	**24**	**144**	**19**	**35**	**222**
Charge	-	2	18	1	2	23
Disposals	-	-	-	-	-	
Exchange movements	-	(1)	(2)	-	-	(3)
At 31 December 2014	**-**	**25**	**160**	**20**	**37**	**242**
Net book value						
At 1 January 2013	240	6	138	6	-	390
At 31 December 2013	236	5	123	3	4	371
At 31 December 2014	**255**	**4**	**105**	**3**	**2**	**369**

The Group's land, property, plant and equipment are free from any mortgage or charge.

None of the Group's land, property, plant and equipment is owned by the Company.

14a. Available for sale investments

Company	Non-current £'000	Current £'000	Total £'000
At 1 January 2014	109	-	109
Disposals in the year	-	-	-
At 31 December 2014	109	-	109
Net book value			
At 31 December 2014	109	-	109
At 31 December 2013	109	-	109

The non-current available for sale investment represents the cost of the Group's investment in Tigris Resources Limited ("Tigris"), an unlisted company registered in Jersey involved in Turkish gold exploration. Since the year end, Tigris changed its name to Royal Road Minerals Limited and listed on the Toronto Venture Exchange.

14b. Investments in Group undertakings

Company	Shares in Group undertakings £'000
Cost and Net book Value	
At 1 January and 31 December 2014	274

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
Ariana Exploration & Development Limited	100%	United Kingdom	Exploration
Portswood Resources Limited	100%	British Virgin Islands	Holding company
Galata Madencilik San. ve Tic. Ltd.	100%	Turkey	Exploration
Çamyol Gayrimenkul, Madencilik, Turizm, Tarim ve Hayvancilik Ltd.	99%	Turkey	Land acquisition
Asgard Metals Pty. Ltd.	86.05%	Australia	Exploration

Çamyol Gayrimenkul, Madencilik, Turizm, Tarim ve Hayvancilik 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.

Interest in associates

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

Associates	Ownership	Country of incorporation	Nature of business
Greater Pontides Exploration B.V.	49%	Netherlands	Holding company
Pontid Madencilik San. ve Tic. Ltd.	49%	Turkey	Exploration
Pontid Altin Madencilik Ltd.	49%	Turkey	Exploration

14b. Investments in Group undertakings - continued

Greater Pontides Exploration B.V. was created in the Netherlands. This company, along with its wholly owned subsidiaries – Pontid Madencilik San. ve Tic. Ltd. and Pontid Altin Madencilik Ltd., private companies incorporated in Turkey – was established originally with European Goldfields Limited as part of the agreement on the Artvin Project, and which the Group accounts for as an associate. European Goldfields Limited was acquired by Eldorado Gold Corporation in 2013. Ariana Exploration & Development Limited, a fully owned subsidiary of the Group holds 49% of the ordinary shares and Eldorado Gold Corporation, the other party to the agreement, holds the remaining 51% of the ordinary shares. The Greater Pontides Exploration B.V. Group is treated as an Associate investment for purposes of the Group consolidation as the Group has a significant influence over the financial and operating policy decisions but not control or joint control over these policies. On 13 February 2014 Pontid Altin Madencilik Ltd. was put into voluntarily liquation.

The carrying value of the Group's investment in Greater Pontides Exploration B.V. and subsidiaries at December 2014 is £nil (2013 : £nil)

The reported loss of Greater Pontides Exploration B.V. in its unaudited company financial statements for the year ended 31 December 2014, amounted to US$274,042 (2013: US$32,505). The Group has made no provision in respect to the reported loss as there is no constructive or legal obligation for the Group to settle any future liabilities on their behalf. The functional currency for the Greater Pontides Exploration B.V. Group is US Dollars. The Group's share of the adjusted loss, converted into Pounds Sterling, has been included in the Consolidated Statement of Comprehensive Income, and amounted to £nil (2013 : £nil). All Associates have a reporting date of 31 December 2014.

The following is a summary of the financial information of the above associates:

	Associates			
Share of Associate's balance sheet	**Associate 100% 2014 US$'000**	**Ariana Share 2014 US$'000**	**Associate 100% 2013 US$'000**	**Ariana Share 2013 US$'000**
Non-current assets	8,724	4,274	8,438	4,135
Current assets	4	2	34	17
Total assets	**8,728**	**4,276**	**8,472**	**4,152**
Current liabilities	(318)	(156)	(302)	(148)
Total liabilities	(318)	(156)	(302)	(148)
Net assets	**8,410**	**4,120**	**8,170**	**4,004**

In the absence of available audited consolidated group accounts for the Greater Pontides Exploration B.V., the figures stated above are extracted from the holding company`s unaudited accounts.

15. Non-current trade and other receivables

	Group		Company	
	2014 £'000	**Restated* 2013 £'000**	**2014 £'000**	**Restated* 2013 £'000**
Other receivables	37	38	-	-

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 mining projects. These amounts are due for repayment between 2017 and 2018 and the fair value is not materially different to the carrying value presented.

*See note 28 on Prior year restatement

16. Other financial asset

In May 2013 the Company raised £1.25 million following the issue of 125 million new shares at 1p per share to Lanstead Capital L.P. ("Lanstead"). The Company received £250,000 in cash and entered into an equity swap price mechanism with Lanstead for the balance of these shares with consideration payable on a monthly basis over a period of 24 months. The Company also issued 12.5 million shares to Lanstead in consideration for the equity swap agreement. A second equity swap arrangement was entered into on similar terms with Lanstead for £152,000 during the January 2014 share placement, where the Company raised in total £789,000 following the issue of 87 million new shares at 0.9p per share.

The consideration from Lanstead has been treated as a non-derivative financial asset and its fair value has been determined by reference to the Company's share price at the balance sheet date as measured against a benchmark price of 1.33 pence for the first equity swap agreement and 1.20 pence per share for the second agreement entered into during this year. If the actual share price exceeds the benchmark price during any of the 24 settlement months, the Company will receive more than 100% of the monthly settlement due. Should the share price fall below the benchmark price, the Company will receive less than 100% of the expected monthly settlement on a pro rata basis.

	Group and Company	
	2014 £'000	**2013 £'000**
Fair value recognised at start of year	639	1,000
Swap settlement for shares	152	-
Capital repayments	(247)	(222)
Swap charges	(185)	(70)
Loss on revaluation at end of year	(96)	(69)
Fair value recognised at end of year	263	639

The amounts reported in the balance sheet relating to other financial instruments mature as follows:

	Group and Company	
	2014 £'000	**2013 £'000**
Receivable within one year	250	338
Receivable within two years	13	301
	263	639

17. Trade and other receivables

	Group		Company	
	2014 £'000	Restated* 2013 £'000	2014 £'000	Restated* 2013 £'000
Amounts owed by Group undertakings	-	-	7,605	7,303
Amounts owed by Joint Venture Company	775	690	-	-
Other receivables	70	70	-	-
Prepayments	16	12	-	-
	861	772	7,605	7,303

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

18. Trade and other payables

	Group		Company	
	2014 £'000	Restated* 2013 £'000	2014 £'000	Restated* 2013 £'000
Trade and other payables	131	86		-
Social security and other taxes	7	6		-
Other creditors	26	10		-
Accruals and deferred income	84	80	6	5
	248	182	6	5

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

*See note 28 on Prior year restatement

19. Share capital

Allotted, issued and fully paid ordinary 0.1p shares	Number	Share Capital £'000	Deferred shares £'000	Share Premium £'000
In issue at 1 January 2014	554,949,474	555	4,995	6,900
Shares issued in period	90,866,667	90	-	725
Less expenses on issue	-	-	-	(42)
In issue at 31 December 2014	645,816,141	645	4,995	7,583

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 sub division is the same as the percentage of existing ordinary shares held by him before the change.

On the 28 January 2014 the Company issued 87,666,667 ordinary shares for a consideration of £789,000 and a further 3,200,000 ordinary shares on the 30 May 2014 in settlement of professional fees valued at £28,800.

Potential issue of ordinary shares

Share options and warrants

At 31 December 2014 the Company had 15,941,000 options (2013: 15,941,000) and 5,000,000 warrants (2013: 5,000,000) outstanding for the issue of ordinary shares as follows:

Date of grant	Exercisable from	Exercisable to	Exercise price	Number granted	Number at 31 December 2014
Options					
19 July 2005	19 July 2005	19 July 2015	8.8p	2,105,869	2,105,869
19 July 2005	19 July 2005	19 July 2015	8.8p	65,131	65,131
22 August 2005	22 August 2005	22 August 2015	13p	870,000	870,000
22 August 2005	22 August 2005	22 August 2015	13p	100,000	100,000
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					**15,941,000**

Date of grant	Exercisable from	Exercisable to	Exercise price	Number granted	Number at 31 December 2014
Warrants					
19 April 2013	19 April 2013	19 April 2018	2p	5,000,000	5,000,000
Total				**5,000,000**	**5,000,000**

No options were issued or exercised in the year.

20. Notes to the cash flow statement

Cash generated from Group operations

The following non-cash flow adjustments have been made to the pre-tax results for the year:

	2014 £'000	Restated* 2013 £'000
Loss before tax	(885)	(1,454)
Finance costs	-	54
Other financial asset charges	185	70
Change in Joint Venture asset	(106)	422
Investment income	(74)	(87)
Adjusted for:		
Write down of intangible exploration assets	65	-
Loss on sale of investment	-	13
Depreciation	1	1
Operating income before working capital changes		
Change in non-current assets to exchange movements	40	123
Change in trade and other receivables	(88)	(65)
Change in trade and other payables	69	(19)
Foreign exchange differences	(19)	(125)
Cash used in Group operations	**(812)**	**(1,067)**

21. Contingent liabilities

The Group had no contingent liabilities at the year end (2013: £nil).

22. 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:

	2014 £'000	2013 £'000
Within one year	12	11

23. Capital commitments

The Group had no authorised or unauthorised capital commitments at the year end (2013: £nil).

*See note 28 on Prior year restatement

24. 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, Tarim ve Hayvancilik Ltd.
Asgard Metals Pty. 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 £7,062,237 (2013: £6,788,108) and £542,565 (2013: £515,155) respectively.

William Payne is a partner in Wilkins Kennedy LLP, Chartered Accountants, the firm which provides his services. During the year end December 2014, Wilkins Kennedy LLP were paid £36,000 (2013: £36,000) in respect of his services as a Director, and £62,750 (2013: £63,638) 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 £62,814.

As detailed in Note 14a, the Group has an investment in Royal Road Minerals Limited, a company involved in gold exploration in southern Turkey. Dr. Kerim Sener is a Director of Royal Road Minerals Limited and his wife is a minority shareholder in the company.

Matrix Exploration Pty. Ltd., a company majority owned by Dr. Kerim Sener, charged the Company £31,466 (2013: £34,926) for office rent and other services. At the year end the Company owed Matrix Exploration Pty. Ltd. £6,987 (2013: £ nil).

Dr. Francis Wedin, a director of Asgard Metals Pty. Ltd., holds 13.94% of the share capital of that company.

Joint Venture companies

Loan payable on demand by Zenit Madencilik San. ve Tic. to A.S. to Galata Madencilik San. ve Tic. Ltd. amounted to £774,988 (2013: £689,997)
Interest receivable has been included under Investment Income in the statement of comprehensive income and amounted to £70,017 (2013: £85,783).

Associated companies

Transactions between the Group and its associated companies, which are related parties, have been included on consolidation.
Consultancy fees amounting to £nil (2013: £67,294) were receivable by Galata Madencilik San. ve Tic. Ltd. from Pontid Madencilik San. ve Tic. Ltd.

25. Post year end events

Since the year end the Company has issued 36,799,610 new ordinary shares for a consideration of £338,000.

26. 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 (principally Red Rabbit) 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 reporting period 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.

27. 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 mining 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 requirements, and to maximise interest receivable.

27. Financial instruments - continued

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 amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. 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	
	2014 £'000	Restated* 2013 £'000	2014 £'000	Restated* 2013 £'000
Financial assets				
Cash and cash equivalents	44	212	44	212
Available for sale financial assets				
Other financial asset (current) – Level 2	250	338	250	338
Other financial asset (non-current) – Level 2	13	301	13	301
Loans and receivables				
Trade and other receivables (current)	861	772	861	772
Trade and other receivables (non-current)	37	38	37	38
Financial liabilities				
Financial liabilities measured at amortised cost				
Trade and other payables	(248)	(182)	(248)	(182)

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 receivable and payables are 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.

*See note 28 on Prior year restatement

28. Prior year restatement

The Company has changed the method by which it consolidates the results of Zenit Madencilik San. ve Tic. A.S. ("Zenit") from proportional consolidation to equity accounting. This change is in accordance with IFRS 11 Joint Arrangements which came into effect on 1 January 2014. The effect on the Group primary statements for the prior year are summarised as follows:

Consolidated statement of Comprehensive income	**Original 2013 £`000**	**Impact on restatement £'000**	**Restated 2013 £'000**
Administrative costs	(997)	55	(942)
General exploration expenditure	(121)	-	(121)
Other income	68	-	68
Operating loss	**(1,050)**	**55**	**(995)**
Finance costs	(124)	-	(124)
Profit/(Loss) on dilution of interest in joint venture entities	(162)	127	(35)
Investment income	2	85	87
Share of loss of joint venture	-	(387)	(387)
Loss on ordinary activities before tax	**(1,334)**	**(120)**	**(1,454)**
Taxation	-	-	-
Loss for the year	**(1,334)**	**(120)**	**(1,454)**
Other comprehensive income			
Exchange differences on translating foreign operations	(329)	204	(125)
Fair value adjustment on other financial asset classified as held for sale	(69)	-	(69)
Other comprehensive income for the year net of tax	**(398)**	**204**	**(194)**
Total comprehensive income for the year	**(1,732)**	**84**	**(1,648)**

The Consolidated Statement of Comprehensive Income now records the Group`s share of its Investment in Zenit following the change to Equity accounting from Proportional Consolidation.

The restatement has increased the basic and diluted loss per share by 0.03 pence per share from 0.27 to 0.30 pence per share.

28. Prior year restatement - continued

Consolidated statement of financial position	Original 2013 £`000	Impact on restatement £'000	Restated 2013 £'000
Assets			
Non-current assets			
Trade and other receivables	91	(53)	38
Derivative financial asset	301	-	301
Available for sale investments	109	-	109
Intangible exploration assets	5,653	(3,702)	1,951
Land, property, plant and equipment	388	(17)	371
Investment in joint venture	-	2,790	2,790
Total non-current assets	**6,542**	**(982)**	**5,560**
Current assets			
Trade and other receivables	235	537	772
Derivative financial asset	338	-	338
Cash and cash equivalents	212	-	212
Total current assets	**785**	**537**	**1,322**
Total assets	**7,327**	**(445)**	**6,882**
Equity			
Called up share capital	5,550	-	5,550
Share premium	6,900	-	6,900
Other reserves	720	-	720
Share based payments reserve	578	-	578
Translation reserve	(476)	334	(142)
Retained earnings	(6,835)	(71)	(6,906)
Total equity	**6,437**	**263**	**6,700**
Current liabilities			
Trade and other payables	890	(708)	182
Total current liabilities	**890**	**(708)**	**182**
Total equity and liabilities	**7,327**	**(445)**	**6,882**

The Consolidated Statement of financial position now records the Group`s share of its Investment in Zenit following the change to Equity accounting from Proportional Consolidation.

28. Prior year restatement - continued

Consolidated statement of cash flows	Original 2013 £'000	Impact on restatement £'000	Restated 2013 £'000
Cash flows from operating activities			
Cash generated from operations	(635)	(432)	(1,067)
Net cash outflow from operations	**(635)**	**(432)**	**(1,067)**
Cash flows from investing activities			
Proceeds from sale of investments	104	-	104
Purchase of land, property, plant and equipment	(55)	5	(50)
Payments for intangible assets	(746)	493	(253)
Investment income	2	85	87
Net cash used in investing activities	**(695)**	**583**	**(112)**
Cash flows from financing activities			
Proceeds from issue of share capital	1,580	(139)	1,441
Proceeds from borrowings	145	-	145
Repayment of borrowings	(384)	-	(384)
Interest and financing fees	(54)	-	(54)
Net cash proceeds from financing activities	**1,287**	**(139)**	**1,148**
Net decrease in cash and cash equivalents	(43)	12	(31)
Cash and cash equivalents at beginning of year	255	(12)	243
Cash and cash equivalents at end of year	**212**	**-**	**212**

The Consolidated Statement of cash flows now records the Group`s share of its Investment in Zenit following the change to Equity accounting from Proportional Consolidation.

Notice of the 2015 Annual General Meeting of Ariana Resources PLC

Company Number: 05403426

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 29 June 2015 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.

Notice is hereby given that the Annual General Meeting of the Company will be held at the East India Club, 16 St James's Square, London, SW1Y 4LH on 29 June 2015 at 11.00 a.m. in order to consider and, if thought fit, pass resolutions 1 to 4 as Ordinary Resolutions and Resolutions 5 and 6 as Special Resolutions:

Ordinary resolutions

1. To receive the Annual Report and Accounts for the year ended 31 December 2014.
2. To re-elect William Payne who is retiring by rotation under the Articles of Association as a Director of the Company.
3. To re-appoint KPMG LLP as auditors and to authorise the directors to fix their remuneration.
4. 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 £1,000,000 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, 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

5. That, subject to the passing of Resolution 4 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 4 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:

   5.1 the allotment of equity securities in connection with an offer by way of a rights issue:

   5.1.1 to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

   5.1.2. 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

   5.2. the allotment (otherwise than pursuant to paragraph 5.1 above) of equity securities up to an aggregate nominal amount of £1,000,000.

   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) 12 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.

6. THAT the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares of 0.1 pence each provided that:
   6.1 The maximum aggregate number of ordinary shares that may be purchased is 250,000,000;
   6.2 The minimum price (excluding expenses) which may be paid for each ordinary share is 0.1 pence;
   6.3 The maximum price (excluding expenses) which may be paid for each ordinary share is the higher of:
   6.3.1 105 per cent of the average market value of an ordinary share in the Company for the five business days prior to the day the purchase is made; and
   6.3.2 the value of an ordinary share calculated on the basis of the higher of the price quoted for:
   a) the last independent trade of; and
   b) the highest current independent bid for, any number of the Company's ordinary shares on the trading venue where the purchase is carried out.

The authority conferred by this resolution shall expire at the conclusion of the Company's next annual general meeting save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase ordinary shares which will or may be executed wholly or partly after the expiry of such authority.

By Order of the Board
dated 2 June 2015
Michael de Villiers
Company Secretary

Bridge House
London Bridge
London
UK
SE1 9QR.

Notice of the 2015 Annual General Meeting of Ariana Resources PLC - continued

Company Number: 05403426

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 25 June 2015.

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 25 June 2015, (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.

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M J de Villiers
A K Sener
W J B Payne

Secretary
M J de Villiers

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Registered Number
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Front cover image: Secondary copper minerals, azurite with malachite, in silicified volcanics from Kizilcukur, Balikesir, Western Turkey.