Ariana Resources Plc
Unaudited Condensed Consolidated Interim Financial Statements
for the six months ended 30 June 2013

Condensed consolidated statement of comprehensive income

	Note	6 months to 30 June 2013	6 months to 30 June 2012	12 months to 31 December 2012
		£'000	£'000	£'000
Continuing Operations				
Administrative costs		(414)	(322)	(769)
General exploration expenditure		(67)	(41)	(315)
Other income		78	14	4
Operating Loss		**(403)**	**(349)**	**(1,080)**
Finance costs	**4**	(38)	(90)	(111)
Fair value loss on derivative financial assets	**9**	(265)	-	-
Loss on dilution of interest in joint venture	**5**	(162)	-	-
Investment income		1	25	9
Reclassification of translation difference on dilution of interest in joint venture		(8)	-	-
Loss on ordinary activities before tax		**(875)**	**(414)**	**(1,182)**
Taxation	**7**	**-**	-	**-**
Loss for the period		**(875)**	**(414)**	**(1,182)**
Other comprehensive income:				
Exchange differences on translating foreign operations		**(15)**	**52**	**29**
Reclassification of translation difference on dilution of interest in joint venture		**8**	**-**	**-**
Other comprehensive income for the period, net of tax		**(7)**	**52**	**29**
Total comprehensive income for the period		**(882)**	**(362)**	**(1,153)**
Loss for the period attributable to owners of the parent company		**(875)**	**(414)**	**(1,182)**
Total comprehensive income attributable to owners of the parent company		**(882)**	**(362)**	**(1,153)**
Loss per share (pence):				
Basic and diluted	**8**	**0.21**	**0.15**	**0.40**

Condensed consolidated interim statement of financial position

	Note	30 June 2013 £'000	30 June 2012 £'000	31 December 2012 £'000
ASSETS				
Non-current assets				
Trade and other receivables		87	12	75
Derivative financial asset	**9**	368	-	-
Available for sale investments		226	169	226
Land, property, plant and equipment		445	426	407
Intangible assets	**10**	5,672	5,125	5,320
Total non-current assets		**6,798**	**5,732**	**6,028**
Current assets				
Trade and other receivables		464	720	894
Derivative financial asset	**9**	367	-	-
Cash and cash equivalents		631	725	255
Total current assets		**1,462**	**1,445**	**1,149**
Total Assets		**8,260**	**7,177**	**7,177**
Equity				
Called up share capital	**11**	5,550	2,694	3,710
Share premium		6,900	6,843	7,004
Other reserves		720	720	720
Share options		578	578	578
Translation reserve		(154)	(124)	(147)
Retained earnings		(6,308)	(4,664)	(5,432)
Total equity attributable to equity holders of the parent		**7,286**	**6,047**	**6,433**
Liabilities				
Current liabilities				
Trade and other payables		842	654	506
Interest bearing borrowings	**12**	132	476	238
Total current liabilities		**974**	**1,130**	**744**
Total Equity and Liabilities		**8,260**	**7,177**	**7,177**

Condensed consolidated interim statement of changes in equity

	Share capital	Share premium	Other reserves	Share options	Trans -lation reserve	Retained losses	Total attributable to equity holder of parent
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2012	**2,597**	**6,481**	**720**	**578**	**(176)**	**(4,250)**	**5,950**
Changes in equity to 30 June 2012							
Other comprehensive income- Exchange differences on retranslation of foreign operations	-	-	-	-	52	-	52
Loss for the period	-	-	-	-	-	(414)	(414)
Total comprehensive income	-	-	-	-	52	(414)	(362)
Issue of share capital (net of expenses)	97	362	-	-	-	-	459
Balance at 30 June 2012	**2,694**	**6,843**	**720**	**578**	**(124)**	**(4,664)**	**6,047**
Changes in equity to 31 December 2012							
Other comprehensive income- Exchange differences on retranslation of foreign operations	-	-	-	-	(23)	-	(23)
Loss for the period	-	-	-	-	-	(768)	(768)
Total comprehensive income	-	-	-	-	(23)	(768)	(791)
Issue of share capital (net of expenses)	1,016	161	-	-	-	-	1,177
Balance at 31 December 2012	**3,710**	**7,004**	**720**	**578**	**(147)**	**(5,432)**	**6,433**
Changes in equity to 30 June 2013							
Other comprehensive income- Exchange differences on retranslation of foreign operations	-	-	-	-	(7)	(8)	(15)
Loss for the period	-	-	-	-	-	(868)	(868)
Total comprehensive income	-	-	-	-	(7)	(876)	(883)
Issue of share capital (net of expenses)	1,840	(104)	-	-	-	-	1,736
Balance at 30 June 2013	**5,550**	**6,900**	**720**	**578**	**(154)**	**(6,308)**	**7,286**

Condensed consolidated interim statement of cash flows

	6 months to 30 June 2013	6 months to 30 June 2012	12 months to 31 December 2012
	£'000	**£'000**	**£'000**
Cash flows from operating activities			
Cash generated from operations	(64)	(612)	(860)
Net cash outflow from operations	**(64)**	**(612)**	**(860)**
Cash flows from investing activities			
Purchase of land, property, plant and equipment	(61)	(115)	(132)
Purchase of investments	-	-	(57)
Purchase of intangible assets	(529)	(488)	(891)
Investment income	1	25	9
Net cash used in investing activities	**(589)**	**(578)**	**(1,071)**
Cash flows from financing activities			
Proceeds from issue of capital (net of expenses)	1,175	1,115	1,062
Proceeds from borrowings	145	459	1,154
Repayment of borrowings	(281)	(477)	(804)
Interest and financing fees	(10)	(90)	(134)
Net cash proceeds from financing activities	**1,029**	**1,007**	**1,278**
Net increase/(decrease) in cash and cash equivalents	**376**	**(183)**	**(653)**
Cash and cash equivalents at the beginning of period	255	908	908
Cash and cash equivalents at end of period	**631**	**725**	**255**

Notes to the interim financial statements for the six months ended 30 June 2013

1. General information

Ariana Resources Plc (the "Company") is a public limited company incorporated and domiciled in Great Britain and whose registered office is Bridge House, London Bridge, London, SE1 9QR. The principal activities of the Company and its subsidiaries (the "Group") are related to the exploration for and development of gold and other minerals in Turkey. The Company's shares are listed on the Alternative Investment Market of the London Stock Exchange.

2. Basis of preparation

The condensed interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) and in accordance with International Accounting Standard 34 *Interim Financial Reporting.* The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with IFRS as adopted by the European Union.

The condensed interim financial statements set out above do not constitute statutory accounts within the meaning of the Companies Act 2006. They have been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union. Statutory financial statements for the year ended 31 December 2012 were approved by the Board of Directors on 23 May 2013 and delivered to the Registrar of Companies. The financial information for the periods ended 30 June 2013 and 30 June 2012 are unaudited.

3. Significant accounting policies

The condensed interim financial statements have been prepared under the historical cost convention.

The same accounting policies have been followed in these condensed interim financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2012.

Effective January 1, 2013, several new accounting standards and amendments were introduced. The Company has evaluated these new standards and amendments and determined that none of them are expected to have a material impact.

In addition to the accounting estimates and judgements identified in the Company's annual accounts, the Company and Lanstead Capital L.P. have entered into an equity swap agreement in respect of a share placing undertaken in June 2013 and thereby created a derivative financial asset. Consideration will be received over a period of 24 months (see note 9). The amount to be received each month is dependent on the performance of the Company's share price. The directors have made an assumption in these financial statements as to the quantum of funds ultimately receivable based on the share price at the balance sheet date. However there is significant uncertainty about what sums will ultimately be received due to the unpredictable nature of share prices.

The Group and Company financial statements have been prepared on a going concern basis. As an exploration and development company the Directors are mindful that there is an ongoing need to monitor overheads and cash associated with the exploration and development programme, and raise additional working capital on an ad hoc basis to support the Group's activities.

The Group expects to incur further losses in the development of its business, all of which cast doubt on its ability to continue as a going concern. The Group's ability to continue its operations and to realise its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These financial statements do not give effect to any adjustments which would be necessary should the Group be unable to continue as a going concern and therefore be required to realise its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

The Company raised £1.74m, subject to collection of the related derivative financial asset, in the six month period under review and the Directors remain confident that if future funding is required they will be able to raise this finance to meet the Group exploration and development programme and associated overhead cost.

4. Finance cost

Interest on borrowing	6 months to 30 June 2013 £'000	6 months to 30 June 2012 £'000	12 months to 31 December 2012 £'000
Interest on convertible loan	28	16	39
Facility fees	10	74	72
	38	90	111

5. Loss on dilution 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. 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, and consequently the Group consolidates the results of Zenit by way of proportional consolidation. Proccea's stake in Zenit increased during the period from 13.98% to 18.32%, resulting in a corresponding reduction in the Group`s shareholding in Zenit. This dilution in shareholding has been valued at £162,000 and accordingly charged to the comprehensive income account.

6. 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 are as follows:

Mining – incorporates the acquisition, exploration and development of gold resources in Turkey.

	June 2013			June 2012			December 2012		
	Mining	**Other reconciling items**	**Group**	**Mining**	**Other reconciling items**	**Group**	**Mining**	**Other reconciling items**	**Group**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Administrative costs		(414)	**(414)**	-	(322)	**(322)**	-	(769)	**(769)**
General exploration Expenditure	(67)	-	**(67)**	(41)	-	**(41)**	(315)	-	**(315)**
Other income	78	-	**78**	14	--	**14**	4	-	**4**
Finance costs	-	(38)	**(38)**	-	(90)	**(90)**	-	(111)	**(111)**
Fair value loss on derivative financial assets	-	(265)	**(265)**	-	-	**-**	-	**-**	**-**
Loss on dilution of interest in joint venture	-	(162)	**(162)**	-	-	**-**	-	**-**	**-**
Reclassification of translation difference on dilution of interest in joint venture		(8)	**(8)**	-	-	**-**	-	**-**	**-**
Investment income	-	1	**1**		25	**25**	-	**9**	**9**
Tax	-	-	**-**	-	-	**-**	-	-	**-**
Loss after tax	11	(886)	**(875)**	(27)	(387)	**(414)**	(311)	(871)	**(1,182)**

6. Segmental analysis – continued

	June 2013			June 2012			December 2012		
	Mining	Other reconciling items	Group	Mining	Other reconciling items	Group	Mining	Other reconciling items	Group
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Assets									
Segment assets	6,614	1,646	**8,260**	6,875	302	**7,177**	6,196	981	**7,177**
Liabilities									
Segment liabilities	(648)	(326)	**(974)**	(138)	(992)	**(1,130)**	(410)	(334)	**(744)**
Additions to Segment Assets									
Intangible assets	552	-	**552**	488	-	**488**	893	-	**893**

Other income includes consultancy and license fees.

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

Geographical segments

All of the Group`s mining assets and liabilities are located in Turkey.

	June 2013			June 2012			December 2012		
	Turkey	United Kingdom	Group	Turkey	United Kingdom	Group	Turkey	United Kingdom	Group
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carrying amount of segment Non current assets	6,204	594	**6,798**	5,563	169	**5,732**	5,801	227	**6,028**

7. Taxation

The Group has incurred tax losses for the period and a corporation tax charge is not anticipated.

8. Loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary shareholders of £875,000 divided by the weighted average number of shares in issue during the period, being 407,675,374.

9. Derivative financial asset

In June 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.

The consideration from Lanstead has been treated as a derivative financial asset and its fair value has been determined by reference to the Company`s share price at the balance sheet date and has been calculated as follows:

	Total £`000	Non-current assets £`000	Current assets £`000
Value recognised on inception	1,000	500	500
Loss on revaluation of derivative during the period	(265)	(132)	(133)
Value of derivative at 30 June 2013	735	368	367

10. Additions and disposals of intangible assets

Exploration, evaluation and development of mineral resources

Six months ended 30 June 2012	**£'000**
Opening net book amount 1 January 2012	4,627
Additions and capitalised depreciation	488
Disposals	(26)
Exchange movements	36
Closing net book amount 30 June 2012	**5,125**
Six months ended 31 December 2012	
Opening net book amount 1 July 2012	5,125
Additions and capitalised depreciation	440
Disposals	(224)
Exchange movements	(21)
Closing net book amount 31 December 2012	**5,320**
Six months ended 30 June 2013	
Opening net book amount 1 January 2013	5,320
Additions and capitalised depreciation	552
Disposals	(190)
Exchange movements	(10)
Closing net book amount 30 June 2013	**5,672**

11. Called up share capital and share premium

Details of issued capital are as follows:

	Number of shares	Nominal Value £'000	Share Premium £'000
At 1 January 2012	**259,672,334**	**2,597**	**6,481**
Shares issued in period (net of expenses)	9,657,175	97	362
At 30 June 2012	**269,329,509**	**2,694**	**6,843**
Shares issued in period (net of expenses)	101,689,985	1,016	161
At 31 December 2012	**371,019,494**	**3,710**	**7,004**
Shares issued in period (net of expenses)	183,929,980	1,840	(104)
At 30 June 2013	**554,949,474**	**5,550**	**6,900**

12. Borrowings

A convertible loan of $1m, bearing interest at 10% and repayable within one year, was drawn down in June 2012 and repaid during June 2013. On the 26th March 2013 a further loan of $250,000 was advanced, bearing interest at 10% and repayable in full by the end of this year. Under the new loan, conversion into new ordinary shares is at the lender's option at a price 2.0678 pence per ordinary share.

13. Approval of interim financial statements

The interim financial statements were approved by the Board of Directors on 27 September 2013.