ARIANA RESOURCES PLC
ANNUAL REPORT & ACCOUNTS 2008

ARIANA RESOURCES plc

Forward-looking statements
This document contains statements that are not historical facts, but forward-looking statements that involve risks and uncertainties, including the timing and results of exploration programmes, project development and mining risks, the risks of satisfying the regulatory approval process in a timely manner and the need for and the availability of additional capital. A discussion of these and other risks and uncertainties is contained in the Notes to the Consolidated Financial Statements. These forward-looking statements are based on knowledge and information available to the Directors at the date the Notes to the Consolidated Financial Statements were prepared, and are believed to be reasonable at the time of preparation of the Notes to the Consolidated Financial Statements, though are inherently uncertain and difficult to predict. Actual results or experience could differ materially from the forward-looking statements.

OUR MISSION

Ariana aims to maximise shareholder returns by developing profitable gold mining operations in Turkey. Ariana intends to achieve this objective by utilising its unique expertise to explore and develop advanced projects and to make further acquisitions. Ariana is targeting a resource of 1Moz of gold in western Turkey.

OUR STRATEGIC VISION

We are committed to delivering value via a robust, cost-efficient and focused exploration and development strategy, which integrates geoscientific knowledge and new technologies to identify, advance and develop projects rapidly.

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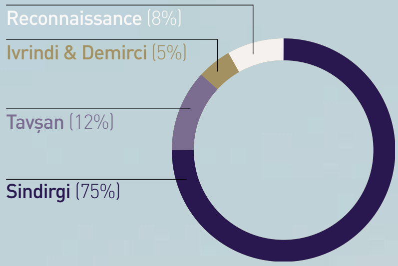
ARIANA RESOURCES PLC
HIGHLIGHTS OF 2008

Ariana continues to achieve solid progress on its exploration and development programmes in Turkey. In western Turkey, the Company has developed its regional strategy around the core Sindirgi Project, and continues to grow its resource base through focused exploration and acquisition in the region.

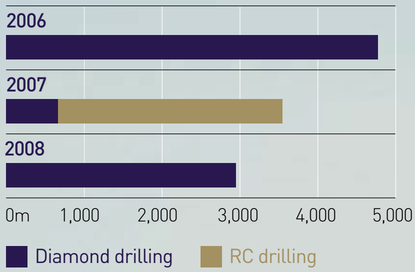
- Current resources at 401,000 oz gold equivalent.
- Trial mining underway on the high-grade Kiziltepe deposit.
- Joint venture with European Goldfields in north-eastern Turkey, focusing initially on the Ardala copper-gold porphyry.
- Acquisition of the Muratdağ gold project from Newmont Mining.

TOTAL PROJECT EXPENDITURE 2004–2008

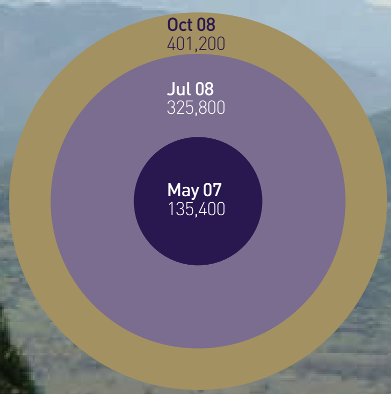


Total expenditure (£)	2.5 M

TOTAL DRILLING (M)



RESOURCE GROWTH



Figures in gold equivalent ounces

Image:
View to the north-east over the Kiziltepe deposit, Sindirgi Project.

ARIANA AT A GLANCE
OUR OBJECTIVE

To explore for and develop new gold mines in Turkey. Through a unique combination of in-country understanding and international expertise, the Company is adding value for its shareholders across its impressive portfolio.

Map showing the distribution of projects in Turkey. The WAVE Project Area is shown as a circle surrounding the Sindirgi Project.

ADVANCED PROJECTS
EXPLORATION LICENCES

0 500km

TURKEY

Turkey represents a unique opportunity for gold exploration on the doorstep of Europe. Ariana was one of the first companies to enter Turkey before the recent boom in exploration activity and continues to carry its first-mover advantage.

- Focused on gold in Turkey.
- Developing the advanced Sindirgi and Tavşan projects.
- Experienced Turkish management team.
- Large exploration portfolio containing five drill-stage projects.
- Aiming to be the next gold producer in Turkey.

PROJECT PIPELINE

Prospect	Remote sensing	Geological mapping	Recon. surveys	Detailed surveys	Drilling	Resource estimate	Metallurgical testing	Scoping	Trial mining	Pre-feasibility	Feasibility
Kiziltepe	Sindirgi Project Newmont		2005	2005–06	Ongoing	2007–08	2007–08	2008	Underway		
Kepez	Sindirgi Project Newmont		2005	2005–06	Planned						
Karakavak	Sindirgi Project Newmont		2005	2005–06	Planned						
Umurlar	Sindirgi Project Newmont		2005	2005–06	Planned						
Tavşan	Odyssey Resources					2007	2007–08	Planned			
Muratdağ	Newmont			Planned							
Kinik	2003	2004	2004–05	2005–06	2006–07						
Goveli	Newmont		2006	2006–07	2007						
Ardala (in JV)	Anglo American				Planned						

WAVE Project Area

Decreasing risk

Increasing value

HOW WE ARE DIFFERENT BEYOND THE GEOLOGY

We recognise our success as a commercial enterprise goes well beyond the geology. We respect the communities in which we operate; seek to maximise the potential of our people; form innovative strategic alliances and aim to enhance our progress towards production.

STAKEHOLDER STRATEGY

Ariana considers that its primary responsibilities are to its stakeholders: the shareholders, the communities and the environment in which it operates. More specifically, Ariana:

- Adheres to sound corporate governance policies.
- Maintains a high standard of technical best-practice in its exploration and development activities, and adheres to international standards where applicable.
- Embraces a socially responsible and beneficial approach to health and safety, the environment, and community support in its areas of operation.
- Recognises the importance of its employees and the need to attract and continue to challenge its exceptionally talented people.

NEAR TERM GOALS

Ariana continues to set itself and deliver on bold operational targets, with the near-term aim of establishing a profitable gold mining operation in Turkey. Ariana is targeting the development of its core projects as environmentally-friendly small-footprint mines in the coming years.

- Increase the JORC resource base of the Company.
- Continue to evaluate production potential at Kiziltepe and Tavşan.
- Undertake further trial mining at Kiziltepe.
- Seek new resource development opportunities in western Turkey.
- Undertake further exploration to define +1Moz JORC resource in western Turkey.

GOLD MARKETPLACE

Over the past 12 months gold has maintained solid price performance. Bullion continues to trade around the US$900/oz level, having averaged US$872/oz in 2008, rising to US$908/oz in first-quarter 2009. This growth has been fuelled largely by the continuing strength of investment demand for gold, reflecting unease over the global economic downturn and the rapid growth in money supply and its inflationary implications. Against this, fabrication demand for gold jewellery has fallen over the past year: it remains highly price sensitive but the US$800–850/oz range appears to have defined a solid base triggering further buying for industrial and other usage.
As investor concerns persist, we believe the outlook for the current year is for further robust progress of the bullion price.

Average daily London Gold Price
(US$ per ounce)

CHAIRMAN'S STATEMENT

At Ariana Resources we pride ourselves on our ability to differentiate our Company's activities from those of similar-sized AIM exploration companies.

We place great emphasis on our ability to deliver on our stated objectives. Ariana's near term objective is to establish a profitable gold mining operation in Turkey. This will create a platform for achieving our longer term goal of establishing a gold resource of at least one million ounces through further exploration.

CORPORATE DEVELOPMENTS

2008 saw major advances for the Company. Among a number of key areas of progress, which I highlight below, Ariana has made the all-important transition from exploration to mine development. At the same time, the Company has continued to develop its clearly defined regional strategy in western Turkey and established an exploration Joint Venture with European Goldfields Limited in northeastern Turkey.

Ariana is developing two principal projects in western Turkey, Sindirgi and Tavşan, and is exploring several other advanced project areas. Between these two principal projects, our resource inventory now contains 401,000 ounces gold equivalent (gold plus silver), representing a 35% increase in our resource base since last year. This was achieved through further exploration at Kiziltepe and the acquisition of Tavşan.

At the Sindirgi Project, the additional drilling completed during the year at Kiziltepe resulted in an increased JORC-compliant resource of 186,000 oz gold equivalent. Geophysical work on Kiziltepe, completed in September, identified several strong anomalies suggesting vein continuity beneath an area of surface cover located between the Arzu South and Arzu North vein systems. In November, mine permitting at Kiziltepe was completed, paving the way for trial mining.

ARIANA HAS MADE THE ALL-IMPORTANT TRANSITION FROM EXPLORATION TO MINE DEVELOPMENT.

ARIANA IS NOW ENTERING AN EXCITING STAGE OF ITS DEVELOPMENT, AND THE COMING YEAR WILL SEE THE PACE OF THESE ACTIVITIES MAINTAINED.

At the Tavşan Project, acquired from Odyssey Resources Limited, a JORC-compliant resource of 215,000 oz gold equivalent was established: representing an acquisition cost of US$ 3.7 per ounce. Metallurgical testwork undertaken on the ore from Tavşan demonstrated its amenability to heap-leach processing. Meanwhile, exploration undertaken in northeastern Turkey by the European Goldfields Joint Venture identified promising new porphyry-type targets at the Ardala Project. Some of these targets are scheduled to be drilled in 2009.

Post year-end, in January 2009, the Company completed a placing for £500,000 (gross of share issue costs). The placing was supported by the board and by our major shareholders, including European Goldfields Limited, which maintained its position in Ariana at approximately 20%. In March 2009, the Company finalised a trial processing agreement for the Kiziltepe deposit with local mining group Eti Gümüş A.Ş.

In April 2009, Ariana acquired the Muratdağ Gold Project from Newmont Mining Corp. The addition to Ariana's portfolio of this advanced exploration asset has further increased the value of the Company's project pipeline in western Turkey. Consistent with our medium term strategy, we intend to carry out the work necessary to advance this project up the project value curve.

OUTLOOK

In my report last year, I promised a year of exciting developments. I had not intended this as a euphemism to describe the trying market conditions which then unfolded. As it turned out, Ariana was obliged to take several tough measures towards the latter part of the year in order to maintain our strategic course. To conserve funds, we reduced exploration expenditure in 2008, a decision which regrettably meant we had to reduce our professional workforce in Turkey. Work continued on Sindirgi, but we were obliged temporarily to curtail work at Tavşan, and on our broader exploration programme.

Having weathered a difficult period for the AIM market, we believe the outlook is now substantially brighter. Since late 2008, the gold price has progressively risen and is maintaining levels around US$900 per ounce. This strength reflects in large part continuing concerns about the global economy, and it is significant that Western governments have sought to repair their financial systems via increased spending. A corollary of this is that greater funding is becoming available for the AIM mining sector, particularly for those companies able to demonstrate near-term production. The improvement in Ariana's share price this year reflects this and it is a gratifying development.

The funding secured from our January 2009 placing has provided additional support and given us the flexibility to proceed with our plans for trial mining at Kiziltepe. In this context, our exploration team is assessing other opportunities for near-term cash-flow in the vicinity of Kiziltepe and, at the time of writing, we had reported very encouraging sampling results from the nearby Kepez prospect. Provided trial mining at Kiziltepe proceeds to plan, Ariana can expect initial cash flows from this operation in the near future. We are also aiming to determine the optimum route for turning the Tavşan project to account.

In terms of future exploration we will continue to concentrate our efforts on the Western Anatolian Volcanic and Extensional (WAVE) Province in western Turkey, which remains highly prospective for the discovery of large epithermal and porphyry deposits. This is an area in which we have developed unique expertise, accumulated an enormous amount of technical data, established invaluable local relationships, and where we have already had considerable exploration success.

As I have demonstrated above, Ariana is now entering an exciting stage of its development, and the coming year will see the pace of these activities maintained. We offer our sincere thanks to our loyal shareholders who have continued to support us through a challenging period. In recognition of this support, we are offering all shareholders the opportunity to subscribe for one warrant for every five shares currently held.

I want also to express the gratitude of the Board for the sterling efforts of our exploration and administrative teams in Turkey. They have borne the brunt of our cost-cutting measures, and their enthusiastic dedication to achieving successful outcomes for our Company is a source of great pride for us. Finally, I thank my fellow Board members for their tireless support, encouragement and wise advice.

Michael Spriggs
Chairman
29 May 2009

BUSINESS REVIEW

Ariana has made solid progress during the year and made the transition from exploration to mine development.

2008–2009 HIGHLIGHTS:

May	High grade sampling results from Kepez
April	Drilling commences at Kiziltepe
	Acquisition of the Muratdağ Project
March	Trial production from Kiziltepe commences
January	Placing raises £500,000
	Directors purchase additional shares
November	Mine permitting completed at Kiziltepe
October	Initial JORC resource at Tavşan (215,000 oz Au equiv.)
September	Positive geophysical results from Kiziltepe
August	Positive metallurgical results from Tavşan
	New exploration licences acquired in western Turkey
July	Revised JORC resource at Kiziltepe (186,000 oz Au equiv.)
	Drilling rig and team established
June	Positive drilling results from the Arzu North and Derya veins
	Tavşan Project purchase completed

SUMMARY

Ariana has made solid progress during the year and made the transition from exploration to mine development. At the same time, the Company has continued to develop its regional strategy in western Turkey, and is enhancing its resource growth opportunities through focused exploration and acquisition in the region.

Further drilling has been undertaken at the Sindirgi Project, resulting in a revised JORC-compliant resource at Kiziltepe of 186,000 oz gold-equivalent. A JORC-compliant resource was also established on the Tavşan Project of 215,000 oz gold-equivalent. Meanwhile, the Joint Venture with European Goldfields Limited has identified new targets at the Ardala Project in eastern Turkey, which are scheduled to be drilled in 2009.

Post year end, the Company completed a placing for £500,000 in January in which European Goldfields Limited maintained their position in Ariana at approximately 20%. The Company also finalised a trial processing agreement with Eti Gümüş A.Ş. in March: the agreement entails a large-scale metallurgical test of ore delivered from a trial mine at Kiziltepe.

Ariana's resource inventory now contains 401,000 ounces gold equivalent, of which approximately 342,000 ounces are gold. This figure represents an increase of almost 35% in our resource base since last year, which was achieved through additional drilling at Kiziltepe and a revised geological model at Tavşan.

CORE PROJECT AREA

The Company dedicates its effort to the Western Anatolian Volcanic and Extensional (WAVE) Province in western Turkey. This province hosts three operating gold mines (total reserves of about 7 Moz) and remains highly prospective for large epithermal and porphyry deposits. The Company considers the exploration and development risk in this region to be low due to excellent infrastructure and established gold mining operations.

Ariana is developing two core projects within the WAVE Province, Sindirgi and Tavşan, in addition to exploring several other advanced project areas including Ivrindi, Demirci and Muratdağ. The region surrounding these projects is named the WAVE Project Area, with our base of operations in Sindirgi located strategically at its core.

The Company is targeting the development of one or more of its core projects as environmentally friendly small-footprint mines in the coming years. Other exploration projects will be joint-ventured or sold to ensure focus is maintained on the further exploration and development of the Sindirgi and Tavşan projects.

In addition to containing our advanced projects, the Project Area encompasses the majority of our exploration tenements in western Turkey. Excluding tenements held for core or advanced projects, 32 exploration licences in this area have been optioned to European Goldfields Limited for one year.

Ariana is targeting a resource of 1Moz of gold within the WAVE Project Area and our strategy is designed to build steadily on our existing resource base in the region via exploration and future acquisitions. New exploration opportunities are being evaluated on an ongoing basis to further enhance the early-stage value of the project pipeline.

SINDIRGI PROJECT

The Sindirgi Gold Project ("Sindirgi") lies 130km northeast of the coastal city of Izmir and 130km west of the Gümüşköy silver plant. Sindirgi was acquired in early 2005 from Newmont for US$400,000, with a royalty of up to 2.5% on future gold production from the project since assigned to Franco-Nevada Corporation. Current JORC resources stand at 186,000 ounces gold equivalent (Table 1).

The project encompasses an important regional trend of epithermal gold mineralisation, known as the Sindirgi Gold Corridor, which contains four distinct prospects: Kiziltepe, Kepez, Karakavak and Kizilçukur. To date, a total of 45km of veins have been identified in outcrop on the project. Since January 2008, 3,020m of diamond-drilling has been completed on the Kiziltepe deposit.

Southern entry of the Arzu South trial mine, Kiziltepe, Sindirgi Project.

Processing plant at Gümüşköy, owned by Eti Gümüş A.Ş.

TABLE 1: JORC RESOURCE STATEMENT FOR KIZILTEPE

Classification	Vein	Tonnage (Kt)	Grade Au (g/t)	Grade Ag (g/t)	Au (oz)	Ag (oz)	Au equiv. (oz)
Measured	Arzu South	390	6.4	101	80,257	1,266,559	105,588
Indicated	Arzu South	110	5.7	106	20,161	374,920	27,659
	Arzu North	50	2.3	38	3,698	61,093	4,920
Inferred	Arzu North	100	2.2	29	7,074	93,248	8,939
	Banu	130	2.6	82	10,868	342,765	17,723
	Derya	170	2.9	53	15,852	289,711	21,646
Total					**137,910**	**2,428,296**	**186,476**

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 approximately 50:1.

BUSINESS REVIEW
CONTINUED

KIZILTEPE DEPOSIT

The Kiziltepe deposit contains 20km of outcropping low-sulphidation epithermal quartz veins, which are hosted by dacitic volcanic units of Miocene age. The vein field occurs in an area covering approximately 3km by 1km and is well serviced by asphalt road and forestry tracks. Individual veins are exposed at surface for 750m in strike length and are between 1m and 14m wide. Four of these vein systems were drilled during the year.

A revised JORC-compliant mineral resource was provided by SRK UK Ltd ("SRK") based on drilling results for both the southern and northern sections of the Arzu vein system and for several additional veins. The mineral resource was established to a depth of 125m from surface, at a cut-off grade of 2 g/t Au (Table 1).

An agreement with Eti Gümüş A.Ş. for trial processing of 5,000 tonnes of ore was concluded following successful initial bulk metallurgical testwork undertaken at their Gümüşköy plant, for which recoveries of 82.3% and 89.7% were achieved. Trial-mining operations at Kiziltepe have been completed and 5,177 dry tonnes of ore has been delivered to the plant for processing.

Arzu Vein

The northwest-trending and steeply northeast dipping Arzu Vein system comprises two sections: Arzu South and Arzu North. These two sections are separated over a strike length of 650m by silicified and clay altered rhyodacitic ignimbrite cover rocks, which obscure the vein system beneath. Drill-testing of this covered area has been planned on the basis of several positive drilling results in the periphery of the covered area, and the identification of buried geophysical targets in 2008.

Arzu South

The Arzu South vein system has a strike length of 650m. A segmented and partially overlapping vein array has been modelled for Arzu South, with veins typically 5m wide. During the year, drilling results obtained from the southern extension of the Arzu South vein included gold-equivalent intersections of 23.25 g/t over 6.9m, 11.99 g/t over 7.3m and 9.07 g/t over 9.4m. These results demonstrate the potential for further resource growth in the southern part of the vein, where several plunging shoots of high-grade mineralisation have been modelled.

A mining options study undertaken on the Arzu South vein by Wardrop Engineering ("Wardrop") evaluated several different mining and processing scenarios, from which open-pit operations were considered preferable. The study utilised resource inputs from SRK, metallurgical results from SGS Lakefield Research Limited and Gekko Systems Pty. Ltd., and certain Turkish cost estimates.

The Wardrop study considered an open-pit production rate of 125,000 tonnes per annum, with a cut-off grade of 1.3 to 2.0 g/t and mine life of 4 to 3 years, depending on gold price scenarios of US$900 or US$600 per ounce respectively. Following this study, it was determined that the most viable route to production in the short-term was via off-take or toll-treatment using an existing processing facility. The agreement with Eti Gümüş A.Ş. has now established a basis for production from the Arzu South vein.

Arzu North

The Arzu North vein system has a strike length of 400m. The vein system is atypical of veins developed elsewhere on the Kiziltepe deposit, comprising multiple parallel veins, intervals of stockwork veins and extensive wall-rock alteration. Whilst there is only one important vein at this location, the hangingwall contains at least three subsidiary veins that can be traced on surface and in drill core. The Arzu North system is interpreted to represent the terminal splay of the NW-trending structure that hosts the high-grade gold mineralisation at Arzu South. In 2008, drilling results from Arzu North included gold-equivalent intersections of 11.99 g/t over 6.1m, 5.04 g/t over 6.25m and 2.83 g/t over 10.6m. Approximately 2,000 tonnes of low-grade (~2 g/t Au) ore from this location have been stockpiled on site in accordance with Turkish mining regulations.

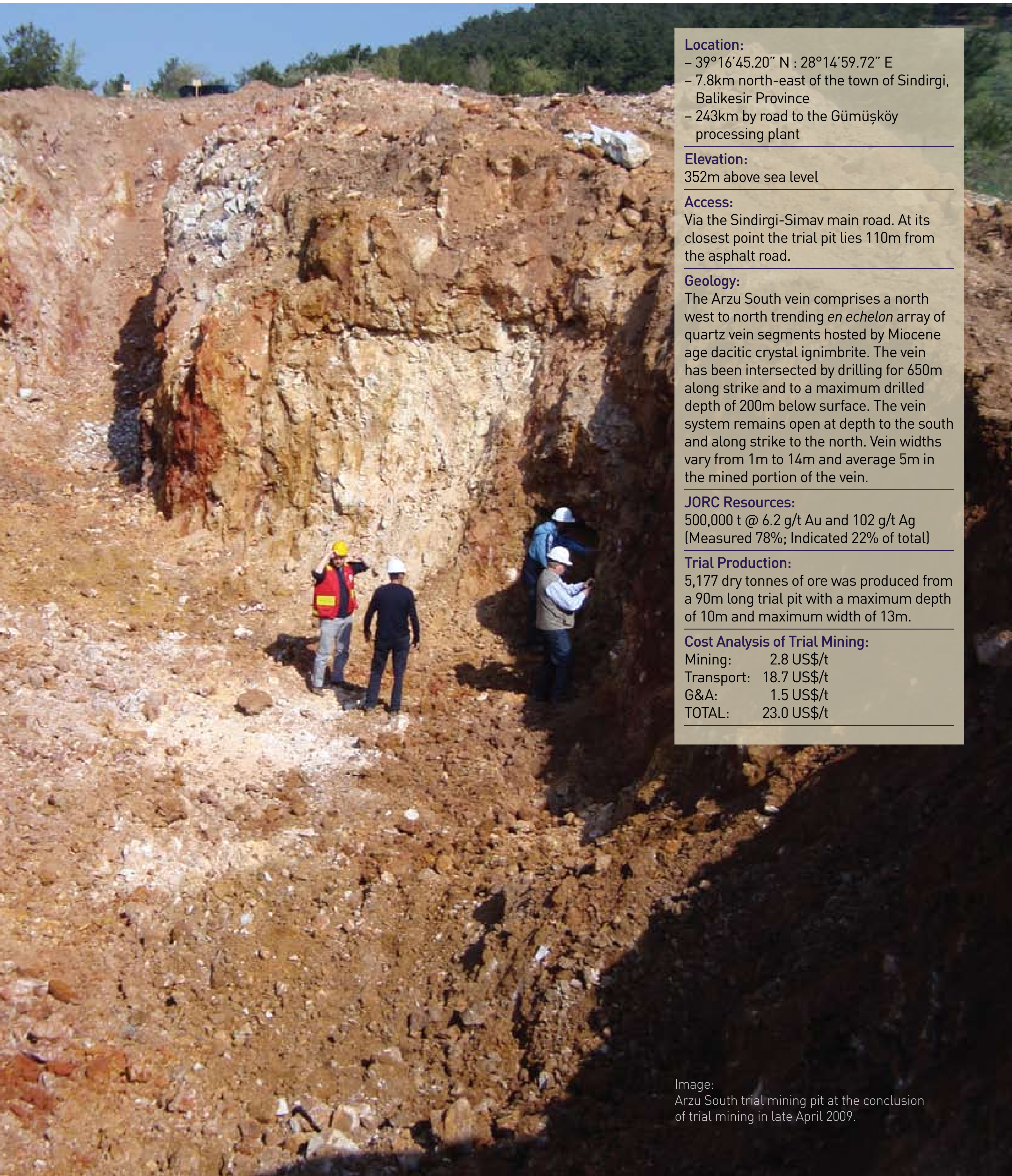
Other Veins

Exploratory drilling has been completed on six additional veins at the Kiziltepe prospect. This work provided results which were sufficiently encouraging to warrant follow-up drilling on three of these veins and led to resource estimates at Banu and Derya.

Derya Vein

The Derya Vein has a strike length of 500m and contains grades up to 6.3 g/t Au and 486 g/t Ag in drilling. There is a marked increase in gold and silver grade in the eastern extension of the vein towards the rhyodacitic ignimbrite cover rocks in the Arzu North area. It is apparent that Derya may be a splay from the Arzu vein system, with gold and silver grades improving toward the intersection of the two structures. In drilling, gold-equivalent intersections of 6.22 g/t over 6.0m, 3.85 g/t over 8.7m and 5.79 g/t over 3.0m have been recorded in proximity to the Arzu structure.

CASE STUDY
ARZU SOUTH VEIN AND TRIAL MINE



Location:
- 39°16'45.20" N : 28°14'59.72" E
- 7.8km north-east of the town of Sindirgi, Balikesir Province
- 243km by road to the Gümüşköy processing plant

Elevation:
352m above sea level

Access:
Via the Sindirgi-Simav main road. At its closest point the trial pit lies 110m from the asphalt road.

Geology:
The Arzu South vein comprises a north west to north trending *en echelon* array of quartz vein segments hosted by Miocene age dacitic crystal ignimbrite. The vein has been intersected by drilling for 650m along strike and to a maximum drilled depth of 200m below surface. The vein system remains open at depth to the south and along strike to the north. Vein widths vary from 1m to 14m and average 5m in the mined portion of the vein.

JORC Resources:
500,000 t @ 6.2 g/t Au and 102 g/t Ag (Measured 78%; Indicated 22% of total)

Trial Production:
5,177 dry tonnes of ore was produced from a 90m long trial pit with a maximum depth of 10m and maximum width of 13m.

Cost Analysis of Trial Mining:

Mining:	2.8 US$/t
Transport:	18.7 US$/t
G&A:	1.5 US$/t
TOTAL:	23.0 US$/t

Image:
Arzu South trial mining pit at the conclusion of trial mining in late April 2009.

BUSINESS REVIEW
CONTINUED

TABLE 2: JORC RESOURCE STATEMENT FOR TAVȘAN

Classification	Zone	Tonnage (Kt)	Grade Au (g/t)	Grade Ag (g/t)	Au (oz)	Ag (oz)	Au equiv. (oz)
Indicated	Main	1,700	1.6	4.2	87,460	229,582	92,051
Inferred	Main & Sivri	1,300	1.0	3.6	41,801	150,482	44,810
	Satellite	1,900	1.2	3.7	73,312	226,045	77,833
Total					**202,572**	**606,109**	**214,695**

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 approximately 50:1.


Drilling with the Ariana drill rig at Vein 9, Kiziltepe, Sindirgi Project.


Outcrop of the Karakaya Vein, Kepez, Sindirgi Project.

Banu Vein
The Banu Vein has a strike length of 750m and has the most uniform grade at surface of all the veins at the Kiziltepe deposit. For 550m of surface sampled strike length, the vein carries a fairly consistent grade of approximately 2–3 g/t Au over a true average width of 2.5m. Evidence from both new and previous drilling indicates an improvement in grade at depth and along strike to the southeast. Seven RC drill holes on a 300m section of vein provided best gold-equivalent intercepts of 3.81 g/t over 6m, 3.78 g/t over 5m and 2.58 g/t over 7m.

KEPEZ PROSPECT
The Kepez prospect lies 6.5km north-east of the Kiziltepe deposit and is located within the same ten-year operating licence. Kepez hosts over 2.5km in strike length of gold-silver bearing low-sulphidation epithermal quartz veins, across an area of at least 2km by 1km. Individual veins are exposed for up to 850m and widths vary between 1m and 25m.

The main structure, named the Karakaya Vein, trends northward, dips to the west at 50 degrees and is hosted along the contact between Miocene age dacitic volcanic rocks and Cretaceous ophiolites. Previous sampling undertaken on the Karakaya Vein returned up to 8.68 g/t Au over 16m and 6.28 g/t Au over 11m across and along the hangingwall contact of the vein, yet follow up drilling results were disappointing with the best intersect recorded in historical drilling: 6.9 g/t Au over 4m.

Following agreement with Eti Gümüș A.Ș. on Kiziltepe, the observed mineralisation at the Karakaya Vein required re-evaluation as a potential source of high-grade ore for the Gümüșköy processing plant. The prospect is scheduled to be drilled with the objective of establishing a small surface resource.

TAVŞAN PROJECT

The Tavşan Gold Project ("Tavşan") lies 75km from the Sindirgi Project, 210km northeast of the coastal city of Izmir and 55km west of the Gümüşköy silver mine. A definitive agreement to purchase the Tavşan Project from Odyssey Resources was finalised in May 2008. The agreement involved payment of US$500,000 and 3,000,000 shares in the Company at 5p per share, with a retained royalty of up to 2% on future gold production from the project assigned to Teck Cominco. Current JORC compliant resources stand at 215,000 ounces gold equivalent (Table 2).

The project is located within an important regional trend of epithermal gold mineralisation, known as the Dağardi Antimony Province. The Tavşan project itself contains three distinct gold prospects: Tavşan, Evciler and Çaldibi. A total of 8km of gold mineralised jasperoid has been identified in outcrop on the project.

TAVŞAN PROSPECT

The Tavşan prospect contains 4km of outcropping gold mineralised jasperoid, which is located along a low-angle thrust fault separating underlying Jurassic limestone from overlying Late Cretaceous ophiolitic rocks. The outcropping jasperoid occurs in an area covering approximately 4km by 4km and is well serviced by asphalt road and forestry tracks. Individual segments of jasperoid are exposed at surface for 500m and are up to 20m thick. Due to the relatively gently dipping nature of the jasperoid, much of the mineralisation is potentially open-pittable.

Although a formal scoping study was not initiated in 2008, certain steps were taken to improve understanding of the project, including a revised resource estimate, heap-leach testwork and a preliminary economic model. Due to the simplicity of the project and acceptable metallurgical recoveries reported in column-leach testwork, the Company considers merit in its development as a heap-leach operation capable of delivering 30,000 ounces per annum. The Company envisages production at a rate of 1Mt per annum via the development of a linked series of shallow pits across the prospect.

The Company is presently considering its options for the further development of the Tavşan prospect.

JOINT VENTURE EXPLORATION

Reconnaissance exploration in eastern Turkey for large porphyry Cu-Au and related deposits identified potential in north-eastern Turkey and resulted in the acquisition of the Ardala Project by the Company. This project, in addition to several other licences, is now being advanced through a Joint Venture agreement with European Goldfields Limited. A Joint Venture exploration company, 49% owned by Ariana Resources and named Pontid Madencilik San. ve Tic. Ltd., was established in May 2008. The Joint Venture includes a free-carry to Bankable Feasibility at 20% or 10%, for initial projects or new projects, respectively. Meanwhile, an earlier Memorandum of Understanding with Besler Inşaat Turizm ve Madencilik San. ve Tic. Ltd. to explore certain licences in south-eastern Turkey was cancelled in early 2008 following initial reconnaissance.

ARDALA PROJECT

The Ardala Prospect is located in the Pontide Metallogenic Province of Turkey and lies approximately 80km southeast of the coastal city of Hopa and 20km east of Artvin. The prospect was acquired according to a royalty agreement for which a 1.5% NSR will be payable in the event that the project enters production.

The prospect hosts a porphyry copper-gold (plus molybdenum) mineralised system associated with a series of nested quartz-diorite intrusions of Eocene age within an Upper Cretaceous volcano-sedimentary sequence. Exposed parts of the porphyry have dimensions of 600m by 700m and interpretation of ground magnetic data suggests further lateral continuity beneath limestone units. Twenty-nine drill holes were undertaken on part of the mineralised system in the early 1990's for which an outline (non-JORC) resource of 20Mt at an average grade of 0.25 % Cu, 0.45 g/t Au and 65 ppm Mo was established. Surrounding gold-bearing skarns, with a peak grade of 5.16 g/t Au and 0.2% Cu in rock-chips, remain undrilled.

In 2008, a major new soil anomaly, named the Salinbaş Target, was discovered on the property, to the south-west of the area drilled by previous operators. Rock-chip samples taken from this area included 16.4 and 18.4 g/t Au in gossaniferous breccia, and 1.92 g/t Au in porphyry and 0.4 g/t Au in skarn. The Salinbaş Target is just over 1km from the area drilled in the 1990s and has a strike of about 1km and width of 0.3km. An additional licence was secured in this area to cover the Salinbaş Target and drilling is scheduled on this and other targets during 2009.

OUTLOOK

2008 was a busy and successful year for the Company, which saw the acquisition of the Tavşan Project, the initiation of a Joint Venture with European Goldfields, and the further development of Kiziltepe to enable trial mining to commence in early 2009. The Company is expecting to receive first cash-flow from Kiziltepe in the near future, laying the foundations for another promising year of growth for Ariana Resources.

Dr. Kerim Sener
Managing Director
29 May 2009

DIRECTORS, SENIOR STAFF AND ADVISORS

DIRECTORS

1. Michael Spriggs BA (Hons) MA MSc
Chairman, aged 65

Michael has 36 years' mining sector experience having graduated from Oxford University with a BA (Hons) in 1964 and an MA in 1968. He obtained an MSc in Geology and Mineral Sciences from the University of Leicester in 1969. He worked for a number of major mining groups, including Anglo American, Falconbridge and Rio Tinto. Michael spent 11 years with the mining team of the UK investment bank SG Warburg (now UBS) from 1986–97. He was appointed Head of the South African Mining Equities Research Team and was subsequently appointed Director of Corporate Finance. Between 1997 and 2004 he was a partner at College Hill, the UK public relations consultancy, as head of the Mining Team. He is presently a consultant to Lothbury Financial, the public relations consultancy.

He is a Committee Member of the Association of UK Mining Analysts, a Member of The Institute of Materials, Minerals and Mining and is a Chartered Engineer.

2. Kerim Sener BSc (Hons) MSc DIC PhD
Managing Director, aged 32

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 for Independence Gold Mining Pvt. Ltd. (Lonmin Zimbabwe) he completed a PhD at the University of Western Australia. During his PhD, in 2000–2003, he worked with ASX-listed Northern Gold NL in the Northern Territory and on a variety of exploration consultancy projects in Western Australia.

He is a Fellow of The Geological Society of London, Member of The Institute of Materials, Minerals and Mining and a member of the Society of Economic Geologists. He is a non-executive director of Genesis Resources Limited (a private company) in Australia.

3. Michael de Villiers B. Comm. Professional Accountant (SA)
Non-Executive Director, aged 46

Michael qualified as a Professional Accountant with Ernst & Young in Cape Town. Michael gained his experience as financial manager and Director at mining and chemicals operations in Namibia, Botswana, Ghana, Bulgaria, central Asia, Australia and the United Kingdom.

He is currently Finance Director of AIM-listed Mercator Gold plc, Norseman Gold plc and is CFO of Eurasia Mining plc, and was previously the Finance Director of Oxus Gold plc and Navan Mining plc.

4. David Reading BSc (Hons) MSc
Non-Executive Director, aged 53

David Reading joined the Board in May 2008. He is Chief Executive Officer of European Goldfields Limited, a position he has held since September 2004. Prior to this, he was General Manager of Exploration at Randgold Resources Limited, the London and NASDAQ listed gold miner, and had been a core member of their executive management team since its incorporation in 1995. He has been responsible for geological and exploration activities which includes a successful track record in discovery and the development of new business opportunities. Before this he was consulting geologist for RSA mines at Randgold and Exploration and spent seven years in exploration and mining with Anglo American Corporation. His experience is broad based and includes involvement in feasibility studies and due diligence work in Africa, Europe, North and South America and Australasia.

DIRECTORS
M J Spriggs
A K Sener
M J de Villiers
D J R Reading

SECRETARY
M J de Villiers

REGISTERED OFFICE
Bridge House
London Bridge
London, SE1 9QR

REGISTERED NUMBER
05403426

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London, EC2A 1BR

REGISTRARS
Computershare Investor Services Plc
PO Box 82
The Pavilions
Bridgwater Road
Bristol, BS99 7NH

SENIOR STAFF

5. William Payne BA (Hons) ACA
Chief Financial Officer, aged 44

William studied Accountancy at Exeter University before training and qualifying as a Chartered Accountant with KPMG in London. He left after 5 years there to become a partner in W H Payne and Co. in 1991. In 2003 he became a partner in top thirty accountancy practice Wilkins Kennedy at their London office. He has a wide diversity of clients, and roles range from audit and assurance to planning, reporting and compliance. He is part of the firm's Property and Construction Group, and is responsible for several outsourced accounts and administration functions. William is also a director of a number of companies, including acting as Finance Director to a company listed on the London PLUS Markets.

6. Erhan Şener BA MA
General Manager, aged 65

Erhan is a Turkish national and has 38 years experience in management in Turkey and in the United Kingdom. Erhan graduated with a degree in Business and Finance from the Faculty of Economics at the University of Istanbul, and then completed a Master's degree on Western European Integration at Reading University in the United Kingdom. Erhan has worked as a consultant for, or in management of, a number of international and Turkish companies including Blue Circle Cement (Consultant), Mardin Cement and Oyak Insurance (General Manager).

7. Uğur Aydin BA
Accounts and Office Manager, aged 46

Uğur is a Turkish national and has 22 years experience in accounting and company administration. Uğur graduated with a degree in Management from Karadeniz Technical University, Faculty of Economics and Administrative Sciences. He has held a Financial Consultant certificate since 1998 and is a member of the Ankara Chamber of Accountants and Financial Consultants. Uğur previously worked as Chief Accountant and Personnel Manager (Turkey) with TSX-listed Eldorado Gold, where he was involved with the development of the 5 million ounce Kisladag gold mine in western Turkey.

8. Muhanned Arar BSc MSc
Projects Manager, aged 48

Muhanned is a Turkish and Jordanian national and has 24 years experience in mineral exploration and mining. Muhanned graduated with a first-class BSc in Applied Geology (Mineral Resources) from the King Abdul Aziz University in Jeddah, Saudi Arabia and with an MSc in Geological Engineering (Economic Geology) from the Middle East Technical University (METU) in Ankara. He has worked for various international consulting, exploration and mining companies in Turkey. For 16 years he was Senior Geologist at the Çayeli Bakır Işletmeleri (owned by INMET of Canada) in Rize and held various roles in resource modelling, mine planning, production and drilling. He is responsible for the implementation and coordination of exploration activities at our advanced projects. He is a member of the Chamber of Geological Engineers of Turkey.

9. Bülent Yilmaz BSc
Tenement Manager, aged 39

Bülent is a Turkish national and has 17 years operational experience in the mining sector in Turkey. Bülent graduated in Mining Engineering from Dokuz Eylul University in 1992. After spending his early career on several open-pit and underground mining operations for Turkish companies, he spent four years with the Turkish subsidiary of Anatolia Minerals Development Ltd. in the licence management department and latterly as the Official Permits and Purchasing Manager. He is responsible for managing the administrative and legal requirements of exploration/operational licences, applications and formal reporting for licences, in addition to organising environmental and other operational permits for our projects. He is a member of the Chamber of Mining Engineers of Turkey.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2008

The directors present their report with the audited financial statements of the Company and the Group for the year ended 31 December 2008.

Principal activity
The principal activity of the Group in the year under review was that of the acquisition, exploration and development of epithermal or porphyry-related gold resource properties in Turkey.

Review of business
The results for the year and financial position of the Company and the Group are as shown in the annexed financial statements.

A review of the Group's activities during the year is contained within the Chairman's Statement and Business Review on pages 4 to 11.

Dividends
No dividends will be distributed for the year ended 31 December 2008 and the retained loss has been transferred to reserves.

Financial and other risk management objectives
The business of gold exploration has an inherent risk of the Group failing to discover a viable deposit of gold within the limits of the Group's present resources. The Board is aware of this and continuously reviews progress on all of the various exploration targets against planned expenditure and expected outcomes. The Group takes out suitable insurance against operational and corporate risks that are anticipated as being material. The Group does not presently hold any forward or hedge positions in either currency or gold. These are presently not deemed necessary and the position is reviewed from time to time. There is an inherent risk of operating between different currencies, namely GBP and Turkish Lira and the Board monitors and reviews this exposure on a regular basis.

The location of the Group's principal operations is in Turkey and its corporate base is in the United Kingdom. Both locations are considered stable, with advanced economic and legal infrastructures.

Further details of the Group's financial risk management objectives and policies are set out in note 23 to the financial statements.

Directors
The directors during the year under review were:

M J Spriggs
A K Sener
M J de Villiers
M A Etheridge (resigned – 9 July 2008)
D J R Reading (appointed – 12 May 2008)

The beneficial interests of the directors holding office on 31 December 2008 in the ordinary issued share capital of the Company were as follows:

	2008	2007
M J Spriggs	387,500	237,500
A K Sener	3,750,000	2,500,000
M J de Villiers	1,822,000	1,076,000
M A Etheridge	1,083,333	1,083,333
D J R Reading	–	–

Share options & warrants
At the end of the year, the directors of the Company held share options and warrants, as indicated below. No share options were exercised or lapsed during the year.

Director	2008	2007
M J Spriggs	670,867	670,867
A K Sener	728,623	728,623
M J de Villiers	468,667	468,667
M A Etheridge	528,333	528,333
D J R Reading	–	–
Total	**2,414,490**	**2,414,490**

Share capital

The authorised share capital of the Company at 31 December 2008 was £5,000,000 divided into 500,000,000 ordinary shares of 1 pence each.

Section 89(1) of the Companies Act 1985 provides that any shares being issued for cash must in general be issued to all existing share holders pro rata to their holding. However, where directors have a general authority to allot shares they may be given the power by the Articles or by a special resolution to allot shares pursuant to the authority as if the statutory pre-emption rights did not exist.

The board has been given authority to allot equity securities for cash up to an aggregate nominal value of £1,000,000. Such authority to expire on the earlier of 15 months from the date of the resolution or the date of the Annual General Meeting in 2009.

During May 2008 the board used this authority up to a nominal amount of £30,000 pursuant to the issue of 3,000,000 ordinary shares for the purchase of the Tavşan project.

During January 2009 the board used this authority up to a nominal amount of £500,000 pursuant to the issue of 50,000,000 ordinary shares for a placing of £500,000 (gross of share issue costs). Related to this placing the board also issued 12,300,000 warrants for 1 pence valid for 4 years using a further nominal amount of £123,000 of share capital.

The board proposes to issue share warrants to all shareholders on the basis of 1 warrant for each 5 shares held. These warrants will be for a subscription price of 3 pence and valid for 12 months from date of issue. Each shareholder will be invited to apply for warrants along with the issue of this annual report and all applications will have to be received by no later than the close of business on 25 June 2009. An over and under allotment will be applied on a pro rata basis for all warrants not subscribed for by the cut off date. This warrant issue will use a maximum of £284,510 of nominal share capital.

An ordinary resolution will be passed 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 £1,288,542.

A special resolution will also be passed 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 95 of the Companies Act 1985 up to an aggregate nominal amount of £1,000,000 and, a) the allotment of up to 403,226 ordinary 1p shares to the directors of the Company in lieu of salary. This has come about as a result of certain directors deferring a portion of their salaries during the first quarter and the shares are to be issued at the average price during the quarter to satisfy the amount deferred. This arrangement will continue for the foreseeable future; b) the issue and allotment to existing shareholders of the Company of up to 28,451,015 warrants to subscribe for one ordinary share at 3 pence for 12 months from the date of issue. These warrants will be offered to shareholders on the basis of one warrant for every five shares held at the time of this offer. Such shareholders will be sent an application form which must be completed and returned to the registrar before the AGM. All shareholders will have the opportunity to subscribe for their full entitlement as well as an oversubscription which will be allotted on a pro rata basis to the original entitlement.

The two authorities mentioned above will expire at the earlier of the next Annual General Meeting or the date being fifteen months from the passing of the resolutions.

Substantial share interests

The Company had been notified of the following interests in shares held on 21 April 2009:

Shareholder	Ordinary Shares	% of Issued Share Capital
European Goldfields Limited	28,271,016	19.87
R Bruce Rowan Esq	24,400,000	17.15
Starvest PLC	16,456,000	11.57
P & N Curtis Esq	5,800,000	4.08
A K Sener Esq	3,750,000	2.64

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2008
Continued

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 2008 were 30 days (2007: 30 days).

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

Going concern
The directors confirm that they are satisfied that the Group has adequate resources to continue in business for the foreseeable future (see note 22), notwithstanding uncertainties caused by the economic environment as noted in the Chairman's Statement. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Statement of directors' responsibilities
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and IFRS.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing those 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 IFRS accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the Directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

The maintenance and integrity of the Ariana Resources PLC website is the responsibility of the directors. The work carried out by the auditors does not involve consideration of these matters, and accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Provision of information to auditors
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 auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves 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
- Unrestricted access of non-executive directors to all members of senior management

Audit committee
The Chairman of the Audit Committee is Michael de Villiers. 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.

The membership of the audit committee comprises two non-executive directors, Michael de Villiers and Michael Spriggs. The external auditors have direct access to the members of the committee, without presence of the executive directors, for independent discussions.

Remuneration committee
The Chairman of the Remuneration Committee is Michael Spriggs. The committee comprises two non-executive directors Michael de Villiers and Michael Spriggs. 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.

Auditors
The directors will place a resolution before the Annual General Meeting to reappoint Grant Thornton UK LLP as auditors for the ensuing year.

By order of the board:

M J de Villiers
Secretary
29 May 2009

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF ARIANA RESOURCES PLC

We have audited the group and parent company financial statements (the "financial statements") of Ariana Resources PLC for the year ended 31 December 2008 which comprise the principal accounting policies, the group income statement, the group and parent company balance sheets, the group and parent company cash flow statements, the group and parent company statements of changes in members' equity, and notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the Chairman's Statement and the Business Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

– the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 December 2008 and of its loss for the year then ended;
– the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 December 2008;
– the financial statements have been properly prepared in accordance with the Companies Act 1985; and
– the information given in the Directors' Report is consistent with the financial statements.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 22 to the financial statements concerning the group's ability to continue as a going concern.

As explained in note 22, the Group will need to raise additional finance to continue in operational existence for the foreseeable future. The Group incurred a net loss of £604,000 during the year ended 31 December 2008 and has not yet generated any revenue from operations. These conditions, along with the going concern accounting policy and the disclosures within the Directors report on page 16 indicate that the Group will need to raise additional funds to continue as a going concern. The Directors have a reasonable expectation that the Company and the Group will secure adequate resources to continue in operational existence for the foreseeable future.

These conditions indicate the existence of a material uncertainty which may cast doubt on the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Grant Thornton UK LLP
Registered Auditor
Chartered Accountants
London
29 May 2009

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 £'000	2007 £'000
Administrative costs		(608)	(516)
Investment income		29	65
Share of loss of associates	11b	(25)	–
Loss before tax	4	(604)	(451)
Tax	6	–	–
Loss for the year attributable to equity shareholders of the Company		(604)	(451)
Earnings per share:			
Basic and diluted loss per share (pence)	8	0.71	0.84

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.

CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	31 December 2008 £'000	31 December 2007 £'000
Assets			
Non-current assets			
Trade and other receivables	12	126	124
Intangible assets	9	3,401	2,082
Land, property, plant and equipment	10	230	45
Interest in associates	11b	–	–
Total non-current assets		3,757	2,251
Current assets			
Trade and other receivables	13	302	179
Cash and cash equivalents		143	1,182
Total current assets		445	1,361
Total assets		**4,202**	**3,612**
Equity			
Called up share capital	15	927	713
Share premium		4,282	3,419
Other reserves		720	720
Share options		100	7
Translation reserve		63	38
Retained earnings		(2,046)	(1,442)
Total equity		4,046	3,455
Liabilities			
Current liabilities			
Trade and other payables	14	156	157
Total current liabilities		156	157
Total equity and liabilities		**4,202**	**3,612**

The financial statements were approved by the board of directors and authorised for issue on 29 May 2009.
They were signed on its behalf by:

M J Spriggs
Chairman

A K Sener
Managing Director

The accompanying notes form part of these financial statements.

COMPANY BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	31 December 2008 £'000	31 December 2007 £'000
Assets			
Non-current assets			
Investments	11a	217	217
Total non-current assets		217	217
Current assets			
Trade and other receivables	13	3,561	2,905
Total current assets		3,561	2,905
Total assets		**3,778**	**3,122**
Equity			
Called up share capital	15	927	713
Share premium		4,282	3,419
Share options		100	7
Retained earnings		(1,531)	(1,017)
Total equity		3,778	3,122
Liabilities			
Current liabilities			
Trade and other payables	14	–	–
Total current liabilities		–	–
Total equity and liabilities		**3,778**	**3,122**

The financial statements were approved by the board of directors and authorised for issue on 29 May 2009.
They were signed on its behalf by:

M J Spriggs
Chairman

A K Sener
Managing Director

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008

	Share capital £'000	Share premium £'000	Other reserves £'000	Share options £'000	Translation reserve £'000	Retained earnings £'000	Total £'000
Changes in equity to 31 December 2007							
Balance at 1 January 2007	470	2,738	720	7	(11)	(991)	2,933
Loss for the year	–	–	–	–	–	(451)	(451)
Total recognised income and expenditure for the year	–	–	–	–	–	(451)	(451)
Foreign currency translation differences	–	–	–	–	49	–	49
Issue of share capital	243	729	–	–	–	–	972
Expenses offset against share premium	–	(48)	–	–	–	–	(48)
Balance at 31 December 2007	713	3,419	720	7	38	(1,442)	3,455
Changes in equity to 31 December 2008							
Loss for the year	–	–	–	–	–	(604)	(604)
Total recognised income and expenditure for the year	–	–	–	–	–	(604)	(604)
Foreign currency translation differences	–	–	–	–	25	–	25
Share based payments	–	–	–	93	–	–	93
Issue of share capital	214	863	–	–	–	–	1,077
Balance at 31 December 2008	927	4,282	720	100	63	(2,046)	4,046

The accompanying notes form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2008

	Share capital £'000	Share premium £'000	Share options £'000	Retained earnings £'000	Total £'000
Changes in equity to 31 December 2007					
Balance at 1 January 2007	470	2,738	7	(623)	2,592
Loss for the year	–	–	–	(394)	(394)
Total recognised income and expenditure for the year	–	–	–	(394)	(394)
Issue of share capital	243	729	–	–	972
Expenses offset against share premium	–	(48)	–	–	(48)
Balance at 31 December 2007	713	3,419	7	(1,017)	3,122
Changes in equity to 31 December 2008					
Loss for the year	–	–	–	(514)	(514)
Total recognised income and expenditure for the year	–	–	–	(514)	(514)
Share based payments	–	–	93	–	93
Issue of share capital	214	863	–	–	1,077
Balance at 31 December 2008	**927**	**4,282**	**100**	**(1,531)**	**3,778**

The accompanying notes form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 £'000	2007 £'000
Cash flows from operating activities			
Cash generated from operations	16a	(613)	(548)
Net cash outflow from operations		(613)	(548)
Cash flows from investing activities			
Purchase of land, property, plant and equipment		(231)	(25)
Payments for intangible assets		(1,125)	(770)
Purchase of interest in associates		(25)	–
Interest received		28	54
Net cash used in investing activities		(1,353)	(741)
Cash flows from financing activities			
Proceeds from issue of share capital		927	924
Net cash proceeds from financing activities		927	924
Net decrease in cash and cash equivalents		(1,039)	(365)
Cash and cash equivalents at beginning of year		1,182	1,547
Cash and cash equivalents at end of year		**143**	**1,182**

The accompanying notes form part of these financial statements.

COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 £'000	2007 £'000
Cash flows from operating activities			
Cash generated from operations	16b	(927)	(924)
Net cash outflow from operations		(927)	(924)
Cash flows from investing activities			
Proceeds from issue of share capital		927	924
Net cash proceeds from financing activities		927	924
Net (decrease)/increase in cash and cash equivalents		–	–
Cash and cash equivalents at beginning of year		–	–
Cash and cash equivalents at end of year		–	–

All bank transactions are undertaken by Ariana Exploration & Development Limited on behalf of Ariana Resources PLC.

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

1. General information

Ariana Resources PLC (the "Company") is a public limited company incorporated and domiciled in Great Britain. The address of its registered office is disclosed on page 39. 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 (the "Group") are related to the exploration for and development of gold and other minerals in Turkey.

The consolidated financial statements are presented in Pounds Sterling (£), which is the parent'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 2008.

The separate financial statements of the Company are presented as required by the Companies Act 1985. 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, and the accounting policies have been applied consistently throughout the Group. These financial statements have also been prepared on the going concern basis, further details of which are set out in note 22.

New IFRS accounting standards and interpretations not yet adopted
The directors together with their advisers are in the process of evaluating the impact of standards and interpretations that have not yet become effective. Listed below are those standards and interpretations most likely to impact the Group:

- IAS 1 Presentation of Financial Statements (revised 2007) (effective 1 January 2009)
- IAS 23 Borrowing Costs (revised 2007) (effective 1 January 2009)

- IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective 1 July 2009)
- Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (effective 1 January 2009)

- IFRS 3 Business Combinations (Revised 2008) (effective 1 July 2009)
- IFRS 8 Operating Segments (effective 1 January 2009)
- IFRIC 11 IFRS 2 – Group and Treasury Share Transactions (effective 1 March 2007)

IFRS 8 Operating Segments replaces the segmental reporting requirements of IAS 14 Segment Reporting. The key change is to align the determination of segments in the financial statements with that used by management in their resource allocation decisions. This standard is not expected to have significant impact on existing disclosure.

The amendment to IAS 1 Financial statement presentation released in September 2007 redefines the primary statements and expands on certain disclosures within these. Once adopted the Group's primary statements will be amended to reflect the presentation required.

Based on the Group's current business model and accounting policies it is felt that the other standards and/or interpretations are unlikely to have a material impact on the Group's earnings or shareholders' funds.

IFRS 1 First time adoption of IFRS: the Group has elected the business combinations exemption, which allows the Company not to restate business combinations prior to 1 January 2006.

The Group has elected to apply the transitional provisions under IFRS 6 which permits the existing accounting policy under UK GAAP for accounting for and capitalisation of mineral exploration costs, to be used for IFRS purposes.

The Group has chosen not to restate items of property, plant and equipment to fair value at the transition date.

Significant accounting policies
Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

On 25th July 2005 Ariana Resources PLC acquired the entire issued share capital of Ariana Exploration & Development Limited by way of a share for share exchange. The transaction qualified as a group reconstruction within the meaning of FRS 6, and has been accounted for using the merger accounting method. The Group has chosen not to restate this transaction under IFRS 1.

The results of subsidiaries acquired or disposed of are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Income and expense recognition
The Group's only income is 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 income statement 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 of each of the Group's entities 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 Sterling, which is the Group's presentation currency. This is also the functional currency of the Group and Company and is considered by the board also to be appropriate for the purposes of preparing the Group financial statements.

- 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 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:

  – monetary assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet. Non-monetary items are measured at the exchange rate in effect at the historical transaction date and are not translated at each balance sheet date.

  – 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 income statement as part of the gain or loss on sale.

Investment in associates
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 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 balance sheet 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.

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 or valuation 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.

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 income statement.

Intangible assets
Intangible assets represent 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. 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. Where the Group maintains an interest in a project, but the value of the project is considered to be impaired, a provision against the relevant capitalised costs will be raised.

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.

Impairment of tangible and intangible assets
At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

Continued

1. General information (continued)

Intangible assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Tangible assets

Depreciation is provided on a straight line basis at the following annual rates in order to write off each asset, other than freehold land, over its estimated useful life.

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

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand and demand deposits together with other short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Trade payables

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

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

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.

Pensions

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

Accounting estimates and judgements

The Group makes estimates and assumptions 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 assumptions 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 below:

- Capitalised mining costs
  The recovery of the value of the Group's exploration mining 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. The Group periodically updates estimates of resources in respect of its exploration mining projects and assesses those for indicators of impairment relating to its capitalised costs.

- Carrying value of property, plant and equipment
  The Group monitors internal and external indicators of impairment relating to its property, plant and equipment. Management has considered whether any indicators of impairment have arisen over certain assets. After assessing these, management has concluded that no impairment has arisen in respect of these assets during the year and subsequently.

- Useful lives of tangible assets
  Plant and equipment are depreciated over their useful lives. Useful lives are based on management's estimates and are periodically reviewed for continued appropriateness.

- Fair value of financial instruments
  The Group determines the fair value of financial instruments that are not quoted, based on estimates using present values or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows.

- Share-based payments
  In order to calculate the charge for share-based payments as required by IFRS 2, the Group makes estimates principally relating to assumptions used in its option-pricing model as set out in note 15.

- Trade and other receivables
  Trade and other receivables are recognised initially at fair value and subsequently restated for any impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

2. Staff costs

	Group		Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Wages and salaries	150	160	115	143
Social security costs	8	5	7	4
Share based payments	10	–	–	–
Pension costs	7	5	7	5
	175	170	129	152

Total staff costs, including those capitalised within intangible assets, amount to £450,000 (2007: £381,000). The average monthly number of employees (including executive directors) during the year was as follows:

	Group		Company	
	2008 Number	2007 Number	2008 Number	2007 Number
Exploration activities	16	15	2	1
Administration	5	4	3	3
	21	19	5	4

3. Directors' emoluments

	Group		Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Basic salary and fees	147	167	147	167
Compensation for loss of office	–	25	–	25
Pension contributions	7	5	7	5
	154	197	154	197
The emoluments of the Chairman were	25	73	25	73
The emoluments of the highest paid Director were	85	73	85	73

Key management personnel consist of only the directors. Details of share options and interests in the Company's shares of each director is shown in the Directors' report on pages 14 to 15.

	Year	Salary and fees	Pension	Compensation for loss of office	Total
Michael Spriggs	2008	25	–	–	25
	2007	73	–	–	73
Kerim Sener	2008	85	7	–	92
	2007	45	5	–	50
Mike Etheridge	2008	8	–	–	8
	2007	15	–	–	15
Michael de Villiers	2008	29	–	–	29
	2007	20	–	–	20
Steven Poulton	2007	14	–	25	39

David Reading was appointed to the board on the 12 May 2008, and waived his entitlement to his director's fee for 2008. Mike Etheridge resigned from the board on the 9 July 2008. Steven Poulton resigned from the board on the 1 April 2007.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

Continued

4. Operating loss

The operating loss is stated after charging:

	2008 £'000	2007 £'000
Depreciation – owned assets	2	2
Loss on disposal of property, plant and equipment	–	5
Operating lease – office rental	6	1
Net foreign exchange losses	1	23
Fees payable to the Company's auditors for the audit of the Company's annual accounts	16	10
Fees payable to the Company's auditors for other services:		
– The audit of the Company's subsidiaries	1	2
– Other services pursuant to legislation	3	3

5. Segmental analysis

In the opinion of the directors the operations of the Group comprise one class of business being the exploration and development of gold and other minerals. The Group's main operations are located within the geographical markets of the United Kingdom and Turkey.

	Loss for the year		Net assets	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
United Kingdom	610	424	6	1,051
Turkey	(7)	26	4,033	2,403
British Virgin Islands	1	1	7	1
	604	451	4,046	3,455

6. Tax

Analysis of the tax charge

The Group has incurred tax losses for the year and a corporation tax charge is not anticipated. No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2008 nor for the year ended 31 December 2007.

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2008 £'000	2007 £'000
Group loss on ordinary activities before tax	(604)	(451)
Losses/(profits) from ordinary activities on overseas subsidiaries	(6)	27
Loss on ordinary activities on UK operations	(610)	(424)
Loss on ordinary activities multiplied by the standard rate of corporation tax, in the UK of 28% (2007 – 30%)	(171)	(127)
Effects of:		
Disallowable expenses	1	1
Depreciation in excess of capital allowances	–	2
Losses to carry forward	170	124
Current tax charge	–	–

The Group has losses carried forward on which no deferred tax assets are recognised. The deferred tax assets related to these losses have not been recognised in the financial statements as the recovery of this benefit is dependent on the future profitability of certain subsidiaries, the timing of which cannot be reasonably foreseen. Total tax losses carried forward amount to £1,564,000 (2007: £990,000), £1,571,000 (2007: £964,000) of which relates to the UK companies, with the balance arising in connection with the affairs of the Turkish subsidiary.

7. Loss of parent company

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent Company is not presented as part of these financial statements. The parent Company's loss for the financial year was £514,000 (2007: £394,000).

8. Loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary shareholders of £604,000 (2007: £451,000) divided by the weighted average number of shares issued during the year 85,067,170 (2007: 53,488,941) in issue. There is no dilutive effect of share options or warrants on the basic loss per share.

9. Intangible assets

Group	Deferred exploration expenditure £'000
Cost	
At 31 December 2006	1,297
Additions	785
At 31 December 2007	2,082
Additions	1,319
At 31 December 2008	**3,401**
Net book value	
At 31 December 2006	1,297
At 31 December 2007	2,082
At 31 December 2008	**3,401**

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 assets. These assets are not amortised, until technical feasibility and commercial viability is established.

10. Land, property, plant & equipment

Group	Land £'000	Computer equipment £'000	Drilling equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Totals £'000
Cost						
At 31 December 2006	–	10	–	26	34	70
Additions	12	3	–	–	10	25
Disposals	–	–	–	(16)	(3)	(19)
At 31 December 2007	12	13	–	10	41	76
Reallocation of cost	–	–	4	(4)	–	–
Additions	–	1	229	1	–	231
At 31 December 2008	12	14	233	7	41	307
Depreciation						
At 31 December 2006	–	2	–	12	14	28
Charge	–	2	–	4	11	17
Disposals	–	–	–	(12)	(2)	(14)
At 31 December 2007	–	4	–	4	23	31
Reallocation of depreciation	–	–	1	(1)	–	–
Charge	–	4	28	2	12	46
At 31 December 2008	–	8	29	5	35	77
Net book value						
At 31 December 2006	–	8	–	14	20	42
At 31 December 2007	12	9	–	6	18	45
At 31 December 2008	12	6	204	2	6	230

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

Continued

11a. Investments

Company	Shares in group undertakings 2008 £'000
Cost	
At 1 January and 31 December 2008	217
Net book value	
At 31 December 2007 and 31 December 2008	217

The Company's investments at the balance sheet date comprise 100% ownership of the ordinary share capital of the following companies:

Subsidiaries	Country of incorporation	Nature of business
Ariana Exploration & Development Limited	United Kingdom	Exploration
Portswood Resources Limited	British Virgin Islands	Holding company
Galata Madencilik San. ve Tic. Ltd.	Turkey	Exploration

11b. Interest in associates

Company	Shares in Associated undertakings 2008 £'000
Cost	
At 1 January 2008	–
Additions	25
Share of loss of associates	(25)
At 31 December 2008	–

Ariana Exploration & Development Limited investment at the balance sheet date comprises 49% ownership of the ordinary share capital of the following companies:

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

During the year Greater Pontides Exploration B.V. was created in the Netherlands. This company, along with its wholly owned subsidiary – Pontid Madencilik San. ve Tic. Ltd., a private company incorporated in Turkey, was established with European Goldfields Limited as part of the Joint Venture agreement on the Ardala Project. Ariana Exploration & Development Limited, a fully owned subsidiary of the Group holds 49% of the ordinary shares and European Goldfields Limited, the other party to the joint venture, holds the remaining 51% of the ordinary shares. Greater Pontides Exploration B.V. Group will be treated as an associate company 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.

The reported loss of Greater Pontides Exploration B.V. in its unaudited Group financial statements for the year ended 31 December 2008, amounted to US dollars $213,518. The functional currency for the Greater Pontides Exploration B.V. Group is US dollars. Greater Pontides Exploration B.V. Group has expensed the costs associated with the Ardala Project in the income statement in accordance with their policy on exploration and evaluation expenditure. The loss reported by Greater Pontides Exploration B.V. Group has been restated to reflect the Group policy for investments in associates, as detailed in the Group's accounting policy. The Group's share of the adjusted loss, converted into Sterling, has been included in the Consolidated Income Statement, and amounted to £25,545.

11b. Interest in associates (continued)

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

Share of associates' balance sheet	2008 US$'000
Non-current assets	245
Current assets	47
Total assets	**292**
Non-current liabilities	–
Current liabilities	(387)
Total liabilities	**(387)**
Net liabilities	**(95)**
Carrying amount of the investment	Nil

All associates have a reporting date of 31 December 2008.

12. Non-current trade and other receivables

	Group		Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Other receivables	126	124	–	–

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 2011 and 2012 and the fair value is not materially different to the carrying value presented.

13. Trade and other receivables

	Group		Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Amounts owed by Group undertakings	–	–	3,561	2,905
Other receivables	262	138	–	–
Prepayments	40	41	–	–
	302	179	3,561	2,905

The fair value of trade and other receivables is not materially different to the carrying values presented.

14. Trade and other payables

	Group		Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Trade and other payables	69	80	–	–
Social security and other taxes	15	12	–	–
Accruals and deferred income	72	65	–	–
	156	157	–	–

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008
Continued

15. Called up share capital

Authorised

Number	Class	Nominal value	2008 £'000	2007 £'000
500,000,000	Ordinary	0.01	5,000	5,000

Allotted, issued and fully paid

Number	Class	Nominal value	2008 £'000	2007 £'000
92,855,078	Ordinary	0.01	927	713

Share Capital
In May 2008 the Company allotted shares with an aggregate nominal value of £214,000 for a total consideration of £1,077,000 as follows:

Nature of consideration	Price per Share	Number	Share Capital £'000	Share Premium £'000
Cash	5 pence	18,571,016	184	743
Project costs	5 pence	3,000,000	30	120
Total		**21,571,016**	**214**	**863**

Potential issue of ordinary shares
Share options and warrants
At the 31 December 2008 the Company had 3,441,000 options and 12,253,050 warrants outstanding for the issue of ordinary shares as follows:

Date of grant	Exercisable from	Exercisable to	Exercise price	Number granted	Number at 31 December 2008
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
Total				**3,441,000**	**3,441,000**

Date of grant	Exercisable from	Exercisable to	Exercise price	Number granted	Number at 31 December 2008
Warrants					
28 July 2005	28 July 2005	28 July 2010	15.5p	64,516	64,516
28 July 2005	28 July 2005	28 July 2010	12p	471,466	471,466
21 November 2007	21 November 2007	20 November 2010	8p	8,108,900	8,108,900
1 April 2008	1 April 2008	1 April 2013	13p	3,000,000	3,000,000
25 July 2008	25 July 2008	25 September 2012	8p	608,168	608,168
Total				**12,253,050**	**12,253,050**
Total Contingently Issuable shares				**15,694,050**	**15,649,050**

Costs associated with options issued during the year.
No options were exercised in the year. Options and warrants issued during the year have been valued using the following inputs to the Black-Scholes model:

	2008	2007
Share price when options issued	3.8p	–
Expected volatility (based on closing prices from date of listing to year end)	114.24%	–
Expected life	5 years	–
Risk free rate	4.25	–
Expected dividends	Zero	–

15. Called up share capital (continued)

The Group recognised the following expenses relating to equity settled share based payment transactions:

	2008 £'000	2007 £'000
Share based payments	93	–

16. Notes to the cash flow statement

(a) Cash generated from Group operations
The following non-cash flow adjustments have been made to the pre-tax results for the year:

	2008 £'000	2007 £'000
Operating loss for the year	(633)	(516)
Adjusted for:		
Depreciation	2	2
Loss on share of associates	25	–
Loss on disposal of property, plant and equipment	–	5
Share based payments	93	–
Operating income before working capital changes		
Change in trade and other receivables	(124)	(40)
Change in trade and other payables	(1)	(48)
Foreign exchange differences	25	49
Cash generated from Group operations	**(613)**	**(548)**

(b) Cash generated from Company operations
The following non-cash flow adjustments have been made to the pre-tax results for the year:

	2008 £'000	2007 £'000
Operating loss for the year	(514)	(394)
Adjusted for:		
Share based payments	93	–
Operating income before working capital changes		
Change in trade and other receivables	(506)	(515)
Change in trade and other payables	–	(15)
Cash generated from Company operations	**(927)**	**(924)**

17. Contingent liabilities

The Group had no contingent liabilities at 31 December 2008 or 31 December 2007.

18. Operating lease arrangements

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

	2008 £'000	2007 £'000
Within one year	25	21

19. Capital commitments

The Group had no authorised capital commitments at the year end (2007: £213,000) and no unauthorised capital commitments as at 31 December 2008 (2007: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

Continued

20. 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 the following companies and as such are considered related parties.
– Ariana Exploration & Development Limited
– Portswood Resources Limited
– Galata Madencilik San. ve Tic. Ltd.

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

Loans payable by Ariana Exploration & Development Limited and Galata Madencilik San. ve Tic. Ltd. to Ariana Resources PLC amounted to £3,320,699 (2007: £2,848,512) and £241,429 (2007: £55,114) respectively.

21. Events after the balance sheet date

On the 14 January 2009 the Company finalised a placement of 50,000,000 new ordinary shares for £500,000 (gross of share issue costs) and issued 12,300,000 warrants to buy ordinary shares at 1 pence valid for a four year period.

22. Going concern

The financial position of Ariana, its cash flows and liquidity are described in the review on pages 19 to 25. The current economic conditions provide challenges to the board and it is their prime responsibility to ensure the Company remains a going concern. A placing in January 2009 raised £0.5M (gross of share issue costs) and cash-flow from trial mining is expected in 2009. In the later part of 2008 and in quarter one 2009 the Company took measures to reduce its overheads.

The directors are aware that the Group will need to raise additional working capital during 2009 to support corporate overheads and exploration programmes, and to maintain the Company as a going concern. The Company is also considering other options, including the sale of assets to raise finance. Although Ariana has been successful in raising finance in the past, there is no assurance that it will obtain adequate finance in the future. However, the directors have a reasonable expectation that they will secure additional funding when required to continue operating for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

23. 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 in 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.

Foreign currency risk

Foreign exchange risk arises due to the Group's and Company's primary operations in Turkey. The Group and Company have a general policy of not hedging against their 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.

The carrying amount of the Group's and Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Group		Company	
Turkish Lira	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Trade and other receivables	385	263	–	–
Cash and cash equivalents	60	60	–	–
Trade and other payables	(44)	(46)	–	–
	401	277	–	–

Rates of exchange	Lira
31 December 2008	- 2.2192
31 December 2007	- 2.3524

Foreign currency sensitivity

The Group and Company are mainly exposed to Turkish Lira.

The following table details the Group sensitivity to a +/- 20% change in Pounds Sterling against the Turkish Lira. Both of these percentages have been determined based on the market movements in exchange rates in the previous three years. The sensitivity analysis of the Group and Company exposure to foreign currency risk at the reporting date has been determined based on the change taking place at the beginning of the financial year and held constant throughout the reporting period. Profit or losses arising on revaluing monetary assets and liabilities are taken to the translation reserve on consolidation.

	Group		Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
+ 20% increase in Sterling Profit/(loss) on translation	(65)	(46)	–	–
- 20% decrease in Sterling Profit/(loss) on translation	103	69	–	–

23. Financial instruments continued

Borrowing facilities and interest rate risk
The Group and Company finance their operations through the issue of equity share capital. There is no borrowing and therefore interest rate exposure is restricted to deposits. Additional cash was received in May 2008 as a result of fund raising activities. The cash assets were subsequently transferred to term deposits. Term deposits returned on average an interest rate of between 3% and 5% during the year. The deposits are kept under regular review, with reference to future expenditure requirements, and to maximise interest receivable.

	Group		Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Floating interest rate (by reference to bank base rate)	133	1,149	–	–
Zero interest rate	10	33	–	–
	143	1,182	–	–

Interest rate sensitivity
The following table demonstrates the sensitivity to a reasonably expected possible change in interest rates, with all other variables held constant, of the Group's and Company's loss before tax through the impact on interest returns on cash deposits.

	Group 2008 £'000		Company 2008 £'000
	Change in rate	Effect on loss	
Sterling	+3%	4	–
	+2%	2	–
	+1%	1	–
Sterling	-1%	(1)	–

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. The fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Trade and other receivables
The fair value of trade and other receivables is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date.

For receivables and payables with a remaining life of less than one year, the notional amount is deemed to reflect fair value. All other receivables and payables are discounted to determine the fair value.

	Carrying amount		Fair values	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Non current assets				
Trade and other receivables	126	124	106	102
Current assets				
Trade and other receivables	302	179	302	179
Cash and cash equivalents	143	1,182	143	1,182
Trade and other payables	156	157	156	157

Differences arising between the carrying and fair value are considered not significant to adjust for in these accounts.

NOTICE OF THE 2009 ANNUAL GENERAL MEETING OF ARIANA RESOURCES PLC

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 2009 at 12.00 noon in order to consider and, if thought fit, pass resolutions 1 to 5 as Ordinary Resolutions and resolutions 6 and 7 as Special Resolutions:

Ordinary Resolutions

1. To re-elect as a director Michael Jeremy Spriggs who is retiring in accordance with Article 114 of the Company's Articles of Association and who being eligible is offering himself for re-election.

2. To re-elect as a director Michael John de Villiers who is retiring in accordance with Article 114 of the Company's Articles of Association and who being eligible is offering himself for re-election.

3. To receive, consider and adopt the directors' report and accounts of the Company for the period ended 31 December 2008.

4. To re-appoint Grant Thornton UK LLP of Grant Thornton House, Melton Street, Euston Square, London NW1 2EP as auditors and to authorise the directors to determine their remuneration.

5. Pursuant to Section 80 of the Companies Act 1985 (the "Act") to exercise all or any of the powers of the Company to allot relevant securities (as defined in section 80(2) of the Act) up to an aggregate nominal amount of £1,288,542, provided that this authority shall, unless previously revoked or varied by the Company in general meeting, 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, but so that the directors may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of that offer or agreement as if the authority hereby conferred had not expired.

Special Resolutions

6. That the Articles of Association of the Company be amended such that the Board of Directors of the Company shall be permitted to authorise any matter proposed to them by a director which would, if not so authorised, involve that director being in breach of his duty to avoid conflicts of interest under section 175 of the Companies Act 2006, by the deletion of the existing Article 98 and its replacement by a new Article 98 in the following terms:

"98 the directors may, in accordance with the requirements set out in this article and notwithstanding anything to the contrary in these articles, authorise any matter proposed to them by any director which would, if not authorised, involve a director breaching his duty under section 175 of the 2006 Act to avoid conflicts of interest ("Conflict").

98.1 Any authorisation under this article will be effective only if:

98.1.1 the matter in question shall have been proposed by any director for consideration at a meeting of directors in the same way that any other matter may be proposed to the directors under the provisions of these articles or in such other manner as the directors may determine;

98.1.2 any requirement as to the quorum at the meeting of the directors at which the matter is considered is met without counting the director in question (the "Conflicted Director") (or any other interested director); and

98.1.3 the matter was agreed to without the Conflicted Director (or any other interested director) voting or would have been agreed to if his (or any other interested director's) vote had not been counted.

98.2 Any authorisation of a Conflict under this article may (whether at the time of giving the authorisation or subsequently):

98.2.1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the Conflict so authorised;

98.2.2 be subject to such terms and for such duration, or impose such limits or conditions as the directors may determine; and

98.2.3 be terminated or varied by the directors at any time; but this will not affect anything done by the Conflicted Director prior to such termination or variation in accordance with the terms of the authorisation.

98.3 In authorising a Conflict the directors may decide (whether at the time of giving the authorisation or subsequently) that if the Conflicted Director has obtained any information through his involvement in the Conflict otherwise than as a director of the Company and in respect of which he owes a duty of confidentiality to another person, the Conflicted Director is under no obligation to:

98.3.1 disclose that information to the other directors or to any director or other officer or employee of the Company; or

98.3.2 use or apply that information in performing his duties as a director of the Company; where to do so would amount to a breach of that confidence.

98.4 Where the directors authorise a Conflict they may provide, without limitation, (whether at the time of giving the authorisation or subsequently) that the Conflicted Director:

98.4.1 is excluded from discussions (whether at meetings of directors or otherwise) related to the Conflict;

98.4.2 is not given any documents or other information relating to the Conflict; and/or

98.4.3 may or may not vote (or may or may not be counted in the quorum) at any future meeting of directors in relation to any resolution relating to the Conflict.

98.5 Where the directors authorise a Conflict, the Conflicted Director will:

98.5.1 be obliged to conduct himself in accordance with any terms imposed by the directors in relation to the Conflict; and

98.5.3 not infringe any duty he owes to the Company by virtue of sections 171 to 177 (inclusive) of the 2006 Act provided he acts in accordance with such terms, limits and conditions (if any) as the directors impose in respect of its authorisation.

98.6 A director is not required, by reason of being a director of the Company (or because of the fiduciary relationship established by reason of being a director of the Company), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the directors or by the Company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds."

7. Pursuant to Section 95 of the Act, to generally empower the directors to allot equity securities (as defined in Section 94(2) of the Act) for cash, pursuant to the authority conferred upon them by resolution 5 above, as if Section 89(1) of the Act did not apply to such allotment, provided that the power conferred by this paragraph 7 shall (save as provided in paragraph (b) below) following the passing of this resolution be limited to:

a. the allotment of equity securities in connection with a rights issue or open offer in favour of ordinary shareholders where the equity securities attributable to the respective interests of all ordinary shareholders are proportionate to the respective numbers of ordinary shares held by them on the record date for any such allotment, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or any stock exchange in any territory;

b. notwithstanding paragraph (a) above, the power conferred by this Resolution 7 shall be limited to:

i. the issue and allotment to existing shareholders of the Company of up to 28,451,015 warrants, each warrant to subscribe for one ordinary 1p share in the capital of the Company

ii. the allotment of up to 403,226 ordinary 1p shares to the directors of the Company in lieu of salary; and

iii. in addition to the authorities given in paragraphs (i) and (ii) above the allotment of equity securities of up to the aggregate nominal amount of £1,000,000, provided that such authority shall expire at the conclusion of the next Annual General Meeting of the Company or (if earlier) 12 months from the date of passing this resolution save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

By Order of the Board dated 29 May 2009

Michael de Villiers
Secretary

Registered Office
Bridge House
London Bridge
London
SE1 9QR

NOTICE OF THE 2009 ANNUAL GENERAL MEETING OF ARIANA RESOURCES PLC

Continued

Notes:

1. A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote on a poll instead of him A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company.

2. Completion and return of the form of proxy will not preclude ordinary shareholders from attending or voting at the meeting, if they so wish.

3. To be effective, this proxy form must be lodged with the Company's registrars, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS13 8AE, United Kingdom not later than 2 business days before the time of the meeting or any adjournment thereof, together, if appropriate, with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or, where the proxy form has been signed by an officer on behalf of a corporation, a notarially certified copy of the authority under which it is signed.

4. In the case of a joint holding, a proxy need only be signed by one joint holder. If more than one such joint holder lodges a proxy only that of the holder first on the register of members will be counted. Any alternations made to this proxy should be initialled.

5. 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.

6. In the case of a corporation this proxy must be given under its common seal or be signed on its behalf by an attorney or officer duly authorised.

7. 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.

8. A copy of the balance sheet and every document required by law to be annexed to it, which are to be laid before the above mentioned meeting, are enclosed. The register of interests of the directors in the share capital of the company and copies of contracts of service of directors with the Company will be available for inspection at the registered office of the Company during normal business hours (Saturdays and public holidays excepted) from the date of this notice until the conclusion of the Annual General Meeting.

9. 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 12.00 noon on 27 June 2009, (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.

10. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

    In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message must be transmitted so as to be received by the Company's agent, Computershare Investor Services plc (whose CREST ID is 3RA50) by the specified latest time(s) for receipt of proxy appointments. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed.

    The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 355 (A) of the Uncertificated Securities Regulations 2001.

11. A copy of the amended Articles of Association will be available for inspection at the Company's registered office during normal business hours until the date of the Annual General Meeting and will also be available by request from the Company Secretary.

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Cover image: Iznik tiles in the Topkapi Palace, Istanbul, Turkey.