



Developing Resource Potential

Contents

Strategic Report

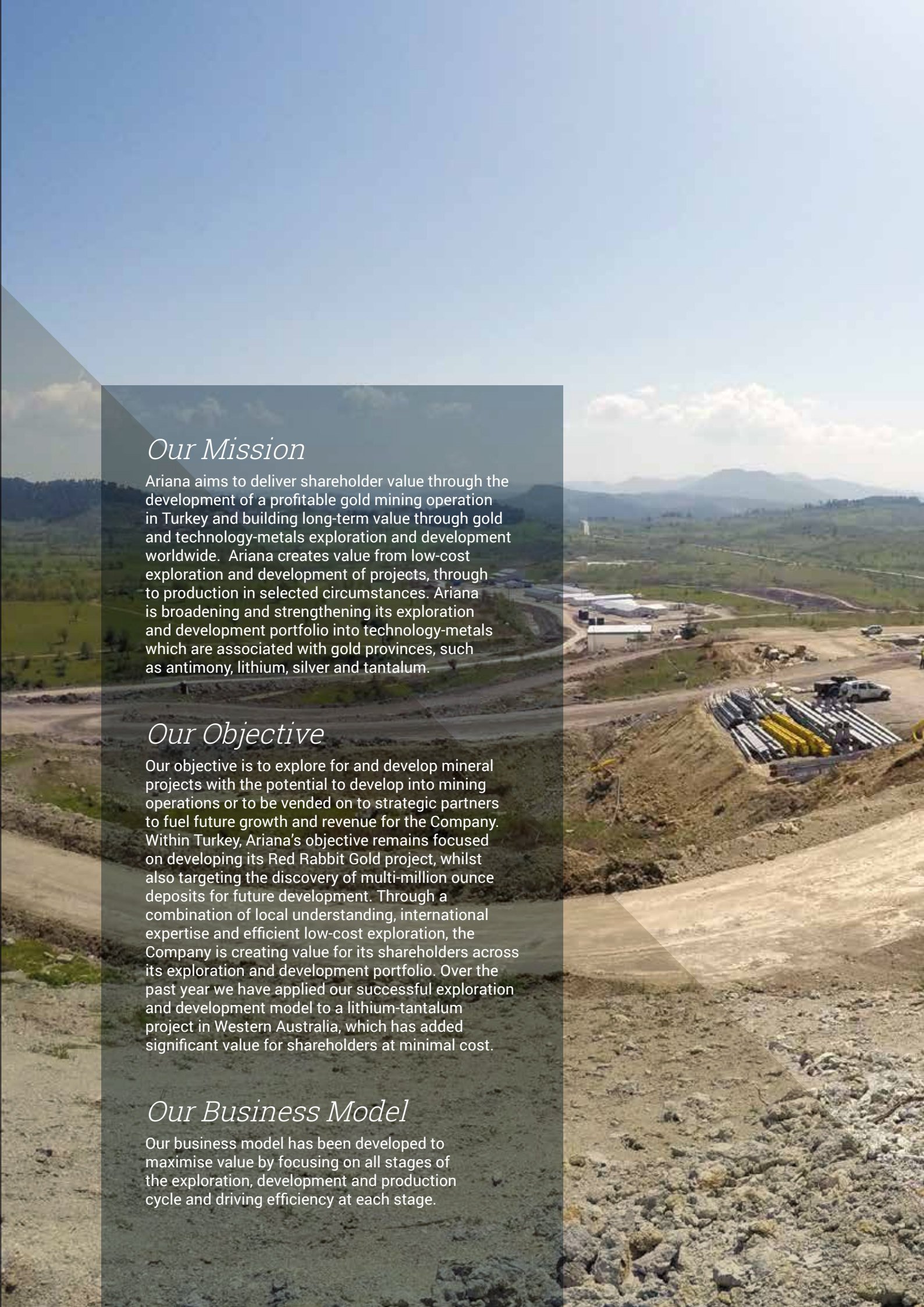
Our Strategy	07
Ariana at a Glance	08
Organisation Review	09
Chairman's Statement	10
Operations Review	12
Red Rabbit Project Area	14
Artvin Project Area	18
Regional Exploration	19
Key Performance Indicators	20
Risks & Uncertainties	21
Financial Review	22
Corporate Responsibility	23

Governance

Corporate Governance & Directors	25
Report of the Directors	28
Independent Auditor's Report	30

Financial Report

Consolidated Statement of Comprehensive Income	33
Consolidated Statement of Financial Position	34
Company Statement of Financial Position	35
Consolidated Statement of Changes in Equity	36
Company Statement of Changes in Equity	37
Consolidated Statement of Cash Flows	38
Notes to the Consolidated Financial Statements	39
Notice of the 2016 Annual General Meeting of Ariana Resources PLC	58
Advisors	60



Our Mission

Ariana aims to deliver shareholder value through the development of a profitable gold mining operation in Turkey and building long-term value through gold and technology-metals exploration and development worldwide. Ariana creates value from low-cost exploration and development of projects, through to production in selected circumstances. Ariana is broadening and strengthening its exploration and development portfolio into technology-metals which are associated with gold provinces, such as antimony, lithium, silver and tantalum.

Our Objective

Our objective is to explore for and develop mineral projects with the potential to develop into mining operations or to be vended on to strategic partners to fuel future growth and revenue for the Company. Within Turkey, Ariana's objective remains focused on developing its Red Rabbit Gold project, whilst also targeting the discovery of multi-million ounce deposits for future development. Through a combination of local understanding, international expertise and efficient low-cost exploration, the Company is creating value for its shareholders across its exploration and development portfolio. Over the past year we have applied our successful exploration and development model to a lithium-tantalum project in Western Australia, which has added significant value for shareholders at minimal cost.

Our Business Model

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

*Ariana Resources is an AIM-listed
exploration and development company
focused on gold and technology-metals*



2015 Highlights

Global JORC⁺ Resource

1,552,000 oz gold eq^{*}

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

^{*} Gross with respect to Red Rabbit JV (excluding halo mineralisation) & Artvin JV following resource updates in 2016.

Red Rabbit Gold Project and wider project area

524,150 oz gold eq^{**}

^{**} Comprising 480,150 oz Au eq. reported gross with respect to the Red Rabbit JV (excluding halo mineralisation) plus a further 44,000 oz Au eq. 100% attributable to Ariana.

Artvin JV

1,028,000 oz gold eq^{***}

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

Gold Resources by Area (oz)

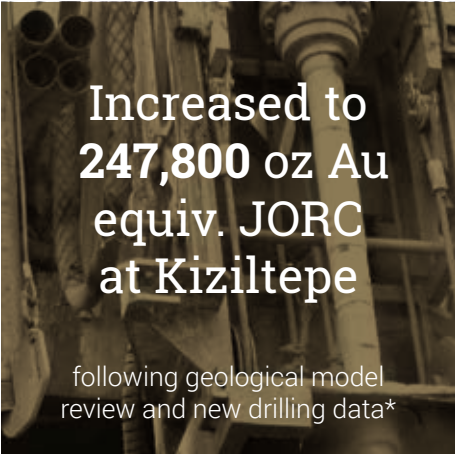
Total :

1,552,000 OZ (rounded)

Note: Kiziltepe and Tavşan resources are currently 58% held by Ariana; Salinbaş and Ardala resources are 49% held by Ariana.



Resource Growth: Red Rabbit Project Area



**Increased to
247,800 oz Au
equiv. JORC
at Kiziltepe**

following geological model
review and new drilling data*

**Increased to
33,000 oz Au
equiv. JORC
at Kizilçukur**

potential satellite source
of ore for Kiziltepe

**Potential LOM
increased to
11.5 years****

Further potential to increase
life of mine to 15 years with
additional resource drilling

Construction: Red Rabbit Gold Project

**Kiziltepe
Construction
Underway**

Mine construction commenced
in September 2015

**100% of Land
Acquired at
Red Rabbit**

Obtained at Arzu South
open-pit area



US\$5.9m

Expenditure on the project
has resulted in Proccea
Construction Co ("Proccea")
earning in to 42%

Technology-Metals: Asgard Metals

**A\$ 147,000 &
22.5m shares
in Dakota
Minerals**

Following sale of tenements
in the Pilgangoora area
of Western Australia



**29.4m
performance
shares in
Dakota**

to be issued on the achievement
of certain project milestones

**Substantial
uplift in
Dakota
share price**

since December 2015

*Excluding subsidiary veins at Kiziltepe and Kepez. ** Including Kizilçukur in a conceptual mine plan.

Strategic Report



Our Strategy

Strategy & Business Model

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

We will achieve our strategy by:

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

Delivering on our Strategic Vision

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

For more information on our projects, see the operations review on pages 12-19.

Exploration

By building a pipeline of exploration targets, our aim is to increase substantially our global resources, together with enhancing the economic fundamentals and mine life at the Red Rabbit Gold Project ("RRGP"). In addition, the successful acquisition of highly prospective lithium-tantalum tenements in Pilgangoora in Western Australia, through our subsidiary, Asgard Metals Pty Ltd, has proven to have been a timely move in to the technology-metals sector.

Joint Ventures / Investments

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

Mine Development

Advancing the RRGP toward production in the second half of 2016.



Ariana at a Glance

Turkey's Gold Production

27.5 tonnes*

*2015 production figure from The Turkish Gold Miners' Association

Where we Operate

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

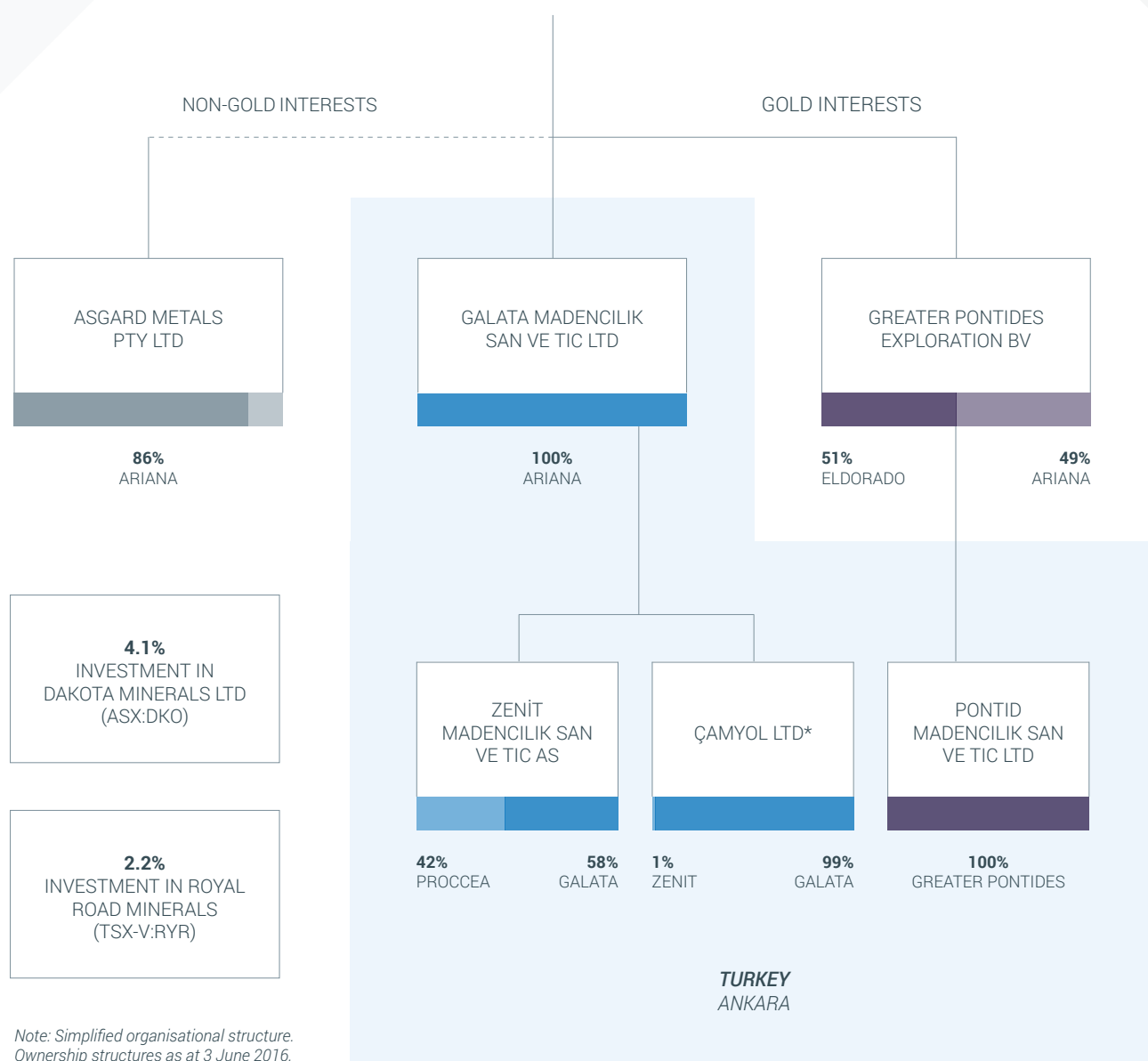
During 2015, our interest in technology-metals, specifically lithium and tantalum deposits associated with certain gold provinces, led us to extend our interests to Western Australia and the Malay Peninsula. We are advancing our exposure to lithium in these areas in conjunction with our partners Dakota Minerals Limited and Metal Tiger PLC, respectively.

Principal Activity

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



Organisation Review



Note: Simplified organisational structure.
Ownership structures as at 3 June 2016.

*Çamyol Gayrimenkul, Madencilik, Turizm, Tarım ve Hayvancılık Ltd.



Chairman's Statement

The past year has been rewarding and transformational for Ariana Resources PLC. ('Ariana'). During September 2015, we commenced mine construction at the Kiziltepe Sector of our flagship Red Rabbit Gold Project in Turkey. We have also successfully broadened Ariana's portfolio into lithium, a technology-metal, which has seen its price rise nearly 40% in the past five years. Moreover, demand for lithium is forecast to double in the next decade.

In March this year, I visited our Kiziltepe gold-silver mine to review progress on mine construction. I was struck by the excitement of our exploration team, the team of Proccea Construction Co ('Proccea') and the local community as the mine rapidly takes shape. With over 160 people now working at the site, it is a hive of activity, which we have tried to reflect in the photographs of construction progress we have been releasing periodically. I am pleased to report that construction is on schedule for completion later in the second half of this year.

I would like to commend our partners Proccea for their drive and professionalism in keeping the mine construction on schedule. We are also encouraged by the continuing positive support we receive from the local community in Sındırgı. It is heartening to see local companies becoming such active stakeholders in the development of the mine.

Despite the challenging circumstances in the precious-metals market since 2013, our strategy has remained resolutely focused on generating exposure to gold and silver production via our Red Rabbit JV and on broadening our portfolio. Our aim has been both to increase our resource base in Turkey and to diversify into technology-metals, such as lithium, thereby adding value for our shareholders at this inflection point in the commodity market cycle.

With the Kiziltepe mine scheduled for completion this year, we have concentrated on enhancing the economics of the Red Rabbit Project by enhancing the resource base. I am pleased to report

to shareholders that our drilling programme over the past year was an outstanding success. In March, we announced 100% increase in our Kizilçukur resource to 33,000 ounces of gold equivalent, which we envisage as a potential satellite operation to our Kiziltepe mine. Given the high grades at Kizilçukur, it is logical to bring this operation forward by vending this discovery into our Red Rabbit joint venture. The discovery cost of the enhanced resource was only US\$7 per ounce, or a fifth of the cost of industry benchmarks. This result clearly demonstrates the excellence of our geological team and its leadership as well as showing how well placed resources can yield outstanding results.

Also in March we were particularly encouraged by drilling results at Kepez West, which is part of the Red Rabbit joint venture. Our drilling programme has also confirmed the potential for Arzu Central within the core Kiziltepe area to host additional resources. A JORC Exploration Target of 92,000 oz Au and 1,100,000 oz Ag has been established within Arzu Central. Finally, our most recent drilling has confirmed an increase in our resources at Kiziltepe to c. 248,000 oz gold equivalent not accounting for several subsidiary veins on which further resources have already been estimated. Remarkably the discovery cost of these additional ounces was only US\$5 per ounce; again at a fraction of the normal cost. With the increase in the resource at Kiziltepe, we now expect that mine life can be increased from 8 years to potentially 11.5 years, based on a current designed throughput rate of 150,000 tonnes per annum.

In viewing Ariana's resources, it is also important to include the discovery of over 1 million ounces of gold equivalent at Salınbaş in the Artvin Province of north-eastern Turkey. An independent Scoping Study completed last year reinforced the value of Ariana's joint venture strategy with Eldorado Gold Corporation ('Eldorado') and highlighted further exploration upside. Ariana holds 49% of this joint venture and Eldorado is currently funding all general holding costs as well as additional exploration to determine the potential for the joint venture to host further resources.



Ariana's progress is also now occurring against the backdrop of a turnaround in the precious-metals market. After four years punctuated by some sharp falls, the price of gold has soared 20% in the first three months of this year. Moreover, whilst central bankers have been bolstering their reserves, the demand from both institutional and private investors has also increased sharply. This appears to be the consequence of stock market turmoil and the pernicious effects of prolonged ultra-low or negative interest rates across Western-world economies. A further favourable economic development for our mining operation has been the 70% plunge in oil prices since 2014.

A second part of our strategy of broadening and strengthening Ariana's portfolio is our focus on commodity diversification through technology-metals, such as lithium, which is associated with several gold provinces worldwide and which is used in renewable energy applications. Ariana's Red Rabbit silver resources of 3.15Moz are also significant in the context of renewable-energy demand worldwide.

The importance of technology-metals, such as lithium and silver, cannot be underestimated. Lithium is used to produce the high density lithium-ion batteries for storing solar energy on a scale usable in power grids, buildings and cars, in addition to their established use in powering computing, telecommunications devices and many other everyday devices. Silver is now used in the production of solar photovoltaic cells in addition to its many existing traditional uses.

A major shift in global energy from fossil fuels to renewable-energy, in addition to decentralised power-generation and storage is underway. The price per watt of electricity generated by solar has more than halved in the last decade, whilst installations of solar panels have increased six-fold since 2010 alone. In particular, the current global demand for lithium has led Goldman Sachs to dub lithium 'the new gasoline'.

During 2014, our technology-metals subsidiary, Asgard Metals Pty Ltd ('Asgard'), secured the rights to a package of highly prospective lithium-tantalum tenements at Pilgangoora in Western Australia. In a deal that formally concluded after the year end, we were able to vend this project to Dakota Minerals Limited ('Dakota') for a cash payment of A\$147,000 and 22,500,000 Dakota shares through an agreement made in December 2015. As part of our future strategy, we will continue to identify and monetise further projects in the technology-metals sector.

In a related development, in March this year we concluded a Memorandum of Understanding with AIM-listed Metal Tiger PLC ('Metal Tiger') for the exploration of lithium-tantalum opportunities in the Malay Peninsula. We are excited at the prospect of working with our colleagues at Metal Tiger and their Thai joint venture partner in this strategic collaboration.

With the ground-breaking progress of the past year and the creation of new opportunities, I feel very privileged to be part of Ariana's development at such an exciting time. I would like to take this opportunity to thank both the Ariana team as well as the teams at Proccea and Zenit for all their hard work and dedication over the last year. They have all done an excellent job and we are now well positioned to take advantage of the upturn in the mineral cycle.

Michael de Villiers
Chairman
3 June 2016

Operations Review

Ariana remains dedicated to the discovery and development of gold and silver deposits in Turkey. The Company's primary projects are fully-funded by its joint venture partners. In western Turkey, in partnership with Proccea, the Red Rabbit Project shows robust economics with a substantially de-risked route to production in late H2 2016. In north-eastern Turkey, in partnership with Eldorado Gold, the Artvin Project has demonstrated a 1Moz gold resource with significant development potential. Ariana aims to continue its focus on value creation through further resource definition and project portfolio expansion across Turkey. In addition, the Company has developed exposure to technology-metals via its subsidiary Asgard Metals Pty Ltd in Australia. After ten years in operation, 2016 will see Ariana complete the challenging transformation from gold explorer to producer via its joint venture subsidiary, as well as extending its interests to technology-metals worldwide.

Dr. Kerim Sener
Managing Director



2015 - 16 Highlights

February

Metal Tiger PLC completes a strategic investment agreement with Ariana for up to £150,000 of shares and attaching warrants. Both companies announce their commitment to collaborate on new resource investment opportunities.

March

Ariana's joint venture partners on the Kiziltepe gold-silver mine, Proccea Construction Co, reach 30.4% holding within the joint venture company (Zenit Madencilik).

April

Completion of independent Scoping Study for Salinbaş Project, 49% of which is held by Ariana as part of a joint venture with Eldorado Gold Corp.

June

Forestry permits received from the Turkish Government enable the commencement of construction on the Kiziltepe gold-silver mine. The Turkish Government also grants strategic investment status to the mine.

July

Placing raises £1,000,000 to fund further exploration and resource development ahead of mine construction at Kiziltepe to extend mine life and enhance economic fundamentals.

August

Türkiye Finans Katılım Bankası A.S. releases first tranche of funds to commence construction at the Kiziltepe gold-silver mine.

September

Construction commences at the Kiziltepe gold-silver mine.

October

Drilling programme commences on the Kiziltepe Sector to identify extensions along the Arzu South vein to extend the resource base ahead of mine construction.

November

Ariana receives mining permit for its 100% owned Kizilçukur Project, which is located 22Km from the Kiziltepe gold-silver mine, and is envisaged as a potential satellite operation.

December

Ariana's subsidiary Asgard Metals Pty Ltd reaches an agreement to vend a package of lithium-tantalum tenements to Dakota Minerals Limited for A\$147,000 and 22,500,000 shares with additional performance shares.

January

Positive drilling results are announced for the Kiziltepe and Kizilçukur drilling programmes.

February

Construction update for the Kiziltepe gold-silver mine demonstrates significant progress. Transaction with Dakota Minerals Limited concludes.

March

100% increase in the resource at Kizilçukur and significant gold system identified at Kepez West. Proccea earns-in to 42% of Zenit Madencilik. Lithium-tantalum MoU announced with Metal Tiger PLC focused on the Malay Peninsula.

April

Substantial increase in the resource estimate at Kiziltepe to c. 248,000 oz gold equivalent, excluding separate estimates on several subsidiary veins. Construction update for the Kiziltepe gold-silver mine demonstrates significant progress.

May

4,000m drilling programme is announced along with the appointment of Panmure Gordon (UK) Limited as an institutional joint-broker.

Red Rabbit Project Area

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

The Company is actively developing the Kiziltepe Sector of the Red Rabbit Project as an environmentally friendly open-pit mine, with mining expected to be initiated at the Kiziltepe Mine prior to development of the Tavşan Sector. During the year, Proccea continued their earn-in on the Project, currently holding 42% of the joint venture company, Zenit Madencilik San. ve Tic. A.S. ("Zenit")

Project Status

During 2015, the focus was to advance the Kiziltepe Mine to the point of a construction decision, which was reached in June 2015 following the receipt of final forestry permits for the project. During the year several important developments for the project occurred:

- Strategic Investment status granted to the joint venture by the Turkish Government providing enhanced investment incentives.
- Completion of freehold land acquisitions for the process plant and tailings dam sites of the Red Rabbit Project.
- Environmental Impact Assessment area increased and granted following an application to the Ministry of Environment and Urban Planning.
- Türkiye Finans Katılım Bankası A.S. released the first tranche of funds to cover initial costs of project development from the US\$33 million construction finance facility.
- Forestry permit payments were made totalling US\$0.96 million to the Department of Forestry, enabling the clearing of all land within the permitted areas of the mine site.
- Permission granted by the Turkish Government to utilise Treasury lands within the project area.

Definitive Feasibility Study Summary*

Mine Life :	8 years (up to 15 year potential)
Cash Costs :	US\$600/oz
Processing :	CIC/CIL
Production Rate :	20,000 oz Au/annum
JORC Reserve :	1.19Mt for 140,000 oz Au (Proven & Probable)
In-pit grade :	3.1 g/t Au; 39.8 g/t Ag
Net Present Value (8%) :	US\$34m
Internal Rate of Return :	38%
Payback :	2.4 years on US\$31.1m initial capital

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



Resource Estimate Table for Kiziltepe / Tavşan (RRGP JV)

Kiziltepe Area		Tonnes (t)	Grade Au (g/t)	Grade Ag (g/t)	Au (oz)	Ag (oz)	Au Equiv. (oz)
Vein Zones							
Measured		1,051,491	3.2	43.7	108,009	1,476,700	132,621
Indicated ¹		512,422	2.2	40.6	35,650	668,490	46,792
Measured & Indicated		1,563,913	3.3	47.0	143,659	2,145,190	179,413
Inferred		872,402	2.8	42.7	51,545	1,008,906	68,360
Alteration Halo ²							
Indicated		352,819	1.6	25.8	18,430	293,007	21,770
Measured & Indicated		352,819	1.6	25.8	18,430	293,007	21,770
Inferred		76,059	1.4	33.7	3,544	82,341	4,483
Subsidiary Veins							
Inferred		115,941	1.5	51.3	5,505	191,446	7,687
Global		2,552,256	2.5	40.8	200,709	3,345,542	255,460 ³
Tavşan Area							
JORC Category		Tonnes (t)	Grade Au (g/t)	Grade Ag (g/t)	Au (oz)	Ag (oz)	Au Equiv. (oz)
Main	Indicated	1,700,000	1.6	4.2	87,460	229,582	92,051
Main & Sivri	Inferred	1,300,000	1.0	3.6	41,801	150,482	44,810
Satellite	Inferred	1,900,000	1.2	3.7	73,312	226,045	77,833
Global		4,900,000	1.26	3.85	202,573	606,109	214,694 ⁴
Global Total					403,282	3,951,651	470,154 ⁴

Figures are gross with respect to Red Rabbit JV.

1. Excluding Kepez – 60,000t @ 4.6 g/t Au and 34.7 g/t Ag.
2. Alteration Halo mineralisation was determined by Tetra Tech in 2013 as material that will be necessarily mined and may be processed at the end of mine life though Tetra Tech considered that further studies were required to determine the nature of the mineralisation. Some of this material is now included within the new geological model which forms the basis of the 2016 Mineral Resource estimate. Consequently, the Alteration Halo mineralisation is excluded from the Global Totals.
3. Au equivalent (oz) is the sum of the gold ounces and the gold equivalent ounces of silver based on the following equation: $\{(Ag\ g/t * Ag\ Recovery * Ag\ Price * 0.032) / Au\ oz\ Price\} / Au\ Recovery$. Au recovery determined by testwork at 85.5%, Ag recovery determined by testwork at 64%.
4. Au equivalent (oz) is the sum of the gold ounces and the gold equivalent ounces of silver based on a gold/silver price ratio of 50:1 (as of 2011).





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

Prospect	Tonnes (t)	Grade Au (g/t)	Grade Ag (g/t)	Au (oz)	Ag (oz)	Au Equiv. (oz)
Kizilçukur						
Indicated	71,300	2.33	80.2	5,300	183,900	8,400
Inferred	236,600	2.04	71.4	15,500	543,200	24,600
Ivrendi						
Inferred	207,000	1.65	n/a	11,000	n/a	11,000
Total	514,900	1.88	73.4	31,800	727,100	44,000

Figures are gross and net attributable to Ariana.

2016 Kizilçukur JORC 2012 compliant Mineral Resource estimate, based on 17 diamond and 26 RC drill holes.

JORC resources at Kizilçukur and Ivrendi reported at a 1 g/t Au cut-off. The Au equivalent (oz) is calculated as the sum of the gold (oz) and the gold equivalent (oz) of silver based on a gold/silver price ratio of 60:1, as of 2013.

Land acquisition

Land acquisition at Kiziltepe has been underway since 2011. Through our JV partners and a 99% owned subsidiary of Ariana, Çamyol Gayrimenkul, Madencilik, Turizm, Tarım ve Hayvancılık Ltd. ("Çamyol"), approximately 637,901m² of land has been purchased. This corresponds to all of the freehold land in the planned Arzu South open-pit area and other key mine infrastructure sites, including the tailings dam. Land owned by Çamyol will either be sold or leased to Zenit for the duration of the project.

Project area resource expansion

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

Arzu Central

At Arzu Central exceptional drilling results obtained in 2012 indicated potential for multiple parallel vein and breccia zones, which could host additional resources. An Exploration Target in accordance with the JORC Code was established for this area in 2013 and determined the potential for a further 92,000 oz

gold and 1,100,000 oz silver. The Company has planned a deep drilling campaign to determine the long-term underground potential of the project based on this Exploration Target. Future resource expansion will focus on identifying mineralisation that could be accessed by underground development originating from either the bottom of the Arzu South or the Arzu North pits.

Kepez West

Positive drilling results across 1,300m of strike at the Kepez West prospect confirmed the presence of a significant near-surface mineralised system. Notable intercepts included 6m @ 2.7g/t Au + 16g/t Ag from 10m, 4m @ 3.2g/t Au + 23g/t Ag from 8m, 6m @ 2.2 g/t Au +13 g/t Ag from 6m. These results indicate that the mineralisation is shallow-dipping (10-20°) with probable near-surface enrichment, amenable to low strip-ratio open-pit mining. The Company is targeting a mineable resource from Kepez West, that could become a satellite operation to Kiziltepe.

Kizilçukur Project

The Kizilçukur prospect, which is located 25km ENE from Kiziltepe, contains an Indicated and Inferred JORC 2012 resource of 33,000 oz gold equivalent. To date, 2km of mineralised quartz veins containing gold and silver have been delineated at Kizilçukur. Forestry permits to drill at this location were received during 2013. A drilling programme commenced in 2015, to test the strike length of two major veins, targeting the definition of a near surface resource that may provide additional feed for the planned Kiziltepe plant.

“ 2015 was a transformative year for Ariana. As a business, we evolved from a pure exploration and development company focused on Turkey, to one with broader reach and interests. ”



Artvin Project Area

Reconnaissance exploration in eastern Turkey for large porphyry copper-gold and related deposits identified potential in north-eastern Turkey and resulted in the acquisition of the Artvin Project by the Company in 2007.

This project is being advanced through a joint venture agreement with Eldorado Gold Corp. (TSX: ELD, NYSE: EGO) in which Ariana holds 49% via Greater Pontides Exploration BV and its subsidiary Pontid Madencilik San. ve Tic. Ltd. ("Pontid"). During the life of the JV over US\$8m has been spent by Eldorado Gold Corp. on exploration of the project area.

Project Status

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

At Salinbaş, the mineralisation remains open to the south and east, which indicates that there is further scope to continue to grow the resource base at this locality. In addition, the orientation of the mineralisation and the continuity of high grades towards the Ardala porphyry at relatively shallow depth (<100m below surface) suggest that much of the mineralised body could be mined by open-pit methods; this was confirmed by the results of a Scoping Study completed in Q2 2015. It is also significant to note the 3.01Moz gold equivalent Hot Maden discovery which is located 15km to the south of Salinbaş.

Scoping Study Summary*

Mine Life :	10 years
Cash Costs :	US\$770/oz
Processing :	CIL
Production Rate :	50,000 oz Au/annum
JORC Resource :	9.96Mt for 650,000 oz Au (Inferred & Indicated)
In-pit grade :	2.0 g/t Au; 10.2 g/t Ag
Net Present Value (8%) :	US\$108m
Internal Rate of Return :	28%
Payback :	3.3 years on US\$53.3m initial capital

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

Resource Estimate table for Salinbaş / Ardala

Zone	Tonnes (t)	Grade Au (g/t)	Grade Ag (g/t)	Au (oz)	Ag (oz)
Salinbaş ¹					
Indicated	2,290,000	2.1	11.9	155,500	877,700
Inferred	7,670,000	2.0	9.7	493,300	2,396,400
Zone	Tonnes (t)	Grade (g/t)	Metal ²	Tonnes Metal (t)	Au (oz)
Ardala					
Inferred	16,270,000	0.6	Au	—	323,000
Inferred	4,660,000	2,175	Cu	10,000	—
Inferred	207,000	1.65	n/a	11,000	n/a

Figures are gross with respect to Artvin JV.

1. Figures for the Salinbaş Zone are revised according to a Scoping Study announced in Q2 2015.
2. Separate resource domains have been established for the Au, Cu and Mo components of the Ardala porphyry. It is considered reasonable to estimate these domains in this manner because the resource is classified as Inferred in this location and mining parameters have not yet been established. There is a 95% coincidence of the Au and Cu domains, and a 40–50% coincidence of the Au and Mo domains.

Regional Exploration

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

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

Outlook

It has been exceptionally pleasing to note the progress being made on construction at our first mine in Turkey at Kiziltepe. While this is a source of great pride for both our team and that of our JV partners, Proccea, it is also important for us to emphasise some of the other facets of the Company that have made this mine development possible.

Within a decade, the Company has evolved from the exploration of several greenfield exploration projects to the successful definition of a total resource of over 1.5Moz of gold in Turkey.

Our ability to identify and develop resources cost-effectively has been a core skill set within our business and recent exploration drilling undertaken at the Kiziltepe Sector has demonstrated that we are becoming progressively more efficient, with discovery costs now in the US\$5-7/oz range. This is the key measure that differentiates a successful explorer. With production now imminent at the Kiziltepe Mine, the Company is also poised to become cash-generative for the first time.

The Company has also proven itself as an adept and nimble Project Generator in both Turkey and in Western Australia. Recognising in late in 2013 the significance of lithium as an emerging technology-metal, the Company was able to identify and secure a quality asset in Western Australia, which was vended in to an ASX-listed lithium-focused company in early 2016. This high-value deal has recently provided the Company with the ability to self-fund its own exploration and development programmes.

A confluence of positive developments arose during the past six months; the improving sentiment in gold and silver prices, the progress of mine construction at Kiziltepe and the significant value that we have created for shareholders from our investments in the lithium sector. This is an exciting time for our business and I would like to personally thank our teams for their perseverance and focus during the past few years. Their drive and attitude is what has enabled the Company to weather a particularly difficult period for the sector and allowed us to emerge stronger than ever, with a intent to create even greater value for our shareholders.

Dr. Kerim Sener
Managing Director
3 June 2016



Key Performance Indicators

As Ariana transitions from gold exploration and development to production there are currently no revenue or profits arising to the Company. The Key Performance Indicators (KPIs) for Ariana are linked to project milestones and the increase in overall enterprise value. The main financial KPI is shareholder return.

Financial KPIs

Shareholder Return

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

Exploration Expenditure

Enhancing intangible exploration assets through targeted expenditure.

Cash Flow Forecasts

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

Non-Financial KPIs

Operational Success

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

Advance Portfolio

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

Environmental, Health & Safety

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

Risks & Uncertainties

Risk	Description	Mitigation
<i>Exploration and development risk</i>	Inherent risks associated with the failure to discover or develop an economically recoverable ore reserve, to conclude a definitive feasibility study, and to obtain the necessary consents and approvals for the conduct of exploration and mining.	The Board is committed to reviewing progress relating to the development of its various exploration targets and assesses this against planned expenditure and expected outcomes. The Group employs highly trained geologists with extensive knowledge of the style of gold/silver mineralisation located in western Turkey.
<i>Political/in-country risk</i>	Political instabilities, which could cause the loss of an asset through expropriation, war or unrest.	Turkey benefits from a stable political environment and has established fiscal and mining codes and respect for the rule of law. The Group enjoys a good working relationship with the relevant authorities in Turkey and has a permanent management team in the country to monitor developments.
<i>Environmental/safety risk</i>	Major pollution arising from operations and/or loss of life due to systems or equipment failure.	The Group adopts best practice in the industry with on-site, country level and corporate level policies and procedures.
<i>Commodity risk</i>	A potential fall in commodity prices which could lead to it becoming uneconomic for the Group to mine its assets.	The Group's principal interest is gold and silver and the outlook for gold remains broadly positive as a continuing safe haven vehicle for wealth protection. The Group will consider the use of appropriate hedging products to mitigate this risk as it approaches production.
<i>Financing risk</i>	This is the risk of running out of working and investment capital.	The Group relies primarily on the issue of share capital and joint venture agreements to finance its activities. The Group maintains tight financial and budgetary control to keep its operations cost effective. Forward planning helps ensure it is adequately funded to reach its objectives.
<i>Foreign currency risk</i>	The Group's results are sensitive to foreign currency movements and in particular with its exposure to the Turkish Lira, arising from the Group's primary operations being in Turkey.	The Group finances its overseas operations by transferring Pounds Sterling from the UK to meet local operating costs which are generally either denominated in Turkish Lira or US Dollars. The Group maintains the majority of its cash in Pounds Sterling and continues to monitor relevant currency movements and considers action where appropriate.

Financial Review

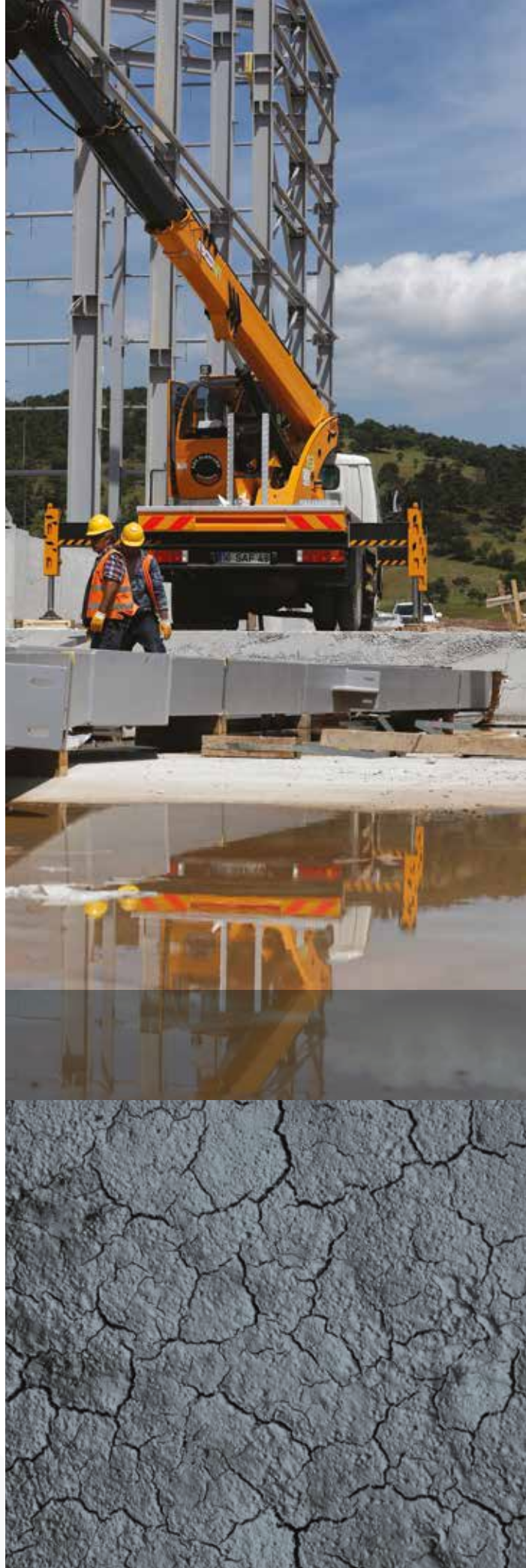
Administrative costs this year remained broadly consistent with those of 2014, but the write down of some of our exploration expenditure considered not attributable to specific projects, or recoverable from our joint venture company, Zenit, increased our operating loss by £0.52m to £1.3m, as compared to £0.88m in the prior year.

Otherwise, income arising from interest charges to Zenit, together with the profit on the dilution of our interest in that company as our joint venture partners, Proccea, earned into their 50% share of the company, almost exactly equated to our share of Zenit's loss for year, and so after finance costs associated with our now completed equity SWAP agreement with Lanstead Capital LP of £148,000, the overall loss before tax amounted to £1.46m, as compared to £0.86m in the prior year.

At the balance sheet date, our principal asset included in the Statement of Financial Position is our investment in Zenit, recorded at £2.83m. We also have intangible exploration assets and land with a combined value of a further £1.98m, some of which will be charged to Zenit in due course, but otherwise represents costs that are related to specific projects which we aim to push on to either profitable production or profitable disposal in due course. Included within debtors is £0.88m owed by Zenit, and this is likely to be repaid once profitable production has commenced. The other asset not otherwise evident from the financial statements due to the requirements of equity accounting for Associated companies is our 49% stake in Greater Pontides Exploration B.V., which owns our 49% free carried (to DFS) stake in the Artvin project area in Northern Turkey.

Ariana and its subsidiary companies remain debt free, albeit that Zenit itself has agreed project finance amounting to US\$33m, which will be drawn down over the course of the mine construction which is currently underway. As Zenit is accounted for as a Joint Venture in accordance with IAS 28 this debt does not form part of these consolidated accounts.

During the year the company issued 156.2m Ordinary Shares for a total net consideration of £1.34m. Since the year end the Group has raised further funds of £790,000 through the sale of shares it received in Dakota Minerals Limited an ASX listed company, those shares having been received as part of the consideration for the disposal in February 2016 of various tenements the Group held in Western Australia, as outlined further in Note 25 to the accounts.



Corporate Responsibility

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

Shareholders

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

Environment

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

Environmental Standard Compliance

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

Human Rights

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

Employees

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

Training & Development

Ariana is proud of its long track-record in the development of promising geologists in the early stages of their careers. Realising that investing in the future of today's graduates will lead to tomorrow's exploration leaders, Ariana has typically invited two British and two Turkish undergraduate students to take summer internships with our exploration team in Sındırgı. We completed a successful programme in 2015 and we have another planned for the summer of 2016.

In addition, an Ariana sponsored PhD thesis on the gold metallogenesis of western Turkey was successfully completed by one of our staff in 2012. The Company has also supported several MSc students with projects based on our operations in western Turkey. Our ability to attract and retain a talented team has enabled us to explore at half the cost of our industry peer group.

Local Community

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

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

Suppliers & Contractors

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

Health & Safety

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

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



Dr. Kerim Sener
Managing Director
3 June 2015

Governance





Role of the Board

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

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

Internal financial control:

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



Corporate Governance

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

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



Directors

Michael de Villiers
B. Comm. Professional
Accountant (SA) MIOD
*Executive Chairman &
Company Secretary, aged 53*

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

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

Kerim Sener
BSc (Hons) MSc DIC PhD
Managing Director, aged 40

Kerim graduated from the University of Southampton with a first-class BSc (Hons) degree in Geology in 1997 and from the Royal School of Mines, Imperial College, with an MSc in Mineral Exploration in 1998. After working in gold exploration and mining in Zimbabwe he completed a PhD at the University of Western Australia in 2004. Since then he has been responsible for the discovery of over 3.8Moz of gold in eastern Europe. He has been a non-executive director at one ASX and two TSX-V listed gold exploration companies. Since 2012, he has been based in Perth, Australia.

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

William Payne
BA (Hons) ACA
*Non-Executive Director &
Chief Financial Officer, aged 51*

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

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

Key Staff

Fatma Yildiz

BSc

General Manager, aged 33

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

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

Selim Senoz

BSc

Geological Database Manager, aged 35

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

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

Zack van Collier

BSc (Hons)

Exploration Leader, aged 27

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

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

Senior Management

<i>Female :</i>	1	
<i>Male :</i>	3	

Other Employees

<i>Female :</i>	2	
<i>Male :</i>	5	

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

Report of the Directors

For the year ended 31 December 2015

The Directors present their report with the audited financial statements of the Company and the Group for the year ended 31 December 2015.

Principal activity

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

Directors

The Directors during the year under review were:

M J de Villiers

A K Sener

W J B Payne

The beneficial interests of the Directors holding office either directly or indirectly (including interests held by spouses, children or associated parties) on 31 December 2015 in the ordinary issued share capital of the Company were as follows:

	2015	2014
M J de Villiers	25,000,000	12,000,000
A K Sener	10,187,979	10,187,979
W J B Payne	4,468,289	3,668,289
Total	39,656,268	25,856,268

Share options

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

Director	2015	2014
M J de Villiers	3,760,334	3,760,334
A K Sener	5,994,463	5,994,463
W J B Payne	1,500,000	1,500,000
Total	11,254,797	11,254,797

Share capital

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

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

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

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

Substantial share interests

The Company had been notified of the following interests in Shares held on 11 May 2016.

Shareholder	Ordinary Shares	% of Issued Share Capital
Hargreaves Lansdown Nominees Limited	106,296,678	13.14
Barclayshare Nominees Limited	95,381,766	11.79
TD Direct Investing Nominees Limited	52,740,977	6.52
Beaufort Nominees Limited	41,091,415	5.08
HSDL Nominees Limited	40,978,149	5.06
Jim Nominees Limited	36,557,931	4.52
Lanstead Capital	35,839,450	4.43
Eldorado Gold Corporation	28,337,016	3.50
Mr Michael de Villiers	25,000,000	3.08
Mr Ronald Bruce Rowan	24,000,000	3.02

Strategic Report

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

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

Dividends

No dividends will be distributed for the year ended 31 December 2015 and the retained loss has been transferred to reserves.

Group's policy on payment of creditors

It is the Group's normal practice to settle the terms of payment when agreeing the transaction, to ensure suppliers are aware of those terms and to abide by them. Trade creditor days based on creditors at 31 December 2015 were 30 days (2014: 30 days).

Political and charitable contributions

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

Going concern

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

Post year end events

Details of post year end events are set out in Note 25 to the financial statements.

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

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

Company law requires the directors to prepare group and parent company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements on the same basis.

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

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

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

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

Provision of information to auditor

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

Corporate governance

The Board of Directors

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

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

Internal financial control procedures include:

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

Audit Committee

The Audit Committee comprises Michael de Villiers and William Payne. The Audit Committee may examine any matters relating to the financial affairs of the Group and the Group's audits. This includes reviews of the annual financial statements and announcements, internal control procedures, accounting procedures, accounting policies, the appointment, independence, objectivity, terms of reference and fees of external auditors and such other related functions as the Board may require.

Remuneration Committee

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

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

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

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

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

Auditor

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

By order of the Board



Michael de Villiers
Company Secretary
3 June 2016

Independent Auditor's Report

To the members of Ariana Resources PLC

We have audited the financial statements of Ariana Resources PLC for the year ended 31 December 2015 set out on pages 33 to 57. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 29, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

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

Matters on which we are required to report by exception

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

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

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

Chartered Accountants

15 Canada Square
London
E14 5GL

3 June 2016



Financial Report



Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Administrative costs		(797)	(739)
General exploration expenditure		(10)	(76)
Exploration costs – written off		(521)	(65)
Other income	4	15	-
Operating loss	5	(1,313)	(880)
Finance costs	6	(148)	(185)
Share of profit on dilution of interest in joint venture	7	68	228
Investment income		66	74
Share of loss of joint venture	7	(133)	(122)
Loss on ordinary activities before tax		(1,460)	(885)
Taxation	9	-	-
Loss for the year		(1,460)	(885)
Other comprehensive income			
Exchange differences on translating foreign operations		(374)	(19)
Fair value adjustment on available for sale investments	14a	(87)	-
Fair value adjustment on other financial asset classified as available for sale	16	160	(96)
Other comprehensive income for the year net of tax		(301)	(115)
Total comprehensive income for the year		(1,761)	(1,000)
Loss attributable to: Owners of the parent Company		(1,460)	(885)
Non-controlling Interests		-	-
Loss for the year		(1,460)	(885)
Total comprehensive income attributable to: Owners of the parent Company		(1,761)	(1,000)
Non-controlling Interests		-	-
Total comprehensive income for the year		(1,761)	(1,000)
Loss per share (pence)			
Basic and diluted	11	(0.20)	(0.14)

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 Statement of Financial Position

For the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Assets			
Non-current assets			
Trade and other receivables	15	42	37
Other financial asset	16	-	13
Available for sale investments	14a	22	109
Intangible exploration assets	12	1,654	2,146
Land, property, plant and equipment	13	324	369
Investment in joint venture	7	2,830	2,895
Total non-current assets		4,872	5,569
Current assets			
Trade and other receivables	17	989	861
Other financial asset	16	14	250
Cash and cash equivalents		319	44
Total current assets		1,322	1,155
Total assets		6,194	6,724
Equity			
Called up share capital	19	5,797	5,640
Share premium	19	8,764	7,583
Other reserves		720	720
Share based payments reserve		578	578
Translation reserve		(535)	(161)
Retained earnings		(9,274)	(7,887)
Total equity attributable to equity holders of the parent		6,050	6,473
Non-controlling interest		3	3
Total equity		6,053	6,476
Liabilities			
Current liabilities			
Trade and other payables	18	141	248
Total current liabilities		141	248
Total equity and liabilities		6,194	6,724

The financial statements were approved by the Board of Directors and authorised for issue on 3 June 2016. They were signed on its behalf by:

M J de Villiers
Chairman

A K Sener
Director

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

Company Statement of Financial Position

For the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Assets			
Non-current assets			
Other financial asset	16	-	13
Available for sale investments	14a	22	109
Investments in group undertakings	14b	274	274
Total non-current assets		296	396
Current assets			
Trade and other receivables	17	8,604	7,605
Other financial asset	16	14	250
Cash and cash equivalents		-	-
Total current assets		8,618	7,855
Total assets		8,914	8,251
Equity			
Called up share capital	19	5,797	5,640
Share premium	19	8,764	7,583
Share based payments reserve		578	578
Retained earnings		(6,232)	(5,556)
Total equity		8,907	8,245
Liabilities			
Current liabilities			
Trade and other payables	18	7	6
Total current liabilities		7	6
Total equity and liabilities		8,914	8,251

The financial statements were approved by the Board of Directors and authorised for issue on 3 June 2016. They were signed on its behalf by:



M J de Villiers
Chairman



A K Sener
Director

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Share capital £'000	Share premium £'000	Other reserves £'000	Share based payments reserve £'000	Translation reserve £'000	Retained earnings £'000	Total attributable to equity holders of parent £'000	Non-controlling Interest £'000	Total £'000
Changes in equity to 31 December 2014									
Balance at 1 January 2014	5,550	6,900	720	578	(142)	(6,906)	6,700	-	6,700
Loss for the year	-	-	-	-	-	(885)	(885)	-	(885)
Other comprehensive income	-	-	-	-	(19)	(96)	(115)	-	(115)
Total comprehensive income	-	-	-	-	(19)	(981)	(1,000)	-	(1,000)
Issue of share capital	90	725	-	-	-	-	815	-	815
Share issue costs	-	(42)	-	-	-	-	(42)	-	(42)
Non-controlling Interest – share of net assets in subsidiary	-	-	-	-	-	-	-	3	3
Transactions with owners	90	683	-	-	-	-	773	3	776
Balance at 31 December 2014	5,640	7,583	720	578	(161)	(7,887)	6,473	3	6,476

Changes in equity to 31 December 2015

Loss for the year	-	-	-	-	-	(1,460)	(1,460)	-	(1,460)
Other comprehensive income	-	-	-	-	(374)	73	(301)	-	(301)
Total comprehensive income	-	-	-	-	(374)	(1,387)	(1,761)	-	(1,761)
Issue of share capital	157	1,257	-	-	-	-	1,414	-	1,414
Share issue costs	-	(76)	-	-	-	-	(76)	-	(76)
Non-controlling Interest – share of net assets in subsidiary	-	-	-	-	-	-	-	-	-
Transactions with owners	157	1,181	-	-	-	-	1,338	-	1,338
Balance at 31 December 2015	5,797	8,764	720	578	(535)	(9,274)	6,050	3	6,053

The accompanying notes form part of these financial statements.

Company Statement of Changes in Equity

For the year ended 31 December 2015

	Share capital £'000	Share premium £'000	Share based payments reserve £'000	Retained earnings £'000	Total £'000
Changes in equity to 31 December 2014					
Balance at 1 January 2014	5,550	6,900	578	(4,708)	8,320
Loss for the year	-	-	-	(752)	(752)
Other comprehensive income	-	-	-	(96)	(96)
Total comprehensive income	-	-	-	(848)	(848)
Issue of share capital	90	725	-	-	815
Share issue costs	-	(42)	-	-	(42)
Transactions with owners	90	683	-	-	773
Balance at 31 December 2014	5,640	7,583	578	(5,556)	8,245

Changes in equity to 31 December 2015

Loss for the year	-	-	-	(749)	(749)
Other comprehensive income	-	-	-	73	73
Total comprehensive income	-	-	-	(676)	(676)
Issue of share capital	157	1,257	-	-	1,414
Share issue costs	-	(76)	-	-	(76)
Transactions with owners	157	1,181	-	-	1,338
Balance at 31 December 2015	5,797	8,764	578	(6,232)	8,907

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Cash flows from operating activities			
Cash absorbed by operations	20	(1,105)	(812)
Net cash outflow from operations		(1,105)	(812)
Cash flows from investing activities			
Purchase of land, property, plant and equipment		(13)	(27)
Payments for intangible assets		(260)	(271)
Investment income		66	74
Net cash used in investing activities		(207)	(224)
Cash flows from financing activities			
Proceeds from issue of share capital and swap repayments		1,587	868
Net cash proceeds from financing activities		1,587	868
Net increase/(decrease) in cash and cash equivalents		275	(168)
Cash and cash equivalents at beginning of year		44	212
Cash and cash equivalents at end of year		319	44

Company statement of cash flows

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

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

1. General information

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

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

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

Basis of preparation

The Group consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, effective for the Group's reporting for the year ended 31 December 2015.

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

Going concern

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

At the year end the Group had cash and cash equivalents amounting to £319,000, equity swap proceeds recoverable within one year of approximately £14,000, together with available for sale investments with a market value in the region of £21,000. The Group also expects to receive repayment from its joint venture, Zenit Madencilik San. ve Tic. A.S. of costs incurred on their behalf in the region of £880,000 once the mine has become operational. The company through its 86% owned subsidiary, Asgard Metals Pty. Ltd, has since the year end completed the sale of a package of tenements to Dakota Minerals Limited ("Dakota"), an ASX listed company, for a cash consideration of AU\$147,000 and 22,500,000 shares in Dakota itself. A subsequent disposal of 9,511,739 shares has raised working capital of approximately £790,000 for the Group. At the date of this report the Company still owns 12,988,261 shares in Dakota with a market value of approximately £985,000 and currently has a cash balance of £944,000.

The Directors have prepared cash flow forecasts for the Group for the period to 30 June 2017 based on their assessment of the prospects of the Group's operations. These cash flow forecasts include the normal operating costs for the Group over the period together with the necessary and specific expenditure to meet the minimum licence expenditure requirements, as well as a drilling programme for 2016. These forecasts indicate that the Group may require additional funds in the foreseeable future, depending on the precise extent and timing of the drill programme, the timing of the payment of any taxes relating to the sale of the Dakota shares, the commencement of profitable cash flow from Red Rabbit and the quantum and value of any future disposal of Dakota shares.

In assessing the going concern assumption for the Group, the directors have excluded any financing of the Red Rabbit joint venture because the joint venture partner is currently funding all the costs of the development through a mixture of its own resources and bank facilities as required to complete construction of the mine and commence production.

Despite challenging capital markets, the Company and Group have been successful historically in raising equity finance and in light of this, the directors have a reasonable expectation of securing sufficient funding to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the consolidated financial statements.

New Accounting Standards and Interpretations

Effective and adopted during the year

Effective during the year

- Annual improvements 2011-2013

Accounting standards in issue but not yet effective:

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

- Annual improvements 2010-2012
- Annual improvements 2012-2014
- IFRS 9: Financial Instruments
- IFRS 15: Revenue from contracts with customers
- IFRS 16: Leases
- Amendments to IAS 1 Disclosure Initiative
- Amendments to IAS 16 and IAS 38: Clarification of acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to IAS 7: Disclosure Initiative
- Clarifications to IFRS 15: Revenue from Contracts with Customers

None of the new standards, interpretations and amendments, which are effective for periods beginning after 1 January 2015 and which have not been adopted early, are expected to have a material effect on the Group's future financial statements.

Significant accounting policies

Basis of consolidation

The consolidated financial statements comprise the financial statements of Ariana Resources PLC and its subsidiaries for the year ended 31 December 2015.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015 - continued

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. All significant intercompany transactions and balance between group entities are eliminated on consolidation.

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

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

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

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

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

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

Income and expense recognition

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

Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

Group companies

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

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

Property, plant and equipment

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

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

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

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

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

Intangible exploration assets

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

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

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

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

Impairment of tangible and intangible assets

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

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

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

Available for sale financial assets

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

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

Financial instruments

Financial assets and financial liabilities are recognised on the Group's Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

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

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

Financial Assets:

Trade and other receivables

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

Cash and cash equivalents

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

Other financial assets

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015 - continued

Financial liabilities and equity instruments:

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

Equity instruments

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

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

Trade and other payables

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

Share-based payments

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

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

Shareholder warrants

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

Taxation

Current income tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting year, that are unpaid at 31 December 2015. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year.

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

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

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted as at 31 December 2015. Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the consolidated statement of comprehensive income, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited to equity. The deferred tax asset arising from trading losses carried forward as referred to in Note 9 has not been recognised. The deferred tax asset will be recognised when it is more likely than not that it will be recoverable.

Segmental reporting

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

Accounting estimates and judgements:

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

Accounting for Joint Venture

Management have reviewed the criteria of IFRS 11 and made a judgement that despite its 69.58% shareholding, Zenit is a joint venture rather than a subsidiary due to the contractual agreement to share control of that company.

Intangible exploration assets

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

Impairment of assets

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

2. Staff costs

	2015 £'000	2014 £'000
Wages and salaries	288	273
Social security costs	4	6
	292	279

Total staff costs, including those capitalised within intangible assets, amounts to £378,000 (2014: £436,000). The average monthly number of employees (including Executive Directors) during the year was as follows:

	2015 Number	2014 Number
Exploration activities	10	10
Administration	4	4
	14	14

3. Directors' emoluments

	2015 £'000	2014 £'000
Basic salary and fees	244	239

Key management personnel consist of only the Directors. Details of share options and interests in the Company's shares of each Director are shown in the Directors' Report on page 28.

	Year	Salary & fees £'000	Pension £'000	Total £'000
Michael de Villiers	2015	98	-	98
	2014	94	-	94
Kerim Sener	2015	110	-	110
	2014	109	-	109
William Payne	2015	36	-	36
	2014	36	-	36

Kerim Sener in addition to his directors remuneration mentioned above, received a salary amounting to £nil from Galata Madencilik San. ve Tic. Ltd. during the year (2014: £7,222)

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

4. Other income

Other income represents:

	2015 £'000	2014 £'000
Consultancy and other income	15	-

5. Operating loss

The operating loss is stated after charging:

	2015 £'000	2014 £'000
Depreciation – owned assets	1	1
Operating lease – office rental	4	4
Write down of Intangible exploration assets	521	65
Net foreign exchange gains	(10)	(3)
Fees payable to the Company's auditor for the audit of the Company's annual accounts	33	33
Fees payable to the Company's auditor for other services:		
– The audit of the Company's subsidiaries	15	12

6. Finance cost

	2015 £'000	2014 £'000
Swap charges on other financial assets	148	185

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015 - continued

7. Share of loss of interest in joint venture

In July 2010 the Group entered into an agreement with Proccea Construction Co. ("Proccea") such that Galata Madencilik San. ve Tic. Ltd. ("Galata") would transfer its principal assets at Sindirgi and Tavsan, collectively known as the "Red Rabbit Gold Project" into a new wholly owned subsidiary, Zenit Madencilik San. ve Tic. A.S. ("Zenit"). Proccea earn their 50% share in Zenit by investing US\$8m in the capital of Zenit, US\$1.4m of such funds to be spent on a Feasibility Study and an Environmental Impact Assessment ("EIA"), with the balance on initial mine construction, once the Feasibility Study and EIA are completed satisfactorily. Proccea's stake in Zenit increased during the year to 30.42% (2014: 26.53%) as further shares were issued to them in accordance with the joint venture agreement. Ultimately profits from Zenit will be shared in the ratio of 51% the Group and 49% Proccea, but key decisions require approval from both the Group and Proccea.

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

Summarised statement of financial position	2015 £'000	2014 £'000
Non-current assets	6,764	4,991
Current assets	10,097	401
Current and Non-current liabilities	(12,793)	(1,451)
Equity	4,068	3,941
Proportion of the Group's ownership	69.58%	73.47%
Carrying amount of Investment in Joint Venture	2,830	2,895

Summarised statement of Profit and Loss	2015 £'000	2014 £'000
Other income	104	-
Administrative expenses – including exchange losses	(295)	(166)
Loss for the year	(191)	(166)
Proportion of the Group's ownership	69.58%	73.47%
Group's share of loss for the year	(133)	(122)
Increase in share of net assets following issue of shares in Zenit	68	228
Movement in interest in Joint Venture for the year	(65)	106

8. Segmental analysis

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

Principal activities for this operating segment is as follows:

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

	2015			2014		
	Mining £'000	Other reconciling items £'000	Group £'000	Mining £'000	Other reconciling items £'000	Group £'000
Administrative costs	-	(797)	(797)	-	(739)	(739)
General and specific exploration expenditure	(531)	-	(531)	(141)	-	(141)
Other income	15	-	15	-	-	-
Finance and swap costs	-	(148)	(148)	-	(185)	(185)
Movement in interest in a joint venture	(65)	-	(65)	106	-	106
Investment income	-	66	66	-	74	74
Tax	-	-	-	-	-	-
Loss after tax	(581)	(879)	(1,460)	(35)	(850)	(885)
Assets						
Segment assets	5,074	1,120	6,194	6,232	492	6,724
Liabilities						
Segment liabilities	(24)	(117)	(141)	(44)	(204)	(248)
Additions to segment assets						
Intangible assets	260	-	260	271	-	271
Property plant & equipment	13	-	13	26	1	27
Depreciation	-	(1)	(1)	-	(1)	(1)

Other income includes consultancy and licence fees.

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

Geographical segments

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

	2015			2014		
	Turkey £'000	United Kingdom £'000	Group £'000	Turkey £'000	United Kingdom £'000	Group £'000
Carrying amount of segment non-current assets	3,916	956	4,872	5,150	419	5,569

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015 - continued

9. Taxation

	2015 £'000	2014 £'000
Current tax expense in respect of the current year	—	—

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

	2015 £'000	2014 £'000
Loss before tax	(1,460)	(885)
Loss multiplied by the standard rate of corporation tax in the UK of 20.25% (2014: 21.50%)	(296)	(190)
Disallowable expenses	(14)	21
Effect of different tax rates and laws of subsidiaries operating in other jurisdictions	(1)	(1)
Effect of fair value adjustment on other financial asset	15	(20)
Losses to carry forward	296	190
Current tax charge	-	-

The Group has UK losses carried forward on which no deferred tax asset is recognised in the financial statements as the recovery of this benefit is dependent on future profitability, the timing of which cannot be reasonably foreseen. Total UK losses carried forward amount to £7,205,000 (2014: £5,597,000). Turkish tax losses carried forward at the year-end amounted to £909,000 (2014: £548,000). These losses can be carried forward and used against future taxable income rates of 21% and 20% respectively, although the Turkish losses expire after five years. Of the total Turkish tax losses of £909,000, £212,000 arose in 2011 and the balance in the subsequent years. The tax loss carried forward for the Australian subsidiary, Asgard Metals Pty. Ltd. amounted to £3,000 (2014: £4,000).

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. A further reduction to the UK corporation tax rate was announced in the 2016 Budget to further reduce the tax rate to 17% (to be effective from 1 April 2020). This will reduce the company's future current tax charge accordingly.

10. Loss of parent company

As permitted by Section 408 of the Companies Act 2006, the statement of comprehensive income of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £749,000 (2014: £752,000).

11. Loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary shareholders of £1,460,000 (2014: £885,000) divided by the weighted average number of shares issued during the year being 735,545,283 shares (2014: 638,024,916) in issue. There is no dilutive effect of share options or warrants on the basic loss per share.

12. Intangible exploration assets

Group	Deferred exploration expenditure £'000
Cost	
At 1 January 2014	1,951
Additions	271
Exchange movements	(11)
Costs written off	(65)
At 31 December 2014	2,146
Additions	260
Exchange movements	(96)
Reallocation of project costs to Joint Venture Company	(135)
Costs written off	(521)
At 31 December 2015	1,654
Net book value	
At 1 January 2014	1,951
At 31 December 2014	2,146
At 31 December 2015	1,654

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015 - continued

13. Land, property, plant & equipment

Group	Land £'000	Computer equipment £'000	Drilling equipment £'000	Fixtures & fittings £'000	Motor vehicles £'000	Totals £'000
Cost						
At 1 January 2014	236	29	267	22	39	593
Additions	24	2	-	1	-	27
Disposals	-	-	-	-	-	-
Exchange movements	(5)	(2)	(2)	-	-	(9)
At 31 December 2014	255	29	265	23	39	611
Additions	-	3	-	-	10	13
Disposals	-	-	-	-	-	-
Exchange movements	(39)	(1)	(5)	(1)	(1)	(47)
At 31 December 2015	216	31	260	22	48	577
Depreciation						
At 1 January 2014	-	24	144	19	35	222
Charge	-	2	18	1	2	23
Disposals	-	-	-	-	-	-
Exchange movements	-	(1)	(2)	-	-	(3)
At 31 December 2014	-	25	160	20	37	242
Charge	-	1	15	1	4	21
Disposals	-	-	-	-	-	-
Exchange movements	-	(1)	(9)	-	-	(10)
At 31 December 2015	-	25	166	21	41	253
Net book value						
At 1 January 2014	236	5	123	3	4	371
At 31 December 2014	255	4	105	3	2	369
At 31 December 2015	216	6	94	1	7	324

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

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

14a. Available for sale investments

Group and Company	Non-current £'000	Current £'000	Total £'000
At 1 January and 31 December 2014	109	-	109
Fair value adjustment	(87)	-	(87)
At 31 December 2015	22	-	22
Net book value			
At 31 December 2015	22	-	22
At 31 December 2014	109	-	109

The non-current available for sale investment represents the cost of the Group's investment in Royal Road Minerals Limited (previously known as Tigris Resources Ltd), a company listed on the Toronto Venture Exchange. As at 31st December 2015 its impairment in its market valuation has been reflected in these accounts.

14b. Investments in Group undertakings

Company	Shares in Group undertakings £'000
Cost and Net book Value	
At 1 January and 31 December 2015	274

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

Subsidiaries	Ownership	Country of incorporation	Nature of business
Ariana Exploration & Development Limited	100%	United Kingdom	Exploration
Portswood Resources Limited	100%	British Virgin Islands	Holding company
Galata Madencilik San. ve Tic. Ltd.	100%	Turkey	Exploration
Çamyol Gayrimenkul, Madencilik, Turizm, Tarım ve Hayvancılık Ltd.	99%	Turkey	Land acquisition
Asgard Metals Pty. Ltd.	86.05%	Australia	Exploration

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

Interest in associates

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015 - continued

14b. Investments in Group undertakings - continued

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 originally with European Goldfields Limited as part of the agreement on the Artvin Project, and which the Group accounts for as an associate. European Goldfields Limited was acquired by Eldorado Gold Corporation in 2013. Ariana Exploration & Development Limited, a fully owned subsidiary of the Group holds 49% of the ordinary shares and Eldorado Gold Corporation, the other party to the agreement, holds the remaining 51% of the ordinary shares. The Greater Pontides Exploration B.V. Group is treated as an Associate investment for purposes of the Group consolidation as the Group has a significant influence over the financial and operating policy decisions but not control or joint control over these policies.

The carrying value of the Group's investment in Greater Pontides Exploration B.V. and subsidiaries at December 2015 is £nil (2014: £nil)

The reported loss of Greater Pontides Exploration B.V. in its unaudited company financial statements for the year ended 31 December 2015, amounted to US\$17,965 (2014: US\$274,042). The Group has made no provision in respect to the reported loss as there is no constructive or legal obligation for the Group to settle any future liabilities on their behalf. The functional currency for the Greater Pontides Exploration B.V. Group is US Dollars. The Group's share of the adjusted loss, converted into Pounds Sterling, has been included in the Consolidated Statement of Comprehensive Income, and amounted to £nil (2014 : £nil). All Associates have a reporting date of 31 December 2015.

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

Share of Associate's balance sheet	Associates			
	Associate 100% 2015 US\$'000	Ariana Share 2015 US\$'000	Associate 100% 2014 US\$'000	Ariana Share 2014 US\$'000
Non-current assets	8,724	4,274	8,724	4,274
Current assets	3	1	4	2
Total assets	8,727	4,275	8,728	4,276
Current liabilities	(292)	(143)	(318)	(156)
Total liabilities	(292)	(143)	(318)	(156)
Net assets	8,435	4,132	8,410	4,120

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

15. Non-current trade and other receivables

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Other receivables	42	37	-	-

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.

16. Other financial asset

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

The consideration from Lanstead has been treated as a non-derivative financial asset and its fair value has been determined by reference to the Company's share price at the balance sheet date as measured against a benchmark price of 1.33 pence for the first equity swap agreement and 1.20 pence per share for the second agreement entered into during this year. If the actual share price exceeds the benchmark price during any of the 24 settlement months, the Company will receive more than 100% of the monthly settlement due. Should the share price fall below the benchmark price, the Company will receive less than 100% of the expected monthly settlement on a pro rata basis. The final settlement under this agreement was received in March 2016.

	Group and Company	
	2015 £'000	2014 £'000
Fair value recognised at start of year	263	639
Swap settlement for shares	-	152
Capital repayments	(261)	(247)
Swap charges	(148)	(185)
Surplus/(Loss) on revaluation at end of year	160	(96)
Fair value recognised at end of year	14	263

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

	Group and Company	
	2015 £'000	2014 £'000
Receivable within one year	14	250
Receivable within two years	-	13
	14	263

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015 - continued

17. Trade and other receivables

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Amounts owed by Group undertakings	-	-	8,594	7,605
Amounts owed by Joint Venture Company	880	775	-	-
Other receivables	63	70	-	-
Prepayments	46	16	10	-
	989	861	8,604	7,605

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

18. Trade and other payables

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade and other payables	49	131	-	-
Social security and other taxes	4	7	-	-
Other creditors	10	26	-	-
Accruals and deferred income	78	84	7	6
	141	248	7	6

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

19. Share capital

Allotted, issued and fully paid ordinary 0.1p shares	Number	Ordinary Shares £'000	Deferred shares £'000	Share Premium £'000
In issue at 1 January 2015	645,816,141	645	4,995	7,583
Shares issued in the year	156,244,055	157	-	1,257
Less expenses on issue	-	-	-	(76)
In issue at 31 December 2015	802,060,196	802	4,995	8,764

19. Share capital - continued

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

Fully paid Ordinary Shares carry one vote per share and carry the right to dividends.

Deferred Shares have attached to them the following rights and restrictions:

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

During 2015 the Company issued 156,244,055 ordinary shares for a total net consideration of £1.34m for cash and in settlement of professional fees.

Potential issue of ordinary shares

Share options and warrants

At 31 December 2015 the Company had 12,800,000 options (2014: 15,941,000) and 41,877,777 warrants (2014: 5,000,000) outstanding for the issue of ordinary shares as follows:

Date of grant	Exercisable from	Exercisable to	Exercise price	Number granted	Lapsed options during the year	Number at 31 December 2015
Options						
19 July 2005	19 July 2005	19 July 2015	8.8p	2,105,869	(2,105,869)	-
19 July 2005	19 July 2005	19 July 2015	8.8p	65,131	(65,131)	-
22 August 2005	22 August 2005	22 August 2015	13p	870,000	(870,000)	-
22 August 2005	22 August 2005	22 August 2015	13p	100,000	(100,000)	-
1 September 2006	1 September 2006	1 September 2016	13p	300,000	-	300,000
22 March 2011	22 March 2011	21 March 2018	5p	12,500,000	-	12,500,000
Total				15,941,000	(3,141,000)	12,800,000

Date of grant	Exercisable from	Exercisable to	Exercise price	Number granted	Lapsed warrants during the year	Number at 31 December 2015
Warrants						
19 April 2013	19 April 2013	19 April 2018	2p	5,000,000	-	5,000,000
4 February 2015	4 February 2015	4 February 2018	1.8p	16,666,666	-	16,666,666
7 April 2015	7 April 2015	7 April 2018	1.8p	11,111,111	-	11,111,111
30 June 2015	30 June 2015	30 June 2018	1.8p	8,333,333	-	8,333,333
29 July 2015	29 July 2015	29 July 2018	0.99p	766,667	-	766,667
Total				41,877,777	-	41,877,777

No options were issued or exercised in the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015 - continued

20. Notes to the cash flow statement

Cash generated from Group operations

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

	2015 £'000	2014 £'000
Loss before tax	(1,460)	(885)
Other financial asset charges	148	185
Change in Joint Venture asset	65	(106)
Investment income	(66)	(74)
Adjusted for:		
Write down of intangible exploration assets	521	65
Fair value adjustment	87	-
Depreciation	1	1
Operating income before working capital changes		
Change in non-current assets to exchange movements	(132)	40
Change in trade and other receivables	(3)	(88)
Change in trade and other payables	108	69
Foreign exchange differences	(374)	(19)
Cash used in Group operations	(1,105)	(812)

21. Contingent liabilities

The Group had no contingent liabilities at the year end (2014: £nil).

22. Operating lease arrangements

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

	2015 £'000	2014 £'000
Within one year	15	12

23. Capital commitments

The Group had no authorised or unauthorised capital commitments at the year end (2014: £nil).

24. Related party transactions

Group companies

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

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

Ariana Exploration & Development Limited
Portswood Resources Limited
Galata Madencilik San. ve Tic. Ltd.
Zenit Madencilik San. ve Tic. A.S. (joint venture)
Çamyol Gayrimenkul, Madencilik, Turizm, Tarım ve Hayvancılık Ltd.
Asgard Metals Pty. Ltd.

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

Loans payable by Ariana Exploration & Development Limited and Galata Madencilik San. ve Tic. Ltd. to Ariana Resources PLC amounted to £8,586,506 (2014: £7,062,237) and £7,614 (2014: £542,565) respectively.

William Payne is a partner in Wilkins Kennedy LLP, Chartered Accountants, the firm which provides his services. During the year end December 2015, Wilkins Kennedy LLP were paid £36,000 (2014: £36,000) in respect of his services as a Director, and £48,550 (2014: £62,750) in respect of accounting and management services. Fees paid for WJB Payne's services are included as part of directors emoluments declared in Note 3. At the year end the Group owed Wilkins Kennedy LLP £28,232 (2014: £62,814).

As detailed in Note 14a, the Group has an investment in Royal Road Minerals Limited, a company involved in gold exploration in southern Turkey.

Matrix Exploration Pty. Ltd., a company majority owned by Dr. Kerim Sener, charged the Company £31,266 (2014: £31,466) for office rent and other services. At the year end the Company owed Matrix Exploration Pty. Ltd. £nil (2014: £6,987).

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

Joint Venture companies

Loans payable on demand by Zenit Madencilik San. ve Tic. to A.S. to Galata Madencilik San. ve Tic. Ltd. amounted to £744,119 (2014: £774,988) and £135,754 to Ariana Exploration and Development Ltd. Interest receivable has been included under Investment Income in the statement of comprehensive income and amounted to £63,929 (2014: £70,017).

Associated companies

Transactions between the Group and its associated companies, which are related parties, have been included on consolidation.

25. Post year end events

During February 2016 the Group, through its 86%-owned Australian subsidiary, Asgard Metals Pty. Ltd, completed the sale of a package of tenements in the Pilbara region of Western Australia to Dakota Minerals Limited ("Dakota"), as announced on 18 December 2015. The initial consideration included cash payments totalling AU\$147,000 and 22,500,000 fully paid ordinary shares in Dakota. Asgard is also to benefit from a fixed consulting fee of AU\$98,000 over the course of 12 months and up to 29,400,000 performance shares which are to be issued on the achievement of certain project milestones.

As at the end of May Proccea owns approximately 42% of Zenit Madencilik and is continuing equity-funding through the construction stage, formally committing the final US\$2.1 million to earn-in to 50% of the JV.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015 - continued

26. Capital management policies and procedures

The Group's capital management objectives are:

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

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

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

The Group manages its capital structure in response to changes in economic conditions and in accordance with the Group's objective to bring the Red Rabbit Project into production.

27. Financial instruments

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

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

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

Market operational risk

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

Liquidity risk

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

Credit risk and Treasury management

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

Foreign currency risk

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

Borrowing facilities and interest rate risk

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

27. Financial instruments - continued

Interest rate sensitivity

(a) The Group and Company have limited exposure to changes to Interest rates both locally and in Turkey since the interest accruing on bank deposits was relatively immaterial.

(b) The Group and Company have no interest rate exposure on the loan finance provided during the year as the amounts owed by Group undertakings are interest free.

Fair values of financial instruments

The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

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

	Carrying amount		Fair values	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Financial assets				
Cash and cash equivalents	319	44	319	44
Available for sale financial assets				
Other financial asset (current) – Level 2	14	250	14	250
Other financial asset (non-current) – Level 2	-	13	-	13
Loans and receivables				
Trade and other receivables (current)	989	861	989	861
Trade and other receivables (non-current)	42	37	42	37
Financial liabilities				
Financial liabilities measured at amortised cost				
Trade and other payables	(141)	(248)	(141)	(248)

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

Level 2 fair value measurements have been determined by reference to observable data in quoted markets at the balance sheet dates.

All payables for the Company and the Group are considered repayable on demand.

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

The carrying and fair value of intercompany balances are the same as if they are repayable on demand.

Please note that this document is important and requires your immediate attention. If you are in any doubt as to the action to be taken, please consult an independent adviser immediately. If you have sold or transferred or otherwise intend to sell or transfer all of your holding of ordinary shares in the Company prior to the record date (as described in Note 12) for the Annual General Meeting of the Company on 28 June 2016 at 11.00 a.m., you should send this document, together with the accompanying Form of Proxy, to the (intended) purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was or is to be effected for transmission to the (intended) purchaser or transferee.

Notice of the 2016 Annual General Meeting of Ariana Resources PLC

Company Number: 05403426

Notice is hereby given that the Annual General Meeting of Ariana Resources PLC (the "Company") will be held at the East India Club, 16 St James's Square, London, SW1Y 4LH on 28 June 2016 at 11.00 a.m. in order to consider and, if thought fit, pass resolutions 1 to 4 as Ordinary Resolutions and Resolution 5 as a Special Resolution:

Ordinary resolutions

1. To receive the Annual Report and Accounts for the year ended 31 December 2015.
2. To re-elect Michael de Villiers who is retiring by rotation under the Articles of Association as a Director of the Company.
3. To re-appoint KPMG LLP as auditors and to authorise the directors to fix their remuneration.
4. That, in accordance with section 551 of the Companies Act 2006 ("2006 Act"), the Directors be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £500,000 provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the end of the next Annual General Meeting of the Company to be held after the date on which this resolution is passed, or (if earlier) 15 months from the date of passing this resolution save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 551 of the 2006 Act.

Special resolutions

5. That, subject to the passing of Resolution 4 the Directors be given the general power to allot equity securities (as defined by Section 560 of the 2006 Act) for cash, either pursuant to the authority conferred by Resolution 4 or by way of a sale of treasury shares, as if Section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to:
 - 5.1 the allotment of equity securities in connection with an offer by way of a rights issue:
 - 5.1.1 to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
 - 5.1.2 to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

- 5.2 the allotment (otherwise than pursuant to paragraph 5.1 above) of equity securities up to an aggregate nominal amount of £500,000.

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

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

By Order of the Board
dated 3 June 2016
Michael de Villiers
Company Secretary

Bridge House
London Bridge
London
UK
SE1 9QR.

Notes:

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box. If you sign and return this proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
4. You may not appoint more than one proxy to exercise rights attached to any one share.
5. To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you give no voting indication, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
6. To appoint a proxy you must ensure that the attached proxy form is completed, signed and sent to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 7ZY by no later than 11.00 a.m. on 24 June 2016.
7. In the case of a member which is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
8. Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
9. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
10. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
11. You may not use any electronic address provided in this proxy form to communicate with the Company for any purposes other than those expressly stated.
12. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the time by which a person must be entered on the register of members in order to have the right to attend and vote at the Annual General Meeting is 11.00 a.m. on 24 June 2016, (being not more than 48 hours prior to the time fixed for the Meeting) or, if the Meeting is adjourned, such time being not more than 48 hours prior to the time fixed for the adjourned meeting. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or vote at the Meeting.

Advisors

Directors

M J de Villiers
A K Sener
W J B Payne

Secretary

M J de Villiers

Registered Office

Bridge House, London Bridge, London, SE1 9QR

Registered Number

05403426

Auditors

KPMG LLP

15 Canada Square, London, E14 5GL

Bankers

HSBC

186 Broadway, Didcot, Oxfordshire, OX11 8RP

Solicitors

Gowling Lafleur Henderson LLP

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

Brokers

Beaufort International Associates Ltd

49 Whitehall, London, SW1A 2BX

Panmure Gordon (UK) Limited

1 New Change, London, EC4M 9AF

Nominated Advisor

Beaumont Cornish Limited

Bowman House, 29 Wilson Street, London, EC2M 2SJ

Registrars

Computershare Investor Services PLC

The Pavilions, Bridgwater Road, Bristol, BS13 8AE

Design & Production by



haywoodsener.com