Ariana Resources Plc
Unaudited condensed consolidated interim financial statements
For the six months ended 30 June 2009

Contents

Ariana Resources Plc
Unaudited condensed consolidated interim statement of comprehensive income
For the six months ended 30 June 2009

	Note	6 months to 30 June 2009	6 months to 30 June 2008	12 months to 31 December 2008
Continuing Operations		**£'000**	**£'000**	**£'000**
Administrative costs		(206)	(343)	(608)
Other income		12	-	-
Operating Loss		**(194)**	**(343)**	**(608)**
Share of loss of associates		**-**	(2)	(25)
Investment income		3	18	29
Loss on ordinary activities before tax for the period		**(191)**	**(327)**	**(604)**
Tax	**(3)**	**-**	**-**	**-**
Loss for the period		**(191)**	**(327)**	**(604)**
Other comprehensive income: Exchange differences on translating foreign operations		**(40)**	**(23)**	**25**
Other comprehensive income for the period, net of tax		**(40)**	**(23)**	**25**
Total comprehensive income for the period		**(231)**	**(350)**	**(579)**
Loss for the period attributable to Owners of the parent		**(191)**	**(327)**	**(604)**
Total comprehensive income attributable to Owners of the parent		**(231)**	**(350)**	**(579)**
Loss per share (pence):				
Basic	**(4)**	**0.14**	**0.41**	**0.71**
Diluted		**0.13**	**0.41**	**0.71**

Ariana Resources Plc
Unaudited condensed consolidated interim statement of financial position
As at 30 June 2009

	Note	30 June 2009	30 June 2008	31 December 2008
		£'000	£'000	£'000
ASSETS				
Non-current assets				
Trade and other receivables	(8)	126	179	126
Land, property, plant and equipment	(5)	213	267	230
Intangible assets	(6)	3,711	3,064	3,401
Interest in associates	(7b)	-	24	-
Total non-current assets		**4,050**	**3,534**	**3,757**
Current assets				
Trade and other receivables	(9)	174	214	302
Cash and cash equivalents		198	671	143
Total current assets		**372**	**885**	**445**
Total assets		**4,422**	**4,419**	**4,202**
Equity				
Called up share capital	(11)	1,427	927	927
Share premium	(11)	4,244	4,282	4,282
Other reserves		720	720	720
Share options		100	85	100
Translation reserve		23	15	63
Retained earnings		(2,237)	(1,769)	(2,046)
Total equity		**4,277**	**4,260**	**4,046**
Liabilities				
Current liabilities				
Trade and other payables	(10)	145	159	156
Total current liabilities		**145**	**159**	**156**
Total equity and liability		**4,422**	**4,419**	**4,202**

Ariana Resources Plc
Unaudited condensed consolidated interim statement of changes in equity
For the year ended 31 December 2008 and the six months ended 30 June 2009

	Share capital	Share premium	Other reserves	Share options	Translation reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2008	**713**	**3,419**	**720**	**7**	**38**	**(1,442)**	**3,455**
Changes in equity to 30 June 2008							
Exchange differences on retranslation of foreign operations	-	-	-	-	(23)	-	(23)
Loss for the period	-	-	-	-	-	(327)	(327)
Total recognised income and expenditure for the period	-	-	-	-	**(23)**	**(327)**	**(350)**
Issue of share capital	214	863	-	-	-	-	1,077
Share based payments	-	-	-	78	-	-	78
Balance at 30 June 2008	**927**	**4,282**	**720**	**85**	**15**	**(1,769)**	**4,260**
Changes in equity to 31 December 2008							
Exchange differences on retranslation of foreign operations	-	-	-	-	48	-	48
Loss for the period	-	-	-	-	-	(277)	(277)
Total recognised income and expenditure for the period	-	-	-	-	**48**	**(277)**	**(229)**
Share based payments	-	-	-	15	-	-	15
Balance at 31 December 2008	**927**	**4,282**	**720**	**100**	**63**	**(2,046)**	**4,046**

Ariana Resources Plc
Unaudited condensed consolidated interim statement of changes in equity (continued)
For the year ended 31 December 2008 and the six months ended 30 June 2009

	Share capital	Share premium	Other reserves	Share options	Translation reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 December 2008	**927**	**4,282**	**720**	**100**	**63**	**(2,046)**	**4,046**
Changes in equity to 30 June 2009							
Exchange differences on retranslation of foreign operations	-	-	-	-	(40)	-	(40)
Loss for the period	-	-	-	-	-	(191)	(191)
Total recognised income and expenditure for the period	-	-	-	-	**(40)**	**(191)**	**(231)**
Issue of share capital	500	-	-	-	-	-	500
Expenses offset against share premium	-	(38)	-	-	-	-	(38)
Balance at 30 June 2009	**1,427**	**4,244**	**720**	**100**	**23**	**(2,237)**	**4,277**

Ariana Resources Plc
Unaudited condensed consolidated interim statement of cash flows
For the six months ended 30 June 2009

	Note	6 months to 30 June 2009	6 months to 30 June 2008	12 months to 31 December 2008
		£'000	£'000	£'000
Cash flows from operating activities				
Cash generated from operations	**(12)**	(100)	(363)	(613)
Net cash outflow from operations		**(100)**	**(363)**	**(613)**
Cash flows from investing activities				
Purchase of land, property, plant and equipment		-	(231)	(231)
Purchase of an interest in associate		-	(26)	(25)
Purchase of intangible assets		(310)	(832)	(1,125)
Interest received		3	14	28
Net cash used in investing activities		**(307)**	**(1,075)**	**(1,353)**
Cash flows from financing activities				
Proceeds from issue of share capital		462	927	927
Net cash proceeds from financing activities		**462**	**927**	**927**
Net increase/(decrease) in cash and cash equivalents		**55**	**(511)**	**(1,039)**
Cash and cash equivalents at beginning of period		143	1,182	1,182
Cash and cash equivalents at end of period		**198**	**671**	**143**

1. General information

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 Alternative Investment Market of the London stock Exchange. The principal activities of the Company and its subsidiaries (the "Group") are related to the exploration for and development of gold and other minerals in Turkey.

The unaudited consolidated interim 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.

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2008, prepared under IFRS, have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under Section 237(2) of the Companies Act 1985.

1(a). Basis of preparation

These financial statements have been prepared under the historical cost convention, and the accounting policies have been applied consistently throughout the Group for the purposes of preparation of these condensed consolidated interim financial statements.

The financial information for the twelve months ended 31 December 2008 has been derived from the Group's audited financial statements for the period as filed with the Registrar of Companies. It does not constitute the financial statements for that period. The auditor's report on the statutory financial statements for the year ended 31 December 2008 was unqualified and did not contain any statement under Section 237(2) or (3) of the Companies Act 1985.

The amendment to IAS1 (Revised) Presentation of Financial Statements released in September 2007 redefines the primary statements and expands on certain disclosures within these. The group's primary statements have been amended to reflect the presentation required and the adoption of this amendment has had no impact on Group earnings or equity in the current or prior periods

New IFRS accounting standards and interpretations not yet adopted

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

- IAS 23 Borrowing Costs (revised 2007) (effective 1 January 2009)

- IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective 1 July 2009)
- Amendment to IFRS 2 Share-based Payment - Vesting Conditions and Cancellations (effective 1 January 2009)
- IFRS 3 Business Combinations (Revised 2008) (effective 1 July 2009)
- IFRS 8 Operating Segments (effective 1 January 2009)
- IFRIC 11 IFRS 2 - Group and Treasury Share Transactions (effective 1 March 2007)

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

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New IFRS accounting standards and interpretations not yet adopted - continued

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

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

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

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

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1(b). Significant accounting policies

Basis of consolidation

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

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

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

Income and expense recognition

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

Foreign currency translation

- **Functional and presentation currency**

  Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Sterling, which is the Group's presentation currency. This is also the functional currency of the Group and Company and is considered by the board also to be appropriate for the purposes of preparing the Group financial statements.

- **Transactions and balances**

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

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Significant accounting policies - continued

Group companies

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

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

- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transaction); and

- all resulting exchange differences are recognised as a separate component of equity. On consolidation, exchange differences arising from the translation of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Investments in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting except when classified as held for sale. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group`s share of the net assets of the associate, less any impairment in the value of individual investments. Losses of the associates in excess of the Group`s interest in those associates are not recognised.

Property, plant and equipment

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

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

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

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Intangible assets

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

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

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

Impairment of tangible and intangible assets

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

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

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

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

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

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Tangible assets

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

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

Deferred tax

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

Financial instruments

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

Cash and cash equivalents

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

Financial liabilities and equity

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

Trade payables

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

Equity instruments

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

Share-based payments

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

Pensions

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

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2. Accounting estimates and judgements

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

- **Capitalised mining costs**
  The recovery of the value of the Group's exploration mining projects is reviewed in the light of future production estimates based upon ongoing geological studies. Over the longer term the actual mineable resources achieved may vary significantly from the current estimates. The Group periodically updates estimates of resources in respect of its exploration mining projects and assesses those for indicators of impairment relating to its capitalised costs.

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

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

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

- **Share-based payments**
  In order to calculate the charge for share-based payments as required by IFRS 2, the Group makes estimates principally relating to assumptions used in its option-pricing model as set out in note11.

- **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 service. 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.

- **Trade and other receivables**

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

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3. Tax

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

4. Loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary shareholders of £191,000 divided by the weighted average number of shares in issue during the period, being 139,263,918 (fully diluted weighted average number of share amounts to 145,760,462).

5. Land, property, plant and equipment

Six months ended 30 June 2008	**£'000**
Opening net book amount 1 January 2008	**45**
Additions	231
Depreciation, impairment and other movements	(9)
Closing net book amount 30 June 2008	**267**
Six months ended 31 December 2008	
Opening net book amount 1 July 2008	267
Additions	-
Depreciation, impairment and other movements	(37)
Closing net book amount 31 December 2008	**230**
Six months ended 30 June 2009	
Opening net book amount 1 January 2009	230
Additions	-
Depreciation, impairment and other movements	(17)
Closing net book amount 30 June 2009	**213**

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6. Additions and disposals of intangible assets

Exploration, evaluation and development of mineral resources

Six months ended 30 June 2008	**£'000**
Opening net book amount 1 January 2008	**2,082**
Additions	982
Closing net book amount 30 June 2008	**3,064**
Six months ended 31 December 2008	
Opening net book amount 1 July 2008	**3,064**
Additions	337
Closing net book amount 31 December 2008	**3,401**
Six months ended 30 June 2009	
Opening net book amount 1 January 2009	**3,401**
Additions	310
Closing net book amount 30 June 2009	**3,711**

continued...

7(a). **Fixed asset investments in wholly owned subsidiaries**

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

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

7(b). **Interest in associates**

	£'000
Six months ended 30 June 2008	
Opening net book amount 1 January 2008	-
Additions	26
Share of loss of Associate	(2)
Closing net book amount 30 June 2008	24
Six months ended 31 December 2008 and at 30 June 2009	
Opening net book amount 1 July 2008	24
Additions	1
Share of loss of Associates	(25)
Closing net book amount 31 December 2008 and 30 June 2009	-

8. **Non-current trade and receivables**

	30 June 2009 £'000	30 June 2008 £'000	31 December 2008 £'000
Other receivables	**126**	**179**	**126**

Other receivables falling due after more than one year represent amounts due from the government of Turkey in respect of VAT relating to the Group's mining projects. These amounts are due for repayment between 2011 and 2012 and the fair value is not materially different to the carrying value presented.

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9. Trade and other receivables

	30 June 2009 £'000	30 June 2008 £'000	31 December 2008 £'000
Amount owed by associate undertakings	10	9	-
Other receivables	144	177	262
Prepayments	20	28	40
	174	**214**	**302**

10. Trade and other payables

	30 June 2009 £'000	30 June 2008 £'000	31 December 2008 £'000
Trade and other payables	68	92	69
Social security and other taxes	10	35	15
Accruals and deferred income	67	32	72
	145	**159**	**156**

11. Called up share capital and share premium

Authorised share capital of the company is 500,000,000 ordinary shares at 1 pence each

Details of issued capital are as follows:

	Number of shares	Nominal Value	Share Premium
At 1 January 2008	**71,284,062**	**713**	**3,419**
Share issue in the period (net of expenses) for non-cash consideration	3,000,000	30	120
Share issue in the period (net of expenses) for cash	18,571,016	184	743
Balance at 30 June 2008 and 31 December 2008	**92,855,078**	**927**	**4,282**
Shares issue in period (net of expenses) for cash	50,000,000	500	(38)
Balance at 30 June 2009	**142,855,078**	**1,427**	**4,244**

On the 14th January 2009 the Company issued 50,000,000 new ordinary 1 pence shares for a total consideration of £500,000 (gross of share issue costs) and issued 12,300,000 warrants to buy ordinary shares at 1 pence valid for a four year period. The associated issue costs, amounting to £38,000 have been charged against the share premium reserve account. The accompanying warrants fall outside the scope of IFRS 2 – "share based payments" and therefore no expense is reflected in these accounts.

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11. **CALLED UP SHARE CAPITAL - continued**

Potential issue of ordinary shares
Share options and warrants

At the 30th June 2009 the company had 3,441,000 options and 24,553,050 warrants outstanding for the issue of ordinary shares as follows:

Options Date of Grant	Exercisable From	Exercisable To	Exercise Price	Number Granted	Number at at 310 June 2009
19th July 2005	*19th July 2005*	*19th July 2015*	*8.8p*	*2,105,869*	*2,105,869*
19th July 2005	*19th July 2005*	*19th July 2015*	*8.8p*	*65,131*	*65,131*
22nd August 2005	*22nd August 2005*	*22nd August 2015*	*13p*	*870,000*	*870,000*
22nd August 2005	*22nd August 2005*	*22nd August 2015*	*13p*	*100,000*	*100,000*
1st September 2006	*1st September 2006*	*1st September 2016*	*13p*	*300,000*	*300,000*
Total				***3,441,000***	***3,441,000***
Warrants					
28th July 2005	*28th July 2005*	*28th July 2010*	*15.5p*	*64,516*	*64,516*
28th July 2005	*28th July 2005*	*28th July 2010*	*12p*	*471,466*	*471,466*
21st November 2007	*21st November 2007*	*20th November 2010*	*8p*	*8,108,900*	*8,108,900*
1st April 2008	*1st April 2008*	*1st April 2013*	*13p*	*3,000,000*	*3,000,000*
25th July 2008	*25th July 2008*	*25th September 2012*	*8p*	*608,168*	*608,168*
14th January 2009	*14th January 2009*	*13th January 2013*	*1p*	*12,300,000*	*12,300,000*
Total				***24,553,050***	***24,553,050***
Total Contingently Issuable shares				***27,994,050***	***27,994,050***

Costs associated with options issued during the period.

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

	6 months 30 June 2009 £'000	**6 months 30 June 2008 £'000**	**12 months 31 December 2008 £'000**
Share based payments	**-**	**78**	**93**

continued...

12. 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 period to arrive at cash generated from Group operations

	6 months 30 June 2009 £'000	6 months 30 June 2008 £'000	12 months 31 December 2008 £'000
Operating loss for the period	**(194)**	**(343)**	**(608)**
Adjusted for:			
Depreciation	17	9	2
Share base payments	-	78	93
Operating income before working capital changes			
Change in trade and other receivables	128	(86)	(124)
Change in trade and other payables	(11)	2	(1)
Foreign exchange differences	(40)	(23)	25
Cash generated from Group operations	**(100)**	**(363)**	**(613)**

13. RELATED PARTY TRANSACTIONS

Group companies

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation. Ariana Resources Plc is the beneficial owner and controls the following companies and as such are considered related parties.

Ariana Exploration & Development Limited, Portswood Resources Limited & Galata Madencilik San. Ve Tic. Ltd
The only transactions during the period 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 Limitedand Galata Madencilik San.Ve Tic. to Ariana Resources Plc amounted to £3,797,095 (31 December 2008 : £3,548,743) and £241,429 (31 December 2008 : £220,453) respectively.

Associate companies

Transactions between the Group and its associated companies, which are related parties, have been included on consolidation. Ariana Exploration & Development Limited acquired a 49% interest on 21 April 2008 in Greater Pontides Exploration B.V. and its wholly owned subsidiary Pontid Madencilik San. Ve Tic. Ltd.

The only transaction during the period was an intercompany loan, which is interest free and payable on demand for £10,429 (31 December 2008: £nil) by Pontid Madencilik San. Ve Tic. Ltd to Galata Madencilik San. Ve. Tic. Ltd.

14. POST BALANCE SHEET EVENT

Since June 2009 the company has issued 27,677,915 ordinary shares of 1p for consideration totalling £824,180, and bringing the total issued share capital to 170,532,993 as at 23 September 2009.

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