ARIANA RESOURCES plc

12 August 2008
AIM / PLUS Markets: AAU

HALF-YEARLY REPORT FOR SIX MONTHS TO 30 JUNE 2008

Ariana Resources plc ("Ariana" or "the Company"), the gold exploration company focused on Turkey, announces its unaudited half-yearly results for the six months ended 30 June 2008.

Highlights:

- Joint Venture initiated with European Goldfields Limited
- David Reading, CEO of European Goldfields, joins the Board
- 326,000 oz Au equivalent in JORC resources
- In-house drilling team established

Dr. Kerim Sener, Managing Director, commented:

“It has been another six months of solid progress for the Company. Our efforts have resulted in a JORC resource of over 326,000 oz gold equivalent and it is clear that the potential to delineate more ounces continues to improve. In north-eastern Turkey the JV team is actively exploring a highly prospective area for which we have high hopes.

“We have exceeded our initial resource target at the Kiziltepe prospect, with over 186,000 oz Au equivalent defined to date. We expect that further exploration on this prospect and others in the Sindirgi Project over the coming year will identify additional near-surface resources that support the establishment of an open-pit operation. The Company is evaluating its options for the commercial development of the project and has entered discussions with a third party regarding a potential off-take agreement.

“The newly acquired 140,000 oz Tavsan project will be evaluated over the coming months in order to develop the project as a stand-alone heap-leach operation. The first stages of this work, including a revised resource estimate, metallurgical testwork and environmental permitting are underway.”

CHAIRMAN'S STATEMENT

Despite an uncertain and somewhat turbulent market, the Company has developed significantly in the last six months and has continued to deliver on its objectives. Through its focused resource development strategy in western Turkey, it has established over 326,000 oz in JORC resources at its flagship projects: Kiziltepe and Tavsan. Elsewhere, our generative exploration programmes resulted in the Joint Venture of our exploration portfolio in north-eastern Turkey with European Goldfields Limited, a partner with an exploration and development philosophy closely matching ours.

Kiziltepe

Exploration at the Kiziltepe prospect has focused on the Arzu South, Arzu North, Banu and Derya veins, upon which SRK (UK) Limited has recently prepared a JORC compliant mineral resource estimate of over 186,000 ounces gold equivalent based on a cut-off grade of 2 g/t Au. The overall resource at Kiziltepe is now 950,000 tonnes at an average grade of 6.1 g/t of gold equivalent, of which 500,000 tonnes is potentially open-pittable on the Arzu South vein alone.

A geophysical survey is due to commence on the prospect this August. This survey has been designed to test the entire 3 x 1km vein field along several 200m spaced survey lines. Earlier in the year a trial survey over the Arzu South vein provided results that could be interpreted with ease and precision. We envisage that the expansion of the programme across the whole prospect will yield several new drill targets in what is proving to be a more consistently mineralised vein field than previously realised.

In parallel with our exploration objectives for the prospect, economic studies are underway to further evaluate certain development scenarios that were initially examined in the mining options study undertaken by Wardrop Engineering. Discussions are also in progress with a third-party for a potential off-take agreement, which could fast-track the project to production, albeit at a lower production rate than for a stand-alone operation.

Tavsan

The purchase of the Tavsan project was closed with Odyssey Resources in June for a total consideration of US$500,000 in cash and 3,000,000 ordinary shares in Ariana at 5p per share, valuing the resources in the ground at about US$6 per ounce. The project adds much value to the Company and, we believe, has the potential to be developed as a small heap-leach operation capable of producing 20,000 ounces of gold per year over seven years or more in the medium term.

Existing project data are being integrated into a comprehensive new geological model, which will be utilised to create a revised resource estimate. Further metallurgical testwork on the ore is also underway. Meanwhile, a resource drilling programme concentrating on the areas that were not included in the original 43-101 compliant resource is being planned, along with associated environmental permitting. It is expected that this work will feed in to a scoping study later in the year.

Joint Venture

Our Joint Venture with European Goldfields Limited in the Black Sea region of north-eastern Turkey was initiated in May and the JV team has been actively exploring since June. The JV builds upon previous generative exploration in the region and is focused initially on the Ardala copper-gold porphyry project. We are encouraged to note that a pipeline of new targets is already being generated from this exploration.

European Goldfields is funding the exploration and development of the JV licences to a definitive feasibility study. In parallel with the JV agreement, European Goldfields subscribed for 20% of the equity in Ariana and we are pleased to welcome their CEO, David Reading, to the Ariana board as a non-executive director.

We consider Ariana and European Goldfields to represent a powerful combination of talents and believe that this JV represents an important milestone in the development of the Company.

Outlook

Through its rapidly expanding resource base, its strategic focus on defining potentially mineable resources and its ability to develop innovative deals, the outlook for Ariana remains very positive. The recent establishment of our in-house drilling team is an example of our commitment and provides the Company with the tools to test our growing pipeline of exploration targets in a highly cost-effective manner.

The objective of the company remains to establish economic resources in the WAVE Project Area, notably at Kiziltepe and Tavsan, and then to develop these resources, either on our own or in partnership, in the shortest timeframe possible. We look forward confidently to several further positive developments during the remainder of the year.

Michael Spriggs
Chairman

12 August 2008

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Editors' note:

About Ariana Resources

Ariana is an exploration and development company focused on epithermal gold-silver and porphyry copper-gold deposits in Turkey. The Company is exploring a portfolio of prospective licences selected on the basis of its in-house remote-sensing database.

The Company's flagship assets are its Sindirgi and Tavsan gold projects. Both projects contain a series of prospects, within two prolific mineralised districts in western Turkey which are separated by a distance of 75km. The projects are presently being assessed as to their economic merits.

Loeb Aron & Company Ltd. and Alexander David Securities Limited are joint brokers to the Company and Beaumont Cornish Limited is the Company's Nominated Adviser.

For further information on Ariana you are invited to visit the Company's website at www.arianaresources.com.

Ends

Ariana Resources Plc
Condensed consolidated interim income statement
For the six months ended 30 June 2008

	Note	30 June 2008 Unaudited	30 June 2007 Unaudited	31 December 2007 Audited
Continuing Operations		**£,000**	**£,000**	**£,000**
Administrative costs		(343)	(256)	(516)
Share of loss of associate company		(2)	-	-
Operating Loss		**(345)**	**(256)**	**(516)**
Investment income		18	27	65
Loss on ordinary activities before tax for the period		**(327)**	**(229)**	**(451)**
Tax	**(3)**	**-**	**-**	**-**
Loss for the period attributable to equity shareholders of the company		**(327)**	**(229)**	**(451)**
Loss per share:	**(4)**			
Basic and diluted loss per share (pence)		**0.41**	**0.49**	**0.84**

Ariana Resources Plc
Condensed consolidated balance sheet
As at 30 June 2008

	Note	30 June 2008 Unaudited	30 June 2007 Unaudited	31 December 2007 Audited
		£,000	£,000	£,000
ASSETS				
Non-current assets				
Trade and other receivables	(8)	179	-	124
Land, property, plant and equipment	(5)	267	57	45
Intangible assets	(6)	3,064	1,641	2,082
Interest in associates	(7b)	24	-	-
Total non-current assets		**3,534**	**1,698**	**2,251**
Current assets				
Trade and other receivables	(9)	214	308	179
Cash and cash equivalents		671	888	1,182
Total current assets		**885**	**1,196**	**1,361**
Total assets		**4,419**	**2,894**	**3,612**
Equity				
Called up share capital	(11)	928	470	713
Share premium	(11)	4,281	2,738	3,419
Other reserves		720	720	720
Share options		85	7	7
Translation reserve		15	2	38
Retained earnings		(1,769)	(1,220)	(1,442)
Total equity		**4,260**	**2,717**	**3,455**
Liabilities				
Current liabilities				
Trade and other payables	(10)	159	177	157
Total current liabilities		**159**	**177**	**157**
Total equity and liability		**4,419**	**2,894**	**3,612**

Ariana Resources Plc
Condensed consolidated interim statement of changes in equity
For the year ended 31 December 2007 and the six months ended 30 June 2008

	Share capital	Share premium	Other reserves	Share options	Translation reserve	Retained earnings	Total
	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Balance at 31 December 2006	**470**	**2,738**	**720**	**7**	**(11)**	**(991)**	**2,933**
Changes in equity to 30 June 2007							
Exchange differences on retranslation of foreign operations	-	-	-	-	13	-	13
Loss for the period	-	-	-	-	-	(229)	(229)
Total recognised income and expenditure for the period	-	-	-	-	13	**(229)**	**(216)**
Issue of share capital	-	-	-	-	-	-	-
Expenses offset against share premium	-	-	-	-	-	-	-
Balance at 30 June 2007	**470**	**2,738**	**720**	**7**	**2**	**(1,220)**	**2,717**
Changes in equity to 31 December 2007							
Exchange differences on retranslation of foreign operations	-	-	-	-	36	-	36
Loss for the period	-	-	-	-	-	(222)	(222)
Total recognised income and expenditure for the period	-	-	-	-	**36**	**(222)**	**(186)**
Issue of share capital	243	729	-	-	-	-	972
Expenses offset against share premium	-	(48)	-	-	-	-	(48)
Balance at 31 December 2007	**713**	**3,419**	**720**	**7**	**38**	**(1,442)**	**3,455**

Ariana Resources Plc
Condensed consolidated interim statement of changes in equity (continued)
For the year ended 31 December 2007 and the six months ended 30 June 2008

	Share capital	Share premium	Other reserves	Share options	Translation reserve	Retained earnings	Total
	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Balance at 31 December 2007	**713**	**3,419**	**720**	**7**	**38**	**(1,442)**	**3,455**
<u>**Changes in equity to 30 June 2008**</u>							
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	215	862	-	-	-	-	1,077
Share based payments	-	-	-	78	-	-	78
Balance at 30 June 2008	**928**	**4,281**	**720**	**85**	**15**	**(1,769)**	**4,260**

Ariana Resources Plc
Condensed consolidated interim cash flow statement
For the six months ended 30 June 2008

	Note	6 months to 30 June 2008 Unaudited £,000	6 months to 30 June 2007 Unaudited £,000	12 months to 31 December 2007 Audited £,000
Cash flows from operating activities				
Cash generated from operations	**(13)**	(363)	(325)	(548)
Net cash outflow from operations		**(363)**	**(325)**	**(548)**
Cash flows from investing activities				
Purchase of land, property, plant and equipment		(231)	(17)	(25)
Purchase of an interest in associate		(26)	-	-
Purchase of intangible assets		(832)	(344)	(770)
Interest received		14	27	54
Net cash used in investing activities		**(1,075)**	**(334)**	**(741)**
Cash flows from financing activities				
Proceeds from issue of share capital		927	-	924
Net cash proceeds from financing activities		**927**	**-**	**924**
Net decrease in cash and cash equivalents		**(511)**	**(659)**	**(365)**
Cash and cash equivalents at beginning of period		1,182	1,547	1,547
Cash and cash equivalents at end of period		**671**	**888**	**1,182**

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.

Ariana Resources Plc's consolidated interim financial statements are presented in Pounds Sterling (£), which is also the functional currency of the parent company.

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The Group's statutory financial statements for the year ended 31 December 2007, 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 2007 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 2007 was unqualified and did not contain any statement under Section 237(2) or (3) of the Companies Act 1985.

New IFRS accounting standards and interpretations not yet adopted

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

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

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

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

New IFRS accounting standards and interpretations not yet adopted - continued

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

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

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

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

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

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.

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 classifield 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.

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.

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.

Computer equipment	- between 25% & 33%
Fixtures and fittings	- between 5% & 33%
Plant and equipment	- between 10% & 20%
Motor vehicles	- between 20% & 25%

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.

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 year and subsequently.

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

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

- **Share-based payments**
  In order to calculate the charge for share-based payments as required by IFRS 2, the Group makes estimates principally relating to assumptions used in its option-pricing model as set out in note12.

- **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.

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 £327,000 divided by the weighted average number of shares in issue during the period, being 79,979,348.

There is no dilutive effect of share options or warrants on the basic loss per share.

5. Land, property, plant and equipment

Six months ended 30 June 2007	**£,000**
Opening net book amount 1 January 2007	42
Additions	17
Depreciation, impairment and other movements	(2)
Closing net book amount 30 June 2007	**57**
Six months ended 31 December 2007	
Opening net book amount 1 July 2007	57
Additions	8
Depreciation, impairment and other movements	(20)
Closing net book amount 31 December 2007	**45**
Six months ended 30 June 2008	
Opening net book amount 1 January 2007	45
Additions	231
Depreciation, impairment and other movements	(9)
Closing net book amount 30 June 2008	**267**

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6. Additions and disposals of intangible assets

Exploration, evaluation and development of mineral resources

Six months ended 30 June 2007	**£,000**
Opening net book amount 1 January 2007	1,297
Additions	344
Capitalised depreciation	-
Closing net book amount 30 June 2007	**1,641**
Six months ended 31 December 2007	
Opening net book amount 1 July 2007	1,641
Additions	426
Capitalised depreciation	15
Closing net book amount 31 December 2007	**2,082**
Six months ended 30 June 2008	
Opening net book amount 1 January 2008	2,082
Additions for cash consideration	832
Additions for share consideration	150
Capitalised deprecation	-
Closing net book amount 30 June 2008	**3,064**

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

7(b). Interest in associates.

On the 21st April 2008 the Group finalised a joint venture agreement with European Goldfields Limited where Ariana Exploration and Development Limited acquired a 49% interest in the entire share capital of Greater Pontides Exploration B.V., a private company incorporated in Netherlands and its wholly owned subsidiary, Pontid Madencilik San. ve Tic. Ltd., private company incorporated in Turkey.

8. Non-current trade and receivables

	30 June 2008 £'000	30 June 2007 £'000	31 December 2007 £'000
Other receivables	179	-	124

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

9. Trade and other receivables

	30 June 2008 £'000	30 June 2007 £'000	31 December 2007 £'000
Amount owed by associate undertakings	9	-	-
Other receivables	177	276	138
Prepayments	28	32	41
	214	**308**	**179**

10. Trade and other payables

	30 June 2008 £'000	30 June 2007 £'000	31 December 2007 £'000
Trade and other payables	92	108	80
Social security and other taxes	35	9	12
Accruals and deferred income	32	60	65
	159	**177**	**157**

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 £,000	Share Premium £,000
Opening balance 1 January 2007 & 30 June 2007	**46,957,362**	**470**	**2,738**
Share issues in the period (net of expenses) for cash	24,326,700	243	681
At 31 December 2007	**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	185	742
Balance at 30 June 2008	**92,855,078**	**928**	**4,281**

In May 2008 the Company purchased 100% of the Tavsan Project from Odyssey Resources with the combined issue of 3,000,000 shares valued at £150,000 and payments totalling US$500,000.

In May 2008 the Company also finalised a joint venture agreement with European Goldfields Limited along with a placing of 18,571,016 shares for £928,550.

12. **Called up share capital - continued**

Potential issue of ordinary shares, share options and warrants

At the 30 June 2008 the company had 3,441,000 options and 11,644,882 warrants outstanding for the issue of ordinary shares as follows:

Date of Grant	**Exercisable from**	**Exercisable to**	**Exercise Price**	**Number Granted**	**Number at 31/12/2007**
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 20015	8.8p	65,131	65,131
22 August 2005	22 August 2005	22 August 2015	13p	870,000	870,000
22 August 2005	22 August 2005	22 August 2015	13p	100,000	100,000
1 September 2006	1 September 2006	1 September 2016	13p	300,000	300,000
Total				**3,441,000**	**3,441,000**
Warrants					
28 July 2005	28 July 2005	28 July 2010	15.5p	64,516	64,516
28 July 2005	28 July 2005	28 July 2010	12p	471,466	471,466
21 November 2007	21 November 2007	21 November 2010	8p	8,108,900	8,108,900
11 April 2008	11 April 2008	11 April 2013	13p	3,000,000	3,000,000
Total				**11,644,882**	**11,644,882**
Total contingently issuable shares				**15,085,882**	**15,085,882**

Costs associated with options issued during the year.

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

	2008
Share price when options issued	3.8p
Expected volatility (based on closing prices from date of listing to year end)	107.30%
Expected life	5 years
Risk free rate	4.25%
Expected dividends	Zero

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

	30 June 2008 £'000	**30 June 2007 £'000**	**31 December 2007 £'000**
Share based payments	78	-	**-**

13. 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

	30 June 2008 £'000	30 June 2007 £'000	31 December 2007 £'000
Operating loss for the period	(345)	(256)	(516)
Adjusted for:			
Share of loss on associate	2	-	-
Depreciation	9	2	2
Loss on disposal of property, plant and equipment	-	-	5
Share base payments	78	-	-
Operating income before working capital changes			
Change in trade and other receivables	(86)	(43)	(40)
Change in trade and other payables	2	(28)	(48)
Foreign exchange differences	(23)	-	49
Cash generated from Group operations	**(363)**	**(325)**	**(548)**

14. 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 Ltd, Portswood Resources Ltd & 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 Ltd and Galata Madencilik San. ve Tic. Ltd. to Ariana Resources Plc amounted to £3,548,743 (2007 : £2,848,512) and £220,453 (2007 : £55,114) respectively.

Associate companies

Transactions between the Group and its associated companies, which are related parties, have been included on consolidation. Ariana Exploration & Development acquired a 49% interest on the 21t 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 £8,827 by Pontid Madencilik San. ve Tic. Ltd. to Galata Madencilik San. ve Tic. Ltd.

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