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Ariana – 2021 Full Year Results

AIM-listed Ariana Resources (AAU) has released its FY21 numbers this morning – and not a day too late! The highlight for me is the cashpile of £16.4 million at year-end: no funding worries here, then, and the final tranche of the special dividend arising from the part sale of Ariana’s Turkish assets is due on 3 October. But there is much more than that!

The big development for me is the impending second Gold mine at Tavsan, as part of the three-way joint venture in Turkey. I had hoped that final approvals would have been received by now, but it is surely a matter of days as the company tells us it is moving into the construction phase. Perhaps July will see the formal sign-off of the plant and associated lending.

And close behind is Venus Minerals, which has a copper mine ready to head into production in Cyprus. Again I had hoped the promised flotation would have happened by now, but markets have been tricky so the go-button has been postponed for now.

However, Ariana has two projects around one year from production and although the wait is frustrating, there is every reason to expect Ariana to deliver in the end – just as it did with the special dividend.

But there is another excitement in Eastern Turkey, where we are told an extensive drilling programme is underway. This could be a major resource, but we will have to wait for the drill bit to speak – I hope later this year – but already there are plans for a 50,000 oz per year Gold plant and a 1.5 million ounce resource. This is very much a wildcard for Ariana – if it proves up a huge find then the shares will surely explode, but there is as yet no certainty of that.

Then there are bits and pieces held by the Asgard fund which may (or may not!) turn into something significant, and the latest twist over at Western Tethyan Resources which saw Newmont Mining throw in \$2.5 million and its database in the hope of finding a tier one asset. As a loyal shareholder I wish it the very best of luck with that!

So there seems to be a very strong pipeline of projects, two of which are ready to go – and, of course, a producing asset at Kiziltepe which is expected to throw off 25,000 oz Gold this year, and recent drilling has offered much hope of an extended life.

So what is all this worth? Well, £16.5 million is worth...er....£16.5 million – less the second tranche of the special dividend (£1.8 million) so let’s call that £14.7 million. Kiziltepe is throwing off 25,000 gold at a cost of around \$600 per oz but is worth around \$1800 per oz. Ariana’s 23.5% is therefore worth around £5.8 million a year. If we tot up five year’s production at a 10% discount and assume only £4 million a year profit to Ariana, that is still £12 million. Add on Tavsan – due to produce around 30,000 oz gold per year for at least eight years, which is surely worth at least the same again (and then some) and we are up to around £38 million. And then there is Venus, Salinbas, Western Tethyan and Asgard which I haven’t even counted, and exploration upside – yet the market capitalisation currently sits at just £37 million.



Nobody wants junior Gold miners right now. That will change – and Ariana is a strong buy ahead of a change in sentiment.