

Ariana Resources

Update
24th September 2013

New Mineralised Zones Discovered

Ariana Resources has discovered four highly mineralised Au-Ag zones within the Kiziltepe area of its flagship Red Rabbit project and has also increased significantly the number of Au-Ag bearing veins it has mapped. The results show a gold rich area at Kepez Far West and a highly silver rich area at Kepez main. In our view these results demonstrate the resource potential of the Kiziltepe area beyond Ariana's JORC resources, which now account for just 6% of the total veins it has mapped in this region. Buy with a 3p target price.

Kepez Shows Significant Potential

Kepez is located c.6km northeast of the flagship Kiziltepe project. A highly silver rich vein system extension has been identified, with grab samples returning grades of 383g/t Ag + 1.50g/t Au, 234g/t Ag + 1.73g/t Au and 196g/t Ag + 1.51g/t Au. Initial rock-saw sampling at 1m intervals also returned grades up to 114g/t Ag and 0.63g/t Au. This area will now be progressed as a priority to the drilling phase. 3km northwest of this, Kepez West returned rock-chip results up to 9.77g/t Au and 9.73g/t Au + 68.1g/t Ag. A further region now called Kepez Far West has delivered impressive grades up to 14.45g/t Au + 39.0g/t Ag from a cluster of silicified float samples. A corridor of vein systems has also potentially been identified connecting Far West with West. Lastly, at Kepez South a new vein system has been discovered with assay results returning grades of up to 9.00g/t Au + 58.2g/t Ag. A large vein 1m wide within this system is now a priority drill target due to the grades encountered and the vein continuity.

Karakavak Also A Priority

Karakavak lies 4km east of Kepez Main. Its largest identified vein is 1.4km long and up to 6m wide, and recent rock-saw results delivered grades up to 1.94g/t Au + 4.0g/t Ag @ 1m. South of this vein is another large vein 1.3km long and up to 2m wide, and recent rock-chip results have shown anomalous grades up to 20.80g/t Au + 33.5g/t Ag. Neither of these veins have been drilled but they continue to be high priority targets.

Conclusion

We believe these results augment to the considerable potential of the Kiziltepe region, while also noting that the current Kiziltepe DFS is based on just 2km of veins out of more than 34km now mapped. We also feel they demonstrate management's commitment to progress exploration activities alongside the central project. Although still early stage targets, if any of these came to fruition they could add significant scale to Kiziltepe. We do not feel this announcement provides scope to upgrade our target price but we believe it significantly underpins it. While still cautious of the risks facing Ariana, our stance remains Buy with a 3p target price.

Buy

Target price

3p

Key data

Share price	1.40p
52 week high/low	1.80p/0.70p
Primary exchange	AIM
EPIC	AAU
Shares in issue	555.0m
Market Cap	£7.8m
Sector	Mining

Valuation

Kiziltepe NPV*	£16.8m
NAV	£6.4m
TNAV	£1.1m

* This is the value of Ariana's 50% stake

Share price chart



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Table: Financial overview

Year to 31st December	2009A	2010A	2011A	2012A
Revenue (£000)	0	0	0	0
EBITDA* (£000)	(406)	(516)	(1,044)	(799)
PBT (£000)	(402)	(506)	(1,347)	(1,182)
EPS (p)	(0.27)	(0.25)	(0.54)	(0.40)

Source: GECR and company.

Notes: * Adjusted for non-cash movements

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