

17 February 2021

Equity Research

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Flash Note

ARIANA RESOURCES

Transformational Joint Venture completed

Back in 2016 we initiated coverage on a small but prospective pre-production Gold/Silver company in Turkey. Today, we see the evolution through the construction, early production and ultimately, profitable production phases to a JV with two prominent partners that will see Ariana become a far more cash-rich and self-sufficient enterprise with significantly more potential than we ever thought possible back then.

- ▶ **Joint Venture completed** - Ariana Resources plc has today announced the completion of its transformational Joint Venture with Özaltın Holding A.S. and Proccea Construction Co. following the satisfaction of all conditions. Ariana now has a significant cash position of >£25million with which it will continue to develop its highly prospective independent exploration activities as well as conclude its stated objective of a significant return of capital to shareholders in 2021.
- ▶ **What can investors expect from the operations now?** – The expanded Joint Venture with Özaltın and Proccea involves the partial disposal of the Company's interests in Turkey in exchange for \$37.75 million in cash before costs and taxation (inclusive of the sale of the Satellite Projects, as previously announced). Ariana and Proccea will retain a 23.5% interest each in the expanded Joint Venture, with Özaltın owning 53%. Özaltın has committed \$8 million to complete a Feasibility Study, Environmental Impact Assessment and additional permitting at the Salinbas Project, with no cost to Ariana.
- ▶ Importantly, given that Ariana is now a 23.5% profit share partner in the current operating assets, the process plant expansion at Kiziltepe is well underway with completion expected in H2 2021. The expansion of this, and the planned production from Tavsan subsequently, envisages a production rate significantly ahead of current levels. Exploration activity throughout the group continues, with a keen focus on near-term production potential opportunities at Kiziltepe.

Panmure Gordon is a market maker in this company, has in the previous 12 months made agreements with this company for investment banking services and will be compensated by the company for these services.

BUY

(Remains Unchanged)

Target Price: 6.98p (unchanged)

Share Price: 4.50p

(Price at close 15 February 2021)

Stock Codes ARNR.L / AAU LN

Market Cap £48m

Sector Mining

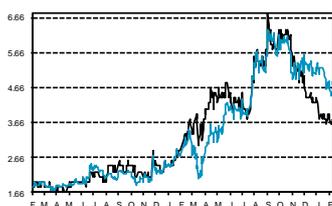
Last Published Research: 12 January 2021

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Absolute & Relative Performance



— Absolute

— Relative to DS Mining

Source Datastream

Investment Research

Year End Dec	Sales (£m)	PBTA (£m)	EPS (p)	DPS ord (p)	P/E (x)	EV/EBITDA (x)	Yield (%)
2019A	8.4	7.0	0.7	0.0	6.9	6.5	0.0
2020E	6.9	5.3	0.4	0.0	10.2	7.1	0.0
2021E	7.1	5.5	0.4	0.0	10.2	6.3	0.0
2022E	8.3	6.5	0.5	0.0	9.2	3.4	0.0

Source Company Data, Panmure Gordon

Distribution of investment ratings for equity research (as of 10 Dec 20)			Rating: GUIDELINE (return targets may be modified by risk or liquidity issues)	
Overall Global Distribution (Banking Client*)			Buy	Total return of >10% in next 12 months
Buy	Hold	Sell	Hold	Total return >-10% and <+10% in next 12 months
67% (26%)	25% (6%)	8% (0%)	Sell	Total return <-10% in next 12 months
* Indicates the percentage of each category in the overall distribution that were banking and/or corporate broking clients				

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