

29 September 2017

AIM: AAU

INTERIM RESULTS

Ariana Resources plc ("Ariana" or "the Company"), the gold exploration and development company operating in Turkey, is pleased to announce its unaudited interim results for the six months ended 30 June 2017.

Highlights:

- Kiziltepe Mine (Red Rabbit JV) delivered its first gold-silver pour in March 2017, with commissioning and production ramp-up continuing through the period.
- Pilot gold and silver production during the commissioning phase, to the end of June 2017, totalled 1,929oz and 14,519oz respectively, the sale of which generated maiden revenues for the JV company.
- Commercial production was declared in July 2017, shortly after the period end, and the mine has continued to operate as planned and within its design specifications.
- The mine has been operational for over two full quarters and production remains in line with management forecasts; reporting of the Q3 2017 operational results will occur during October.

Michael de Villiers, Chairman, commented:

"We continue to be very encouraged by the performance of our first gold-silver mine in Turkey, which is being operated by our 50:50 JV partners, Proccea Construction Co. The Kiziltepe Mine has been operational now for over two quarters, with ramp-up occurring largely between March and the end of June. This solid progress led to the commencement of commercial production during July of this year. The results to be shown in future periods will be more informative regarding the mine's operational performance."*

The results for the Group for the six-month period to June are in line with expectations. Operating costs are slightly higher than in previous periods due to increased professional fees and salary costs, in part due to our wider footprint in Turkey as a result of our 100% ownership of Salinbas. The other significant financial activity in the period related to the issue of equity of £2.9m to finance work at both Red Rabbit and Salinbas and which has helped maintain significant developments on both fronts.

We look forward to keeping the market updated on our progress across our exploration and development portfolio in the coming months. We will also be updating the market later in October on the results of our Q3 operational performance from the Kiziltepe Mine, when our first commercial JV production will be recognised."

* It is important to note that revenues realised from the operation will be accounted for at the JV company level, such that on consolidation we show our share of the Joint Venture's results for the period using the equity method of accounting rather than a line by line consolidation, in accordance with IAS 28.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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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 developing a portfolio of prospective licences originally selected on the basis of its in-house geological and remote-sensing database.

The Company's flagship assets are its Kiziltepe and Tavsan gold projects which form the Red Rabbit Gold Project. Both contain a series of prospects, within two prolific mineralised districts in the Western Anatolian Volcanic and Extensional (WAVE) Province in western Turkey. This Province hosts the largest operating gold mines in Turkey and remains highly prospective for new porphyry and epithermal deposits. These core projects, which are separated by a distance of 75km, form part of a 50:50 Joint Venture with Proccea Construction Co. The Kiziltepe Sector of the Red Rabbit Project is fully-permitted and is currently in production. The total resource inventory at the Red Rabbit Project and wider project area stands at c. 605,000 ounces of gold

equivalent. At Kiziltepe a Net Smelter Return ("NSR") royalty of up to 2.5% on production is payable to Franco-Nevada Corporation. At Tavsan an NSR royalty of up to 2% on future production is payable to Sandstorm Gold.

In north-eastern Turkey, Ariana owns 100% of the Salinbas Gold Project, comprising the Salinbas gold-silver deposit and the Ardala copper-gold-molybdenum porphyry among other prospects. The total resource inventory of the Salinbas project area is c. 1 million ounces of gold equivalent. A NSR royalty of up to 2% on future production is payable to Eldorado Gold Corporation.

Beaufort Securities Limited and Panmure Gordon (UK) 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
Unaudited Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2017

Condensed consolidated statement of comprehensive income

		6 months to 30 June 2017 £'000	6 months to 30 June 2016 £'000	12 months to 31 December 2016 £'000
Administrative costs		(580)	(360)	(930)
General exploration expenditure		(8)	(50)	(118)
Operating loss		(588)	(410)	(1,048)
Other income	(4)	-	475	1,215
Gain on acquisition of remaining interest in Joint Venture		-	-	12,435
Investment income		75	43	103
Profit on disposal of available for sale investments		3	626	810
Share of profit on dilution of interest in joint Venture	(5)	-	279	677
Share of profit/(loss) of joint venture	(5)	(153)	130	20
Profit/(loss) on ordinary activities before tax		(663)	1,143	14,212
Taxation	(7)	-	(390)	(486)
Profit/(loss) for the period		(663)	753	13,726
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss when specific conditions are met.				
Exchange differences on translating foreign operations		(239)	83	(5)
Fair value adjustment on available for sale investments	(9)	(130)	433	23
Other comprehensive income for the period net of tax		(369)	516	18
Total comprehensive income for the period		(1,032)	1,269	13,744
Profit/(loss) for the period attributable to owners of the parent company		(663)	753	13,726
Total comprehensive income attributable to owners of the parent company		(1,032)	1,269	13,744
Profit/(loss) per share (pence)				
Basic and diluted	(8)	(0.07)	0.09	1.67

Condensed consolidated interim statement of financial position

	Note	30 June 2017 £'000	30 June 2016 £'000	31 December 2016 £'000
ASSETS				
Non-current assets				
Trade and other receivables		113	45	120
Available for sale investments	(9)	-	51	-
Intangible exploration assets	(10)	17,978	1,789	17,965
Land, property, plant and equipment		316	351	319
Investment in Joint Venture	(5)	3,374	3,239	3,527
Total non-current assets		21,781	5,475	21,931
Current assets				
Trade and other receivables	(11)	3,394	1,110	1,689
Available for sale investments	(9)	691	575	866
Cash and cash equivalents		565	822	440
Total current assets		4,650	2,507	2,995
Total assets		26,431	7,982	24,926
EQUITY				
Called up share capital	(12)	6,056	5,805	5,836
Share premium	(12)	11,735	8,845	9,241
Other reserves		720	720	720
Share based payments		571	578	571
Translation reserve		(779)	(452)	(540)
Retained earnings		3,574	(8,085)	4,367
Total equity attributable to equity holders of the parent		21,877	7,411	20,195
LIABILITIES				
Non-Current Liabilities				
Deferred tax Liability		2,273	-	2,273
Other financial liabilities		1,651	-	1,651
Total non-current liabilities		3,924	-	3,924
Current liabilities				
Trade and other payables		630	571	807
Total current liabilities		630	571	807
Total equity and liabilities		26,431	7,982	24,926

Condensed consolidated interim statement of changes in equity

	Share capital £'000	Share premium £'000	Other reserves £'000	Share options £'000	Trans- lation reserves £'000	Retained losses £'000	Non- controlling interests £'000	Total attributable to equity holder of parent £'000
Balance at 1 January 2016	5,797	8,764	720	578	(535)	(9,274)	3	6,053
Changes in equity to 30 June 2016								
Profit for the period	-	-	-	-	-	753	-	753
Other comprehensive income	-	-	-	-	83	433	-	516
Total comprehensive income	-	-	-	-	83	1,186	-	1,269
Issue of share capital	8	81	-	-	-	-	-	89
Non-controlling interest –share of net assets in subsidiary	-	-	-	-	-	3	(3)	-
Transactions with owners	8	81	-	-	-	3	(3)	89
Balance at 30 June 2016	5,805	8,845	720	578	(452)	(8,085)	-	7,411
Changes in equity to 31 December 2016								
Profit for the period	-	-	-	-	-	12,973	-	12,973
Other comprehensive income	-	-	-	-	(88)	(410)	-	(498)
Total comprehensive income	-	-	-	-	(88)	12,563	-	12,475
Cancellation of share options	-	-	-	(7)	-	7	-	-
Issue of share capital	31	443	-	-	-	-	-	474
Share issue costs	-	(47)	-	-	-	-	-	(47)
Non-controlling Interest –acquisition of shares in subsidiary	-	-	-	-	-	(118)	-	(118)
Transactions with owners	31	396	-	(7)	-	(111)	-	309
Balance at 31 December 2016	5,836	9,241	720	571	(540)	4,367	-	20,195
Changes in equity to 30 June 2017								
Loss for the period	-	-	-	-	-	(663)	-	(663)
Other comprehensive income	-	-	-	-	(239)	(130)	-	(369)
Total comprehensive income	-	-	-	-	(239)	(793)	-	(1,032)
Issue of share capital	220	2,680	-	-	-	-	-	2,900
Share issue costs	-	(186)	-	-	-	-	-	(186)
Transactions with owners	220	2,494	-	-	-	-	-	2,714
Balance at 30 June 2017	6,056	11,735	720	571	(779)	3,574	-	21,877

Condensed consolidated Interim statement of cash flows

	6 months to 30 June 2017 £'000	6 months to 30 June 2016 £'000	12 months to 31 December 2016 £'000
Cash flows from operating activities			
Profit/(loss) before tax	(663)	1,143	14,212
Adjustments for:			
Profit on disposal of available for sale investments	(3)	(626)	(810)
Other income – non cash consideration received in shares	-	-	(1,148)
Depreciation of non-current assets	1	1	1
Disposal of intangible exploration assets – Australian tenements and licences	-	50	51
Gain on acquisition of remaining interest in Joint Venture (excluding cash acquired)	-	-	(12,386)
Fair value adjustments	130	(433)	(23)
(Increase)/decrease in investment in Joint Venture asset	153	(409)	(697)
Investment income	(75)	(43)	(103)
Movement in working capital	(457)	(317)	(903)
Increase/(decrease) in non-current assets due to exchange movements	50	(56)	51
(Increase)/decrease in trade and other receivables	(624)	123	(660)
Increase/(decrease) in trade and other payables	(86)	(102)	237
Foreign exchange differences on retranslation of assets and liabilities	(239)	83	(5)
Cash outflow from operating activities	(1,356)	(269)	(1,280)
Taxation paid	(91)	(60)	(77)
Net cash used in operating activities	(1,447)	(329)	(1,357)
Cash flows from investing activities			
Purchase of land, property, plant and equipment	(17)	(10)	(19)
Payments for intangible assets	(175)	(136)	(149)
Investment income	75	43	103
Net cash used in investing activities	(117)	(103)	(65)
Cash flows from financing activities			
Proceeds from disposal of available for sale investments	48	832	1,103
Proceeds from issue of share capital	1,641	103	440
Net cash proceeds from financing activities	1,689	935	1,543
Net increase in cash and cash equivalents	125	503	121
Cash and cash equivalents at beginning of period/year	440	319	319
Cash and cash equivalents at end of period/year	565	822	440

Notes to the interim financial statements for the six months ended 30 June 2017

1. General information

Ariana Resources Plc (the "Company") is a public limited company incorporated and domiciled in Great Britain and whose registered office is Bridge House, London Bridge, London, SE1 9QR. The principal activities of the Company and its subsidiaries (the "Group") are related to the exploration for and development of gold and other minerals primarily in Turkey. The Company's shares are listed on the Alternative Investment Market of the London Stock Exchange.

2. Basis of preparation

The condensed interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards and in accordance with International Accounting Standard 34 *Interim Financial Reporting*. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The condensed interim financial statements set out above do not constitute statutory accounts within the meaning of the Companies Act 2006. They have been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union. Statutory financial statements for the year ended 31 December 2016 were approved by the Board of Directors on 2 June 2017 and delivered to the Registrar of Companies. The financial information for the periods ended 30 June 2017 and 30 June 2016 are unaudited.

3. Significant accounting policies

The condensed interim financial statements have been prepared under the historical cost convention.

The same accounting policies have been followed in these condensed interim financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2016.

The Group and Company financial statements have been prepared on a going concern basis. As an exploration and development company the Directors are mindful that there is an ongoing need to monitor overheads and cash associated with the exploration and development programme and to raise additional working capital on an ad hoc basis to support the Group's activities.

The Group's ability to continue its operations and to realise its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These financial statements do not give effect to any adjustments which would be necessary should the Group be unable to continue as a going concern and therefore be required to realise its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

The Company raised £2.9m (gross) in the six month period from two issues of new equity and the Directors remain confident that if future funding is required they will be able to raise this finance to meet the Group's exploration and development programme and associated overhead cost. The second issue of equity took place near the period end and £1.07m was still to be received as at 30 June 2017, as set out in note 11. This sum was received after that date.

4. Other income

	30 June 2017 £'000	30 June 2016 £'000	31 December 2016 £'000
Consideration in cash and shares for disposal of Australian tenements and licences	-	468	1,148
Consultancy fees	-	7	67
	-	475	1,215

5. Interest in joint venture

The Group accounts for its joint venture with Proccea Construction Co in Zenit Madencilik San. ve Tic. A.S. ("Zenit") using the equity method in accordance with IAS 28 (revised). At 30 June 2017 the Group has a 50% interest in Zenit.

Summarised financial information of the joint venture, based on its translated financial statements and reconciliations with the carrying amount of the investment in the consolidated financial statements are set out below:

	30 June 2017 £'000	30 June 2016 £'000	31 December 2016 £'000
Summaries statement of financial position			
Non-current assets	35,337	24,253	23,505
Current assets	4,314	821	15,081
Current and non-current liabilities	(32,903)	(18,596)	(31,532)
Equity	<u>6,748</u>	<u>6,478</u>	<u>7,054</u>
Proportion of Group's ownership	50%	50%	50%
Carrying amount of Investment in Joint Venture	<u>3,374</u>	<u>3,239</u>	<u>3,527</u>
	30 June 2017 £'000	30 June 2016 £'000	31 December 2016 £'000
Summaries statement of profit and loss			
Other income	188	202	483
Administrative expenses – including exchange gains/(losses)	(494)	58	(443)
Profit/(loss) for the period	<u>(306)</u>	<u>260</u>	<u>40</u>
Proportion of Group's ownership	50%	50%	50%
Group's share of profit/(loss) for the period	(153)	130	20
Increase in share of net assets following issue of shares in Zenit	-	279	677
Movement in interest in Joint Venture for the period	<u>(153)</u>	<u>409</u>	<u>697</u>

During the commissioning phase of the Kiziltepe Gold and Silver Mine, all revenues and costs associated with production during the ramp-up period ending 30 June 2017 have been capitalised and included under development expenditure in accordance with pre-commercial production protocol. Gold and silver production during this commissioning phase totalled 1,929 oz and 14,519 oz respectively. The Company considers that Zenit commenced commercial production during July 2017.

In future accounting periods, more detailed production accounting information will be included in the notes to the Group accounts, as it not permitted to consolidate using acquisition accounting the results of 50% held joint venture enterprises such as Zenit. It will therefore continue to be reported as an investment in the Consolidated Balance sheet and the Consolidated Income Statement will include our share of Zenit's profit or loss for each particular period.

6. Segmental analysis

Management currently identifies one division as an operating segment – mineral exploration. This operating segment is monitored and strategic decisions are made based upon this and other non-financial data collated from exploration activities.

Principal activities for this operating segment are as follows:

Mining – incorporates the acquisition, exploration and development of gold resources in Turkey and lithium in Australia.

	30 June 2017			30 June 2016			31 December 2016		
	Mining	Other reconciling items	Group	Mining	Other reconciling items	Group	Mining	Other reconciling items	Group
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Administrative costs	-	(580)	(580)	-	(360)	(360)	-	(930)	(930)
General and specific exploration expenditure	(8)	-	(8)	(50)	-	(50)	(118)	-	(118)
Other income	-	-	-	475	-	475	1,215	-	1,215
Profit on disposal of AFS investments	3	-	3	626	-	626	810	-	810
Gain on acquisition in interest in Joint venture	-	-	-	-	-	-	12,435	-	12,435
Movement in interest in a joint venture	(153)	-	(153)	409	-	409	697	-	697
Investment income	-	75	75	-	43	43	-	103	103
Tax	-	-	-	(390)	-	(390)	(486)	-	(486)
Profit/(loss) after tax	(158)	(505)	(663)	1,070	(317)	753	14,553	(827)	13,726
Assets									
Segment assets	24,116	2,314	26,431	7,395	587	7,982	24,072	854	24,926
Liabilities									
Segment liabilities	(4,282)	(272)	(4,554)	(398)	(173)	(571)	(4,539)	(192)	(4,731)

Reconciling items include non-mineral exploration costs and transactions between Group and associate companies.

Geographical segments

All of the Group's mining assets and liabilities are located primarily in Turkey.

	30 June 2017			30 June 2016			31 December 2016		
	Turkey	United Kingdom	Group	Turkey	United Kingdom	Group	Turkey	United Kingdom	Group
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carrying amount of segment non- current assets	20,844	937	21,781	5,423	52	5,475	20,994	937	21,931

7. Taxation

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

8. Profit per share

The calculation of basic loss per share is based on the loss after taxation attributable to ordinary shareholders of £663,000 divided by the weighted average number of shares in issue during the period, being 903,412,283.

9. Available for sale Investments

Company	Non- Current £'000	Current £'000	Total £'000
Valuation at 1 January 2016	22	-	22
Additions	-	380	380
Disposals	-	(209)	(209)
Fair value adjustment	29	404	433
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Valuation at 30 June 2016	51	575	626
Additions	-	734	734
Disposals	-	(84)	(84)
Fair value adjustment	(5)	(403)	(408)
Transfer to current assets	(46)	46	-
<hr/>			
Valuation at 31 December 2016	-	866	866
Disposals	-	(45)	(45)
Fair value adjustment	-	(130)	(130)
<hr/>			
Valuation at 30 June 2017	-	691	691
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Net book value			
At 30 June 2017	-	691	691
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At 31 December 2016	-	866	866
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At 30 June 2016	51	575	626
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Available for sale investments represent the Group's investment in Novo Latio Limited (previously Dakota Minerals Limited) and Kingston Resources Limited, both listed on the Australian Securities Exchange and the Company's investment in Royal Road Minerals Limited, a company listed on the Toronto Venture Exchange and all are stated at their market value at the period end.

As at 30 June 2017 due to changes in the market value of these investments, a fair value loss totaling £130,000 has been reflected in these accounts.

10. Intangible exploration assets

£'000

Six months ended 30 June 2016

Opening net book value at 1 January 2016	1,654
Additions	136

Disposals	(50)
Exchange movements	49
Closing net book value at 30 June 2016	1,789
Six months ended 31 December 2016	
Opening net book value at 1 July 2016	1,789
Additions	13
Disposals	(1)
Additions through acquisition of remaining interest in Joint Venture	16,210
Exchange movements	(46)
Closing net book value at 31 December 2016	17,965
Six months ended 30 June 2017	
Opening net book value at 1 January 2017	17,965
Additions	175
Exchange movements	(162)
Closing net book value at 30 June 2017	17,978

None of the Group's intangible assets are owned by the Company.

The technical feasibility and commercial viability of extracting a mineral resource are not yet demonstrable in the above intangible exploration assets. These assets are not amortised, until technical feasibility and commercial viability is established. Intangible exploration costs written off represent costs relating to certain projects that are no longer considered economically viable or where exploration licences have been relinquished.

11. Trade and other receivables	30 June 2017 £'000	30 June 2016 £'000	31 December 2016 £'000
Amounts owed by Joint Venture Company	2,120	941	1,597
Other receivables	85	70	48
Prepayments and accrued income	116	99	44
Share capital receivable	1,073	-	-
	3,394	1,110	1,689

The fair value of trade and other receivables is not materially different to the carrying values presented. The amounts owed by Group undertakings and the Joint Venture Company are interest free and repayable on demand.

12. Called up share capital and share premium

Allotted, issued and fully paid 0.1p shares

Number of shares £'000	Share Capital £'000	Deferred Shares £'000	Share Premium £'000
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At 1 January 2016	802,060,196	802	4,995	8,764
Shares issued in period (net of expenses)	7,814,928	8	-	81
At 30 June 2016	809,875,124	810	4,995	8,845
Shares issued in period (net of expenses)	31,666,666	31	-	396
At 31 December 2016	841,541,790	841	4,995	9,241
Shares issued in period (net of expenses)	210,096,154	220	-	2,494
At 30 June 2017	1,051,637,944	1,061	4,995	11,735

During 2017 the Company issued 210,096,154 ordinary shares for a total gross consideration of £2,900,000 for cash and in settlement of professional fees.

At 30 June 2017 the Company had 12,500,000 options and 32,777,777 warrants outstanding for the issue of ordinary shares. No options or warrants were issued or exercised during the six month period.

13. Approval of interim financial statements

The interim financial statements were approved by the Board of Directors on 29 September 2017.