

**Ariana Resources Plc**  
**Unaudited Condensed Consolidated Interim Financial Statements**  
**for the six months ended 30 June 2012**

**Condensed consolidated statement of comprehensive income**

	Note	6 months to 30 June 2012 £'000	Restated 6 months to 30 June 2011 £'000	12 months to 31 December 2011 £'000
<b>Continuing Operations</b>				
Administrative costs		(322)	(403)	(1,291)
General exploration expenditure		(41)	-	(181)
Share options		-	(478)	-
Other income		14	23	74
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<b>Operating Loss</b>		<b>(349)</b>	<b>(858)</b>	<b>(1,398)</b>
Finance costs	4	(90)	-	-
Investment income		25	3	51
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<b>Loss on ordinary activities before tax</b>		<b>(414)</b>	<b>(855)</b>	<b>(1,347)</b>
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<b>Taxation</b>	6	-	-	-
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<b>Loss for the period</b>		<b>(414)</b>	<b>(855)</b>	<b>(1,347)</b>
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<b>Other comprehensive income:</b>				
Exchange differences on translating foreign operations		52	(94)	(239)
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<b>Other comprehensive income for the period, net of tax</b>		<b>52</b>	<b>(94)</b>	<b>(239)</b>
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<b>Total comprehensive income for the period</b>		<b>(362)</b>	<b>(949)</b>	<b>(1,586)</b>
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<b>Loss for the period attributable to owners of the parent company</b>		<b>(414)</b>	<b>(855)</b>	<b>(1,347)</b>
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<b>Total comprehensive income attributable to owners of the parent company</b>		<b>(362)</b>	<b>(949)</b>	<b>(1,586)</b>
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<b>Loss per share (pence):</b>				
Basic and diluted	7	<u>0.15</u>	<u>0.35</u>	<u>0.54</u>

## Condensed consolidated interim statement of financial position

	Note	30 June 2012 £'000	Restated 30 June 2011 £'000	31 December 2011 £'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Trade and other receivables		12	83	12
Available for sale investments		169	72	169
Land, property, plant and equipment		426	197	311
Intangible assets	8	5,125	4,446	4,627
<b>Total non-current assets</b>		<b>5,732</b>	<b>4,798</b>	<b>5,119</b>
<b>Current assets</b>				
Trade and other receivables		720	288	340
Cash and cash equivalents		725	1,445	908
<b>Total current assets</b>		<b>1,445</b>	<b>1,733</b>	<b>1,248</b>
<b>Total Assets</b>		<b>7,177</b>	<b>6,531</b>	<b>6,367</b>
<b>Equity</b>				
Called up share capital	9	2,694	2,518	2,597
Share premium		6,843	6,201	6,481
Other reserves		720	720	720
Share options		578	578	578
Translation reserve		(124)	(31)	(176)
Retained earnings		(4,664)	(3,758)	(4,250)
<b>Total equity attributable to equity holders of the parent</b>		<b>6,047</b>	<b>6,228</b>	<b>5,950</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Borrowings	10	654	-	-
Trade and other payables		476	303	417
<b>Total current liabilities</b>		<b>1,130</b>	<b>303</b>	<b>417</b>
<b>Total Equity and Liabilities</b>		<b>7,177</b>	<b>6,531</b>	<b>6,367</b>

## Condensed consolidated interim statement of changes in equity

	Share capital	Share premium	Other reserves	Share options	Translation reserve	Retained losses	Total attributable to equity holder of parent
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 January 2011</b>	<b>2,220</b>	<b>5,167</b>	<b>720</b>	<b>100</b>	<b>63</b>	<b>(2,903)</b>	<b>5,367</b>
<b><u>Changes in equity to 30 June 2011</u></b>							
<b>Other comprehensive income-</b>							
Exchange differences on retranslation of foreign operations	-	-	-	-	(94)	-	(94)
Loss for the period	-	-	-	-	-	(855)	(855)
<b>Total comprehensive income</b>	-	-	-	-	(94)	(855)	(949)
Issue of share capital	298	1,092	-	-	-	-	1,390
Share issue costs	-	(58)	-	-	-	-	(58)
Share options	-	-	-	478	-	-	478
<b>Balance at 30 June 2011</b>	<b>2,518</b>	<b>6,201</b>	<b>720</b>	<b>578</b>	<b>(31)</b>	<b>(3,758)</b>	<b>6,228</b>
<b><u>Changes in equity to 31 December 2011</u></b>							
<b>Other comprehensive income-</b>							
Exchange differences on retranslation of foreign operations	-	-	-	-	(145)	-	(145)
Loss for the period	-	-	-	-	-	(492)	(492)
<b>Total comprehensive income</b>	-	-	-	-	(145)	(492)	(637)
Issue of share capital	79	280	-	-	-	-	359
<b>Balance at 31 December 2011</b>	<b>2,597</b>	<b>6,481</b>	<b>720</b>	<b>578</b>	<b>(176)</b>	<b>(4,250)</b>	<b>5,950</b>
<b><u>Changes in equity to 30 June 2012</u></b>							
<b>Other comprehensive income-</b>							
Exchange differences on retranslation of foreign operations	-	-	-	-	52	-	52
Loss for the period	-	-	-	-	-	(414)	(414)
<b>Total comprehensive income</b>	-	-	-	-	52	(414)	(362)
Issue of share capital	97	362	-	-	-	-	459
<b>Balance at 30 June 2012</b>	<b>2,694</b>	<b>6,843</b>	<b>720</b>	<b>578</b>	<b>(124)</b>	<b>(4,664)</b>	<b>(6,047)</b>

**Condensed consolidated interim statement of cash flows**

	<b>6 months to 30 June 2012 £'000</b>	<b>Restated 6 months to 30 June 2011 £'000</b>	<b>12 months to 31 December 2011 £'000</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	(612)	(54)	(626)
<b>Net cash outflow from operations</b>	<b>(612)</b>	<b>(54)</b>	<b>(626)</b>
<b>Cash flows from investing activities</b>			
Purchase of land, property, plant and equipment	(115)	(41)	(179)
Proceeds from sale of Zenit	-	-	164
Proceeds from sale of investments	-	135	135
Purchase of investments	-	-	(98)
Purchase of intangible assets	(488)	(650)	(960)
Interest received	25	3	51
<b>Net cash used in investing activities</b>	<b>(578)</b>	<b>(553)</b>	<b>(887)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	1,115	-	-
Proceeds from issue of share capital	459	1,332	1,691
Repayment of borrowings	(477)	-	-
Interest and financing fees	(90)	-	-
<b>Net cash proceeds from financing activities</b>	<b>1,007</b>	<b>1,332</b>	<b>1,691</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(183)</b>	<b>725</b>	<b>178</b>
Cash and cash equivalents at the beginning of period	908	730	730
<b>Cash and cash equivalents at end of period</b>	<b>725</b>	<b>1,455</b>	<b>908</b>

## Notes to the interim financial statements for the six months ended 30 June 2012

### 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 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 2011, 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 2011 were approved by the Board of Directors on 23 May 2012 and delivered to the Registrar of Companies. The financial information for the periods ended 30 June 2012 and 30 June 2011 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 2011.

During the year ended 31 December 2011 the Company changed the method by which it consolidated the results of its joint venture, Zenit Madencilik San ve Tic AS., from acquisition accounting to proportional consolidation. Further details on this are contained in the Company's annual financial statements for that year, and the consolidated results for the six month period to 30 June 2011 have been amended accordingly.

### 4. Finance cost

	<b>6 months to 30 June 2012 £'000</b>	<b>Restated 6 months to 30 June 2011 £'000</b>	<b>12 months to 31 December 2011 £'000</b>
Interest on borrowing			
Interest on convertible loan	16	-	-
Facility fees	74	-	-
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	90	-	-

## 5. 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.

	June 2012			Restated June 2011			December 2011		
	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	-	(322)	<b>(322)</b>	-	(881)	<b>(881)</b>	-	(1,291)	<b>(1,291)</b>
General exploration expenditure	(41)	-	<b>(41)</b>	-	-	-	(181)	-	<b>(181)</b>
Other income	14	-	<b>14</b>	23	-	<b>23</b>	74	-	<b>74</b>
Finance costs	-	(90)	<b>(90)</b>	-	-	-	-	-	-
Investment income	-	25	<b>25</b>	-	3	<b>3</b>	-	51	<b>51</b>
Tax	-	-	-	-	-	-	-	-	-
Loss after tax	(27)	(387)	<b>(414)</b>	23	(878)	<b>(855)</b>	(107)	(1,240)	<b>(1,347)</b>
<b>Assets</b>									
Segment assets	6,875	302	<b>7,177</b>	5,299	1,232	<b>6,531</b>	5,291	1,076	<b>6,367</b>
<b>Liabilities</b>									
Segment liabilities	(138)	(992)	<b>(1,130)</b>	(155)	(148)	<b>(303)</b>	(217)	(200)	<b>(417)</b>
<b>Additions to segment assets</b>									
Intangible assets	488	-	<b>488</b>	650	-	<b>650</b>	960	-	<b>960</b>
Property plant & equipment	115	-	<b>115</b>	41	-	<b>41</b>	177	2	<b>179</b>
Depreciation	(17)	-	<b>(17)</b>	(17)	-	<b>(17)</b>	(36)	(1)	<b>(37)</b>

Other income includes consultancy and licence fees.

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 in Turkey.

	June 2012			Restated June 2011			December 2011		
	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	5,563	169	<b>5,732</b>	4,718	80	<b>4,798</b>	4,949	170	<b>5,119</b>

## 6. Tax

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

## 7. Loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary shareholders of £414,000 divided by the weighted average number of shares in issue during the period, being 266,908,645.

## 8. Additions and disposals of intangible assets

### Exploration, evaluation and development of mineral resources

<b>Six months ended 30 June 2011</b>	<b>£'000</b>
Opening net book amount 1 January 2011	3,840
Additions and capitalised depreciation	650
Disposals	<u>(44)</u>
<b>Closing net book amount 30 June 2011</b>	<b><u>4,446</u></b>
<b>Six months ended 31 December 2011</b>	
Opening net book amount 1 July 2011	4,446
Additions and capitalised depreciation	349
Disposals	(74)
Exchange movements	<u>(94)</u>
<b>Closing net book amount 31 December 2011</b>	<b><u>4,627</u></b>
<b>Six months ended 30 June 2012</b>	
Opening net book amount 1 January 2012	4,627
Additions and capitalised depreciation	488
Disposals	(26)
Exchange movements	<u>36</u>
<b>Closing net book amount 30 June 2012</b>	<b><u>5,125</u></b>

## 9. 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:

	<b>Number of shares</b>	<b>Nominal Value £'000</b>	<b>Share Premium £'000</b>
<b>At 1 January 2011</b>	<b>221,979,533</b>	<b>2,220</b>	<b>5,167</b>
Shares issued in period (net of expenses) for cash	29,851,223	298	1,034
<b>Balance at 30 June 2011</b>	<b>251,830,756</b>	<b>2,518</b>	<b>6,201</b>
Shares issued in period (net of expenses) for cash	7,841,578	79	280
<b>At 31 December 2011</b>	<b>259,672,334</b>	<b>2,597</b>	<b>6,481</b>
Shares issued in period (net of expenses) for cash	9,657,175	97	362
<b>Balance at 30 June 2012</b>	<b>269,329,509</b>	<b>2,694</b>	<b>6,843</b>

## 10. Borrowings

A convertible loan of \$750,000, bearing interest at 10% and repayable within one year, was drawn down in January 2012 and repaid in June 2012, at the same time as a new loan of \$1m on the same terms was drawn down. Under the new loan, conversion into new ordinary shares is at the lender's option at a price 3.77 pence per ordinary share.

## 11. Post period events

In July 2012 the company raised £625,000 by issuing 41,666,668 new ordinary shares at 1.5 pence per ordinary share.

## 12. Approval of interim financial statements

The interim financial statements were approved by the Board of Directors on 27 September 2012.