ARIANA RESOURCES plc

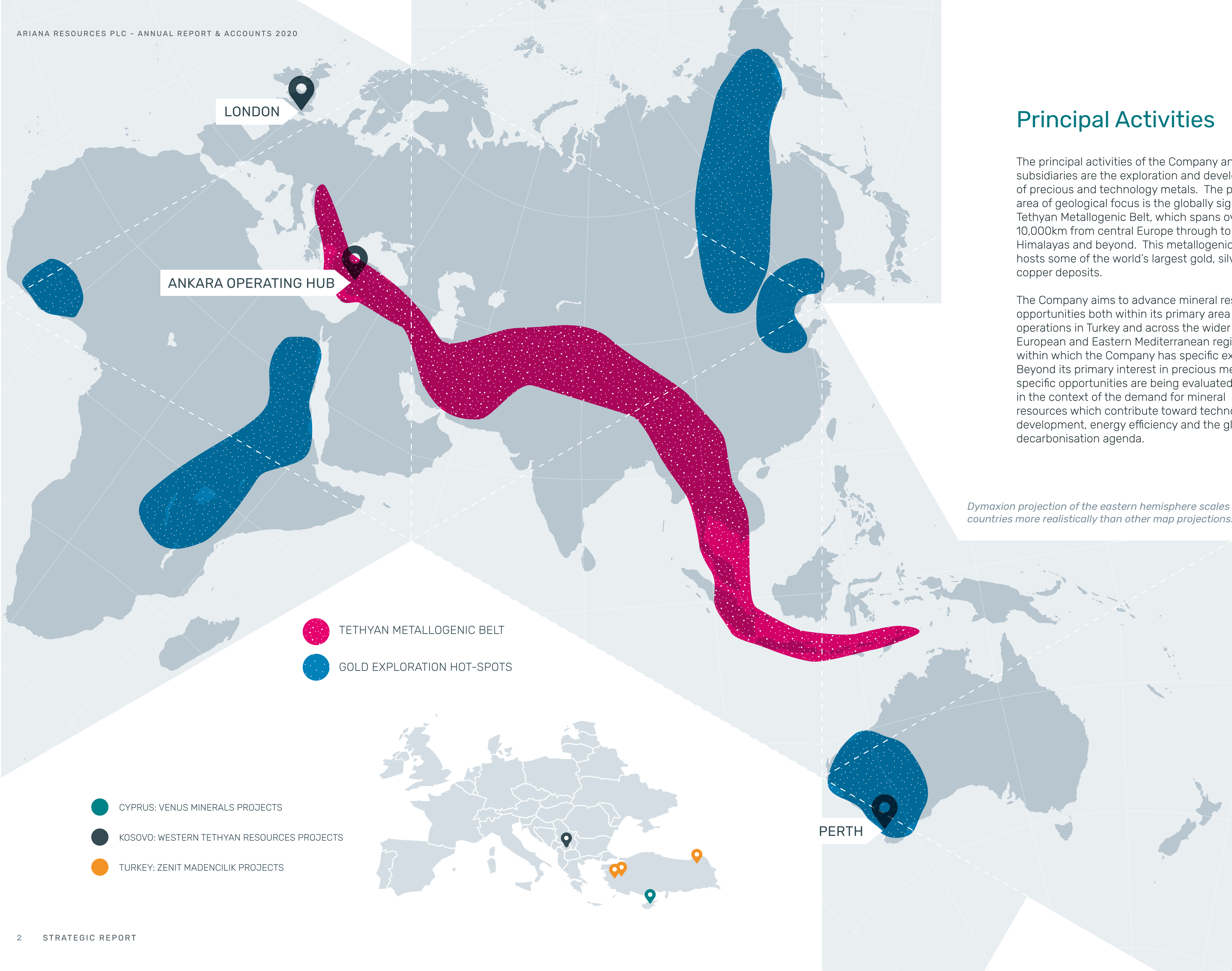
ANNUAL REPORT & ACCOUNTS 2020

Contents

Principal Activities

The principal activities of the Company and its subsidiaries are the exploration and development of precious and technology metals. The primary area of geological focus is the globally significant Tethyan Metallogenic Belt, which spans over 10,000km from central Europe through to the Himalayas and beyond. This metallogenic belt hosts some of the world's largest gold, silver and copper deposits.

The Company aims to advance mineral resource opportunities both within its primary area of operations in Turkey and across the wider European and Eastern Mediterranean regions, within which the Company has specific expertise. Beyond its primary interest in precious metals, specific opportunities are being evaluated in the context of the demand for mineral resources which contribute toward technological development, energy efficiency and the global decarbonisation agenda.



Dymaxion projection of the eastern hemisphere scales countries more realistically than other map projections.

Strategy & Business Model

The Company's primary strategy is to achieve sustainable long-term growth of the Company via robust and cost-efficient mineral exploration and development.

This approach has led Ariana to identify, advance and develop projects rapidly, with a discovery cost per ounce of gold that is substantially less than its peers.

The Company plans to achieve its goals by:

- Focusing on the discovery of sizeable mineral systems
- Building positive long-term relationships with local government, communities and key stakeholders
- Developing a strong team with excellent commercial, technical and financial skills
- Forming robust business partnerships for the development of gold and other mineral projects
- Executing selective, value-creative exploration programmes and joint venture ('JV') opportunities
- Ensuring safe operating procedures and minimising environmental impact

Project Investment Strategy

SUCCESSFUL PAST INVESTMENTS

ROYAL ROAD MINERALS
Previously Tigris Resources Ltd

KSN KINGSTON RESOURCES LIMITED

Explore Resources
Previously Dakota Minerals Ltd, since acquired by Perseus Mining Ltd

Industry Leading Performance Metrics

Ariana has strived to implement metrics to measure our achievements against our strategic goals.

Through the use of innovative technologies and operating practices we have achieved the following industry leading metrics:

- Gold Discovery Cost
- Operational Cash Costs
- Carbon Footprint

Chairman's Statement

Fellow shareholders,

I am pleased to report that Ariana has again had an outstanding year with gold production at 18,645 ounces, at an average life of mine cash cost less than US$500 per ounce, alongside a most successful ongoing exploration programme. This set the stage for a transformational transaction concluded after the year end, whereby Ariana sold a significant portion of its Turkish assets for a cash consideration, whilst still maintaining a sizeable share of the cash-generating operations, enabling Ariana to continue to implement its successful exploration and development strategy.

During the period, the Kiziltepe Mine continued to perform well above feasibility rates. This has been the case since the commencement of operations and is testament to the determination and professionalism of the operating team. Despite the challenges of the COVID-19 pandemic, they have managed to advance production, exploration drilling and plant expansion work simultaneously. The plant expansion, which is expected to be commissioned during the second half of 2021, allows for a doubling of the current level of mill throughput. This will enable a lower unit cost, as lower grade ore is brought on stream. Excellent exploration and development work has identified extensive additional mineral resources in the immediate vicinity of the plant, which have the potential to extend the life of mine significantly.

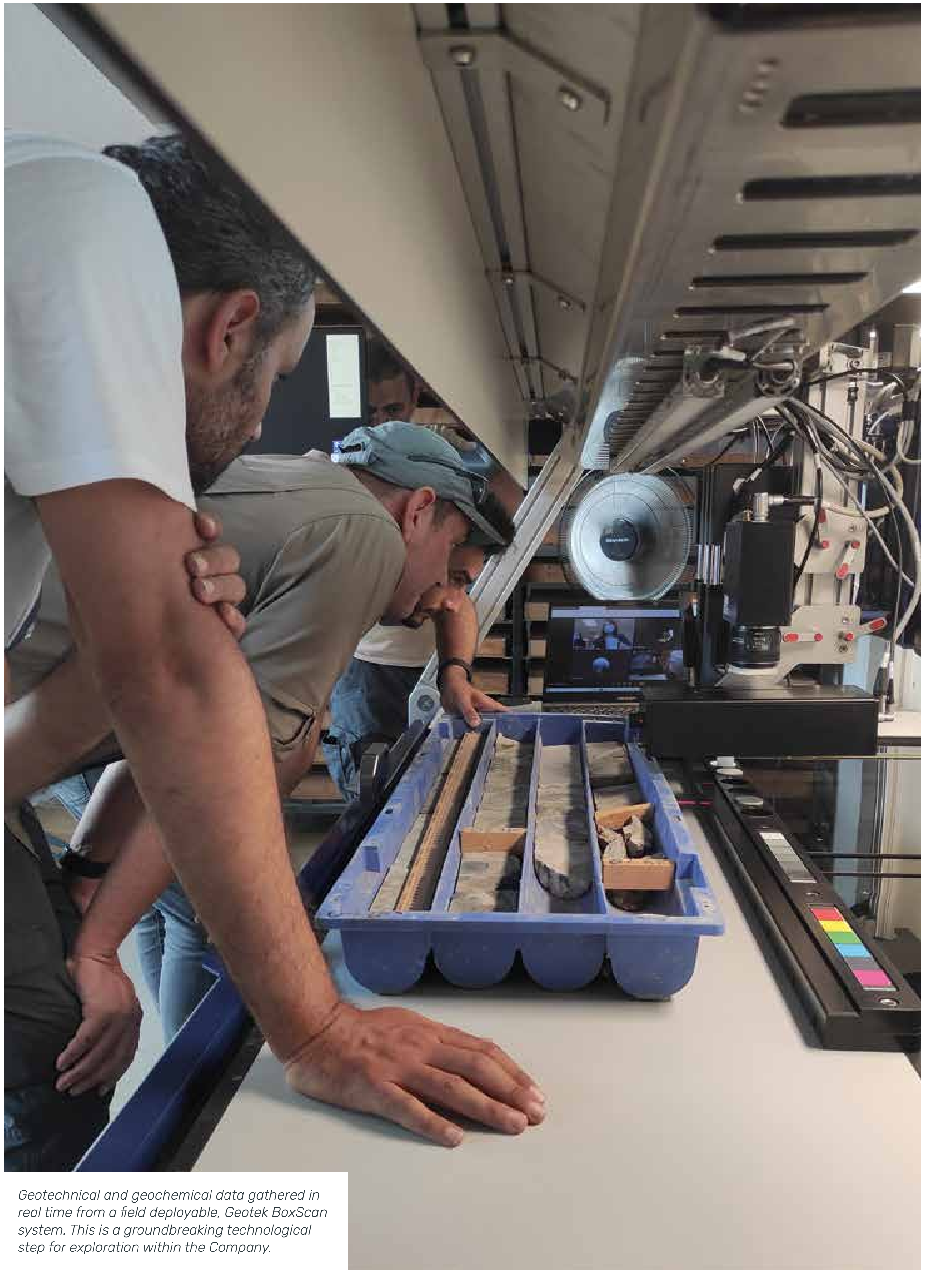
The mine continued to produce gold in the lowest cost quartile internationally. This has enabled both the repayment of the original construction loan and an ongoing profit distribution to the Joint Venture ("JV") shareholders. This quality of operation enabled the original JV partners to attract a highly regarded third JV partner, namely Özaltin Holding A.S., which bought a 53% stake in Zenit Madencilik San. ve Tic. A.S., now incorporating the Salinbaş Gold Project, in addition to the Kiziltepe Mine and the Tavşan Gold Project. We now have a three-way partnership working on our Turkish portfolio of assets and we are looking forward to the accelerated development of these projects.

Over the last year, the delays and obstacles arising from the ongoing pandemic naturally led to the direction of available manpower predominantly to the Kiziltepe Mine. Fewer resources were physically deployed on the other Company assets, though project work continued across the portfolio, leading significantly to several important resource updates. Currently the Tavşan Project is awaiting its Environmental Impact Assessment approvals and various provisional permitting applications are in process. At the present rate of progress, we are expecting production at Tavşan to be achieved from late 2022. Meanwhile, further work is ongoing at the Salinbaş Project, with a new drilling programme scheduled to commence later in 2021.

While presenting some challenges, this new operating environment has also introduced a number of new opportunities, which, along with the successful completion of the Özaltin JV transaction, will allow Ariana to pursue more ambitious exploration programmes. This is being pursued predominantly through the use of freely available information and databases integrated with data held by Ariana. This is a highly technical process of data interpretation and target definition, which our exploration team is particularly skilled in. We use this information to develop partnerships with carefully chosen collaborators who then go on to develop assets. This approach has yielded success many times in the past.

> *this new operating environment has also introduced a number of new opportunities, which along with the successful completion of the Özaltin JV transaction, will allow Ariana to pursue more ambitious exploration programmes*

The Ariana team has never been afraid of drilling up a "duster" and yet in my 16 years of recollection there have not been many, if any at all. When undertaking new exploration, one must allow for the occasional "miss" when aiming at a new target. It takes a lot of courage and determination to launch into a new territory and most definitely needs the support of a close team to undertake such new ventures. It seems appropriate to take inspiration from one of the most prolific goal scorers, Wayne Gretzky, whose mantra was "you missed 100% of the shots you don't take". With that in mind, I am encouraging our very talented and dedicated exploration teams to carry on with their excellent work, with the assurance that there is 100% support, and the understanding that we are all in this for the long game, for that next mega discovery which is just over the next hill.



Geotechnical and geochemical data gathered in real time from a field deployable, Geotek BoxScan system. This is a groundbreaking technological step for exploration within the Company.

Chairman's Statement *continued*

Kiziltepe processing plant.

What Ariana is particularly good at is seeing the big picture: where to look next and with whom to collaborate to achieve the best outcome. To this end, we have taken a global view of the Tethyan Metallogenic Belt ("TMB"), our area of expertise, then delved into our extensive database of potential targets and pulled in our best partners for collaboration in these areas to form a number of new exploration opportunities. This is now taking the form of Western Tethyan Resources Ltd, a company which is focused on the Eastern European end of the TMB, while we continue to support the successful work of Venus Minerals Ltd on the island of Cyprus. Meanwhile, further exploration and development will continue in Turkey via our well-established operations hub in Ankara, where Ariana is establishing a dedicated office and technical centre. This is allowing a full multidisciplinary team to work on both data and material samples under one roof. This is both an effective and efficient operation in a very well-resourced location. Via these regional partnerships, Ariana has reach over 2,500km of some of the most prospective territory for gold, silver and copper deposits in the world.

> *We have taken a global view of the Tethyan Metallogenic Belt ("TMB"), our area of expertise… Ariana has reach over 2,500km of some of the most prospective territory for gold, silver and copper deposits in the world.*

Any company's annual review would be incomplete without some discussion and comment on "the herd of elephants in the room" in our sector. To mention just a few of these: the magnitude of the pandemic has probably taken most of us by surprise and left many of us considering what are the most important things to us in our working and private lives. To that end, it is probably worth thinking of what one's core values are and what we deliver in our day-to-day work. I can honestly say that the Ariana team are focused on delivering the most professional job possible despite the challenges of the moment. The dedication and focus of our team is admirable and the Company is especially grateful.

The other elephant in the room, and an important subject undergoing continual internal review, is Environmental, Social and Governance ("ESG"). I see this subject as being largely about one's core values and how we interact with our stakeholders and the environment. In the broader sense, stakeholders are as wide ranging as the environment in which we operate, the communities located around our exploration prospects, the Kiziltepe mine community and the ultimate beneficiaries of our commercial endeavours, our staff and shareholders, in addition to local and national economies. In all areas this range of stakeholders must be treated with fairness and respect, as well as being kept informed about aspects of the Company's affairs that materially affect them. This relationship is inevitably a two-way street of communication with both sides practising active listening and respect for one another's point of view. It is through this process that I think we learn the most.

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Of course, the one stakeholder which does not have a voice of its own needs special mention here. I think the environment and climate change should be discussed as a broader and integrated topic. While the extractive industries continue to get the blunt edge of media attention, it is plainly obvious that human civilisation cannot exist without incurring an impact on the Earth. All primary industries, whether it is fishing, farming, forestry or mining, leave a physical and lasting impact, altering the environment through their presence. One only has to view Google Earth to see the massive physical evidence of sea pollution, farming, forestry and the odd mining or tailings dam site. However, of all industries in my opinion, mining delivers significantly more permanent benefit relative to its physical impact on the Earth. We cannot change the fact that our industry has already had a significant impact and made many mistakes. Nevertheless, we can positively affect the future and our overall environmental impact going forwards.

> *Ariana aims to continue to explore for our natural assets in a constructive and sustainable manner, very conscious of our legacy*

With this in mind, Ariana aims to continue to explore for our natural assets in a constructive and sustainable manner, very conscious of our legacy. Mining for resources predates farming and probably followed mankind's first hunting and fishing activities. As we now try to live in closer harmony with our natural world and take steps towards living in the least polluting way, we will also need to continue to explore for the minerals that will allow for greater electrification and pollution-scrubbing of fossil fuels. Ariana will continue along this theme, to look for sizeable deposits in the copper, gold and silver space along with other elements, set against the backdrop of the requirement for a cleaner environment. The mining industry has been the leader in dealing with the ESG agenda for decades, ahead of many other industries. It has been at the top of the agenda on all the mining projects I have ever been involved with during my working life. This will continue to be the case. A lot more thought and resources should be invested in mineral exploration to deliver our ongoing needs for new minerals and the clean and effective use of remaining resources.

We cannot leave the discussion of "elephants in the room" without considering the largest destination for much of what is mined, that being Asia, in particular China. China is by far the largest consumer of coal and iron and is consequentially the largest producer of industrial pollution by some margin. China has made very clear steps towards disinvesting out of polluting industries and increasing investment in cleaner energy alternatives. It is a very well publicised fact that there are simply not enough of the required battery and electrification metals available to meet the forecast demand for a significant switch to broader electrification. This trend, along with worldwide government stimulus and post-pandemic investment, further supports the view that whilst we have been in a commodities super-cycle for some time, this is likely to continue with the help of Chinese demand, placing Ariana in the right place at the right time to continue to enjoy this growing trend.

With Ariana now looking at a wider field of potential exploration, it is appropriate that we have a wider spread of our team and partners across our theatres of operation. This currently ranges across Australia, Cyprus, Kosovo, Turkey and the UK. Our team is consequently able to cover nine time zones and a multitude of prospective geological regions simultaneously. This strategy allows for "boots on the ground" and "the eyeball mark one" to be deployed without any need for international air travel, which in itself satisfies a significant part of our ESG commitment going forward.

Last but not least, we intend to reward our shareholders who have remained invested over the long haul through the payment of dividends. Court approval of our capital reorganisation has been received and this will enable the declaration of a dividend which the Board will announce in due course. As current guidance on Annual General Meeting ("AGM") regimes is returning to face-to-face meetings, with social distancing, it may again be possible to meet you in person to present our results and provide a Company update. We would however still encourage you to exercise your proxy votes well in advance of the AGM date as you did last year. I would like to close by thanking our corporate advisors and growing clan of strategic partners for their dedication and support in helping Ariana achieve its ongoing success.

Michael de Villiers
Chairman

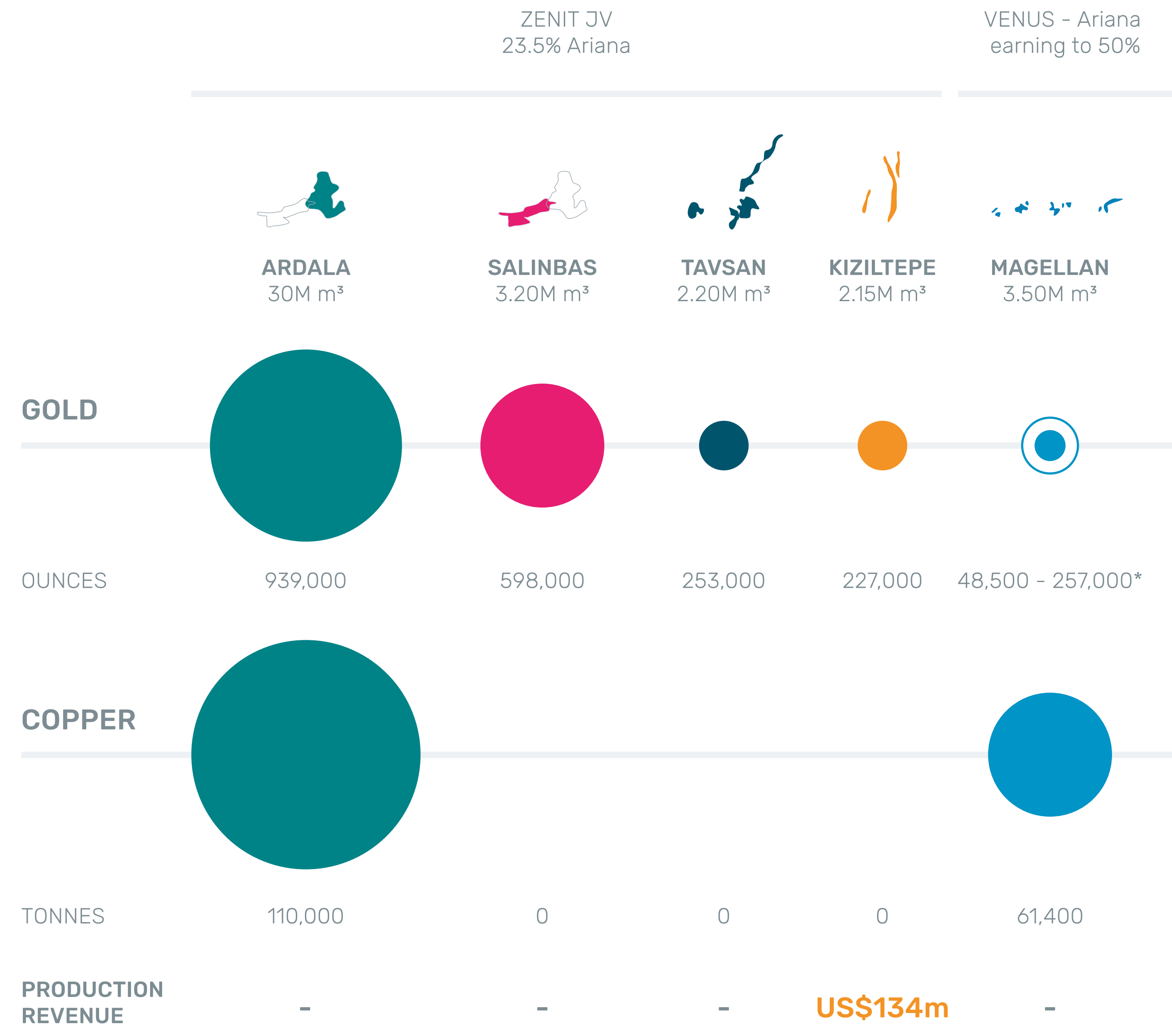
Operations Review

During 2020, the Company continued to deliver positively against all facets of its strategy, despite the obvious challenges presented by the ongoing pandemic. Near the end of the year, the Company sought shareholder approval to conclude its proposed new joint venture agreement with Özaltin Holding A.S. and Proccea Construction Co. The transaction was finalised in February 2021, and the interests of the Company in Turkey are now held through its 23.5% shareholding in Zenit Madencilik San. ve Tic. A.S. ("Zenit" or the "JV"). Accordingly, by early 2021, the Company had completed the partial divestment of its interests in Turkey in exchange for US$30 million in cash before costs and taxation from our new partner, Özaltin Holding A.S.; a further US$5.75 million was paid by Proccea Construction Co. and another US$2 million due from Zenit following the transfer of certain satellite projects. In addition, a further US$8 million of capital was injected into the JV by Özaltin Holding A.S. in order to advance Salinbaş.

For the fourth year running, the joint venture in Turkey exceeded its gold production guidance for the year at its Kiziltepe Mine and during the year fully repaid its US$33 million capital development loan from Turkiye Finans Katilim Bankasi A.S. In addition, the Company increased its joint venture resource base substantially to c.2.1Moz of gold, following a series of JORC Resource Estimate and Exploration Target updates. In parallel with increases in resources and enhanced mining rates at Kiziltepe, the joint venture is completing a processing plant expansion during 2021 to take the mill throughput up to a maximum of 500,000 tonnes per annum from approximately 200,000 tonnes per annum currently.

> *the Company increased its joint venture resource base substantially to c. 2.1Moz of gold*

Top down view of processing plant expansion at Kiziltepe. Due to be operational by H2 2021.



NOTE: Areal footprint of each deposit area shown in plan view and at the same scale. The volume in cubic metres of each deposit area is also provided. The contained gold in ounces and copper in tonnes (derived from JORC statements) is shown as circles with area proportionate to the metal content. The Magellan Project gold content is based on the JORC Exploration Target. Current as at end 2020.

The Company also advanced its interests in a portfolio of Cypriot copper-gold projects via its investment in Venus Minerals Limited ("Venus"). During the year, the first JORC resource for its Magellan Project was established, standing at 9.5Mt at 0.65% copper (Inferred). A resource and exploration drilling programme, which commenced in March 2021, remains underway at the Magellan Project. While our current entitlement to shares in Venus has now reached 37.5%, the Company is continuing its earn-in and expects to reach 50% ownership of Venus by the end of 2021.

Elsewhere, the Company initiated work on its interests in Eastern Europe through its investee company, Western Tethyan Resources Limited ("WTR") which at the year-end was a wholly-owned subsidiary, but which is now held 75% by Ariana. This Eastern European focused company is managed by a high-profile board with extensive operational experience across this region. Licence applications located in eastern Kosovo form the basis of the company's project interests at this time, though other projects are being evaluated across the region. WTR is also pursuing a target generation exercise utilising a range of geoscientific datasets.

The Company was also proud to launch a not-for-profit initiative, which aims to support education and sustainability projects benefitting the communities in which the Company operates. The Company and its Joint Venture in Turkey has a successful track-record of supporting local community and environmental causes and it intends to build upon these in the years ahead. Separately the Company is continuing to support a twenty-year Masters degree scholarship in Mining Geology, the Richard Osman Scholarship Programme, at the Camborne School of Mines.

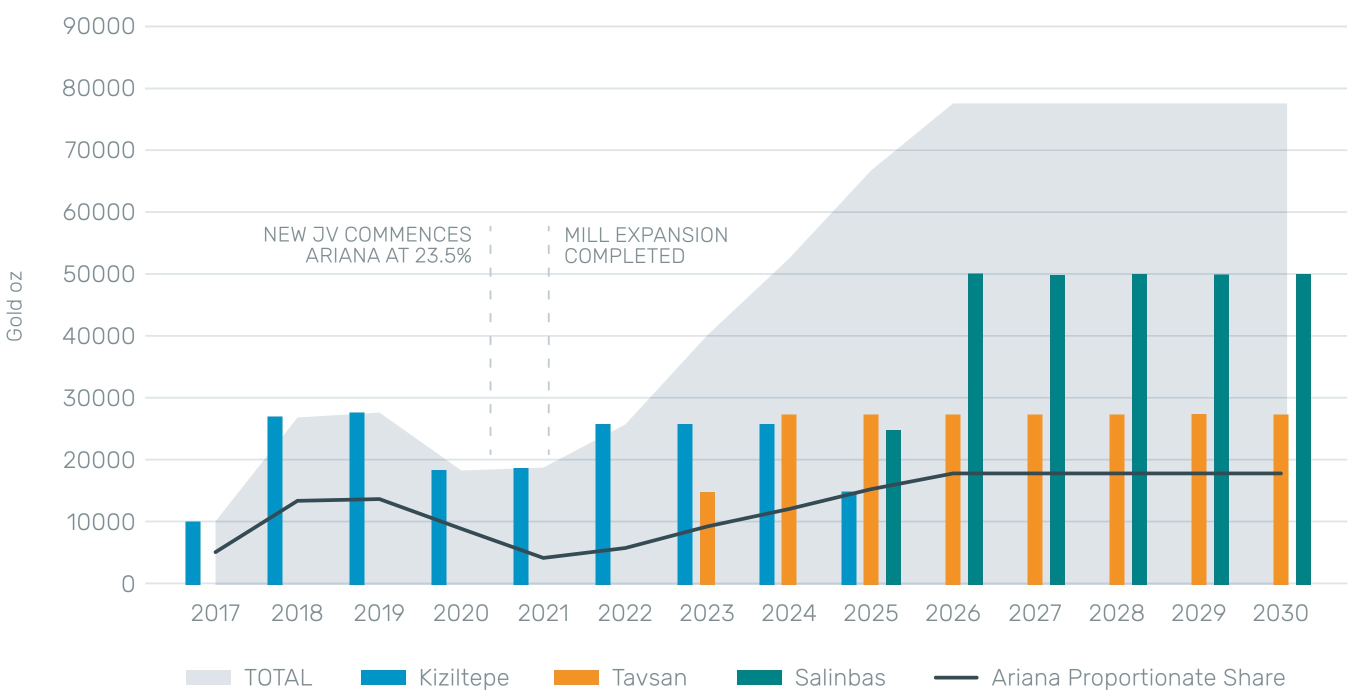
Operations Review *continued*

Zenit Madencilik

Zenit Madencilik San. ve Tic. A.S. is a joint venture company operating in Turkey, now owned 23.5% by Ariana. The joint venture is operated by Proccea Construction Co., which also owns 23.5%, with the remaining 53% owned by Özaltin Holding A.S. Zenit owns 100% of the Kiziltepe gold-silver mine, and the Tavşan and Salinbaş development projects, in addition to a number of other gold projects in Turkey. The joint venture owns a depleted total of c. 2.1 million ounces of gold and other metals (as at July 2020). The joint venture is focused on achieving production from both Kiziltepe and Tavşan in the coming years, with the aim of increasing output to c. 50,000 ounces of gold per annum.

Arzu South open pit, with the Kiziltepe Mine administrative buildings shown to the left.

Zenit JV Production Profile



Historical and projected production from the Zenit JV, showing the production from individual mines and their annual total until 2030. Subject to feasibility and environmental permitting, production from Tavşan is expected to conclude in 2030 while production from Salinbaş is expected to extend beyond 2030.

Kiziltepe

The Kiziltepe Gold-Silver Mine is located in western Turkey and contains a JORC (2012) Measured, Indicated and Inferred Resource of 227,000 ounces gold and 0.7 million ounces silver (as at April 2020). The mine has been in profitable production since early 2017 and is expected to produce at a rate of c.20,000 ounces of gold per annum to at least the mid-2020s. Since start-up, the mine has recorded four years of successful operations and has produced a total of 84,200 ounces of gold and 915,200 ounces of silver, recording US$134 million in revenue as at the end of 2020. Processing at Kiziltepe is via the carbon-in-leach method and a processing plant expansion is underway to provide for higher mill throughput. These processing plant enhancements are due to be completed in H2 2021, following which the processing plant capacity will be increased by over 300% over the feasibility design and up to 500,000 tonnes of ore per annum. A major drilling programme of over 10,000m was completed in H2 2021 which targeted various resource extensions across the property. A Net Smelter Return ("NSR") royalty of 2.5% on production is being paid to Franco-Nevada Corporation.

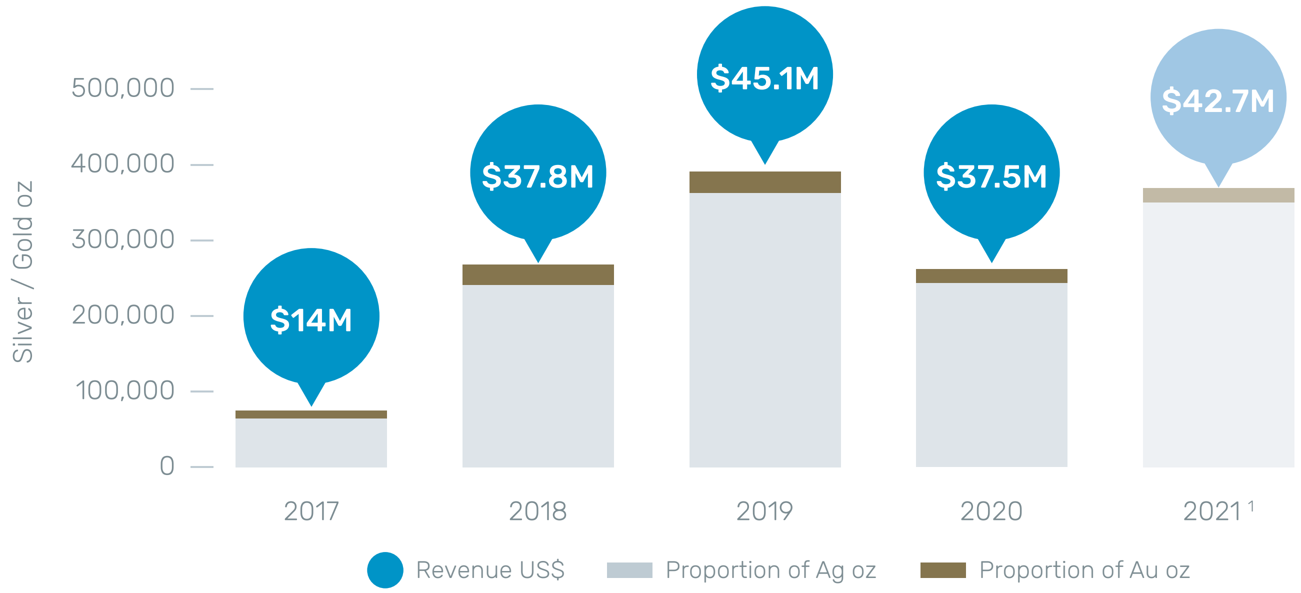
Exploration and resource drilling team at Kiziltepe.

Joint Venture Revenue 2017-2021

Cumulative Revenue 2017-2020
$134M

Total ore mined 2017-2020
1,024,359t

Avg. processed grade Au 2017-2020
3.52 g/t



NOTE: Total ore mined includes materials stockpiled and not yet processed as at end 2020.

1. Projected revenue calculated using an average of US$1,777 per oz Au and an average of US$25.5 per oz Ag as at 20 May 2021

Operations Review *continued*

Tavşan

The Tavşan Gold Project is located in western Turkey and contains a JORC (2012) Measured, Indicated and Inferred Resource of 253,000 ounces gold and 3.7 million ounces silver (as at June 2020). The project is being progressed through permitting and an Environmental Impact Assessment, with the intention of developing the site to become the second joint venture gold mining operation. Processing at Tavşan will be via the heap-leach method to accommodate a production rate of c. 30,000 ounces of gold per annum. It is expected that the mine life will exceed six years and a new resource drilling programme is expected to be completed during 2021, targeting further resource confirmation and growth. A NSR royalty of up to 2% on future production is payable to Sandstorm Gold.

Trial mining stockpile at Tavşan.

Drill core from the most recent drill programme at Tavşan.

Looking toward Tavşan South where the JORC Exploration Target is located.

Full view of the Ardala porphry showing the contact between the Salinbas Au-Ag and Ardala Cu-Au-Mo zones.

Salinbaş

The Salinbaş Gold Project is located in north-eastern Turkey and contains a JORC (2012) Measured, Indicated and Inferred Resource of 1.5 million ounces of gold (as at July 2020). It is located within the multi-million ounce Artvin Goldfield, which contains the "Hot Gold Corridor" comprising several significant gold-copper projects including the 4 million ounce Hot Maden project, which lies 16km to the south of Salinbaş. An Exploration Target of up to 2.7Moz gold and 16.1Moz silver was established for the project in 2018. There is potential for further resource extensions to be delineated within high-grade and steeply dipping breccia pipes (akin to the Hot Maden deposit), which likely merge with the Salinbaş gold-silver zone. Furthermore, recent work has confirmed that the Ardala Zone is dominated by a significantly gold-enriched copper-molybdenum porphyry system. A NSR royalty of up to 2% on future production is payable to Eldorado Gold Corporation.

Berkin Uğurlu, Exploration Manager evaluating drill core using a handheld XRF.

Operations Review *continued*

VENUS MINERALS

Venus Minerals Ltd ("Venus") is a UK registered, Cyprus-domiciled company holding a significant exploration and development portfolio in Cyprus. Ariana is earning-in to 50% of Venus and has to date earned into an entitlement to 37.5%. An advanced copper-gold-zinc project, Magellan, contains an Inferred JORC Resource of 9.5Mt @ 0.65% copper, which has potential for less well constrained zinc at 0.6% and unquantified gold and silver, providing the Company with an exceptional foundation on which to build its resource base. Scoping and pit-optimisation studies for the projects have been completed and are under review towards the preparation of a combined Preliminary Economic Assessment. The Company recognises the potential to confirm and grow these resources through further drilling and a new drilling programme has been underway on the Magellan Project since Q1 2021. Venus also holds a substantial exploration portfolio outside of the main project areas. This contains several immediate drill targets, which have been established following a rigorous data review and new surface exploration. It is the intention of Venus to develop a significant new mining operation in Cyprus.

www.venusminerals.co

Western Tethyan Resources

Western Tethyan Resources Ltd is a UK registered, Kosovo-domiciled company holding exploration licence applications in Kosovo through its wholly-owned subsidiary Kosovo Mineral Resources LLC ("KMR"). The Company is currently 75% owned by Ariana with the remaining 25% owned by a highly qualified board. The Company is currently focused on exploration for major copper-gold deposits in the Lecce Magmatic Complex and Vardar Belt. The Company is assessing several other exploration project opportunities across Eastern Europe, targeting major copper-gold deposits across the porphyry-epithermal transition. Countries in which project opportunities are being assessed include Bosnia and Herzegovina, Bulgaria, Kosovo, North Macedonia and Serbia. It is the intention of the Company to progress to drill testing its projects within the shortest possible timeframe.

www.westerntethyanresources.com

Cecelia Project in Kosovo, Western Tetyhan Resources.

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ASGARD METALS FUND

Asgard Metals Pty. Ltd. is a wholly-owned Australian subsidiary of Ariana, now operating as the Asgard Metals Fund ("Asgard"). The Company was established initially to focus on technology-commodity opportunities globally, and was successful in identifying several early-stage lithium exploration projects in Western Australia and the Northern Territory. These projects were vended to two ASX-listed companies in 2015 and 2016 for a combination of cash and shares, which established the financial basis of its future business. With A$2 million now available in cash, the remit of the Company is being broadened to encompass other project investment opportunities. It is expected that Asgard will make "Project Catalytic" investments in selected listed companies with interests in high-quality early-stage exploration project opportunities, with a particular focus on LSE and ASX listed companies. Asgard is specifically focused on the discovery stage of mineral exploration projects, where the full capabilities of the Ariana in-house exploration team can be brought to bear.

Grab samples showing the minerals azurite and chrysocolla from dumps at the Magellan Project, Cyprus.

Utilising handheld XRF to minimise over sampling. More representative samples can be selected based on optimal portable XRF geochemistry.

Operations Review *continued*

Field exploration in western Turkey.

Outlook

With some of the difficulties of 2020 behind us, we are now looking strategically and operationally to the horizon of the next decade. Since our IPO in 2005, we have transformed the Company from a junior gold explorer to one which is sustainably self-financing, holding a diverse portfolio of mineral exploration, development and mining project investments. Most importantly of all from an investor perspective, the Company can demonstrate a robust track-record across several metrics which, among others includes our industry-leading discovery cost per ounce of gold and our operational cash-costs which are in the lower quartile internationally. From an environmental stand-point, our joint venture operations produce gold at a CO_2 per ounce level which significantly lower than the international average.

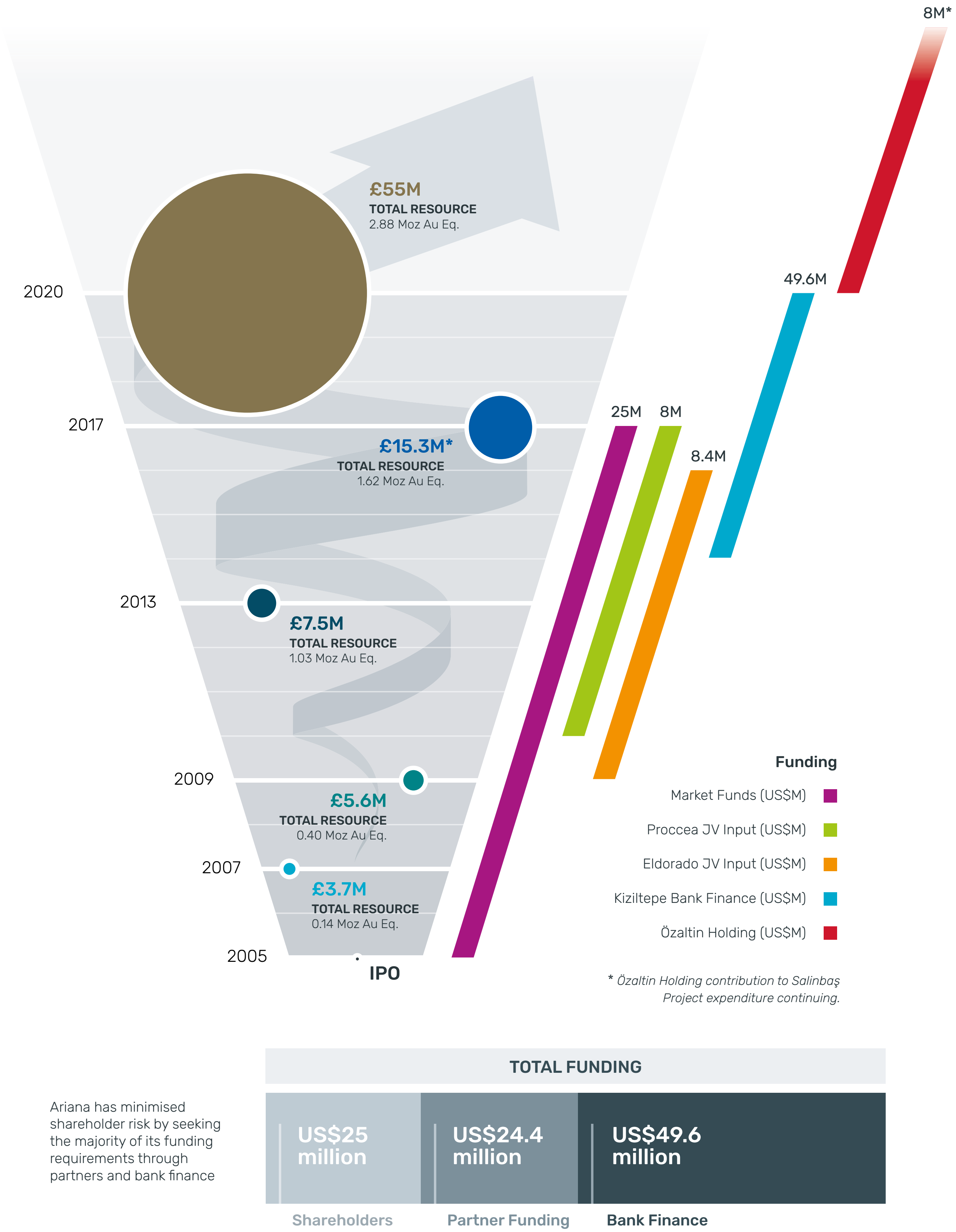
Having diligently built these solid foundations for our future business during the best part of the past two decades, we very much look forward to the new "Roaring 20s". As it was 100 years ago, with the world having emerged from a catastrophic pandemic, so will it be today. While the 1920s were marked by the development of technologies which enabled commercial flight, liquid-fuelled rockets, energy distribution and television, the 2020s will be marked by the development of commercial space-flight, renewable energy, artificial intelligence and virtual reality, amongst other technological advances. With the global population having increased by 430% over the past century, the increased requirements of these and other industries on the mining sector are unprecedented. Your Company finds itself at the dawn of this new age with the capability and financial resources to meet these demands head on.

> *our reinvigorated purpose is to discover the mineral resources needed by mankind faster, better and cheaper than our competitors*

Stated simply, our reinvigorated purpose is to discover the mineral resources needed by mankind faster, better and cheaper than our competitors. We will continue to achieve this by mitigating risks, mobilising cutting-edge technologies, minimising environmental impact and maximising partnerships with local communities. In addition, very unusually for a mineral exploration and development company, we are advancing a strategy to enable the Company to pay dividends over the long-term. This is in recognition of the important role played by our shareholders, who provided the risk-capital we required during our formative period and in the expectation of facilitating a virtuous circle of future investment in our Company.

Dr Kerim Sener
Managing Director

Growth in Market Captalisation and Resource Base



Zenit JV Resource Tables

Resource Estimate for Kiziltepe/Tavşan:

Kiziltepe and Kepez	Tonnes (t)	Grade Au (g/t)	Grade Ag (g/t)	Gold (oz)	Silver (oz)
Main Vein Zones					
Measured	970,000	2.46	43.64	77,000	1,361,000
Indicated	1,044,000	2.54	43.35	77,000	1,377,000
Measured & Indicated	**2,014,000**	**2.51**	**43.49**	**154,000**	**2,738,000**
Inferred	1,011,000	2.23	29.58	73,000	961,000
Global Total	**3,025,000**	**2.33**	**38.03**	**227,000**	**3,699,000**

Summary 2020 Kiziltepe and Kepez JORC 2012 compliant Mineral Resource Estimate (depleted for mining). Reporting is based on a 1.0 g/t Au cut-off grade. Resource estimate dated 22 April 2020. Figures in the table may not sum precisely due to rounding.

Tavşan	Tonnes (t)	Grade Au (g/t)	Grade Ag (g/t)	Gold (oz)	Silver (oz)
Measured	611,000	2.77	4.84	54,000	95,000
Indicated	2,556,000	1.70	5.19	140,000	427,000
Measured & Indicated	**3,167,000**	**1.91**	**5.12**	**194,000**	**522,000**
Inferred	1,322,000	1.39	4.72	59,000	201,000
Global Total	**4,489,000**	**1.75**	**5.01**	**253,000**	**723,000**

Summary 2020 Tavşan JORC 2012 compliant Mineral Resource Estimate. Reporting is based on a 0.7 g/t Au cut-off grade. Resource estimate dated 8 June 2020. Figures in the table may not sum precisely due to rounding.

Resource Estimate for Kizilçukur:

Classification	Tonnes (t)	Grade Au (g/t)	Grade Ag (g/t)	Gold (oz)	Silver (oz)
Measured	130,511	2.79	84.11	12,000	353,000
Indicated	87,805	2.60	69.01	7,000	195,000
Measured & Indicated	**218,317**	**2.72**	**78.04**	**19,000**	**548,000**
Inferred	37,344	1.75	57.31	2,000	69,000
Global Total	**255,660**	**2.57**	**75.01**	**21,000**	**617,000**

Summary 2020 Kizilçukur JORC 2012 compliant Mineral Resource Estimate. Reporting is based on a 1.0 g/t Au cut-off grade. Resource estimate dated 9 May 2020. Figures in the table may not sum precisely due to rounding.

Resource Estimate for Salinbaş / Ardala:

Zone	Tonnes (t)	Grade Au (g/t)	Grade Ag (g/t)	Gold (oz)	Silver (oz)
Salinbaş					
Measured	868,000	2.32	15.30	65,000	428,000
Indicated	2,421,000	1.83	19.00	142,000	1,478,000
Measured & Indicated	**3,289,000**	**1.96**	**18.02**	**207,000**	**1,906,000**
Inferred	5,114,000	2.38	16.10	391,000	2,649,000
Global Total	**8,403,000**	**2.21**	**16.90**	**598,000**	**4,555,000**

Zone	Tonnes (t)	Grade Au (g/t)	Grade Ag (g/t)	Grade Cu (ppm)	Grade Mo (ppm)	Gold (oz)	Silver (oz)	Copper (t)	Molybdenum (t)
Ardala									
Inferred	66,423,000	0.44	1.57	1,656	65	939,000	3,359,000	110,000	4,300

Summary 2020 Salinbas and Ardala JORC 2012 compliant Mineral Resource Estimate. Reporting is based on a 0.5 g/t Au cut-off grade for the Salinbaş mineralisation and 0.25 g/t Au for the Ardala mineralisation. Resource estimate dated 29 July 2020. Figures in the table may not sum precisely due to rounding.

Resource Estimate for Ivrindi:

Classification	Tonnes (t)	Grade Au (g/t)	Grade Ag (g/t)	Gold (oz)	Silver (oz)
Inferred	207,000	1.7	n/a	11,000	n/a

Summary 2013 Ivrindi JORC 2012 compliant Mineral Resource Estimate. Reporting is based on a 1.0 g/t Au cut-off grade. Resource estimate dated 11 October 2013. Figures in the table may not sum precisely due to rounding.

Financial Review

The Group recorded a profit before tax for the year of £5 million, compared to £7 million in the prior year. The key driver of this was the decline in profitability of our Joint Venture company, Zenit Madencilik San. ve Tic. A.S. ("Zenit"), where our share of their profit for the year reduced by £1.4 million, as set out in note 6 to the accounts. Despite the price of gold being strong over the period, and operationally the Company remaining very robust, the decline in performance was in part due to the lower grade ore being processed through the plant. However, the JV company remains in a very strong position, having paid off all its original capital loans, and the plant is currently being expanded to increase throughput to match the expanding resource base.

Otherwise on the Group Income Statement front, there are few surprises – costs remain broadly constant year on year, with no write downs of previously capitalised exploration expenditure. Within Other Comprehensive Income, there continues to be a large charge recorded in respect of the foreign exchange loss due to the weakening Turkish Lira. This represents the revaluation of Group assets denominated in Lira, so does not directly impact us operationally. Fortunately, our implicit revenue stream from Zenit's gold production is directly linked to the US dollar denominated price of gold.

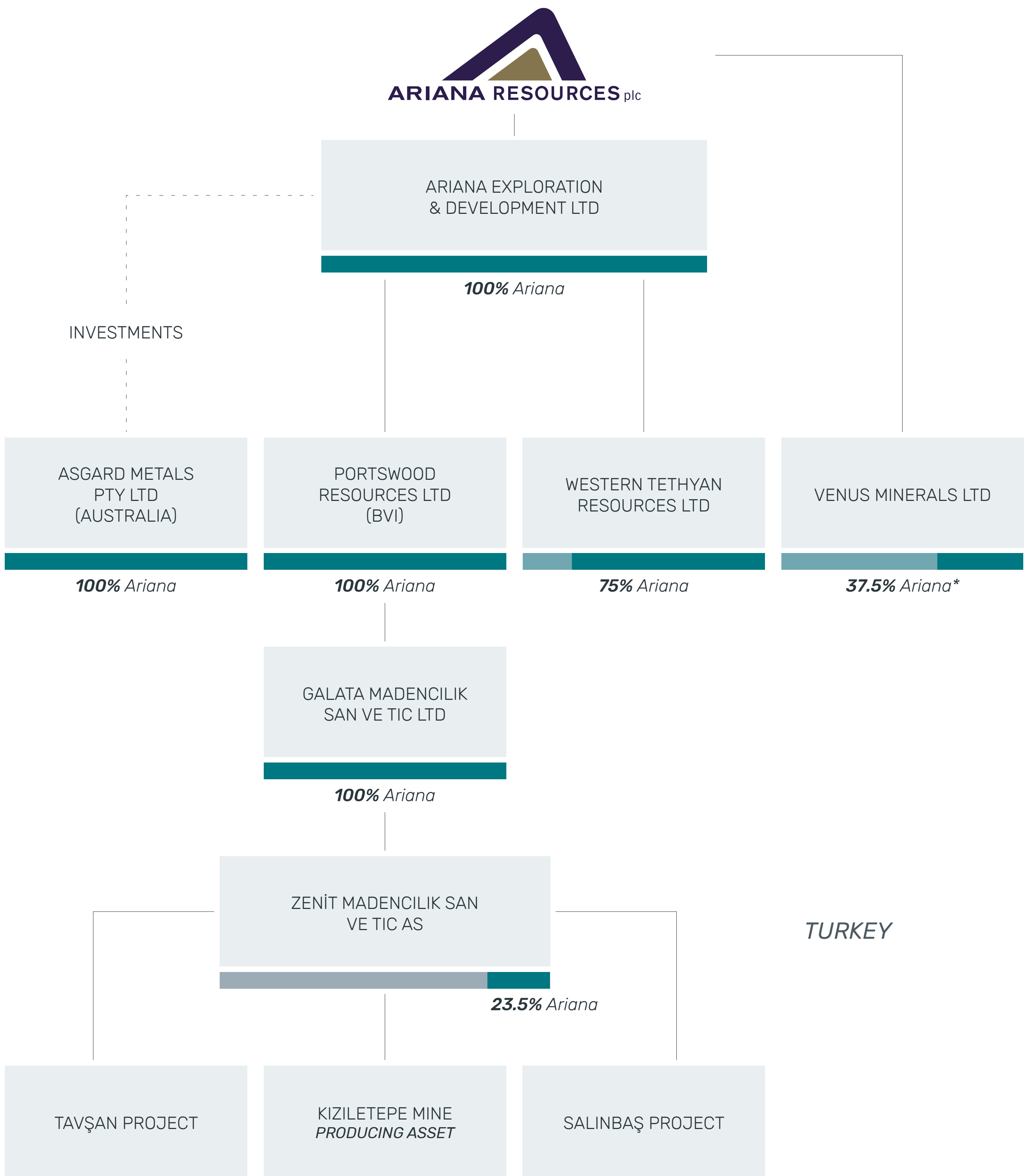
As far as the Statement of Financial Position is concerned, our primary assets are our aforementioned investment in Zenit, which increased in value due to our share of the company's net assets increasing year on year, along with our investment in Salinbaş. As referenced in note 26, the Group concluded the disposal of both these assets in February 2021, and so we have transferred the cost of Salinbaş to current assets at the year end to reflect this. In the future we will continue to record our ongoing investment in 23.5% of the share capital of the enlarged Zenit by way of equity accounting, i.e. our share of that company's profits and net assets, in our published accounts.

The Statement of Financial Position also reflects our earn-in to our Cyprus venture – at the year end we had spent £1.2 million, which is being converted to share capital as we earn into our full 50% stake in due course. In cash terms the Group performed strongly with a net increase in cash of £2.5 million, arising mainly from repayment of loans and dividends from Zenit.

The disposal of part of our interests in Turkey for a consideration before costs and taxation of US$35.75 million (with a further US$2 million due to be paid in instalments following the transfer of the Satellite Projects), approved by shareholders prior to the year end but concluded in February of this year, together with the capital reorganisation finalised through the Courts in June of this year, has put the Group firmly on a path towards payment of dividends going forward; a suitable return for our loyal shareholders.

Dr Kerim Sener
Managing Director

Organisation Review



Note: Simplified organisational structure. Ownership structures as at 13 July 2021.
**Ariana expecting to complete its earn in to 50% of Venus Minerals Ltd. by end of 2021.*

Directors

Michael de Villiers *B. Comm. Professional Accountant (SA) MIOD*

Chairman and Company Secretary

Michael qualified as a Professional Accountant with Ernst & Young in Cape Town. He gained his experience as Financial Manager at mining and chemicals operations in Botswana, Bulgaria, FSU, Ghana, Namibia and the United Kingdom. He was previously CFO of Eurasia Mining plc, Finance Director of Mercator Gold (now ECR Minerals plc), Oxus Gold plc and Navan Mining plc. He has over 30 years' experience in the mining industry.

Michael is Chairman of the Audit Committee and serves on the Sustainability Committee.

Kerim Sener *BSc (Hons) MSc DIC PhD*

Managing Director

Kerim graduated from the University of Southampton with a first-class BSc (Hons) degree in Geology in 1997 and from the Royal School of Mines, Imperial College, with an MSc in Mineral Exploration in 1998. After working in gold exploration and mining in Zimbabwe, he completed a PhD at the University of Western Australia in 2004. Since then he has been responsible for the discovery of over 3.8Moz of gold in eastern Europe. Kerim is also Non-Executive Chairman of LSE-listed Panther Metals plc. Since 2020 he has been based in Perth, Western Australia.

Kerim is a Fellow of The Geological Society of London, Member of The Institute of Materials, Minerals and Mining, Member of the Chamber of Geological Engineers in Turkey and a member of the Society of Economic Geologists.

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William Payne *BA (Hons) ACA*

Non-Executive Director and Chief Financial Officer

William studied Accountancy at Exeter University before training and qualifying as a Chartered Accountant with KPMG in London. In 2003, he became a partner in top 20 accountancy practice Wilkins Kennedy LLP at their London office, which is now part of Azets where he is currently Regional CEO.

William is Chairman of the Remuneration Committee and serves on the Audit Committee.

Chris Sangster *BSc (Hons), ARSM, GDE, FIMMM*

Non-Executive Director

Chris is a mining engineer with over 40 years' experience in the mining industry. He has a BSc Hons in Mining Engineering from the Royal School of Mines, Imperial College in London and a GDE in Mineral Economics from the University of Witwatersrand and is a Fellow of the Institute of Materials Minerals and Mining. Chris has extensive experience in gold, diamond and base metal production environments. He held positions of Vice President Mining Services at KCM PLC and Principal Mining Engineer for Australian Mining Consultants. He co-founded ASX / AIM listed Scotgold Resources and was its Managing Director following which he became a Non-Executive Director and Technical Consultant from late 2014.

Chris is Chairman of the Sustainability Committee and serves on the Remuneration Committee.

Operational Team

Fatma Yildiz *BSc (Hons)*
General Manager

Fatma is a Turkish national and has 13 years of experience in the mining sector in Turkey. She graduated from Cukurova University in 2007 with a BSc degree in Mining Engineering. In addition to being our General Manager, she is also responsible for managing the administrative and legal requirements of our exploration/operational licenses, applications and formal reporting for licenses.

Fatma is a member of the Chamber of Mining Engineers of Turkey, holder of a technical inspector certificate and an occupational health and safety certificate.

Berkin Uğurlu *BSc (Hons)*
Exploration Manager

Berkin graduated from the Middle East Technical University with a BSc degree in Geology in 2004. He worked with Teck in Turkey for four years before spending a further four years as a Senior Consultant. Following this he was appointed as Country Manager for Tigris-Eurasia Madencilik, originally a subsidiary of Royal Road Minerals, where he worked for four years. He has experience managing all aspects of mineral exploration programmes from project generation through to resource and reserve drilling and technical reporting including to NI 43-101 and JORC standards.

He is a member of the Society of Economic Geologists, a board member of the Mining Geologists Association and a member of the Chamber of Geological Engineers in Turkey. He holds a IHAO drone pilot qualification in Turkey.

Zack van Coller *BSc (Hons)*
Special Projects Geologist

Zack graduated from Cardiff University with a BSc (Hons) degree in Exploration and Resource Geology in 2010. As leader of our Special Projects Team, he is responsible for advancing our project pipeline, in addition to being involved in various exploration programmes across Turkey. He was involved in the development of the highly successful lithium strategy pursued by Asgard Metals Pty. Ltd. on behalf of Ariana. He has also been involved in advanced project development of a high-sulphidation Cu-Au deposit in the Republic of North Macedonia. Zack is bilingual in English and Afrikaans.

Zack is a member of the Geological Society of London and he operates primarily between the UK and Turkey.

Mathew Cooper *BSc (Hons)*
Senior Geophysics Advisor

Mathew has over 20 years experience working as a geophysicist for airborne and ground acquisition contractors and mining and exploration companies, including Normandy Exploration, with the last 13 years as a consultant, manager and Director largely with Core Geophysics. He has been involved in a number of exploration successes whilst working on a range of projects, both within Australia and internationally. He has worked on a large variety of commodities including gold, iron ore, base metals, diamonds, uranium and oil and gas plays. Mathew is based in Perth, Western Australia.

Mathew is a member of the Australian Society of Exploration Geophysicists, Society of Geophysicists, and the Australian Institute of Geoscientists.

Ruth Bektaş *BSc (Hons) CGeol EurGeol*
Project Analyst

Ruth graduated from the University of Leicester with a BSc (Hons) degree in Applied and Environmental Geology in 2013. As Project Analyst, through geological, resource and financial modelling she is responsible for identifying new projects to add to our portfolio. Ruth worked with Ariana and Zenit from 2013 to 2018 and was involved in bringing the Kiziltepe Project from exploration to production stage. She has since been with Tetra Tech as a Resource Geologist, working on a range of projects around the world, reporting in line with NI 43-101 and JORC standards. Ruth is bilingual in English and Turkish.

Ruth is a Chartered Geologist of the Geological Society of London (CGeol) and the European Federation of Geologists (EurGeol). She is also a member of the Society of Economic Geologists.

Selim Senoz *BSc (Hons)*
Geological Database Manager

Selim graduated in 2001 with a BSc in Geological Engineering from Dokuz Eylül University in Izmir. He is responsible for updating our information systems databases, managing our geographic information systems and drilling data. He is the Company's designated QA/QC officer and has worked with the Company since 2006.

He is a member of the Chamber of Geological Engineers of Turkey.

Elif Gümüşlüoğlu *BSC (Hons) MSc*
Remote-sensing Specialist

Elif has 11 years of experience in the mining sector in Turkey, having graduated from Hacettepe University in 2003 with a BSc (Hons) in Geological Engineering and from Anadolu University in 2007 with MSc in Remote Sensing & Geographical Information Systems (GIS).

She initially worked with INTA Space Turk Company in 2007 on satellite image processing before joining the Company in 2008. From the end of 2008 to 2019 she worked as a data manager and deputy general manager of the Salinbas Project JV before transferring back to us as Project Manager responsible for the administrative and data management requirements of our Salinbaş Project prior to it becoming part of the Zenit JV. She also provides specialist skills in remote-sensing to the Company.

She is a member of the Chamber of Geological Engineers of Turkey and has a safe driving certificate. She holds a IHAO drone pilot qualification in Turkey.

Field Team

Burak Mert *BSc (Hons)*
Project Geologist

Furkan Oğuz *BSc (Hons)*
Exploration Geologist

Tuncay Yavuz
Senior Technician

Ismail Aksoy
Field Technician

Our full team can be viewed at arianaresources.com

Key Performance Indicators

Financial KPIs

Production Success	Enhancing profits through efficient mining operations and successful conversion of Resources to Reserves.
Exploration Expenditure	Enhancing intangible exploration assets through targeted expenditure.
Cash Flow Forecasts	Regular cash flow monitoring to ensure exploration targets are met and that working capital is maintained.

Operational KPIs

Operational Success	Increasing JORC compliant resources and progressing advanced projects through development and into production.
Advance Portfolio	Through acquisition or discovery of new exploration properties utilising on-going exploration to target new ground.
Environmental, Health & Safety	Ensuring that all efforts are made to minimise adverse personal, corporate and environmental outcomes, through best practice training, implementation and monitoring.

Risks & Uncertainties

PRODUCTION RISK

DESCRIPTION

Mining activity involves a variety of potential risks to production or interruptions to output. These can include geological, mining, processing, environmental and financial risks.

MITIGATION

The Joint Venture company reviews mining progress on a regular basis to determine any potential risk factors that could affect production negatively. The Joint Venture employs experienced management staff.

PARTNER RISK

DESCRIPTION

Any joint venture arrangement contains an element of counterparty risk.

MITIGATION

The Company maintains good working relationships with our Joint Venture partners and monitor their financial condition and commitment on a regular basis.

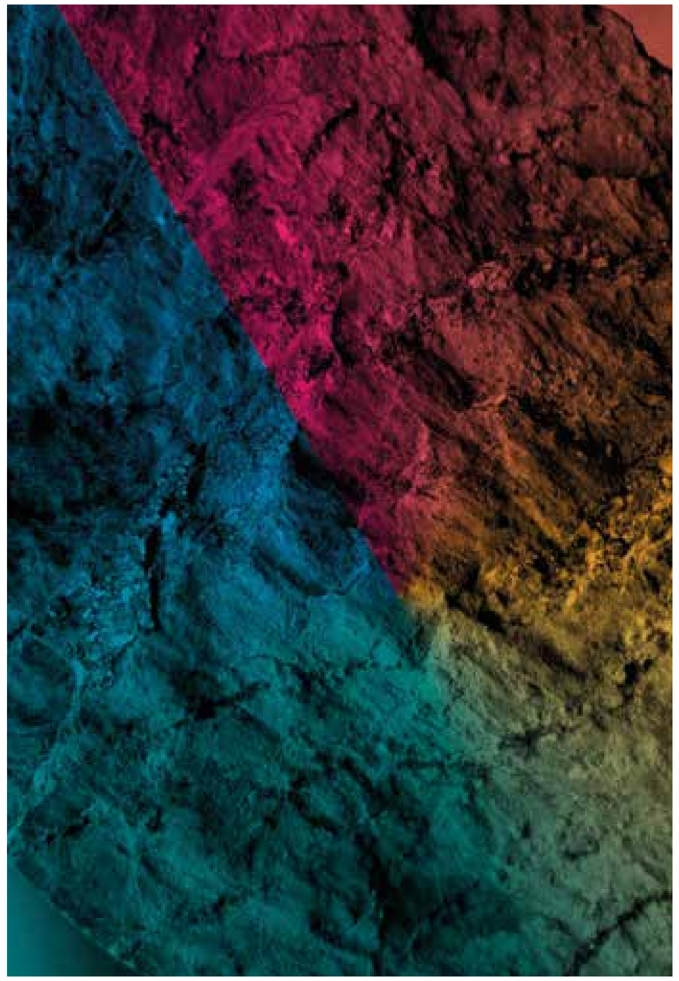
EXPLORATION AND DEVELOPMENT RISK

DESCRIPTION

Inherent risks associated with the failure to discover or develop an economically recoverable ore reserve, to conclude a definitive feasibility study, and to obtain the necessary consents and approvals for the conduct of exploration and mining.

MITIGATION

The Board is committed to reviewing progress relating to the development of its various exploration targets and assesses this against planned expenditure and expected outcomes. The Group employs highly trained geologists with extensive knowledge of mineral exploration, with a particular expertise in precious metal mineralisation.



Risks & Uncertainties *continued*

COMMODITY RISK

DESCRIPTION

A potential fall in commodity prices which could lead to it becoming uneconomic for the Group to mine its assets.

MITIGATION

The Group's principal interest is gold and silver and the outlook for gold remains broadly positive as a continuing safe haven vehicle for wealth protection. The Group will consider the use of appropriate hedging products to mitigate this risk.

POLITICAL / IN-COUNTRY RISK

DESCRIPTION

Political instabilities, which could cause the loss of an asset through expropriation, war or unrest. Exploration or mining licences applied for might not be granted or renewed.

MITIGATION

The Group has spread its political risk exposure by developing active interests in several countries, including Australia, Cyprus, Kosovo and Turkey. As the location of our joint venture mining project, Turkey benefits from a robust political environment and has established fiscal and mining codes. The Group enjoys a good working relationship with the relevant authorities in Turkey and has a permanent management team in the country to monitor developments.

ENVIRONMENTAL / SAFETY RISK

DESCRIPTION

Major pollution arising from operations and/or loss of life due to systems or equipment failure.

MITIGATION

The Group adopts best practice in the industry with on-site, country level and corporate level policies and procedures.

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FOREIGN CURRENCY RISK

DESCRIPTION

The Group's results are sensitive to foreign currency movements and in particular with its exposure to the Turkish Lira, arising from the Group's primary operations being in Turkey.

MITIGATION

The Group finances its operations through the cash flow generated from its share of profits from our investment in our joint venture gold mining company. The Group maintains the majority of its cash in Pounds Sterling and United States Dollars and continues to monitor relevant currency movements and considers action where appropriate.

COVID-19 RISK

DESCRIPTION

The recent escalation in the spread of COVID-19 worldwide poses a threat to the continuation of mining operations if a widespread infection were to occur at the Kiziltepe Mine.

MITIGATION

Government guidance on the pandemic in our operating countries, particularly in the UK and Turkey, is being kept under review. Risk mitigation procedures were implemented rapidly and well-ahead of government guidance, to ensure safe working practices were maintained for our staff.

Staff have been supportive of these new methods of working and have adapted quickly to them. Despite a significant weighting towards remote-working within the business, there has been no measurable detrimental impact to business activity.

FINANCING RISK

DESCRIPTION

This is the risk of running out of working and investment capital.

MITIGATION

The Group has recently completed its partial divestment of its interest in Turkey in exchange for cash. Consequently there is limited finance risk.

In addition, the Group continues to receive cash flow from its joint venture investment in an operational gold mine. The Group may also issue new share capital, and may include bank borrowing where appropriate, to finance its activities.

Section 172(1) Statement - Promotion of the Company for the benefit of the members as a whole

The Directors believe they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

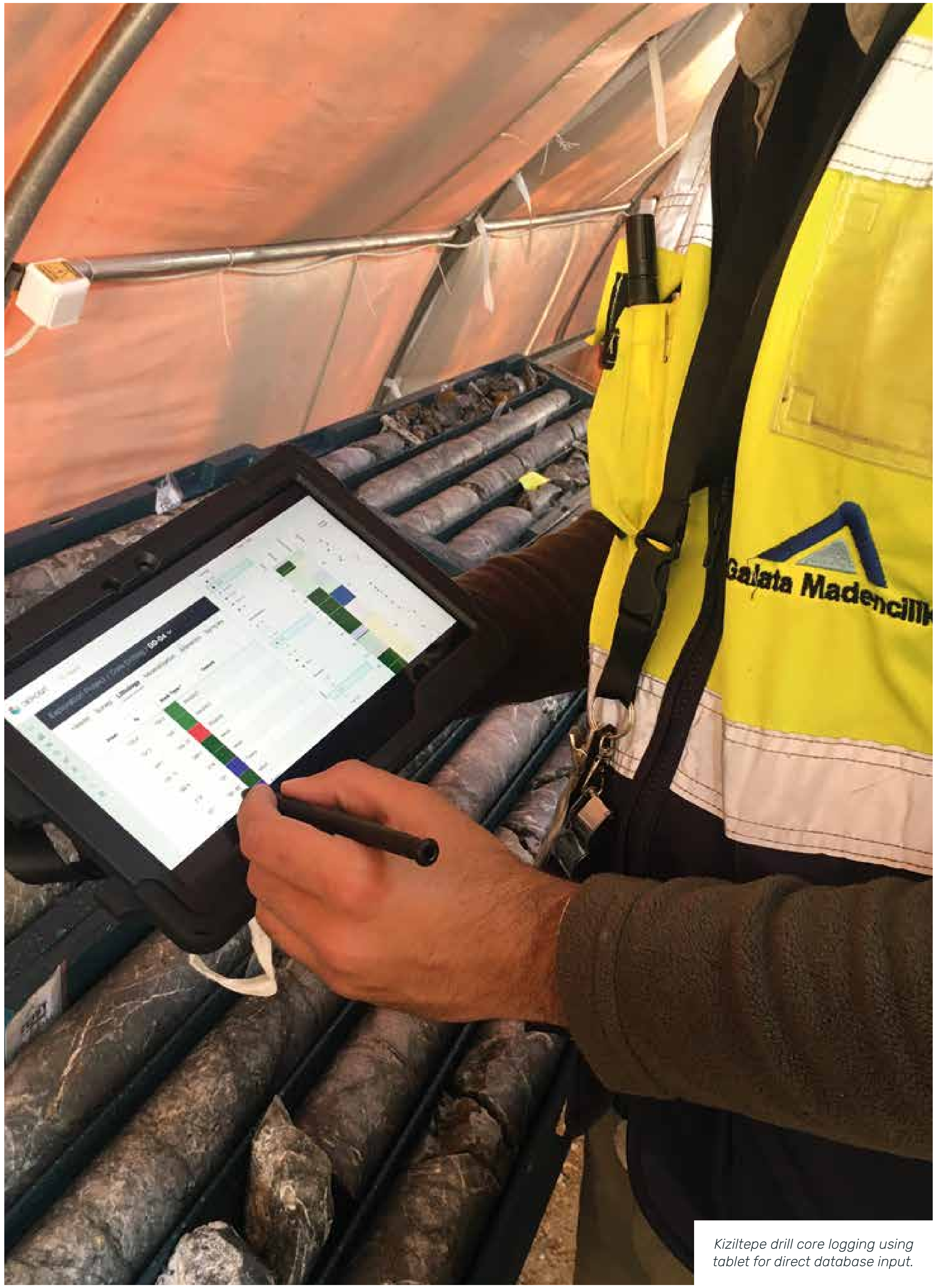
The requirements of s172 are for the Directors to:

- Consider the likely consequences of any decision in the long term;
- Act fairly between the members of the Company;
- Maintain a reputation for high standards of business conduct;
- Consider the interests of the Company's employees;
- Foster the Company's relationships with suppliers, customers and others; and
- Consider the impact of the Company's operations on the community and the environment.

The application of the s172 requirements can be demonstrated in relation to the some of the key decisions made during 2020:

- Continuing evaluation of existing license areas and assessment of projects;
- Undertaking various technical studies as part of the operating licence process;
- Identifying and refining both new and previously defined drill targets;
- Further identification of drill targets across projects whether held within the joint venture or not;
- Completion of diamond and Reverse Circulation drill programmes at various projects;
- Commencement of resource estimation for the projects in accordance with JORC reporting standards; and
- Continued assessment of corporate overheads, expenditure levels and wider market conditions.

As a mining exploration and development Group operating primarily in Europe, the Board takes seriously its ethical responsibilities to the communities and environment in which it works. We abide by the local and relevant UK laws on anti-corruption and bribery. Wherever possible, local communities are engaged in the geological operations and support functions required for field operations, providing much needed employment and wider economic benefits to the local communities. In addition, we follow international best practice on environmental aspects of our work. Our goal is to meet or exceed standards, in order to ensure we maintain our social licence to operate from the communities with which we interact. The interests of our employees are a primary consideration for the Board. Personal development opportunities are supported and a health and safety support network is in place to assist with any issues that may arise on field expeditions.



Kiziltepe drill core logging using tablet for direct database input.

Corporate Governance

The Ariana Board of Directors aims to conform to statutory responsibilities and industry good practice in relation to corporate governance of the Company and its subsidiaries. The Board has adopted the latest version of the QCA Corporate Governance Code (2018) ("QCA Code") and strives to follow the 10 principles outlined within it to the fullest extent possible taking into consideration the stage of development of the Company.

Details of how the Company addresses the key governance principles defined in the QCA code are set out below, and are found in more detail on the Company's website in accordance with AIM Rule 26.

1. Business model and strategy

The Board has developed and implemented a strategy and business model which it believes will achieve long term value for shareholders. This strategy and business model is clearly explained in the Strategic Report and on the Company's website. The Company believes that this strategy and business model is appropriate to protect the Company from unnecessary risk and secure its long-term future.

2. Understanding shareholder needs and expectations

The Board is committed to maintaining good communications and seeks to understand and meet shareholder needs and expectations by engaging with them across a range of formal platforms. This includes regular interaction through investor presentations, Q&A forums, investor relations services, an investor portal available on the website, and social media sites as well as its Annual General Meeting. The Company provides phone numbers on all its updates and RNS announcements where shareholders can contact the appropriate senior Company representatives or advisors directly with their queries together with a dedicated email address for shareholder feedback.

3. Considering wider stakeholder and social responsibilities

The Board recognises that the long-term success of the Company is reliant upon the efforts of the employees of the Company and its partners, contractors, suppliers, regulators and other stakeholders. The Board has put in place a range of processes and systems to ensure that there is close oversight and contact with its key resources and relationships. For example, all employees of the Company participate in a structured Company-wide annual assessment process which is designed to ensure that there is an open and confidential dialogue with each person in the Company to help ensure successful two way communication with agreement on goals, targets and aspirations of the employee and the Company. These feedback processes help to ensure that the Company can respond to new issues and opportunities that arise to further the success of employees and the Company.

The Company's principal area of operations is in Eastern Europe. The Company is committed to cultivating and maintaining good relations with all stakeholders and its strategy and business model are designed to minimise any potential negative impact of its activities and of those working on its behalf, on the communities where it operates and on the environment. The Company has established a positive working relationship with governments, non-government organisations and local communities with whom it holds regular meetings to appraise them of the Company's plans. The Company firmly believes that the mining and exploration development projects that form the basis of its business model will substantially benefit the countries and regions in which it operates. The Company provides open and clear communication channels and points of contact for all its stakeholders and has a robust communication system in place to ensure all concerns are quickly brought to the Board and senior management's attention.

4. Risk management

In addition to its other roles and responsibilities, the Audit Committee is responsible to the Board for ensuring that procedures are in place and are being implemented effectively to identify, evaluate and manage the risks faced by the Company. The Company recognises that it is exposed to risks which may negatively impact on its business operations. It takes all reasonable steps to identify, assess the impact of and mitigate these risks wherever possible. These risks are clearly identified on page 29-31 of the Strategic Report.

The following risk assessment matrix sets out those risks, and identifies their ownership and the controls that are in place. This matrix is updated as changes arise in the nature of risks or the controls that are implemented to mitigate them. The Audit Committee reviews the risk matrix and the effectiveness of scenario testing on a regular basis. The following principal risks and controls to mitigate them, have been identified:

Activity	Risk	Impact	Control(s)
Operation	Injury to staff	Injury to staff whilst operating heavy machinery in remote locations	Creating a safe working environment through strict procedures and regular training
Regulatory adherence	Breach of rules	Censure or withdrawal of authorisation	Strong compliance regime instilled at all levels of the Company
Strategic	Market downturn	Change in macro-economic conditions	Ongoing monitoring of economic events and markets
	Failure to deliver commercially	Inability to operate efficiently and economically	Active operational monitoring and experienced management
Financial	Misappropriation of funds	Fraudulent activity and loss of funds	Robust financial controls and segregation of duties
	IT security	Loss of critical financial data	Regular back up of data online and locally

The Directors have established procedures, as represented by this statement, for the purpose of providing a system of internal control. An internal audit function is not considered necessary or practical due to the size of the Company and the close day to day control exercised by the executive Director. However, the Board will continue to monitor the need for an internal audit function. The Board works closely with and has regular ongoing dialogue with the outsourced finance function and has established appropriate reporting and control mechanisms to ensure the effectiveness of its control systems.

The outbreak of the recent global COVID-19 virus has resulted in increased risks within the global economy. The extent of the effect of the virus, including its long-term impact, remains uncertain and the Company continues to monitor the situation while adopting the recommended precautions to ensure the safety of employees.

5. A well-functioning Board of Directors

The Board comprises a Chairman, Michael de Villiers, a Managing Director, Dr Kerim Sener and two Non-Executive Directors, William Payne and Chris Sangster. Chris Sangster is considered by the Board to be an independent director, having been appointed in 2016 and since having acted in a primarily technical capacity. In accordance with the Articles of Association of the Company, one third of the Board is required to retire each year at the Company's AGM but Directors resigning can put their name forward for re-election.

The Executive Director dedicates 100% of his contractually required time to the Group. The Non-Executive Directors dedicate as much time as is required for them to fully carry out their duties for the Group including overseeing corporate governance arrangements and serving on board committees with the ultimate responsibility for the quality of, and approach to, corporate governance lying with the Chairman, Michael de Villiers who also serves as the Company Secretary and William Payne who acts as the Chief Financial Officer. It is recognised that an additional independent Non-Executive Director would benefit the Company and it will appoint such an independent director at the appropriate time so as to comply with the Code. It is also recognised that the finance function is currently carried out by a Non-Executive Director and his supporting team in the UK. William Payne's accountancy services and that of Michael de Villiers, provides effective and well suited finance experience to the Company.

The Board is responsible for formulating, reviewing and approving the Group's strategy, budgets, major items of capital expenditure and acquisitions. An agenda and all supporting documentation is circulated to the Directors before each Board meeting. Open and timely access to all information is provided to Directors to enable them to bring independent judgement on issues affecting the Group and facilitate them in discharging their duties. The Board met regularly during the last financial year to 31 December 2020. Generally, no individual director is absent for more than one board meeting during any given year. The Board has three sub-committees: the Audit Committee, Remuneration Committee and Sustainability Committee. Governance and Nominations are dealt with by the entire Board. The Company reports annually on the number of Board and committee meetings held during the year and the attendance record of individual Directors. In order to be efficient, the Directors meet formally and informally both in person and by telephone.

Corporate Governance *continued*

5. A well-functioning Board of Directors *continued*

Details of the Directors' attendance at formal board meetings are set out below:

	Meetings Attended	Meetings eligible to attend
Kerim Sener	3	3
Michael de Villiers	3	3
William Payne	3	3
Chris Sangster	3	3

The Board is accountable to the shareholders for delivery of sustained value growth. In order to support its duties and responsibilities the Board implements control procedures that assess and manage risk and ensure robust financial and operational management within the Group.

The Board sets the Group's strategy and monitors its implementation through operational and financial performance reviews. It also works to ensure that adequate resources are available to implement strategy and exploit opportunities in an appropriate manner.

6. Appropriate skills and experience of the Directors

The Board members have a diverse range of skills and experience spanning technical, financial and operational areas relevant to the development and management of the Company. Summary biographies of each Board member are shown on pages 24-26.

Directors keep their skill sets up to date by attendance at, and participation in, various events organised by their respective industry sectors and by participation in continuing professional development courses. As the Company evolves, the Board will be reviewed and expanded if necessary to ensure appropriate expertise is always in place to support its business activities. The Board recognises that it currently has a limited diversity and this will form a part of any future recruitment consideration if the Board concludes that replacement or additional Directors are required.

Where necessary the Board has engaged external professional consultants on an ongoing basis to ensure the Company is meeting its strategies. The key advisers to the Company are set out on page 80.

The Board engages external geologists, environmental specialists and a number of other specialised consultants to produce the required surveys and reports for the Environmental Impact Assessment, Social Impact Assessment and Feasibility Studies.

The Board have ensured that the all external advisers are knowledgeable and provide the required skillset.

7. Evaluation of board performance

The performance of the executive management of the Company is evaluated on an on-going basis by the Remuneration Committee ("Remcom") which is composed of William Payne and Chris Sangster. The results of these evaluations are reflected in changes in the executive remuneration levels recommended by the Remcom from time to time and in awards under the Company's Share Option and Management Incentive Schemes where it considers such awards are warranted. As the Company grows, the Board will develop more comprehensive human resource policies to provide both internal and external performance evaluations of its Board, senior management and staff including the provision for upskilling where necessary and to provide for Board member succession planning. The Board considers that the corporate governance policies it has currently in place for Board performance reviews is commensurate with the size and development stage of the Company and well within the norms of the peer group and industry.

8. Corporate culture

The Company operates directly across several countries including the UK, Turkey, Holland, BVI and Australia.

In line with its international reach, the Company recognises the cultural diversity both internally and among its business partners, service providers and other stakeholders. The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is very aware that the tone and culture set by the Board will impact all aspects of the Company as a whole and the way that employees behave. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long-term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the board through formal regulated channels. A large part of the Company's activities is centred upon what needs to be an open and respectful dialogue with employees, partners and other stakeholders. Therefore, the importance of sound ethical values and behaviours

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is crucial to the ability of the Company to achieve its corporate objectives successfully. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Company does. The Directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge.

The Company has adopted, with effect from the date on which its shares were admitted to AIM, a code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of the Market Abuse Regulation which came into effect in 2016.

9. Maintenance of governance structures and processes

Ultimate authority for all aspects of the Company's activities rests with the Board, the respective responsibilities of the Chairman and Managing Director arising as a consequence of delegation by the Board. The Board has adopted appropriate delegations of authority which set out matters which are reserved to the Board. The Chairman is responsible for the effectiveness of the Board, while management of the Company's business and primary contact with shareholders has been delegated by the Board to the Managing Director.

Audit Committee

Michael de Villiers and William Payne

This committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported. It receives reports from the executive management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The Audit Committee shall meet not less than twice in each financial year and it has unrestricted access to the Company's auditors.

Remuneration Committee

William Payne and Chris Sangster

The Remuneration Committee reviews the performance of the Executive Director and employees and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee also considers and approves the granting of share options pursuant to the share option plan and the award of shares in lieu of bonuses pursuant to the Company's Remuneration Policy. The Remuneration Committee reviews overall remuneration against industry peer group companies on a regular basis and takes professional advice as and when it is deemed necessary.

Sustainability Committee

Chris Sangster and Michael de Villiers

The Sustainability Committee is formed of the two Directors who have prior operational and industry experience and may include other management who are responsible for developing and implementing policy and procedures.

The Company is committed to providing all employees a safe place to work in accordance with our HSE goals. This will be accomplished by providing safe equipment to operate, proper training and safe methods and procedures. The Company will at a minimum, comply with all applicable industry norms for rules and regulations. Any risk of injury that can arise remains our primary concern.

Nominations Committee

The Board has agreed that appointments to the Board will be made by the Board as a whole and so has not created a Nominations Committee.

Directors Fiduciary Duties

In accordance with the Companies Act 2006, the Board complies with: a duty to act within their powers; a duty to promote the success of the Company; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of interest; a duty not to accept benefits from third-parties and a duty to declare any interest in a proposed transaction or arrangement.

10. Shareholder communications

The Board is committed to good communications with the market and constructive dialogue with shareholders. For regulatory purposes, this is strictly managed by our public relations advisors. Similarly, institutional shareholders and analysts have the opportunity to discuss issues and provide feedback to the Company. All shareholders are encouraged to attend the Company's Annual General Meeting.

Investors have access to current information on the Company though our website, https://www.arianaresources.com, and via other designated investor platforms. Management is available to answer investor enquiries through formal Q&A sessions arranged periodically through the year. The Company proposed in 2018 to make greater use of on-line meetings.

Corporate Responsibility

Ariana has always been committed to socially responsible and environmentally conscious exploration and mining. Since the commencement of work on our Kiziltepe gold mine, Ariana has worked to build strong links with local communities and to establish relationships of trust with all stakeholders. Whilst work on establishing vital stakeholder links often occurs in the background, its importance cannot be under-estimated. Without these concerted efforts and commitment to integrity, we could not have achieved the sound relationships with government organisations, local communities and JV partners, which have underpinned Ariana's success. In addition, the Company has in place an Anti-Corruption and Anti-Bribery Policy.

Shareholders

The Board of Directors encourages communications with shareholders via formal Q&A sessions and seeks to protect shareholders' interests at all times. More information can be found in the Corporate Governance section.

Employees

Ariana has always attached great importance to employees' professional development and the creation of employment in the localities where we operate. The Company provides fair remuneration, flexible working arrangements where practical and exposure to wider aspects of the Company's operations. The Company gives full and fair consideration to applications for employment received irrespective of age, gender, colour, ethnicity, disability, nationality, religious beliefs or sexual orientation. More information on Ariana's Employee policy can be found on its corporate website.

Governmental organisations

Ariana has many years' experience across Eastern Europe and has an in-depth understanding of business within this broad region. The Company focuses on building good relationships with government organisations and local authorities. We have developed a track record of being diligent in following government guidelines in all aspects of our work. Ariana works with JV partners local to each project, such as Özaltin Holding A.S. and Proccea Construction Co. in Turkey and Western Tethyan Resources in Kosovo, ensuring that financial benefits also accrue to the countries in which we work.

Local Communities

Ariana has a strong track record of commitment to working with local suppliers and employing local people. Our understanding of local social and business cultures enables us to develop strong connections with local businesses and communities. We encourage collaborative working and aim to ensure Ariana's values are reflected in our joint ventures and other partnerships.

In Turkey our Joint Venture company, Zenit Madencilik, employs local people, including professionally qualified mining engineers from nearby villages and towns. Ariana has run many training programmes for these employees focusing on the mechanical, physical, technical and safety aspects of its exploration programmes. Working with the local community to promote educational standards is also a priority for Ariana. Through our joint venture we actively support Sindirgi Elementary School.

We have also supported many community programmes in the Sindirgi area close to our Kiziltepe mine. Recently, we have built a new road to the village in our Salinbaş Project area.

Suppliers & Contractors

The Company has a prompt payment policy and seeks to ensure that all liabilities are settled within the supplier's terms. Through fair dealings the Company aims to cultivate the goodwill of its contractors, consultants and suppliers.

Human Rights

Ariana is committed to best-practice in socially and ethically responsible exploration and mining for the benefit of all stakeholders. The activities of the Company are in line with applicable laws on human rights.

Health and Safety

Company activities are carried out in accordance with its Health and Safety Policy, which adheres to all applicable laws. Relevant to their job roles, members of the team have received certification in occupational health and safety, advanced off-road driving, first-aid and survival.

In the face of the COVID-19 pandemic, the Company, working with Zenit Madencilik and our employees, has met the challenges of implementing COVID-safe working practices to ensure work at the Kiziltepe Mine continued without interruption. We are grateful for the good sense and forbearance of our employees and suppliers in helping us manage an extremely challenging situation over the past year.

Environmental

From our inception, Ariana has been committed to a sustainable and environmentally responsible approach to exploration and mining. Using cutting edge technologies and innovative working practices, we aim to achieve our environmental goals in faster and better ways.

We have implemented operating guidelines to ensure that specific environmental standards are met by our exploration and mining teams. Our operations comply with local environmental standards and we operate under the relevant certification from government departments.

We have adopted agile new technologies and working practices to help us reduce our carbon footprint. Our early adoption of portable XRF technology greatly reduces our carbon footprint, as samples can be analysed locally, instead of sending them to distant locations for analysis. Our deployment of Geotek BoxScan technology for drill cores also ensures we can analyse drill-cores locally and avoid excessive transportation. For many years, we have used remote working team technologies and video-conferencing to minimise air and road travel.

Measuring our environmental impact is an essential component of our approach. Ariana's carbon emissions are estimated to be 0.32 tonnes CO_2 per ounce of gold. The global average for our industry is 0.80 tonnes CO_2 per ounce of gold. We are proud that our carbon footprint is being offset by our reforestation programme of some 8,000 trees and 17,500 other plants around the Kiziltepe Mine site. Rehabilitation work has begun on parts of the waste rock dump, covering it with topsoil and planting sainfoin, a drought resistant plant, highly beneficial to bees and other pollinators. The topsoil storage area has also been covered in sainfoin to preserve soil quality, as it is a nitrogen fixing plant.

We keep bees at the Kiziltepe Mine site, as they are a bellwether for the health of ecosystems. Honey from our hives is distributed free to local villages. Chickens and doves are also bred on the site. The local university prepares a flora and fauna report which we use to ensure mining activity is not adversely impacting the local ecosystem.

The joint venture also sponsors firefighting equipment. Firefighting is a very important local issue, as much of the upland area in the vicinity of the mine is covered in protected pine forests.

Honey bee feeding on nectar from wildflowers within the Kizltepe Mine site.

Report of the Directors

For the year ended 31 December 2020

The Directors present their report with the audited financial statements of the Company and the Group for the year ended 31 December 2020.

Principal activity

Ariana Resources PLC (the "Company") is a public limited company incorporated and domiciled in Great Britain. The address of its registered office and principal place of business is disclosed at the end of this report. The Company's shares are listed on the AIM market of the London Stock Exchange. The principal activities of the Company and its subsidiaries (the "Group") are related to the exploration for and development of gold and other minerals, with a focus on Eastern Europe.

Directors

The Directors during the year under review were:

M J de Villiers

A K Sener

W J B Payne

C J S Sangster

The beneficial interests of the Directors holding office either directly or indirectly (including interests held by spouses, children or associated parties) on 31 December 2020 in the ordinary issued share capital and options of the Company were as follows:

	2020 Ordinary Shares	2020 Share Options	2019 Ordinary Shares	2019 Share Options
M J de Villiers	55,799,142	14,000,000	54,845,000	17,000,000
A K Sener	18,985,526	6,000,000	19,564,252	19,000,000
W J B Payne	9,359,314	4,000,000	9,359,314	4,000,000
C J S Sangster	3,716,844	4,000,000	3,716,844	4,000,000
Total	**87,860,826**	**28,000,000**	**87,485,410**	**44,000,000**

Further details on share options can be found in note 19 to the financial statements.

Annual General Meeting (AGM) COVID-19 and contingencies

We are keen to welcome shareholders in person to our 2021 Annual General Meeting this year, particularly given the constraints we faced in 2020 due to the COVID-19 pandemic. At present, it is possible under guidelines to hold socially distanced meetings with a limited number of shareholders. We are therefore proposing to hold the Annual General Meeting at the East India Club, 16 St James's Square, London, SW1Y 4LH on 18 August 2021 at 11.00 a.m. and to welcome up to 15 shareholders within safety constraints and in accordance with government guidelines.

However, given the constantly evolving nature of the situation, we want to ensure that we are able to adapt these arrangements efficiently to respond to changes in circumstances. On this basis, should the situation change such that we consider that it is no longer possible for shareholders to attend the meeting, we will continue to hold the AGM as a closed-door non-attendance meeting. Should we have to change the arrangements in this way, it is likely that we will not be in a position to accommodate shareholders beyond the minimum required to hold a quorate meeting which will be achieved through the attendance of employee shareholders. We will notify shareholders of any changes to our plans via the appropriate regulated news service (RNS). Any updates to the position will also be included on our website at https://arianaresources.com/investors/circulars.

Attendance at the meeting

Shareholders intending to attend the Annual General Meeting, should this be possible, are asked to register their intention as soon as practicable by writing to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY.

Proxies

Given the uncertainty around whether shareholders will be able to attend the Annual General Meeting, and because of tighter restrictions due to a change in the situation with the COVID-19 pandemic, we encourage all shareholders to complete and return their proxy forms appointing the Chair of the meeting, as their proxy. This will ensure that your vote will be counted if ultimately you (or any other proxy you might otherwise appoint) are not able to attend the meeting.

Share capital

Section 561 of the Companies Act 2006 provides that subject to limited exceptions any shares being issued must be issued to all existing shareholders pro-rata to their holding. However, where Directors have a general authority to allot shares they may be given the power by the Articles or by a special resolution to allot shares pursuant to the authority as if the statutory pre-emption rights did not exist.

An ordinary resolution will be proposed at the forthcoming Annual General Meeting for the renewal of the Directors' general authority to issue relevant securities up to an aggregate nominal amount of £500,000.

A special resolution will also be proposed at the forthcoming Annual General Meeting for the renewal of the Directors' authority to allot relevant securities for cash without first offering them to the shareholders pro-rata to their holdings, pursuant to section 570 of the Companies Act 2006 up to an aggregate nominal amount of £250,000.

The authority mentioned above will, if passed, expire at the earlier of the following Annual General Meeting or the date being 15 months from the passing of the resolutions.

Substantial share interests

The Company had been notified of the following interests in the Company's shares held on 30 June 2021.

Shareholder	Ordinary Shares	% of Issued Share Capital
Hargreaves Lansdown Nominees Limited	217,804,506	20.08%
Interactive Investor Services Nominees Limited	167,505,439	15.44%
Barclays Direct Investing Nominees Limited	143,021,178	13.19%
Jim Nominees Limited	78,466,840	7.23%
HSDL Nominees Limited	60,410,110	5.57%
Mr Michael de Villiers	58,400,000	5.38%
Mr Stephen Bingham	37,500,000	3.46%

Strategic Report

The Company has chosen, in accordance with Section 414C of the Companies Act 2006, to set out the following information in the Strategic Report which would otherwise be required to be contained in the Directors' Report:

- Financial risk management objectives;
- Indication of exposure to principal risks;
- Corporate Governance including committee objectives and memberships;
- Future developments of the business.

The Impact of COVID-19 on the Group

Since March 2020, the Board has made preparations to mitigate the impact of COVID-19 on the business through several action plans and mitigation strategies. These will continue to be monitored and updated as required.

The Impact of Brexit on the Group

The Board has considered the extent of challenges to our business model and operations arising from the withdrawal of the United Kingdom from the European Union ("Brexit"). The Board does not envisage Brexit has a significant impact on the Group, based on operations and cash flow generating elements of the business residing outside the EU. The Group is sensitive to foreign currency movements and details of this risk, and mitigation thereof, are outlined within the Strategic Report on page 31.

Report of the Directors

For the year ended 31 December 2020

Dividends

No dividends have been distributed for the year ended 31 December 2020 (2019: £nil) and the retained profit has been transferred to reserves.

Group's policy on payment of creditors

It is the Group's normal practice to settle the terms of payment when agreeing a transaction, to ensure suppliers are aware of those terms and to abide by them. Trade creditor days based on creditors at 31 December 2020 were 30 days (2019: 30 days).

Political and charitable contributions

During the year, the Group made a charitable donation of £3,000 to the University of Exeter towards the Richard Osman Memorial Fund. The Group has committed to supporting this charitable fund until 2022.

No contributions were made for political purposes.

Going concern

The Directors confirm that they are satisfied the Group has adequate resources to continue in business for the foreseeable future, having regard to the factors set out in more detail in Note 1 to the financial statements.

Post year end events

Further details on post balance sheet events can be found in note 26 to the financial statements.

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report, Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the Group and the parent company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Company is compliant with AIM Rule 26 regarding the Company's website.

Under applicable law and regulations, the Directors are responsible for preparing a Strategic Report and a Director's Report that complies with the law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Corporate governance

The Board of Directors

The Directors are responsible for the Group's system of internal control and for reviewing its effectiveness. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Group's objectives. Any such system of internal control can only provide reasonable but not absolute assurance against material misstatement or loss.

Full meetings are held regularly to review Group strategy, direction and financial performance and to review operational reports from all of the Group's areas of operations. The process is used to identify major business risks, evaluate their financial implications, and ensure an appropriate control environment.

Certain control over expenditure is delegated to on site project managers subject to Board control by means of monthly budgetary reports.

Internal financial control procedures include:

- preparation and regular review of operating budgets and forecasts;
- prior approval of all capital expenditure;
- review and debate of treasury policy; and
- unrestricted access of Non-Executive Directors to all members of senior management.

Audit Committee

The Audit Committee comprises Michael de Villiers and William Payne. The Audit Committee may examine any matters relating to the financial affairs of the Group and the Group's audits.

This includes reviews of the annual financial statements and announcements, internal control procedures, accounting procedures, accounting policies, the appointment, independence, objectivity, terms of reference and fees of external auditors and such other related functions as the Board may require.

Remuneration Committee

The committee comprises William Payne and Chris Sangster. It determines the terms and conditions of the employment and annual remuneration of the Executive Director and other senior executives. It consults with the Managing Director, takes into consideration external data and comparative third-party remuneration and has access to professional advice outside the Company.

The key policy objectives of the Remuneration Committee in respect of the Company's Executive Director and other senior executives are:

- to ensure that individuals are fairly rewarded for their personal contribution to the Company's overall performance; and
- to act as the independent committee ensuring that due regard is given to the interest of the Company's shareholders and to the financial and commercial health of the Company.

Remuneration of the Executive Director and other senior executives comprises basic salary, discretionary bonuses, participation in the Company's share option scheme and other benefits. The Company's remuneration policy with regard to options is to maintain an amount of not more than 10% of the issued share capital in options for the Company's management and employees.

Total Directors' emoluments are disclosed in note 3 to the financial statements and the Directors' options are disclosed above.

Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment PKF Littlejohn LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting. PKF Littlejohn LLP have expressed their willingness to continue in office as auditor.

By order of the Board.

Michael de Villiers
Company Secretary

Independent Auditor's Report

To the members of Ariana Resources PLC

Opinion

We have audited the financial statements of Ariana Resources Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2020 and of the Group's profit and parent company's loss for the year then ended;
- The Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- The parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included a review of the forecast financial information prepared by management, a review of management's assessment of going concern, and post year end information, including contracted and committed expenditure. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

Materiality	Basis for materiality
Group £449,000 (2019: £490,000)	**2% of net assets**
Company £57,000 (2019: £93,000)	**5% of loss before tax**

We consider net assets to be the most significant determinant of the Group's financial position and performance used by shareholders, with the key financial statement balances being intangible exploration and evaluation assets and the equity accounted joint venture, which owns the operating mine. The basis for calculating materiality was unchanged from the prior year. The performance materiality for the Group was £291,850 (2019: £318,500).

The materiality applied to the parent company financial statements was £57,000, based on a threshold of 5% of loss before tax, in order to obtain coverage of expenditure in our testing for a non-trading undertaking. The performance materiality for the parent company was £39,900 (2019: £65,100).

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Whilst materiality for the Group financial statements as a whole was set at £449,000, component materiality for the joint venture was set at £291,850 based upon 3% of the average of profit before tax and net assets. Performance materiality was set at 65%. Component materiality for the subsidiary undertakings ranged between £110,900 and £291,850. We applied the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements.

We agreed with the audit committee that we would report all corrected and uncorrected misstatements identified during the course of our audit in excess of £22,450 for the Group and £2,850 for the parent company, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our approach to the audit

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas requiring the Directors to make subjective judgements, for example in respect of assessing the recoverability of exploration, evaluation and development expenditure and the carrying value and recoverability of investments in subsidiaries at parent company level, and the consideration of future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

An audit was performed on the financial information of the Group's significant operating components which, for the year ended 31 December 2020, were located in Turkey and the United Kingdom. The accounting records of the parent company and all subsidiary undertakings are centrally located and audited by us based upon materiality or risk. The key audit matters and how these were addressed are outlined below.

The Turkish registered joint venture company was audited by a component auditor under our instruction. The Group audit team instructed the component auditor on the significant risk areas to be covered and determined component materiality. There was regular interaction with the component auditor during all stages of the audit.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

To the members of Ariana Resources PLC

Key Audit Matter	How the scope of our audit responded to the key audit matter
Valuation and recoverability of intangible exploration assets (refer note 18) The Group carrying value of intangible assets in relation to capitalised exploration costs, classified as at 31 December 2020 within assets held for sale, amounted to £16,002,000 (2019: £16,404,000) which represents 50% of the Group's total assets. There is a risk that these assets have been incorrectly capitalised in accordance with the requirements of IFRS 6 and that there are indicators of impairment as at 31 December 2020. Exploration and evaluation assets comprise costs associated with early stage projects through to advanced exploration projects. These carrying values are tested annually for impairment. Determining whether impairment indicators exist involves significant judgement by management, including considering specific impairment indicators prescribed in IFRS 6. As at 31 December 2020, management were in addition required to assess whether the asset held for sale was stated at the lower of carrying value and realisable value, less costs to sell.	Our work included but was not restricted to: • Confirming that the Group has good title to the applicable exploration licences, and has fulfilled any specific conditions therein; • A review and substantive testing of capitalised costs including consideration of appropriateness for capitalisation under IFRS 6; • We reviewed and discussed management's assessment of impairment in accordance with the requirements of IFRS 6, together with a review of subsequent events regarding disposal; • We reviewed independently prepared reports and resource estimates, including an assessment of the competence and objectivity of the preparer; and • We evaluated the disclosures included within the financial statements.
Equity accounted joint venture entity Zenit Madencilik San ve Tic Ltd ("Zenit") (refer note 6) The investment in joint venture has a carrying value at 31 December 2020 of £11,213,000 (2019: £7,768,000). The Group's share of profit during the year ended 31 December 2020 amounted to £6,478,000 (2019: £7,891,000). The accuracy of equity accounting for the joint venture is directly reliant on the accuracy of the financial statements of Zenit which contain a number of key risk areas.	Our work included but was not restricted to: • We instructed and monitored the component auditor and reviewed the component auditor working papers. Revenue recognition, recoverability of mining assets, inventory valuation and compliance with laws and regulations were among the areas designated as either significant or identified risks; • We checked and agreed the GAAP transition adjustments between the local jurisdiction financial statements and the Group accounting framework; and • We checked the joint venture had been correctly equity accounted for, including the adequacy of disclosures, in the financial statements.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the Group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the Group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group and parent company financial statements, the Directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report

To the members of Ariana Resources PLC

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the Group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements, including the equity accounted joint venture. We obtained our understanding in this regard through discussions with management and application of our cumulative audit knowledge and experience of the industry. We ensured that the audit team collectively had the appropriate experience with auditing entities within this industry, facing similar audit and business risks, and of a similar size.
- We determined the principal laws and regulations relevant to the Group and parent company in this regard to be those arising from:
    - AIM Rules;
    - IFRSs; and
    - Local tax laws and regulations.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Group and parent company with those laws and regulations. These procedures included, but were not limited to:
    - Making enquiries of management;
    - A review of Board minutes;
    - A review of legal ledger accounts; and
    - A review of regulated news service announcements.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals, reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Thompson *(Senior Statutory Auditor)*
for and on behalf of PKF Littlejohn LLP
Statutory Auditor
15 Westferry Circus
Canary Wharf
London
E14 4HD
13 July 2020

Top down view of the Kiziltepe Mine.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

Continuing operations	Note	2020 £'000	2019 £'000
Administrative costs		(1,360)	(1,242)
General exploration expenditure		(35)	(18)
Intangible exploration assets - written off	11a	-	(364)
Other gains	4	-	627
Other income		-	61
Operating loss	**5**	**(1,395)**	**(936)**
Profit/(loss) on disposal of equity securities at FVOCI		-	20
Share of profit of Joint Venture accounted for using the equity method	6	6,478	7,891
Investment income		7	5
Profit before tax		**5,090**	**6,980**
Taxation	8	(327)	(46)
Profit for the year from continuing operations		**4,763**	**6,934**
Earnings per share (pence) attributable to equity holders of the Company			
Basic and diluted	10	0.45	0.65
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(3,647)	(1,774)
Items that will not be classified subsequently to profit or loss:			
Net change in fair value of equity securities at FVOCI	13	-	49
Other comprehensive loss for the year net of income tax		**(3,647)**	**(1,725)**
Total comprehensive profit for the year		**1,116**	**5,209**

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Assets			
Non-current assets			
Trade and other receivables	15	100	93
Intangible exploration assets	11a	-	16,404
Intangible assets	11b	168	187
Land, property, plant and equipment	12	41	50
Earn-In advances	13	1,206	-
Investment in Joint Venture accounted for using the equity method	6	11,213	7,768
Total non-current assets		**12,728**	**24,502**
Current assets			
Trade and other receivables	16	298	4,574
Cash and cash equivalents		2,978	453
Assets classified as held for sale	18	16,002	-
Total current assets		**19,278**	**5,027**
Total assets		**32,006**	**29,529**
Equity			
Called up share capital	19	6,070	6,054
Share premium	19	12,053	11,821
Other reserves		720	720
Share based payments	19	307	364
Translation reserve		(9,617)	(5,970)
Retained earnings		17,164	12,298
Total equity attributable to equity holders of the parent		**26,697**	**25,287**
Total equity		**26,697**	**25,287**
Liabilities			
Non-current liabilities			
Deferred tax liabilities	20	-	2,273
Other financial liabilities	21	-	1,651
Total non-current liabilities		**-**	**3,924**
Current liabilities			
Trade and other payables	17	1,385	318
Liabilities directly associated with classified as held for resale	18	3,924	-
Total current liabilities		**5,309**	**318**
Total equity and liabilities		**32,006**	**29,529**

The financial statements were approved by the Board of Directors and authorised for issue on 13 July 2021. They were signed on its behalf by:

M J de Villiers
Chairman

A.K.Sener
Managing Director

The accompanying notes form part of these financial statements.

Company Statement of Financial Position

For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Assets			
Non-current assets			
Trade and other receivables	15	7,027	8,508
Investments in group undertakings	14	377	365
Earn-In advances	13	1,206	-
Total non-current assets		**8,610**	**8,873**
Current assets			
Trade and other receivables	16	-	534
Cash and cash equivalents		-	-
Total current assets		**-**	**534**
Total assets		**8,610**	**9,407**
Equity			
Called up share capital	19	6,070	6,054
Share premium	19	12,053	11,821
Share based payments reserve	19	307	364
Retained earnings		(9,826)	(8,838)
Total equity		**8,604**	**9,401**
Liabilities			
Current liabilities			
Trade and other payables	17	6	6
Total current liabilities		6	6
Total equity and liabilities		**8,610**	**9,407**

The financial statements were approved by the Board of Directors and authorised for issue on 13 July 2021 .
They were signed on its behalf by:

M J de Villiers
Chairman

A.K.Sener
Managing Director

Registered number : 05403426
The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Share capital £'000	Share premium £'000	Other reserves £'000	Share based payments reserve £'000	Translation reserve £'000	Retained earnings £'000	Total attributable to equity holders of parent £'000
Changes in equity to 31 December 2019							
Balance at 1 January 2019	6,054	11,821	720	250	(4,196)	5,315	19,964
Profit for the year	-	-	-	-	-	6,934	6,934
Other comprehensive income	-	-	-	-	(1,774)	49	(1,725)
Total comprehensive income	**-**	**-**	**-**	**-**	**(1,774)**	**6,983**	**5,209**
Share options	-	-	-	114	-	-	114
Transactions with owners	**-**	**-**	**-**	**114**	**-**	**-**	**114**
Balance at 31 December 2019	**6,054**	**11,821**	**720**	**364**	**(5,970)**	**12,298**	**25,287**
Changes in equity to 31 December 2020							
Profit for the year	-	-	-	-	-	4,763	4,763
Other comprehensive income	-	-	-	-	(3,647)	-	(3,647)
Total comprehensive income	**-**	**-**	**-**	**-**	**(3,647)**	**4,763**	**1,116**
Issue of ordinary shares	16	232	-	-	-	-	248
Share options	-	-	-	46	-	-	46
Transfer between reserves	-	-	-	(103)	-	103	-
Transactions with owners	**16**	**232**	**-**	**(57)**	**-**	**103**	**294**
Balance at 31 December 2020	**6,070**	**12,053**	**720**	**307**	**(9,617)**	**17,164**	**26,697**

The accompanying notes form part of these financial statements.

Company Statement of Changes in Equity

For the year ended 31 December 2020

	Share capital £'000	Share premium £'000	Share based payments reserve £'000	Retained earnings £'000	Total £'000
Changes in equity to 31 December 2019					
Balance at 1 January 2019	6,054	11,821	250	(8,010)	10,115
Loss for the year	-	-	-	(828)	(828)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**(828)**	**(828)**
Share options	-	-	114	-	114
Transactions with owners	**-**	**-**	**114**	**-**	**114**
Balance at 31 December 2019	**6,054**	**11,821**	**364**	**(8,838)**	**9,401**
Changes in equity to 31 December 2020					
Loss for the year	-	-	-	(1,091)	(1,091)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**(1,091)**	**(1,091)**
Issue of ordinary shares	16	232			248
Share options	-	-	46	-	46
Transfer between reserves	-	-	(103)	103	-
Transactions with owners	**16**	**232**	**(57)**	**103**	**294**
Balance at 31 December 2020	**6,070**	**12,053**	**307**	**(9,826)**	**8,604**

Company statement of cash flows

For the year ended 31 December 2020

All bank transactions are undertaken by Ariana Exploration & Development Limited on behalf of Ariana Resources PLC and recharged accordingly. As such the Company had no cash transactions directly, as was the case in 2019.

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	2020 £'000	2019 £'000
Cash flows from operating activities		
Profit for the year	4,763	6,934
Adjustments for:		
Profit on disposal of subsidiary undertaking, net of tax	-	(627)
(Profit)/loss on disposal of equity securities at FVOCI	-	(20)
(Profit) on disposal of equipment	-	(53)
Depreciation of non-current assets	20	20
Write down of intangible exploration assets	-	364
Fair value adjustments	-	(49)
Share of profit in Joint Venture	(6,478)	(7,891)
Share based payments charge	45	114
Investment income	(7)	(5)
Income tax expense	327	46
Movement in working capital	(1,330)	(1,167)
Decrease in trade and other receivables	3,056	918
Increase in trade and other payables	1,021	253
Cash inflow from operating activities	2,747	4
Taxation paid	(282)	(8)
Net cash from operating activities	**2,465**	**(4)**
Cash flows from investing activities		
Earn-In Advances	(672)	-
Purchase of land, property, plant and equipment	(3)	(12)
Payments for intangible assets	(262)	(516)
Proceeds from disposal of equity securities at FVOCI	-	104
Proceeds from disposal of equipment	-	55
Dividends from Joint Venture	776	-
Investment income	7	5
Net cash used in investing activities	**(154)**	**(364)**
Cash flows from financing activities		
Issue of share capital	248	-
Net cash generated from financing activities	**248**	**-**
Net increase/(decrease) in cash and cash equivalents	**2,559**	**(368)**
Cash and cash equivalents at beginning of year	453	938
Exchange adjustment on cash and cash equivalents	(34)	(117)
Cash and cash equivalents at end of year	**2,978**	**453**

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1. General Information

Ariana Resources PLC (the "Company") is a public limited company incorporated, domiciled and registered in the UK. The registered number is 05403426 and the registered address is 2nd Floor, Regis House, 45 King William Street, London, EC4R 9AN.

The Company's shares are listed on the Alternative Investment Market of the London Stock Exchange. The principal activities of the Company and its subsidiaries (together the "Group") are related to the exploration for and development of gold and technology-metals, principally in Turkey.

The consolidated financial statements are presented in Pounds Sterling (£), which is the parent company's functional and presentation currency, and all values are rounded to the nearest thousand except where otherwise indicated. The financial information has been prepared on the historical cost basis modified to include revaluation to fair value of certain financial instruments and the recognition of net assets acquired including contingent liabilities assumed through business combinations at their fair value on the acquisition date modified by the revaluation of certain items, as stated in the accounting policies.

Basis of Preparation

The Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") and effective for the Group's reporting for the year ended 31 December 2020.

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by that Act, the separate financial statements have been prepared in accordance with IFRS. These financial statements have been prepared under the historical cost convention (except for financial assets at FVOCI) and the accounting policies have been applied consistently throughout the period.

Going Concern

These financial statements have been prepared on the going concern basis.

The Directors are mindful that there is an ongoing need to monitor overheads and costs associated with delivering on its strategy and certain exploration programmes being undertaken across its portfolio. The Group is not expecting to raise additional capital at this time, but may do so to support its strategy and specific activities on occasion. The Group has no bank facilities and has been meeting its working capital requirements from cash resources. At the year end the Group had cash and cash equivalents amounting to £2.953 million (2019: £453,000).

As set out in note 26, subsequent to the year end the Group partly disposed of its interests in Zenit Madencilik San. ve Tic. A.S. ("Zenit") and Portid Madencilik San. ve Tic. Limited for a gross consideration before costs and taxation of US$37.75 million.

The Directors have prepared cash flow forecasts for the Group for the period to 31 July 2022 based on their assessment of the prospects of the Group's operations. The cash flow forecasts include expected future cash flows from our Joint Venture investment in Zenit along with the normal operating costs for the Group over the period together with the discretionary and non-discretionary exploration and development expenditure. The forecasts indicate that on the basis of existing cash and other resources, and expected future dividend payments from Zenit, the Group will have adequate resources to meet all its expected obligations in delivering its work programme for the forthcoming year.

The Group believes there should be no significant material disruption to the mining operations in Zenit from COVID-19, but the Board continues to monitor these risks and Zenit's business continuity plans.

In preparing these financial statements the Directors have given consideration to the above matters and on this basis they believe that it remains appropriate to prepare the financial statements on a going concern basis.

New Accounting Standards & Interpretations

(a) New and amended standards mandatory for the first time for the financial periods beginning on or after 1 January 2020.

Definition of Material – Amendments to IAS1 and IAS8

Amendments to References to the Conceptual Framework in IFRS Standards

Amendments to IFRS 3 Business Combinations

The adoption of these new accounting pronouncements has not had a significant impact on the accounting policies, methods computation or presentation applied by the Group.

(b) New standards, amendments and Interpretations that have not been early adopted but effective from 1 January 2022, are as follows:

Amendments to IAS 1 Presentation of financial statements: classification of liabilities as current and non-current

Amendments to IFRS 3 amendments Business combinations: updating a reference to the conceptual framework

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2

Amendments to IAS 37 Provisions, contingent liabilities and continent assets: onerous contracts

Amendments to IAS 16 Property, plant and equipment

Annual improvements to IFRS Standards 2018-2020 Cycle

The Group is evaluating the impact of the new and amended standards above which are not expected to have a material impact on the Group's results or shareholders' funds statements.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Ariana Resources PLC and its subsidiaries for the year ended 31 December 2020.

Subsidiaries are all entities over which the Group has power to direct relevant activities and an exposure to variable returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The cost of an acquisition is measured at fair value of the assets and equity instruments acquired, and the liabilities incurred or assumed at the date of exchange.

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The acquisition of subsidiaries is accounted for using the purchase method. The cost of acquisition is measured at the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued.

The acquirer's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS3 are recognised at their fair values at the acquisition date. Where the Group acquires a subsidiary for less than the fair value of its assets and liabilities, this results in negative goodwill or gain on acquisition which is recognised in profit and loss.

If a business combination is achieved in stages, the acquisition date carrying value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurements are recognised in the income statement. Where necessary, adjustments are made to the financial statements to bring the accounting policies used into line with those used by other members of the Group. All significant intercompany transactions and balances between group entities are eliminated on consolidation.

The Group has applied IFRS 11 to all joint arrangements as of 1 January 2015. The Group identifies joint arrangements as those arrangements in which two or more parties have joint control, where joint control is evidenced by the contractually agreed sharing of control of an arrangement, which exists where the decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

Joint operations are identified as those agreements whereby the parties have rights to the assets and obligations for liabilities relating to the arrangement. Joint operations are accounted for by recognising the operator's relevant share of assets, liabilities, revenues and expenses. The Group currently has no joint operations in existence.

Joint ventures are identified as those agreements whereby the parties have rights to the net assets of the arrangement and are accounted for using equity accounting in accordance with IAS 28. Interest in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the Joint Venture.

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of our investments in our associates are incorporated in these financial statements using the equity method of accounting except when classified as held for sale. Investments in associates are carried in the Group statement of financial position at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associates, less any impairment in the value of individual investments. Losses of the associates in excess of the Group's interest in those associates are not recognised.

In the Company accounts, investments in subsidiary undertakings are held at cost less impairment losses.

Income and expense recognition

The Group's other income represents consideration received on the disposal of licences, consultancy fees and interest receivable from bank deposits. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective rate of interest applicable. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Operating expenses are recognised in the statement of comprehensive income upon utilisation of the service or at the date of their origin and are reported on an accruals basis.

Foreign currency translation

Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Pounds Sterling, which is the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the comprehensive income statement.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transaction); and
- all resulting exchange differences are recognised as a separate component of equity. On consolidation, exchange differences arising from the translation of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the statement of comprehensive income as part of the gain or loss on sale.

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 December 2020

Earnings per share
Basic earnings per share amounts are calculated by dividing the profit after taxation of the Group by the weighted average number of shares outstanding during the year.

Land, property, plant and equipment
Land, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Land	–	not depreciated
Computer equipment	–	between 25% & 33%
Drilling equipment	–	between 10% & 20%
Fixtures and fittings	–	between 5% & 33%
Motor vehicles	–	between 20% & 25%

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Intangible assets
Intangible assets include expenditure on software and databases acquired to develop the Group's geological expertise. Assets within this category that have a finite useful life are amortised over 20 years.

Intangible exploration assets
Intangible assets represent exploration and evaluation assets (IFRS 6 assets), being the cost of acquisition by the Group of rights, licences and know-how. Such expenditure requires the immediate write-off of exploration and development expenditure that the Directors do not consider to be supported by the existence of commercial reserves.

All costs associated with mineral exploration and investments, are capitalised on a project-by-project basis, pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses but not general overheads and these assets are not amortised until technical feasibility and commercial viability is established. If an exploration project is successful, the related expenditures will be transferred to mining assets and amortised over the estimated life of the commercial ore reserves on a unit of production basis. Where a licence is relinquished or a project abandoned, the related costs are written off.

The recoverability of all exploration and development costs is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition thereof.

Exploration and evaluation assets shall no longer be classified as such when the technical feasibility and commercial viability of extracting mineral resources are demonstrable. When relevant, such assets shall be assessed for impairment, and any impairment loss recognised, before reclassification to mine development.

Assets classified as held for sale
Assets are classified as held for sale if their carrying amount will be recovered primarily through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying value and fair value less costs to sell. An impairment loss is recognised for any subsequent write-down of the asset to fair value less costs to sell.

Impairment of tangible and intangible assets
At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets (except for intangible exploration assets) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Investment in Group undertakings
The Company's investments in Group undertakings are carried at historical cost less any provision for impairment. The Company's investments arose from either incorporation of, or acquisition of subsidiary companies primarily based in Turkey. As these investments are not amortised, their carrying values are at risk of impairment. The carrying value of investments is compared to their recoverable amounts which are assessed with reference to the discounted cash flow forecasts associated with these territories.

Financial instruments
Financial assets and financial liabilities are recognised on the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial asset only when the contractual rights to cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for the amount it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or expired.

Financial Assets
Trade and other receivables
Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost less any provision for impairment. The Group applies the IFRS 9 simplified approach to providing for expected credit losses in accordance with applicable guidance for non-banking entities. Under the simplified approach the Group is required to measure lifetime expected credit losses for all trade receivables. No credit losses have been identified during the period.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand and on-demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash with three months or less remaining to maturity and are subject to an insignificant risk of changes in value.

Financial liabilities and equity instruments
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Equity instruments
Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Share-based payments
For grants of share options, the fair value as at the date of grant is calculated using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that are likely to vest, except where forfeiture is only due to market based conditions not achieving the threshold for vesting. Where shares are issued in settlement of goods or services supplied, the relevant expense is recorded in the consolidated statement of comprehensive income, with the related share issue recorded within share capital and share premium.

Provisions
Provisions are liabilities where the exact timing and amount of the obligation is uncertain. Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when an outflow of resources is probable to settle the obligation and when an amount can be reliably estimated. Where the time value of money is material, provisions are discounted to current values using appropriate rates of interest. The unwinding of any discount is recorded in net finance income or expense.

Taxation
Current income tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting year, that are unpaid at 31 December 2020. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted as at 31 December 2020. Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the consolidated statement of comprehensive income, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited to equity. The deferred tax asset arising from trading losses carried forward as referred to in Note 8 has not been recognised. The deferred tax asset will be recognised when it is more likely than not that it will be recoverable.

Segmental reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors who have been identified as responsible for allocating resources and assessing performance of the operating segments, and who act as the Chief Operating Decision Maker.

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 December 2020

Accounting judgements

The following are the critical judgements, apart from those involving estimations, that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Accounting for Joint Venture

Management have reviewed the criteria of IFRS 11 and made a judgement that despite its 50% shareholding, Zenit is a Joint Venture rather than a subsidiary due to the contractual agreement to share control of that company. The Group accounts for its Joint Venture with Proccea in Zenit using the equity method in accordance with IAS 28 (revised).

Intangible exploration assets

Determining whether intangible exploration assets are impaired requires an assessment of whether there are any indicators of impairment, by reference to specific impairment indicators prescribed in IFRS 6. This includes the assessment, on a project by project basis, of the likely recovery of the cost of the Group's Intangible exploration assets in the light of future production opportunities based upon ongoing geological studies. This also involves the assessment of the period for which the entity has the right to explore in the specific area, or if it has expired during the period or will expire in the near future if it is not expected to be renewed.

The Group determines that exploration costs are capitalised at the point the Group has a valid exploration licence or is in the process of renewal.

Impairment of assets, excluding intangible exploration assets

The Group assesses impairment at each reporting date on a project by project basis by evaluating conditions specific to the Group that may indicate an impairment of assets. Where indicators of impairment exist, the recoverable amount of the asset is determined based on value in use or fair value less cost to sell, both of which require the Group to make estimates.

2. Staff costs

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Wages and salaries	434	305	367	288
Social security costs	123	36	116	32
Share based payments (option scheme)	46	114	35	85
Pension contributions	43	35	41	33
	646	490	559	438

Total staff costs, including those capitalised within intangible assets, amounts to £658,000 (2019: £771,000). The average monthly number of employees (including the Executive Director) during the year was as follows:

	2020 Group Number	2019 Group Number
Exploration activities	14	12
Administration	5	5
	19	17

The only employees within the Company were the Directors.

3. Directors' emoluments

Short term incentives	2020 £'000	2019 £'000
Basic salary and fees	367	342
Pension contributions	41	33
	408	375

Key management personnel consist of only the Directors. Details of share options and interests in the Company's shares of each Director are highlighted in the Directors' Report on page 40.

	Year	Salary & fees £'000	Pension £'000	Total £'000
Michael de Villiers	2020	125	13	138
	2019	132	10	142
Kerim Sener	2020	162	23	185
	2019	115	23	138
William Payne	2020	40	-	40
	2019	40	-	40
Christopher Sangster	2020	60	6	66
	2019	55	1	56

William Payne's services are provided by a firm of Accountants, further details of which are set out in Note 25.

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4. Other gains

During the prior year, the Group entered into a sale agreement to dispose of its 99%-owned subsidiary, Çamyol Gayrimenkul, Madencilik, Turizm, Tarim ve Hayvancilik Ltd ("Camyol"). Camyol carried out a significant part of the Group's land purchases prior to the commencement of construction of the Kiziltepe Mine.

The disposal was effected in order that all freehold land pertaining to the Kiziltepe Mine is owned directly by the operating company.

	2020 £'000	2019 £'000
(a) Profit on disposal of land owning operations and subsidiary		
Trading loss on operations for the year	-	(1)
Translation reserve transferred to statement of comprehensive income	-	23
Exchange loss on revaluation of Intercompany loan	-	(217)
Profit on disposal of subsidiary (4b)	-	822
	-	627
(b) Profit on disposal of subsidiary		
At the time of the disposal of the Group's subsidiary, Camyol, the carrying amount of its assets and liabilities were as follows:		
	2020 £'000	2019 £'000
Non- current assets		
Land	-	119
Current assets		
Trade receivables	-	1
Cash at bank	-	4
Current liabilities		
Trade payables	-	(115)
Net assets derecognised	-	9
Consideration receivable on disposal	-	831
Profit on disposal of subsidiary	-	822

5. Operating loss

The operating loss is stated after charging/ (crediting):

	2020 £'000	2019 £'000
Depreciation and amortisation – owned assets	19	20
Other income – disposal of drilling equipment and other miscellaneous income.	-	(61)
Write down of Intangible exploration assets	-	364
Office lease rentals	13	-
Net foreign exchange (gains)/ losses	(502)	144
Fees payable to the Company's auditor for the audit of the Group's and Company's annual accounts	50	50
Fees payable to the Company's auditor for other services:		
– The audit of the Company's subsidiaries	21	20

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 December 2020

6. Share of profit of interest in Joint Venture

In July 2010 the Group entered into an agreement with Proccea Construction Co. ("Proccea") such that Galata Madencilik San. ve Tic. Ltd. ("Galata") would transfer its principal assets at Kiziltepe and Tavşan, collectively known as the "Red Rabbit Gold Project" into a wholly owned subsidiary, Zenit Madencilik San. ve Tic. A.S. ("Zenit"). Proccea earned their 50% share in Zenit by investing US$8 million in the capital of Zenit, US$1.4 million of such funds having been spent on a Feasibility Study and an Environmental Impact Assessment ("EIA"), with the balance on initial mine construction, once the Feasibility Study and EIA were completed satisfactorily. Shareholdings in Zenit represents the ratio of 50% the Group and 50% to Proccea, with Proccea in management control, but with key decisions requiring approval from both the Group and Proccea.

Zenit entered production during March 2017, with commercial production declared from 1 July 2017. Operational revenues and costs arising from pre-commercial production were capitalised in 2017 along with any new capital expenditure incurred during 2018 including the construction of the district road diversion necessary for the full development of the Arzu South open pit. Total revenue for the year was c. US$37.5 million (2019: US$45.1 million) in gold and silver sales.

The liability of the Joint Venture includes current and non-current portions of a bank loan repayable to Turkiye Finans Katilim Bankasi A.S. and Garanti Bankasi A.S.. Management does not foresee any significant restrictions on the ability of the Joint Venture to repay these loans.

The Group accounts for its Joint Venture with Proccea in Zenit using the equity method in accordance with IAS 28 (revised). At 31 December 2020 the Group has a 50% (2019: 50%) interest in Zenit. Ultimately profits from Zenit are shared in the ratio of 50:50 between Group and Proccea.

Principal place of business for Zenit is Ankara, Turkey. Zenit was also incorporated in Ankara, Turkey.

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:

Statement of Comprehensive Income **For the year ended 31 December 2020**	2020 £'000	2019 £'000
Revenue	**29,145**	**35,337**
Cost of sales	(13,335)	(15,444)
Gross Profit	**15,810**	**19,893**
Administrative expenses	(1,750)	(1,636)
Operating profit	**14,060**	**18,257**
Finance expenses including foreign exchange losses	(3,143)	(4,762)
Finance income including foreign exchange gains	2,262	2,667
Profit before tax	**13,179**	**16,162**
Taxation charge	(223)	(380)
Profit for the year	**12,956**	**15,782**
Proportion of the Group's profit share	50%	50%
Group's share of profit for the year	**6,478**	**7,891**

6. Share of profit of interest in Joint Venture *continued*

Statement of financial position **As at 31 December 2020**	2020 £'000	2019 £'000
Assets **Non-current assets**		
Other receivables and deferred tax asset	1,244	440
Intangible exploration assets	670	837
Kiziltepe Gold Mine (including capitalised mining costs, land, property, plant and equipment)	18,817	23,275
Total non-current assets	**20,731**	**24,552**
Current assets		
Cash and cash equivalents	8,031	7,184
Trade and other receivables	286	752
Inventories	2,598	1,745
Other receivables, VAT and prepayments	2,004	2,187
Total current assets	**12,919**	**11,868**
Total assets	**33,650**	**36,420**
Liabilities		
Non-current liabilities		
Borrowings	2,126	3,241
Asset retirement obligation	924	1,000
Total non-current liabilities	**3,050**	**4,241**
Current liabilities		
Borrowings	4,881	5,776
Trade payables	1,544	1,883
Other payables	1,749	8,984
Total current liabilities	**8,174**	**16,643**
Total liabilities	**11,224**	**20,884**
Equity	22,426	15,536
Proportion of the Group's profit share	50%	50%
Carrying amount of investment in Joint Venture	**11,213**	**7,768**
Movement in Equity – our share		
Opening balance	**7,768**	**3,968**
Profit for the year	6,478	7,891
Translation and other reserves	(2,257)	(1,049)
Dividend receivable	(776)	(3,042)
Closing balance	**11,213**	**7,768**

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 December 2020

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

	2020			2019		
	Mining £'000	Other reconciling items £'000	Group £'000	Mining £'000	Other reconciling items £'000	Group £'000
Administrative costs	-	(1,360)	(1,360)	-	(1,242)	(1,242)
General and specific exploration expenditure	(35)	-	(35)	(382)	-	(382)
Profit/(loss) on disposal of investments	-	-	-	-	20	20
Other gains	-	-	-	627	-	627
Share of profit in Joint Venture	6,478	-	6,478	7,891	-	7,891
Investment and other income	-	7	7	-	66	66
Profit before taxation	**6,443**	**(1,353)**	**5,090**	**8,136**	**(1,156)**	**6,980**
Taxation	(43)	(284)	(327)	(43)	(3)	(46)
Profit after taxation	**6,400**	**(1,637)**	**4,763**	**8,093**	**(1,159)**	**6,934**
Assets						
Segment assets	29,937	2,069	32,006	28,706	823	29,529
Liabilities						
Segment liabilities	(5,056)	(253)	(5,309)	(4,003)	(239)	(4,242)
Additions to segment assets						
Intangible assets	263	-	263	516	-	516
Property, plant & equipment	19	-	19	32	-	32
Depreciation and amortisation	-	(19)	(19)	-	(20)	(20)

Geographical segments

The Group's mining assets and liabilities are located primarily in Turkey.

	2020			2019		
	Turkey £'000	United Kingdom £'000	Group £'000	Turkey £'000	United Kingdom £'000	Group £'000
Carrying amount of segment non-current assets	11,353	1,375	12,728	24,314	188	24,502

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8. Taxation

	2020 £'000	2019 £'000
(a) Current tax expense in respect of the current year	327	46

The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	2020 £'000	2019 £'000
Profit before tax – continuing operations	5,090	6,980
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019:19%)	967	1,326
Effect of tax on share of Joint Venture profit	(1,235)	(1,499)
Disallowable expenses and other adjustments	11	23
Exempt gain on disposal of subsidiary	-	(137)
Withholding tax suffered on subsidiary dividend	284	-
Effect of different tax rates and laws of subsidiaries operating in other jurisdictions	16	108
Losses for the year to carry forward	284	225
Tax charge	327	46

The Group has UK losses carried forward on which no deferred tax asset is recognised in the financial statements as the recovery of this benefit is dependent on future profitability, the timing of which cannot be reasonably foreseen. Total UK losses carried forward amount to £10,393,000 (2019: £9,313,000), and non-UK losses amount to £306,000 (2019: £169,000).

No deferred tax assets had been recognised against the Group's and Company's tax losses as the entities have not had sufficient taxable temporary differences in the year against which the losses could be utilised.

9. Loss of parent company

As permitted by Section 408 of the Companies Act 2006, the statement of comprehensive income of the parent Company is not presented as part of these financial statements. The parent Company's loss for the financial year was £1,091,000 (2019: £828,000).

10. Earnings per share on continuing operations

The calculation of basic profit per share is based on the profit attributable to ordinary shareholders of £4,763,000 (2019: £6,934,000) divided by the weighted average number of shares in issue during the year being 1,062,538,317 shares (2019: 1,059,677,953). There is no material effect on the basic earnings per share for the dilution provided by the share options.

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 December 2020

11a. Intangible exploration assets

	Deferred exploration expenditure £'000
Cost	
At 1 January 2019	16,975
Additions and capitalised depreciation	516
Reclassification of expenditure	(206)
Exchange movements	(517)
Expenditure written off	(364)
At 31 December 2019	**16,404**
Additions and capitalised depreciation	263
Exchange movements	(665)
Expenditure reclassified to assets held for sale (note 18)	(16,002)
At 31 December 2020	**-**
Net book value	
At 1 January 2019	16,975
At 31 December 2019	16,404
At 31 December 2020	**-**

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 fully 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.

11b. Intangible assets

	Software and Database expenditure £'000
Cost or Valuation	
At 1 January 2020	187
Amortisation charge	(19)
At 31 December 2020	**168**
Net book value	
At 1 January 2020	187
At 31 December 2020	**168**

12. Land, property, plant & equipment

	Land £'000	Computer equipment £'000	Drilling equipment £'000	Fixtures & fittings £'000	Motor vehicles £'000	Totals £'000
Cost						
At 1 January 2019	138	47	251	45	39	520
Additions		2	26	4	-	32
Disposals	(119)	-	(87)	-	-	(206)
Exchange movements	(19)	(15)	(164)	(15)	(5)	(218)
At 31 December 2019	**-**	**34**	**26**	**34**	**34**	**128**
Additions	-	6	-	1	12	19
Exchange movements	-	(6)	(6)	(7)	(7)	(26)
At 31 December 2020	-	34	20	28	39	121
At 31 December 2019						
Depreciation						
At 1 January 2019	-	33	158	35	16	242
Charge	-	5	5	4	5	19
Disposals	-	-	(85)	-	-	(85)
Exchange movements	-	(8)	(72)	(16)	(2)	(98)
At 31 December 2019	**-**	**30**	**6**	**23**	**19**	**78**
Charge	-	5	4	4	4	17
Exchange movements	-	(5)	(1)	(5)	(4)	(15)
At 31 December 2020	**-**	**30**	**9**	**22**	**19**	**80**
Net book value						
At 1 January 2019	138	14	93	10	23	278
At 31 December 2019	-	4	20	11	15	50
At 31 December 2020	**-**	**4**	**11**	**6**	**20**	**41**

Of the total depreciation expense, £16,000 has been capitalised to intangible exploration assets (2019: £18,000).

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 December 2020

13. Earn-In Advances

Group and Company	Group and Company 2020 £'000
At 1 January 2020	-
Reclassification from debtors – prior year	534
Advances paid during the year	672
At 31 December 2020	**1,206**
Net book value	
At 31 December 2019	-
At 31 December 2020	**1,206**

Ariana Resources PLC is to acquire up to 50% of Venus Minerals Ltd through an earn-in agreement. Investment rights continue to accrue as at 31 December 2020 on earn-in payments to date amounting to £1,206,000 (2019: £534,000). It is expected that Ariana Resources PLC will have acquired 50% of Venus Minerals Ltd during 2021, following further earn-in payments amounting to approximately £1,600,000.

14. Investments in Group undertakings

	Shares in Group undertakings £'000
Company	
At 1 January 2020	365
Additions	11
At 31 December 2020	**376**

The Company's investments at the balance sheet date comprise ownership of the ordinary share capital of the following companies:

Subsidiaries	Ownership	Country of incorporation	Nature of business	Address
Ariana Exploration & Development Limited	100%	United Kingdom	Exploration	2nd Floor, Regis House, 45 King William Street London, EC4R 9AN
Portswood Resources Limited	100%	British Virgin Islands	Holding company	Kingston Chambers P.O. Box 173 Road Town, Tortola, British Virgin Islands
Galata Madencilik San. ve Tic. Ltd.	100%	Turkey	Exploration	Çankaya Mah. Farabi Sok. 7/5 Çankaya, Ankara, Turkey

14. Investments in Group undertakings *continued*

Ariana Exploration & Development Limited's investments at the balance sheet date comprise the following companies:

Subsidiaries	Ownership	Country of incorporation	Nature of business	Address
Greater Pontides Exploration B.V.	100%	Netherlands	Holding company	Herengracht 500, 1017 CB Amsterdam, Netherlands
Pontid Madencilik San. ve Tic. Ltd.	100%	Turkey	Exploration	Hilal Mahallesi, Konrad Adenauer Cd. 15A, 06550 Çankaya, Ankara, Turkey
Asgard Metals Pty. Ltd.	100%	Australia	Exploration/ Investment	10 Wygonda Rd, Roleystone WA 6111, Australia
Western Tethyan Resources Ltd	100%	United Kingdom	Holding company	2nd Floor, Regis House, 45 King William Street London, EC4R 9AN
Kosovo Mineral Resources LLC	100%	Republic of Kosovo	Exploration	Rr Ali Vitia Kalabri Bll. A-Lam-B. Nr.19 Prishtine, Kosova

15. Non-current trade and other receivables

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Amounts owed by Group undertakings	-	-	7,027	8,508
Other receivables	100	93	-	-
	100	93	7,027	8,508

Other receivables falling due after more than one year represent amounts due from the government of Turkey in respect of VAT relating to the Group's exploration projects. The amounts owed to the Company by Group undertakings are interest free and repayable on demand.

16. Trade and other receivables

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Amounts owed by Joint Venture Company	-	3,383	-	-
Other receivables	183	598	-	-
Earn-In advances reclassified to Non-current assets (see note 13)	-	534	-	534
Prepayments	115	59	-	-
	298	4,574	-	534

The carrying values of other receivables approximate their fair values because these balances are expected to be cash settled in the near future.

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 December 2020

17. Trade and other payables

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade and other payables	147	109	-	-
Social security and other taxes	14	66	-	-
Other creditors and advances	1,099	7	-	-
Accruals and deferred income	125	136	6	6
	1,385	318	6	6

The above listed payables are all unsecured. Due to the short-term nature of current payables, their carrying values approximate their fair value.

18. Assets and liabilities classified as held for sale

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Assets classified as held for sale				
Intangible Exploration assets	16,002	-	-	-
Total assets of group held for sale	16,002	-	-	-
Liabilities directly associated with assets classified as held for sale				
Deferred tax liabilities	2.273	-	-	-
Contingent consideration payable	1,651	-	-	-
Total liabilities of group held for sale	3,924	-	-	-

The above assets and liabilities held for sale were reclassified from non-current assets and non-current liabilities due to the Group concluding the disposal, since the year end, of its interests in its Salinbas and all other exploration projects, held through its subsidiary companies based in Turkey. Further details are disclosed in note 26.

19. Called up share capital and premium

Allotted, issued and fully paid ordinary 0.1p shares	Number	Ordinary Shares £'000	Deferred shares £'000	Called up Share capital £'000	Share Premium £'000
In issue at 1 January 2020	1,059,677,943	1,059	4,995	6,054	11,821
Share options exercised	16,000,000	16	-	16	232
In issue at 31 December 2020	1,075,677,943	1,075	4,995	6,070	12,053

During 2013 the existing ordinary shares were sub-divided into one new ordinary share of 0.1 pence ("New Ordinary Share") and one deferred share of 0.9 pence ("Deferred Share"). The New Ordinary Shares have a nominal value of 0.1 pence. The percentage of New Ordinary Shares held by each shareholder following the subdivision is the same as the percentage of existing ordinary shares held by the shareholder before the change.

19. Called up share capital and premium *continued*

Fully paid Ordinary Shares carry one vote per share and carry the right to dividends. Deferred Shares have attached to them the following rights and restrictions:

- they do not entitle the holders to receive any dividends and distributions;
- they do not entitle the holders to receive notice or to attend or vote at General Meetings of the Company;

on return of capital on a winding up the holders of the Deferred Shares are only entitled to receive the amount paid up on such shares after the holders of the Ordinary Shares have received the sum of 0.1p for each ordinary share held by them and do not have any other right to participate in the assets of the Company.

Potential issue of ordinary shares
Share options

The Company issued 64,000,000 new options to Directors and staff at an exercise price of 1.55 pence, vesting over 3 years, commencing on 1 January 2018. At 31 December 2020 the Company had options outstanding for the issue of ordinary shares as follows:

Date options granted	Exercisable from	Exercisable to	Exercise price	Number granted	Options exercised during the year	Number at 31 December 2020
1 January 2018	1 January 2018	31 December 2023	1.55p	64,000,000	(16,000,000)	48,000,000
Total				**64,000,000**	**(16,000,000)**	**48,000,000**

The fair value of services received in return for share options are measured by reference to the fair value of share options granted. The fair value of employee share options is measured using the Black-Scholes model. Measurement inputs and assumptions are as follows:

Costs associated with options issued on the 1 January 2018 and exercisable by 2023

Share price when options issued	1.25p
Expected volatility (based on closing prices over the last 7 years)	67.84%
Expected life	5 years
Risk free rate	0.75%
Expected dividends	0%

The expected volatility is wholly based on the historic volatility (calculated based on the weighted average of the last 7 years of quotation).

	Group and Company
Share based payments reserve	2020 £'000
At 1 January 2020	364
Charge during the year	46
Transfer to retained earnings for options exercised during the year	(103)
At 31 December 2020	**307**

As set out in note 2 the Group recognised an expense of £46,000 (2019: £114,000) relating to equity share based payment transactions in the year.

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 December 2020

20. Deferred tax liabilities

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Opening and closing deferred tax liability	-	2,273	-	-

Deferred tax has been provided against the fair value uplift of intangible exploration assets that resulted from a previous business combination. This liability has been reclassified under liabilities directly associated with assets held for sale, as set out in note 18.

21. Other financial liabilities

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Contingent consideration payable	-	1,651	-	-

The consideration above relates to a 2% net smelter returns royalty on the future production revenue at Salinbaş. This liability arose as a result of the business combination as noted in note 20. This liability has been reclassified under liabilities directly associated with assets held for sale, as set out in note 18.

22. Operating lease arrangements

Management have completed a detailed assessment of existing operating contracts and have not identified any contracts requiring adjustment on the adoption of IFRS 16 as the operating leases held by the Group are of low value and short-term in nature.

At the year end, the Group had outstanding short term commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2019
Within one year	16	16

23. Capital commitments

The Group had no authorised or unauthorised capital commitments at the year end (2019: £nil).

24. Contingent liabilities

Following the disposal of the Group's 99%-owned subsidiary, Çamyol Gayrimenkul, Madencilik, Turizm, Tarim ve Hayvancilik Ltd ("Camyol") 75% of the resulting gain on disposal is exempt from Turkish corporation tax provided the gain is retained under equity by Galata Madencilik San. ve Tic. Ltd. for a period of 5 years. This potentially exempt taxable gain amounts to Turkish Lira 4,529,343 with an associated corporation tax liability of Turkish Lira 996,455, or approximately £99,000 (2019: £137,000).

25. Related party transactions

Group companies

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

Ariana Resources PLC is the beneficial owner and controls, or is in joint venture with, the following companies and as such are considered related parties:

Ariana Exploration & Development Ltd.
Portswood Resources Ltd.
Galata Madencilik San. ve Tic. Ltd.
Zenit Madencilik San. ve Tic. A.S. (Joint Venture)
Asgard Metals Pty. Ltd.
Greater Pontides Exploration B.V.
Pontid Madencilik San. ve Tic. Ltd.
Western Tethyan Resources Ltd.
Kosovo Minerals Resources LLC.

The only transactions during the year between the Company and its subsidiaries were as follows:

Loan payable by Ariana Exploration & Development Limited to Ariana Resources PLC amounted to £7,027,310 (2019: £8,508,203).

Loan payable by the Group's recently formed wholly owned subsidiary Kosovo Minerals Resources LLC to Ariana Exploration & Development Limited amounted to £30,000.

William Payne is a partner in Azets (previously Wilkins Kennedy), a firm of Accountants that provides his services. During the year end 31 December 2020, Azets were paid £40,000 (2019: £40,000) in respect of his services as a Director, and £119,775 (2019: £101,500) in respect of accounting and management services. Fees paid for William Payne's services are included as part of Directors emoluments declared in Note 3. At the year end the Group owed Azets £25,105 (2019: £40,451).

Independent Executive Consultants Limited, a company jointly controlled by Michael de Villiers, charged the Company £Nil (2019: £37,000) in respect of his services as a Director. This remuneration for the prior year is included as part of his emoluments in note 3.

At 31 December 2020, Kerim Sener had received £63,455 or TL 581,357 (2019: £109,583 or TL795,621) from Zenit Madencilik San. ve Tic. A.S. for his services as a Director of the joint venture subsidiary, in accordance with the Turkish Commercial Code and an Extraordinary General Meeting resolution dated 1 November 2018. This remuneration is in addition to his emoluments disclosed in note 3.

Kerim Sener was appointed a Director of Venus Minerals Ltd ("Venus") on 13 August 2019 and continues to receive no remuneration during the period to 31 December 2020. Venus is focused on the exploration and development of copper and gold on the island of Cyprus. Transactions with Venus during the year and additional disclosures are set out on note 13.

Joint Venture company

Loans including unpaid dividends payable on demand by Zenit Madencilik San. ve Tic. A.S. to Galata Madencilik San. ve Tic. Ltd. amounted to £Nil (2019: £3,383,297).

26. Post year end events

In February 2021 the Group concluded the disposal of its interests in Salinbaş held through its subsidiary company Pontid Madencilik San ve Tic. Ltd to Zenit, and the subsequent disposal of 53% of its existing shareholding in Zenit to Özaltin Holding A.S. for an overall consideration of US$35.75 million before costs and taxation, retaining a 23.5% interest in the ongoing joint venture. A further US$2 million is to be paid in instalments to the Group by Zenit following the transfer of three remaining Satellite Projects by Galata Madenicilik San. ve Tic. Ltd. to Zenit.

In June 2021 the Company was successful in its application to the Court for permission to reduce its share capital via the cancellation of its share premium account and historical deferred shares in issue.

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 December 2020

27. Capital management policies and procedures

The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern;
- To increase the value of the assets of the business; and
- To provide an adequate return to shareholders in the future when exploration assets are taken into production.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production and cash flow, either with partners or by our own means.

The Group monitors capital on the basis of the carrying amount of equity, cash and cash equivalents as presented on the face of the consolidated statement of financial position. Movements in capital for the year under review are summarised in Note 18 and in the consolidated statement of changes in equity.

The Group manages its capital structure in response to changes in economic conditions and in accordance with the Group's objective to finance additional work on existing and new projects to enhance their overall value.

In the normal course of its operations, the Group and Company are exposed to gold prices, currency, interest rate and liquidity risk.

The Group and Company use financial instruments, other than derivatives, comprising short term deposits, cash, liquid resources and various items such as sundry debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to finance the Group's operations.

The main risks arising from the Group's and Company's financial instruments are liquidity and currency differences on foreign currency net investments. The Directors review and agree policies for managing these risks and these are summarised below.

Liquidity risk

Liquidity risk is the risk that the Group and Company will not be able to meet their financial obligations as they fall due.
The Group and Company seek to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Board will seek additional funds from the issue of share capital where appropriate, by reviewing financial and operational budgets and forecasts. The Group and Company's financial liabilities, including interest bearing liabilities and trade and other payables will all be settled within six months of the year end with the exception of the contingent consideration payable which is not expected to become payable for a period beyond 5 years.

Credit risk

Credit risk is the risk of financial loss to the Group and Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group and Company have borrowings outstanding from its subsidiaries and joint ventures, the ultimate realisation of which depends on the successful exploration and realisation of the Group's intangible exploration assets:

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade and other receivables (current and excluding prepayments)	183	3,981	-	534
Trade and other receivables (non-current)	100	93	7,027	8,508
	283	4,074	7,027	9,024

The concentration of credit risk for trade and other receivables at the balance sheet date by geographic region was:

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
United Kingdom	32	520	7,027	9,042
Turkey	251	3,552	-	-
Other	-	2	-	-
	283	4,074	7,027	9,042

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27. Capital management policies and procedures *continued*

Market risk

Foreign exchange risk arises due to the Group's and Company's primary operations being in Turkey. The Group and Company have a general policy of not hedging against its exposure of foreign investments in foreign currencies. The Group and Company are exposed to translation and transaction foreign exchange risks and take profits or losses on these as they arise.

	GBP		Turkish Lira		Other		Total	
Group	2020 £'000	2019 £'000	2020 £'000	2019 £'000	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Cash and cash equivalents	597	48	2,117	157	264	248	2,978	453
Trade and other receivables	129	1,113	162	3,459	7	2	298	4,574
Trade and other payables	263	241	932	70	200	7	1,395	318

	GBP		Turkish Lira		Other		Total	
Company	2020 £'000	2019 £'000	2020 £'000	2019 £'000	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Cash and cash equivalents	-	-	-	-	-	-	-	-
Trade and other receivables	7,027	9,042	-	-	-	-	7,027	9,024
Trade and other payables	6	6	-	-	-	-	6	6

Sensitivity analysis

Foreign exchange risk arises due to the Group's and Company's primary operations being in Turkey.

A 10% percent weakening of Turkish Lira against the Sterling at the reporting date would have decreased net assets by £1,296,000. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

Market risk - Borrowing facilities and interest rate risk

The Group and Company finances its operations primarily through its share of profits from its joint venture investment, and the issue of equity share capital to ensure sufficient cash resources are maintained to meet short-term liabilities and future project development requirements. Cash deposits are kept under regular review, with reference to future expenditure requirements and to maximise interest receivable.

Sensitivity analysis

(a) The Group and Company have limited exposure to changes to interest rates both locally and in Turkey since the interest accruing on bank deposits was relatively immaterial.

(b) The Group and Company have no interest rate exposure on the loan finance provided during the year as the amounts owed by Group undertakings are interest free.

Market risk – Equity price risk

The Group and Company's exposure to equity price risk arose from its investment in equity securities which ceased during the prior year.

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 December 2020

27. Capital management policies and procedures *continued*

Fair values of financial instruments

The fair value of a financial instrument is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Set out below is a comparison by category of carrying amounts and fair values of all the Group's financial instruments:

	Carrying Amount				Fair Value			
	2020 £'000	2020 £'000	2019 £'000	2019 £'000	2020 £'000	2020 £'000	2019 £'000	2019 £'000
	Group	Company	Group	Company	Group	Company	Group	Company
Financial assets								
Cash and cash equivalents	2,978	Nil	453	Nil	2,978	Nil	453	Nil
Loans and receivables								
Trade and other receivables (current)	298	Nil	4,574	534	298	Nil	4,574	534
Trade and other receivables (non-current)	100	7,027	93	8,508	100	7,027	93	8,508
Trade and other payables	(1,385)	(6)	(318)	(6)	(1,385)	(6)	(318)	(6)
Other financial liability	(1,651)	-	(1,651)	-	(1,651)	-	(1,651)	-

The fair value of trade and other receivables is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date. For receivables and payables with a remaining life of less than one year, the notional amount is deemed to reflect fair value. All other receivables and payables are, where material, discounted to determine the fair value.

When measuring the fair value of an asset or a liability, the Group and Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Differences arising between the carrying and fair value are considered not significant to adjust for in these accounts. The carrying and fair value of intercompany balances are the same as if they are repayable on demand.

Please note that this document is important and requires your immediate attention.

If you are in any doubt as to the action to be taken, please consult an independent adviser immediately. If you have sold or transferred or otherwise intend to sell or transfer all of your holding of ordinary shares in the Company prior to the record date (as described in Note 12) for the Annual General Meeting of the Company on 18 August 2021 11:00 AM you should send this document, together with the accompanying Form of Proxy, to the (intended) purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was or is to be effected for transmission to the (intended) purchaser or transferee. If you have sold some only of your ordinary shares then please retain this document.

COVID-19 – IMPORTANT – PLEASE READ

The Board takes its responsibility to safeguard the health of its shareholders, stakeholders and employees very seriously and so the following measures will be put in place for the AGM in response to the COVID-19 pandemic and the current social distancing measures being implemented by the Government in the United Kingdom.

The formal business of the Annual General Meeting **(AGM)** will only be to consider and vote upon the resolutions set out in the notice of meeting. The holding of the AGM will be kept under review in line with Public Health England guidance. It is intended that the meeting will be held with no more than 15 shareholders and 4 Directors present. The Company is taking these precautionary measures to safeguard its shareholders', stakeholders' and employees' health and make the AGM as safe and efficient as possible.

SHAREHOLDERS WISHING TO VOTE ON ANY OF THE MATTERS OF BUSINESS ARE STRONGLY URGED TO DO SO THROUGH COMPLETION OF A FORM OF PROXY which must be completed and submitted in accordance with the instructions thereon. It is emphasised that any forms of proxy being returned via a postal service should be submitted as soon as possible to allow for any delays to or suspensions of postal services in the United Kingdom as a result of measures being implemented by the Government of the United Kingdom. **Shareholders wishing to vote on any matters of business are strongly urged to do so through registering their proxy appointment and voting by proxy online and to appoint the Chairman of the Meeting as your proxy. This will enable the Chairman of the Meeting to vote on your behalf, and in accordance with your instructions, at the AGM.**

In line with corporate governance best practice and in order that any proxy votes of those shareholders who are not able to attend and to vote in person are fully reflected in the voting on the resolutions, the Chairman of the meeting will direct that voting on all resolutions set out in the notice of meeting will take place by way of a poll. The final poll vote on each resolution will be published immediately after the AGM on the Company's website.

Further information on voting procedures follows the resolutions below. Queries regarding these procedures may be directed to the Company's registrars, Computershare Investor Services plc, The Pavilions, Bridgewater Road, Bristol BS99 6ZY (telephone number: +44 (0) 370 889 3196.

Notice of the 2021 Annual General Meeting of Ariana Resources PLC

Company Number: 05403426

Notice is hereby given that the Annual General Meeting of Ariana Resources PLC (the "Company") will be held at the East India Club, 16 St James's Square, London, SW1Y 4LH on 18 August 2021 at 11:00 AM in order to consider and, if thought fit, pass resolutions 1 to 4 as Ordinary Resolutions and Resolutions 5 & 6 as Special Resolutions:

Ordinary resolutions

1. To receive the Annual Report and Accounts for the year ended 31 December 2020.
2. To re-elect William Payne who is retiring pursuant to Article 27.1.2 of the Articles of Association as a Director of the Company.
3. To re-appoint PKF Littlejohn as auditors and to authorise the Directors to fix their remuneration.
4. That the Directors be generally and unconditionally authorised to allot Relevant Securities (as defined in the notes to this Notice) up to a maximum nominal amount of £500,000 comprising:
   a. equity securities (as defined by section 560 of the Companies Act 2016) of ordinary shares of 0.1p each in the capital of the Company ("Ordinary Shares") up to an aggregate nominal amount of £250,000 in connection with an offer by way of a rights issue:
      i. to holders of Ordinary Shares in proportion (as nearly as may be practicable) to their respective holdings; and
      ii. to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and
   b. in any other case, up to an aggregate nominal amount of £250,000, provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the date which is 15 months after the date on which this resolution is passed or, if earlier, the date of the next annual general meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted and the Directors may allot Relevant Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

   This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot Relevant Securities but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

Special resolutions

5. That, subject to the passing of Resolution 4 the Directors be given the general power to allot equity securities (as defined by Section 560 of the 2006 Act) for cash, either pursuant to the authority conferred by Resolution 4 or by way of a sale of treasury shares, as if Section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to:
   a. the allotment of equity securities in connection with an offer by way of a rights issue:
      i. to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
      ii. to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and
   b. the allotment (otherwise than pursuant to paragraph 5a above) of equity securities up to an aggregate nominal amount of £250,000.

   The power granted by this resolution will unless renewed, varied or revoked by the Company, expire at the conclusion of the next Annual General Meeting of the Company following the date of the passing of this resolution or (if earlier) 15 months from the date of passing this resolution, save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

   This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if section 561(1) of the 2006 Act did not apply, but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.
6. That, the Company be authorised generally and unconditionally to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares of £0.001 each, provided that:
   a. the maximum aggregate number of ordinary shares that may be purchased is 5% of the issued share capital of the Company as at the date of the market purchase;
   b. the minimum price (excluding expenses) which may be paid for each ordinary share is £0.001;
   c. the maximum price (excluding expenses) which may be paid for each ordinary share is to be no higher than the average mid-market closing price of an ordinary share in the Company on the day prior to the day the purchase is made;
   d. The authority conferred by this resolution shall expire at the conclusion of the Company's next annual general meeting save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase ordinary shares which will or may be executed wholly or partly after the expiry of such authority.
   e. The Directors may hold any such ordinary shares in Treasury and are then entitled to resell the same, satisfy the issue of new ordinary shares or cancel any such ordinary shares so acquired, as allowed by the Companies Act.

By Order of the Board dated
13 July 2021

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Notes:

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated. Shareholders are reminded of the COVID-19 restrictions.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box. If you sign and return this proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly. Shareholders are reminded of the COVID-19 restrictions.
4. You may not appoint more than one proxy to exercise rights attached to any one share.
5. To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you give no voting indication, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
6. To appoint a proxy you must ensure that the attached proxy form is completed, signed and sent to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by no later than 11 AM on 16 August 2021.
7. In the case of a member which is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company.
8. Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
9. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
10. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting (and any adjournment of the meeting) by following the procedures described in the CREST Manual available on the website of Euroclear UK and Ireland Limited ("Euroclear") at www.euroclear.com. CREST Personal Members or other CREST sponsored members (and those CREST members who have appointed a voting service provider) should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by the issuer's agent Computershare Investor Services PLC (ID number 3RA50) not later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
11. You may not use any electronic address provided in this proxy form to communicate with the Company for any purposes other than those expressly stated.
12. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the time by which a person must be entered on the register of members in order to have the right to attend and vote at the Annual General Meeting is 6pm on 16 August 2021, (being not more than 48 hours prior to the time fixed for the Meeting) or, if the Meeting is adjourned, such time being not more than 48 hours prior to the time fixed for the adjourned meeting. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or vote at the Meeting.

Relevant Securities means:

- Shares in the Company other than shares allotted pursuant to:
- an employee share scheme (as defined by section 1166 of the Act);
- a right to subscribe for shares in the Company where the grant of the right itself constituted a Relevant Security; or
- a right to convert securities into shares in the Company where the grant of the right itself constituted a Relevant Security.
- Any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined by section 1166 of the Act). References to the allotment of Relevant Securities in the resolution include the grant of such rights

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